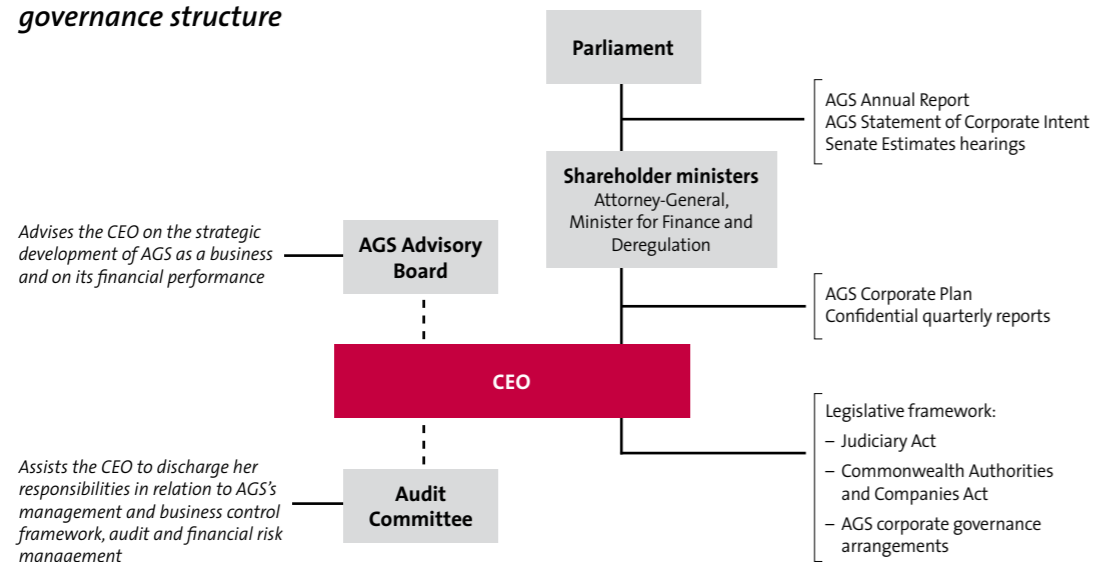




Our external corporate governance structure



AGS PERFORMANCE

AGS's annual corporate plan incorporates a range of financial and non-financial performance measures. AGS reports its performance against these indicators in its confidential quarterly reports to shareholder ministers.

Financial performance indicators under AGS's Corporate Plan 2009–12 include:

- change in legal services revenue
- legal services earnings before interest and tax (EBIT)
- profit from legal services trading before interest, tax, depreciation and amortisation (EBITDA)
- return before tax on equity
- return before tax on assets.

We will also use the following non-financial performance measures to assess, and report to shareholder ministers on, progress against the corporate plan:

- client satisfaction
- legal services capability
- business process strength.

Since becoming a GBE in 1999, AGS has delivered a total of \$54.8m in annual dividends and a further \$24.9m in special dividends and repayments of equity. We have also contributed some \$100m to the Commonwealth through competitive neutrality and tax payments.

Our 2009–12 corporate plan includes a dividend payment for each year of the plan. Capital investment is covered in the plan, with the timing, level and financing of this investment being subject to investment appraisal to ensure maximum value is added.

Over the corporate planning period, we expect to continue to add shareholder value and improve the efficiency of our operations. We will also be aiming to realise performance against our non-financial performance measures that are at the same levels as or better than corporate plan targets.

RISK MANAGEMENT FRAMEWORK

As AGS's sole director, the CEO has responsibility for effective risk management in AGS.

Our Risk Management Committee develops the overall risk management plan for AGS, and reviews the individual risk management plans for AGS's significant business risks. As necessary, the CEO will report any major risk issue to shareholder ministers.

Statement of Corporate Intent

2009–10

ABOUT AGS

The Australian Government Solicitor (AGS) provides legal and related services primarily to Australian Government departments and agencies through AGS offices situated in every Australian state and territory. We operate on a fully commercial and competitive basis. We have two shareholder ministers: the Attorney-General and the Minister for Finance and Deregulation.

AGS is a statutory authority within the Attorney-General's portfolio, established under the *Judiciary Act 1903*. We are a government business enterprise (GBE) as prescribed by regulations made under the *Commonwealth Authorities and Companies Act 1997*.

Our vision

To be a world-class adviser helping our clients to advance the national interest

Our values

Our core values are:

- *integrity, which requires us to be honest and impartial in our dealings with others*
- *professionalism, which demands excellence in working with our clients and interacting with the legal system*
- *collegiality, which necessitates our working collaboratively as one national team sharing our knowledge*
- *commitment to the public good, which inspires us in what we do.*

AGS'S VISION, MANDATE AND ETHICS

Our business is based on:

- our vision
- our mandate
- our ethics and values.

Our mandate

Our mandate emphasises two objectives for AGS:

We are to support the Attorney-General in his role as First Law Officer of the Commonwealth by:

- providing high-quality legal services to the Australian Government and its agencies
- ensuring that we maintain:
 - the ability, through our focus on government, to meet the general legal services needs of departments and agencies at competitive prices
 - a whole-of-government approach
 - the corporate memory of Commonwealth legal practice and advice given by AGS on the Constitution and the law applicable to the Australian Government and its agencies
 - the ability to meet the unique legal services needs of the Australian Government, including in the areas of work reserved for government providers.

We are to operate efficiently as a government business enterprise and add shareholder value by:

- operating on a fully commercial basis
- achieving a commercial rate of return on equity investment
- paying agreed dividends to shareholder ministers on behalf of the Commonwealth.

Our ethics and values

Our ethics govern our attitudes and actions. They reflect our distinctive character as a law firm and government business serving predominantly public sector clients.

Our ethics are integral to the way AGS employees work together. Our shared commitment to AGS being an ethical business strengthens us and what we offer to our clients.

Our ethics and values are put into practice through the AGS Code of Conduct, which sets out the principles and rules of conduct that guide our people in meeting the high professional and ethical standards required of them.

AGS'S OBJECTIVES AND STRATEGIES

To meet our mandate and achieve our vision within a highly competitive and demanding commercial environment, we have set ourselves four key objectives for the corporate planning period 2009–12. Each of the objectives is critical to our continuing business success, and all are equally important in building our future.

Under each objective, a series of strategies and priority actions has been developed to support the achievement of the objective.

Our four key objectives and a number of the supporting strategies follow:

Objective 1:

Inspire in all employees a passion for delivering outstanding client service

Strategies

- redouble our efforts to embed a culture of outstanding client service in AGS
- make sure we know our clients' goals and priorities, and that our bids and tenders are highly competitive and demonstrate the value of AGS

Objective 2:

Build on AGS's specialist government expertise to support whole-of-government outcomes and coordinated, cost-effective legal support for the government, and to win business for AGS

Strategies

- enhance our capacity to deliver nationally consistent, high quality legal and related services in areas of government demand and win business
- ensure that AGS lawyers have access to the practice knowledge, information and skills development they need, and are able to apply them for client benefit

Objective 3:

Improve our national flexibility and responsiveness as a client-centred business

Strategies

- invest in, and maximise the return on, technology resources that both support our business objectives and result in efficiency savings
- promote the continuous improvement and national standardisation of our business processes to lower our operating costs

Objective 4:

Build AGS's future through its people

Strategies

- develop a clear employment offer and an employment environment that employees value
- maintain key programs that support, retain and help employees adapt to change and new ways of working and support AGS's leaders in meeting their responsibilities.

GOVERNANCE AND ACCOUNTABILITY ARRANGEMENTS

Under the Judiciary Act, AGS's shareholder ministers have the authority to issue corporate governance arrangements that apply to AGS. The arrangements specific to AGS are based on the *Governance Arrangements for Commonwealth Government Business Enterprises* (June 1997).

AGS has a sole director for the purposes of the Commonwealth Authorities and Companies Act – the CEO. The CEO is responsible to AGS's shareholder ministers for the management of AGS.

Each year, we prepare a confidential corporate plan covering an outlook period of three years, for consideration by shareholder ministers. We then provide confidential reports to shareholder ministers after each quarter, reporting performance against plan.

We also submit AGS's annual report each year, prepared in accordance with the Commonwealth Authorities and Companies Act, to the Attorney-General for subsequent tabling in Parliament.

AGS has an Advisory Board comprising the CEO and three to five external business people appointed by the CEO on the nomination of the shareholder ministers. Current non-executive members of the Advisory Board are:

- John Allen (chair)
- Jeffrey Browne
- Richard Ryan AO.

The AGS Audit Committee is chaired by an Advisory Board member, Richard Ryan.