

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 2012

30 May 2012

Question: BET 1061-1064

Topic: Legal costs (ATO)

Hansard Page: Written (13/6/12)

Senator BUSHBY asked:

1061. What sum did each portfolio department and agency spend on legal services for this financial year to date within the department/agency? Please provide a list of each service and costs.
1062. What sum did each portfolio department and agency spend on legal services this financial year to date from the Australian Government Solicitor? Please provide a list of each service and costs.
1063. What sum did each portfolio department and agency spend on legal services this financial year to date from private firms? Please provide a list of each service and costs.
1064. What sum did each portfolio department and agency spend on legal services this financial year to date from other sources? Please provide a list of each service and costs.

Answer:

1061. The ATO's (including the Tax Practitioners Board {TPB}) legal services expenditure for the period 1 July 2011 to 31 May 2012 was \$90,659,868.

Expenditure on	Total value (GST exclusive)
External legal services expenditure	
Professional fees	\$25,499,303
Counsel	\$15,412,238
Disbursements	\$14,485,531
Total external legal services expenditure	\$55,397,072
Internal legal services expenditure	
Total direct staff costs and salaries	\$25,075,508
Total overhead costs (including direct and indirect overheads)	\$10,187,288
Total internal legal services expenditure	\$35,262,796
Total legal services expenditure	\$90,659,868

- figures include Legal services expenditure from 1 July 2011 to 31 May 2012 for the TPB. External legal services expenditure for the TPB was \$1,035,893 (excluding goods and services tax). Expenditure for internal legal services for TPB was \$1,763,733
- external legal expenditure excludes costs awarded against the ATO, external expenditure on compensation and the ATO's Test Case Program legal costs

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- 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 to the ATO and the TPB
- 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
- internal legal expenditure includes total costs (direct and indirect) for Legal Services Branch in ATO and the TPB legal unit
- direct staff costs includes direct salary costs, superannuation costs, leave entitlement costs and other salary related staff costs to the Legal Services Branch and TPB legal unit; and
- overhead costs include direct overhead costs such as Legal Services Branch and the TPB 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.

1062. The ATO's (including the TPB) total legal expenditure from 1 July 2011 to 31 May 2012 for services from the Australian Government Solicitor is:

Expenditure on	Total value (GST exclusive)
Professional fees	\$12,840,745
Counsel fees	\$7,175,860
Disbursements	\$2,469,546
Total	\$22,486,151

- figures include payments, refunds and accruals; and
- expenditure incurred for the TPB of \$823,532 comprising:
 - professional fees of \$623,228
 - Counsel fees of \$169,826; and
 - disbursements of \$30,477.

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1063. The ATO's (including the TPB) total Legal Services Panel expenditure from services from private firms from 1 July 2011 to 31 May 2012 is:

Expenditure on	Total value (GST exclusive)
Panel professional fees	\$12,396,848
Panel counsel fees	\$3,087,941
Panel disbursements	\$4,347,054
Total	\$19,831,843

- 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 BET 1062; and
- figures include expenditure incurred for the TPB which is \$195,502 comprising:
 - professional fees of \$193,262; and
 - disbursements of \$2,240.

1064. The ATO's (including the TPB) total legal services expenditure on other sources for 2011-12 (to 31 May 2012):

Expenditure on	Total value (GST exclusive)
Other professional fees	\$ 261,710
Direct counsel brief fees	\$ 5,148,437
Other disbursements	\$ 7,668,931
Total	\$ 13,079,078

- figures include expenditure incurred for the TPB which is \$16,859, comprising:
 - expenditure on Counsel of \$14,132; and
 - total disbursements of \$2,727.
- figures exclude panel expenditure to the Australian Government Solicitors (as detailed in BET 1062) and panel expenditure for external legal services providers (as detailed in BET 1063)
- other professional fees include legal professional fee payments to legal firms and professional services like forensic services and valuations; and
- 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.