

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

Group 2

Program 1.1

Question No. 53

Senator Brandis asked the following question at the hearing on 12 February 2013:

In relation to the 2011-12 Legal Services Expenditure Report and legal services expenditure generally:

1. At the last round of Supplementary Budget Estimates, Mr Minogue – an official from the Department, assured the Committee that the 2011-12 Report would be published before the end of November.¹ Why was it not published until 20 December 2012?
2. What percentage of the litigation work of FMA and CAC agencies does the Australian Government Solicitor retain?
3. In respect of the recent introduction of a legal services multi-use list and service provider, which I understand will come into effect after the notification period of 9 May 2013:
 - a. Has the Department estimated how much legal expenditure will reduce as a result of the change?
 - b. If yes, by how much?
4. Referring to the report compiled by Mr Gruen for the Department on the LSMUL, a table of 'prospective gains' from the MULs scheme has been included.² Mr Gruen has suggested that the changes would result in a potential gain per annum of between \$29-56 million. Does the Department agree with this estimation?

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

¹ L&CA Committee Hansard, Tuesday 16 October 2012, page 181

² Page xvi, Learning from experience: Purchasing legal services, Nicholas Gruen

1. The 2011-2012 Legal Services Expenditure Report was published on 20 December 2012 due to the need to ensure the accuracy of the significant volume of data in the report, and subsequent internal and administrative review of the draft Report.
2. Agencies do not report to the Department in relation to the total amount of expenditure on specific areas of legal work, including litigation, but report total internal and external legal services expenditure. Accordingly, the Department is not able to provide the percentage of litigation work of FMA and CAC agencies that is retained by the Australian Government Solicitor.
3. The Legal Services Multi-Use List (LSMUL) commenced on 1 June 2012. There are currently 92 service providers appointed to the LSMUL. Applications for the third assessment period closed on 21 February 2013. Those applicants will be notified of the outcomes of the evaluation process by 9 May 2013, prior to the end of the LSMUL transition period on 1 June 2013.

The need for legal services is influenced by a range of factors, many of which are outside the control of an agency. Accordingly, the department has not conducted an estimate of the reduction in legal services expenditure as a result of the LSMUL.

4. The *Learning from experience: purchasing legal services* report by Mr Nicholas Gruen (the Gruen Report) estimated a potential gain of \$29-56 million per annum based on a suite of proposed reforms relating to the Commonwealth's legal services purchasing arrangements. Accordingly, the estimated potential gains described in the Gruen Report were not based solely on the implementation of the LSMUL.

Of the estimated potential gains of \$29-56 million per annum, the Gruen Report attributed \$18-38 million to reforms aimed at 'better informed purchasing and talent management'. Based on the Gruen Report, the Department did not expect the implementation of the LSMUL to realise potential gains of \$29-56 million per annum. Other reforms aimed at improving informed purchasing, facilitating information sharing across Commonwealth agencies and assisting agencies to better manage service provider performance include the establishment of the General Counsel Working Group and the Australian Government Legal Network.