

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS  
ATTORNEY-GENERAL'S PORTFOLIO

**Group: 2**

**Program: 1.1**

**Question No. SBE14/156**

**Senator Collins asked the following question at the hearing on 20 November 2014:**

1. What consultations did the Government undertake prior to announcing the abolition of the Australian Government Solicitor (AGS)?
2. How many staff are presently employed by the AGS? Please break down by legal/administrative and part/full time.
3. What dividends did the AGS return to the Commonwealth in the 2013/14 financial year?
4. What dividend does the Government currently forecast it will receive from the AGS in the 2014/15 financial year?
5. What was the total cost to the Commonwealth of legal services in the 2013/14 financial year?
6. What does the Government currently forecast will be the total cost of legal services in the 2014/15 financial year?
7. What is the AGS's current market share of Commonwealth legal services?
8. What proportion of the Commonwealth's legal services are 'tied work' for the purposes of the Legal Services Directions 2005?
9. Will the Government absorb the entirety of the AGS into the Attorney-General's Department (AGD)?
10. Will there be any job losses from current AGS staff?
11. What will be the cost to the Commonwealth of employing current AGS staff as APS employees within the AGD?
12. Will current pay scales for current AGS staff be retained?
13. Will the Government review the Legal Services Directions?
14. Will the AGS continue to bill Government clients on a commercial basis?
15. What savings will be achieved by this measure?

**The answer to the honourable senator's question is as follows:**

1. AGS is being consolidated into the Attorney-General's Department – it is not being abolished. Possible changes to AGS were identified in the report of the Government's

National Commission of Audit. AGS provided comments on options for restructuring, both to the Commission of Audit and following its report.

2.

AGS staff*	Part-time	Full-time	Total
Legal	82	238	320
Administrative	78	229	307

\* Headcount at 1 January 2015 includes ongoing, term and casual employees. Excludes contractors and 39 inoperative employees.

3. AGS returned dividends of \$4.849m in relation to the 2013-14 financial year.
4. AGS forecast in its corporate plan to return \$4.1 million in the 2014-15 financial year.
5. In 2013–14, the total legal services expenditure reported by Commonwealth agencies was \$688.61m. This is based on information reported by Commonwealth Departments and agencies to the Office of Legal Services Coordination (OLSC) as required by subparagraph 11.1(da) of the *Legal Services Directions 2005* (the Directions).
6. Agency forecasts of legal services expenditure are not reported to OLSC under the Directions.
7. 41% of professional fees paid to legal services providers (based on Department and agency reports under the Directions).
8. Certain areas of Commonwealth legal work are ‘tied’ under the Directions, such that they can only be done by certain government legal services providers. It is not possible to estimate the proportion of the Commonwealth’s legal services that are ‘tied work’.
9. The Government has decided to consolidate AGS within the Attorney-General’s Department. Consolidation will include the transfer of staff, assets and liabilities as well as responsibility for ongoing legal services to the Commonwealth and its agencies. The CEO of AGS and the Secretary of AGD have jointly indicated that the aim is that all AGS staff will be transferred to AGD on 1 July 2015.
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11. AGS does not receive appropriations from government. All of AGS’s expenditure, including salaries, is funded by revenue received for AGS work. It is envisaged that this will continue. Therefore, it is not anticipated that there will be any new cost to the Commonwealth.
12. It is intended that remuneration entitlements for AGS staff will be translated to the fullest extent possible.
13. The Government will consider what, if any, changes should be made to the Directions as part of the consolidation of AGS into AGD.
14. AGS will continue to charge for its services.

15. Opportunities are being examined to increase operational effectiveness once consolidation takes place. After consolidation, the Secretary of AGD will undertake a review of Commonwealth legal services to identify efficiencies that can be gained in government legal costs.