



Annual Report

1 July 2012–30 June 2013

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2012/13 Highlights

3,440 STAFF SUPPORTING 82 COURTS & MORE THAN 650 JUDGES & JUDICIAL OFFICERS

ACHIEVEMENTS

DURING 2012/13 THE MINISTRY :

- restructured courts for the first time in 30 years as part of our programme to modernise court services, resulting in four court closures and nine courts becoming hearing centres
- upgraded and reopened the Masterton District Court and began the redevelopment and extension of the Manukau District Court (and precinct)
- invested in initiatives to reduce crime, re-offending and victimisation, such as supporting the expansion of restorative justice services, launching the Alcohol and Other Drug Treatment Court and expanding the safe@home programme to protect women and children at a high risk of repeat victimisation from domestic abusers
- supported the introduction of 11 bills, including the Family Court Proceedings Reform Bill, Public Safety (Public Protection Orders) Bill, Victims' Orders Against Violent Offenders Bill and Bail Amendment Bill
- maintained momentum on Treaty settlements, supporting the introduction of five Treaty settlement bills and the signing of 15 deeds of settlement and eight agreements in principle
- provided new and enhanced court services in Christchurch, including returning full registry services to the main court building and establishing the first courts customer service centre
- introduced new customer initiatives, such as the ability to lodge claims and pay Disputes Tribunal fees online and pay outstanding fines using mobile eftpos
- introduced eDuty, an online initiative developed jointly by judges and Ministry staff that allows judges anywhere to sign in and process 'without notice' applications in the Family Court, ensuring that efficiency is a priority
- completed the expansion of the Public Defence Service into Christchurch, with 10 offices across New Zealand providing high-quality and cost-effective criminal legal services to people needing legal aid
- prepared to implement the biggest changes to court and criminal procedure in 50 years resulting from the introduction of the Criminal Procedure Act, including training of staff and close work with the legal profession
- had continued high performance by Collections, with \$224.6 million of fines and reparation collected and debt reduced by \$51 million
- restructured National Office to focus on performance, supporting the frontline and improving court services for our customers.

The Justice Sector released its Better Public Services (BPS) Action Plan and is on track to achieve its BPS targets. Crime is at a 33-year low.

COURT STATISTICS

SUPREME COURT

100 CRIMINAL AND CIVIL APPLICATIONS FOR LEAVE TO APPEAL DISPOSED
20 CRIMINAL AND CIVIL APPEALS DISPOSED

COURT OF APPEAL

700 CRIMINAL AND CIVIL APPEALS DISPOSED

HIGH COURT

200 JURY TRIALS DISPOSED
2,600 CASES DISPOSED

DISTRICT COURTS

3,300 CRIMINAL JURY CASES DISPOSED
140,000 SUMMARY CASES DISPOSED
18,600 CIVIL CASES DISPOSED

ENVIRONMENT COURT

600 CASES DISPOSED

EMPLOYMENT COURT

220 CASES DISPOSED

MĀORI LAND COURT

6,100 APPLICATIONS DISPOSED

DISPUTES TRIBUNAL

16,300 CASES DISPOSED

TENANCY TRIBUNAL

32,800 CASES DISPOSED

CORONIAL SERVICES

5,900 CASES DISPOSED

CUSTOMERS

DURING 2012/13 THERE WERE MORE THAN:

455,000 PEOPLE WITH A FINE OWING

140,000 NEW CASES IN THE CRIMINAL JURISDICTION DISTRICT COURT

1 MILLION HITS ON THE MINISTRY'S WEBSITE

1.25 MILLION CALLS TO COLLECTIONS AND OUR CENTRALISED CALL CENTRE FOR INFORMATION

85,000 APPLICATIONS ADMINISTERED FOR LEGAL AID

400,000 APPLICATIONS FOR CRIMINAL RECORDS

5,000 VICTIMS SUPPORTED THROUGH THE OFFENDER LEVY

150,000 HOURS OF LEGAL SERVICES PROVIDED BY COMMUNITY LAW CENTRES FUNDED BY THE MINISTRY

Chief Executive's report

We have made significant progress this year in modernising the Ministry and improving the way we work to deliver better services and outcomes for New Zealanders.

Last financial year, my first as Chief Executive, we developed a business strategy – modern, accessible, people-centred justice services – that put the customer at the heart of what we do. This year, we embedded and built on that approach, and made a number of major organisational and operational changes to deliver better results to people, or enable us to do better in future.

Nearly half of the Ministry was involved in structural review or change, most notably through the review of National Office and the management structure changes in District Courts.

Why? Because justice is important. Perhaps more than any other public institution, it is critical that people trust that our justice system works.

Thankfully, most people don't 'use' the formal court or justice system. They still want to know, however, that it will keep them safe and protect their rights and, from a distinctly New Zealand perspective, that the law and system that supports it is fair. That is about knowing that the system is there, that its institutions and agencies have integrity, and that it can be accessed when needed.

New Zealanders are very well served in terms of the basic principles of justice: the separation of powers, an independent judiciary, and the rule of law.

Our view is that the Ministry has to support this, not just through its constitutional roles, but by bringing a very clear focus on people to what we do. Whether we are administering the courts, providing policy advice, negotiating historic Treaty of Waitangi settlements, providing access to legal aid, working as a sector on crime reduction or collecting fines, we are providing a service and often have customers.

People, whether dealing with our staff in court or using our website, are affected by what we do. We want our interactions and our service to strengthen their trust in the Ministry and the justice system.

So our focus is on people and results, and of course on being good stewards of public money. We need to make the best use of the money taxpayers invest in us and the resources we have.

An example of where this approach has come together is in Collections, one of the biggest groups in the Ministry, which is dedicated to collecting fines. Two years ago, \$666.5 million in fines and reparation was owed. We then took steps that have reduced that debt by \$102 million, reduced the percentage of overdue fines, and that are saving taxpayers an additional \$2 million a year in operating costs.

We implemented an up-to-date nationwide technology system, which lets us split the people owing fines into groups based on their willingness to pay and tailor our responses accordingly (recognising that a lot of fines are people with traffic or parking tickets). We made it possible to pay fines over the internet. We gave our bailiffs portable eftpos machines, making it easier for people to pay. We simplified the process for disputing a fine, and allowed people to do it via email. And by having these 'self-help' mechanisms for people who want to pay, we're able to focus the time and effort of our collections staff on those people who don't necessarily want to.

It means a better deal for taxpayers; it's easier for people who just want to get rid of their fine, and there is more confidence in fines as a sanction and the justice system generally.

Basically, we took our 'customers' as a starting point – recognising some of them are reluctant customers – and used technology to design our systems and processes around them.

This focus on our customers is the approach we are taking right across the Ministry's services, including the courts. There are very important historic protections embedded in the law around what occurs in the courtroom and in front of judges, but there is no reason justice or court services need to be old-fashioned. The current system does not reflect how New Zealanders expect to access services.

We can get huge gains simply from adopting up-to-date tools and processes. For example, large parts of the court system still rely on people and paper and face-to-face transactions at courthouses. A lot of our processes have varied from courthouse to courthouse, and because most courts are located where they were built several decades ago, some are underutilised while others are stretched.

Most importantly, the system is slow.

Last year, around 140,000 new cases came into the criminal jurisdiction of the District Court. These involve judges, victims and their families, defendants and their families, police prosecutors, the Probation Service, our court staff, other support agencies – and, for more serious cases, witnesses and juries. Yet last year more than half of all jury trials took more than a year to complete. People's lives were on hold for all that time.

A key feature of everyone involved in the court process (apart from those who work in it) is that they do not want to be in it, or that they want to be in it for as brief a period as possible. Court processes should be fair, streamlined, consistent and geared towards delivering quick results.

And, as a matter of course, all of our services should be modernised and work better for the people who need them.

That is why, along with formalising our business strategy this year, we have adopted a single, focussed target – reducing the time to deliver services by half, over the next five years. This '50%' target is ambitious, but it is a simple reminder every day of what we are trying to do and who we are doing it for, and that challenges everyone in the Ministry to think differently about our work.

The target will help us drive improvements across the Ministry, but the focus is going to be on District Courts because it is the largest part of the Ministry, it is where the biggest gains are to be made and where the biggest change is occurring – and because it is where we have the biggest impact on people's lives.

Every business group within the Ministry has looked at what they can do to assist courts to speed up their services, as well as setting their own plans for service improvement. The formal measurement against the 50% target will begin on 1 July 2013, to coincide with the implementation of criminal procedure changes in the District Courts.

The 50% target also makes it clear to everyone outside the Ministry what we are trying to do – modernise the justice system to focus on people – and that we are serious about doing it.

There is now increasing understanding among the public and our stakeholders that we will not deliver significant, meaningful change for New Zealanders if we keep operating an old-fashioned system.

This shift in thinking highlights what we have achieved this year.

We have continued to deliver on our outcomes and key operational responsibilities, as reported in the following sections, as well as driving extensive internal change, and introducing new initiatives, policies and tools to deliver better results for people.

This document captures the magnitude and scope of the work we are doing and the progress we are making towards achieving modern, accessible, people-centred justice services. Of course, we still have a long way to go. But staff can all be proud of, and should celebrate, the year we have had. I want to formally thank every one of them for their work.

I also want to acknowledge the achievements of the justice sector this year. I am proud that we are recognised as the most advanced government sector in terms of collaboration and working together to drive direction and performance; the sector won the 'Working Together for Better Public Services' category at the 2013 Institute of Public Administration New Zealand awards. More importantly, this is why we are well on track to achieve our Better Public Service targets for reducing crime, youth and violent crime and re-offending.

The real significance of these targets is that they mean fewer crimes are being committed, there are fewer victims of crime, and the physical, social and emotional harm of crime is being reduced.

These results are great for New Zealand, and are the result of real effort and focus from all sector agencies – the New Zealand Police, the Department of Corrections, the Ministry of Justice, the Crown Law Office and the Serious Fraud Office. I want to particularly thank Peter Marshall, the Police Commissioner, and Corrections Chief Executive Ray Smith, my Justice Sector Leadership Board colleagues.

In accordance with section 44(1) of the Public Finance Act 1989, I submit the following report on the operations of the Ministry of Justice and its audited financial statements for the year 1 July 2012 to 30 June 2013.



Andrew Bridgman
Secretary for Justice and Chief Executive

What we do

The Ministry of Justice

New Zealand's justice and legal systems protect individual rights and freedoms, set out what is unacceptable in our society and the penalties for breaking the law, and enforce the rules around how business and the economy operates and how the country is governed. People expect that the law is fair and applied fairly, that the justice system will keep them safe and that justice is accessible.

The Ministry of Justice is the lead agency in the justice sector. We work to support and strengthen our justice system so that crime is reduced, justice is easily accessible and disputes can be resolved.

Our vision is a safe and fair society and our work spans criminal and civil justice. We provide advice on the law, the constitution, and democratic and human rights, and we negotiate Treaty of Waitangi settlements for the Crown.

Our responsibilities range from administering the court system to licensing private security personnel; from providing advice to the Attorney-General on the consistency of proposed laws with the Bill of Rights Act 1990, to providing criminal record checks for people seeking employment; and from collecting court-imposed fines to supporting victims and the work of coroners.

The Ministry employs around 3,400 full-time equivalent staff – with most working in the operational areas of courts, tribunals, collections and legal aid administration – in more than 100 locations across New Zealand.

We are the only agency working across all three arms of government – the executive, the legislature and the judiciary. In 2012/13, we delivered \$565.927 million of departmental outputs across Votes Justice, Courts and Treaty Negotiations.

THE JUDICIARY AND CONSTITUTIONAL INDEPENDENCE

A key role for the Ministry is supporting the judiciary and courts. The Ministry provides the administrative services necessary to operate the New Zealand court system and to support judicial decision making. Administrative support includes transcription services; finance, information and communications technology; human resources; and funding and support for the Institute of Judicial Studies, which provides continuing legal education and development.

In delivering services, the Ministry recognises the importance of the constitutional requirements of independence of the judicial function and works with the judiciary to ensure this is preserved and maintained. The courts must be, and must be seen to be, separate from and independent of the executive – this serves to uphold the rule of law.

Staff, such as court registrars, who exercise quasi-judicial functions do so as officers of the Court. The Ministry does not direct or control staff when they are exercising these functions.

The Ministry seeks judicial input into some of its operations through joint Ministry-judicial committees and councils on, for example, improvements to court processes and service design.

Sector leadership

The Ministry leads the justice sector (the New Zealand Police, the Department of Corrections, the Ministry of Justice, the Crown Law Office and the Serious Fraud Office). The Ministry is the lead negotiator in the Treaty sector, and is part of the social sector.

The justice sector

Crime in New Zealand is at its lowest level in more than 30 years. Justice sector agencies work together to sustain this trend of reduced crime, to enhance public safety and to provide modern, accessible and cost-effective services.

BETTER PUBLIC SERVICES

Two of the 10 Government Better Public Services (BPS) results for the public sector announced in July 2012 are the responsibility of the justice sector. Result 7 is to 'reduce the rates of total crime, violent crime and youth crime' and Result 8 is to 'reduce re-offending'.

By 2017, the sector results will see crime reduced by 15 percent, violent crime reduced by 20 percent, youth crime reduced by 5 percent, and re-offending reduced by 25 percent. Achieving these results will mean 45,000 fewer crimes each year, 7,500 fewer violent crimes each year, 600 fewer court appearances by 14 to 16-year-olds, 4,600 fewer offenders returning each year, and about 18,500 fewer victims each year.

The justice sector is on track to meet these targets. In the year to June 2013 (compared to the base period of June 2011), recorded crime fell 12 percent, violent crime fell 8 percent, youth crime fell 19 percent and re-offending fell 10.6 percent.

Achieving the BPS targets and justice outcomes requires sector agencies to work together across the criminal justice 'pipeline' from crime prevention, investigation of crime, arrests and prosecutions, through to courts, sentencing, and sentence management and rehabilitation. Policies and approaches in one part of the system can have significant effects on others.

SECTOR LEADERSHIP AND OUTCOMES

The Justice Sector Leadership Board, comprising the Chief Executives of Justice (as chair), Corrections and New Zealand Police, was established to drive performance across the pipeline and to deliver on the BPS results. The Leadership Board also supports collaboration between the justice sector and wider social sector agencies.

A sector deputy chief executive role and sector group was established in the Ministry of Justice in 2012, to support the Leadership Board and sector.

The Leadership Board provides the mechanism for focusing resources across the justice sector, with a focus on reducing the harm caused by crime and re-offending, reducing the volume of crime and re-offending, improving the services being provided by the justice sector, and reducing sector costs.

THE CRIMINAL JUSTICE PIPELINE

crime
prevention,
response,
investigation
and resolution

courts
and the
effective
administration
of justice

sentence
management,
rehabilitation
and
reintegration

In driving for these outcomes, the sector has developed:

- BPS Reducing Crime and Re-offending Results Action Plan that includes 60 new actions across key areas, as well as major initiatives already underway. Actions include investing in the safe@home programme, which was given further funding of \$1 million over two years from August 2012, to support households affected by family violence.
- Focused frontline action and cooperation.
 - The Hutt Valley Justice Sector Innovation Project was launched – justice sector operational managers in this area are working together on 10 initiatives, including the launch of the Hutt Valley Mobile Community Office (see case study opposite), raising achievement in the youth sector and introducing Māori Wardens in court.
 - In May 2013 the sector developed a Collective Impact Toolbox which includes techniques, case studies and instructions to help frontline managers work to improve services. Practically, this has meant that working together at the frontline is business as usual and not the exception.
- A work programme for rebuilding justice services in Canterbury, with planning underway for a Christchurch Justice and Emergency Services Precinct, one of the largest multi-agency government co-location projects in New Zealand's history. The precinct will provide integrated justice and emergency services in the Canterbury community and an opportunity to deliver better public services through innovation and new ways of collaborating.
- Research strategy and performance-reporting measures, supported by information and data-sharing between agencies.
- A four-year plan and justice sector fund.

In addition, sector agencies are working together more efficiently and effectively in the back-office. In March 2013, the Ministry outsourced facilities management to Spotless Services, through an existing contract with the Department of Corrections. The benefits of partnering with Corrections in this way include savings in buildings and facilities maintenance costs and a more consistent level of service.

FOUR-YEAR PLAN AND JUSTICE SECTOR FUND

The total annual operating budget for the justice sector covering Votes Attorney-General, Corrections, Courts, Justice, Police, Treaty Negotiations and Serious Fraud Office is \$3.7 billion. A sector-wide four-year plan was developed for the period 2012–16, which includes fiscal, capital and workforce strategies.

The sector shares and reallocates savings through the Justice Sector Fund, which allows savings to be transferred between justice sector agencies and across years, and invested towards the sector's highest priorities. In 2012/13, the first year of the fund, \$70.8 million was reprioritised through the fund for justice sector initiatives, including:

- \$4.4 million in extra operating funding over two years to expand restorative justice services, which will allow an extra 2,400 conferences per year
- \$7.1 million to extend the use of audio-visual links between courts and prisons to a further 14 courts and nine prisons.

The justice sector has shifted public sector collaboration to the next level. The sector has developed joint outcomes for which it has shared responsibility, and governance arrangements demonstrate a unique level of collaboration between agencies, while respecting individual accountabilities. This collaborative effort was recently recognised by the State Services Commission Award for Excellence in Working Together for Better Public Services, part of the 2013 Institute of Public Administration New Zealand Public Sector Excellence Awards.

CASE STUDY
HUTT VALLEY MOBILE COMMUNITY OFFICE

A justice sector initiative is providing justice and social sector agencies with an 'office on wheels' to take their services to some of the most vulnerable people in the community, such as at-risk youth and people who have repeatedly suffered from crime.

The Hutt Valley Mobile Community Office, launched in Petone on 12 June 2013, helps with the delivery of services such as immunisations, Plunket, Work and Income New Zealand and budget advisory services, as well as victim support, neighbourhood support, and probation.

Transport costs and lack of childcare, health and other social services limit some people from being able to access these services in the community.

The mobile office is a joint collaboration between 13 agencies: Ministry of Justice; New Zealand Police; Department of Corrections; Upper Hutt City Council; Hutt City Council; Accident Compensation Corporation; Regional Public Health; Hutt Valley District Health Board; Hutt Safe City; Victim Support; Upper Hutt Community Rescue; Child, Youth and Family; and Mōwai Āhuru O Te Awakairangi.

The idea for the mobile office came from the Safe Hutt Valley Trust and was delivered by the Hutt Valley Justice Sector Innovation Project, a working group of local frontline managers from the justice sector.

'Having a direct mandate from the Justice Sector Leadership Board provided real impetus to help us work together strategically as local managers, rather than just transactionally,' says Inspector Mike Hill, Hutt Valley Area Commander, New Zealand Police. 'This has enabled shared delivery of initiatives that will make a real difference for the Hutt Valley, as well as building better relationships to improve day-to-day services.'



HUTT VALLEY MOBILE COMMUNITY VAN LAUNCH

PHOTO 1 Andrew Bridgman, Secretary for Justice

PHOTO 2 Dave Butcher, Operations Manager Upper Hutt Community Rescue, Inspector Mike Hill, Area Commander Hutt Valley, Andrew Bridgman, Secretary for Justice, Hon Judith Collins, Minister of Justice

The Treaty sector

The Ministry is the lead negotiator in historical Treaty settlements, representing the interests of central government agencies on behalf of the Crown in the Treaty settlement process.

Other agencies involved in the historical Treaty settlement process include Te Puni Kōkiri, the Treasury, the Department of Conservation, Land Information New Zealand, the Department of Internal Affairs, the Ministry for the Environment, the Ministry of Education, the Ministry for Primary Industries, the New Zealand Defence Force, the Crown Law Office, and the Parliamentary Counsel Office.

The Ministry worked with Treaty sector agencies in 2012/13 on:

- negotiating a new arrangement for governance that involves Tūhoe and the Crown, over Te Uruwera, and supporting an innovative Service Management Plan between the Government and Tūhoe for the delivery of social services in the Tūhoe area as part of Ngāi Tūhoe's settlement.
- giving iwi who are yet to settle their Treaty claims the chance to take part in the Government Share Offer (GSO) programme, as part of their future Treaty of Waitangi settlement. Since the GSO programme announcement, 21 of the 24 groups who previously did not hold a Treaty settlement mandate have now either achieved a mandate or have engaged in discussions towards one.
- establishing a Post Settlements Commitment Unit within the Ministry in June 2013, which will work with other agencies, local government and iwi to look after the commitments made in settlements and to build on the opportunities settlements create.
- supporting the Crown entry into the Te Hiku o Te Ika Iwi – Crown Social Development and Wellbeing Accord, which was negotiated as part of the Te Aupōuri, Te Rarawa, and Ngāi Takoto settlements. The Accord sets out jointly agreed actions and commitments to improve the social wellbeing of the people of Te Hiku.

- ensuring historical Treaty settlements complement resource management (including water) reforms and assist in the resolution of iwi claims related to water and geothermal resources.
- developing arrangements with local authorities for involving iwi in natural resource management.

The social sector

The Ministry works with social sector agencies to address complex social issues, such as underlying drivers of criminal behaviour and victimisation, and improve outcomes for individuals, families and communities.

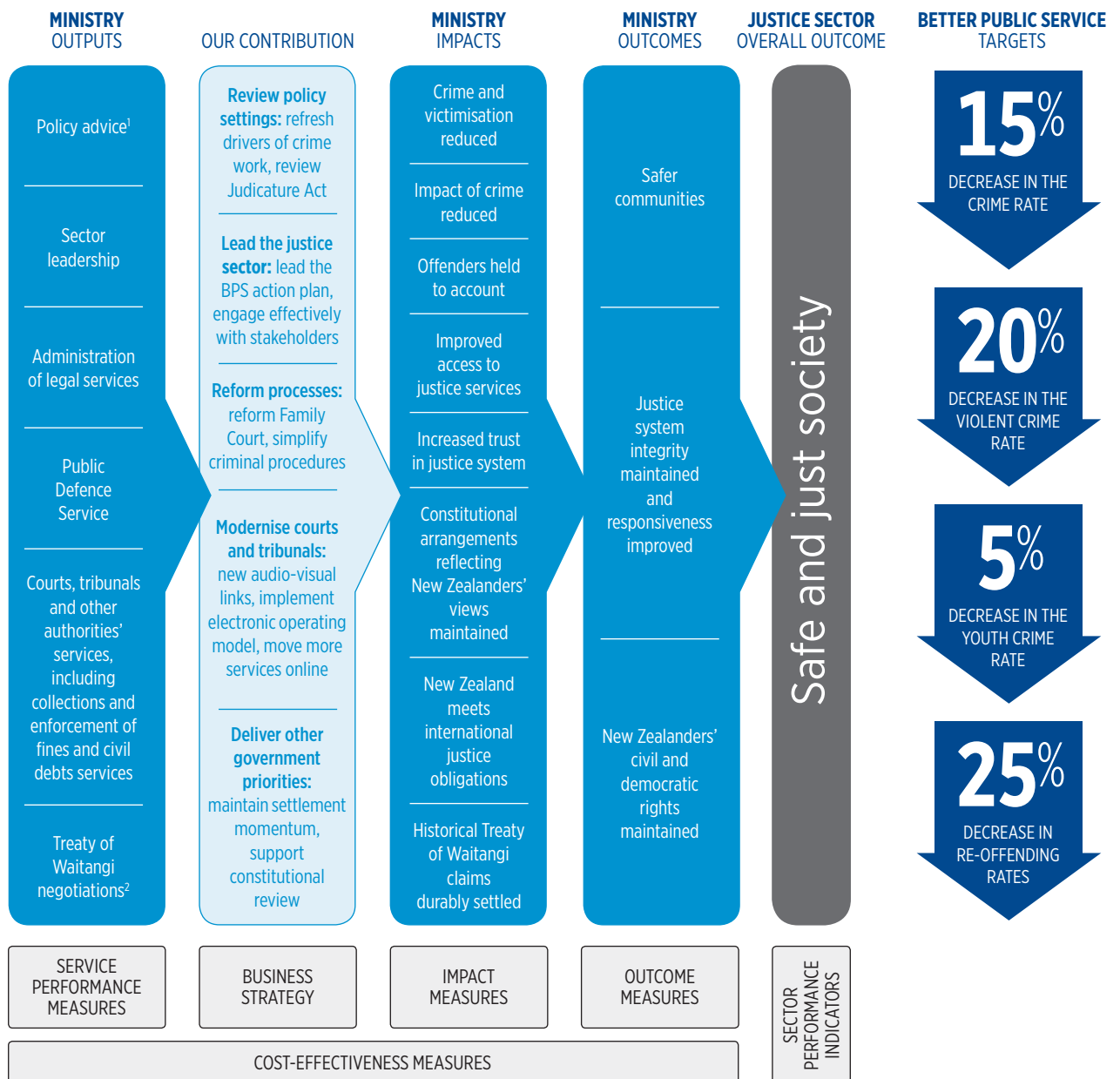
The Ministry represents the justice sector on the Social Sector Forum, which is chaired by the Ministry of Social Development and includes the Ministry of Education, the Ministry of Health, the Department of Building and Housing, the Department of the Prime Minister and Cabinet, the State Services Commission and the Treasury.

During 2012/13 the Ministry contributed to social sector outcomes by:

- contributing to the Children's Action Plan by leading the development of Child Harm Prevention Orders, a new tool to manage individuals who pose a high risk to children
- expanding Social Sector Trials, which are now functioning in 16 locations and are primarily focused on improving youth outcomes, including reducing offending
- launching the Alcohol and Other Drug Treatment Court pilot in Auckland, a joint initiative with the Ministry of Health, the Department of Corrections and New Zealand Police.

Our focus

The performance framework provides a way of looking at what we do. It shows what we are trying to achieve and how our work contributes to Ministry and justice outcomes.



¹ The appropriation that supports this is Justice Policy Advice and Legal and Ministerial Services.

² The appropriations that support this are Treaty Negotiations and Marine Coastal Area (Takutai Moana) Act MCOA, and Property Portfolio Management.

What we have achieved

Building a customer focused Ministry

The Ministry of Justice is implementing and driving significant change to build a modern, accessible, people-centred justice system. The changes are about delivering better results and services to New Zealanders and our key focus is on operational improvement. Modernisation is not just about improved effectiveness. It is about maintaining public confidence and improving people's lives.

More than any other area, the justice system depends on trust – society works because most people live within the law.

Most New Zealanders do not appear in or attend criminal court, or use the civil court or tribunal system. We still have a large number of 'customers', however, and their experience of anything to do with the Ministry, courts or wider justice system is their experience and perception of 'justice'.

Old-fashioned and slow services, particularly in courts, undermine confidence in the justice system. It is critical that defendants are able to get justice; offenders face the consequences of their actions; and victims, families, and jurors spend no more time than is necessary in the court system so they can get on with their lives.

Supporting the enduring principles of justice – maintaining the rule of law, keeping the public safe and providing the framework that allows people to get on with their lives and invest and run businesses – does not mean that the way we are organised, the technology, processes and systems we use and how we work have to be old-fashioned and costly.

We cannot just modernise our current practices. In order to deliver the change required, the Ministry must look, behave and think differently and we have to move quickly from where we are to that modern state.

Over the last year, the Ministry has been reshaping itself so that it is best placed to deliver this change. Major steps have been made to align and improve the strategy, structure, capability, systems and culture across the Ministry, including courts administration. We have made substantial progress but we are starting from a low base in some areas. For example, the courts have, until this year, been required by legislation to have paper files, decisions and records.

There are several areas of change necessary for the Ministry to modernise services and deliver better results:

- **business process and service design:** creating new ways of working and business processes, built around the needs of the people who use the justice system and those who make it work
- **policy:** ensuring legislation and rules allow us to administer the justice system using modern systems and electronic tools
- **infrastructure:** having fit-for-purpose buildings where they are needed and better utilising our investment in property
- **information technology (IT):** using more IT and having effective systems that allow us to deliver better results for people
- **people and capability:** ensuring Ministry staff are focused on the customer and our structures support them to do this.

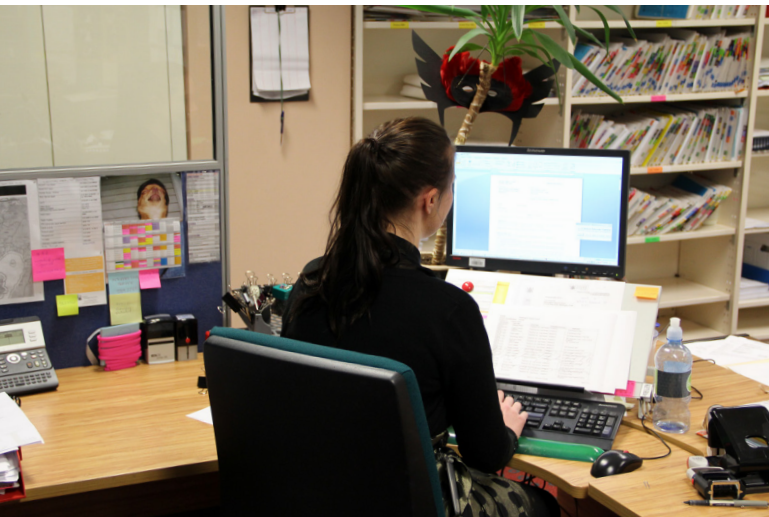
Business strategy and the 50% goal

These shifts are included in the business strategy developed last year of 'modern, accessible, people-centred justice services'.

This year the business strategy has been formalised and is underpinned by a single, focused goal for the Ministry as a whole – reducing the time to deliver services by half over five years – with a particular focus on District Courts. The '50%' goal is designed to drive innovation, change the conversations around the Ministry and encourage staff to look at new ways of working and delivering services – from reducing the amount of time we spend processing applications, to speeding up Treaty settlements.

There is a particular emphasis on reducing the time it takes to resolve cases in the District Courts. This is the largest part of the Ministry and where we have the most significant impact on New Zealanders' lives.

The strategy and goal are also driving the Ministry's external engagement and allowing us to have better conversations with the judiciary, legal profession, stakeholders and the public. As well as developing improved formal engagement mechanisms, such as establishing a Legal Services Advisory Board, we are actively seeking a range of ideas to improve the way we work (see the case study on the right). There is also increased stakeholder and public understanding of the current situation, our objectives, and, therefore, why we are driving change.



Staff member using eDuty

CASE STUDY **STREAMLINING DECISIONS – eDuty**

A group of Hamilton Family Court and judicial support staff worked with a local judge on a new initiative that uses technology to save time and improve customer service.

Named eDuty by Judge Noel Cocurullo, it is an electronic process for making decisions about 'without notice' applications – urgent applications, such as someone seeking a protection order – in the Family Court.

Previously an application would have to be heard by a judge in the court where it was lodged. Due to the workloads of the judges, these applications could often take over half a day to be resolved.

With eDuty, once an application is lodged and loaded into the system by the filing court, any Family Court judge, anywhere in New Zealand, can log in, review the application and make a decision, usually within the hour.

The time saved can make a significant difference to the applicant, as these applications are often made at very stressful times, when there are safety concerns for family members or themselves.

In addition to this, eDuty cuts the need to print physical applications, sometimes upwards of 80 pages, for the judge to sign.

Hamilton Court Services Manager Julie Jopson says it means decisions aren't restricted to the rostered duty judge, as other judges in the country who have come free from court can process the applications.

'The time saved with eDuty can make a huge difference in the lives of the people who come to us for help.'

'We now have a product that works for everyone from the judges, to the applicants, to court staff.'

After initially being successfully used in the Waikato, with the support of the Principal Family Court Judge, eDuty was rolled out across the country in June 2013.

Performance Improvement Framework response

The Ministry used its Performance Improvement Framework (PIF) review, published in July 2012, as a further tool for change. The PIF report recognised the Ministry's importance to New Zealand and stated that transformation was required for the Ministry to deliver what was needed in the future.

The PIF review, conducted in early 2012 and incorporating the views of Ministry staff and the key people we work with, recognised that we are right to be changing and to be ambitious about what we do.

The Ministry incorporated its response to the PIF into business as usual, rather than as a standalone activity and focused on the six improvement areas identified as they support our strategic change. They were:

- strengthening the Ministry sector leadership position
- better defining the Ministry purpose and refreshing the strategy
- stronger operational performance, with a real focus on the public as the customer
- enlisting external support
- improved people leadership and management
- a proactive policy function with stronger linkages between policy and operations.

Reshaping our organisation

PEOPLE AND CAPABILITY

The Ministry's workforce strategy describes a future that features high performers, exceptional leadership driving culture change, and customer-focused service delivery and design.

The reviews of the National Office structure and of District Courts implemented at the end of February and April respectively, supported this strategy. They are driving:

- manager accountability for results by aligning their responsibilities directly with key priorities and making it possible to set clear, meaningful goals

- greater support for frontline delivery to provide a focus on our customers, in particular through minimising the layers between Ministry leadership and frontline services
- a culture of innovation
- a step-change in the way services are delivered to our customers in District Courts.

The Ministry's second staff engagement survey, completed in July 2012, did not show any significant improvement in levels from a year earlier. The focus is on managers taking responsibility for initiatives to lift engagement of their staff. An in-house Pulse-Check Survey was conducted in mid-2013 and will provide management teams with staff views around positive factors and areas for further work.

This has been the first full year of running the annual Chief Executive's Awards for Excellence. The Awards create opportunities to recognise staff who have contributed in an exceptional or outstanding way to the Ministry's customers or stakeholders.

During 2012/13, the Ministry introduced an online Learning Management System to provide desktop access to new training information. This system will be used in future to support improvements in performance and talent management, as well as career pathways.

The Ministry is a committed equal opportunity employer and strives to maintain a diverse workforce and an inclusive culture. The Ministry has 66.3 percent female and 33.7 percent male employees, compared with the public sector average of 59 percent female and 41 percent male. Most of our people identify themselves as New Zealand European/Pākehā, with 13.3 percent identifying as Māori, 6.7 percent as Pacific Island, and 5.7 percent as Asian. Women hold 53.3 percent of management positions. Māori and Pacific Island employees hold 13.3 percent and 4.9 percent of management positions respectively.

Staff turnover was 12.6 percent (at the end of June 2013), compared with 13.2 percent in June 2012.

INFRASTRUCTURE

Our strategy and goal requires the Ministry to think differently about its operating models and infrastructure portfolio. Investment in new court facilities and technology solutions is capital-intensive and involves long lead times and long-term commitments. At the same time, the operating model and needs of the users of the court network is changing.

The Ministry's buildings must meet seismic safety requirements. This year we completed the strengthening and refurbishment work at the Masterton District Court, with the building officially opened on June 14. This \$3.5 million programme of work brought the building up to 100 percent of the National Building Standard and ensured that a fit-for-purpose court is available in Masterton following 18 months of using temporary court facilities.

Work began on the concept design for the strengthening works required for the Dunedin High and District Courts, following our decision to proceed with the work needed to strengthen this historic and important Dunedin building. In the meantime, a temporary jury trial facility is due for completion in the new financial year.

The number of surplus Crown properties held in the land bank for potential use in Treaty settlements increased from 949 to 985. The mix of properties held includes residential, bare land, commercial properties, farms and industrial sites.

Throughout the year some obsolete buildings held in the land bank were demolished to reduce operational costs and to address health and safety risks. The number of vacant, tenable properties reduced from 123, as at 30 June 2012, to 103 by 30 June 2013. Of these, 51 properties are bare rural land only suitable for grazing.

TECHNOLOGY

This year has seen us make fundamental changes to how we manage our infrastructure. This will improve the quality and reliability of IT services, provide a resilient and robust environment that supports future business requirements at an affordable price and enable a sustainable approach to the refreshment and upgrade of the Ministry's technology assets.

The changes follow a technology-sourcing review carried out by the Ministry in 2010 and, in line with Government expectations, ensure we have technology services provided by more than one vendor. Under a new arrangement, in which we have partnered with the Department of Corrections, Gen-i is our telecommunications provider. This will allow us to improve our technology and internet bandwidth and increasingly use tools such as video-conferencing.

The Ministry has joined the All-of-Government agreement to buy a managed service for data centre services and storage from Revera. This year we have also contracted Vodafone as our technology security service provider, and Fujitsu for core IT services, including service desk, desktop management, email server management and the new role of service aggregator. The service aggregator is responsible for managing all other technology infrastructure suppliers on behalf of the Ministry.

STRENGTHENING FINANCIAL MANAGEMENT

Over the past year the Ministry has centralised its finance function as part of the National Office Review. This will improve the budgeting and planning process and help to ensure resources are being allocated to where they will be most effective.

In addition to this, the Ministry leads the justice sector four-year planning process that evaluates medium-term cost pressures against agreed levels of funding over the next four years. This process ensures the Ministry is offsetting the benefits of policy and legislative change programmes that are being implemented to help address the cost pressures that exist.

MANAGING RISK

The Ministry's Enterprise Risk Management Framework has been refreshed and will be rolled out across the Ministry during 2013/14.

Fraud management responsibilities and reporting communication channels have been clearly defined and communicated to all staff. These expectations are detailed in the revised Fraud Management Framework and have been promoted through fraud awareness and education activities.

All of the audits approved in the 2012/13 Internal Audit Plan were completed. This provided an appropriate level of assurance about the Ministry's control environment to the Chief Executive, Strategic Leadership Team and the Audit and Risk Committee, comprising senior managers from outside the Ministry with strong public sector, risk management and financial management credentials.

A Justice Sector Risk and Assurance Forum has been established and meets on a two-monthly basis. The purpose of the forum is to share information, enhance the sector-wide view of risk management and to identify areas for further collaboration.

Building a customer focused ministry

The Ministry is focused on improving the way it works, its capability, systems and technology.

WHAT WE ACHIEVED

EMPLOYEE ENGAGEMENT LEVELS

The target is to meet or exceed the State Services Commission benchmark norm for employee engagement based on an internal survey. In 2012 the proportion of engaged staff in the Ministry was 10.5%, down from 11.5% in 2011. The State Sector Kenexa Benchmark for 2012 was 21.8%. To achieve the target Ministry managers are focusing on initiatives to lift staff engagement.

OUR FIVE MAIN TECHNOLOGY APPLICATIONS³ ARE RELIABLE AND AVAILABLE DURING NORMAL BUSINESS HOURS

As a measure of achieving modernised services and delivering better results the Ministry aims to have its five main technology applications available 99.5% of the time during normal business hours. This target was achieved in 2012/13.

WE RESOLVE HIGH-PRIORITY INCIDENTS IN OUR FIVE MAIN TECHNOLOGY APPLICATIONS³ WITHIN AN AVERAGE OF 2.5 HOURS, TO MINIMISE THE IMPACT ON PUBLIC SERVICE DELIVERY

Using internal administrative data a target of 80% was set for the resolution of high-priority technology incidents in the top five applications are resolved within an average of two and a half hours (including evenings and weekends outside of normal business hours).

In 2012/13, 88% of all high-priority technology incidents were resolved within an average of two and a half hours.

³ Our five main technology applications are Case Management System, National Transcription Services, Judicial Decision Suite, Collect and Groupwise.

Making communities safer

People expect that the justice system will keep them safe. The Ministry works with justice and social sector agencies and community groups to prevent crime and victimisation, reduce the impact of crime and improve public safety. A key focus is on strengthening laws to achieve these objectives.

The best thing we can do to prevent harm is to stop crime from happening in the first place, by addressing the causes of crime and re-offending.

Over the last year, the justice sector has implemented a Better Public Services (BPS) Result Action Plan that includes 60 new actions to reduce crime and re-offending. Achieving the justice sector BPS results – which are well on the way – will mean 45,000 fewer crimes each year and about 18,500 fewer victims each year.

Our work programme for 2012/13 focused on supporting the BPS targets, preventing crime and victimisation, and reducing the impact of crime.

Reducing crime

SUPPORTING LEGISLATIVE CHANGE

Introduced into Parliament in May 2013, the Objectionable Publications and Indecency Legislation Bill increases maximum penalties for online child sexual abuse and other objectionable publication offences. It also includes measures to provide greater protection for children from child sexual exploitation, such as creating a presumption of imprisonment for repeat offenders and creating a new offence of indecent communication with a young person.

The Ministry has continued to support the Bail Amendment Bill, which was reported back to Parliament by the Law and Order Select Committee in June 2013. The Bill aims to improve public safety and enhance the integrity of New Zealand's bail system, by increasing the situations where a reverse burden of proof applies to bail decisions (such as for murder, serious violent offences and class A drug dealing offences), strengthening bail conditions for young defendants and increasing penalties for failure to answer police bail. The Bill also provides a legislative basis for electronically monitored bail.

In 2012/13 the Ministry progressed a significant programme of work to address cyber-bullying. In April 2013 the Government announced proposals that will protect victims of cyber-bullying and hold perpetrators to account, including creating a new civil enforcement regime that includes setting up or appointing an approved agency as the first port of call for complaints; allowing people to take serious complaints to the District Court, making it an offence to send messages and post material online that is offensive or menacing; and amending the Harassment, Privacy and Human Rights Acts to ensure they cover digital communications.

December 2012 saw the enactment of the Sale and Supply of Alcohol Act and related alcohol reform amendment acts. This legislation contains measures to reduce the harm from alcohol use, such as empowering local communities to decide on the concentration, location and hours of alcohol outlets by adopting local alcohol policies; strengthening rules about the types of stores eligible to sell alcohol; restricting supermarkets and grocery stores to displaying alcohol in a single area; and restricting alcohol availability by making it harder to get a licence and introducing maximum trading hours for licensed premises. Over the last year, the Ministry has been working on implementing the new alcohol laws, including regulations, work with local councils and providing information to the public about the changes.

YOUTH CRIME

To support the BPS target of a reduction in the youth crime rate and address the over-representation of Māori in the Youth Justice system, the Ministry is leading work on a Youth Crime Action Plan. Over July to October 2012, the Ministry engaged with community groups, stakeholders, practitioners and young people to discuss the content and scope of the plan. This included establishing a Māori reference group and consulting with the Youth Justice Independent Advisory group. Terms of reference for the plan were announced in September 2012. The Ministry led a cross-agency process to develop the plan which is to be launched in October 2013.

COURT PROCESSES

The Ministry is currently exploring how changes in court processes can reduce re-offending. The Alcohol and Other Drug Treatment Court pilot was established in Auckland and Waitakere in December 2012.

In April 2013 we launched a pilot at the North Shore District Court that will place some defendants in the centre of courtrooms to better involve them in the process and reduce re-offending.

The two-year pilot will look at how a defendant's level of understanding and engagement in the court process is affected by having them in front of the judge, rather than in a dock to the side of the courtroom.

The pilot will cover any offence that would typically be heard in a judge's summary list, which includes driving charges, excess breath alcohol and theft, as well as sentencing.

CASE STUDY ALCOHOL AND OTHER DRUG TREATMENT COURTS

More than 50 defendants are engaged in rehabilitation programmes through Auckland's two Alcohol and Other Drug Treatment (AODT) Courts, which began operating in November last year.

The pilot scheme is a joint initiative between the judiciary, the Ministry of Justice, the Ministry of Health, New Zealand Police and the Department of Corrections. It gives defendants with alcohol or drug dependency issues an opportunity to deal with them before sentencing.

'Around two-thirds of convicted criminals identify as having some sort of alcohol or other drug problem, and half of crime is committed while under the influence,' District Courts General Manager Tony Fisher says.

'The AODT Court aims to divert offenders from a lifetime of crime by giving them an opportunity to deal with the addiction issue that has brought them before the courts.'

The court, also known as Te Whare Whakapiki Wairua, will see around 100 defendants per year, 50 in each court. To take part, defendants must plead guilty, be facing less than three years in prison and have a severe addiction problem that motivated their offending.

Once accepted, a 12- to 18-month treatment plan is tailored to the defendant's needs, during which time they are closely monitored and tested for alcohol and other drugs twice a week.

A range of providers are delivering testing and treatment services, including Odyssey House, Higher Ground, Salvation Army and the Institute of Environmental Science and Research.

Judge Lisa Tremewan presides over a sitting every Thursday at Waitakere District Court and Judge Ema Aitken over a sitting every Friday at Auckland District Court. Both judges were instrumental in establishing the pilot programme.

Reducing victimisation

The Ministry funds support and services for victims of crime through the Offender Levy. In 2012/13, we collected \$4.5 million, which funded 13 grants and services for approximately 5,000 victims of serious crime.

In June 2013 an extra \$739,000 was provided through the Offender Levy, to provide extra support for victims, such as more intensive support for homicide victims; introducing a Crime Scene Grant to help victims with accommodation costs, where their homes or vehicles cannot be used because they are a crime scene; increasing discretionary funding to families of victims killed by a criminal act; and increasing funding for the work of the national Sexual Violence Survivor Advocate.

The Ministry also provides Court Victim Advisors and specialist Sexual Violence Court Victim Advisors to assist victims while their cases progress through court. These services are offered to approximately 40,000 victims across New Zealand annually.

In 2012/13 the Victims Centre within the Ministry of Justice continued to oversee victims' rights and services, provide information to people working with victims, and improve the coordination of services to victims. The Victims Centre funded 0800 phone line received approximately 16,600 calls from victims last year.

In August 2012 the Ministry provided further funding of \$1 million to enable Shine, an Auckland charity, to expand the safe@home programme into 300 homes in South Auckland, Christchurch and Tauranga. Safe@home is a crime prevention programme that provides home security, reinforced doors, and monitored personal alarms, primarily to women and children at high risk of repeat victimisation from domestic abusers.

Over the past year the Ministry progressed the following legislative reforms to support victims of crime.

- The Family Court Proceedings Reform Bill (introduced in November 2012) includes provisions that improve the court response to victims of domestic violence by increasing the penalty for breaching protection orders. The Bill also clarifies that economic abuse is a form of domestic violence.
- The Parole Amendment Bill (introduced in September 2012) will reduce the number of parole hearings for prisoners who have not completed part of their offender plan and are unlikely to be released. This will reduce stress on victims, who will not have to appear at unnecessary parole hearings.
- The Victims of Crime Reform Bill (currently before Parliament) includes a package of proposals to enhance victims' rights and their role in criminal justice processes, and improve how government agencies respond to them. The Bill will widen the scope of what victims may include in a victim impact statement, enhance the victim notification system, strengthen the accountability of agencies working with victims, and increase the rights of victims of offending by children and young persons. The Bill also requires the Ministry to develop a Victims Code, which will clearly outline victims' rights, the duties of agencies and complaints processes.
- The Victims Orders Against Violent Offenders Bill (introduced in May 2013) will create a new non-contact order to protect victims of serious violent and sexual offences. The orders will reduce the likelihood of serious violent or sexual offenders coming into contact with their victims after they are released from prison, through conditions that can be tailored to the circumstances of each case.
- The Public Safety (Public Protection Orders) Bill, introduced in September 2012, includes a new regime to provide for the civil detention of individuals following their sentence, where they pose a very high and imminent risk of serious sexual or violent re-offending. The Bill provides extra protection for victims of serious crime, particularly child victims, by specifying the process and requirements for obtaining and reviewing public protection orders, the nature and form of detention (including the location of the facilities on prison grounds and the rights and protections for detainees) and reporting and inspection requirements.

Making communities safer

We continue working to reduce the extent and seriousness of crime and to prevent crime.

WHAT WE ACHIEVED

BETTER PUBLIC SERVICE TARGETS⁴

The latest BPS results show that in the period between June 2011 and June 2013⁵:

- the crime rate fell by 12%
- the violent crime rate fell by 8%
- the youth crime rate fell by 19%⁶
- the re-offending rate fell by 10.6%.

Compared to June 2011, there were 48,000 fewer recorded crimes, 3,000 fewer violent crimes, 1,300 fewer youth appearances in court⁷, and 1,900 fewer re-offenders. Consequently, there were fewer victims of crime.

⁴ These figures differ from those in the *Statement of Intent 2012-2015*, which were calculated on a different basis. The figures included here reflect the BPS targets.

⁵ Ministry of Justice website.

⁶ Although the interim BPS youth crime target has been exceeded, a new and more ambitious target will be in place in 2013.

⁷ For more information on reducing volumes of new business in the courts, refer to the statements of service performance on pages 39-64.

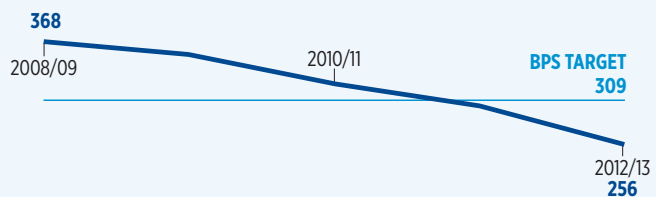
TOTAL CRIME (CRIME PER 10,000 PEOPLE)



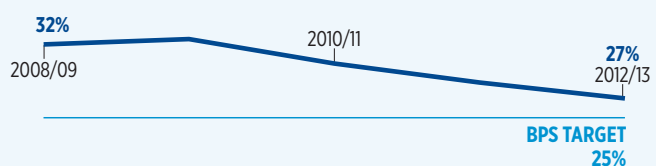
VIOLENT CRIME (CRIME PER 10,000 PEOPLE)



YOUTH CRIME (CRIME PER 10,000 PEOPLE)



RE-OFFENDING



ALCOHOL-RELATED OFFENDING DECREASES

MEASUREMENT ONE: Alcohol-related motor vehicle crash rates for young people (aged 15–24) decrease.

In the year ending 30 June 2012, 8.9 drivers per 10,000 were involved in crashes (fatal, serious or minor injuries) where alcohol was recorded as a contributing factor, in the 15–24 age group. This has fallen since 2008/09, when the level was 12.3 drivers per 10,000. A target is yet to be set.

MEASUREMENT TWO: Percentage of deaths from motor vehicle crashes where the driver at fault in a crash was over the legal alcohol limit decreased.

Deaths from motor vehicle crashes where alcohol was a contributing factor was 1.9 per 100,000 people in the year ended 30 June 2012. A reduction from 2.7 deaths in the 2009/10 year. A target is being developed.

MEASUREMENT THREE: Percentage of people arrested who had drunk alcohol prior to allegedly committing a crime decreases.

This measure has been removed from the Ministry's Statement of Intent, as the data to measure it is not available.

FEWER PEOPLE WORRY ABOUT BEING A VICTIM

MEASUREMENT: A periodic survey of the public shows a decrease in the proportion of people who feel very or fairly worried about victimisation.

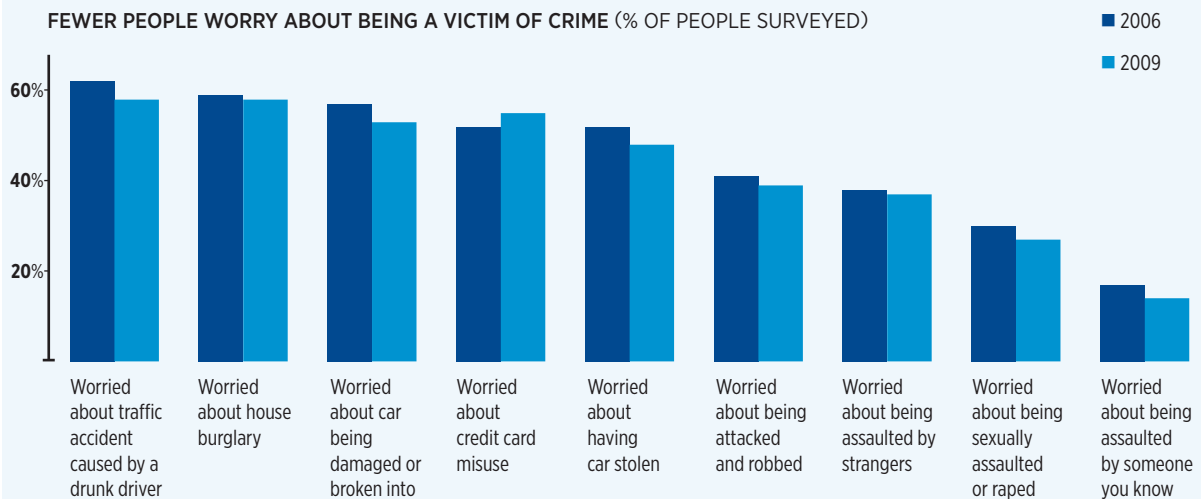
Between the 2006 and 2009 New Zealand Crime and Safety Surveys (NZCASS), there were significant declines in worry about a number of crimes, although there was a small increase in the proportion of people worried about credit card misuse. The next survey is due in 2015. A survey was not done in 2012. The Ministry is currently assessing the most effective methods to measure the perceptions of victims and the public.

FEWER PEOPLE THINK THERE IS A CRIME PROBLEM

MEASUREMENT: A periodic survey of the public shows a decrease in the percentage of people who perceive there to be a crime problem in their neighbourhood.

In the 2006 NZCASS, 36% of people perceived there to be a crime problem in their neighbourhood. By 2009 this had decreased to 34%. The next survey is due in 2015. A survey was not done in 2012. The Ministry is currently assessing the most effective methods to measure the perceptions of victims and the public.

FEWER PEOPLE WORRY ABOUT BEING A VICTIM OF CRIME (% OF PEOPLE SURVEYED)



Maintaining the integrity and improving the responsiveness of the justice system

The Ministry of Justice is implementing and driving significant change to improve the accessibility, quality and speed of justice services. The changes are about delivering better results and services to New Zealanders, and our key focus is on modernisation and operational improvement.

Improving court services

Over the last year, the Ministry of Justice has made both large and small-scale changes to the way we operate our courts, to improve our timeliness. The initiatives form part of the Ministry plan to achieve its bold goal to halve the time it takes to deliver our services by 2017.

REGIONAL SERVICE DELIVERY

The Regional Service Delivery (RSD) model was implemented early in 2013 to improve the use of our infrastructure and resources by putting in place a new management structure, focusing on regional courts and customer services and closing very small and underutilised courts.

The closure of four courts and the shift of nine of them to a part-time 'hearing only' model was the first significant change to the courts network in 30 years. Despite this, changes were implemented successfully and early indications are that courts which picked up additional work are managing well, and performance has generally improved.

The success of the RSD project is an important step for the Ministry in its efforts to modernise the justice system by delivering services to the public through more accessible and convenient channels and reducing our reliance on buildings.

It also allows us to focus our investment where it is needed most – in the areas of high demand – and ensures the courts we do have are fit for purpose, have good facilities and security and provide the full range of services court users expect to receive.

The new management structure has fewer layers and a stronger focus on customer services, and it was put in place in time to support the changes to criminal procedure (see next section.)

As part of RSD, District Court jury administration services were centralised to Auckland in April 2013.

CASE STUDY JURY ADMINISTRATION

A single team now handles all District Court jury administration nationally.

The team issues jury summonses, processes payments and makes decisions on juror applications, allowing individual courts to focus on their core business.

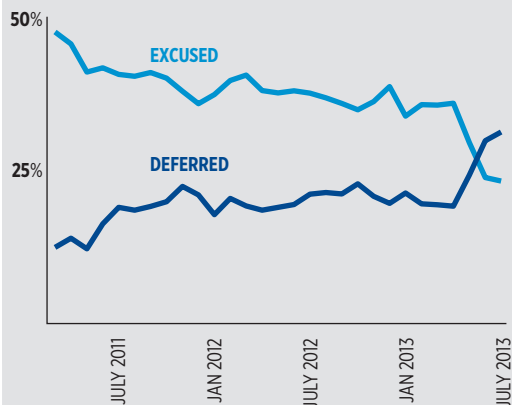
Doing all the administration within one team means there is now a consistent approach taken in considering applications for jury deferrals (when jury service is deferred to a more convenient time for the applicant) or excusal (when the applicant is able to get out of appearing in a jury).

The team are able to contact people directly to talk about their application. Often all that is needed is a little explanation on what jury service is, to help people change their view and accept a deferral rather than seek an excusal.

This new approach has seen the number of excusals drop from an average of 36% of all summonses sent in the 12 months leading up to the centralisation, to an average of 25% since centralisation came in.

This means more people are available to attend jury service at a time that works for them, and there are fewer delays in the court process.

JUROR DEFERRAL & EXCUSES (BY % OF SUMMONSES)



IMPLEMENTATION OF THE CRIMINAL PROCEDURE ACT 2011

The commencement of the Criminal Procedure Act 2011 (on 1 July 2013) will mark the most significant changes to criminal procedure in over 50 years – the new laws enabling a new way of working and putting the onus on prosecution and defence lawyers to resolve more issues outside the courtroom. This, together with other procedural changes, will lead to the faster resolution of cases, shorter hearings and fewer unnecessary appearances in court – benefiting victims, witnesses and defendants.

The Act will also remove the legal requirement for paper-based systems, and significant work was done to prepare for the commencement of the first phase of the Electronic Operating Model – the electronic filing of police charges – on 1 July.

The Ministry put considerable effort into ensuring that court staff, sector partners, the legal profession and judiciary were prepared for the major changes being introduced by the Act.

A Modernising Courts Advisory Group (chaired by the Secretary for Justice and consisting of the Chief District Court Judge, President of the Law Society, Vice President of the Criminal Bar Association, Police Commissioner, Corrections Deputy Chief Executive and Crown Law) was established to oversee change implementation in the lead-up to 1 July. At a regional level, Local Court Networks of key stakeholders were established, led by senior court staff.

Three court staff were seconded to work with the change team and supported court managers and staff training. The intranet-based Criminal Jurisdiction Knowledge Base was developed so staff could easily access all the information and resources they needed, and this was followed up with face-to-face training of more than 300 staff at courts.

To assist the legal profession, the Ministry contributed \$50,000 towards the Law Society's full day seminars for lawyers in the main centres. The Public Defence Service supplemented this by providing extra training. Resources and information were developed for the profession, including a brochure that was provided free to the 12,500 subscribers of the Law Society's LawTalk magazine. A significant section of the Ministry's website was revamped so it could host all the information, forms and resources lawyers would need, and to show defence, prosecution and registry staff how hearings would operate first-hand under the new procedures, we organised 'CPAI Walkthroughs' at 31 courts around the country.

CHRISTCHURCH SERVICES

The Ministry of Justice was the first government agency to return services to the central business district in Christchurch. It built on this by returning full registry services when it re-occupied the main courts building in Durham Street in May 2013.

In returning to the building, we took a new approach to service delivery, with the establishment of a new Customer Service Centre to deal with all customer inquiries and business at the courthouse.

The needs of the customer were at the forefront of the centre's design. A key shift is that the centre provides services for all jurisdictions (namely civil, family and criminal) from one location.

The layout and signage guide the customer to the information or service they require, such as hearing schedules and payment facilities. The centre also has electronic noticeboards to help customers find information about the Ministry and sector partners, and a self-service area with computers and access to the Ministry's contact centre.

The Customer Service Centre will act as a model for all courts across the country and is a good indicator of what will be seen in the planned Christchurch Justice and Emergency Services Precinct.

The Ministry of Justice is the lead agency on the precinct. This year the Ministry provided ministers with a detailed business case on the benefits, funding, design, procurement approach and implementation options for establishing the precinct. This was approved subject to funding, which was later provided for in the 2013 Budget announcement.

The precinct is one of the anchor projects of the Christchurch Recovery Strategy and will be one of the first completed, in 2017. It will be one of the largest multi-agency government co-location projects in New Zealand history, and it will house the Ministry of Justice, New Zealand Police, Department of Corrections, New Zealand Fire Service, St John New Zealand and the civil defence functions of the Department of Internal Affairs, the Christchurch City Council and Environment Canterbury. The judiciary will also be housed in the precinct, in a way that supports its constitutional independence.

When fully operational, the precinct will house approximately 1,100 workers and host up to 900 visitors every weekday.

FAMILY JUSTICE

In the past year, the Ministry has supported the development of The Family Court Proceedings Reform Bill, which proposes the most significant reform of the Family Court since its inception in 1981. The Bill proposes a range of reforms aimed at the needs of children (as opposed to couples with relationship problems), providing parents with services that encourage them to resolve their issues outside of the courtroom and improving our response to domestic violence, through channels such as domestic violence treatment programmes.

The Ministry has led the policy development in this area. Advice has been provided to Ministers and prepared for Cabinet, support has been provided to a full parliamentary select committee, and consultation with stakeholders has occurred. The Ministry also began work to ensure that the reforms are implemented effectively once the legislation is passed.

AVL

Audio Visual Links (AVL) in court is a joint initiative with the Department of Corrections to allow remand prisoners to appear in court remotely, without leaving prison.

It was first installed in the Auckland District Court in August 2010 and then in Hamilton and Manukau. This year it was installed in the Christchurch District Court, linking to the Christchurch Men's Prison. It was also installed into the Mason Clinic (Auckland's Forensic Psychiatric Unit) enabling patients to appear remotely to their remand hearings in Manukau or Auckland District Courts.

This year, the Justice Sector Leadership Board agreed to reprioritise \$7.1 million through the justice sector fund to expand AVL to a further 14 District Courts and 11 prisons over the next 18 months. The Department of Corrections is also funding \$18.8 million in capital required for both the prison and court installations.

Using AVL technology improves public, court and prisoner safety and reduces transport costs. It also reduces the risk of contraband being smuggled into prisons, reduces disruption

to a prisoner's routine and results in fewer adjournments and delays to cases resulting from prisoners not being transported to the right court on time.

It has been well received by the judiciary, lawyers and prisoners. Around 89% of prisoners who were asked about their AVL appearance said it was the same as appearing in person.

There are approximately 40,000 remand court appearances each year and AVL is expected to be used in a significant amount of these, where it is installed. It has already saved over 8,000 prisoner trips to and from courts.

CASE STUDIES BETTER SERVICES FOR CUSTOMERS

Disputing fines

A new provision under the Courts and Criminal Matters Bill (CCMB), which went live on 1 August 2012, is saving many customers from having to visit a court. Under section 78B, the process for disputing whether a fine (usually traffic and parking fines) should have been filed at court is simplified by the introduction of electronic applications.

Traditionally, the section 78B process was paper-based and meant people had to visit their local court, where it could take up to a month before a person knew the outcome. Changes under the Bill have modernised the process by making new plain English forms available online – these can then be emailed to the Ministry.

At the same time, the processing of section 78B applications was transferred from individual District Courts to a centralised team in Wellington.

Central Processing Unit Team Leader Alan Binks says the aim was to provide a consistent, high-quality service at lightning speed.

'In the first six months, the team processed 18,222 applications, 90% of them within 24 hours. This is a great example of the Ministry using technology and smart processes to increase efficiency.'

Time-saving direct credits

A project started at the Auckland High Court to pay jurors by direct credit is ensuring they are paid quickly and conveniently and saving the Ministry time and money.

Up until this year, jurors have been paid by cheques, which were mailed to them.

Manager Systems and Support David Greening says it means that once we get the information, payments can be made to the juror's bank account the next day.

'We've had a positive response from jurors, with 95% providing their bank account details.'

'It also saves us on printing and posting costs and having to deal with several thousand unclaimed cheque payments, where they've either been returned or gone astray.'

The direct credit process has been extended to the Wellington and Christchurch High Courts and rolled out to all District Courts.

Improving access to justice services

In 2012/13, the Ministry continued to focus on the delivery of quality services for people who need legal advice and support.

The Legal Services (Quality Assurance) Regulations 2011 were amended to provide a simpler and more flexible approvals process and to reduce the administrative compliance burden on lawyers providing legal aid. A temporary approvals policy was developed to encourage senior and experienced lawyers into the legal aid system. Audit and contract management systems were also reviewed, to allow the early identification of any quality issues with legal aid lawyers.

Internally, a number of enhancements were made to the Ministry's operating systems to speed up and simplify operating procedures. The Ministry processed 98 percent of criminal legal aid applications within one working day (up from 93 percent in the previous financial year). In addition, 'work on hand' has dropped more than 77 percent in the same timeframe.

The Ministry introduced fixed fees for lawyers providing criminal, family and civil (ACC) services in 2012, to help make the legal aid system more affordable. Following an invitation from the Secretary for Justice, the Legal Services Commissioner reviewed these and issued new guidelines for criminal fixed fees in June 2013 and for family and civil (ACC fees) in August 2013.

The Ministry also supported the Legal Services Amendment Act through Parliament. The Act improves the delivery of legal aid services.

PUBLIC DEFENCE SERVICE

The Public Defence Service (PDS) provides salaried lawyers to defend people on criminal charges who are eligible for legal aid. The PDS also provides duty lawyer services, Police Detention Legal Assistance, mental health and Court of Appeal and Supreme Court Services. The PDS concluded its expansion with the opening of an office in Christchurch on 17 December 2012, and it now has 10 offices nationwide, servicing 15 District Courts across New Zealand, as well as High Courts, the Court of Appeal and the Supreme Court.

The PDS received 15,382 cases across all criminal categories in 2012/13. Assignment of criminal legal aid cases to the PDS is increasing to a 50 percent share of all criminal assignments in the courts where the PDS operates.

The PDS average case cost continued to be less than that of the private Bar in the 2012/13 financial year, and the 2013 survey of the judiciary found 85 percent of judges were satisfied with the overall performance of PDS lawyers and 90 percent of judges were satisfied with the overall performance of PDS duty lawyers.⁸

COMMUNITY LAW CENTRES

The Ministry helped New Zealanders access quality legal advice outside of the courts by contracting 24 community law centres to deliver around 150,000 hours of legal services to people who have unmet legal needs. These centres are contracted to help resolve legal issues at an early stage through the provision of legal information, education, assistance or advice.

The Ministry is working to ensure the sustainable provision of community legal services. In March 2013, the Ministry of Justice, with the Ministry of Social Development, trialed a new initiative to deliver community legal services to remote rural communities through video-conferencing technology set up in the Heartlands Service in Twizel. This service will enable members of these communities to access these services without travelling long distances. In mid-June 2013 the trial was expanded to include clients in Waimate.

Holding offenders to account

RESTORATIVE JUSTICE

In May 2013, an additional \$4.4 million was announced for restorative justice services in 2013/14 and 2014/15, to support the achievement of the Government's targets to reduce re-offending by 25 percent by 2017. This will increase the total investment in these services over the two-year period to \$10.6 million and deliver an additional 2,400 pre-sentence restorative justice conferences.

To be sure the restorative justice sector is equipped to deliver this additional workload, the Ministry conducted a tender process that was aimed at ensuring groups had strong governance and systems and are capable of delivering significantly more conferences, so that restorative justice services can be delivered across a wider geographical area. It will also extend the availability of specialist restorative justice services, such as in cases involving family violence and sexual offending.

⁸ 2013 Sector Survey of District Court Judges

As a result of the new contracts, restorative justice services will be available in every court across New Zealand.

This includes the following courts where restorative justice was not previously available through a Ministry of Justice contract: Alexandra, Queenstown, Gore, Westport, Taihape, Dannevirke, Taumarunui, Huntly, Morrinsville, Whakatane and Wairoa.

FINES COLLECTION

Another strong year for court collections has driven the level of fines and reparation owed to their lowest level in almost a decade, at \$564.5 million. This is down from \$615.5 million in June 2012 and a peak of \$806 million in 2009.

The Ministry is committed to ensuring that fines and reparation remain a credible sanction, so in recent years it has made a concerted effort to better target and tailor its collection efforts. A new operating model was introduced in 2011 that has saved the Ministry \$2 million a year in operating costs and has better focused frontline staff on going after hard-to-reach fines.

This effort is paying off. In 2012/13, the Ministry collected \$224.6 million in fines and reparation. The proportion that is overdue has fallen – from 53 percent of debt in 2009 to 43 percent today – and is on track to reach the target of 35 percent of the outstanding balance by 2015.

The Ministry also collected \$4.5 million through the Offender Levy, which funds support services for victims of crime.

The Ministry has utilised a range of new tools introduced by the Government to achieve these results.

Enhanced data-matching with Inland Revenue and the Ministry of Social Development has allowed the Ministry of Justice to track down people who would otherwise not have paid their fines. Projected to bring in \$20 million in 2012/13, it delivered \$82.2 million of hard-to-reach fines in the financial year.

Credit check of fines, which enables the Ministry to tell credit reporting agencies if a potential client has overdue fines or reparation, in return for updated contact information, brought in a further \$16.2 million.

CASE STUDY

ONLINE MAPPING TOOL FOR BAILIFFS

An online mapping tool has improved the efficiency and effectiveness of bailiffs nationally, by helping them plan and prioritise work.

Hamilton Collections Manager Meredeigh Minhinnick and a local bailiff developed an integrated tool for bailiffs using a free web-based Google tool.

Previously, bailiffs had a list of addresses they had to visit and used a mix of local knowledge and devices such as GPS to plan their trips. But these only showed them how to get from A to B; they had to manually work out any relationship between the addresses.

With the new tool, information is loaded on to a website, where it is assigned the correct longitude and latitude and then placed on a Google map. The map shows if there are groups of addresses in a particular area or neighbourhood so bailiffs can plan their day, making the most efficient use of their time.

Meredeigh Minhinnick says one of the most surprising benefits of the online tool is how scalable it is.

‘We started using it locally, extended it to other regions and eventually mapped the whole country. By providing valuable information about the demand on bailiff resources, the tool is enhancing the way services are delivered nationally.’

Another tool bailiffs have are mobile eftpos machines. The machines, which allow bailiffs to accept on-the-spot card payments, were introduced nationally in May 2012. Southern Manager Service Delivery David Tapp says the results have exceeded expectations, with some \$1.2 million in fines and reparation payments collected during the year.

‘Our bailiffs are really good at working with people to create solutions, and most people are very happy with the convenience of paying at the time, rather than having to go into court to arrange a payment, or having their property seized.’

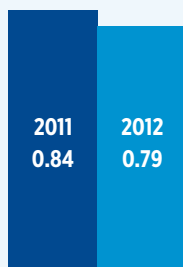
Maintaining the integrity and improving the responsiveness of the justice system

The Ministry continues to improve access to services, ensuring offenders are held to account and promoting trust in the justice system.

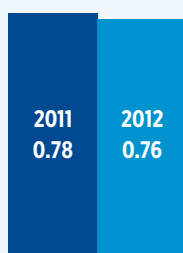
WHAT WE ACHIEVED⁹

NEW ZEALANDERS HAVE CONFIDENCE IN THE EFFECTIVENESS OF THE JUSTICE SYSTEM

New Zealand remains the top ranked of nearly 100 nations included in the World Justice Rule of Law Index. Civil justice is perceived to be free from corruption and improper influence by the Government. New Zealand's criminal justice system is perceived to be impartial and free from corruption. The Ministry's target is to maintain or improve our scores in these areas.



CONFIDENCE IN EFFECTIVENESS OF CRIMINAL JUSTICE SYSTEM

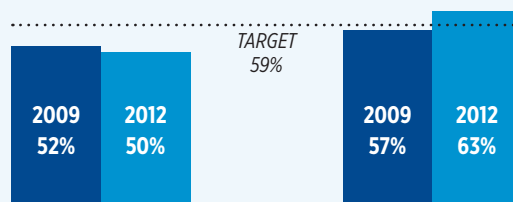


CONFIDENCE IN EFFECTIVENESS OF CIVIL JUSTICE SYSTEM

MORE PEOPLE ARE SATISFIED WITH THE QUALITY OF COURTS AND FINE SERVICES

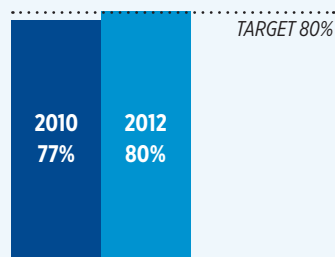
The Kiwis Count Survey covers public satisfaction regarding paying fines or getting information about fines, as well as satisfaction about the court service where the respondent is involved in a case. The Court User Survey covers satisfaction with court services and facilities.

New measures for the timeliness of processes inside and outside the court and the quality of legal services have been introduced this year. The results for these new measures provide a baseline to measure improvements in the future.



QUALITY OF COURT SERVICES

QUALITY OF FINES SERVICE



SATISFACTION WITH COURT SERVICES AND FACILITIES

⁹ All results reported in this section reflect the latest available data.

THE MEDIAN AGE FROM FILING TO DISPOSAL OF A CASE DECREASES

MEASUREMENT: Ministry of Justice administrative data shows a decrease in the time taken from filing to disposal in High Court and District Court criminal jury trials by 2015.

The target is a 15% decrease by 2015. The District Court median age increased from 378 to 394 days between 30 June 2012 and 2013. The median age for disposal increased due to a focus on disposing of older jury trial cases.

The High Court median age decreased from 507 to 496 days (2.2%) from 30 June 2012 to 2013.

THE PERCENTAGE OF PEOPLE WHO DO NOT COMPLY WITH THEIR MONETARY SANCTIONS DECREASES

MEASUREMENT: Ministry of Justice administrative data from the Collections system shows a decrease in the proportion of people who have not paid, or made an arrangement to pay, their fine, infringement or reparation at 30 June.

Previously, we measured the proportion of the dollar value of unpaid fines and the target was 46%. In 2012/13 43.4% was achieved.

In future years, the proportion of people who have not paid or made an arrangement to pay their fine, infringement or reparation will be reported. At 30 June 2013 the proportion was 52.6%.

THE QUALITY OF LEGAL AID SERVICES IMPROVES

MEASUREMENT ONE: Ministry of Justice quality and value audits show that private legal aid providers and PDS lawyers are providing high-quality cost-effective services.

All providers are expected to meet prescribed standards. Out of the 61 completed audits for both private legal aid providers and PDS lawyers, 79% were at or above an acceptable level. The remaining 21% of legal aid providers – 13 lawyers – are working with the Ministry to improve their performance. Ten of these

audits were undertaken on PDS lawyer files. Nine of those audits were rated as acceptable or very good, one is yet to be finalised.

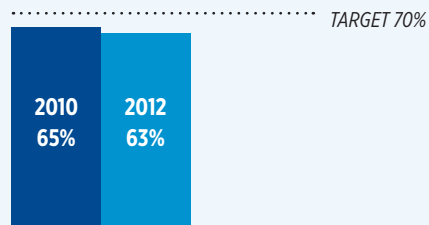
MEASUREMENT TWO: Ministry of Justice administrative data from the Legal Aid Management System shows that applications for criminal cases are assessed in a timely manner.

98% of criminal legal aid applications were assessed within one working day, exceeding the target of 93%.

PEOPLE FIND IT EASIER TO ACCESS COURT INFORMATION

MEASUREMENT: The Court User Survey shows an increase in the number of people who found it very or fairly easy to obtain information about court services and facilities.

Currently, 63% of court users find it very or fairly easy to obtain information. The Ministry's target is 70%.

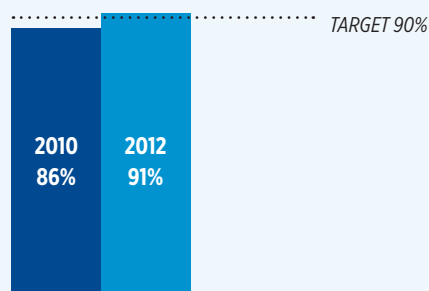


EASE OF OBTAINING COURT INFORMATION

PEOPLE FEEL SAFE AT COURT

MEASUREMENT: The Court User Survey shows an increase in the number of people who feel very or fairly safe at court.

In 2012/13 91% of court users felt very or fairly safe, exceeding the target of 90%.



PEOPLE FEEL SAFER AT COURT

Maintaining the civil and democratic rights of New Zealanders

New Zealand's civil justice and legal systems protect individual rights and freedoms, and enforce the rules around how business and the economy operate and how the country is governed.

During 2012/13, the Ministry of Justice continued work to strengthen New Zealand's civil and democratic systems, and manage the country's response to international laws and conventions.

We also supported the Government's aim to maintain the momentum on Treaty of Waitangi settlements.

Civil law

The Ministry supported the passage of the Privacy (Information Sharing) Bill, which was passed in February 2013. It facilitates the sharing of personal information to improve public services, by introducing mechanisms for transparent and accountable information sharing between agencies. The Ministry has been developing regulations to support the new Act and working with agencies to explain the new laws.

The Ministry provided advice on the Law Commission's review of the Judicature Act and supported the Government in responding to the review. The Government's proposals for the Judicature Act and modernising the legal framework for New Zealand's courts were announced in April 2013. These include a range of changes that will improve the flexibility, responsiveness and transparency of the court system.

The Ministry carried out a comprehensive review and consulted on a proposed framework for setting civil fees and making changes to existing fees. Proposals implemented from 1 July 2013 included new fees, fee increases, some fee reductions, fee rounding and a new pre-payment hearing fee system for the District Courts, High Court and Court of Appeal. Changes will ensure that those who benefit from the courts contribute to their costs, while protecting access to justice.

Constitutional law

During 2012/13 the Independent Constitutional Advisory Panel, which is supported by the Ministry of Justice, informed and engaged New Zealanders on constitutional topics such as the term of Parliament and the role of the Treaty of Waitangi in New Zealand's constitutional arrangements. To do this, the Panel established an engagement website and a Facebook page, launched a nationwide media campaign and attended community-hosted events across the country.

The Ministry supported the Electoral (Expenditure Limit) Order 2012, which came into force on 1 July 2012. The Order updated the expenditure limits in the Electoral Act for electoral campaigns. The Ministry also continued to support the Government's response to the Justice and Electoral Select Committee's inquiry into the 2011 general election, which was reported back to Parliament in April 2013. The Committee recommended that the Government consider a range of measures to improve services to voters, candidates and parties; improve efficiency by allowing greater use of technology; and improve the integrity of elections.

In February 2013 the Ministry supported the introduction of the Royal Succession Bill, which changes the rules of succession to the throne.

International law and conventions

Work is on track to complete the secondary instruments (regulations, court rules and orders in council) to support the New Zealand Trans-Tasman Proceedings Act 2010 and to bring the Act and the Agreement on Trans-Tasman Court Proceedings and Regulatory Enforcement into force. The objective of the agreement is to streamline the process for resolving civil proceedings with a trans-Tasman element in order to reduce costs, improve efficiency, and minimise existing impediments to enforcing certain judgments and regulatory sanctions.

The Ministry has been working to progress the ratification of the United Nations Convention Against Corruption, which requires legislative changes to demonstrate New Zealand's support for international anti-corruption efforts, enhance our international reputation, and ensure we have a fair international trading system complying with best-practice.

These proposals, which were announced in June 2013, are contained in the Organised Crime and Anti-Corruption Amendment Bill.

The Ministry is leading the development of New Zealand's anti-money laundering and countering financing of terrorism policy. We supported the implementation of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, which came into force in June 2013. The Act seeks to detect and deter money laundering and the financing of terrorism and improve New Zealand's compliance with international laws and best practices. The Ministry supported implementation of the Act through the promulgation of three sets of regulations and by fulfilling its statutory role at the Chair of New Zealand's National Coordinating Committee. The Ministry also supported the Minister of Justice to fulfil her statutory role in considering applications made under the Act for exemptions from any or all of its provisions. In the period up to 30 June 2013, the Ministry considered 82 applications for Ministerial Exemption.

The Ministry also supported New Zealand's compliance with its international obligations by representing New Zealand before the Financial Action Task Force in June 2013 and the Asia Pacific Group on Money Laundering in July 2012 and March 2013. Within the Financial Action Task Force, the Ministry's primary focus was to demonstrate the improvements to New Zealand's anti-money laundering and countering financing of terrorism regime after commencement of the Anti-Money Laundering and Countering Financing of Terrorism Act. Within the Asia Pacific Group, the Ministry's focus is on capacity building to strengthen anti-money laundering regimes within the Pacific region.

Treaty of Waitangi settlements

A total of 52 Treaty of Waitangi settlement milestones were achieved over 2012/13 including the introduction of five pieces of legislation and the enactment of eight pieces of legislation – the largest number enacted in any year to date.

We are well over halfway through settling all historical Treaty claims, taking into account the different stages of remaining negotiations. As at June 2013, 65 deeds of settlement had

been signed. Another 55–65 deeds of settlement remain to be signed to complete all historical Treaty settlements. This will depend on the final configuration of negotiating groups (Crown negotiators are currently engaged, at different stages, with approximately 70 groups, but these may split or come together for negotiations).

All settlements in the South Island are now completed, with the final signing of a deed of settlement with Ngāti Tama in April 2013. The majority of settlements have also been concluded in the Waikato and the Bay of Plenty regions. Approximately 70 percent of New Zealand's land mass is now settled.

Other key milestones this year include:

- 2 mandates recognised
- 4 terms of negotiation signed
- 8 agreements in principle signed
- 10 deeds of settlement initialled
- 15 deeds of settlement signed.

The Ministry is aiming to complete all agreements in principle with willing and able iwi by the end of 2014/15, while maintaining momentum on deeds of settlement. To achieve these targets, we have:

- increased operational funding to undertake more negotiations simultaneously
- enabled greater use of Chief Crown Negotiators
- streamlined processes for drafting deeds of settlement and bills in parallel (where possible)
- introduced templates, such as for standard redress and other standard parts of a bill and an instructions template for instructing the Parliamentary Counsel Office
- streamlined the Parliamentary process by creating the ability to propose a group of settlement bills as an omnibus bill and to treat bills as cognate bills, together with the willingness of Parliament to extend sitting days to accommodate the passage of Treaty settlement legislation.



CASE STUDY **FINAL SOUTH ISLAND CLAIM SETTLED**

The Crown signed the final settlement for historical Treaty claims in the South Island when it signed a deed of settlement with Ngāti Tama ki Te Tau Ihu in Golden Bay in April 2013.

The deed of settlement acknowledges that the actions of the Crown left Ngāti Tama ki Te Tau Ihu virtually landless and provides redress for these breaches of the Treaty of Waitangi. It sets out financial redress of \$12.06 million and the opportunity to purchase Crown forestry land in Golden Bay, Motueka, Golden Downs and the Rai Valley (near Nelson).

The settlement is also about mending a broken relationship and moving towards a new era in Crown-iwi relationships. Ngāti Tama are proud of the protocol they have negotiated with the Department of Conservation, which includes provisions around how they will coordinate their responses to marine mammal strandings at places such as Farewell Spit.

Ngāti Tama ki Te Tau Ihu Chairman Fred Te Miha said a 'strong belief in the future of Ngāti Tama' had kept him and others who had contributed to the settlement process moving forward.

'This settlement will allow us to further build upon our base. This signals the first steps in a new partnership with the Crown.'

Maintaining the civil and democratic rights of New Zealanders

The Ministry continues working to ensure there is a credible legal basis for New Zealand's civil and democratic systems, and that New Zealand responds appropriately to international laws and conventions.

WHAT WE ACHIEVED

PERCEIVED LEVEL OF CORRUPTION REMAINS LOW

The Ministry strives to maintain a low perceived level of corruption in New Zealand. The indicator used to measure the global ranking is New Zealand's score on the Transparency International Corruptions Perception Index. From 2009 to 2012 the global ranking has remained at one, indicating a low perceived level of corruption.

TREATY OF WAITANGI CLAIMS ARE DURABLY SETTLED

The target for progress was to enact 30% of all settlement legislation by the end of 2012/13. The Ministry achieved 31%.

NEW ZEALANDERS HAVE CONFIDENCE THAT THEIR HUMAN RIGHTS ARE PROTECTED

MEASUREMENT: World Justice Project Rule of Law Index shows that New Zealand is perceived to protect freedoms and is free from discrimination.

New Zealand's index for 2012/13 is 0.86, unchanged from 2011/12. Our target to maintain or improve the score for protecting fundamental human rights was achieved.

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Statement of responsibility

In accordance with the Public Finance Act 1989, I am responsible as Secretary for Justice and Chief Executive of the Ministry of Justice for the preparation of the Ministry's financial statements and statement of service performance and the judgements made in them.

I have the responsibility for establishing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements and statements of service performance fairly reflect the financial position of the Ministry as at 30 June 2013 and its operations for the year ended on that date.

Signed



Andrew Bridgman
Secretary for Justice and Chief Executive

30 September 2013

Counter-signed



Thor Gudjonsson
Chief Financial Officer

30 September 2013

Independent auditor's report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

**To the readers of
the Ministry of Justice's
financial statements and non-financial performance information
and statements and schedules of non-departmental activities
for the year ended 30 June 2013**

The Auditor-General is the auditor of the Ministry of Justice (the Ministry). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the non-financial performance information and the schedules of non-departmental activities of the Ministry on her behalf.

We have audited:

- the financial statements of the Ministry on pages 65 to 100, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2013, the statement of comprehensive income, statement of changes in equity, statement of departmental expenses and capital expenditure against appropriations, statement of unappropriated expenditure and capital expenditure and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the Ministry that comprises the statement of service performance on pages 39 to 64 and the report about outcomes on pages 17 to 33; and
- the statements and schedules of non-departmental activities of the Ministry on pages 101 to 129 that comprise the schedule of non-departmental assets, schedule of non-departmental liabilities and revaluation reserves and schedule of non-departmental contingent liabilities and contingent assets as at 30 June 2013, the schedule of non-departmental expenses, schedule of expenses and capital expenditure against appropriations, schedule of non-departmental unappropriated expenses and capital expenditure, schedule of non-departmental revenue and receipts and statement of trust monies, for the year ended on that date and the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Ministry on pages 65 to 100:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Ministry's:
 - financial position as at 30 June 2013;
 - financial performance and cash flows for the year ended on that date;
 - expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2013; and
 - unappropriated expenses and capital expenditure for the year ended 30 June 2013.
- the non-financial performance information of the Ministry on pages 17 to 33 and 39 to 64:
 - complies with generally accepted accounting practice in New Zealand; and

- fairly reflects the Ministry’s service performance and outcomes for the year ended 30 June 2013, including for each class of outputs:
 - its service performance compared with the forecasts in the statement of forecast service performance at the start of the financial year; and
 - its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.
- the statements and schedules of non-departmental activities of the Ministry on pages 101 to 129 fairly reflect, in accordance with the Treasury Instructions:
 - the assets, liabilities, contingencies and trust monies as at 30 June 2013 managed by the Ministry on behalf of the Crown; and
 - the revenues, expenses, expenditure and capital expenditure against appropriations and unappropriated expenditure and capital expenditure for the year ended on that date managed by the Ministry on behalf of the Crown.

Our audit was completed on 30 September 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the non-financial performance information and the statements and schedules of non-departmental activities are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers’ overall understanding of the financial statements and the non-financial performance information and the statements and schedules of non-departmental activities. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the non-financial performance information and the schedules of non-departmental activities. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the non-financial performance information and the schedules of non-departmental activities, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Ministry’s preparation of the financial statements and the non-financial performance information and the statements and schedules of non-departmental activities that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Ministry’s internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Chief Executive;
- the appropriateness of the reported non-financial performance information within the Ministry’s framework for reporting performance;
- the adequacy of all disclosures in the financial statements and the non-financial performance information and the statements and schedules of non-departmental activities; and
- the overall presentation of the financial statements and the non-financial performance information and the statements and schedules of non-departmental activities.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the non-financial performance information and the statements and schedules of non-departmental activities. Also we did not evaluate the security and controls over the electronic publication of the financial statements and the non-financial performance information and the statements and schedules of non-departmental activities.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Chief Executive

The Chief Executive is responsible for preparing:

- financial statements and non-financial performance information that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the Ministry's financial position, financial performance, cash flows, expenses and capital expenditure incurred against each appropriation and its unappropriated expenses and capital expenditure; and
 - fairly reflect its service performance and outcomes; and
- statements and schedules of non-departmental activities, in accordance with the Treasury Instructions, that fairly reflect those activities managed by the Ministry on behalf of the Crown.

The Chief Executive is also responsible for such internal control as is determined is necessary to enable the preparation of financial statements, and non-financial performance information and statements and schedules of non-departmental activities that are free from material misstatement, whether due to fraud or error. The Chief Executive is also responsible for the publication of the financial statements, and non-financial performance information and statements and schedules of non-departmental activities, whether in printed or electronic form.

The Chief Executive's responsibilities arise from the Public Finance Act 1989.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the non-financial performance information and the statements and schedules of non-departmental activities and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit we have carried out probity and assurance work over specific procurement projects which are compatible with those independence requirements.

Other than the audit and these assignments, we have no relationship with or interests in the Ministry.



Clint Ramoo

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

Statement of service performance

The statement of service performance outlines the measures used by the Ministry to assess our performance in delivering our outputs. Our output classes are specified in the *Information Supporting the Estimates of Appropriations 2012/13*.

An explanation is provided for all service performance variances over 10 percent.

Where there is a range for a standard, the variance is calculated from the mid-point of the range. Actual results that fall within the projected range are deemed to be achieved.

Vote Justice

The Vote Justice appropriation funds advice that is used to ensure that the justice system retains its integrity and remains responsive to the needs of New Zealanders, the work of the Ministry to lead the justice sector and the administration and provision of legal services.

OUTPUT CLASS ONE | ADMINISTRATION OF LEGAL SERVICES

Scope

This appropriation is limited to the administration of legal services including legal aid and related schemes; and the management and collection of legal aid debt.

Performance information

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
60,618	Number of new criminal legal aid applications administered (see note 1)	50,000–60,000	57,869	↓	
25,619	Number of new family legal aid applications administered	25,500–31,000	24,695	↓	Since the introduction of the Family Fixed Fees Policy and Procedures in July 2012, the number of new family legal aid applications has decreased.
2,642	Number of civil legal aid (other) applications administered	2,600	2,763	↑	
New measure	Total legal aid debt recovered	\$11.2 million	\$14.399 million		An increase in the resources allocated to the collection of legal aid debt and a greater focus on some segments of the debt book have increased the amount collected.
New measure	Ministry of Justice Quality and Value audits show that private legal aid providers and public defence service lawyers are providing high-quality cost-effective services	60 or more audits will be undertaken	61		

Note 1 – Efforts at a justice sector level to reduce entry of offenders into the system are expected to reduce the volumes of criminal cases and demand for legal aid.

Output class statement

	Actual 30 June 2013 \$000	Main estimates \$000	Supplementary estimates \$000	Actual 30 June 2012 \$000
<i>Revenue</i>				
Crown	28,684	22,436	28,684	26,277
Departmental	15	–	–	204
Other	166	–	144	35
Total revenue	28,865	22,436	28,828	26,516
Total expenses	28,173	22,436	28,828	25,319
Net surplus	692	–	–	1,197

OUTPUT CLASS TWO | CRIME PREVENTION AND COMMUNITY SAFETY

Scope

This appropriation is limited to the provision of services and advice (excluding policy advice) focused on assisting local authorities and communities to develop crime prevention and community safety programmes.

Performance information

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
100%	Percentage of advice and documentation that meet the Ministry's criteria	100%	100%	↔	
Achieved	All funding agreements will have their provider monitoring reports reviewed and assessed at least once per year for contract compliance	Achieved	Achieved	↔	

Note - The funding for this appropriation was transferred to the Administration of Legal Services appropriation before the start of the financial year. During 2012/13, services were delivered as planned as shown in the performance measures above. This class has now been discontinued.

Output class statement

	Actual 30 June 2013 \$000	Main estimates \$000	Supplementary estimates \$000	Actual 30 June 2012 \$000
<i>Revenue</i>				
Crown	-	916	-	928
Departmental	-	-	-	21
Other	-	6	-	1
Total revenue	-	922	-	950
Total expenses	-	922	-	954
Net surplus	-	-	-	(4)

OUTPUT CLASS THREE | JUSTICE POLICY ADVICE AND RELATED SERVICES – MCOA*

Scope

Justice policy advice

This output class is limited to the provision of advice (including second-opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to civil, criminal and constitutional law and the justice sector.

Legal and ministerial services

This output class is limited to the provision of legal and ministerial services to support decision-making by Ministers on government matters (other than policy decision-making).

Performance information

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
<i>Justice policy advice</i>					
Very good	The Minister is requested to indicate his/her level of satisfaction with the quality of policy advice	Very good	Good	↓	
\$1,126	Average total cost per ministerial response	\$560	\$1,192	↑	There were fewer ministerials in 2012/13 than were forecast, which has increased the cost per response.
\$6,880	Average total cost per standardised policy output	\$5,300	\$6,267	↓	During 2012/13 a number of vacancies were filled by temporary staff, which increased salary costs. Salary costs also increased due to the increased use of contractors to provide specialist services.
<i>Legal and ministerial services</i>					
New measure	The Minister is requested to indicate his/her level of satisfaction with services	Good	Good		

* Multi-class Output Expense Appropriation

Output class statement – justice policy advice

	Actual 30 June 2013 \$000	Main estimates \$000	Supplementary estimates \$000	Actual 30 June 2012 \$000
<i>Revenue</i>				
Crown	18,378	19,923	18,378	-
Departmental	1,502	-	1,500	-
Other	42	48	48	-
Total revenue	19,922	19,971	19,926	-
Total expenses	19,012	19,971	19,926	-
Net surplus	910	-	-	-

Output class statement – legal and ministerial services

	Actual 30 June 2013 \$000	Main estimates \$000	Supplementary estimates \$000	Actual 30 June 2012 \$000
<i>Revenue</i>				
Crown	4,880	5,834	4,880	-
Departmental	-	-	-	-
Other	11	14	14	-
Total revenue	4,891	5,848	4,894	-
Total expenses	4,810	5,848	4,894	-
Net surplus	81	-	-	-

OUTPUT CLASS FOUR | PUBLIC DEFENCE SERVICE

Scope

This appropriation is limited to the provision of legal services by the Public Defence Service.

Performance information

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
2,209	Number of cases open at 1 July	4,300–5,300	5,544	↑	A greater number of cases were open at 1 July 2012 due to the expansion of the PDS in the previous year. In 2011/12, offices in Dunedin, Tauranga and Napier/Hastings started taking assignments and all PDS offices began to take on more cases.
12,429	Number of new cases accepted during the year	12,500–16,500	15,382	↑	
5,544	Number of cases open at 30 June	5,000–7,000	5,565	↑	

Output class statement

	Actual 30 June 2013 \$000	Main estimates \$000	Supplementary estimates \$000	Actual 30 June 2012 \$000
<i>Revenue</i>				
Crown	22,377	25,115	22,377	15,992
Departmental	11	-	-	185
Other	35	-	-	25
Total revenue	22,423	25,115	22,377	16,202
Total expenses	21,886	25,115	22,377	15,681
Net surplus	537	-	-	521

OUTPUT CLASS FIVE | SECTOR LEADERSHIP AND SUPPORT

Scope

This appropriation is limited to advice and services focused on the Ministry's leadership role in the justice sector. This covers enhancing the Ministry's coordination with other sector and Government agencies, advice and information about judicial and statutory appointments and monitoring specific Crown entities.

Performance information

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
100%	Percentage of justice sector leadership advice and documentation that meets the Ministry's policy criteria	100%	100%	↔	
Achieved	Justice sector information assets, such as the Integrated Sector Intelligence System, are maintained and enhanced and 2-3 initiatives are delivered as per the annual work programme	Achieved	Achieved	↔	
Very good	The Minister will be requested to indicate his/her level of satisfaction with the quality of support and advice provided by the Ministry in relation to its management of Crown entities and agencies	Good or better	Very good	↔	

Output class statement

	Actual 30 June 2013 \$000	Main estimates \$000	Supplementary estimates \$000	Actual 30 June 2012 \$000
<i>Revenue</i>				
Crown	7,969	4,968	7,969	5,514
Departmental	-	-	-	91
Other	12	18	18	9
Total revenue	7,981	4,986	7,987	5,614
Total expenses	7,632	4,986	7,987	5,477
Net surplus	349	-	-	137

Vote Courts

The objective of Vote Courts is to provide for a transparent, efficient and independent court system. The Vote pays for the infrastructure supporting the work done by courts, such as the buildings, services and systems. Vote Courts also provides for the enforcement and collection of fines and civil debt services.

OUTPUT CLASS ONE | COLLECTION AND ENFORCEMENT OF FINES AND CIVIL DEBT SERVICES

Scope

Purchase of collection and enforcement of fines and civil debts services.

Performance information

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
\$222.6 million	Amount collected	\$220–240 million	\$224.6 million	↔	
81%	Percentage of court-imposed fines collected or placed under arrangement within four months	84%	84%	↑	
72%	Percentage of infringement fines collected or placed under arrangement within four months	74%	82%	↑	
91%	Percentage of civil enforcement applications actioned within 28 days of receipt by court	94%	89%	↓	
\$4.4 million	Amount collected through the Offender Levy	\$4.3 million	\$4.5 million	↑	
88%	Percentage of Offender Levy collected or placed under arrangement within four months	75%	83%	↓	
80%	Satisfaction of court users with court services (see note 1)	80%	88%	↑	

Note 1 – Court users are surveyed two-yearly for their satisfaction with the Ministry's services at the largest courts. This measure is for overall satisfaction and is aligned with the State Services Commission's Common Measurement Tool for measuring satisfaction with state services. The next Court User Survey will commence during the 2013/14 year.

Output class statement

	Actual 30 June 2013 \$000	Main estimates \$000	Supplementary estimates \$000	Actual 30 June 2012 \$000
<i>Revenue</i>				
Crown	62,247	67,054	62,247	61,990
Departmental	21	439	439	625
Other	1,886	3,665	3,665	1,886
Total revenue	64,154	71,158	66,351	64,501
Total expenses	65,598	71,158	66,351	65,953
Net surplus	(1,444)	-	-	(1,452)

OUTPUT CLASS TWO | DISTRICT COURT SERVICES

Scope

Provision of services in regard to the work of the District Courts, including the Youth Court and Family Court.

Performance information

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
<i>Public satisfaction</i>					
New measure	Satisfaction of court users with court services (see note 1)	80%	80%		
<i>Criminal jury</i>					
New measure	Number of criminal jury cases disposed	2,950–3,250	3,349		
New measure	Number of new criminal jury cases (see note 4)	2,950–3,250	2,988		
79%	Percentage of survey responses about jury trial cases that rate case management/file preparation and presentation as 'meets expectations' or better (see note 2)	90%			This measure was not used. It was replaced by the measure below.
Replacement measure	Percentage of survey responses about jury trial cases that rate case management/file preparation and presentation as 'fairly satisfied' or 'very satisfied' (see note 5)		63%		The judicial satisfaction survey was run in May 2013 following significant changes to the District Courts management structure in April.
81%	Percentage of survey responses about jury trial cases that rate courtroom support as 'meets expectations' or better (see note 2)	90%			This measure was not used. It was replaced by the measure below.
Replacement measure	Percentage of survey responses about jury trial cases that rate courtroom support as 'fairly satisfied' or 'very satisfied' (see note 5)		64%		The judicial satisfaction survey was run in May 2013 following significant changes to the District Courts management structure in April.
92%	Percentage of juror survey responses that rate overall juror satisfaction as 'satisfied' or better (see note 3)	90%			A survey was not completed this year. Over 54,000 jurors were summoned to serve on juries. During the year only 19 complaints were received from this group.
1	Number of District Court criminal jury cases stayed for undue delay in terms of section 25(b) of the New Zealand Bill of Rights Act 1990 for reasons wholly or partly the responsibility of the Ministry	0	2	↑	Two systemic stays were granted due to scheduling issues, which meant judges could not hear these cases within an acceptable timeframe.
<i>Criminal summary</i>					
New measure	Number of criminal summary cases disposed	162,750–179,850	144,005		Standards were re-forecast in March 2013. The actual result is within 10% of the updated forecast of 151,913.
New measure	Number of new criminal summary cases (see note 4)	162,750–179,850	138,314		Standards were re-forecast in March 2013. The actual result is within 10% of the updated forecast of 145,389.

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
81%	Percentage of survey responses about criminal summary cases that rate case management/file preparation and presentation as 'meets expectations' or better (see note 2)	90%			This measure was not used. It was replaced by the measure below.
Replacement measure	Percentage of survey responses about criminal summary cases that rate case management/file preparation and presentation as 'fairly satisfied' or 'very satisfied' (see note 5)		50%		The judicial satisfaction survey was run in May 2013 following significant changes to the District Courts management structure in April.
93%	Percentage of survey responses about criminal summary cases that rate courtroom support as 'meets expectations' or better (see note 2)	90%			This measure was not used. It was replaced by the measure below.
Replacement measure	Percentage of survey responses about criminal summary cases that rate courtroom support as 'fairly satisfied' or 'very satisfied' (see note 5)		73%		The judicial satisfaction survey was run in May 2013 following significant changes to the District Courts management structure in April.
7	Number of District Court criminal cases stayed for undue delay in terms of section 25(b) of the New Zealand Bill of Rights Act 1990 for reasons wholly or partly the responsibility of the Ministry	0	2	↓	Two prosecutorial and systemic stays were granted due to court delays and late disclosure, which meant cases could not proceed as scheduled.
<i>Youth Court</i>					
New measure	Number of Youth Court cases disposed	4,650–5,150	3,703		Standards were re-forecast in March 2013. The actual result is within 10% of the updated forecast of 3,852.
New measure	Number of new Youth Court cases (see note 4)	4,650–5,150	3,798		Standards were re-forecast in March 2013. The actual result is within 10% of the updated forecast of 3,941.
100%	Percentage of responses about Youth Court cases that rate case management/file preparation and presentation as 'meets expectations' or better (see note 2)	90%			This measure was not used. It was replaced by the measure below.
Replacement measure	Percentage of survey responses about Youth Court cases that rate case management/file preparation and presentation as 'fairly satisfied' or 'very satisfied' (see note 5)		100%		
100%	Percentage of responses about Youth Court cases that rate courtroom support as 'meets expectations' or better (see note 2)	90%			This measure was not used. It was replaced by the measure below.
Replacement measure	Percentage of survey responses about Youth Court cases that rate courtroom support as 'fairly satisfied' or 'very satisfied' (see note 5)		92%		
0	Number of Youth Court cases stayed for undue delay in terms of section 25(b) of the New Zealand Bill of Rights Act 1990 for reasons wholly or partly the responsibility of the Ministry	0	0	↔	

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
<i>Civil</i>					
New measure	Number of civil cases disposed	16,050–17,750	18,660		Standards were re-forecast in March 2013. The actual result is within 10% of the updated forecast of 20,009.
New measure	Number of new civil cases (see note 4)	16,050–17,750	17,287		
60%	Percentage of survey responses about civil cases that rate case management/file preparation and presentation as 'meets expectations' or better (see note 2)	90%			This measure was not used. It was replaced by the measure below.
Replacement measure	Percentage of survey responses about civil cases that rate case management/file preparation and presentation as 'fairly satisfied' or 'very satisfied' (see note 5)		44%		The judicial satisfaction survey was run in May 2013 following significant changes to the District Courts management structure in April.
83%	Percentage of survey responses about civil cases that rate courtroom support as 'meets expectations' or better (see note 2)	90%			This measure was not used. It was replaced by the measure below.
Replacement measure	Percentage of survey responses about civil cases that rate courtroom support as 'fairly satisfied' or 'very satisfied' (see note 5)		71%		The judicial satisfaction survey was run in May 2013 following significant changes to the District Courts management structure in April.
<i>Family Court</i>					
New measure	Number of Family Court substantive applications disposed	60,000–65,300	63,091		
New measure	Number of new Family Court substantive applications (see note 4)	60,000–65,300	61,711		
46%	Percentage of survey responses about Family Court cases that rate case management/file preparation and presentation as 'meets expectations' or better (see note 2)	90%			This measure was not used. It was replaced by the measure below.
Replacement measure	Percentage of survey responses about Family Court cases that rate case management/file preparation and presentation as 'fairly satisfied' or 'very satisfied' (see note 5)		54%		The judicial satisfaction survey was run in May 2013 following significant changes to the District Courts management structure in April.
73%	Percentage of survey responses about Family Court cases that rate courtroom support as 'meets expectations' or better (see note 2)	90%			This measure was not used. It was replaced by the measure below.
Replacement measure	Percentage of survey responses about civil cases that rate courtroom support as 'fairly satisfied' or 'very satisfied' (see note 5)		83%		The judicial satisfaction survey was run in May 2013 following significant changes to the District Courts management structure in April.

Note 1 – Court users are surveyed two-yearly for their satisfaction with the Ministry’s services at the largest courts. This measure is for overall satisfaction and is aligned with the State Services Commission’s Common Measurement Tool for measuring satisfaction with state services. The next Court User Survey will commence during the 2013/14 year.

Note 2 – Judicial satisfaction is measured by an annual survey of the District Courts’ judiciary. The performance measure standard is the percentage of judges who rate case management, file preparation, file presentation, and courtroom and hearing support provided as ‘meets expectations’ or better. The scale for responses is: far exceeds expectations; above expectations; meets expectations; below expectations; well below expectations.

Note 3 – Juror satisfaction is measured by an annual survey of jurors. The performance measure standard is the percentage of survey responses where jurors rate their overall satisfaction level with specific services as ‘satisfied’ or better. The scale for responses is very satisfied, satisfied, neither satisfied nor dissatisfied, dissatisfied, very dissatisfied. During 2010, the budgeted standard was increased from 85% to 90%. This increase was due to the Ministry of Justice meeting the previous standard. This survey was not able to be run.

Note 4 – The number of new cases is demand-driven and is contextual information for the number of cases disposed.

Note 5 – Satisfaction is measured by an annual survey of the relevant judges or judicial officers. The replacement measure performance measure standard is a percentage of respondents who rate ‘satisfied’ or better case management, file preparation, file presentation, and courtroom and hearing or mediation support provided (where applicable). The scale for responses is a 5 point satisfaction scale. The 2011/12 survey results and the performance measure standard (as defined in note 2) are not comparable.

Output class statement

	Actual 30 June 2013 \$000	Main estimates \$000	Supplementary estimates \$000	Actual 30 June 2012 \$000
<i>Revenue</i>				
Crown	198,260	197,147	198,260	182,687
Departmental	81	413	413	1,553
Other	15,327	23,861	23,861	16,554
Total revenue	213,668	221,421	222,534	200,794
Total expenses	221,366	221,421	222,534	204,949
Net surplus	(7,698)	-	-	(4,155)

OUTPUT CLASS THREE | HIGHER COURT SERVICES

Scope

Provision of services in regard to the work of the Supreme Court, Court of Appeal and High Court.

Performance information

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
<i>Public satisfaction</i>					
80%	Satisfaction of court users with court services (see note 1)	80%	80%	↔	
New measure	Percentage of juror survey responses that rate overall juror satisfaction as 'satisfied' or better (see note 2)	90%			A survey was not completed this year. Over 54,000 jurors were summoned to serve on juries. During the year only 19 complaints were received from this group.
<i>Supreme Court</i>					
New measure	Disposals of civil and criminal appeals	30-40	21		The number of appeals disposed was below forecast due to the lower volume of business in the Supreme Court.
New information	New business of civil and criminal appeals (see note 3)	30-40	30		
New measure	Disposals of civil and criminal applications for leave to appeal	120-140	106		The number of leave applications disposed was below forecast due to the lower volume of business in the Supreme Court.
New information	New business of civil and criminal applications for leave to appeal (see note 3)	120-140	114		The number of new applications is demand driven. During the year fewer applications were received than expected.
<i>Court of Appeal</i>					
New measure	Disposals of civil and criminal appeals	750-850	733		
New information	New business of civil and criminal appeals (see note 3)	750-850	842		
<i>High Court</i>					
94%	Percentage of responses from High Court judges surveyed about criminal appeals and jury trial cases that rate case management/file preparation and presentation as 'meets expectations' or better (see note 4)	90%	87%	↓	
99%	Percentage of responses from High Court judges surveyed about criminal appeals and jury trial cases that rate courtroom support provided as 'meets expectations' or better (see note 4)	90%	96%	↓	
94%	Percentage of responses from High Court judges surveyed about civil cases and civil and family appeals that rate case management/file preparation and presentation as 'meets expectations' or better (see note 4)	90%	86%	↓	

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
99%	Percentage of responses from High Court judges surveyed about civil cases and civil and family appeals that rate courtroom support as 'meets expectations' or better (see note 4)	90%	96%	↓	
New measure	Disposals of jury trials	250–300	215		The number of jury trials disposed was lower than forecast as a result of several instances of jury trials being heard together during the year but counted as a single disposal.
New information	New business of jury trials (see note 3)	250–300	244		The number of new jury trials is demand driven. During the year fewer cases went to trial by jury than expected.
New measure	Disposals of civil cases (see note 5)	2,950–3,250	2,669		The number of civil cases disposed was below forecast because 323 civil claims of historic abuse occurring within state institutions are excluded from disposal figures. Although these cases are not active in the Ministry's Case Management System, they remain within the court. These cases do not follow the normal processes for progression through the court. The significant majority are concluded by confidential system carried out with little input by the court.
New information	New business of civil cases (see notes 3 and 5)	2,950–3,250	2,720		The number of new civil cases is demand driven. During the year fewer cases were lodged than expected.
New measure	Disposals of civil and criminal appeals	1,350–1,500	1,488		
New information	New business of civil and criminal appeals (see note 3)	1,350–1,500	1,462		
0	Number of High Courts criminal cases stayed for undue delay in terms of section 25(b) of the New Zealand Bill of Rights Act 1990 for reasons wholly or partly the responsibility of the Ministry	0	0	↔	

Note 1 – Court users are surveyed two-yearly for their satisfaction with the Ministry's services at the largest courts. This measure is for overall satisfaction and is aligned with the State Services Commission's Common Measurement Tool for measuring satisfaction with state services. The next Court User Survey results will be gathered from the 2013/14 year.

Note 2 – Juror satisfaction is measured by an annual survey of jurors. The performance measure standard is the percentage of survey responses where jurors rate their overall satisfaction level with specific services as 'satisfied' or better. The scale for responses is very satisfied, satisfied, neither satisfied nor dissatisfied, dissatisfied, very dissatisfied. During 2010, the budgeted standard was increased from 85% to 90%. This increase was due to the Ministry of Justice meeting the previous standard. This survey was not able to be run in 2012/13.

Note 3 - The number of new cases is demand-driven and is contextual information for the number of cases disposed.

Note 4 - Judicial satisfaction is measured by an annual survey of the High Court judiciary. The performance measure standard is the percentage of judges who rate case management, file preparation, file presentation, and courtroom and hearing support provided as 'meets expectations' or better. The scale for responses is: far exceeds expectations; above expectations; meets expectations; below expectations; well below expectations. Formal and informal feedback processes are used to manage the quality of support that the Ministry provides in all jurisdictions including the Supreme Court and Court of Appeal.

Note 5 - From 2012/13, the definition of 'civil cases' has been expanded to include judicial review proceedings, in addition to general proceedings and originating applications.

Output class statement

	Actual 30 June 2013 \$000	Main estimates \$000	Supplementary estimates \$000	Actual 30 June 2012 \$000
<i>Revenue</i>				
Crown	61,242	63,344	61,242	58,852
Departmental	24	444	444	475
Other	8,847	7,973	7,973	7,822
Total revenue	70,113	71,761	69,659	67,149
Total expenses	69,088	71,761	69,659	67,550
Net surplus	1,025	-	-	(401)

OUTPUT CLASS FOUR | SPECIALIST COURTS, TRIBUNALS AND OTHER AUTHORITIES SERVICES

Scope

Provision of services in regard to the work of the Environment Court, Employment Court, Māori Land Court, Māori Appellate Court, Disputes Tribunals, Tenancy Tribunal, Liquor Licensing Authority, Coroners and a range of tribunals and other authorities. This output class also includes services to Māori landowners and contracting mortuary services as part of supporting the work of coroners.

Performance information

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
80%	Satisfaction of court users with court services (see note 1)	80%	80%	↔	
<i>Disputes Tribunal</i>					
16,664	Cases disposed	17,100–18,900	16,374	↓	
80%	Percentage of Disputes Tribunal pending cases under three months old	70% or over	81%	↑	
16,602	Cases received (see note 3)	17,100–18,900	16,044	↓	The number of cases received is demand driven. During the year fewer cases were received than expected.
<i>Weathertight Homes Tribunal</i>					
408	Cases disposed	110–130	126	↓	
117	Cases received (see note 3)	110–130	99	↓	The number of cases received is demand driven. During the year fewer cases were received than expected.
<i>Tenancy Tribunal</i>					
36,394	Cases disposed – cases determined and mediation orders sealed	37,000	32,860	↓	A number of cases have remained open in the Tribunals Case Management System when they should have been closed off. Overall, this has led to fewer matters being recorded as disposed. Work is underway to formally close these cases.
3,564	Number of Tenancy Tribunal sitting days supported	3,600	3,850	↑	
<i>Employment Court</i>					
222	Cases disposed	190–210	223	↑	The Employment Court has exceeded this target as a result of additional judicial resource and a focus on disposing of old cases.
62%	Employment Court cases on hand under 12 months old	70% or over	73%	↑	
177	Cases received (see note 3)	190–210	195	↑	

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
100%	Percentage of Employment Court judges surveyed that are at least 'satisfied' with case management/file preparation (see note 2)	100%	100%	↔	
100%	Percentage of Employment Court judges surveyed that are at least 'satisfied' with courtroom and hearing support (see note 2)	100%	75%	↓	The level of satisfaction was lower than expected due to concerns raised by one respondent around safety in the event of an emergency evacuation procedure. The Ministry has evacuation procedures in place, which are regularly reviewed to ensure the safety of staff, the judiciary, and other court building users.
<i>Environment Court</i>					
801	Cases disposed	720–880	661	↓	Cases disposed are influenced by cases received, which are driven by economic conditions. As fewer cases than expected were received by the Court, fewer cases were disposed.
54%	Percentage of Environment Court Plan and Policy Statement Appeals under 12 months old	55% or over	49%	↓	
499	Cases received (see note 3)	550–650	489	↓	Cases received are driven by economic conditions. The Budgeted Standard has been adjusted for the 2013/14 year to more accurately reflect recent trends.
50%	Resource Consent Appeals and Other Matters under 6 months old	50% or over	22%	↓	The number of Resource Consent and Other Matters cases outstanding is below the total in previous years. A higher percentage of cases are over 6 months old due to ongoing negotiation and/or mediation between the parties. The Budgeted Standard has been adjusted for the 2013/14 year to more accurately reflect recent trends.
81%	Percentage of Environment Court judges surveyed that are at least 'satisfied' with case management/file preparation and presentation (see note 2)	95%	82%	↑	The level of satisfaction was lower than expected due to concerns about case file duplication and the volume of paper generated by files. The Ministry is working to address this issue by trialling the use of iPads and exploring the use of e-filing in the Environment Court in the coming year.
75%	Percentage of Environment Court judges surveyed that are at least 'satisfied' with courtroom, hearing and mediation support (see note 2)	95%	100%	↑	
<i>Coronial Services Unit</i>					
5,663	Cases disposed	5,550–6,150	5,978	↑	
New measure	Percentage of coronial cases on hand under 12 months old	65% or over	59%		
5,953	Cases referred (see note 3)	5,550–6,150	5,447	↓	

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
82%	Percentage of coroners surveyed that are at least 'satisfied' with inquest hearing support (see note 2)	95%	79%	↓	Respondents' comments identified concern around co-ordinators' workload impacting on satisfaction levels. As the 24/7 national initial investigation office for coroners further beds in, the Ministry expects workload pressures to reduce as processes become more streamlined.
82%	Percentage of coroners surveyed that are at least 'satisfied' with case management/file preparation and presentation (see note 2)	95%	93%	↑	
<i>Māori Land Court</i>					
5,521	Number of applications disposed	5,200–5,800	6,100	↑	Applications received by the MLC were within the expected range of 5,200–5,800, which enabled the MLC to focus on addressing aged applications across the country resulting in a higher than forecast disposal rate.
93%	Percentage of all Māori Land Court applications disposed within 12 months	85% or over	106.4%	↑	
5,987	Number of applications received (see note 3)	5,200–5,800	5,735	↓	
89%	Percentage of written enquiries completed within 10 working days of receipt	85% or over	95.3%	↑	
100%	Percentage of Māori Land Court judges surveyed that are at least 'satisfied' with judicial support and administration services provided (see note 2)	95%	100%	↔	
100%	Percentage of Māori Land Court judges surveyed that are at least 'satisfied' with courtroom and hearing support provided (see note 2)	95%	80%	↓	The level of satisfaction is lower than expected due to survey respondents raising concerns about differing standards between areas. The Ministry has a work programme in place to focus on case management practice and to improve and standardise processes.
98%	Percentage of customers surveyed satisfied with the services provided by the Māori Land Court (see note 1)	95%	98.6%	↑	
<i>Tribunals</i>					
70%	Percentage of judicial officers surveyed who are at least 'satisfied' with case management or file preparation and presentation (see note 2)	90%	75%	↑	Differing standards of hearing support and file preparation across courts appear to be the factors driving lower than expected levels of satisfaction for the Disputes and Tenancy Tribunals. The Ministry has a work programme in place to focus on case management practice and to improve and standardise processes.

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
77%	Percentage of judicial officers surveyed who are at least 'satisfied' with hearing or hearing room support (see note 2)	90%	75%	↓	Differing standards of hearing support and file preparation across courts appear to be the factors driving lower than expected levels of satisfaction for the Disputes and Tenancy Tribunals. The Ministry has a work programme in place to focus on case management practice and to improve and standardise processes.
<i>Legal Complaints Review Office</i>					
191	Cases disposed	180–220	208	↑	
299	Cases received (see note 3)	290–350	391	↑	There has been a steady increase in cases received since this jurisdiction was established in 2008 due to increased awareness of the Legal Complaints Review Office and Law Society complaints process.
65	Sittings days supported	60	61	↓	
<i>Lawyers and Conveyancers Disciplinary Tribunal</i>					
24	Cases disposed	25	34	↑	The Tribunal has been able to dispose of more matters due to an increase in cases received.
31	Cases received (see note 3)	30	38	↑	Matters are filed with the Tribunal by either a New Zealand Law Society/Society of Conveyancers Standards Committee or the Legal Complaints Review Office. The workloads of those bodies have been increasing, which impacts on the cases subsequently received by the Tribunal.
30	Sittings days supported	35	23.5	↓	The number of sitting days has been adequate for the caseload of the Tribunal. The Budgeted Standard for 2013/14 has been revised.
<i>Real Estate Disciplinary Tribunal</i>					
92	Cases disposed	90	103	↑	Increased availability of members for hearing matters has led to an increase in disposals.
106	Cases received (see note 3)	120	96	↓	The caseload of the Real Estate Disciplinary Tribunal (REDT) is influenced by the workload of the Real Estate Agents Authority (REAA) and its Complaints Assessment Committees (CACs). A triage committee introduced by the REAA has reduced the number of complaints referred to CACs, meaning there are fewer decisions that can be appealed to the REDT.
50	Sittings days supported	40	83	↑	Increased availability of members has meant the tribunal has set down more hearing days than previous years. Increased sitting days will not necessarily be reflected by an increase in disposals. Each case may have multiple hearings (substantive hearing, penalty hearing etc) and additional decision work must be undertaken post-hearing before a case can be finally disposed.

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
<i>Immigration Protection Tribunal</i>					
962	Cases disposed	900–1,100	1,130	↑	Additional judicial resources in 2012/13 enabled the IPT to dispose of more cases than forecast.
1,398	Cases received (see note 3)	1,250–1,550	1,263	↓	
143	Sittings days supported	150	125	↓	The Chair of the Immigration Protection Tribunal (IPT) has introduced a new operating model to reduce the backlog of cases. This involves focusing on 'on the papers' work, which accounts for 80% of the IPT's workload. This has led to a reduction in the number of hearing days required and this is expected to continue in 2013/14.
<i>Private Security Personnel Licensing Authority</i>					
New measure	Percentage of uncontested licence applications issued within six weeks	70% or over	75%		
541	Licence applications received	450–550	294	↓	Most companies requiring a licence obtained these in 2011/12 when the Authority was established, and there has been a steady reduction in the number of new licence applications since that time.
8,192	Certificate applications received	5,000–6,000	5,026	↓	
New measure	Number of contested cases disposed	675–825	866		A high number of contested cases received resulted in a slightly greater number of contested cases disposed.
New measure	Number of contested cases received (see note 3)	900–1,100	1,019		
<i>Legal Aid Tribunal</i>					
106	Cases disposed	140–160	140	↑	
154	Cases received (see note 3)	140–160	107	↓	There has been a reduction in cases received compared to the previous year as the Legal Aid Tribunal is no longer receiving transferred cases from the former Legal Aid Review Panel. The number of 'new' cases (as opposed to 'transferred') is consistent with the previous year.
<i>Legal Aid Review Authority</i>					
11	Cases disposed	5–15	20	↑	The increase in matters received has resulted in an increase in disposals.
14	Cases received (see note 3)	5–15	18	↑	A number of matters were lodged unnecessarily, then withdrawn and referred back to the Secretary for Justice.

Note 1 – Court users are surveyed two-yearly for their satisfaction with the Ministry’s services at the largest courts. This measure is for overall satisfaction and is aligned with the State Services Commission’s Common Measurement Tool for measuring satisfaction with state services. The next Court User Survey will commence during the 2013/14 year.

Note 2 – Judicial satisfaction is measured by an annual survey of Environment Court, Employment Court, and Māori Land Court judiciary and coroners. The performance measure is the percentage of survey responses where the overall satisfaction level with case management, file preparation, file presentation and courtroom hearing or mediation (where applicable) support is ‘satisfied’ or better. The scale for responses is very satisfied, satisfied, neither satisfied nor dissatisfied, dissatisfied, very dissatisfied.

Note 3 – The number of cases received or referred is demand-driven and is contextual information for the number of cases disposed.

Output class statement

	Actual 30 June 2013 \$000	Main estimates \$000	Supplementary estimates \$000	Actual 30 June 2012 \$000
<i>Revenue</i>				
Crown	72,979	73,290	72,979	70,333
Departmental	30	2,008	2,008	599
Other	10,011	4,953	5,049	8,719
Total revenue	83,020	80,251	80,036	79,651
Total expenses	78,725	80,282	79,971	77,367
Net surplus	4,295	(31)	65	2,284

OUTPUT CLASS FIVE | WAITANGI TRIBUNAL SERVICES

Scope

Purchase of research and administrative services related to the management of claims through the Waitangi Tribunal.

Performance information

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
46	Number of new claims lodged	13	23	↓	Claim lodgement trend has eased since the significant influx experienced last year as a result of the Supreme Court decision in Haronga v Waitangi Tribunal and others (2011) NZSC 53.
43	Number of new claims registered	38	13	↓	A number of lodged claims were declined. More Information Required (MIR) due process has been ongoing – claims that fail to meet section 6 of the Treaty of Waitangi 1975 are assessed as MIR and claimants are advised that they need to provide additional information so the claim can be registered.
100%	Percentage of research and report writing outputs provided by due date	90%	95%	↓	
100%	Percentage of Waitangi Tribunal judicial officers surveyed that are at least 'satisfied' with judicial support and administration services provided	90%	89%	↓	
100%	Percentage of Waitangi Tribunal judicial officers surveyed that are at least 'satisfied' with hearing support provided	90%	100%	↔	

Output class statement

	Actual 30 June 2013 \$000	Main estimates \$000	Supplementary estimates \$000	Actual 30 June 2012 \$000
<i>Revenue</i>				
Crown	11,142	10,672	11,142	10,878
Departmental	3	-	-	102
Other	16	36	36	12
Total revenue	11,161	10,708	11,178	10,992
Total expenses	10,545	10,708	11,178	10,692
Net surplus	616	-	-	300

Vote Treaty Negotiations

The objective of Vote Treaty Negotiations is to provide the support and advice required for the Government to negotiate and address Treaty of Waitangi issues and historical Treaty claims. The Vote covers the advice and services needed to complete the Treaty settlement process and manage property included in settlements.

OUTPUT CLASS ONE | PROPERTY PORTFOLIO MANAGEMENT

Scope

Management, transfer and disposal of Crown-owned property for Treaty settlement purposes.

Performance information

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
New measure	Percentage of property acquisitions where all Cabinet policies, legal and deed of settlement requirements are complied with	100%	100%		
New measure	Percentage of property transfers and disposals where all Cabinet policies, legal and deed of settlement requirements are complied with	100%	100%		
100%	Percentage of property acquisitions where price agreed is based on criteria approved by Ministers and/or specified in a settlement agreement	100%	100%	↔	

Output class statement

	Actual 30 June 2013 \$000	Main estimates \$000	Supplementary estimates \$000	Actual 30 June 2012 \$000
<i>Revenue</i>				
Crown	9,511	9,939	9,511	9,371
Departmental	-	4	4	13
Other	6	20	20	6
Total revenue	9,517	9,963	9,535	9,390
Total expenses	9,299	9,963	9,535	9,384
Net surplus	218	-	-	6

OUTPUT CLASS TWO | TREATY NEGOTIATIONS AND MARINE AND COASTAL AREA (TAKUTAI MOANA) ACT MCOA

Scope

Policy advice – Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act

This output class is limited to the provision of advice to support decision-making by Ministers on government policy matters relating to Treaty Negotiations and the Marine and Coastal Area (Takutai Moana) Act 2011.

Representation – Waitangi Tribunal and courts

This output class is limited to Crown representation in the Waitangi Tribunal and in the courts on matters concerning Treaty claims, and associated research into historical Treaty grievances to support representation.

Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act

This output class is limited to the negotiation and implementation of historical Treaty claims, and the administration and implementation of the Marine and Coastal Area (Takutai Moana) Act 2011.

Performance information

Actual 2011/12	Performance measure	Standard 2012/13	Actual 2012/13	Trend	Variance explanation
<i>Policy advice – Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act</i>					
Achieved	The quality and nature of advice will be agreed with the Minister for Treaty of Waitangi Negotiations	Achieved	Achieved	↔	
Satisfactory	The Minister will be requested to indicate his/her level of satisfaction with the quality of advice and services provided by the Ministry	Good	Very good	↑	
<i>Representation – Waitangi Tribunal and courts</i>					
100%	Participate in district and urgent enquiries of the Waitangi Tribunal	100%	100%	↔	
100%	Participation satisfies Waitangi Tribunal timeframes	100%	100%	↔	
100%	Evidence is peer reviewed and meets agreed standards	100%	100%	↔	
<i>Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act</i>					
New measure	Percentage of settlement date obligations met by the Ministry of Justice	100%	100%		
New measure	Deeds of settlement initialled	11	10		
New measure	Legislation introduced	12	5		The busy Parliamentary legislative schedule over the beginning of 2013 delayed our ability to get both Bill drafting and House time, creating delays in the introduction of a number of Treaty Settlement Bills. However, through our improved approach of using cognate and omnibus Bills where possible, the five Treaty Bills introduced will enact 10 deeds of settlement. Also, a further six Bills were introduced on 2 July 2013, two days short of inclusion within this year's statistics.
New measure	Legislation enacted	6	8		Due to faster progress through the House, we have enacted two more Bills than were originally forecast (both were introduced and enacted within 2012/13).
New measure	The Minister will be requested to indicate his/her level of satisfaction towards negotiation milestones	Good	Very good		

Output class statement

Policy advice – Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act

	Actual 30 June 2013 \$000	Main estimates \$000	Supplementary estimates \$000	Actual 30 June 2012 \$000
<i>Revenue</i>				
Crown	1,305	693	1,305	-
Departmental	-	-	-	-
Other	1	2	2	-
Total revenue	1,306	695	1,307	-
Total expenses	1,277	695	1,307	
Net surplus	29	-	-	-

Representation – Waitangi Tribunal and courts

	Actual 30 June 2013 \$000	Main estimates \$000	Supplementary estimates \$000	Actual 30 June 2012 \$000
<i>Revenue</i>				
Crown	2,699	2,218	2,699	2,042
Departmental	-	-	-	5
Other	2	2	2	1
Total revenue	2,701	2,220	2,701	2,048
Total expenses	2,597	2,220	2,701	1,751
Net surplus	104	-	-	297

Treaty Negotiations and Marine Coastal Area (Takutai Moana) Act

	Actual 30 June 2013 \$000	Main estimates \$000	Supplementary estimates \$000	Actual 30 June 2012 \$000
<i>Revenue</i>				
Crown	26,803	23,880	26,803	-
Departmental	2	-	-	-
Other	38	31	31	-
Total revenue	26,843	23,911	26,834	-
Total expenses	26,354	23,911	26,834	-
Net surplus	489	-	-	-

Statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2013

Actual 30 June 2012 \$000		Notes	Actual 30 June 2013 \$000	Main estimates 30 June 2013 \$000	Supplementary estimates 30 June 2013 \$000
<i>Revenue</i>					
493,817	Crown		528,476	527,429	528,476
4,441	Department		1,689	2,640	3,601
35,126	Other revenue	2	36,400	41,297	42,070
533,384	Total revenue		566,565	571,366	574,147
<i>Expenditure</i>					
247,220	Personnel costs	3	259,774	243,420	258,603
162,520	Operating costs	4	184,867	200,554	193,935
61,256	Capital charge	5	63,239	63,011	63,231
61,616	Depreciation, amortisation and impairment	7,8	58,047	64,412	58,313
532,612	Total expenditure		565,927	571,397	574,082
772	Net surplus/(deficit)		638	(31)	65
<i>Other comprehensive income</i>					
18,033	Gain on property revaluations		7,990	-	-
18,805	Total comprehensive income		8,628	(31)	65

Explanations of significant variances against budget are detailed in note 21.

The accompanying notes form part of these financial statements.

Statement of financial position

AS AT 30 JUNE 2013

Actual 30 June 2012 \$000		Notes	Actual 30 June 2013 \$000	Main estimates 30 June 2013 \$000	Supplementary estimates 30 June 2013 \$000
Assets					
<i>Current assets</i>					
50,944	Cash and cash equivalents		61,960	61,286	60,659
131,931	Debtors and other receivables	9	135,969	103,214	104,778
2,854	Prepayments		5,659	2,713	2,934
295	Assets held for sale	7a	1,408	-	-
186,024	Total current assets		204,996	167,213	168,371
<i>Non-current assets</i>					
621,544	Property, plant and equipment	7	618,863	611,139	632,521
58,304	Intangible assets	8	58,613	71,502	64,237
679,848	Total non-current assets		677,476	682,641	696,758
865,872	Total assets		882,472	849,854	865,129
Liabilities and taxpayers' funds					
<i>Current liabilities</i>					
15,535	Creditors and other payables	10	14,199	12,411	13,815
12,737	Provisions	11	14,618	120	10,120
255	Finance lease	6	67	67	67
3,693	GST payable		3,196	4,400	4,087
13,534	Accrued expenses		23,144	23,874	22,589
762	Return of operating surplus	12	411	-	-
20,319	Employee entitlements	13	20,019	13,615	14,598
66,835	Total current liabilities		75,654	54,487	65,276
<i>Non-current liabilities</i>					
67	Finance lease	6	-	-	-
7,924	Employee entitlements	13	6,737	6,940	7,924
7,991	Total non-current liabilities		6,737	6,940	7,924
74,826	Total liabilities		82,391	61,427	73,200
<i>Equity</i>					
700,915	Taxpayers' funds	14	702,224	716,992	702,461
663	Memorandum accounts	14	390	-	-
89,468	Property revaluation reserves	14	97,467	71,435	89,468
791,046	Total equity		800,081	788,427	791,929
865,872	Total equity and liabilities		882,472	849,854	865,129

Explanations of significant variances against budget are detailed in note 21.

The accompanying notes form part of these financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2013

Actual 30 June 2012 \$000		Notes	Actual 30 June 2013 \$000	Main estimates 30 June 2013 \$000	Supplementary estimates 30 June 2013 \$000
757,810	Equity as at 1 July		791,046	787,640	791,046
18,805	Total comprehensive income		8,628	(31)	65
(762)	Return of operating surplus to the Crown	12	(411)	-	-
28,345	Capital contribution from the Crown		818	818	818
(13,805)	Capital withdrawal		-	-	-
653	Capital injection for memorandum account opening balances		-	-	-
791,046	Equity as at 30 June	14	800,081	788,427	791,929

Explanations of significant variances against budget are detailed in note 21.

The accompanying notes form part of these financial statements.

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2013

Actual 30 June 2012 \$000		Notes	Actual 30 June 2013 \$000	Main estimates 30 June 2013 \$000	Supplementary estimates 30 June 2013 \$000
<i>Cash flows from operating activities</i>					
<i>Cash was provided from:</i>					
407,240	Receipts from the Crown		525,705	538,429	555,705
4,646	Receipts from other departments		1,659	2,178	4,217
38,870	Receipts from others		35,137	41,978	41,673
450,756	Total cash flows from operating activities		562,501	582,585	601,595
<i>Cash was applied to:</i>					
(243,551)	Payments to employees		(260,430)	(242,031)	(257,819)
(159,580)	Payments to suppliers		(185,111)	(210,898)	(195,791)
(61,256)	Payment for capital charge		(63,239)	(63,011)	(63,231)
1,430	Goods and services tax (net)		(492)	400	398
(462,957)	Total cash applied for operating activities		(509,272)	(515,540)	(516,443)
(12,201)	Net cash flows from operating activities	20	53,229	67,045	85,152
<i>Cash flows from investing activities</i>					
<i>Cash was provided from:</i>					
107	Receipts from sale of property, plant and equipment		1,005	451	-
<i>Cash was applied to:</i>					
(21,274)	Purchase of intangible assets		(16,205)	(18,051)	(25,700)
(27,378)	Purchase of property, plant and equipment		(26,800)	(51,879)	(49,524)
(48,545)	Net cash flows from investing activities		(42,000)	(69,479)	(75,224)
<i>Cash flows from financing activities</i>					
<i>Cash was provided from:</i>					
27,201	Capital contribution	14	818	818	818
<i>Cash was applied to:</i>					
(269)	Payments of finance lease		(269)	(269)	(269)
(13,805)	Capital withdrawal	14	-	-	-
(16,788)	Return of operating surplus		(762)	-	(762)
(3,661)	Net cash flows from financing activities		(213)	549	(213)
(64,407)	Net increase/(decrease) in cash held		11,016	(1,885)	9,715
115,351	Cash as at 1 July		50,944	63,171	50,944
50,944	Closing cash as at 30 June		61,960	61,286	60,659

The GST (net) component of operating activities reflects the net GST paid to and received from the Inland Revenue. The GST (net) component has been presented on a net basis as the gross amounts do not provide meaningful information for financial reporting purposes.

Explanations of significant variances against budget are detailed in note 21.

The accompanying notes form part of these financial statements.

Statement of commitments

AS AT 30 JUNE 2013

Capital commitments

The Ministry has no capital commitments (2011/12: \$1.775 million).

Non-cancellable operating lease commitments

The Ministry leases property in the normal course of its business. The majority of these leases are for premises that have a non-cancellable leasing period ranging from three to 10 years, with regular rent reviews.

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
<i>Capital commitments</i>		
1,775	Property, plant and equipment	-
1,775	Total capital commitments	-
<i>Non-cancellable operating lease commitments</i>		
16,373	Not later than one year	18,730
50,892	Later than one year and not later than five years	51,172
59,974	Later than five years	55,043
127,239	Total non-cancellable operating lease commitments	124,945
129,014	Total commitments	124,945

The accompanying notes form part of these financial statements.

Statement of contingent liabilities and contingent assets

AS AT 30 JUNE 2013

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
120	Personal grievances	137
120	Total contingent liabilities	137

Personal grievances

Personal grievances represent amounts claimed by employees for personal grievances cases.

Unquantifiable contingent liabilities

The Ministry has no unquantifiable contingent liabilities (2011/12: nil).

Contingent assets

The Ministry has no contingent assets (2011/12: \$0.288 million).

The accompanying notes form part of these financial statements.

Statement of departmental expenses and capital expenditure against appropriations

FOR THE YEAR ENDED 30 JUNE 2013

	Actual Expenditure inclusive of remeasurements 30 June 2013 \$000	Remeasurements ¹⁰ 30 June 2013 \$000	Actual expenditure exclusive of remeasurements 30 June 2013 \$000	Appropriation Voted ¹¹ 30 June 2013 \$000
<i>Vote Justice</i>				
Administration of Legal Services	28,146	27	28,173	28,828
<i>Justice Policy Advice and Related Services MCOA</i>				
Justice Policy Advice	18,993	19	19,012	19,926
Legal and Ministerial Services	4,805	5	4,810	4,894
Public Defence Service	21,859	27	21,886	22,377
Sector Leadership and Support	7,624	8	7,632	7,987
Total Vote Justice	81,427	86	81,513	84,012
<i>Vote Treaty Negotiations</i>				
Property Portfolio Management	9,298	1	9,299	9,535
<i>Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act MCOA</i>				
Policy Advice – Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act	1,275	2	1,277	1,307
Representation – Waitangi Tribunal and Courts	2,596	1	2,597	2,701
Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act	26,332	22	26,354	26,834
Total Vote Treaty Negotiations	39,501	26	39,527	40,377
<i>Vote Courts</i>				
Collection and Enforcement of Fines and Civil Debts Services	65,534	64	65,598	66,351
District Court Services	221,215	151	221,366	222,534
Higher Court Services	69,049	39	69,088	69,659
Specialist Courts, Tribunals and Other Authorities Services	78,664	61	78,725	79,971
Waitangi Tribunal Services	10,537	8	10,545	11,178
Total Vote Courts	444,999	323	445,322	449,693
Total appropriation for output expenses	565,927	435	566,362	574,082
Departmental capital expenditure	49,977	-	49,977	75,224

The accompanying notes form part of these financial statements.

¹⁰ A remeasurement is generally the movement in the value of an asset or liability that is outside the control of the Ministry as defined by the Public Finance Act 1989. Remeasurements do not require an appropriation. The remeasurements shown above are the result of changes to discount rates used in the valuation of Ministry employee entitlements.

¹¹ This includes adjustments made in the Supplementary Estimates.

Statement of departmental unappropriated expenses and capital expenditure

FOR THE YEAR ENDED 30 JUNE 2013

Transfers under Section 26A of the Public Finance Act 1989

No section 26A transfers were authorised in the year ended 30 June 2013.

There were no expenses and capital expenditure incurred in excess of appropriation.

There were no expenses and capital expenditure incurred without appropriation or other authority, or outside the scope of appropriation.

There were no breaches of projected departmental net asset schedules.

Notes to the financial statements

NOTE 1 | STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

REPORTING ENTITY

The Ministry of Justice (the Ministry) is a government department as defined by section 2 of the Public Finance Act 1989 and is domiciled in New Zealand. These financial statements have been prepared pursuant to section 45B of the Public Finance Act 1989.

The primary objective of the Ministry is to provide services to the public rather than making a financial return. Accordingly, the Ministry has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Ministry are for the year ended 30 June 2013. The financial statements were authorised for issue by the Chief Executive of the Ministry on 30 September 2013.

BASIS OF PREPARATION

Statement of compliance

The financial statements of the Ministry have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with New Zealand generally accepted accounting practices (NZ GAAP) and Treasury instructions.

Functional and presentation currency

These financial statements have been prepared in accordance with, and comply with NZ IFRS as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings and certain financial instruments at fair value.

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Ministry is New Zealand dollars.

CHANGES IN ACCOUNTING POLICY

There have been no changes in accounting policies during the financial year.

There have been no revisions to accounting standards during the financial year which have had an effect on the Ministry's financial statements.

STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted and that are relevant to the Ministry:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 – Classification and Measurement, Phase 2 – Impairment Methodology and Phase 3 – Hedge Accounting. Phase 1 has been completed and has been published in the

new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2016. The Ministry has not yet assessed the effect of the new standard and expects it will not be early adopted.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Ministry is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Ministry expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Ministry is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

SIGNIFICANT ACCOUNTING POLICIES

REVENUE RECOGNITION

Revenue is measured at the fair value of consideration received or receivable.

Revenue Crown is recognised on the basis of the supply of outputs to the Crown and is recognised when earned.

Department and other revenue are from the supply of goods and services to other government departments and third parties.

Revenue from filing and similar fees is recognised when the obligation to pay the fee is incurred, to the extent the application has been processed by the Ministry.

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised evenly over the term of the lease as a reduction in total rental income.

Interest income is accrued using the effective interest rate method.

CAPITAL CHARGE

The capital charge is recognised as an expense in the period to which the charge relates.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of land, buildings, leasehold improvements, furniture and office equipment, computer equipment and motor vehicles.

Property, plant and equipment are measured at cost or valuation, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

Asset capitalisation

Property, plant and equipment are initially recorded at cost of purchase.

These are capitalised:

- if purchased individually and the cost price is greater than \$3,000
- if purchased as a group and the combined value is greater than \$5,000.

Capital work in progress is recognised as costs are incurred. Depreciation is not recorded until the asset is fully acceptance tested, operational and therefore capitalised.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the surplus or deficit unless the asset is carried at a revalued amount, in which case any impairment loss is treated as a revaluation decrease.

ASSET REVALUATION

Land and buildings are stated at fair value, as determined by an independent registered valuer as at 30 June. Fair value is determined from market evidence by an independent valuer. The Ministry accounts for revaluations on a class-of-asset basis. All other asset classes are carried at depreciated historical cost.

Revaluations are performed on a rolling basis over three years. Within the three-year period, the carrying value of all land and buildings are reviewed utilising desktop valuations undertaken by a registered valuer.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

Accumulated depreciation at revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the revalued amount.

DEPRECIATION

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of property, plant and equipment have been estimated as follows.

Asset category	Asset life (years)	Residual value
Buildings	Up to 65	Nil
Fit-out/leasehold improvements	Up to 25	Nil
Computer equipment	Up to 7	Nil
Furniture and fittings, office equipment	Up to 10	Nil
Motor vehicles	5	30% of cost

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset is reviewed at each financial year end and adjusted, if applicable.

Disposal of property, plant and equipment

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit. When a revalued asset is sold, the amount included in the property revaluation reserve in respect of the disposed asset is transferred to taxpayers' funds.

SUBSEQUENT COSTS

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets held for sale are not depreciated or amortised while they are classified as held for sale.

INTANGIBLE ASSETS

Intangible assets are initially recorded at cost. The cost of an internally generated intangible asset represents expenditure incurred in the development phase of the asset only.

Intangible assets with finite lives are subsequently recorded at cost, less any amortisation and impairment losses. Amortisation is charged to the surplus or deficit on a straight-line basis over the useful life of the asset. Estimated useful lives are as follows.

Asset category	Asset life (years)
Acquired software	Up to 7
Internally generated software	Up to 7

EMPLOYEE ENTITLEMENTS

Short-term employee entitlements

Employee entitlements that the Ministry expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months and sick leave.

The Ministry recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Ministry anticipates it will be used by staff to cover those future absences.

The Ministry recognises a liability and an expense for performance payments where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the reporting period in which the employee renders the related service, such as long service leave and retiring leave, are calculated on an actuarial basis.

The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information
- the present value of the estimated future cash flows.

Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

Presentation of employee entitlements

Sick leave, annual leave, vested and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

PROVISIONS

The Ministry recognises a provision for future expenditure of uncertain amount and timing when there is a present obligation (either legal or constructive) as a result of a past event, when it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contracts

Where the benefits to be derived from a contract are lower than the unavoidable costs of meeting the obligation under the contract, a provision is recognised. The provision is stated at the present value of the future net cash outflows expected to be incurred in respect of the contract.

SUPERANNUATION

Obligations for contributions to the State Sector Retirement Saving Schemes, KiwiSaver and the Government Superannuation Fund are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit as incurred.

COST ALLOCATION

The Ministry derives the costs of outputs using a cost allocation system outlined below.

Cost allocation policy

Direct costs are charged to output classes as and when they occur. Indirect costs are accumulated and allocated to output classes based on cost drivers such as assessment of personnel time, building area occupied or asset utilisation, which reflect an appropriate measure of resource consumption usage. Costs identified to overhead areas are accumulated and allocated to output classes based on resource consumption usage, where possible (such as full-time equivalent staff numbers), or in proportion to the direct and indirect charges made to the output class.

Criteria for direct and indirect costs

Direct costs are those costs that can be directly attributed to an output. Indirect costs are those that cannot be identified in an economically feasible manner to a specific output.

COMMITMENTS

Expenses yet to be incurred on non-cancellable operating lease and capital contracts that have been entered into on or before balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable operating lease and capital commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the statement of commitments at the lower of the remaining contractual commitment and the value of that penalty or exit cost.

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities and contingent assets are recorded at the point at which the contingency is evident.

INCOME TAX

Government departments are exempt from income tax as public authorities. Accordingly, no charge for income tax has been provided for.

BUDGET FIGURES

The budget estimate figures are those included in the *Information Supporting the Estimates of Appropriations for the Government of New Zealand for the year ending 30 June 2013*, which are consistent with the financial information in the Main Estimates. In addition, the financial statements also present the updated budget information from the Supplementary Estimates. The budget estimate figures have been prepared in accordance with NZGAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

GOODS AND SERVICES TAX (GST)

The statement of financial position is exclusive of GST, except for accounts payable and accounts receivable, which are GST inclusive. All other statements are GST exclusive.

The amount of GST owed to or from the Inland Revenue Department at balance date, being the difference between output GST and input GST, is shown as a current asset or current liability as appropriate in the statement of financial position.

Commitments and contingencies are disclosed exclusive of GST.

FINANCIAL INSTRUMENTS

The Ministry is party to financial instruments as part of its normal operations. These include bank accounts, debtors and creditors. All financial instruments are recognised in the statement of financial position, and all revenues and expenses in relation to financial instruments are recognised in the surplus or deficit.

Financial assets

Debtors and other receivables are recognised initially at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method. Debtors and receivables issued with duration less than 12 months are recognised at their nominal value, unless the effect of discounting is material. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired. Interest, impairment losses and foreign exchange gains and losses are recognised in the surplus or deficit.

Cash and cash equivalents include cash on hand, cash in transit, bank accounts and deposits with a maturity of no more than three months from date of acquisition.

Financial liabilities

Other financial liabilities are recognised initially at fair value less transaction costs and are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities entered into with duration less than 12 months are recognised at their nominal value. Amortisation and, in the case of monetary items, foreign exchange gains and losses, are recognised in the surplus or deficit as is any gain or loss when the liability is derecognised.

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

LEASES

Finance leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the Ministry, whether or not title is eventually transferred. At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Ministry will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

The Ministry has exercised its judgement on the appropriate classification of equipment leases and has determined one lease arrangement to be a finance lease.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Leasehold improvements are capitalised, and the cost is amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

EQUITY

Equity is the Crown's investment in the Ministry and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified as taxpayers' funds, memorandum accounts and property revaluation reserves.

Memorandum accounts

Memorandum accounts reflect the cumulative surplus/(deficit) on those departmental services provided that are intended to be fully cost recovered from third parties through fees, levies or charges. The balance of each memorandum account is expected to trend toward zero over time.

Property revaluation reserves

These reserves relate to the revaluation of land and buildings to fair value.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements the Ministry has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. The estimates and assumptions that have a risk of causing an adjustment to the carrying amount of assets and liabilities within the next financial year are as follows.

Retiring and long service leave

Note 13 provides analysis of the exposures and uncertainties relating to retiring and long-service leave liabilities.

Valuation of land and buildings

Revaluations of land and buildings are carried out each financial year to ensure the carrying amount reflects fair value. As fair value is determined based on market evidence, movements in property values may affect the fair value of land and buildings owned by the Ministry.

CRITICAL JUDGEMENTS IN APPLYING THE MINISTRY'S ACCOUNTING POLICIES

Management has exercised the following critical judgement in applying the Ministry's accounting policies for the period ended 30 June 2013.

Finance lease

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all of the risks and rewards of ownership to the Ministry. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas, with an operating lease, no such asset is recognised.

The Ministry has exercised its judgement on the appropriate classification of equipment leases and has determined some lease arrangements to be finance leases.

NOTE 2 | OTHER REVENUE

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
27,811	Filing fees	23,765
6,746	Other	12,100
569	Interest	535
35,126	Total other revenue	36,400

NOTE 3 | PERSONNEL COSTS

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
212,978	Salaries and wages	220,219
4,939	Employer contributions to defined contribution plans	5,363
2,919	Increase/(decrease) in employee entitlements	(1,391)
26,384	Other	35,583
247,220	Total personnel costs	259,774

Employer contributions to defined contribution plans include contributions to the Government Superannuation Fund, KiwiSaver and the State Sector Retirement Savings Schemes.

NOTE 4 | OPERATING COSTS

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
419	Audit fees for financial statements audit	402
-	Fees to Audit New Zealand for other service	10
179	Bad debts written off/provided for	220
23,253	Computer and telecommunications	30,469
796	Advertising and publicity	966
7,764	Jurors' fees and expenses	7,985
7,250	Library and information services	6,727
70	Loss on disposal of property, plant and equipment	301
8,995	Maintenance of facilities	8,525
19,228	Other occupancy costs (excluding rental)	20,882
33,487	Professional services	42,326
18,853	Property rental	20,183
8,636	Printing, stationery and postage	8,117
11,316	Sitting fees and judicial costs	11,672
13,179	Travel	14,306
22	Koha	34
9,073	Other operating costs	11,742
162,520	Total operating costs	184,867

NOTE 5 | CAPITAL CHARGE

The Ministry pays a capital charge to the Crown on its equity as at 31 December and 30 June each year. The capital charge rate for the year ended 30 June 2013 was 8.00 percent (2011/12: 8.00 percent).

NOTE 6 | FINANCE LEASE

The Ministry has entered into a finance lease covering items of telephony equipment. The net carrying amount of the leased equipment is shown in note 7. The finance lease can be renewed at the Ministry's option. The Ministry does not have the option to purchase at the end of the lease term. There are no restrictions placed on the Ministry by the leasing arrangement.

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
<i>Minimum lease payments payable:</i>		
269	Not later than one year	67
67	Later than one year and not later than five years	-
-	Later than five years	-
336	Total minimum lease payments	67
(14)	Future finance charges	-
322	Present value of minimum lease payments	67
<i>Present value of minimum lease payments payable:</i>		
255	Not later than one year	67
67	Later than one year and not later than five years	-
<i>Represented by:</i>		
255	Current	67
67	Non-current	-
322	Total finance leases	67

NOTE 7 | PROPERTY, PLANT AND EQUIPMENT

	Land (at valuation) \$000	Buildings (at valuation) \$000	Fit-out/ leasehold improvements \$000	Computer equipment \$000	Computer equipment (finance lease) \$000	Furniture and fittings, office equipment \$000	Motor vehicles \$000	Total \$000
<i>Cost/valuation</i>								
Balance at 1 July 2011	154,131	398,321	36,504	56,173	1,108	35,624	7,159	689,020
Additions*	-	7,787	743	9,155	-	11,018	727	29,430
Revaluation increase/(decrease)	(2,597)	3,565	-	-	-	-	-	968
Transfer to held for sale	-	-	-	-	-	-	-	-
Reclassification of assets	-	-	(1,723)	-	-	1,723	-	-
LSA movements	-	-	1,965	1,329	-	1,263	112	4,669
Impairment	-	(9,108)	-	-	-	-	-	(9,108)
Other movements	-	1	2,346	1,481	-	607	11	4,446
Disposals	-	-	(2,346)	(5,564)	-	(672)	(492)	(9,074)
Balance at 30 June 2012	151,534	400,566	37,489	62,574	1,108	49,563	7,517	710,351
Balance at 1 July 2012	151,534	400,566	37,489	62,574	1,108	49,563	7,517	710,351
Additions*	46	13,480	4,152	3,364	-	8,607	1,227	30,876
Revaluation increase/ (decrease)	1,712	(16,595)	-	-	-	-	-	(14,883)
Transfer to held for sale	(1,132)	(352)	-	-	-	-	-	(1,484)
Reclassification of assets	-	(1,605)	1,366	206	-	33	-	-
Impairment	-	-	-	-	-	-	-	-
Other movements	-	-	552	-	-	-	10	562
Disposals	(80)	-	-	(967)	-	(31)	(1,370)	(2,448)
Balance at 30 June 2013	152,080	395,494	43,559	65,177	1,108	58,172	7,384	722,974
<i>Accumulated depreciation and impairment losses</i>								
Balance at 1 July 2011	-	36	11,626	41,817	609	17,588	3,465	75,141
Depreciation expense	-	26,173	2,941	6,374	222	4,746	619	41,075
Elimination on disposal	-	-	(1,064)	(5,335)	-	(557)	(334)	(7,290)
Elimination on revaluation	-	(26,173)	-	-	-	-	-	(26,173)
Elimination on transfer to held for sale	-	-	-	-	-	-	-	-
Reclassification of assets	-	-	-	-	-	-	-	-
LSA movement	-	-	1,167	977	-	765	40	2,949
Other asset movement	-	-	1,096	1,517	-	491	1	3,105
Impairment losses	-	-	-	-	-	-	-	-
Balance at 30 June 2012	-	36	15,766	45,350	831	23,033	3,791	88,807

	Land (at valuation) \$000	Buildings (at valuation) \$000	Fit-out/ leasehold improvements \$000	Computer equipment \$000	Computer equipment (finance lease) \$000	Furniture and fittings, office equipment \$000	Motor vehicles \$000	Total \$000
Balance at 1 July 2012	-	36	15,766	45,350	831	23,033	3,791	88,807
Depreciation expense	-	22,858	4,256	6,712	222	5,023	778	39,849
Elimination on disposal	-	-	-	(964)	-	(31)	(938)	(1,933)
Elimination on revaluation	-	(22,871)	-	-	-	-	-	(22,871)
Elimination on transfer to held for sale	-	(76)	-	-	-	-	-	(76)
Reclassification of assets	-	-	-	-	-	-	-	-
Other asset movement	-	334	5	(25)	(1)	22	-	335
Impairment losses	-	-	-	-	-	-	-	-
Balance at 30 June 2013	-	281	20,027	51,073	1,052	28,047	3,631	104,111
<i>Carrying amounts</i>								
At 1 July 2011	154,131	398,285	24,878	14,356	499	18,036	3,694	613,879
At 30 June/1 July 2012	151,534	400,530	21,723	17,224	277	26,530	3,726	621,544
At 30 June 2013	152,080	395,213	23,532	14,104	56	30,125	3,753	618,863

*This includes work in progress (WIP) of \$25.949 million (2011/12: \$23.638 million).

The Ministry has assets valued at \$67.580 million listed under the Historic Places Trust Act 1993 (2011/12: \$79.619 million), which are included in the assets above.

The land and buildings were valued at fair value as at 30 June 2013 by Nigel Hoskin, BBS (VPM) ANZIV, of Beca Valuations Limited, and are in accordance with the New Zealand Institute of Valuers' Asset Valuation Standards. The total value of land and buildings valued to fair value by Beca Valuations Limited in 2013 was \$537.087 million (2011/12: \$540.168 million).

The valuations are performed on a rolling basis over three years. Within the three-year period, the carrying value of all land and buildings are reviewed utilising desktop valuations undertaken by a registered valuer. Land and buildings purchased and/or capitalised during the current financial year have not been revalued at 30 June 2013 and are shown at cost less accumulated depreciation, which approximates to and is not materially different from the respective fair values.

NOTE 7A | **ASSETS HELD FOR SALE**

The Ministry of Justice has identified a number of properties across the country that are no longer required. The Ministry is working through a process with Land Information New Zealand (LINZ) whereby the Ministry will transfer surplus assets to LINZ who then will manage the disposal process.

Actual 30 June 2012 \$000	Actual 30 June 2013 \$000
<i>Assets held for sale include:</i>	
- Buildings	276
295 Land	1,132
295 Total assets held for sale	1,408

NOTE 8 | INTANGIBLE ASSETS

There are no restrictions over the title of the Ministry's intangible assets, nor are any intangible assets pledged as security for liabilities.

	Acquired Software \$000	Internally Generated Software \$000	Total \$000
<i>Cost</i>			
Balance at 1 July 2011	47,683	77,789	125,472
LSA movement	2,102	5,273	7,375
Additions*	15,267	3,935	19,202
Disposals	(27)	-	(27)
Other movement	(81)	-	(81)
Reclassification of assets	(11,226)	11,226	-
Balance at 30 June 2012	53,718	98,223	151,941
Balance at 1 July 2012	53,718	98,223	151,941
Additions*	4,902	14,199	19,101
Disposals	(60)	(3,086)	(3,146)
Other movement	-	-	-
Reclassification of assets	(263)	263	-
Balance at 30 June 2013	58,297	109,599	167,896
<i>Accumulated amortisation and impairment losses</i>			
Balance at 1 July 2011	28,302	40,149	68,451
Amortisation expense	3,469	17,072	20,541
LSA movement	1,424	3,460	4,884
Disposals	(13)	-	(13)
Impairment losses	-	-	-
Other movements	(226)	-	(226)
Reclassification of assets	(9,365)	9,365	-
Balance at 30 June 2012	23,591	70,046	93,638
Balance at 1 July 2012	23,591	70,046	93,638
Amortisation expense	2,984	14,904	17,888
Disposals	(13)	(2,544)	(2,557)
Impairment losses	-	310	310
Other movements	-	5	5
Reclassification of assets	(303)	303	-
Balance at 30 June 2013	26,259	83,024	109,283

	Acquired Software \$000	Internally Generated Software \$000	Total \$000
<i>Carrying amounts</i>			
At 30 June 2011	19,381	37,640	57,021
At 30 June/1 July 2012	30,127	28,177	58,304
At 30 June 2013	32,038	26,575	58,613

*This includes work in progress (WIP) of \$17.133 million (2011/12: \$13.280 million).

NOTE 9 | DEBTORS AND OTHER RECEIVABLES

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
127,229	Debtor Crown	130,000
47	Travel advances	54
4,759	Sundry debtors	6,262
(104)	Less: provision for doubtful debts	(347)
4,655	Total sundry debtors	5,915
131,931	Total debtors and other receivables	135,969

The carrying value of debtors and other receivables approximates their fair value. As at 30 June 2013, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below.

	2012			2013		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	127,229	-	127,229	130,563	-	130,563
Past due 1-30 days	2,823	-	2,823	3,406	-	3,406
Past due 31-60 days	264	-	264	815	-	815
Past due 61-90 days	167	-	167	56	-	56
Past due >90	1,552	(104)	1,448	1,476	(347)	1,129
Total	132,035	(104)	131,931	136,316	(347)	135,969

Movements in the provision for impairment of receivables are as follows.

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
360	Balance as at 1 July	104
44	Additional provisions made during the year	244
(238)	Less: reversal of prior year provision	(1)
(62)	Less: receivables written off during the year	-
104	Balance as at 30 June	347

NOTE 10 | CREDITORS AND OTHER PAYABLES

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
<i>Current liabilities</i>		
15,535	Creditors and other payables	14,199
15,535	Total creditors and other payables	14,199

Creditors and other payables are non-interest bearing and are normally settled within 30-day terms, therefore the carrying value of creditors and other payables approximates the fair value.

NOTE 11 | PROVISIONS

	Onerous contract \$000	Remuneration related \$000	Christchurch earthquake \$000	Restructuring \$000	Other provision \$000	Total \$000
Opening balance 1 July 2011	539	-	10,657	404	-	11,600
Additional provisions made	-	133	1,683	2,080	-	3,896
Amount utilised	(270)	-	(2,192)	(335)	-	(2,797)
Unused provisions reversed	-	-	-	-	-	-
Transfers	-	-	-	-	38	38
Closing balance 30 June 2012	269	133	10,148	2,149	38	12,737
Opening balance 1 July 2012	269	133	10,148	2,149	38	12,737
Additional provisions made	-	-	1,970	2,608	-	4,578
Amount utilised	(269)	(133)	(191)	(1,388)	-	(1,981)
Unused provisions reversed	-	-	-	(716)	-	(716)
Transfers	-	-	-	-	-	-
Closing balance 30 June 2013	-	-	11,927	2,653	38	14,618

Restructuring provisions provide for the expected costs arising from the reorganisation within the Ministry. Payments from these provisions are expected to be completed within 12 months of balance date.

The onerous lease provision relates to a leased property that was damaged by the Christchurch earthquakes and is currently not in a condition to be occupied by the Ministry.

The Christchurch earthquake provision relates to make good obligations the Ministry has as a result of the Christchurch earthquakes.

NOTE 12 | RETURN OF OPERATING SURPLUS

Actual 30 June 2012 \$000	Actual 30 June 2013 \$000
772 Net surplus/(deficit)	638
(10) (Surplus)/deficit of memorandum accounts	273
- Retention of surplus	(500)
762 Total return of operating surplus	411

The net operating surplus from the delivery of outputs must be repaid by 31 October of each year.

However the Ministry sought and received permission from the Minister of Finance to retain \$0.500 million of its surplus relating to insurance proceeds, required to be spent on asset purchases in the 2013/14 year.

NOTE 13 | EMPLOYEE ENTITLEMENTS

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
<i>Current liabilities</i>		
3,016	Retirement and long service leave	2,504
1	Sick leave	1
11,459	Annual leave	11,767
5,843	Salaries	5,747
20,319	Total current liabilities	20,019
<i>Non-current liabilities</i>		
7,924	Retirement and long service leave	6,737
7,924	Total non-current liabilities	6,737
28,243	Total provision for employee entitlements	26,756

The present value of the retirement and long-service leave obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability. The discount rate used was 2.71 percent with 3.50 percent salary inflation (2011/12: 2.50 percent with 3.50 percent salary inflation).

The valuations of long-service leave and retirement leave as at 30 June 2013 were conducted by an independent actuary, Bernie Higgins, FIA, FNZSA, of AON Hewitt.

NOTE 14 | EQUITY

Equity comprises the three components of taxpayers' funds, memorandum accounts and property valuation reserves. These are set out below.

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
686,375	Taxpayers' funds as at 1 July	700,915
18,805	Total comprehensive income	8,628
(18,033)	Transfer revaluation gain to property revaluation reserves	(7,990)
-	Transfer realised revaluation from property valuation reserves	(9)
27,201	Capital contribution (cash) from the Crown	818
1,144	Capital contribution (non-cash) from the Crown	-
(13,805)	Capital withdrawal	-
(762)	Return of operating surplus to the Crown	(911)
-	Retention of surplus	500
(10)	Transfer of memorandum account net (surplus)/deficit	273
700,915	Taxpayers' funds as at 30 June	702,224
<i>Memorandum accounts</i>		
-	Opening balance at 1 July	663
653	Capital contribution for memorandum account opening balances	-
10	Net memorandum account surplus/(deficit) for the year	(273)
663	Balance as at 30 June	390
<i>Property valuation reserves</i>		
71,435	Balance at 1 July	89,468
18,033	Revaluation gains	7,990
-	Transfer realised revaluation to taxpayers' funds	9
89,468	Property valuation reserves as at 30 June	97,467
791,046	Total equity	800,081
<i>Property valuation reserves consist of:</i>		
13,458	Land revaluation reserve	15,179
76,010	Buildings revaluation reserve	82,288
89,468	Total property valuation reserves	97,467

NOTE 15 | RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

All related-party transactions have been entered into on an arm's length basis.

The Ministry is a wholly owned entity of the Crown. The Government significantly influences the roles of the Ministry as well as being its major source of revenue.

Significant transactions with government-related entities

The Ministry has received funding from the Crown of \$528.476 million (2011/12: \$493.817 million) to provide services to the public for the year ended 30 June 2013.

In conducting its activities, the Ministry is required to pay various taxes and levies (such as GST, FBT, PAYE and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The Ministry is exempt from paying income tax.

The Ministry also purchases goods and services from entities controlled, significantly influenced or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2013 totalled \$25.661 million (2011/12: \$23.006 million). These purchases included the purchase of electricity from Genesis and Meridian, air travel from Air New Zealand, legal services from Crown Law Office, and postal services from New Zealand Post.

RELATED-PARTY TRANSACTIONS INVOLVING KEY MANAGEMENT PERSONNEL (OR THEIR CLOSE FAMILY MEMBERS)

The Ministry has not purchased goods and services in which a related party to the key management personnel (or their close family members) had been employed (2011/12: nil).

No provision has been required nor any expense recognised for impairment of receivables from related parties.

Key management personnel compensation

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
2,453	Salaries and other short-term employee benefits	3,167
12	Other long-term benefits	14
17	Post employment benefits	63
552	Termination benefits	(347)
3,034	Total key management personnel compensation	2,897

Key management personnel of the Ministry comprise the Minister of Justice, the Minister for Courts, the Minister for Treaty of Waitangi Negotiations, the Chief Executive and the 10 members (2011/12: nine) of the Strategic Leadership Team.

The above key management personnel compensation excludes the remuneration and other benefits the Minister of Justice, the Minister for Courts and the Minister for Treaty of Waitangi Negotiations receive. The Ministers' remuneration and other benefits are not received only for their role as members of key management personnel of the Ministry. The Ministers' remuneration and other benefits are set by the Remuneration Authority under the Civil List Act 1979, and they are paid under Permanent Legislative Authority and not paid by the Ministry of Justice. There are no related party transactions with the Responsible Ministers of the Ministry.

NOTE 16 | FINANCIAL INSTRUMENTS

The Ministry is a party to financial instrument arrangements as part of its normal operations. These financial instruments include bank accounts, debtors and creditors.

All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the surplus or deficit. They are shown at their estimated fair value.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Ministry, causing the Ministry to incur a loss.

In the normal course of its business, the Ministry incurs credit risk from transactions with financial institutions and the New Zealand Debt Management Office (NZDMO).

The Ministry is only permitted to deposit funds with Westpac, a registered bank, and enter into foreign exchange forward contracts with the NZDMO. These entities have high credit ratings. For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, net debtors (note 9), and derivative financial instrument assets. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

FAIR VALUE

The fair value of financial assets and liabilities is equivalent to the carrying amount disclosed in the statement of financial position.

CURRENCY RISK AND INTEREST RATE RISK

The Ministry has no exposure to interest rate risk or currency risk on its financial instruments, as there were no foreign currency forward contracts at balance date and the Ministry does not hold any interest bearing financial instruments.

LIQUIDITY RISK

Liquidity risk is the risk that the Ministry will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with the expected cash drawdowns as negotiated with the NZDMO through Treasury. The Ministry maintains a target level of available cash to meet liquidity requirements.

The table below shows the Ministry's financial liabilities that will be settled based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Creditors/other payables 30 June 2012 \$000	Finance lease 30 June 2012 \$000		Creditors/other payables 30 June 2013 \$000	Finance lease 30 June 2013 \$000
29,069	125	Less than 6 months	37,343	67
-	130	Between 6 months and 1 year	-	-
-	67	Between 1 and 5 years	-	-
-	-	Over 5 years	-	-
29,069	322	Total	37,343	67

NOTE 17 | CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and financial liabilities are as follows.

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
<i>Loans and receivables</i>		
50,944	Cash and cash equivalents	61,960
131,931	Debtors and other receivables (note 9)	135,969
182,875	Total loans and receivables	197,929
<i>Financial liabilities measured at amortised cost</i>		
15,535	Creditors and other payables (note 10)	14,199
13,534	Accrued expenses	23,144
29,069	Total financial liabilities measured at amortised cost	37,343

NOTE 18 | CAPITAL MANAGEMENT

The Ministry's capital is its equity, which comprises taxpayers' funds, memorandum accounts and revaluation reserves. Equity is represented by net assets.

The Ministry manages its revenue, expenses, assets, liabilities and general financial dealings prudently. The Ministry's equity is largely managed as a by-product of managing income, expenses, assets, liabilities and compliance with the Government Budget processes, Treasury's Instructions and the Public Finance Act 1989.

The objective of managing the Ministry's equity is to ensure the Ministry effectively achieves the goals and objectives for which it has been established, whilst remaining a going concern.

NOTE 19 | MEMORANDUM ACCOUNTS

These accounts summarise financial information related to the accumulated surpluses and deficits incurred by the Ministry on a full cost recovery basis.

Previously, memorandum accounts were 'notional' accounts included for transparency around outputs that are fully cost-recovered from third parties through fees charged for services. Effective 1 July 2011, some government department memorandum accounts were required to change from being 'notional' accounts, requiring note disclosure, to being 'real' accounts, requiring separate recognition within the financial statements. As a result, the Ministry has changed the way it accounts for the Second Hand Dealers and Pawnbrokers, and Legal Complaints Review Offices memorandum accounts. The remaining memorandum accounts are treated the same as they always have been.

For the changed memorandum accounts, transactions are included as part of the Ministry's operating income and expenses in the surplus or deficit. However, effective 1 July 2011, these transactions will be excluded from the calculation of the Ministry's return of operating surplus (refer note 12). The cumulative balance of the surplus/(deficit) of the memorandum accounts is recognised as a component of equity (refer note 14).

The use of these accounts enables the Ministry to take a long-run perspective to fee setting and cost recovery. The balance of each memorandum account is expected to trend towards zero over a reasonable period of time, with interim deficits being met either from cash from the Ministry's statement of financial position, or by seeking approval for a capital contribution from the Crown. Capital contributions will be repaid to the Crown by way of cash payments throughout the memorandum account cycle.

The Second Hand Dealers and Pawnbrokers account records the financial activities around the licensing of second hand dealers and pawnbrokers and the certification of certain employees of licence holders.

The Motor Vehicle Dealers account records the financial activities of the tribunal that inquires into and determines applications made by purchasers of motor vehicles against motor vehicle traders.

The Legal Complaints Review Officer (LCRO) account records the financial activities of the LCRO, which provides independent oversight and review of the decisions made by the standards committees of the New Zealand Law Society and the New Zealand Society of Conveyancers.

The Real Estate Agents Disciplinary Tribunal (READT) account records the financial activities of the READT, which deals with matters relating to the licensing and discipline of persons licensed under the Real Estate Agents Act 2008 to carry out real estate agency work.

The Private Security Personnel and Private Investigators (PSPPI) account records the financial activities of PSPPI, which deals with the regulation of the private security and private investigation industry and establishes the new licensing authority.

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
<i>Second Hand Dealers and Pawnbrokers</i>		
461	Opening balance/(deficit) at 1 July	517
258	Revenue	258
(202)	Expenses	(183)
517	Closing balance/(deficit) at 30 June	592
<i>Motor Vehicle Dealers</i>		
(896)	Opening balance/(deficit) at 1 July	(1,094)
252	Revenue	217
(450)	Expenses	(484)
-	Transfers and adjustments	-
(1,094)	Closing balance/(deficit) at 30 June	(1,361)
<i>Private Investigators and Security Guards</i>		
1,038	Opening balance/(deficit) at 1 July	-
-	Revenue	-
(115)	Expenses	-
(923)	Transfers and adjustments	-
-	Closing balance/(deficit) at 30 June	-

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
<i>Legal Complaints Review Officers</i>		
77	Opening balance/(deficit) at 1 July	147
653	Revenue	593
(583)	Expenses	(943)
-	- Transfers and adjustments	-
147	Closing balance/(deficit) at 30 June	(203)
<i>Real Estate Disciplinary Tribunal</i>		
520	Opening balance/(deficit) at 1 July	436
464	Revenue	430
(548)	Expenses	(663)
436	Closing balance/(deficit) at 30 June	203
<i>Private Security Personnel and Private Investigators</i>		
1,666	Opening balance/(deficit) at 1 July	1,595
1,592	Revenue	1,060
(1,001)	Expenses - Ministry of Justice	(692)
(662)	Expenses - Department of Internal Affairs	(613)
1,595	Closing balance/(deficit) at 30 June	1,350

NOTE 20 | RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000	Main estimates 30 June 2013 \$000	Supplementary estimates 30 June 2013 \$000
772	Net surplus/(deficit)	638	(31)	65
	<i>Add/(deduct) non-cash items</i>			
61,616	Depreciation and amortisation	57,737	64,412	58,313
-	Property, plant and equipment impairment	310	-	-
61,616	Total non-cash items	58,047	64,412	58,313
	<i>Add/(deduct) movements in working capital items</i>			
3,949	(Increase)/decrease in debtors and other receivables	(1,267)	57	214
(302)	(Increase)/decrease in prepayments	(2,805)	81	(76)
(87,230)	(Increase)/decrease in debtor Crown	(2,771)	11,000	27,229
6,337	Increase/(decrease) in creditors and other payables	5,275	(8,729)	(848)
(77,246)	Total movements in working capital	(1,568)	2,409	26,519
	<i>Add/(deduct) items classified as investing and financing activities</i>			
1,699	(Increase)/decrease in accrued expenses in property, plant and equipment	(4,444)	-	-
235	(Increase)/decrease in finance lease	255	255	255
70	Loss/(gain) on disposal of property, plant and equipment	301	-	-
653	Other non-cash items	-	-	-
2,657	Total movement in investing and financing activities	(3,888)	255	255
(12,201)	Net cash flows from operating activities	53,229	67,045	85,152

NOTE 21 | BUDGET VARIATION

Explanations for major variances from the Ministry's budgeted figures in the *Information Supporting the Estimates of Appropriations* are as follows.

STATEMENT OF COMPREHENSIVE INCOME

Other revenue was \$4.897 million lower than budget, mainly due to a reduction in the number of applications filed in courts for which fees are charged.

Expenditure was below budget by \$5.470 million. This was mainly due to a combination of:

- lower than budgeted depreciation and amortisation of \$6.365 million (because of timing changes in the Ministry's capital programme)
- lower than budgeted operating costs of \$15.687 million (due to a conscious effort to reduce expenditure during the year to fund higher than expected personnel costs, and also so that funding could be carried forward to the 2013/14 financial year in line with the justice sector four-year plan)
- offset by higher than budgeted personnel costs of \$16.354 million (resulting from a combination of remuneration increases and termination payments associated with the national office and regional service reviews).

STATEMENT OF CASH FLOWS

Cash received from operating activities was \$13.816 million lower than budget. This was mainly due to less Crown funding being drawn down from the Treasury to fund operating and capital expenditure. Cash paid to suppliers was lower than budget, due to the conscious effort to reduce spending to allow funding to be carried forward to 2013/14 as noted above.

Net cash paid on investing activities was lower than budget due to changes in timing of the Ministry's capital programme.

STATEMENT OF FINANCIAL POSITION

Debtors and other receivables were \$32.755 million higher than budgeted. This is the result of a higher debt owing from the Treasury of \$30.000 million than was initially budgeted.

Plant, property and equipment, and intangible assets are \$5.165 million lower than budget and \$19.282 million lower than supplementary estimates. This is due to changes in timing of the Ministry's capital programme. The lower capital spend has resulted in less cash drawn from the Treasury, resulting in a higher debt owing from the Treasury.

Provisions are \$14.498 million higher than budgeted. This is mainly due to delays in payments of earthquake-related expenses that were provided for in 2010/11.

NOTE 22 | EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events after the balance sheet date.

Non-departmental statements and schedules

FOR THE YEAR ENDED 30 JUNE 2013

The following non-departmental statements and schedules record the income, expenses, assets, liabilities, commitments, contingent liabilities, contingent assets and trust accounts that the Ministry manages on behalf of the Crown.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2013.

Statement of non-departmental expenses and capital expenditure against appropriations

FOR THE YEAR ENDED 30 JUNE 2013

	Actual expenditure inclusive of remeasurements 30 June 2013 \$000	Remeasurements ¹² 30 June 2013 \$000	Actual expenditure exclusive of remeasurements 30 June 2013 \$000	Appropriation Voted ¹³ 30 June 2013 \$000
Vote Justice				
<i>Non-departmental output expenses to be incurred by the Crown</i>				
Advice from the Law Commission	3,993	-	3,993	3,993
Community Law Centres	10,922	-	10,922	10,970
Crime Prevention and Community Safety Programmes	7,248	-	7,248	8,894
Equity Promotion and Protection Services	16,808	-	16,808	16,818
Equity Promotion and Protection Services - Inspector General PLA ¹⁴	48	-	48	130
Legal Aid	112,202	-	112,202	156,183
Producing and Maintaining Electoral Rolls	19,694	-	19,694	19,492
Provision of Protective Fiduciary Services	3,798	-	3,798	4,500
Provision of Services from the Electoral Commission	6,653	-	6,653	5,976
Support and Assistance provided by Victim Support to Victims of Crime	6,032	-	6,032	6,032
<i>Non-departmental other expenses to be incurred by the Crown</i>				
Impairment of Legal Aid Debt	12,066	-	12,066	20,030
Impairment of Offender Levy	186	-	186	1,035
Victims' Services	2,492	-	2,492	2,695
Total Vote Justice	202,142	-	202,142	256,748

The accompanying notes form part of these financial statements.

¹² A remeasurement is generally the movement in the value of an asset or liability that is outside the control of the Crown as defined by the Public Finance Act 1989. Remeasurements do not require an appropriation.

¹³ This includes adjustments made in the Supplementary Estimates.

¹⁴ This other expense appropriation covers the costs of the Inspector General of Intelligence and Security. This appropriation is established through a Permanent Legislative Authority under section 8 of the Inspector-General of Intelligence and Security Act 1996.

Statement of non-departmental expenses and capital expenditure against appropriations for the year ended 30 June 2013
(continued)

	Actual expenditure inclusive of remeasurements 30 June 2013 \$000	Remeasurements ¹⁵ 30 June 2013 \$000	Actual expenditure exclusive of remeasurements 30 June 2013 \$000	Appropriation Voted ¹⁶ 30 June 2013 \$000
Vote Treaty Negotiations				
<i>Non-departmental other expenses to be Incurred by the Crown</i>				
Agreed Payments for Foreshore and Seabed Deeds of Agreement	-	-	-	2,400
Claimant Funding	10,977	-	10,977	16,083
Contribution toward Determining Customary Interests in the Marine and Coastal Area	18	-	18	811
Contribution towards Northland Waitangi Tribunal hearings	165	-	165	200
Crown Contribution to Maraeroa A and B Trust	95	-	95	95
Debt Write-offs	113	-	113	120
Depreciation	2,762	-	2,762	3,600
Transfer of the Crown's 50 percent residual interest in Wharerata Crown Forest Licensed land	3,570	-	3,570	3,570
<i>Non-departmental other expenses to be Incurred by the Crown: Multi-Year Appropriations</i>				
Historical Treaty of Waitangi Settlements ¹⁷	542,616	-	542,616	350,000
<i>Non-departmental Capital Expenditure</i>				
Land, Stock, Plant Purchases	14,711	-	14,711	41,366
Lending to support implementation of the Ngāti Whatua o Orakei Deed of Settlement	66,379	-	66,379	66,380
Total Vote Treaty Negotiations	641,406	-	641,406	484,625

The accompanying notes form part of these financial statements.

¹⁵ A remeasurement is generally the movement in the value of an asset or liability that is outside the control of the Crown as defined by the Public Finance Act 1989. Remeasurements do not require an appropriation.

¹⁶ This includes adjustments made in the Supplementary Estimates.

¹⁷ Multi-year appropriation – Historical Treaty of Waitangi Settlements. This multi-year appropriation reflects the Crown's commitment to settling historical Treaty of Waitangi claims and the uncertain timing of achieving settlement for each claim. The appropriation is \$1,400 million over a period of four years. The Supplementary Estimates for 2012/13 established the \$1,400 million for the period 30 June 2012 to 30 June 2016 and replaced the unexpended balance of the appropriation covering the period 30 June 2011 to 30 June 2015. Expenditure against this appropriation over the last four years is:

	\$000
2012/13	542,616
2011/12	344,655
2010/11	420,591
2009/10	23,038
	1,330,900

Statement of non-departmental expenses and capital expenditure against appropriations for the year ended 30 June 2013
(continued)

	Actual expenditure inclusive of remeasurements 30 June 2013 \$000	Remeasurements ¹⁸ 30 June 2013 \$000	Actual expenditure exclusive of remeasurements 30 June 2013 \$000	Appropriation Voted ¹⁹ 30 June 2013 \$000
Vote Courts				
<i>Non-departmental Other Expenses to be Incurred by the Crown</i>				
Abortion Supervisory Committee – Certifying Consultants' Fees	4,099	–	4,099	5,063
Assistance to Victims of Crime	–	–	–	40
Children Young Persons and Their Families Professional Services	8,761	–	8,761	9,250
Coroner-Related Fees and Expenses	1	–	1	5
Coroner-Directed Post-Mortems	7,572	–	7,572	7,821
Coroners' Salaries and Allowances PLA ²⁰	4,787	–	4,787	4,788
Costs in Criminal Cases	14	–	14	300
Domestic Violence Professional Services	7,312	–	7,312	10,503
Family Court Professional Services	34,309	–	34,309	38,658
Impairment of Fines Receivable	46,176	(9,000)	37,176	47,438
Judges' Salaries and Allowances PLA ²⁰	106,070	1,853	107,923	110,689
Judicial Review Costs	1,318	–	1,318	1,346
Justices of the Peace Association	334	–	334	350
Medical and Other Professional Services	3,749	–	3,749	3,978
MVDT Adjudicator Remuneration and Assessors Costs	280	–	280	305
Personal Property Protection Rights Costs	2,072	–	2,072	2,200
Representations for Blood Sampling	2	–	2	10
Tribunal Members' Fees and Expenses	4,210	–	4,210	4,558
Visiting Justices to Prisons	352	–	352	500
Witness Fees and Expenses	3,512	–	3,512	3,810
Youth Court Professional Fees	7,985	–	7,985	8,000
Total Vote Courts	242,915	(7,147)	235,768	259,612
Total non-departmental expenses and appropriations	1,086,463	(7,147)	1,079,316	1,000,985

The accompanying notes form part of these financial statements.

¹⁸ A remeasurement is generally the movement in the value of an asset or liability that is outside the control of the Crown as defined by the Public Finance Act 1989. Remeasurements do not require an appropriation. The remeasurements shown above are the result of changes to discount rates used in the valuation of the outstanding fines portfolio and judges' leave entitlement.

¹⁹ This includes adjustments made in the Supplementary Estimates.

²⁰ This appropriation is established through a Permanent Legislative Authority.

Statement of non-departmental unappropriated expenses and capital expenditure

FOR THE YEAR ENDED 30 JUNE 2013

Actual 30 June 2013 \$000	
Vote Justice	
<i>Minister of Justice</i>	
<i>Non-departmental output expenses to be incurred by the Crown</i>	
Producing and Maintaining Electoral Rolls	202
Provision of Services from the Electoral Commission	677
Total non-departmental output expenses unappropriated expenditure Vote Justice	879

VOTE JUSTICE | **NON-DEPARTMENTAL OUTPUT EXPENSES**

VOTE MINISTER | MINISTER OF JUSTICE

Non-departmental output expenses – Provision of services from the Electoral Commission and producing and maintaining electoral rolls

Cabinet in CAB Min (13) 20/5 dated 17 June 2013 approved an amount of \$0.879 million to provide for the conduct of the Ikaroa-Rawhiti by-election. The incurring of this expenditure under Imprest Supply was approved by Cabinet before the expenditure was incurred, but it was identified too late for inclusion in the Appropriation (2012/13 Supplementary Estimates) Bill and is thus unappropriated expenditure requiring validation.

These unappropriated expenditures have been approved by the Minister of Finance under section 26B (Producing and Maintaining Electoral Rolls) and section 26C (Provision of Services from the Electoral Commission) of the Public Finance Act 1989.

There were no expenses or capital expenditure incurred in excess of appropriations in 2011/12.

The accompanying notes form part of these financial statements.

Schedule of non-departmental revenue and receipts

FOR THE YEAR ENDED 30 JUNE 2013

The schedule of non-departmental revenue and receipts summarises non-departmental revenue that the Ministry administers on behalf of the Crown.

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000	Main estimates 30 June 2013 \$000	Supplementary estimates 30 June 2013 \$000
<i>Revenue and receipts</i>				
170,017	Court fines	163,007	172,448	167,501
5,464	Offender levies	5,027	5,860	5,217
180	Money forfeited to the Crown	1	-	-
455	Recovery of judicial salaries from Crown entities	206	476	476
183	Gain on property, plant and equipment and held-for-sale assets	2,084	-	-
9,683	Rental from land bank properties	8,222	9,270	9,270
26,069	Legal aid debt established	24,343	33,000	33,000
4,779	Community law centre receipts	5,438	4,939	4,939
18,119	Other revenue	5,023	16,898	7,981
234,949	Total revenue and receipts	213,351	242,891	228,384

Explanations of significant variances against budget are detailed in note 11.

Schedule of non-departmental capital receipts

No capital receipts were received by the Ministry on behalf of the Crown during the year ended 30 June 2013 (2011/12: nil).

The accompanying notes form part of these financial statements.

Schedule of non-departmental expenses

FOR THE YEAR ENDED 30 JUNE 2013

The schedule of non-departmental expenses summarises non-departmental expenses that the Ministry administers on behalf of the Crown.

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000	Main estimates 30 June 2013 \$000	Supplementary estimates 30 June 2013 \$000
<i>Expenditure</i>				
113,044	Personnel – judges'/coroners' salaries and allowances	110,857	115,578	115,477
259,180	Crown expenditure Vote Justice (details on page 102)	202,142	235,587	256,748
354,526	Crown expenditure Vote Treaty Negotiations (details on page 103)	560,316	452,065	376,879
119,614	Crown expenditure Vote Courts (details on page 104)	132,058	157,833	144,135
846,364	Total non-departmental expenditure	1,005,373	961,063	893,239

Explanations of significant variances against budget are detailed in note 11.

The accompanying notes form part of these financial statements.

Schedule of non-departmental assets

AS AT 30 JUNE 2013

The schedule of non-departmental assets summarises non-departmental assets that the Ministry administers on behalf of the Crown.

Actual 30 June 2012 \$000		Notes	Actual 30 June 2013 \$000	Main estimates 30 June 2013 \$000	Supplementary estimates 30 June 2013 \$000
Assets					
<i>Current assets</i>					
85,237	Cash		67,488	74,509	69,169
2,003	Accounts receivable (landbank rental)		561	-	-
(118)	Less provision for doubtful debts (landbank rental)		(125)	-	-
-	Prepayments		-	-	31,942
80,000	Fines receivable	2	71,000	65,679	66,187
35,571	Other accounts receivable	3	41,587	73,522	82,289
37,988	Non-current assets held for sale	4	41,180	30,056	33,787
240,681	Total current assets		221,691	243,766	283,374
<i>Non-current assets</i>					
133,000	Fines receivable	2	104,000	108,998	109,839
39,555	Other accounts receivable	3	67,823	1,465	3,807
343,608	Assets held for Treaty of Waitangi settlements	4	343,586	399,755	371,495
-	Loan to Ngāti Whatua		66,379	-	66,379
1,209	Hotel investment account advances		1,209	1,209	1,209
517,372	Total non-current assets		582,997	511,427	552,729
758,053	Total non-departmental assets		804,688	755,193	836,103

Explanations of significant variances against budget are detailed in note 11.

In addition, the Ministry monitors six Crown entities. These are the Privacy Commissioner, Law Commission, Independent Police Conduct Authority, Human Rights Commission, Real Estate Agents Authority and Electoral Commission. The investment in those entities is consolidated in the Financial Statements of the Government on a line-by-line basis.

The accompanying notes form part of these financial statements.

Schedule of non-departmental liabilities and revaluation reserves

AS AT 30 JUNE 2013

The schedule of non-departmental liabilities summarises non-departmental liabilities that the Ministry administers on behalf of the Crown.

Actual 30 June 2012 \$000		Notes	Actual 30 June 2013 \$000	Main estimates 30 June 2013 \$000	Supplementary estimates 30 June 2013 \$000
<i>Current liabilities</i>					
62,327	Creditors and other payables	6	44,259	69,625	67,359
31,425	Judges' leave entitlements	7	32,799	30,591	30,405
533,626	Treaty settlements creditors – property settlements, interest accruals, etc	5	526,177	723,106	514,798
627,378	Total current liabilities		603,235	823,322	612,562
<i>Non-current liabilities</i>					
-	Treaty settlements creditors – property settlements, interest accruals, etc	5	201,135	-	-
30,606	Judges' leave entitlements	7	30,103	30,639	34,585
30,606	Total non-current liabilities		231,238	30,639	34,585
657,984	Total non-departmental liabilities		834,473	853,961	647,147
<i>Revaluation reserves</i>					
115,736	Property revaluation reserves	8	110,888	115,720	92,410

Explanations of significant variances against budget are detailed in note 11.

The accompanying notes form part of these financial statements.

Schedule of non-departmental contingent liabilities and contingent assets

AS AT 30 JUNE 2013

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
<i>Quantifiable contingent liabilities</i>		
881	Māori Land Court quantifiable contingent liabilities	719
881	Total quantifiable contingent liabilities	719

Māori Land Court contingent liabilities arise from orders made by the court where any costs that arise from the order will be a charge against the Māori Land Court Special Aid Fund in terms of section 98 of the Te Ture Whenua Māori Act 1993.

Unquantifiable contingent liabilities

Justices of the Peace, Community Magistrates and Disputes Tribunal Referees

Section 197 of the Summary Proceedings Act 1957 requires the Crown to indemnify justices of the peace and community magistrates against damages or costs awarded against them as a result of them exceeding their jurisdiction, provided a High Court judge certifies that they have exceeded their jurisdiction in good faith and ought to be indemnified.

Section 58 of the Disputes Tribunal Act 1988 confers a similar indemnity on Disputes Tribunal referees.

Treaty of Waitangi claims

Under the Treaty of Waitangi Act 1975, any Māori may lodge claims relating to land or actions counter to the principles of the Treaty with the Waitangi Tribunal. Where the Tribunal finds a claim is well founded, it may recommend to the Crown that action be taken to compensate those affected. The Tribunal can make recommendations that are binding on the Crown with respect to land that has been transferred by the Crown to an SOE or tertiary institution or is subject to the Crown Forest Assets Act 1989.

On occasion, Māori claimants pursue the resolution of particular claims against the Crown through higher courts. There are currently two such actions against the Crown being heard at the Court of Appeal and the Supreme Court. Failure to successfully defend such actions may result in a liability for historical Treaty grievances in excess of that currently anticipated.

Treaty of Waitangi claims – settlement relativity payments

The deeds of settlement negotiated with Waikato Tainui and Ngāi Tahu include a relativity mechanism. The mechanism provides that, where the total redress amount for all historical Treaty settlements exceeds \$1 billion in 1994 present-value terms, the Crown is liable to make payments to maintain the real value of Waikato Tainui's and Ngāi Tahu's settlements as a proportion of all Treaty settlements. The agreed relativity proportions are 17 percent for Waikato Tainui and approximately 16 percent for Ngāi Tahu.

The relativity mechanism has now been triggered and in future years additional costs may be incurred in accordance with the relativity mechanism as Treaty settlements are reached. However, the final amount payable to settle this matter cannot be quantified yet, due to uncertainty around when current and future negotiations will be settled and the value of these settlements when reached. There is also uncertainty on how various disputes concerning the interpretation of the mechanism will be resolved.

Criminal Proceeds (Recovery) Act

The Ministry of Justice is responsible for administering the Criminal Proceeds (Recovery) Act 2009. The Act requires the Crown to give an undertaking as to damages or costs in relation to asset restraining orders. In the event that the Crown is found liable, payment may be required.

Contingent assets

The Ministry on behalf of the Crown has no contingent assets (2011/12: nil).

The accompanying notes form part of these financial statements.

Statement of trust monies

FOR THE YEAR ENDED 30 JUNE 2013

The following trust money was administered on behalf of the Crown under Part VII of the Public Finance Act 1989.

The schedule shows the opening and closing trust balances and the movements during the year.

	Court law \$000	Fines \$000	Employment Court \$000	Māori Land Court \$000	Prisoners' and victims' claims \$000	Supreme Court \$000	Legal complaints review \$000	Foreign currency US \$000	Foreign currency € 000
Opening cash balance	22,903	32,550	79	61	29	62	11	-	-
Contributions	26,901	327,214	182	4	111	42	1,471	-	-
Distributions	(39,246)	(326,212)	(85)	(4)	(97)	(42)	(1,147)	-	-
Closing cash balance	10,558	33,552	176	61	43	62	335	-	-

Court Law Trust Account

This trust account holds deposits made by persons filing for action in the District Court, the High Court, the Court of Appeal or the Supreme Court. There are 63 individual law trust accounts, which are managed by the individual courts and collections offices.

Fines Trust Account

This trust account holds deposits for all fines collected and associated fees prior to disbursement back to the Crown and local authorities or victims. Fines collected are court-imposed fines (including reparation) and infringement fines collected on behalf of New Zealand Police, local authorities and other prosecuting agencies.

Employment Court Trust Account

This trust account holds deposits as security for costs against outstanding proceedings, as required by the Employment Relations Authority and the Employment Court under the Employment Relations Act 2000.

Māori Land Court Trust Account

This trust account holds money for security for costs and for other matters associated with proceedings of the court.

Prisoners' and Victims' Claims Act Trust Account

This trust account is established under section 50 of the Prisoners' and Victims' Claims Act 2005.

This account holds payments of compensation money.

Supreme Court Trust Account

This trust account holds deposits made by persons filing for action and to allow the Supreme Court to administer proceedings.

Legal Complaints Review Trust Account

This trust account holds levies received by the Ministry to reimburse the costs of the Legal Complaints Review process.

Foreign Currency United States Dollar Trust Account

This trust account, on instruction from court judges, holds US dollar deposits made from time to time where the final outcome of cases is yet to be determined.

Foreign Currency Euro Fund Trust Account

This trust account, on instructions from court judges, holds Euro dollar deposits made from time to time where the final outcome of cases is yet to be determined.

The accompanying notes form part of these financial statements.

Notes to the non-departmental financial statements and schedules

NOTE 1 | STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

REPORTING ENTITY

These non-departmental schedules and statements present financial information on public funds managed by the Ministry on behalf of the Crown. These non-departmental balances are consolidated into the Financial Statements of the Government for the year ended 30 June 2013. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, reference should also be made to the Financial Statements of the Government.

BASIS OF PREPARATION

Statement of compliance

The non-departmental statements and schedules have been prepared in accordance with the Government's accounting policies as set out in the Financial Statements of the Government, and in accordance with relevant Treasury Instructions and circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with New Zealand generally accepted accounting practice as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

There have been no changes in accounting policies during the financial year.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore, readers of these statements and schedules should also refer to the Financial Statements of the Government.

SIGNIFICANT ACCOUNTING POLICIES

The following particular accounting policies have been applied.

REVENUE

Revenue is measured at the fair value of consideration received or receivable.

Revenue from fines and enforcement fees are recognised when the fine or enforcement fee is imposed.

Revenue received from the New Zealand Law Society (NZLS) Special Fund for the funding of community law centres is recognised as revenue when received.

JUDGES' LEAVE ENTITLEMENTS

Provision is made for the liability for judges' entitlement to sabbatical and retiring leave. These provisions are calculated on an actuarial basis, based on the present value of expected future entitlements.

GOODS AND SERVICES TAX (GST)

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis. In accordance with Treasury instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Financial Statements of the Government.

COMMITMENTS

Expenses yet to be incurred on non-cancellable operating lease and capital contracts that have been entered into on or before balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable operating lease and capital commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included as commitments at the lower of the remaining contractual commitment and the value of that penalty or exit cost.

There were no non-cancellable capital or operating lease contracts entered into at balance date.

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities and contingent assets are recorded at the point at which the contingency is evident.

PROPERTY, PLANT AND EQUIPMENT (ASSETS HELD FOR TREATY SETTLEMENT)

Property, plant and equipment are shown at cost or valuation less any accumulated depreciation and impairment losses.

Asset capitalisation

Property, plant and equipment are initially recorded at cost of purchase.

Capital work in progress is recognised as costs are incurred. Depreciation is not recorded until the asset is fully acceptance tested, operational and therefore capitalised.

The carrying amounts of plant, property and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the schedule of non-departmental expenses, unless the asset is carried at a revalued amount, in which case any impairment loss is treated as a revaluation decrease.

Asset revaluation

Land and buildings are stated at fair value, as determined by an independent registered valuer as at 30 June 2013. Fair value is determined from market-based evidence by an independent valuer. All major land and buildings (over \$400,000) are inspected and valued on a rolling basis over five years. Within the five-year period, the carrying value of all land and buildings are reviewed, utilising desktop valuations undertaken by a registered valuer.

Any surplus on revaluation of a class of land or buildings is transferred directly to the applicable property, plant and equipment revaluation reserve, unless it offsets a previous decrease in value recognised in the schedule of non-departmental expenses, in which case it is recognised in the schedule of non-departmental expenses.

A decrease in value relating to a class of land or buildings is recognised in the schedule of non-departmental expenses where it exceeds the surplus previously transferred to revaluation reserves.

Accumulated depreciation at revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the revalued amount.

Depreciation

Fixed assets are depreciated on a straight-line basis over their estimated useful lives after allowing for residual values (where appropriate by asset category). The estimated useful life of major asset categories is as follows.

Asset category	Asset life (years)	Residual value
Buildings	Up to 65	Nil
Improvements	Up to 50	Nil
Plant and equipment	Up to 25	Nil

Land and work in progress are not depreciated. The total cost of work in progress is transferred to the appropriate asset class on its completion and depreciated accordingly.

Disposal of property, plant and equipment

Where property, plant or equipment is disposed of, the gain or loss recognised in the schedule of non-departmental expenses is calculated as the difference between the sale price and the carrying amount. If an asset is sold that has contributed to the revaluation reserve, the related portion of the reserve is transferred to general funds within equity.

BIOLOGICAL ASSETS

Biological assets (for example, trees) managed for harvesting into agricultural produce (for example, logs) are measured at fair value less estimated point-of-sale costs, with any realised and unrealised gains or losses reported in the schedule of non-departmental expenses. For commercial forests, fair value takes into account age, quality of timber and the forest management plan.

Biological assets (for example, farm shelter belts) not managed for harvesting into agricultural produce are reported under property, plant and equipment as above.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the schedule of non-departmental expenses.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets held for sale are not depreciated or amortised while they are classified as held for sale.

Non-current assets are held in two separate categories: those where the assets are no longer required for Treaty settlements and those that are part of a Treaty settlement where transfer to the claimant group is expected to be completed within the next 12 months.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial schedules, the Ministry on behalf of the Crown has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances.

The estimates and assumptions that have a risk of causing an adjustment to the carrying amount of assets and liabilities within the next financial year are:

- **Fines receivable**

The future fair value of the fines receivable is dependent on ongoing collection and remittal rates as well as the discount rate utilised in the valuation. Note 2 provides an analysis of the uncertainties relating to the valuation of fines.

- **Debtors and other receivables**

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method less any provision for impairment.

- **Legal aid receivables**

The future fair value of the legal aid receivable is dependent on ongoing repayment rates as well as the discount rate utilised in the valuation. Note 3a provides an analysis of the uncertainties relating to the valuation of legal aid.

- **Legal aid accrual**

At each balance date, the Ministry uses an independently developed actuarial model to calculate legal aid accrual figures for the three law types; criminal, family and civil. The assumptions adopted are as follows:

- The model excludes cases where there has been no activity within the 9 months prior to balance date.
- The cost of service still to be incurred is based on estimates of the total cost of the case (based on the law type and average case length) less invoices paid.

At each balance date the Ministry also produces an accrual for legally aided cases before the Waitangi Tribunal. The unique nature of each individual Waitangi legal aid case means it is not possible to calculate this accrual using the actuarial model. The accrual for Waitangi legal aid is based on the average monthly invoice amount for active cases multiplied by the number of months since the last invoice was received. Note 6 provides an analysis of the creditors and other payables.

BUDGET FIGURES

The budget figures are consistent with the financial information in the Main Estimates. In addition, these financial statements also present the updated budget information from the Supplementary Estimates.

NOTE 2 | FAIR VALUE: FINES RECEIVABLE

The impaired and fair value of fines receivable has been determined on an actuarial basis by discounting the expected flow of repayments, net of servicing costs, at a discount rate of 7.0 percent (2011/12: 4.60 percent) resulting in a fair value of \$175.0 million (2011/12: \$213.0 million). If the discount rate was 2 percent higher, the impaired value would decrease by \$8.0 million, to \$167.0 million; if 2 percent lower the value would increase by \$9.0 million, to \$184.0 million.

The discount rate is made up of the two components of a risk-free rate and a risk premium rate. The risk-free rate of 3.14 percent is based on the three-year spot rate, with the risk premium rate of 3.86 percent reflecting traded risky debt with similar characteristics to the fines debt.

The impaired and fair value was calculated by Andrea Gluyas, Actuary, FNZSA, FIAA of PricewaterhouseCoopers.

The table below shows the gross value of fines collectable and the analysis of the receivable into current and non-current.

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
418,449	Fines receivable	370,446
(205,449)	Impairment provision	(195,446)
213,000	Impaired value	175,000
	<i>Being:</i>	
80,000	Current	71,000
133,000	Non-current	104,000
213,000	Total	175,000

Movements in the impairment provision for fines receivable are as follows.

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
<i>Fines provisioning</i>		
247,195	Opening balances as at 1 July	205,449
83,161	Impairment on initial recognition	78,360
(114,083)	Impairment recovered	(90,389)
(10,824)	Valuation changes	2,026
205,449	Closing balances as at 30 June	195,446

NOTE 3 | OTHER ACCOUNTS RECEIVABLE

Legal aid receivables represent the debts that have been set as a result of a grant of legal aid. These debts have been set by legal aid legislation and comprise:

- 2000 and 2006 Act debt
- 1991 Act debt
- 1969 Act debt.

An actuarial model is used to value debt. The model takes the gross debt for secured and unsecured debt and impairs the debt, based on the repayment history for that type of debt.

This debt has been impaired using an actuarial model based on an assessment of the recoverable amount. This assessment takes into account whether the debt is secured against property and receipts to date against the debt.

The discount rate is made up of the two components, a risk-free rate and a risk premium rate.

The risk-free rate is the return that an investor could achieve without risk and is taken to be the yield on government bonds. The risk-free rate used is the seven-year government yield at 30 June 2013, of 4.00 percent (2012: 3.40 percent).

The risk premium has been estimated by finding traded debt with a comparable default rate to the default rate of the outstanding debt, and determining a risk premium based on that debt. The risk premium used is 4.00 percent (2012: 3.10 percent).

Adding the risk-free rate and the risk premium together gives a discount rate of 8.00 percent (2012: 6.50 percent).

The impaired and fair value was calculated by Andrea Gluyas, Actuary, FNZSA, FIAA of PricewaterhouseCoopers.

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
<i>Current assets</i>		
13,376	Fines	12,941
12,204	Legal aid receivable (note 3a)	12,050
9,991	Other receivables	16,596
35,571	Total current assets	41,587
<i>Non-current assets</i>		
39,555	Legal aid receivable (note 3a)	40,366
-	Other receivables	27,457
39,555	Total non-current assets	67,823
75,126	Total debtors and receivables	109,410

The carrying value of accrued revenue and other receivables approximates their fair value.

NOTE 3A | LEGAL AID RECEIVABLE

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
127,290	Legal aid receivable	127,711
(75,531)	Impairment provision	(75,295)
51,759	Impaired value	52,416
<i>Being:</i>		
12,204	Current	12,050
39,555	Non-current	40,366
51,759	Total	52,416

Movement in the impairment provisions for legal aid receivable are as follows.

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
69,960	Opening balance as at 1 July	75,531
(5,065)	Interest unwind	(4,267)
(3,110)	Impairment (charge)/reversal	(1,664)
13,746	Fair value write-down	5,695
75,531	Closing balance as at 30 June	75,295

	30 June 2012		30 June 2013	
	<i>Gross debt</i> \$000	<i>Net debt</i> \$000	<i>Gross debt</i> \$000	<i>Net debt</i> \$000
Secured	51,151	24,893	50,686	24,323
Unsecured	76,139	26,866	77,025	28,093
Total	127,290	51,759	127,711	52,416

NOTE 4 | ASSETS HELD FOR TREATY OF WAITANGI SETTLEMENTS

The Office of Treaty Settlements operates a mechanism to protect surplus Crown, District Health Board and Crown Research Institute land for potential use in settling historical Treaty of Waitangi claims. Where the Crown agrees the land meets the criteria, the land is purchased and held in a regional land bank until a Treaty settlement is signed. Until all Treaty claims within a regional land bank area are settled, the options for disposal of properties are limited. The value assigned to a property selected for settlement may differ from the carrying value for financial reporting purposes, once specific covenants and restrictions included in the deed of settlement are taken into account.

The table below shows the classification for financial reporting of assets held for Treaty settlements.

Actual 30 June 2012 \$000		Note	Actual 30 June 2013 \$000
342,134	Property, plant and equipment	4a	338,426
997	Forests	4b	4,387
477	Shares in co-operative companies	4c	773
343,608	Total assets held for Treaty settlements		343,586
37,988	Assets held for sale	4d	41,180
381,596	Total		384,766

NOTE 4A | PROPERTY, PLANT AND EQUIPMENT

Land, building and improvements valuations were conducted by an independent valuer, Nigel Hoskin, BBS (VPM) ANZIV, of Beca Valuations Limited, and are in accordance with the New Zealand Institute of Valuers' Asset Valuation Standards. In 2013, the percentage of land and buildings assets revalued (Treaty property portfolio) is 21.52 percent of total assets (2011/12: 19.61 percent). The total value of land and buildings valued to fair value by Beca Valuations Ltd in 2013 was \$82.73 million.

	Land (at valuation) \$000	Non-residential building (at valuation) \$000	Residential building (at valuation) \$000	Plant and equipment \$000	Total \$000
<i>Cost/valuation</i>					
Balance at 1 July 2011	349,512	40,154	46,687	5,644	441,997
Additions ²⁰	11,869	535	1,857	2	14,263
Revaluation increase/(decrease)	(1,827)	1,316	(453)	(16)	(980)
Other asset movement	(89,893)	(6,952)	(6,498)	(5,343)	(108,686)
Disposals	(241)	(136)	-	-	(377)
Balance at 30 June 2012	269,420	34,917	41,593	287	346,217
Balance at 1 July 2012	269,420	34,917	41,593	287	346,217
Additions ²⁰	8,263	1,066	3,527	212	13,068
Revaluation increase/(decrease)	1,288	(802)	(769)	-	(283)
Transfer to held for sale	(4,951)	(99)	(664)	-	(5,714)
Reclassification of assets	374	(374)	-	-	-
Impairment	-	-	-	-	-
Revaluation (prior to transfer)	(939)	(59)	(93)	-	(1,091)
Disposals	(3,000)	-	(79)	-	(3,079)
Balance at 30 June 2013	270,455	34,649	43,515	499	349,118
<i>Accumulated depreciation and impairment losses</i>					
Balance at 1 July 2011	-	2,611	2,574	659	5,844
Depreciation expense	-	1,671	1,254	245	3,170
Eliminate on disposal	-	-	-	-	-
Eliminate on revaluation	-	(2,212)	(646)	(45)	(2,903)
Eliminate on transfer to held for sale	-	(307)	(962)	(759)	(2,028)
Other asset movement	-	-	-	-	-
Impairment losses	-	-	-	-	-
Balance at 30 June 2012	-	1,763	2,220	100	4,083

	Land (at valuation) \$000	Non-residential building (at valuation) \$000	Residential building (at valuation) \$000	Plant and equipment \$000	Total \$000
Balance at 1 July 2012	-	1,763	2,220	100	4,083
Depreciation expense	-	1,567	1,151	44	2,762
Eliminate on disposal	-	-	(55)	-	(55)
Eliminate on revaluation (depreciation & impairment loss)	-	(628)	(1,457)	(5)	(2,090)
Eliminate on revaluation (prior to transfer)	-	(60)	(92)	-	(152)
Reclassification of assets	-	-	-	-	-
Other asset movement	-	-	-	-	-
Impairment losses	4,066	2,009	69	-	6,144
Balance at 30 June 2013	4,066	4,651	1,836	139	10,692
<i>Carrying amounts</i>					
At 1 July 2011	349,512	37,543	44,113	4,985	436,153
At 30 June/1 July 2012	269,420	33,154	39,373	187	342,134
At 30 June 2013	266,389	29,998	41,679	360	338,426

²⁰This includes work in progress (WIP) of \$0.502 million (2011/12: \$0.421 million).

NOTE 4B | FORESTS

The three forests managed for harvesting are Pukeora Forest, Mahia Forest and Upper Bluehills Forest.

	Forests \$000
<i>Cost/valuation</i>	
Balance at 1 July 2011	988
Gain/(loss) in fair value from valuation	9
Increase due to purchases	-
Decrease due to disposal	-
Decrease due to other changes	-
Forests value at 30 June 2012	997
Balance at 1 July 2012	997
Gain/(loss) in fair value from valuation	971
Increase due to purchases	2,419
Decrease due to disposal	-
Decrease due to other changes	-
Forests value at 30 June 2013	4,387

The valuation of forests was conducted by independent valuers Andy Dick, NZIF Registered Member of Interpine Forestry Ltd, Peter J Wilks, NZIF Registered Forestry Consultant and Theo Vos, NZIF Registered Forestry Consultant, of PF Olsen Limited and are in accordance with the New Zealand Institute of Valuers' Asset Valuation Standards. The date of the valuation is at 30 June 2013. The increase in value of the forests reflects the increased maturity of the forest, which is partly offset by a small decrease in projected log prices and increases in cartage costs.

NOTE 4C | SHARES IN CO-OPERATIVE COMPANIES

	Shares \$000
<i>Cost/valuation</i>	
Balance at 1 July 2011	477
Additions	-
Revaluation increase/(decrease)	-
Transfer to held for sale	-
Disposals	-
Movement	-
Balance at 30 June 2012	477
Balance at 1 July 2012	477
Additions	-
Revaluation increase/(decrease)	296
Transfer to held for sale	-
Disposals	-
Movement	-
Balance at 30 June 2013	773

To facilitate farm operations on leased properties, shares in co-operative companies are required to be held.

NOTE 4D | ASSETS HELD FOR SALE

	Held for sale – surplus \$000	Held for sale – settlements \$000	Total \$000
Balance at 30 June 2011	-	3,288	3,288
Balance at 1 July 2011	-	3,288	3,288
Transfer to held for sale	-	47,514	47,514
Disposals	-	(12,814)	(12,814)
Balance at 30 June 2012	-	37,988	37,988
Balance at 1 July 2012	-	37,988	37,988
Transfer to held for sale from plant, property and equipment	-	5,714	5,714
Disposals	-	(2,522)	(2,522)
Balance at 30 June 2013	-	41,180	41,180

This asset category includes assets no longer required for Treaty settlement purposes and those committed to Treaty settlements expected to be completed within the next 12 months. The table below shows the asset groups from which assets held for sale have been transferred.

	Held for sale – surplus \$000	Held for sale – settlements \$000	Total \$000
<i>Asset type pre-transfer:</i>			
Land	-	28,668	28,668
Non residential improvement	-	5,891	5,891
Plant and equipment	-	2,896	2,896
Residential improvement	-	3,725	3,725
Balance at 30 June 2013	-	41,180	41,180

NOTE 5 | TREATY SETTLEMENT CREDITORS

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
302	GST payable	132
270	Rent received in advance	1,768
533,054	Accrued settlement expenses	725,412
533,626	Total Treaty settlement creditors	727,312

NOTE 6 | CREDITORS AND OTHER PAYABLES

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
41,357	Legal aid payable	21,902
20,970	Other payables	22,357
62,327	Total creditors and other payables	44,259

Creditors and other payables are non-interest bearing and are normally settled within 12 months, therefore the carrying value of creditors and other payables approximates their fair value.

NOTE 7 | JUDGES' LEAVE ENTITLEMENTS

Actual 30 June 2012 \$000		Actual 30 June 2013 \$000
<i>Current liabilities</i>		
28,007	Retiring and sabbatical leave	29,121
409	Annual leave	582
3,009	Salaries	3,096
31,425	Total current liabilities	32,799
<i>Non-current liabilities</i>		
30,606	Retiring and sabbatical leave	30,103
30,606	Total non-current liabilities	30,103
62,031	Total provision for judges' leave entitlements	62,902

The present value of judges' retiring and sabbatical leave obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability. The discount rate used was 2.5 percent with 3.5 percent salary inflation (2011/12: 2.5 percent with 3.5 percent salary inflation).

The valuation of retiring and sabbatical leave as at 30 June 2013 was conducted by an independent valuer, Bernie Higgins, FIAA, FNZSA, of AON Hewitt.

NOTE 8 | PROPERTY REVALUATION RESERVES

	Land \$000	Non-residential buildings \$000	Residential buildings \$000	Total \$000
Balance at 1 July 2011	109,323	15,244	16,177	140,744
Current year movement	(22,493)	506	(856)	(22,843)
Transfer to general funds on disposal	(1,877)	(219)	(69)	(2,165)
Balance at 30 June 2012	84,953	15,531	15,252	115,736
Balance at 1 July 2012	84,953	15,531	15,252	115,736
Current year movement	(3,718)	(2,177)	618	(5,277)
Transfer to general funds on disposal	506	(36)	(41)	429
Balance at 30 June 2013	81,741	13,318	15,829	110,888

NOTE 9 | FINANCIAL INSTRUMENTS

The Ministry on behalf of the Crown is a party to financial instrument arrangements as part of its normal operations. These financial instruments include bank accounts, debtors and creditors.

All financial instruments are recognised in the schedule of non-departmental assets and schedule of non-departmental liabilities, and all revenues and expenses in relation to financial instruments are recognised in the schedule of non-departmental revenue and receipts and schedule of non-departmental expenses. They are shown at their estimated fair value.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Ministry on behalf of the Crown, causing the Ministry on behalf of the Crown to incur a loss.

Credit risk arises from debtors and deposits with banks.

Funds must be deposited with Westpac, a registered bank.

In the normal course of its business, the Ministry on behalf of the Crown incurs credit risk from transactions with financial institutions and the New Zealand Debt Management Office (NZDMO).

The maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and net debtors. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired. Other than Westpac bank, there are no significant concentrations of credit risk.

Fair value

The fair value of financial assets and liabilities is equivalent to the carrying amount disclosed in the schedule of non-departmental assets and schedule of non-departmental liabilities.

Currency risk and interest rate risk

The Ministry on behalf of the Crown has no exposure to interest rate risk or currency risk on its financial instruments, as there were no foreign currency forward contracts at balance date and the Ministry on behalf of the Crown does not hold any interest bearing financial instruments.

Liquidity risk

Liquidity risk is the risk that the Ministry on behalf of the Crown will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with the expected cash drawdowns as negotiated with the NZDMO through the Treasury. The Ministry maintains a target level of available cash to meet liquidity requirements.

The table below shows the financial liabilities that will be settled based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Treaty creditors and other payables 30 June 2012 \$ 000		Treaty creditors and other payable 30 June 2013 \$ 000
572	Less than 6 months	1,900
533,054	Between 6 months and 1 year	524,277
-	Between 1 and 5 years	201,135
-	Over 5 years	-
533,626	Total	727,312

NOTE 10 | MEMORANDUM ACCOUNTS

This account summarises financial information related to the accumulated surpluses and deficits incurred by the Crown on a full cost recovery basis. These transactions are included as part of the schedules of non-departmental revenue and receipts and expenses.

The use of these accounts enables the Crown to take a long-run perspective to cost recovery.

The Real Estate Agents Authority is required to ensure that costs incurred by the Crown for the establishment of new functions and bodies under legislation are recovered from the real estate industry.

Actual 30 June 2012 \$ 000		Actual 30 June 2013 \$ 000
<i>Real Estate Agents Authority</i>		
(6,208)	Opening balance/(deficit) at 1 July	(4,947)
1,261	Revenue	1,261
-	Expenses	-
-	Transfers and adjustments	-
(4,947)	Closing balance/(deficit) at 30 June	(3,686)

NOTE 11 | MAJOR BUDGET VARIATIONS

Explanations for major variances from the budgeted figures in the *Information Supporting the Estimates of Appropriation* are as follows.

Schedule of non-departmental revenue and receipts

The lower level of fines imposed was mainly driven by a reduced level of criminal court cases, and a reduced level of police infringements being lodged following a reduction in driving offences and changes to the demerit points scheme.

Legal aid debt revenue was \$8.657 million lower than budget due to the overall reduction in legal aid volumes, a portion of which is recovered through the creation of legal aid debt.

The decrease in other revenue of \$11.875 million was largely attributed to the change in implementation date for the changes under the Legal Assistance (Sustainability) Amendment Bill, for example delays in implementing the lawyer for child cost contributions and the charging of interest on legal aid debt.

Schedule of non-departmental expenses

Crown expenditure in Vote Justice was \$33.445 million lower than budget. This was mainly due to the declining levels of criminal legal aid applications, resulting from a lower crime rate and changed police procedures – primarily the use of pre-charge warnings – and the declining levels of civil and family legal aid applications. There was also a one-off accounting adjustment to reduce the level of accrued legal aid expenditure.

Crown expenditure in Vote Treaty Negotiations was \$108.251 million higher than budget. This mainly reflects the higher than expected Treaty settlement expenses which, by their nature, are hard to predict with accuracy of both timing and amount.

Non-personnel Crown expenditure in Vote Courts was \$25.775 million lower than budget, mainly due to lower than expected impairment of fines (of \$10.262 million), due to fewer fines being imposed requiring impairing. Domestic Violence Professional Services and Family Court Professional Services appropriations were \$21.645 million below budget. The number of applications received is largely based on judicially-ordered programmes, and there have been fewer people ordered to attend programmes than initially budgeted.

NOTE 12 | EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events after the balance sheet date.

Ministry of Justice | Tāhū o te Ture

Vogel Centre | 19 Aitken Street DX SX10088 | Wellington | New Zealand

T +64 4 918 8800

F +64 4 918 8820

E planning&reporting@justice.govt.nz

justice.govt.nz



newzealand.govt.nz