

# Senate Standing Committee on Economics

## ANSWERS TO QUESTIONS ON NOTICE

### Treasury Portfolio

#### Budget Estimates

5 June 2013

**Question: BET 1058-1061**

**Topic: Legal Costs (ATO)**

**Written**

**Senator Bushby asked:**

1058. 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.
1059. 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.
1060. 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.
1061. 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.

*\*Financial year to date – 31 May 2013*

**Answer:**

1058. The ATO (including Tax Practitioners Board) legal services expenditure in 2012-13 to 31 May 2013 was:

Expenditure	Total value (ex GST) (\$)
<b>External legal services expenditure</b>	
Professional fees	21,484,092
Counsel fees	13,590,802
Disbursements	16,960,614
<b>Total external legal services expenditure</b>	<b>52,035,508</b>
<b>Internal legal services expenditure</b>	
Total direct staff costs and salaries	25,571,621
Total overhead costs	10,605,298
<b>Total internal legal services expenditure</b>	<b>36,176,919</b>
<b>Total legal services expenditure</b>	<b>88,212,427</b>

- 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

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- 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; and
- 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.

1059. The ATO (including Tax Practitioners Board) total legal expenditure in 2012-13 to 31 May 2013 for services from the Australian Government Solicitor was:

Legal expenditure	Total value (ex GST) (\$)
Professional fees	11,327,390
Counsel fees	6,265,689
Disbursements	2,288,757
<b>Total</b>	<b>19,881,836</b>

- figures include payments, refunds and accruals; 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.

1060. The ATO (including Tax Practitioners Board) total legal expenditure in 2012-13 to 31 May 2013 for services from private firms was:

Legal expenditure	Total value (ex GST) (\$)
Professional fees	9,865,922
Counsel fees	2,285,422
Disbursements	6,576,585
<b>Total</b>	<b>18,727,929</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 BET 1059; 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.

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1061. The ATO (including the Tax Practitioners Board) total legal services expenditure in 2012-13 to 31 May 2013 for other sources was:

Legal Expenditure	Total value (ex GST) (\$)
Professional fees	290,780
Counsel fees	5,039,691
Disbursements	8,095,272
<b>Total</b>	<b>13,425,743</b>

- Disbursements of \$8,095,272 includes:
  - summons fees - \$4,840,598
  - court filing fees - \$1,250,452
  - bankruptcy notices - \$1,038,164; and
  - other disbursements - \$966,658 such as indemnity fees (payments of costs incurred by lawyers or other professionals where the ATO has agreed to provide an indemnity), expert witness costs, 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.
- figures exclude panel expenditure to the Australian Government Solicitors (as detailed in BET 1059) and panel expenditure for external legal services providers (as detailed in BET 1060);
- other professional fees include legal professional fee payments to legal firms and professional services for example forensic services and valuations.