

# Commission Finances

# Finance 2016-17

076

## Income

The Commission is primarily funded by the State and Commonwealth governments.

In 2016-17 the State Government provided funding of \$21.85 million, an increase from \$21.42 million in 2015-16. The State Government also provided \$859 000 in reimbursements under the Expensive Criminal Cases Funding Agreement. State Government funding is largely used for matters involving State criminal law and child protection applications.

The Commonwealth Government, through the National Partnership Agreement on Legal Assistance Services and other grants, provided funding of \$16.25 million, an increase from \$15.7 million in 2015-16. Commonwealth funding is mostly used for family law matters, although it may be used to fund any matter under Commonwealth law.

The Commission received a further \$2 579 000 from the Law Society pursuant to sections 56 and 57A of the *Legal Practitioners Act 1981*. This income is used for State law related matters.

The Commission generated income from investments, client contributions, cost recovery, education courses and the sale of legal kits. The Commission also actively pursues other funding, including State and Commonwealth Government funding, where the projects to be delivered provide a service to the community and are related to, and enhance, services prescribed in the *Legal Services Commission Act 1977*.

## Expenditure

Total operating expenditure for 2016-17 was \$44.99 million, up from \$43.8 million in 2015-16. Private legal practitioner payments totaled \$19.31 million, up from \$17.8 million in 2015-16.

The Commission completed the 2016-17 financial year with a consolidated comprehensive result of \$206 000 surplus.

## Finance 2016-17

Table 1  
**Income and expenditure—Commonwealth  
 and State by output allocation**  
 as at 30 June 2017

	2016-17 Total	2016-17 Commonwealth	2016-17 State
<b>Income</b>			
Statutory Interest	1 007 800	–	1 007 800
Interest on Solicitor's Trust Account	1 570 600	–	1 570 600
Interest on Investments	387 200	193 600	193 600
Costs Recovered and Contributions	297 000	127 200	169 800
Government Grants - Commonwealth	16 250 000	16 250 000	–
Government Grants - State	21 847 800	–	21 847 800
Statutory Charges	1 041 700	486 400	555 300
State Expensive Criminal Cases	859 100	–	859 100
Other Income	1 938 300	994 100	944 200
<b>Total Income</b>	<b>45 199 500</b>	<b>18 051 300</b>	<b>27 148 200</b>
<b>Expenses</b>			
<b>Assignments</b>	2 944 800	987 500	1 957 300
<b>Private Practitioner Representation</b>			
Criminal Law Services	10 596 300	79 800	10 516 500
Family Law Services	5 909 200	4 951 300	957 900
Family Dispute Resolution	1 057 500	1 057 500	–
Civil Law Services	9 200	8 800	400
Civil Law - Veteran's Matters	6 800	6 800	–
<b>In-House Representation</b>			
Criminal Law Services	6 336 100	60 200	6 275 900
Criminal Law Duty Lawyer Services	1 530 000	8 700	1 521 300
Family Law Services	3 778 100	3 778 100	–
Family Law Duty Solicitor Services	234 000	234 000	–
Family Law Dispute Resolution	671 700	671 700	–
Civil Law Services	294 200	226 500	67 700
Child Support Services	1 047 800	1 047 800	–
<b>Telephone &amp; Face to Face Advice</b>	7 105 200	4 801 000	2 304 200
<b>Community Education Services</b>	1 231 200	985 000	246 200
<b>Strategic Services</b>	1 382 400	691 200	691 200
<b>State Expensive Criminal Cases</b>	859 000	–	859 000
<b>Total Expenses</b>	<b>44 993 500</b>	<b>19 595 900</b>	<b>25 397 600</b>
<b>Net Result</b>	<b>206 000</b>	<b>–1 544 600</b>	<b>1 750 600</b>

### Commonwealth Government funding as at 30 June 2017

Financial Year	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Annual Funds</b>	15 695	15 893	16 194	15 699	16 250

078

### State Government funding as at 30 June 2017

Financial Year	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Annual Funds</b>	19 454	20 282	17 750	21 423	21 848

# Auditor-General's Letter 2017

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**Government of South Australia**  
Auditor-General's Department

Our ref: A17/111

21 September 2017

Mr M Abbott AO QC  
Chairman  
Legal Services Commission  
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Dear Mr Abbott

## **Audit of Legal Services Commission for the year to 30 June 2017**

We have completed the audit of your accounts for the year ended 30 June 2017. Three key outcomes from the audit are the:

- 1** Independent Auditor's Report on your agency's financial report
- 2** opinion on your financial controls
- 3** audit management letter recommending you address identified weaknesses.

### **1 Independent Auditor's Report**

We are returning the financial statements for the Legal Services Commission, with the Independent Auditor's Report. This report is unmodified.

My annual report to Parliament indicates that we have issued an unmodified Independent Auditor's Report on your financial statements.

### **2 Opinion on financial controls**

In my opinion, the controls exercised by the Legal Services Commission in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the areas outlined below, are sufficient to provide reasonable assurance that the financial transactions of the Legal Services Commission have been conducted properly and in accordance with law.

Areas where we have qualified the controls opinion for certain matters:

- Audit Compliance and Risk Committee
- internal audit
- financial system user access.

# Auditor-General's Letter 2017

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### 3 Audit management letter

During the year, we sent the agency an audit management letter detailing the weaknesses we noted and improvements we considered you need to make.

We have received responses to these matters and we will follow these up in the 2017-18 audit.

I have also included summary comments about these matters in my annual report. These identify areas we assessed as not meeting a sufficient standard of financial management, accounting and control.

### What the audit covered

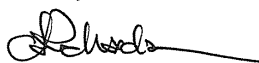
Our audit covered the principal areas of the agency's financial operations and included test reviews of systems, processes, internal controls and financial transactions. Some notable areas were:

- Commonwealth, State and other income
- operating expenses, including private practitioner payments
- employee entitlements
- cash and cash equivalents
- financial accounting, general ledger and journals
- review of commission and committee minutes
- governance, business planning and risk management
- compliance with legislation, government frameworks and policies/procedures
- focus on Treasurer's Instructions 2 and 28
- information technology and communication review.

Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

I would like to thank the staff and management of your agency for their assistance during this year's audit.

Yours sincerely



Andrew Richardson  
**Auditor-General**

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# Independent Auditor's Report 2017

## INDEPENDENT AUDITOR'S REPORT



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Auditor-General's Department

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### To the Chairperson Legal Services Commission

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, section 25 of the *Legal Services Commission Act 1977*, I have audited the financial report of the Legal Services Commission for the financial year ended 30 June 2017.

### Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Legal Services Commission as at 30 June 2017, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chairperson, the Director and the Manager, Finance.

### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Legal Services Commission. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

## **Responsibilities of the Director and the members of the Commission for the financial report**

The Director is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

The members of the Commission are responsible for overseeing the entity's financial reporting process.

## **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 this financial report.

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

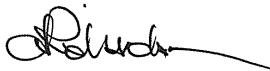
- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material 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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



## Independent Auditor's Report 2017

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Director and the members of the Commission 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 the audit.



Andrew Richardson

**Auditor-General**

21 September 2017

# Statement of Comprehensive Income 30 June 2017

Legal Services Commission of South Australia

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$'000	2016 \$'000
<b>Expenses</b>			
Employee benefits expenses	4	18 550	18 990
Private Practitioner services	2.12	18 455	17 687
Private Practitioner services - Expensive Case matters	5	859	104
Supplies and services	6	6 417	6 183
Depreciation and amortisation expense	7	710	795
Other expenses	8	<u>2</u>	<u>78</u>
<b>Total expenses</b>		<b><u>44 993</u></b>	<b><u>43 837</u></b>
<b>Income</b>			
<i>Legal Practitioners Act</i> revenues	9	2 579	2 957
Statutory charges		1 042	692
Interest revenues		387	425
Costs recovered and contributions	10	297	358
Other income	11	<u>1 937</u>	<u>1 499</u>
<b>Total income</b>		<b><u>6 242</u></b>	<b><u>5 931</u></b>
<b>Net cost of providing services</b>		<b><u>38 751</u></b>	<b><u>37 906</u></b>
<b>Revenues from Governments</b>			
Revenue from Commonwealth Government	12	16 250	15 773
Revenue from State Government	13	<u>22 707</u>	<u>21 483</u>
<b>Total revenues from Governments</b>		<b><u>38 957</u></b>	<b><u>37 256</u></b>
<b>Net result</b>		<b><u>206</u></b>	<b><u>(650)</u></b>
<b>Total comprehensive result</b>		<b><u>206</u></b>	<b><u>(650)</u></b>

Net result and total comprehensive result are attributable to SA Government as owner  
The above statement should be read in conjunction with the accompanying notes.

# Statement of Financial Position 30 June 2017

Legal Services Commission of South Australia

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017 \$'000	2016 \$'000
<b>Current assets</b>			
Cash and cash equivalents	14	12 333	12 348
Receivables	15	<u>2 189</u>	<u>2 008</u>
<b>Total current assets</b>		<b>14 522</b>	<b>14 356</b>
<b>Non-current assets</b>			
Property, plant and equipment	16.1	4 534	4 555
Intangible assets	16.2	102	153
Statutory charge debtors	17	<u>7 215</u>	<u>6 382</u>
<b>Total non-current assets</b>		<b>11 851</b>	<b>11 090</b>
<b>Total assets</b>		<b>26 373</b>	<b>25 446</b>
<b>Current liabilities</b>			
Lease incentive		233	233
Legal payables		1 336	876
Payables	18	449	337
Employee benefits	19	<u>1 776</u>	<u>1 587</u>
<b>Total current liabilities</b>		<b>3 794</b>	<b>3 033</b>
<b>Non-current liabilities</b>			
Lease incentive		2 333	2 567
Payables	18	251	233
Employee benefits	20	<u>3 657</u>	<u>3 481</u>
<b>Total non-current liabilities</b>		<b>6 241</b>	<b>6 281</b>
<b>Total liabilities</b>		<b>10 035</b>	<b>9 314</b>
<b>Net assets</b>		<b>16 338</b>	<b>16 132</b>
<b>Equity</b>			
Revaluation surplus		49	49
Retained earnings		<u>16 289</u>	<u>16 083</u>
<b>Total equity</b>		<b>16 338</b>	<b>16 132</b>
Unrecognised contractual commitments	20		
Contingent assets and liabilities	23		

Total equity is attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity 30 June 2017

Legal Services Commission of South Australia

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Revaluation surplus	Retained earnings	Total
	\$'000	\$'000	\$'000
<b>Balance at 30 June 2015</b>	<b>49</b>	<b>16 733</b>	<b>16 782</b>
Net result 2015-16	-	(650)	(650)
<b>Total comprehensive result for 2015-16</b>	<b>-</b>	<b>(650)</b>	<b>(650)</b>
<b>Balance at 30 June 2016</b>	<b>49</b>	<b>16 083</b>	<b>16 132</b>
Net result for 2016-17	-	206	206
<b>Total comprehensive result for 2016-17</b>	<b>-</b>	<b>206</b>	<b>206</b>
<b>Balance at 30 June 2017</b>	<b>49</b>	<b>16 289</b>	<b>16 338</b>

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

# Statement of Cash Flows 30 June 2017

Legal Services Commission of South Australia

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 Inflows (Outflow) \$'000	2016 Inflows (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Cash outflows			
Employee benefits payments		(18 142)	(18 881)
Supplies and services		(7 517)	(7 074)
Private Practitioner services		(20 488)	(19 473)
Private Practitioner services - Expensive Case matters		(473)	(104)
<b>Cash used in operations</b>		<b>(46 620)</b>	<b>(45 532)</b>
Cash inflows			
<i>Legal Practitioners Act</i> receipts		2 642	2 768
Costs recovered and contributions		326	358
Statutory charge receipts		537	815
Interest received		391	429
GST recovered from the ATO		2 357	2 264
Other receipts		1 711	1 318
<b>Cash generated by operations</b>		<b>7 964</b>	<b>7 952</b>
Cash flows from Governments			
Commonwealth Government receipts		16 250	15 773
State Government receipts		23 029	21 455
<b>Total cash flows from Governments</b>		<b>39 279</b>	<b>37 228</b>
<b>Net cash provided by/(used in) operating activities</b>		<b>623</b>	<b>(352)</b>
<b>Cash flows from investing activities</b>			
Cash outflows			
Purchase of property, plant & equipment and intangible assets		(638)	(80)
<b>Net cash used in investing activities</b>		<b>(638)</b>	<b>(80)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(15)</b>	<b>(432)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>12 348</b>	<b>12 780</b>
<b>Cash and cash equivalents at the end of the period</b>	14	<b>12 333</b>	<b>12 348</b>

The above statement should be read in conjunction with the accompanying notes.

# Note Index 30 June 2017

Legal Services Commission of South Australia

## NOTE INDEX

Note 1	Objectives of the Legal Services Commission of South Australia
Note 2	Significant accounting policies
Note 3	New and revised accounting standards and policies
<b>Expense Notes</b>	
Note 4	Employee benefits expenses
Note 5	Private Practitioner services - Expensive Case matters
Note 6	Supplies and services
Note 7	Depreciation and amortisation expense
Note 8	Other expenses
<b>Income Notes</b>	
Note 9	<i>Legal Practitioners Act</i> revenue
Note 10	Costs recovered and contributions
Note 11	Other income
<b>Revenues from Governments</b>	
Note 12	Commonwealth Government
Note 13	State Government
<b>Asset Notes</b>	
Note 14	Cash and cash equivalents
Note 15	Receivables
Note 16	Property, plant and equipment
Note 17	Statutory charge debtors
<b>Liability Notes</b>	
Note 18	Payables
Note 19	Employee benefits
<b>Other Notes</b>	
Note 20	Unrecognised contractual commitments
Note 21	Remuneration of Commission members
Note 22	Related party transactions
Note 23	Contingent assets and liabilities
Note 24	Financial instruments/Financial risk management

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1. Objectives of the Legal Services Commission of South Australia

The Legal Services Commission of South Australia (the Commission) was established under the *Legal Services Commission Act 1977* (the Act) to provide or arrange for the provision of legal assistance in accordance with the Act. The functions and principles of the Commission are set out in sections 10 and 11 of the Act.

### 2. Significant accounting policies

#### 2.1 Statement of Compliance

The financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Commission has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Commission is a not-for-profit entity.

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have, not been adopted by the Commission for the reporting period ended 30 June 2017. Refer Note 3.

#### 2.2 Basis of Preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Commission's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes.
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in these financial statements:
  - a) expenses incurred as a result of engaging consultants;
  - b) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or otherwise made available, directly and indirectly by the entity to those employees; and
  - c) Commission member and remuneration information, where a Commission member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Commission's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month operating cycle and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2017 and the comparative information presented.

## 2.3 Reporting Entity

The Commission was established under the Act to provide or arrange for the provision of legal assistance in accordance with the Act. Under section 6 (3) of the Act, the Commission is not an instrumentality of the Crown and is independent of the Government.

## 2.4 Comparative Figures

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

## 2.5 Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

## 2.6 Taxation

The Commission is not subject to income tax. The Commission is endorsed by the Australian Taxation Office (ATO) as an income tax exempt charity and as a Public Benevolent Institution. The Commission is liable for pay roll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rate equivalents.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on purchases of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable;

- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office. If GST is not payable to, or recoverable from, the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

## 2.7 Events after the Reporting Period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June to the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.



**2.8 Current and Non-Current Classification**

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

**2.9 Non-current assets**

Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements then the assets are recognised at book value ie the amount recorded by the transferor public authority immediately prior to the restructure.

All non-current tangible assets with a value equal to or in excess of \$1 000 are capitalised.

Depreciation and Amortisation

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Depreciation/amortisation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

Class of Asset	Useful Life (Years)
Plant & Equipment	
Computers	3-5
Office equipment	5-13
Furniture and fittings	13
Leasehold improvements	5-15
Intangibles	3-8

The library is considered a heritage asset and therefore not depreciated or amortised.

Revaluation of non-current assets

All non-current tangible assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated in the revalued amounts of the assets.



Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

#### *Library Valuation*

The *John Gray Memorial Library* asset is a legal reference collection containing general and specialised items that are available for general use by both Commission lawyers and private practitioners undertaking legal aid matters. The valuation of the library collection was performed by Valcorp Australia Pty Ltd as at 30 June 2014. The independent valuer arrived at fair value based on the written down replacement cost of the collection.

#### Impairment

The Commission holds its property, plant and equipment and intangible assets for their service potential (value in use).

All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be close to or greater than fair value.

The Commission also expects for all other non-current tangible assets that any costs of disposal will be negligible, and the recoverable amount to be close to or greater than fair value.

#### *Intangible assets*

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Commission only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of, or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured).

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Subsequent expenditure on intangible assets has not been capitalised. This is because the Commission has been unable to attribute this expenditure to the intangible asset rather than the Commission as a whole.

#### Fair value measurement - Non-financial assets

In determining fair value, the Commission has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Commission's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Commission did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years' are deemed to approximate fair value.

#### Financial assets/liabilities

The commission does not recognise any financial assets or financial liabilities at fair value.

## **2.10 Liabilities**

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

## *Payables*

Payables include creditors, accrued expenses, employment on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Commission.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

The Paid Parental Leave Scheme payable represents amounts which the Commission has received from the Commonwealth Government to forward onto eligible employees via the Commission's standard payroll processes. That is, the Commission is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Legal Payables represent amounts invoiced from private practitioners for approved cases that are unpaid at balance date. They are normally settled within 30 days.

Employee benefits on-costs include superannuation contributions, payroll tax and Return to Work SA levies with respect of outstanding liabilities for salaries and wages, annual leave, long service leave and skills and experience retention leave.

The Commission makes contributions to several superannuation schemes operated by the State Government and a Commonwealth scheme. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the superannuation schemes.

## *Leases*

The Commission has entered into operating leases for office accommodation. These leases are reviewed annually for adjustments in the CPI. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased asset.

## *Lease incentives*

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

The aggregate benefits of lease incentives received by the Commission in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight line basis.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

## *Employee benefits*

These benefits accrue for employees as a result of service or services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

## Salaries, wages, annual leave, SERL and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the skills and experience retention leave (SERL) liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and SERL liability are payable later than 12 months, the liability will be measured at present value.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

#### Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The unconditional portion of the long service provision is classified as current as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

The current/non-current classification of the Commission's long services leave liabilities has been calculated based on historical usage patterns.

#### **2.11 Unrecognised contractual commitments and contingent assets and liabilities**

Unrecognised contractual commitments include operating and legal expense arising from contractual or statutory sources and are disclosed at their nominal value. Refer Note 20.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Refer Note 23.

#### **2.12 Private Practitioner Services**

Comprises solicitors' fees, counsel fees and disbursements to private practitioners for approved cases undertaken during the financial year. As at 30 June 2017, the total Private Practitioner Services was \$18 455 000 (2016 - \$17 687 000).

#### **2.13 Trust Funds**

Pursuant to the *Legal Practitioner's Act 1981* the Commission holds funds in trust on behalf of clients. As at 30 June 2017 the total funds held were \$109 000 (2016 - \$19 000). These funds are not controlled by the Commission and are not recognised in the financial statements.

#### **3. New and revised accounting standards and policies**

The Commission did not voluntarily change any of its accounting policies during 2016-17.

**4. Employee benefits expenses**

	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
Salaries and wages	<b>14 756</b>	14 033
TVSPs (refer below)	-	1 127
LSL	<b>330</b>	527
Annual leave	<b>1 189</b>	1 094
Employment on-costs - superannuation *	<b>1 613</b>	1 544
Employment on-costs - payroll tax	<b>388</b>	369
SERL	<b>88</b>	84
Commission members' remuneration	<b>58</b>	77
Workers compensation	<b>128</b>	135
<b>Total employee benefits expenses</b>	<b><u>18 550</u></b>	<u>18 990</u>

\* The superannuation employment on-costs charge represents the Commission's contributions to superannuation plans in respect of current services of current employees.

	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>TVSPs</b>		
Amount paid during the reporting period to separated employees:		
TVSPs	-	1 127
Annual leave, LSL and SERL paid to those employees	-	359
<b>Net cost to the Legal Services Commission</b>	<b><u>-</u></b>	<u>1 486</u>

The number of employees who received a TVSP during the reporting period was nil (2016 - 20)

**Remuneration of employees**

	<b>Number of Employees</b>	
	<b>2017</b>	2016
	<b>No</b>	No
The number of employees whose remuneration received or receivable falls within the following bands:		
\$145 001 to \$147 000 *	n/a	1
\$147 001 to \$157 000	<b>2</b>	3
\$157 001 to \$167 000	<b>3</b>	3
\$167 001 to \$177 000	-	2
\$177 001 to \$187 000	<b>1</b>	2
\$187 001 to \$197 000	<b>1</b>	-
\$197 001 to \$207 000	-	1
\$207 001 to \$217 000	<b>1</b>	-
\$227 001 to \$237 000	-	1
\$247 001 to \$257 000	<b>1</b>	-
\$267 001 to \$277 000	-	1
\$277 001 to \$287 000	-	1
\$287 001 to \$297 000	<b>2</b>	-
<b>Total</b>	<b><u>11</u></b>	<u>15</u>

\* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2015-16.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year.

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits tax paid or payable in respect of those benefits.

The total remuneration received by these employees for the year was \$2 230 000 (2016 - \$2 789 000).

**5. Private Practitioner services - Expensive Case matters**

	2017 \$'000	2016 \$'000
State Expensive Cases reimbursed	859	60
Commonwealth Expensive Cases reimbursed	<u>-</u>	<u>44</u>
<b>Total Expensive Cases reimbursed</b>	<b><u>859</u></b>	<b><u>104</u></b>

The Commission is required to provide litigation services pursuant to the *Criminal Law (Legal Representation) Act 2001* for State matters that exceed the Commission's prescribed funding cap. Section 18(6) defines the "funding cap" to mean an amount fixed as the funding cap for criminal cases by the Commission for a particular financial year.

For State matters, the funding cap is \$50 000 in the case of one party being aided and \$100 000 in the case of more than one party, irrespective of the number being aided. These matters are separately funded by the State Government. Refer Note 13.

For Commonwealth matters, the funding cap is \$40 000 and the Commission is reimbursed the full amount. The Commission did not receive any reimbursement during 2016-17. Refer Note 12.

**6. Supplies and services**

	2017 \$'000	2016 \$'000
Accommodation	2 901	2 863
Computing and communications	1 906	1 772
Periodicals and subscriptions	262	249
Travel	197	212
Office supplies and consumables	165	194
Interpreter fees	156	163
Legal fees	146	157
Practising certificates and membership	102	100
Audit fees	92	71
Northern Domestic Violence Service fees	70	-
Storage fees	65	70
Courses and training	41	37
Media and advertising	13	23
Consultancy fees	8	13
Other	<u>293</u>	<u>259</u>
<b>Total supplies and services</b>	<b><u>6 417</u></b>	<b><u>6 183</u></b>

The number and dollar amount of consultancies paid/payable (included in supplies and services expenses) that fell within the following bands:

	2017 Number	2017 \$'000	2016 Number	2016 \$'000
Below \$10,000	2	8	-	-
Above \$10 000	<u>-</u>	<u>-</u>	<u>1</u>	<u>13</u>
<b>Total paid/payable to the consultants engaged</b>	<b><u>2</u></b>	<b><u>8</u></b>	<b><u>1</u></b>	<b><u>13</u></b>

**7. Depreciation and amortisation expense**

	2017 \$'000	2016 \$'000
Depreciation		
Plant and equipment	433	508
<b>Total depreciation</b>	<b><u>433</u></b>	<b><u>508</u></b>
Amortisation		
Leasehold improvements	226	236
Intangible assets	<u>51</u>	<u>51</u>
<b>Total amortisation</b>	<b><u>277</u></b>	<b><u>287</u></b>
<b>Total depreciation and amortisation expense</b>	<b><u>710</u></b>	<b><u>795</u></b>

# Notes to and Forming Part of the Financial Statements 30 June 2017

097

## 8. Other expenses

	2017	2016
	\$'000	\$'000
Statutory charge bad debts and allowance for doubtful debts	(20)	-
Bad debts and allowance for doubtful debts	<u>22</u>	<u>78</u>
<b>Total other expenses</b>	<b><u>2</u></b>	<b><u>78</u></b>

## 9. Legal Practitioners Act revenue

In accordance with the *Legal Practitioners Act 1981* the Commission is entitled to revenue from funds administered by the Law Society of South Australia.

	2017	2016
	\$'000	\$'000
Statutory Interest account	1 008	1 029
Interest on Legal Practitioners Trust account	<u>1 571</u>	<u>1 928</u>
<b>Total Legal Practitioners Act revenue</b>	<b><u>2 579</u></b>	<b><u>2 957</u></b>

## 10. Costs recovered and contributions

	2017	2016
	\$'000	\$'000
Costs recovered	70	132
Contributions*	<u>227</u>	<u>226</u>
<b>Total costs recovered and contributions</b>	<b><u>297</u></b>	<b><u>358</u></b>

\* In addition, contributions of \$575 000 (2016 - \$823 000) in relation to referred cases were paid or are payable directly to private practitioners by clients.

## 11. Other income

	2017	2016
	\$'000	\$'000
Women's Domestic Violence	450	450
Online Dispute Resolution System	341	-
Drug Court Funding	145	145
Legal Assistance Services	140	284
Return to Work SA Funding	110	100
Innovation Fund	73	-
Community Legal Service Eligibility, Triage and Referral Services	50	-
Strata and Community Title Advisory Services	-	164
Family Based Services	-	142
Other income	<u>628</u>	<u>214</u>
<b>Total other income</b>	<b><u>1 937</u></b>	<b><u>1 499</u></b>

## 12. Commonwealth Government

A National Partnership Agreement on Legal Assistance Services between the Commonwealth of Australia and States and Territories is effective from 1 July 2015 to 30 June 2019. Amounts from the Commonwealth are received via the Attorney-General's Department. Pursuant to that Agreement, the Commonwealth Government contributed funding of \$16 250 000 (2016 - \$15 773 000) to South Australia for the year ended 30 June 2017.

## 13. State Government

In 2016-17 the State Government contributed funding of \$21 848 000 (2016 - \$21 423 000).

The Commission is separately funded by the State Government for matters that exceed the Commission's prescribed funding cap. The matters are funded pursuant to the *Criminal Law (Legal Representation) Act 2001*. The Commission enters into an approved Case Management Agreement with the State Government for these matters.

# Notes to and Forming Part of the Financial Statements 30 June 2017

098

The State Government provided \$859 000 (2016 - \$60 000) for approved expensive cases that exceeded the Commission cap.

## 14. Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Short-term deposits with SAFA	11 700	12 064
Cash at bank and on hand	<u>633</u>	<u>284</u>
<b>Total cash and cash equivalents</b>	<b><u>12 333</u></b>	<b><u>12 348</u></b>

### Short-term deposits

Short-term deposits are held with the South Australian Government Financing Authority (SAFA) in the Cash Management Facility (CMF). The CMF is an at-call, pooled investment portfolio comprising cash and short-term money market securities. The daily earnings from the portfolio's investments are applied to Commission's investment balances. The CMF interest rate is the Reserve Bank of Australia's (RBA) cash rate plus a margin set by the SAFA General Manager.

### Cash at bank and on hand

Cash on hand is non-interest bearing being petty cash. Deposits with BankSA (cash at bank) earn a floating interest rate based on daily bank deposit rates with interest paid semi-annually. The carrying amount of cash and cash equivalents represents fair value.

## 15.1 Receivables

	2017	2016
	\$'000	\$'000
<i>Legal Practitioners Act</i> debtors	780	843
GST input tax recoverable	304	273
Client debtors and other debtors	865	579
Allowance for doubtful debts	(40)	(40)
Prepayments	<u>280</u>	<u>353</u>
<b>Total Receivables</b>	<b><u>2 189</u></b>	<b><u>2 008</u></b>

## 15.2 Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (ie calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2017	2016
	\$'000	\$'000
<b>Carrying amount at the beginning of the period</b>	<b>40</b>	<b>30</b>
Increase in allowance	22	58
Amounts written off	<u>(22)</u>	<u>(48)</u>
<b>Carrying amount at the end of the period</b>	<b><u>40</u></b>	<b><u>40</u></b>



# Notes to and Forming Part of the Financial Statements 30 June 2017

## 16.1 Property, plant and equipment

	2017 \$'000	2016 \$'000
Leasehold improvements at cost (deemed fair value)	4 120	4 120
Accumulated amortisation	<u>(1 678)</u>	<u>(1 452)</u>
Total leasehold improvements	<u>2 442</u>	<u>2 668</u>
Plant and equipment at cost (deemed fair value)	4 979	4 703
Accumulated depreciation	<u>(3 510)</u>	<u>(3 077)</u>
Total plant and equipment	<u>1 469</u>	<u>1 626</u>
Library at fair value *	<u>261</u>	<u>261</u>
Total library	<u>261</u>	<u>261</u>
Work in progress	<u>362</u>	-
Total Work in progress	<u>362</u>	-
<b>Total property, plant and equipment</b>	<b><u>4 534</u></b>	<b><u>4 555</u></b>

\* The valuation of the library collection was performed by Valcorp Australia Pty Ltd as at 30 June 2014. The independent valuer arrived at fair value based on the written down replacement cost of the collections.

### Carrying amount of plant and equipment

All items of plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APFIII. The carrying value of these items are deemed to approximate fair value.

### Impairment

There were no other indications of impairment of property, plant and equipment at 30 June 2017.

## 16.2 Intangible assets

	2017 \$'000	2016 \$'000
Computer software	1 557	1 557
Accumulated amortisation	<u>(1 455)</u>	<u>(1 404)</u>
<b>Total intangible assets</b>	<b><u>102</u></b>	<b><u>153</u></b>

### Impairment

There were no other indications of impairment of intangibles at 30 June 2017.

## 16.3 Reconciliation of non-current assets

	Leasehold Improvements	Plant and Equipment	Library	Work in Progress	Property Plant & Equipment Total	Computer Software	Intangible Assets Total
2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	2 668	1 626	261	-	4 555	153	153
Additions	-	276	-	362	638	-	-
Depreciation/amortisation expense	(226)	(433)	-	-	(659)	(51)	(51)
<b>Carrying amount at 30 June</b>	<b><u>2 442</u></b>	<b><u>1 469</u></b>	<b><u>261</u></b>	<b><u>362</u></b>	<b><u>4 534</u></b>	<b><u>102</u></b>	<b><u>102</u></b>

**17.1 Statutory charge debtors**

Statutory charge debtors are raised as a result of the Commission registering charges over property owned by some recipients of legal aid to secure legal costs owed on cases undertaken and are reported at amounts due. Debts are recovered when the property is refinanced or sold.

	2017	2016
	\$'000	\$'000
Statutory charge debtors	7 345	6 683
Allowance for doubtful debts	<u>(130)</u>	<u>(301)</u>
<b>Total Statutory charge debtors</b>	<b><u>7 215</u></b>	<b><u>6 382</u></b>

**17.2 Movement in the allowance for doubtful debts**

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (ie calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2017	2016
	\$'000	\$'000
<b>Carrying amount at the beginning of the period</b>	<b>301</b>	<b>302</b>
(Decrease)/Increase in the allowance	<b>(20)</b>	<b>150</b>
Amounts written off	<b><u>(151)</u></b>	<b><u>(151)</u></b>
<b>Carrying amount at the end of the period</b>	<b><u>130</u></b>	<b><u>301</u></b>

**18. Payables**

	2017	2016
	\$'000	\$'000
<b>Current</b>		
Creditors	<b>141</b>	<b>75</b>
Accrued expenses	<b>92</b>	<b>71</b>
Employment on-costs	<b><u>216</u></b>	<b><u>191</u></b>
<b>Total current payables</b>	<b><u>449</u></b>	<b><u>337</u></b>
<b>Non-current</b>		
Employment on-costs	<b><u>251</u></b>	<b><u>233</u></b>
<b>Total non-current payables</b>	<b><u>251</u></b>	<b><u>233</u></b>
<b>Total payables</b>	<b><u>700</u></b>	<b><u>570</u></b>

Employment on-costs include payroll tax, WorkCover levies and superannuation contributions. The Commission makes contributions to both State and Commonwealth Government and externally managed superannuation schemes. These contributions are treated as an expenses when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave remains unchanged from 2016 rate of 40% and the average factor for the calculation of employer superannuation on-cost has changed from the 2016 rate of 10.2% to 10.1%. These rates are used in the employment on-cost calculation. The net financial effect of the change in the current financial year is a decrease in the employment on-cost of \$2 000 and employee benefits expense of \$2 000.

**19. Employee benefits**

	2017 \$'000	2016 \$'000
Current		
Accrued salaries and wages	308	235
Annual leave	1 057	922
Long service leave	275	311
Skills and experience retention leave	<u>136</u>	<u>119</u>
Total current employee benefits	<u>1 776</u>	<u>1 587</u>
Non-current		
Long service leave	<u>3 657</u>	<u>3 481</u>
Total non-current employee benefits	<u>3 657</u>	<u>3 481</u>
<b>Total employee benefits</b>	<b><u>5 433</u></b>	<b><u>5 068</u></b>

AASB 119 contains the calculation methodology for long service leave liability. An actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave.

AASB119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has increased from 2016 (2%) to 2017 (2.5%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, contributed to a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$160 000 and employee benefits expense of \$171 000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of demographical and financial assumptions including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

**20. Unrecognised contractual commitments**

	2017 \$'000	2016 \$'000
<b>(a) Legal expense commitments</b>		
Not later than one year	<u>7 978</u>	<u>7 684</u>
<b>Total legal expense commitments</b>	<b><u>7 978</u></b>	<b><u>7 684</u></b>

As at 30 June 2017, the Commission has disclosed a commitment on all outstanding amounts raised since 1 January 2017 (ie previous six months).

When a private practitioner is allocated a case, they are issued with a commitment certificate indicating the amount the private practitioner is able to claim in relation to the case. Once the private practitioner has provided the service, they sign and submit the commitment certificate, so they can be paid. 'Legal Expense Commitments' relate to commitment certificates that have been issued by the Commission but not yet returned.

	2017 \$'000	2016 \$'000
<b>(b) Expenditure commitments</b>		
Not later than one year	113	-
Later than one year but not later than five years	317	-
Greater than five years	<u>68</u>	<u>-</u>
<b>Total operating lease commitments</b>	<b><u>498</u></b>	<b><u>-</u></b>

The Commission's expenditure commitments are for the Electronic Document and Record Management System (EDRMS). The agreement was signed on 29 January 2017 with FYB Pty Ltd.

	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>(c) Operating Lease commitments</b>		
Not later than one year	<b>2 604</b>	2 614
Later than one year but not later than five years	<b>10 502</b>	10 824
Greater than five years	<b>17 160</b>	19 779
<b>Total operating lease commitments</b>	<b><u>30 266</u></b>	<u>33 217</u>

At the reporting date the Commission held the above obligations under non-cancellable operating leases. The operating leases held by the Commission are predominantly property leases with penalty clauses equal to the amount of the residual payments remaining for the lease term. Lease payments are payable one month in advance.

In 2012-13 the Commission entered into a Memorandum of Understanding with the Minister for Transport and Infrastructure to lease new city business accommodation over a fifteen year term, with the option to renew available in 2029.

#### 21. Remuneration of Commission members

Members of the Commission during the 2017 financial year were:

Mr Michael Abbott	Chairman
Ms Gabrielle Canny *	Ex Officio
Mr Alan Herald	
Ms Alison Lloyd Wright *	
Ms Catherine Nelson	
Mr Craig Caldicott	Retired 30 November 2016
Mr Michael Dawson	Retired 30 November 2016
Mr John Keen	Retired 30 November 2016

The number of members whose remuneration received or receivable fell within the following bands was:

	<b>Number of Members</b>	
	<b>2017</b>	2016
\$0 - \$9 999	<b>5</b>	2
\$10 000 - \$19 999	<b>2</b>	5
\$20 000 - \$29 999	<b><u>1</u></b>	<u>1</u>
Total	<b><u>8</u></b>	<u>8</u>

Remuneration of members reflects all costs of performing Commission member duties including sitting fees, superannuation contributions, fringe benefit tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$63 000 (2016 - \$89 000) including \$5 000 (2016 - \$7 000) paid or payable to superannuation plans for Commission members.

\* In accordance with the Department of Premier and Cabinet Circular No.016, Commission members who are government employees paid at executive level did not receive any remuneration for Commission duties during the financial year.

The members of the Commission are appointed by the Governor in accordance with the provisions of the Act and include sole practitioners. In the ordinary course of business the Commission enters into transactions with legal firms, some of which are associated with members of the Commission. Payments made to these firms are in accordance with the Commission's scale of fees and are payments that apply to practitioners generally. Accordingly, unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

## 22. Related Party Transactions

The Commission is a statutory authority established pursuant under the Act to provide or arrange for the provision of legal assistance in accordance with the Act. Under section 6 (3) of the Act, the Commission is not an instrumentality of the Crown and is independent of the Government.

Related parties of the Commission include all key management personnel and their close family members, all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

### *Key Management Personnel*

Key management personnel of the Commission include the Director, six Commissioners and nine members of the Executive Team who have responsibility for the strategic direction and management of the Commission.

Total compensation for the Commission's key management personnel was \$1 841 000 (2016 - \$1 766 000).

### *Transactions with Key Management Personnel and other related parties*

There were no transactions with key management personnel and other related parties during the financial year.

## 23. Contingent assets and liabilities

At balance date and as at the date of financial statement certification, there were no known contingent assets or liabilities.

## 24. Financial risk management/Financial instruments

### *Financial risk management*

Risk management is managed by the Commission's Infrastructure Section and Commission risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The Commission is exposed to financial risk (liquidity, credit and market) is low due to the nature of the financial instruments held.

### *Categorisation of financial Instruments*

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial assets, financial liability and equity instrument are disclosed in Note 2.

Refer table 24.1 for the carrying amounts of each of the following categories of financial assets and liabilities: receivables; and financial liabilities measured at cost.

The Commission does not recognise any financial assets or financial liabilities at fair value. The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, 14 and 18).

The Commission is funded principally from appropriations by the State and Commonwealth Governments. The Commission works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

The Commission settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The Commission's exposure to liquidity risk is insignificant based on past experience and current assessment of risk. The carrying amount of financial liabilities recorded in table 24.1 represents the Commission's maximum exposure to financial liabilities.

Table 24.1 Categorisation and maturity analysis of financial assets and liabilities

Category of financial asset and financial liability	Notes	2017 Carrying amount/ Fair value (\$'000)	2016 Carrying amount/ Fair value (\$'000)
<b>Financial assets</b>			
<u>Cash and equivalent</u>			
- Cash and cash equivalent	14	12 333	12 348
<u>Loans and receivables</u>			
- Receivables (1)(2)	15	586	347
<b>Total financial assets</b>		12 919	12 695
<b>Financial liabilities</b>			
<u>Financial liabilities at cost</u>			
- Payables (1)	18	141	75
<b>Total financial liabilities</b>		141	75

(1) Receivable and payable amounts disclosed above exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

(2) Receivable amounts disclosed here exclude prepayments. Prepayments are presented in Note 15 as prepayments in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or other financial assets.

# Certification of the Financial Report 30 June 2017

Legal Services Commission of South Australia

## CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the following:

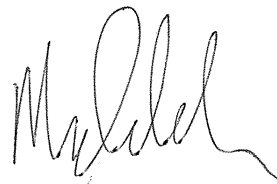
- financial statements of the Legal Services Commission of South Australia:
  - are in accordance with the accounts and records of the Legal Services Commission of South Australia; and
  - comply with relevant Treasurer's instructions; and
  - comply with relevant Australian accounting standards; and
  - present a true and fair view of the financial position of the Legal Services Commission of South Australia at the end of the financial year and the result of its operations and cash flows for the financial year.
- Internal controls employed by the Legal Services Commission of South Australia over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Chinh Dinh-Pham  
MANAGER, FINANCE  
15 September 2017



Gabrielle Canny  
DIRECTOR  
15 September 2017



Michael Abbott  
CHAIRPERSON  
15 September 2017