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## To the Chairperson Legal Services Commission of South Australia

### Opinion

I have audited the financial report of the Legal Services Commission for the financial year ended 30 June 2022.

In my opinion the accompanying financial report has been prepared in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987*, Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards – Simplified Reporting Requirements, including:

- a) giving a true and fair view of the financial position of the Legal Services Commission as at 30 June 2022, its financial performance and its cash flows for the year then ended, and
- b) complying with Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Chairperson, Director and 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 (including Independence Standards)* have been met.

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

### **Responsibilities of the Director and 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 relevant Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and the *Australian Charities and Not-for-profits Commission Act 2012* and the Australian Accounting Standards – Simplified Reporting Requirements, 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.

In preparing the financial report, the Director is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Director is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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

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

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and 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 2022.

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, but not for the purpose of expressing an opinion on the effectiveness of the Legal Services Commission's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director
- conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- 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.

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 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.



Daniel O'Donohue  
**Assistant Auditor-General (Financial Audit)**

29 September 2022



## **Legal Services Commission of South Australia**

**Financial Statements  
for the year ended  
30 June 2022**

## Certification of the Financial Statements

We certify that the:

- Financial statements of the Legal Services Commission of South Australia:
  - are in accordance with the accounts and records of the authority;
  - comply with relevant Treasurer's Instructions;
  - comply with relevant accounting standards;
  - comply with Division 60 of the Australian Charities and Not-for-profit Commission Regulations 2013; and
  - present a true and fair view of the financial position of the Commission 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 for the financial year over its financial reporting and its preparation of the financial statements have been effective.



**Chinh Dinh-Pham**  
**Manager, Finance**  
28 September 2022



**Gabrielle Canny**  
**Director**  
28 September 2022



**Peter Slattery**  
**Chairperson**  
28 September 2022

## Legal Services Commission of South Australia

### Statement of Comprehensive Income

for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Income</b>			
Commonwealth-sourced grants and funding	2.1	23 344	22 801
SA Government grant, subsidies and transfers	2.2	50 385	27 697
Legal Practitioners Act 1981 revenues	2.3	347	148
Statutory charges		1 279	1 285
Interest	2.4	11	18
Costs recovered and contributions	2.5	259	218
Other income	2.6	933	1 098
<b>Total income</b>		<b>76 558</b>	<b>53 265</b>
<b>Expenses</b>			
Employee benefits expenses	3.3	21 428	19 260
Private Practitioner services	4.5	24 335	21 894
Supplies and services	4.1	9 099	8 024
Depreciation and amortisation	4.2	1 420	933
Borrowing costs	4.3	-	7
Other expenses	4.4	557	97
<b>Total expenses</b>		<b>56 839</b>	<b>50 215</b>
<b>Net result</b>		<b>19 719</b>	<b>3 050</b>
<b>Total comprehensive result</b>		<b>19 719</b>	<b>3 050</b>

The accompanying notes form part of these financial statements.

# Legal Services Commission of South Australia

## Statement of Financial Position

as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b><u>Current assets</u></b>			
Cash and cash equivalents	6.1	29 808	11 434
Receivables	6.2	1 883	1 739
Other financial assets	6.3	7 802	8 308
<b>Total current assets</b>		<b>39 493</b>	<b>21 481</b>
<b><u>Non-current assets</u></b>			
Property, plant and equipment	5.1	5 316	3 364
Intangible assets	5.4	1 186	1 550
Statutory charge debtors	6.4	9 554	9 420
<b>Total non-current assets</b>		<b>16 056</b>	<b>14 334</b>
<b>Total assets</b>		<b>55 549</b>	<b>35 815</b>
<b><u>Current liabilities</u></b>			
Legal payables		1 487	969
Payables	7.1	459	476
Financial liabilities	7.2	4	4
Employee benefits	3.4	1 623	1 556
Other current liabilities	7.3	233	233
<b>Total current liabilities</b>		<b>3 806</b>	<b>3 238</b>
<b><u>Non-current liabilities</u></b>			
Payables	7.1	158	165
Financial liabilities	7.2	4	-
Employee benefits	3.4	3 384	3 701
Other non-current liabilities	7.3	1 168	1 401
<b>Total non-current liabilities</b>		<b>4 714</b>	<b>5 267</b>
<b>Total liabilities</b>		<b>8 520</b>	<b>8 505</b>
<b>Net assets</b>		<b>47 029</b>	<b>27 310</b>
<b><u>Equity</u></b>			
Retained earnings		46 980	27 261
Asset revaluation surplus		49	49
<b>Total equity</b>		<b>47 029</b>	<b>27 310</b>

The accompanying notes form part of these financial statements.

## Legal Services Commission of South Australia

### Statement of Changes in Equity

for the year ended 30 June 2022

	Asset revaluation surplus \$'000	Retained earnings \$'000	Total Equity \$'000
<b>Balance at 30 June 2020</b>	<b>49</b>	<b>24 211</b>	<b>24 260</b>
Net result for 2020-21	-	3 050	3 050
<b>Total comprehensive result for 2020-21</b>	<b>-</b>	<b>3 050</b>	<b>3 050</b>
<b>Balance at 30 June 2021</b>	<b>49</b>	<b>27 261</b>	<b>27 310</b>
Net result for 2021-22	-	19 719	19 719
<b>Total comprehensive result for 2021-22</b>	<b>-</b>	<b>19 719</b>	<b>19 719</b>
<b>Balance at 30 June 2022</b>	<b>49</b>	<b>46 980</b>	<b>47 029</b>

The accompanying notes form part of these financial statements.

# Legal Services Commission of South Australia

## Statement of Cash Flows

for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b><u>Cash flows from operating activities</u></b>			
<b><u>Cash inflows</u></b>			
Receipts from State Government funding		50 298	27 697
Receipts from Commonwealth-sourced grants and funding		23 345	22 801
Legal Practitioners Act 1981 receipts		115	336
Costs recovered and contributions		278	290
Statutory charge receipts		1 255	949
Interest received		6	21
GST recovered from the ATO		3 181	2 509
Other receipts		769	2 107
<b>Cash generated from operations</b>		<b>79 247</b>	<b>56 710</b>
<b><u>Cash outflows</u></b>			
Employee benefits payments		(21 667)	(19 359)
Payments for supplies and services		(9 741)	(9 100)
Private Practitioner services		(26 212)	(23 922)
<b>Cash used in operations</b>		<b>(57 620)</b>	<b>(52 381)</b>
<b>Net cash provided by/(used in) operating activities</b>		<b>21 627</b>	<b>4 329</b>
<b><u>Cash flows from investing activities</u></b>			
<b><u>Cash outflows</u></b>			
Purchase of property, plant & equipment and intangibles		(3 253)	(544)
<b>Net cash used in investing activities</b>		<b>(3 253)</b>	<b>(544)</b>
<b><u>Cash flows from financing activities</u></b>			
<b><u>Cash outflows</u></b>			
Repayment of principal portion of lease liabilities		-	(130)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(130)</b>
<b>Net increase in cash and cash equivalents</b>		<b>18 374</b>	<b>3 655</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>11 434</b>	<b>7 779</b>
<b>Cash and cash equivalents at the end of the period</b>	6.1	<b>29 808</b>	<b>11 434</b>

The accompanying notes form part of these financial statements.

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# 1. About the Legal Services Commission of South Australia

The Legal Services Commission of South Australia (the Commission) is a body corporate. It is capable of acquiring or incurring any rights or liabilities that may properly attach to a body corporate. It has the powers, functions and duties prescribed or imposed upon it by or under the *Legal Services Commission Act 1977* (the Act).

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.

The financial statements and accompanying notes include all activities of the Commission.

The Commission does not control any other entity and has no interests in unconsolidated structured entities. The financial statements and accompanying notes include all the controlled activities of the Commission.

The Commission is endorsed by the Australian Taxation Office (ATO) as an income tax exempt charity and as a Public Benevolent Institution.

## 1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987* and the *Australian Charities and Not-for-Profit Commission Act 2012*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards, applying simplified disclosures.

For the purposes of preparing the financial statements, the Commission is a not-for-profit entity. The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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

- when the GST incurred on a purchase 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; and
- receivables and payables, which are stated with the amount of GST included.

Cash flows include GST in the Statement of Cash Flows.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

## 1.2. Objectives

The objective of the Commission is 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 section 10 and 11 of the Act.

## 2. Income

### 2.1. Commonwealth-sourced grants and funding

	2022 \$'000	2021 \$'000
National Legal Assistance Partnership Agreement funding	17 719	17 445
Disability and Carer Support Program	1 264	418
Family Advocacy and Support Service funding	861	847
Women's Domestic Violence Unit	848	559
Legally Assisted Financial Dispute Resolution - Small Property Claims	657	642
Expensive Cases reimbursement	650	287
Women's Legal Assistance	450	-
Mental Health	230	-
Defence Royal Commission	211	-
Family Violence and Cross-Examination of Parties Scheme	192	603
National Legal Advisory Service for the Disability Royal Commission	146	138
Child Sexual Abuse Prosecutions	116	-
COVID-19 Relief funding	-	1 137
Online Dispute Resolution System	-	578
Bushfire Relief funding	-	147
<b>Total Commonwealth-sourced grants and funding</b>	<b>23 344</b>	<b>22 801</b>

Commonwealth-sourced grants and funding are recognised as income on receipt.

A National Legal Assistance Partnership agreement on Legal Assistance Services between the Commonwealth of Australia and States and Territories is effective from 1 July 2020 to 30 June 2025.

Obligations under Commonwealth-sourced grants and funding are required to be met by the State of South Australia for \$20.87m (2021: \$20.42m) of the above grants. For accounting purposes, the obligations under the funding arrangements do not sit with the Commission. The Commonwealth has provided funding to the State for legal assistance services and were originally received by the State and then paid from Department of Treasury and Finance Administered Items. Amounts from the Commonwealth are received via the Attorney-General's Department.

In addition, the Commission received \$2.47m (2021: \$2.38m) of income recognised upon receipt directly from the Commonwealth for legal assistance services.

The Commission is separately funded by the Commonwealth Government for criminal law cases that exceed \$40 000. The Commonwealth Government provided funding of \$0.65m (2021: \$0.44m).

### 2.2. SA Government grants, subsidies and transfers

	2022 \$'000	2021 \$'000
SA Government grant	48 626	23 953
Expensive Cases - reimbursement	763	437
Women's Domestic Violence Court Assistance Service funding	683	479
Drug Court funding	163	159
Disability Information and Legal Assistance	150	-
Refund of payroll tax from the Department of Treasury and Finance	-	2 669
<b>Total SA Government grants, subsidies and transfers</b>	<b>50 385</b>	<b>27 697</b>

SA Government grants, subsidies and transfers are recognised as income on receipt.

In 2022 the State Government contributed funding of \$48.63m (2021: \$23.95m). The State Government paid \$24.00m to the Commission for 2022-23 funding due to a change in the timing of the payment. This amount is deposited with South Australian Government Financing Authority (SAFA).

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.

The State Government provided \$0.76m (2021: \$0.44m) for approved cases that exceeded the Commission funding cap of \$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.

### 2.3. Legal Practitioners Act 1981 revenues

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

	2022 \$'000	2021 \$'000
Statutory Interest account	147	63
Interest on Legal Practitioners Trust Account	200	85
<b>Total Legal Practitioners Act 1981 Revenue</b>	<b>347</b>	<b>148</b>

### 2.4. Interest revenues

	2022 \$'000	2021 \$'000
Short-term deposits with SAFA	11	17
Cash and cash equivalents	-	1
<b>Total interest revenues</b>	<b>11</b>	<b>18</b>

Reduction in interest received from funds held with SAFA is attributable to the decline in interest rates.

### 2.5. Costs recovered and contributions

	2022 \$'000	2021 \$'000
Costs recovered	137	79
Contributions *	122	139
<b>Total costs recovered and contributions</b>	<b>259</b>	<b>218</b>

\* In addition, contributions of \$1.00m (2021: \$0.91m) in relation to referred cases were paid or are payable directly to private practitioners by clients.

### 2.6. Other income

	2022 \$'000	2021 \$'000
Unrealised investment gain	-	502
Specialist Legal Services for Afghanistan Evacuees	155	-
Return to Work SA funding	120	117
Safe Families funding	253	85
Other	405	394
<b>Total other income</b>	<b>933</b>	<b>1 098</b>

### 3. Board, committees and employees

#### 3.1. Key management personnel

Key management personnel of the Commission in 2021-22 include the Director, Commissioners, Chief Operating Officer, Chief Legal Officer, Legal Practice Manager, Access Services Manager and Human Resources Manager.

Total compensation for key management personnel was \$1.25m in 2021-22 and \$1.29m in 2020-21.

#### *Transactions with key management personnel and other related parties*

In the ordinary course of business the Commission enters into transactions with legal firms, some of which may be 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. These transactions amounted to \$0.13m in 2021-22 and \$0.17m in 2020-21. 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.

#### 3.2. Commission members

The members of the Commission are appointed by the Governor in accordance with the provisions of the Act and include sole practitioners.

Members of the Commission during the 2022 financial year were:

Jason Karas (retired January 2022)	Chair
Peter Slattery (appointed January 2022)	Chair
Gabrielle Canny *	Ex Officio
Catherine Nelson	
Debra Contala	
Lucinda Byers * (retired April 2022)	
Stephanie Halliday * (appointed April 2022)	

\*In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

#### *Remuneration of Commissioners*

	2022 No.	2021 No.
The number of members whose remuneration received or receivable falls within the following bands:		
\$0 - \$19 999	7	4
\$20 000 - \$39 999	-	1
<b>Total number of members</b>	<b>7</b>	<b>5</b>

The total remuneration received or receivable by members was \$48 000 (2021: \$47 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

### 3.3. Employee benefits expenses

	2022 \$'000	2021 \$'000
Salaries and wages	17 656	15 348
Long service leave	(34)	246
Annual leave	1 633	1 521
Skills and experience retention leave	105	104
Employment on-costs - superannuation	1 926	1 624
Employment on-costs - other	-	294
Commission members' fees	43	43
Workers' compensation	99	80
<b>Total employee benefits expenses</b>	<b>21 428</b>	<b>19 260</b>

#### *Employment on-costs - superannuation*

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

#### *Employee remuneration*

	2022 No.	2021 No.
The number of employees whose remuneration received or receivable falls within the following bands:		
\$157 001 to \$177 000	5	5
\$177 001 to \$197 000	1	-
\$197 001 to \$217 000	2	2
\$217 001 to \$237 000	-	1
\$237 001 to \$257 000	1	2
\$257 001 to \$277 000	-	1
\$277 001 to \$297 000	2	-
\$297 001 to \$317 000	-	1
\$317 001 to \$337 000	-	-
\$337 001 to \$357 000	1	-
<b>Total</b>	<b>12</b>	<b>12</b>

The total remuneration received by these employees for the year was \$2.52m (2021: \$2.54m).

The table includes all employees whose normal remuneration was 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 and any fringe benefits tax paid or payable in respect of those benefits as well as any termination benefits for employees who have left the Commission.

### 3.4. Employee benefits liability

	2022 \$'000	2021 \$'000
<b>Current</b>		
Annual leave	1 278	1 185
Long service leave	229	266
Skills and experience retention leave	116	105
<b>Total current employee benefits</b>	<b>1 623</b>	<b>1 556</b>
<b>Non-current</b>		
Long service leave	3 384	3 701
<b>Total non-current employee benefits</b>	<b>3 384</b>	<b>3 701</b>
<b>Total employee benefits</b>	<b>5 007</b>	<b>5 257</b>

Employee benefits accrue as a result of 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 and wages, annual leave, skills and experience retention 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 the reporting date.

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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. Details about the measurement of long service leave liability is provided at note 10.1.

## 4. Expenses

### 4.1. Supplies and services

	2022 \$'000	2021 \$'000
Accommodation	3 279	3 197
Information technology expenses	3 203	2 235
Telecommunications	475	248
Periodicals and subscriptions	256	295
Legal fees and disbursements	226	275
Office supplies and consumables	149	133
Practising certificates and membership	147	123
Interpreter fees	146	131
External service providers	133	188
Travel	83	70
Audit fees - Auditor-General's Department	79	80
Internal audit and governance	74	112
Client surveys fees	61	-
Consultancy fees	38	258
Other	750	679
<b>Total supplies and services</b>	<b>9 099</b>	<b>8 024</b>

#### *Accommodation*

The Commission's accommodation is provided by the Department for Infrastructure and Transport under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. These arrangements do not meet the definition of lease set out in AASB16. Information about accommodation incentives relating this arrangement is shown at note 7.3.

#### *Consultants*

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

	No.	2022 \$'000	No.	2021 \$'000
Below \$10 000	3	14	1	6
\$10 000 or above	1	24	5	252
<b>Total</b>	<b>4</b>	<b>38</b>	<b>6</b>	<b>258</b>

### 4.2. Depreciation and amortisation

	2022 \$'000	2021 \$'000
Plant and equipment	291	305
Accommodation and leasehold improvements	719	225
Right-of-use accommodation	-	74
Right-of-use vehicles	7	7
Intangible assets	403	322
<b>Total depreciation and amortisation</b>	<b>1 420</b>	<b>933</b>

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

## Useful life

Depreciation and amortisation are calculated on a straight-line basis. Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows:

<b>Class of asset</b>	<b>Useful life (years)</b>
Accommodation and leasehold improvements	5-15
Right-of-use vehicles	Lease term
Right-of-use accommodation	Lease term
Plant and equipment	
Computers	3-5
Office equipment	5-13
Furniture and fittings	5-13
Intangibles	3-8

The library collections are anticipated to have very long and indeterminate useful lives. No amount for depreciation has been recognised as their service potential has not, in any material sense, been consumed during the reporting period.

## Review of accounting estimates

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

### 4.3. Borrowing costs

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest expense on lease liabilities	-	7
<b>Total borrowing costs</b>	<b>-</b>	<b>7</b>

The Commission does not capitalise borrowing costs.

### 4.4. Other expenses

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Statutory charge bad debts and impairment loss on receivables	39	85
Bad debts	12	12
Loss on Funds SA investment	506	-
<b>Total other expenses</b>	<b>557</b>	<b>97</b>

### 4.5. Private Practitioners services

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Private Practitioners services	24 335	21 894
<b>Total Private Practitioners services</b>	<b>24 335</b>	<b>21 894</b>

## 5. Non-financial assets

### 5.1. Property, plant and equipment

Property, plant and equipment comprises tangible assets owned and right-of-use (leased) assets. The assets presented below do not meet the definition of investment property.

	2022 \$'000	2021 \$'000
<b><u>Accommodation and leasehold improvements</u></b>		
Accommodation and leasehold improvements	6 615	3 589
Accumulated depreciation	(2 692)	(1 973)
<b>Total accommodation and leasehold improvements</b>	<b>3 923</b>	<b>1 616</b>
<b><u>Plant and equipment</u></b>		
Plant and equipment	4 246	4 240
Accumulated depreciation	(3 140)	(2 849)
<b>Total plant and equipment</b>	<b>1 106</b>	<b>1 391</b>
<b><u>Right-of-use vehicles</u></b>		
Right-of-use vehicles	11	19
Accumulated depreciation	(3)	(15)
<b>Total right-of use vehicles</b>	<b>8</b>	<b>4</b>
<b><u>Library</u></b>		
Library	261	261
<b>Total library</b>	<b>261</b>	<b>261</b>
<b><u>Work in progress</u></b>		
Work in progress	18	92
<b>Total work in progress</b>	<b>18</b>	<b>92</b>
<b>Total property, plant and equipment</b>	<b>5 316</b>	<b>3 364</b>

### 5.2. Property, plant and equipment owned by the Commission

Property, plant and equipment owned by the Commission with a value equal to or in excess of \$5 000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by the Commission is recorded at fair value. Details about the Commission's approach to fair value are set out in note 10.2.

#### *Impairment*

Property, plant and equipment owned by the Commission have not been assessed for impairment as they are non-cash generating assets that are specialised in nature and held for continual use of their service capacity.

## Reconciliation 2021-22

	Accommodation and Leasehold improvements	Plant and equipment	Right-of-use vehicles	Library	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at the beginning of the period</b>	<b>1 616</b>	<b>1 391</b>	<b>4</b>	<b>261</b>	<b>92</b>	<b>3 364</b>
Acquisitions	-	6	11	-	2 952	2 969
Depreciation	(719)	(291)	(7)	-	-	(1 017)
Transfer between asset classes	3 026	-	-	-	(3 026)	-
<b>Carrying amount at the end of the period</b>	<b>3 923</b>	<b>1 106</b>	<b>8</b>	<b>261</b>	<b>18</b>	<b>5 316</b>

### 5.3. Property, plant and equipment leased by the Commission

Right-of-use assets for property, plant and equipment leased by the Commission as lessee are measured at cost.

Short-term leases of 12 months or less and low-value leases, where the underlying asset value is less than \$15 000, are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 4.1.

The Commission has a limited number of leases:

- Two motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No variable lease payments are provided for in the lease agreements and no option exist to renew the leases at the end of their term.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4.

#### Impairment

Property, plant and equipment leased by the Commission has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

### 5.4. Intangible assets

	2022 \$'000	2021 \$'000
<b>Computer software</b>		
Computer software	3 535	3 535
Accumulated amortisation	(2 349)	(1 985)
<b>Total computer software</b>	<b>1 186</b>	<b>1 550</b>

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$5 000.

## Reconciliation 2021-22

	Computer software \$'000	Total \$'000
Carrying amount at the beginning of the period	1 550	1 550
Amortisation	(364)	(364)
Carrying amount at the end of the period	1 186	1 186

## 6. Financial assets

### 6.1. Cash and cash equivalents

	2022 \$'000	2021 \$'000
Short-term deposits with SAFA	27 045	9 811
Cash on hand	2 763	1 623
<b>Total cash and cash equivalents</b>	<b>29 808</b>	<b>11 434</b>

### 6.2. Receivables

	2022 \$'000	2021 \$'000
<b><u>Current</u></b>		
<b><u>Trade receivables</u></b>		
From government entities	204	215
From non-government entities	11	-
Client debtors	124	119
Impairment loss on receivables	(20)	(20)
<b>Total trade receivables</b>	<b>319</b>	<b>314</b>
<b><u>Accrued revenue</u></b>		
Accrued interest	5	-
Legal Practitioners Act 1981 debtors	250	19
Grant revenue receivable from government entities	87	-
<b>Total accrued revenue</b>	<b>342</b>	<b>19</b>
<b><u>Statutory receivables</u></b>		
GST input tax recoverable	634	454
<b>Total statutory receivables</b>	<b>634</b>	<b>454</b>
<b><u>Prepayments</u></b>		
Trade prepayments	588	952
<b>Total prepayments</b>	<b>588</b>	<b>952</b>
<b>Total current receivables</b>	<b>1 883</b>	<b>1 739</b>

Trade receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Statutory receivables do not arise from contracts with customers. They are recognised and measured similarly to contractual receivables (except impairment) but are not classified as financial instruments for disclosure purposes.

The net amount of GST recoverable from the ATO is included as part of receivables.

Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

### 6.3. Other financial assets

	2022 \$'000	2021 \$'000
<b>Current</b>		
Investment with Funds SA at fair value	7 802	8 308
<b>Total current investment</b>	<b>7 802</b>	<b>8 308</b>

For further information on risk management refer to note 10.3.

### 6.4. Statutory charge debtors

	2022 \$'000	2021 \$'000
Statutory charge debtors	9 704	9 600
Impairment loss on Statutory charge receivables	(150)	(180)
<b>Total statutory charge debtors</b>	<b>9 554</b>	<b>9 420</b>

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.

## 7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

### 7.1. Payables

	2022 \$'000	2021 \$'000
<b>Current</b>		
Trade payables	214	251
Accrued expenses	79	77
<b>Statutory payables</b>		
Employment on-costs	166	148
<b>Total statutory payables</b>	<b>166</b>	<b>148</b>
<b>Total current payables</b>	<b>459</b>	<b>476</b>
<b>Non-current</b>		
<b>Statutory payables</b>		
Employment on-costs	158	165
<b>Total non-current payables</b>	<b>158</b>	<b>165</b>
<b>Total payables</b>	<b>617</b>	<b>641</b>

Payables and accruals are raised for all amounts owing but unpaid. Trade payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

Statutory payables do not arise from contracts.

The net amount of GST recoverable from the ATO is included as part of receivables. However, if a net GST payable arises then this amount would be disclosed in this Payables note.

## Employment on-costs

Employment on-costs include Return To WorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

## 7.2. Financial liabilities

		2022 \$'000	2021 \$'000
<b>Current</b>			
Lease liabilities	5.3	4	4
<b>Total current financial liabilities</b>		<b>4</b>	<b>4</b>
<b>Non-current</b>			
Lease liabilities	5.3	4	-
<b>Total non-current financial liabilities</b>		<b>4</b>	<b>-</b>
<b>Total financial liabilities</b>		<b>8</b>	<b>4</b>

The Commission measures financial liabilities at amortised cost. In prior years, The Commission held leases for Regional Legal aid offices. These leases are no longer held by the Commission. All accommodation lease arrangements are held by the Department for Infrastructure and Transport. Lease liabilities relate only to motor vehicle leases. Expenditure related to these leases is recognised in Note 4.1.

## 7.3. Other liabilities

		2022 \$'000	2021 \$'000
<b>Current</b>			
Accommodation incentive		233	233
<b>Total current other liabilities</b>		<b>233</b>	<b>233</b>
<b>Non-current</b>			
Accommodation incentive		1 168	1 401
<b>Total non-current other liabilities</b>		<b>1 168</b>	<b>1 401</b>
<b>Total other liabilities</b>		<b>1 401</b>	<b>1 634</b>

Accommodation incentive liabilities relate to arrangements with the Department for Infrastructure and Transport (DIT) for office accommodation. These arrangements do not comprise leases and the accommodation incentives do not comprise financial liabilities. DIT has provided a range of fit-out free of charge. The benefit of this incentive is spread over the accommodation term so that each year reported accommodation expenses reflect the economic substance of the office accommodation arrangements and related benefits provided.

## 8. Other disclosures

### 8.1. Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of property, plant and equipment to the extent that they offset one another. Relevant amounts are removed/transferred to retained earnings when an asset is derecognised.

## 9. Outlook

### 9.1. Unrecognised commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual sources and are disclosed at their nominal value.

#### *Legal expense commitments*

	2022 \$'000	2021 \$'000
Within one year	22 779	23 125
<b>Total expenditure commitments</b>	<b>22 779</b>	<b>23 125</b>

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.

#### *Expenditure commitments*

	2022 \$'000	2021 \$'000
Within one year	3 711	2 947
Later than one year but not longer than five years	13 896	12 509
Later than five years	3 464	6 714
<b>Total expenditure commitments</b>	<b>21 071</b>	<b>22 170</b>
<b>Representing:</b>		
Accommodation	19 196	22 065
Electronic Document and Record Management System (EDRMS)	1 875	105
<b>Total expenditure commitments</b>	<b>21 071</b>	<b>22 170</b>

The Commission's expenditure commitments are for agreements for:

- Memoranda of Administrative Arrangements with the Department for Infrastructure and Transport for accommodation.
- the Electronic Document and Record Management System (EDRMS).

### 9.2. Contingent assets and liabilities

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.

The Commission is not aware of any contingent assets or contingent liabilities.

### 9.3. Events after the reporting period

At balance date and as at the date of financial statement certification, there were no known events after the reporting period.

## 10. Measurement and risk

### 10.1. Long service leave liability - measurement

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on 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.

AASB 119 *Employee Benefits* 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 2021 (1.25%) to 2022 (3.50%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in 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 \$0.56m and employee benefits expense of \$0.56m. The impact on future periods is impracticable to estimate as the long service leave liability 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 2.5% for long service leave liability. As a result, there is no net financial effect resulting from changes to the salary inflation rate.

The Commission's estimate of expected future payments for the current portion of long service leave is based on an average over a three year period on long service leave taken.

### 10.2. Fair value

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

#### *Initial recognition*

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

#### *Revaluation*

Property, plant and equipment, other than right-of-use assets, are subsequently measured at fair value after allowing for accumulated depreciation.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

Revaluation is undertaken on a regular cycle. 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.

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

Revaluation 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.

Revaluation of leasehold improvements and fixtures and fittings was performed by Liquid Pacific Holdings Pty Ltd during 2019-20 financial year. The independent valuer arrived at fair value based on the actual cost of the assets.

### ***Plant and equipment***

All items of plant and equipment that had a fair value at the time of acquisition less than \$1.5 million or had an estimated useful life of less than three years have not been revalued. The carrying value of these items are deemed to approximate fair value.

## **10.3. Financial instruments**

### ***Financial risk management***

Risk management is managed by the Commission's corporate services section. Commission risk management policies are in accordance with the *SA Government Risk Management Guide* and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

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

### ***Impairment of financial assets***

Loss allowances for statutory charge and client debtors are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. The Commission uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors which comprise a large number of small balances.

To measure the expected credit losses, client debtors are grouped based on the days past due. When estimating expected credit loss, the Commission considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Commission's historical experience and informed credit assessment, including forward-looking information.

The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties.

Loss rates are calculated based on the probability of a statutory charge and client debtors progressing through stages to write off based on the common risk characteristics of the transaction and debtor.

Loss rates are based on actual history of credit loss. These rates have been adjusted to reflect differences between previous economic conditions, current conditions and the Commission's view of the forecast economic conditions over the expected life of the statutory charge and client debtors.

Impairment losses are presented as net impairment losses within net result, subsequent recoveries of amounts previously written off are credited against the same line item.

The allowance was recognised when there was objective evidence that a client debtor was impaired. The allowance for impairment is recognised in other expenses for specific client debtors and debtors assessed on a collective basis for which such evidence existed.

Statutory charge debtors are written off or waived when there is a shortfall of sale proceeds from real estate sold on behalf of the clients. In addition, a decision may be made by the Commission to waive the debt based on the client's negative equity or through a court order.

The Commission has placed its investments in a portfolio managed by Funds SA. Listed shares and equities included within these investments are traded in an organised financial market by the fund managers. The Commission values these investments at current market value.

The Commission considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

### ***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 asset, financial liability and equity instrument are disclosed in the respective financial asset/financial liability note.

### ***Classification of Financial Instruments***

Category of financial assets and financial liabilities	Note	2022 Carrying amount (\$'000)	2021 Carrying amount (\$'000)
<b><u>Financial assets</u></b>			
<b>Cash and equivalent</b>			
Cash and cash equivalent	6.1	29 808	11 434
<b>Fair value through profit and loss</b>			
Investments	6.3	7 802	8 308
<b>Financial assets at amortised cost</b>			
Receivables *	6.2	661	333
Statutory charge debtors	6.4	9 554	9 420
<b>Total financial assets</b>		<b>47 825</b>	<b>29 495</b>
<b><u>Financial liabilities</u></b>			
<b>Financial liabilities at amortised cost</b>			
Payables *	7.1	214	251
Lease liabilities	7.2	8	4
Legal payables		1 487	969
<b>Total financial liabilities</b>		<b>1 709</b>	<b>1 224</b>

\* Total amounts disclosed here exclude statutory amounts. Receivables do not include prepayments as these are not financial instruments. Prepayments are presented in note 6.2.

### ***Statutory receivables and payables***

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and equivalents, fees and charges, and Auditor-General's Department audit fees. This is in addition to employee related payables, such as Fringe Benefits Tax, Pay As You Go Withholding and ReturnToWorkSA levies. In government, certain rights to receive or pay cash may not be contractual but have their source in legislation and therefore, in these situations, the disclosure requirements of AASB 7 will not apply. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

### ***Statutory charge debtors***

Statutory charge debtors are included in financial instruments as the debt reflects a contractual obligation to the Commission. The naming of these debtors as statutory is due to the *Legal Services Commission Act 1977* allowing legal assistance costs to be secured by a charge on property.