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How to Recover Your AI Spend: A Practical Guide for Australian Legal Practitioners

A Deployment Guide for Practitioners — General Information Only

Who this is for: Solicitors, Barristers and law practice owners in Australia who are considering charging clients for AI tools used on their matters.

What this gives you: A plain-English walkthrough of the seven compliance issues you need to work through, practical examples, template clause language for your costs agreement, and a deployment checklist.

A note on tooling: This guide is tool-agnostic. Every principle in it applies whether you use Quillio AI or any other AI platform. That said, several of these obligations (per-matter tracking, itemised exports, and defensible records) are operationally hard to meet without the right tooling. Where Quillio specifically addresses a compliance issue, we've flagged it. Importantly, you should be selecting tools based on their ability to give you this level of compliance with on-charging legal AI costs to clients. Otherwise, you are leaving your firm open to compliance complaints, cost assessments or inability to on-charge.

The Short Version

You can charge clients for AI, but only if you get seven things right. Disclose it upfront, characterise the charge honestly, keep the amount fair and reasonable, make it specific in your costs agreement, bill it in a way that can be itemised, treat prepaid amounts correctly in trust, and be transparent that AI is being used. Skip any of these and the charge is vulnerable to assessment or a complaint.





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The Seven Compliance Issues

1. Upfront Written Disclosure Is Not Optional

Under section 174 of the Legal Profession Uniform Law (applying in NSW, Victoria and Western Australia, with equivalent legislation applying in all other States and Territories), a law practice must disclose — at the time instructions are given, or as soon as practicable afterwards — the basis on which costs will be calculated, an estimate of total costs, and details of disbursements. Equivalent obligations exist in every other Australian jurisdiction under the relevant legal profession legislation.

If AI costs are going to appear on the bill, the client needs to know about it before the work starts, not as a surprise line item later.

What "disclosed" means in practice:

- Written, not verbal
- Specific enough that the client understands what they're agreeing to
- Includes an estimate (a range is acceptable where a single figure isn't reasonably practicable — see the Victorian Legal Services Board guidance)
- Updated if the position materially changes

Example of what doesn't work: A generic reference to "disbursements including technology charges" buried in clause 14 of your costs agreement.

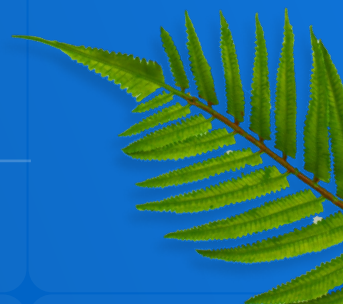
Example of what does work: Clear disclosure in a covering letter or a dedicated clause in your costs agreement identifying AI charges, explaining how they're calculated, and giving an estimated range for the matter.

2. Is It Really a Disbursement? The Honest Answer Is "It Depends"

Traditional disbursements are third-party costs paid on behalf of a client: title searches, court filing fees, counsel's fees, courier costs, printing and postage costs. They're usually specifically attributable to one matter, paid to a third party, and recoverable at cost.

¹ Queensland, s 308, Legal Profession Act 2007 (QLD); South Australia, Sch 3, clause 10, Legal Practitioners Act 1981 (SA); Tasmania, s 291, Legal Profession Act 2007 (TAS); Australian Capital Territory, s 269, Legal Profession Act 2006 (ACT); and Northern Territory, s 303, Legal Profession Act 2006 (NT).

² The law societies of many other States and Territories have published similar guidance.





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Most AI subscriptions don't fit that pattern cleanly. They're usually a flat monthly or annual fee, they benefit every matter the firm runs, and the firm, not the client, is the AI provider's customer.

This doesn't mean you can't charge for AI. It means you need to be honest about what you're charging and why.

Three defensible models:

Model	How it works	Example
Per-use disbursement	Cost is calculated per AI-assisted task or document	"\$25 per AI-generated document summary."
Allocated subscription share	A methodology allocates a fair portion of the subscription to each matter (messy)	"An AI technology charge of \$X per hour of AI-assisted work, calculated as [firm's subscription cost] ÷ [annual billable hours using AI]."
Per-use disbursement	AI cost is built into a fixed-fee product	"Our fixed-fee conveyancing includes AI-assisted document review."

What won't fly: Charging \$50 for an AI query that cost the firm a few cents, with no disclosed methodology, and calling it a disbursement.

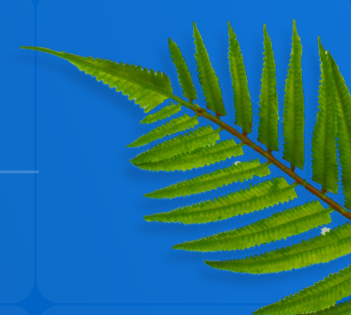
3. The "Fair and Reasonable" Test Applies to Everything You Charge

Section 172 of the Legal Profession Uniform Law requires that legal costs be fair and reasonable, proportionately and reasonably incurred, and proportionate and reasonable in amount. (Equivalent fair-and-reasonable requirements apply in all Australian jurisdictions.) On a costs assessment, section 200 requires the assessor to apply the section 172 principles.

This means any AI charge needs a rational basis tied to actual cost or demonstrable value. A mark-up is not automatically impermissible, but it must be disclosed, and it must still be fair and reasonable overall.

Ask yourself the assessor's question: If a costs assessor asked me to justify this charge, could I?

³ Queensland, s 319, Legal Profession Act 2007 (QLD); South Australia, Sch 3, clause 21, Legal Practitioners Act 1981 (SA); Tasmania, s 303, Legal Profession Act 2007 (TAS); Australian Capital Territory, s 279, Legal Profession Act 2006 (ACT); and Northern Territory, s 314, Legal Profession Act 2006 (NT).





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Practical test:

- Can you explain how you arrived at the amount?
- Is there a rational relationship between what the AI actually did and what you're charging?
- Would a client, knowing the full position, consider it reasonable?

4. Your Costs Agreement Needs to Specifically Address AI Costs

A generic "disbursements include third-party technology costs" reference is unlikely to be enough. The costs agreement should:

- Specifically identify AI or technology charges as a category
- Explain how the charge is calculated
- Give an estimate where one is reasonably practicable
- Be provided and accepted by the client before substantive work begins

Template language for your covering letters and/or costs agreements — starting point only (have this reviewed by your costs lawyer before using):

"Technology and AI-Assisted Work

In conducting your matter we may use artificial intelligence tools to assist with tasks including legal research, drafting, document review, and summarisation. The cost of this use is charged to you as [a disbursement / a technology charge] calculated on the following basis: [insert methodology — e.g. a fixed fee of \$X per AI-assisted document; or an allocated rate of \$X per hour of AI-assisted work].

We estimate the total AI charge on your matter will be approximately [amount or range]. We will update this estimate in writing if it is likely to be materially exceeded. You are entitled to further information about how these charges are calculated and to request an itemised bill showing each AI charge."

Sample Disbursement Recovery Clause

"In addition to our professional fees, you agree to reimburse us for all outlays which we properly incur (even if we have not already made payment) as part of our provision of legal services to you, including but not limited to: barrister's fees, search fees, courier fees, the cost of expert consultants, medical reports,





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filing and lodgement fees, banking charges, file retrieval costs, government revenue charges (including transfer/stamp duty), process servers and investigators, agents' fees (including interstate lawyers), external consultants, travel, parking, accommodation, witness fees, transcript fees, translation fees, printing costs, telecommunications and technology and software costs (including AI usage costs)."

DISCLAIMER: Quillio is a software company and cannot provide legal or compliance advice. The above template language and sample disbursement recovery clause is provided for informational purposes only and does not constitute legal or compliance advice. You should conduct your own research and seek independent legal advice to determine the requirements applicable in your jurisdiction. Quillio makes no representation or warranty as to the accuracy of this clause and accepts no liability for any use you make of it.

5. If You Can't Itemise It, You Shouldn't Charge It

Under the Legal Profession Uniform Law and its interstate equivalents, clients are entitled to request an itemised bill. Each AI charge needs to be identifiable, tied to a specific task or activity on the matter, and justifiable.

What this means for your systems: You need a way to track AI usage per matter. If your AI tool provides usage reports by matter, keep them. If it doesn't, reconsider whether you can defensibly pass on AI costs at all.

How Quillio handles this: Quillio tracks every AI-assisted task at the matter level and lets you export itemised usage reports and detailed expert reports directly from the platform. Each AI interaction is logged against the relevant matter with a description, timestamp, and cost basis. When you generate a bill (or a client requests itemisation), the underlying detail is already captured. You can attach the expert report to your invoice if desired, or hold it on file as supporting documentation if the bill is queried or assessed.

Practical example of a compliant line item supported by a Quillio expert report:

"AI-assisted drafting — contract review and comparison — 2 November 2026 — \$20.00"
(Supported by Quillio matter usage report dated 2 November 2026, available on request.)





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Non-compliant version:

"Technology charges — \$420" (no detail, not tied to any task, no supporting record)

6. Trust Accounting: If It's Prepaid, It's Trust Money

If a client pays money on account and AI costs are to be drawn from those funds, the money sits in trust until the cost is actually incurred. That has record-keeping implications under the [Legal Profession Uniform General Rules 2015](#) and equivalent trust accounting rules in other jurisdictions.

Practical implication: You can't transfer client money from your trust account to your office account to pay "this month's AI subscription". You can only transfer amounts representing AI charges actually incurred on that client's matter, properly billed, in accordance with trust accounting rules.

7. Charging for AI Means Disclosing You Used It

Once AI appears as a line item on the bill, clients will know — and will reasonably ask — how their matter was processed, what tool was used, what happened to their data, and whether confidentiality was preserved.

This is consistent with the [joint statement on AI in Australian legal practice \(December 2024\)](#) issued by the Law Society of NSW, the Victorian Legal Services Board and Commissioner, and the Legal Practice Board of WA, which includes expectations around transparency with clients about AI use. It is also consistent with guidance issued by the [Queensland Law Society](#), the [Law Society of the ACT](#), and the [Law Society of NSW's Solicitor's Guide to Responsible Use of AI](#).

Be ready to answer:

- Which AI tool is used, and for what tasks?
- Is client data used to train third-party models?
- Where is the data stored (jurisdictionally)?
- What confidentiality safeguards are in place?
- How is the output checked by a qualified lawyer?

If you can't answer any of these clearly, you have a bigger problem than billing.





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How Quillio Helps You Recover 90% of Your AI Spend

The compliance principles in this guide work with any AI tool, but a tool built without itemisation in mind makes it hard or impossible to comply. Quillio is designed for easy compliance.

- Per-matter tracking. Every AI task is logged against the matter it relates to, automatically.
- Itemised usage reports. Exportable in seconds — drop straight into your invoicing workflow.
- Export reports. Detailed, exportable reports you can attach to invoices, hold on file as supporting documentation, or produce on request if a bill is queried or assessed.
- Defensible methodology. Each charge is tied to a specific task, timestamped, and traceable — exactly what a costs assessor will look for.
- No guesswork at month-end. No reconstructing AI usage from backend IT logs. No absorbing the cost because it's too hard to allocate.

If you've checked off the matters covered in this guide, Quillio handles the operational side — so the AI charge that appears on your client's bill is one you can stand behind.

Want to see how this looks in practice? Book a demo: <https://quillio.au>

Deployment Checklist

Before you send your first bill that includes AI charges, confirm:

- Your standard covering letter or costs agreement contains specific disclosure around AI use and disbursement calculation
- Your standard covering letter and costs agreement have been reviewed by a costs lawyer admitted in your jurisdiction
- Your practice management or AI tool can produce a per-matter usage report and exportable report (**Quillio does this natively — exportable from any matter file**)
- Your costs agreement explains the calculation methodology in plain English
- You have a documented methodology you could justify to a costs assessor
- You provide an estimate (or range) of AI costs upfront to clients
- Every AI charge on a bill can be itemised to a specific task





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- Your trust accounting process correctly handles prepaid AI costs
- You have a client-facing statement about how AI is used on matters
- You have confirmed your AI provider's data handling meets your privacy, confidentiality and legal professional privilege obligations
- All fee earners in the firm have been briefed on the disclosure and billing process
- You have a process for handling client queries or objections about AI use or charges
- You have reviewed any AI-specific guidance published by your regulator or law society

Key References

Legislation and rules

- [Legal Profession Uniform Law — section 172 \(fair and reasonable\)](#)
- [Legal Profession Uniform Law — section 174 \(disclosure\)](#)
- [Legal Profession Uniform General Rules 2015](#)
- [Australian Solicitors' Conduct Rules 2015 \(via Law Council\)](#)

Regulator guidance on AI

- [Joint Statement on the Use of AI in Australian Legal Practice \(NSW / VIC / WA regulators\)](#)
- [Law Society of NSW — A Solicitor's Guide to Responsible Use of AI](#)
- [Queensland Law Society — AI resources](#)
- [Law Society of the ACT — AI in Legal Practice](#)
- [Law Council of Australia — AI and the Legal Profession](#)

Costs disclosure guidance

- [Victorian Legal Services Board and Commissioner — Costs Disclosure](#)
- [Legal Practice Board of WA — Costs Disclosure and Assessment](#)

Disclaimer

This guide has been prepared by Quillio as general information for Australian legal practitioners considering whether and how to charge clients for AI-related costs. It is not legal advice, is not a substitute for legal advice, and is not tailored to your firm, your clients, your matter types, your jurisdiction, or your specific circumstances.





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This guide is offered as a free resource to help experienced legal practitioners structure their own thinking and their own conversations with qualified costs lawyers. The content reflects our good-faith understanding at the time of publication of requirements under the Legal Profession Uniform Law (as adopted in NSW, Victoria and WA) and the general principles applicable under equivalent legislation in Queensland, South Australia, Tasmania, the Australian Capital Territory and the Northern Territory. The legal profession regulatory framework varies between Australian jurisdictions, is subject to change, and is supplemented by case law, practice notes, and regulator guidance that may not be reflected in this document.

You should use your professional judgement in applying anything in this guide. Before implementing any AI cost recovery practice, you should:

- Obtain advice from a costs lawyer admitted in the jurisdiction in which you practise;
- Have your costs agreement reviewed and, if necessary, redrafted by a qualified legal adviser;
- Conduct your own due diligence on the regulatory position in your jurisdiction, including any recent regulator guidance, court practice notes, and case law;
- Contact your State or Territory law society if you have any doubt as to the application of any published guidance;
- Consult your professional indemnity insurer if you have any doubt about whether a proposed practice is covered; and
- Comply with your own professional and ethical obligations as a legal practitioner, which are yours alone and cannot be outsourced to a guide of this kind or any technology provider.

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