

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

Output 1.2

Question No. 7

Senator Ludwig asked the following question at the hearing on 24 May 2007:

Page 74 of the PBS refers to the "competitive neutrality payments and dividends from the Australian Government Solicitor".

Is that competitive neutrality payments from the AGS or just dividends?

a) If they are competitive neutrality payments –

i) What are they worth?

ii) How are they determined?

iii) What are the forward projections of those payments for the next four years?

iv) Do any agreements or MoUs exist with the AGS governing this? Could they be provided?

On the dividends:

b) How much have they been worth?

c) Are there any forward projections?

i) How are they estimated?

d) How are the dividends usually determined?

i) For example as a set % of profit?

e) Do any agreements or MOUs exist with the AGS governing this?

i) Could they be provided?

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

(a) and (c) AGS competitive neutrality payments up to 30 June 2006 included payments representing dividends, income tax, practising certificates, payroll tax, stamp duties and other state taxes. From 1 July 2006, AGS has paid income tax liabilities through the taxation system rather than as a competitive neutrality payment.

For 2007-08 competitive neutrality payments (excluding income tax) are budgeted to be of the order of \$10m.

They are expected to be of similar order in future years.

(b) Dividends in 2002-03 to 2006-07 have been as follows:

	\$m
2002-03	5.9
2003-04	5.1
2004-05	5.8
2005-06	21.5 (including a special payment of \$15m)
2006-07	6.8

(d) The amount of the dividend is determined end year by Ministers having regard to AGS advice and Government policies

(e) AGS's Corporate Governance Arrangements are consistent with government policies which provide that the dividend is agreed annually and takes account of the Government's preference for dividends over capital gains and that a payout ratio greater than 60% of after tax profits would reflect this preference