

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

**Supplementary Budget Estimates**

**18 October 2012**

**Question: SBT 1347-1354**

**Topic: Legal Costs (ATO)**

**Written: Received from Committee – 26 October 2012**

**Senator BUSHBY asked:**

1347. What sum did each portfolio department and agency spend on legal services for 2011-12? Please provide a list of each service and costs.
1348. What sum did each portfolio department and agency spend on legal services for 2011-12 from the Australian Government Solicitor? Please provide a list of each service and costs.
1349. What sum did each portfolio department and agency spend on legal services for 2011-12 from private firms? Please provide a list of each service and costs.
1350. What sum did each portfolio department and agency spend on legal services for 2011-12 from other sources? Please provide a list of each service and costs.
1351. What sum did each portfolio department and agency spend on legal services for this financial year to date (26 October 2012) within the department/agency? Please provide a list of each service and costs.
1352. What sum did each portfolio department and agency spend on legal services this financial year to date (26 October 2012) from the Australian Government Solicitor? Please provide a list of each service and costs.
1353. What sum did each portfolio department and agency spend on legal services this financial year to date (26 October 2012) from private firms? Please provide a list of each service and costs.
1354. What sum did each portfolio department and agency spend on legal services this financial year to date (26 October 2012) from other sources? Please provide a list of each service and costs.

**Answer:**

1347. The ATO's (including Tax Practitioners Board) legal services expenditure in 2011-12 was \$98,353,697.

<b>Expenditure</b>	<b>Total value (excluding GST)</b>
<b>External legal services expenditure</b>	
Professional fees	\$26,928,172
Counsel Fees	\$16,586,361
Disbursements	\$16,039,961
<b>Total external legal services expenditure</b>	<b>\$59,554,494</b>
<b>Internal legal services expenditure</b>	
Total direct staff costs and salaries	\$27,161,221
Total overhead costs (including direct and indirect overheads)	\$11,637,982
<b>Total internal legal services expenditure</b>	<b>\$38,799,203</b>
<b>Total legal services expenditure</b>	<b>\$98,353,697</b>

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- external legal expenditure excludes costs awarded against the ATO, external expenditure on compensation and the ATO's Test Case Program legal costs
- professional fees include fees charged by external legal services providers for the work undertaken by their solicitors
- counsel expenditure includes panel counsel briefings and direct briefings (ATO and the Tax Practitioners Board) .
- expenditure on disbursements includes court filing fees, summons fees, expert witness costs, indemnity fees (payments of costs incurred by lawyers or other professionals where the ATO has agreed to provide an indemnity), legal costs for settlements of cases (payments of third party legal costs where a case has been settled) and fees associated with mediating legal disputes
- direct staff costs includes direct salary costs, superannuation costs, leave entitlement costs and other salary related staff costs to the Legal Services Branch and Tax Practitioners Board Legal Unit
- overhead costs include direct overhead costs such as Legal Services Branch and the Tax Practitioners Board staff travel costs, training and development costs, stationery and other miscellaneous costs such as electronic and hard copy legal information (online database and journals) and indirect overhead costs such as desktop services, accommodation, recruitment services and communication technology services costs.

1348. The ATO's (including Tax Practitioners Board) total legal expenditure in 2011-12 for services from the Australian Government Solicitor was:

<b>Legal Expenditure</b>	<b>Total value (excluding GST)</b>
Professional Fees	\$13,872,119
Counsel Fees	\$7,705,927
Disbursements	\$2,776,650
<b>Total</b>	<b>\$24,354,696</b>

- figures include payments, refunds and accruals
- expenditure on disbursements includes court filing fees, summons fees, expert witness costs, indemnity fees (payments of costs incurred by lawyers or other professionals where the ATO has agreed to provide an indemnity), legal costs for settlements of cases (payments of third party legal costs where a case has been settled) and fees associated with mediating legal disputes.

1349. The ATO's (including Tax Practitioners Board) total legal expenditure in 2011-12 for services from private firms was:

<b>Legal Expenditure</b>	<b>Total value (excluding GST)</b>
Professional Fees	\$12,796,068
Counsel Fees	\$3,316,188
Disbursements	\$5,265,618
<b>Total</b>	<b>\$21,377,874</b>

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- the ATO has three separate panels for external legal services providers offering debt recovery, tax technical and commercial and general law types of legal services
- excludes panel expenditure to the Australian Government Solicitor. Detailed list of expenditure for the Australian Government Solicitor is included in SBT 1348
- expenditure on disbursements includes court filing fees, summons fees, expert witness costs, indemnity fees (payments of costs incurred by lawyers or other professionals where the ATO has agreed to provide an indemnity), legal costs for settlements of cases (payments of third party legal costs where a case has been settled) and fees associated with mediating legal disputes.

1350. The ATO's (including the Tax Practitioners Board) total legal services expenditure in 2011-12 for other sources was:

Legal Expenditure	Total value (excluding GST)
Professional Fees	\$259,985
Counsel Fees	\$5,564,246
Disbursements	\$7,997,694
<b>Total</b>	<b>\$13,821,925</b>

- figures exclude panel expenditure to the Australian Government Solicitors (as detailed in SBT 1348) and panel expenditure for external legal services providers (as detailed in SBT 1349)
- other professional fees include legal professional fee payments to legal firms and professional services for example forensic services and valuations
- expenditure on disbursements includes court filing fees, summons fees, expert witness costs, indemnity fees (payments of costs incurred by lawyers or other professionals where the ATO has agreed to provide an indemnity), legal costs for settlements of cases (payments of third party legal costs where a case has been settled) and fees associated with mediating legal disputes.

1351. The ATO's (including Tax Practitioners Board) legal services expenditure in 2012-13 to 31 October 2012 was \$32,566,406.

Expenditure	Total value (excluding GST)
<b>External legal services expenditure</b>	
Professional fees	\$7,835,116
Counsel Fees	\$5,872,812
Disbursements	\$5,163,219
<b>Total external legal services expenditure</b>	<b>\$18,871,147</b>
<b>Internal legal services expenditure</b>	
Total direct staff costs and salaries	\$9,585,027
Total overhead costs (including direct and indirect overheads)	\$4,110,232
<b>Total internal legal services expenditure</b>	<b>\$13,695,259</b>
<b>Total legal services expenditure</b>	<b>\$32,566,406</b>

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- external legal expenditure excludes costs awarded against the ATO, external expenditure on compensation and the ATO's Test Case Program legal costs
- professional fees include fees charged by external legal services providers for the work undertaken by their solicitors
- counsel expenditure includes panel counsel briefings and direct briefings (ATO and the Tax Practitioners Board)
- expenditure on disbursements includes court filing fees, summons fees, expert witness costs, indemnity fees (payments of costs incurred by lawyers or other professionals where the ATO has agreed to provide an indemnity), legal costs for settlements of cases (payments of third party legal costs where a case has been settled) and fees associated with mediating legal disputes
- direct staff costs includes direct salary costs, superannuation costs, leave entitlement costs and other salary related staff costs to the Legal Services Branch and Tax Practitioners Board legal unit
- overhead costs include direct overhead costs such as Legal Services Branch and the Tax Practitioners Board staff travel costs, training and development costs, stationery and other miscellaneous costs such as electronic and hard copy legal information (online database and journals) and indirect overhead costs such as desktop services, accommodation, recruitment services and communication technology services costs.

1352. The ATO's (including Tax Practitioners Board) total legal expenditure in 2012-13 to 31 October 2012 for services from the Australian Government Solicitor was:

<b>Legal Expenditure</b>	<b>Total value (excluding GST)</b>
Professional Fees	\$4,172,595
Counsel Fees	\$2,867,906
Disbursements	\$1,202,615
<b>Total</b>	<b>\$8,243,116</b>

- figures include payments, refunds and accruals
- expenditure on disbursements includes court filing fees, summons fees, expert witness costs, indemnity fees (payments of costs incurred by lawyers or other professionals where the ATO has agreed to provide an indemnity), legal costs for settlements of cases (payments of third party legal costs where a case has been settled) and fees associated with mediating legal disputes.

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1353. The ATO's (including Tax Practitioners Board) total legal expenditure in 2012-13 to 31 October 2012 for services from private firms was:

<b>Legal Expenditure</b>	<b>Total value (excluding GST)</b>
Professional Fees	\$3,554,125
Counsel Fees	\$836,621
Disbursements	\$866,751
<b>Total</b>	<b>\$5,257,497</b>

- the ATO has three separate panels for external legal services providers offering debt recovery, tax technical and commercial and general law types of legal services
- excludes panel expenditure to the Australian Government Solicitor. Detailed list of expenditure for the Australian Government Solicitor is included in SBT 1352
- expenditure on disbursements includes court filing fees, summons fees, expert witness costs, indemnity fees (payments of costs incurred by lawyers or other professionals where the ATO has agreed to provide an indemnity), legal costs for settlements of cases (payments of third party legal costs where a case has been settled) and fees associated with mediating legal disputes.

1354. The ATO's (including the Tax Practitioners Board) total legal services expenditure in 2012-13 to 31 October 2012 for other sources was:

<b>Legal Expenditure</b>	<b>Total value (excluding GST)</b>
Professional Fees	\$108,397
Counsel Fees	\$2,168,284
Disbursements	\$3,093,853
<b>Total</b>	<b>\$5,370,534</b>

- figures exclude panel expenditure to the Australian Government Solicitors (as detailed in SBT 1352) and panel expenditure for external legal services providers (as detailed in SBT 1353)
- other professional fees include legal professional fee payments to legal firms and professional services for example forensic services and valuations
- expenditure on disbursements includes court filing fees, summons fees, expert witness costs, indemnity fees (payments of costs incurred by lawyers or other professionals where the ATO has agreed to provide an indemnity), legal costs for settlements of cases (payments of third party legal costs where a case has been settled) and fees associated with mediating legal disputes.