

## LEGAL PROFESSION ACT 2008

### LEGAL PROFESSION (SOLICITORS COSTS) REPORT 2017

Made by the Legal Costs Committee under Division 5 of Part 10 of the *Legal Profession Act 2008* (Act).

#### PART 1—PRELIMINARY

##### 1. Citation

(1) This Report may be cited as the *Legal Profession (Solicitors Costs) Report 2017*.

(2) The determination set out in the Schedule to this Report is referred to in this Report as the *Legal Profession (Solicitors Costs) Determination 2017*.

##### 2. Notice under section 278 of the Act

The Legal Costs Committee has complied with the notice provisions of section 278 of the Act.

##### 3. Inquiries and submissions under section 277 of the Act

Before making the *Legal Profession (Solicitors Costs) Determination 2017*, the Legal Costs Committee—

(a) reviewed the submission of the Law Society of Western Australia Inc received as a result of the notice given under section 277 of the Act; and

(b) reviewed the impact of movements in the Consumer Price and Wage Price Indices for the period between 1 July 2015 to 31 March 2017 (inclusive) as being an appropriate period given the time elapsed between the commencement of the previous review and the commencement of this review.

#### PART 3—REPORT OF THE LEGAL COSTS COMMITTEE'S CONCLUSIONS

##### 4. Maximum hourly rates unchanged—scale of costs amended

(1) As a result of its inquiries and the submission described in clause 3, the Legal Costs Committee is satisfied it is appropriate to continue to adopt hourly rates charged by law practices as the basis for the rates used in the *Solicitors Costs Determination 2017*. It is also considered appropriate to retain a system of instruction fees as set out in items 1 to 5 of the Table to clause 6 of the *Solicitors Costs Determination 2017*.

(2) It is the recommendation of the Legal Costs Committee, as a result of the inquiries and submissions described in clause 3 and in light of prevailing market and economic considerations, that the hourly rates referred to in subclause 4 (1) not be varied from the hourly rates used in the *Solicitors Costs Determination 2015* published in the *Government Gazette* on 26 June 2015. The rates which will continue to apply are set out in Item 7 of Table A of the *Legal Profession (Solicitors Costs) Determination 2017*.

(3) The Legal Costs Committee has resolved that the amount calculated by reference to clause 8(2) of the *Solicitors Costs Determination 2017* shall be reduced by 25% as a result of technological advances impacting on legal practice, which have resulted in efficiencies in document drafting and handling.

(4) The Legal Costs Committee has resolved to amend the categories of practitioner whose work is able to be remunerated under the *Solicitors Costs Determination 2017*, in line with the amendments introduced in the *Legal Profession (Supreme Court) (Contentious Business) Determination 2016* published in the *Government Gazette* 24 June 2016.

(5) The recommendations of the Legal Costs Committee are not intended to override the entitlement of a law practice to make a written agreement as to costs with a client under the Act.

CLARE THOMPSON, Chair.  
ANGELA GAFFNEY, Member.  
MARCUS COCKER, Member.  
JANICE DUDLEY, Member.  
MATTHEW CURWOOD, Member.  
BRENDAN ASHDOWN, Member.

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#### Schedule

### LEGAL PROFESSION ACT 2008

#### LEGAL PROFESSION (SOLICITORS COSTS) DETERMINATION 2017

Made by the Legal Costs Committee under section 275 of the *Legal Profession Act 2008* (Act).

##### 1. Citation

This Determination may be cited as the *Legal Profession (Solicitors Costs) Determination 2017*.

##### 2. Commencement

This Determination comes into operation on 1 July 2017.

##### 3. The *Solicitors Costs Determination 2015*

The determination cited as the *Solicitors Costs Determination 2015* published in the *Government Gazette* on 26 June 2015 does not apply to business carried out by law practices after the commencement of this Determination.

##### 4. Interpretation

In this Determination—

“clause” means a clause in this Determination;

“document” includes a document in electronic form;

“instruction fee” means the fee set out in the column headed ‘Amount’ in Table A, in relation to the matter specified next to that fee in Table A;

“instructions” in relation to items 1 to 5 includes the initial attendance when instructions are taken, and all subsequent attendances at which instructions are taken which ought properly to have been taken at the initial attendance;

- “item” means an item in the Table A and “items” has a corresponding meaning;
- “mortgagee” includes the grantee of a security and, in relation to a hire-purchase agreement, means the owner;
- “mortgagor” includes the grantor of a security and, in relation to a hire-purchase agreement, means the hirer;
- “prepare” includes considering searches, researching matters of law, negotiating, settling and drafting the provisions of and producing a document;
- “security” includes a mortgage, hire-purchase agreement, debenture or charge or a bill of sale or assignment by way of security, or any other form of security granted by a person;
- “sheet” means one side of a single A4 page, with no less than 25 lines of print with a minimum of a 10 point font;
- “Table A” means Table A to this Determination.

## 5. Application

- (1) This Determination applies to the maximum remuneration of law practices in respect of any work carried out by a law practice not being of a contentious nature and which is not governed by any other determination of the Legal Costs Committee under section 275 of the Act.
- (2) This Determination does not apply to the remuneration of law practices based on a written agreement as to costs with a client under the Act.
- (3) This Determination does not apply to the remuneration of law practices based on costs incurred before the commencement of this Determination.

## 6. Costs

Unless a law practice has made a written agreement as to costs with a client under the provisions of the Act, the costs payable by the client to the client's law practice shall not exceed an amount that is reasonable in the circumstances, that amount to be calculated on the basis of—

- (a) the instruction fees and other fees for specific items set out in items 1 to 6; and
- (b) the time reasonably taken to perform the work referred to in item 7, charged at an hourly rate that does not exceed the hourly rates set out in that item; or
- (c) where clause 14 applies, the skill, urgency or complexity required to perform the work, together with the time reasonably taken to do so.

## 7. Instruction fee when acting for both parties to a transaction

Subject to clauses 8 and 9, where a law practice lawfully acts for both parties to a transaction, the law practice is entitled to charge each party the relevant instruction fee relating to that transaction.

## 8. Instruction fees for related transactions

- (1) Subject to this clause, where a law practice acts for either a buyer-mortgagor or for a seller-mortgagee, the law practice may charge either the instruction fee fixed in relation to the sale or the instruction fee fixed in relation to the security, but not both.
- (2) Where a law practice acts for a seller in circumstances to which item 5 applies, and the consideration or part thereof is secured by a security prepared by the same law practice and executed by the buyer in favour of the seller, the law practice shall be entitled to charge in respect of the sale the fee set out in item 5 reduced by 25%, and for instructions in respect of the security the instruction fee calculated in accordance with item 3 on the basis of the sum secured.
- (3) Where, in respect of one and the same transaction, a law practice lawfully acts for both a buyer-mortgagor and a seller-mortgagee—
- (a) if all the costs are to be paid by only one of the parties, the law practice is entitled to charge the instruction fee in relation to the sale, calculated on the basis that the law practice was acting for the buyer, but is not entitled to charge an instruction fee in relation to the security;
  - (b) if each party is to pay their own instruction fee, the law practice is entitled to charge each party such an amount so that the aggregate of the amounts payable by each is no greater than the instruction fee in relation to the sale, calculated on the basis that the law practice was acting for the buyer.
- (4) Where, in one and the same transaction, a law practice lawfully acts for both the seller and the buyer or for both the mortgagor and the mortgagee, the law practice is not entitled to charge in respect of the instructions any amount which is greater in the aggregate than the instruction fee in relation to the sale or the security, calculated on the basis that the law practice was acting for the buyer or the mortgagor, as the case may be.
- (5) Where a law practice acts for the mortgagee on instructions to extend the term of the security, the law practice is entitled to charge, for instructions, an amount not exceeding 40% of the instruction fee that would be payable in relation to an original security for the same amount as that secured by the security as extended.

## 9. Instruction fees for leases

- (1) Where a law practice lawfully acts for both the lessor and the lessee in respect of a lease or an extension of lease, the law practice is entitled to charge for instructions only the instruction fee set out in item 4 in relation to a lessor.

- (2) For the purposes of calculating the instructions fees set out in item 4—
- (a) where a term of a lease exceeds 12 years but does not exceed 26 years, the instruction fee shall be calculated on the basis of the rent payable during the first 12 years of the lease;
  - (b) where the term of the lease exceeds 26 years, the instruction fee shall be calculated on the basis of the rent payable during the first 15 years of the lease,
- and for this purpose the term “rent”—
- (c) includes any moneys payable as a premium for the granting of the lease;
  - (d) but does not include any moneys payable or reserved under or by the lease in respect of—
    - (i) rates and taxes whether by way of reimbursement of the lessor or otherwise; or
    - (ii) expenditure incurred by the lessor in the conduct or management of the lease and premises or of any other property of which the leased premises forms part.

#### 10. Limitations on instruction fee in item 3

In relation to an instruction fee set out in item 3—

- (a) any amount secured by an existing collateral security prepared by the same law practice within one year prior to the instructions shall be deducted from the amount to be secured before calculating the instruction fee; and
- (b) where the security is for an annuity and the term during which the annuity is to be paid is a period exceeding 12 years or for life—the instruction fee shall be calculated on the basis that the amount secured is 12 times either the annual payment or the average of the first 12 payments.

#### 11. Uncompleted business

Where any business is not completed the instruction fee payable shall be such proportion of the relevant instruction fee payable under this Determination as is reasonable in the circumstances.

#### 12. Services related to item 5

(1) The fees set out in item 5 are the remuneration payable in respect of acting on instructions for the completion by transfer of an executed contract for the sale of land registered under the *Transfer of Land Act 1893* and include the fees for all services usually performed in respect of the transaction and in particular—

- (a) the investigation of title;
- (b) enquiries of and advice to all rating and taxing authorities of change of ownership;
- (c) the adjustment of rates and taxes;
- (d) preparation, execution, stamping and the registration of the transfer; and
- (e) the arrangements for and attendances on settlement including the discharge of encumbrances,

but the remuneration does not include the fees for—

- (f) any service performed or rendered in respect of an amendment to the contract of sale;
- (g) the perusal of any document other than the contract of sale;
- (h) the preparation of any document other than the transfer;
- (i) requisitions on title or answers thereto;
- (j) correspondence or attendances as may be rendered necessary by the amendment to, or the preparation of, any document other than the transfer;
- (k) correspondence or attendances not usually involved in respect of completion of the contract of sale including interpretation of or enforcement of the contract of sale; or
- (l) any costs or expenses lawfully incurred due to the distance of the law practice from the place of settlement or from an office of the Western Australian Land Information Authority, established under the *Western Australian Land Authority Act 1992*.

(2) Where a law practice acting on instructions to which item 5 applies is obliged to perform additional services which are not services to which item 5 applies, the law practice is entitled to charge for those additional services at the rate set out in item 7.

#### 13. Preparing documents and copies for execution, photocopying, facsimile and electronic transmissions—item 6

The fees set out in items 601 and 602 are fees in addition to time taken to prepare documents, including amendments to drafts or standard documents, and—

- (a) in the case of item 601, the fee is intended to recognise the cost to, and time taken by, a law practice in the preparation and maintenance of standard precedents; by way of example, a standard office lease, shop lease, assignment of lease, extension of lease and mortgage; and
- (b) in the case of item 602, the fee is intended to recognise the cost to, and time taken by, a law practice in the preparation, availability and maintenance of a document which is not a standard precedent within item 601, and the skill, cost of preparation and maintenance of having such a document available.

#### 14. Complex matters, and matters involving a high degree of skill or urgency

Where a law practice acts on instructions or performs a service in respect of a matter—

- (a) in relation to which a fee or rate of remuneration is set out under items 1 to 6, that is complex, or involves a high degree of skill or urgency; or
- (b) that is not referred to in any of items 1 to 6,

then, notwithstanding the rates in item 7, the law practice is entitled to charge a fee, or charge at a rate (as the case requires) that is greater than one set out in an item, if it is reasonable in the circumstances.

#### 15. Introduction of Restricted Practitioner category

(1) This Determination introduces the new category Restricted Practitioner. This category includes all Australian legal practitioners engaging in restricted legal practice pursuant to section 50 of the Act, during the period when that person is undertaking the "required experience", as defined in section 50 of the Act, and whilst an endorsement to that effect remains on their practising certificate.

(2) A Restricted Practitioner is not intended to include an Australian legal practitioner who has a condition placed on their practising certificate by the Legal Practice Board, State Administrative Tribunal or otherwise, requiring them to practise under supervision for disciplinary, medical or other reasons.

(3) So as not to adversely affect clients of legal services provided by those practitioners who would, but for this change, have been Junior Practitioners or Senior Practitioners, transitional arrangements apply so that—

- (a) practitioners admitted after 1 July 2014, but before 1 July 2016, are entitled to recover their legal costs as if they were Junior Practitioners until 30 June 2018, or the date on which they would, but for this clause, become Junior Practitioners under this Determination; and
- (b) practitioners admitted after 1 July 2011, but before 1 July 2014, are entitled to recover their legal costs as if they were either Junior Practitioners or Senior Practitioners, whichever category would have applied but for this change, until 30 June 2018, or the date on which they would, but for this clause, become Senior Practitioners under this Determination.

#### 16. Effect on costs of Goods and Services Tax (GST)

The hourly rates and the calculation of fees under each of the items in Table A are inclusive of GST. If any amount calculated under items 1 to 4 is not divisible by 11, it should be rounded up to the next highest amount which is divisible by 11.

Table A

#### ITEM 1 INSTRUCTION TO ACT ON A SALE OR OTHER DISPOSITION FOR VALUABLE CONSIDERATION OF PROPERTY

Ref	Party	Consideration (\$)	Maximum Amount
101	Buyer	1-100,000	0.45%
		100,001-7,500,000	0.25%
		7,500,001 or more	0.03%
102	Seller	1-100,000	0.35%
		100,001-7,500,000	0.17%
		7,500,001 or more	0.02%

#### ITEM 2 INSTRUCTIONS TO ACT ON A GIFT OF REAL OR PERSONAL PROPERTY OR BOTH WHERE VALUE ASCERTAINABLE

Ref	Party	Value (\$)	Maximum Amount
201	Donor	1-100,000	0.45%
		100,001-7,500,000	0.25%
		7,500,001 or more	0.03%
202	Donee	1-100,000	0.35%
		100,001-7,500,000	0.17%
		7,500,001 or more	0.02%

#### ITEM 3 INSTRUCTIONS TO ACT ON SECURITY

Ref	Party	Consideration (\$)	Maximum Amount
301	Mortgagee	1-100,000	0.45%
302	Mortgagor	100,001-7,500,000	0.25%
		7,500,001 or more	0.03%
		1-100,000	0.23%
		100,001-7,500,000	0.13%
		7,500,001 or more	0.013%

**ITEM 4 INSTRUCTIONS TO ACT ON A LEASE, SUB-LEASE, ASSIGNMENT OF LEASE OR EXTENSION OF LEASE OF PROPERTY (REAL OR PERSONAL OR BOTH)**

Ref	Party	Consideration (\$)	Maximum Amount
401	Lessor/Sub-Lessor	1-20,000	0.80%
		20,001 or more	0.40%
402	Lessee/Sub-Lessee	1-20,000	0.40%
		20,001 or more	0.20%
403	Assignor/Assignee	1-20,000	0.40%
		20,001 or more	0.20%

**ITEM 5 THE SETTLEMENT OF A CONTRACT FOR THE SALE OF LAND UNDER THE TRANSFER OF LAND ACT 1893**

Ref	Party	Consideration (\$)	Maximum Amount or %
501	Buyer*	1-150,000	\$990
		150,001-500,000	\$990 plus 0.22% of any amount in excess of \$150,000
		500,001-1,000,000	\$1760 plus 0.165% of any amount in excess of \$500,000
		1,000,001 or more	\$2585 plus 0.11% of any amount in excess of \$1,000,000
502	Seller*	1-150,000	\$671
		150,001-500,000	\$671 plus 0.143% of any amount in excess of \$150,000
		500,001-1,000,000	\$1171.50 plus 0.11% of any amount in excess of \$500,000
		1,000,001 or more	\$1721.50 plus 0.077% of any amount in excess of \$1,000,000

\*If the contract for sale is for a Strata Title, add \$77.00 if acting for the Seller, and \$132.00 if acting for the Buyer.

**ITEM 6—PREPARE DOCUMENTS AND COPIES FOR EXECUTION AND COPYING**

Ref	Description of task	Maximum Amount
<b>Preparation of documents</b>		
601	Documents which could economically be a standard precedent	\$11.00 per sheet
602	Documents which could not economically be a standard precedent	\$44.00 per sheet
<b>All copies for execution and cost of binding</b>		
603	Each document for execution	\$5.50 per page
<b>Copying (other than item 603)</b>		
604	Copies where reasonably necessary, including of documents for which allowance is otherwise made in this Determination	\$0.165 per page

**ITEM 7—ATTENDANCES AND PERFORMANCE OF WORK WHERE ITEMS 1—6 DO NOT APPLY, AND TRAVEL**

Ref	Practitioner	Maximum Rate
701	Practitioner (permitted to practice on his or her own account for 5 years or more)	\$484 per hour
702	Practitioner (permitted to practice on his or her own account for 5 years or more)	\$341 per hour
703	Restricted Practitioner	\$297 per hour
704	Clerk/Paralegal	\$231 per hour

Notes—

- (1) The reference to practitioner in this Determination includes all Australian legal practitioners even if the services were rendered in another State or Territory. Where a local legal practitioner has held an interstate practice certificate, the length of admission in that other jurisdiction is to be counted in assessing that practitioner's years of admission for the purposes of this Determination.
- (2) The reference to Restricted Practitioner in this Determination includes practitioners undertaking restricted legal practice for the purposes of obtaining the required experience set out in section 50 of the Act and does not include a reference to an Australian legal

Ref	Practitioner	Maximum Rate
	practitioner who has a condition placed on their practising certificate by the Legal Practice Board, State Administrative Tribunal or otherwise, requiring them to practise under supervision for disciplinary, medical or other reasons.	
<b>Travel</b>		
705	Time spent travelling by a law practice is to be charged at no more than one half of the rates contained in items 701 to 704, with a maximum of 8 hours in any one day.	

Made by the Legal Costs Committee on 14 June 2017.