



# Annual Report 1 July 2013 to 30 June 2014



**8.9% REDUCTION**  
IN THE AVERAGE AGE OF  
**ACTIVE DISTRICT COURT CASES**



**18.3% REDUCTION**  
IN THE AVERAGE AGE OF  
ACTIVE DISTRICT COURT  
**CRIMINAL CASES**



**5% REDUCTION**  
IN THE AVERAGE AGE OF  
ACTIVE DISTRICT COURT  
**CIVIL, FAMILY &  
DISPUTE CASES**



IN THE LAST 3 YEARS RECORDED

**CRIME**  
DROPPED **17%**

**YOUTH**  
**CRIME**  
DROPPED **33%**



**56%** OF HISTORICAL  
**TREATY**  
CLAIMS  
SETTLED



**COMMUNITY LAW CENTRES**  
GAVE LEGAL ADVICE  
& ASSISTANCE  
TO OVER  
**48,000** PEOPLE



**\$218** million  
IN FINES & REPARATION  
**\$4** million  
THROUGH THE OFFENDER LEVY



WE SUPPORT  
**82** COURTS  
**29** tribunals &  
 authorities  
 more than  
**650** judges &  
 judicial officers

WE HAVE  
 MORE THAN  
**3,500** STAFF  
 AT  
 OVER **100** SITES

**PDS**  
 Our Public Defence Service  
**IS NZ's LARGEST**  
 CRIMINAL LAW PRACTICE

OVER **16,000**  
**new cases**  
 ACCEPTED BY THE PDS

**87%** OF CRIMINAL  
**CASES**  
 GO THROUGH THE  
**COURT**  
 WITHIN **6 MONTHS**

**80,157**  
**legal aid**  
 applications  
 administered

**OUR CENTRALISED CALL CENTRE**  
 PROCESSED  
**1.25** MILLION  
**CALLS**

WE PROCESSED OVER  
**450,000**  
 applications to view  
**criminal records**

# OUR year

Laywer/court  
audio-visual  
links TRIALLED IN  
FAMILY COURT

Restorative  
justice  
services

EXPANDED TO  
ALL COURTS



Christchurch  
Justice &  
Emergency  
Services  
Precinct

BUILDING DESIGN  
UNVEILED

Auckland  
Specialist  
Courts &  
Tribunals  
Centre

OPENED

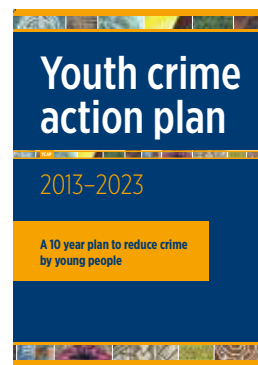


Police  
eFiling of  
charges

BEGINS

Jury trials  
re-open in  
Dunedin

AFTER BEING  
OUTSOURCED  
DUE TO BUILDING  
SEISMIC  
CONCERNS



eFiling

OF PRE-SENTENCE  
REPORTS STARTS

Youth Crime  
Action Plan

LAUNCHED

JUL '13

AUG

SEP

OCT

NOV

DEC

Criminal  
Procedure  
Act

IMPLEMENTED



Family Court  
Proceedings  
Reform Bill

PASSED



NEW ARRANGEMENTS  
FOR RESOLVING  
CIVIL DISPUTES  
WITH PEOPLE IN AUSTRALIA



Anti-money  
laundering  
legislation

EFFECTIVE

Judicature  
Modernisation  
Bill

INTRODUCED



Christchurch  
Justice &  
Emergency  
Services  
Precinct

WORK BEGINS

Justice sector BPS targets for  
lowering total crime & youth crime

ACHIEVED



Office of Treaty  
Settlements

Te Tari Whakatau Take e pā ana  
ki te Tiriti o Waitangi

All South Island  
historical Treaty  
of Waitangi claims

SETTLED



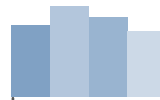
Disputes  
Tribunal  
hearings &  
dissolutions  
admin

CENTRALISED



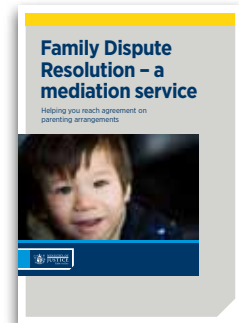
Fines  
campaign

LAUNCHED



Justice  
sector  
report &  
databank

LAUNCHED



Family  
Dispute  
Resolution  
service

EXPANDED

JAN '14 FEB MAR APR MAY JUN



Victims of Crime  
Reform Bill PASSED



New family justice system

EFFECTIVE

# over the past year, our courts disposed of over...

## SUPREME COURT • COURT OF APPEAL • HIGH COURT

2,000 civil & criminal appeals

## HIGH COURT • DISTRICT COURTS

INCLUDING THE YOUTH COURT

137,000 criminal cases

19,000 civil cases

## FAMILY COURT

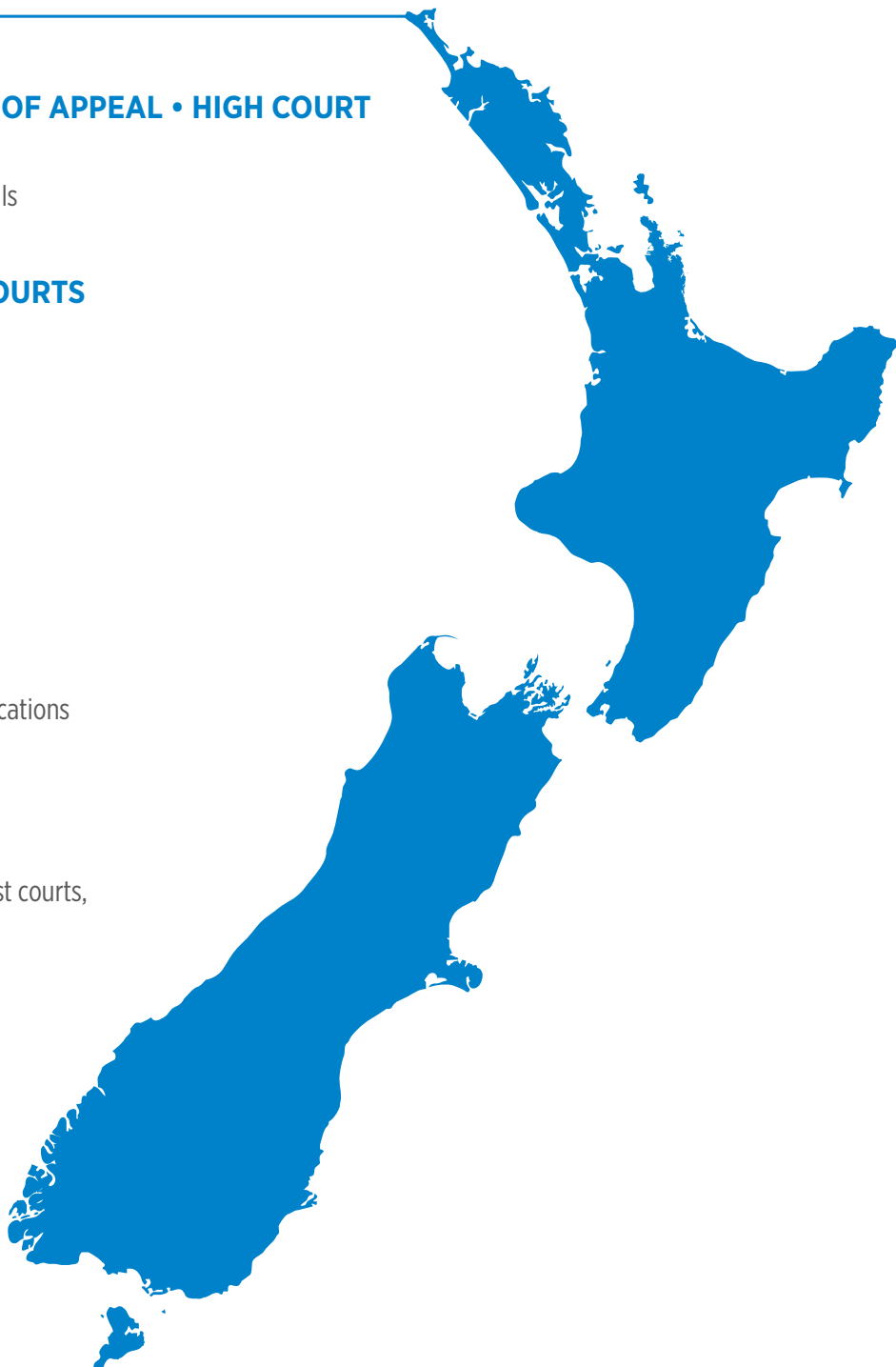
60,000 substantive applications

## SPECIALIST COURTS

6,000 cases in our specialist courts,  
including the Environment Court,  
Employment Court and  
through coronial services

## TRIBUNALS

52,000 cases and  
applications in the Tribunals  
jurisdictions, such as the Disputes  
Tribunal and Tenancy Tribunal



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# Introduction from the Chief Executive



The last year has seen the Ministry of Justice successfully implement a number of very significant operational changes, most notably around the courts. As a result of these changes, at the end of 2013 we saw the average age of criminal cases, at the time of disposal, decrease for the first time in four years. We also saw a number of decreases in age of cases in other jurisdictions.

This is an important achievement that delivers on our mission of providing modern, accessible, people-centred justice services and our aspirational 50% goal of halving the time it takes to deliver services by 2017.

We need our interactions and our services, particularly in the courts system where we have the greatest impact on people's lives, to strengthen public confidence in the Ministry and the justice system.

We can't guarantee people an outcome – that is for the law and the judiciary. But we can provide courts that are easier to navigate and that work more efficiently for people. Modern courts will also operate better for the judiciary, the legal profession, our sector partners and our staff who make them work.

On 1 July 2013, the Criminal Procedure Act 2011 came into effect. This was the biggest change in the criminal jurisdiction in 50 years and altered the rules and practices around the way cases move through the criminal court to simplify and speed up processes.

Accompanying this change, we introduced electronic filing of Police charges, meaning around 200,000 charges a year are now issued to courts in this way rather than on paper. Similarly, 'e-filing' of Corrections pre-sentence reports was introduced in December 2013 and audio-visual links from correctional facilities to courts were expanded to a further 12 District Courts in 2013/14.

These major projects were supported by operational change designed to take the first step towards achieving the 50% target – reducing the age of active cases in District Courts by 10% by 31 December 2013.

Key actions to achieve this were:

- targeting the oldest cases in each court
- building a customer service ethic and staff capability, and working more closely with court stakeholders
- better using and sharing information so that courts knew each week where they stood against the national target (and against each other)
- moving some straightforward transactions to processing teams to provide standardised customer service and reduce the number of transactions occurring in each court. For example, the administration of probates, disputed fines and divorce applications was moved to teams in Wellington.

At the end of December 2013, the average age of active District Court cases had reduced by 8.9%, with an 18.3% reduction in the criminal jurisdiction and a 5% reduction across civil and family, and disputes.



Within Special Jurisdictions there was a 5.4% reduction in the age of cases in the Māori Land Court, for example, and a 12.9% reduction in the Environment Court.

These percentage gains represent some significant improvements for court users. For example, the 40% reduction in the age of natural death cases in Coronial Services means these results are 110 days faster for over 1,000 families.

We will continue to build on the achievements made in 2013/14, as we work towards a target of a 20% reduction in the age of cases by the end of 2014.





The justice sector is recognised as the most advanced sector in terms of strategy, governance and collaboration. It delivered outstanding results

The other major change in courts was the new family justice system coming into effect on 31 March this year. This three-year programme of work involved a huge amount of operational change – developing models for the new Family Dispute Resolution mediation service and the new Family Legal Advice Service, and developing and providing training and materials for staff, the legal profession and the public.

By the end of June, 335 assessments for the new mediation service had been completed with another 447 in progress, the number of guardianship applications going to the Family Court each week had halved and twice as many people were using the new family justice website.

The Ministry also completed a review of the 100-year-old Judicature Act with a substantial Judicature Modernisation Bill, which is now before Parliament. As well as updating the laws relating to the courts, this legislation will enable changes to be made to court operations so they better meet public expectations for service delivery, and along with the Electronic Courts and Tribunals Bill, support the shift to an electronic court file and administration.

Another milestone was the final part of the Sale and Supply of Alcohol Act 2012 coming into force on 18 December 2013. This involved a comprehensive implementation work programme, including developing regulations, working with local councils and publicising the changes. We are now seeing local authorities and communities engaging on their local alcohol plans.

The other key work that is helping to lay the foundation for the way we live is around the justice sector and in Treaty negotiations.

The acceleration in progress towards settling all historical Treaty claims continued, with around 70% of New Zealand's area now settled. As at 30 June 2014, 69 Deeds of Settlement had been signed. Another 55–65 Deeds of Settlement remain to be signed to complete all historical Treaty settlements, depending on the final configuration of negotiating groups.



Staff can be proud of, and should celebrate, the year we have had



The justice sector, recognised as the most advanced sector in terms of strategy, governance and collaboration, also continued to deliver outstanding results. The sector has implemented a number of initiatives to collaborate and provide better frontline services and this year the successful Hutt Valley Innovation Project was rolled out to three 'flagship' locations – the East Coast,

Papakura and Hamilton. As well, we unveiled plans for, and began work on, the development of the \$300 million Christchurch Justice and Emergency Services Precinct. Through the new *Justice sector report* and Datalab tool, we are also making it easier for people to find out what we are doing and what is going on with crime.

Crime is continuing to fall – and at 30 June 2014 the justice sector had surpassed two of its four Better Public Services (BPS) targets for reducing crime and reoffending.

The justice sector BPS targets – which use June 2011 crime levels as a baseline – aim for a 15% reduction in total crime and a 25% reduction in youth crime by 2017. In June, the total crime rate was down by 17%, and Youth Court appearances were down 33%. The other BPS target areas are at the halfway mark, with the violent crime rate down 11% (with a target of 20% by 2017), and the reoffending rate down 12.2% (with a target of 25% by 2017).

The real significance of these figures is that they mean fewer crimes are being committed – around 55,000 fewer a year than in 2011 – 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, not just by the Ministry but also from our sector partners – New Zealand Police, the Department of Corrections, the Crown Law Office and the Serious Fraud Office.

This Annual Report sets out in more detail what was undertaken and it captures the scale and scope of the work we are doing and the progress we are making towards improving New Zealanders' lives. What it cannot capture, however, is the amount of effort required by staff – and by the judiciary, legal profession and our partners in other agencies as well – to land this change and to continue to do our core work.

Those who work across the justice system deal with some of life's most difficult issues. It is impressive that while continuing to support and helping people who are caught up in the system, we have also been able to deliver real improvements.

In particular, I would like to acknowledge the work of the judiciary. I recognise what a tough and sometimes thankless job they do. We are fortunate in New Zealand to have such a high calibre judiciary who are well regarded internationally.

Lastly, this document shows success, and this is because of the people who work in the Ministry. Staff can be proud of, and should celebrate, the year we have had. I want to formally thank every one of them for their work.

*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 2013 to 30 June 2014.*

**Andrew Bridgman**  
Secretary for Justice and Chief Executive

September 2014

# Our achievements

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## Making communities safer

Over the last year, the Ministry worked with the justice sector and community groups to prevent crime and victimisation, reduce the impact of crime and improve public safety.

A key focus remains on strengthening laws, communities and frontline collaboration. The best thing we can do to prevent harm is to address the causes of crime and reoffending and stop crime from happening in the first place.



## Collaborating to prevent crime and victimisation

During 2013/14, the Ministry continued to work with its partners in the justice and social sectors to achieve our shared outcomes. The justice sector shares a vision of a safe and just society and is leading the way in delivering Better Public Services (BPS) and results. It was the first sector to establish formal sector leadership, start sharing resources, and develop a sector-wide plan of action. One key focus of the Results Action Plan is on the delivery of better frontline services.

The justice sector is on track to meet, if not exceed, its BPS targets by 2017. By 2017, the justice sector is expected to have reduced the total crime rate by 15%, the violent crime rate by 20%, the youth crime rate by 25% and the rate of reoffending by 25%. At 30 June 2014, the total crime rate had decreased by 17%, and Youth Court appearances had decreased by 33%. The other two BPS target areas are currently at the halfway mark, with the violent crime rate decreasing by 11% and the reoffending rate decreasing by 12%.

In the last three years, recorded crime has dropped by 17%

Increased collaboration between the Ministry, New Zealand Police and the Department of Corrections means the justice sector continues to make excellent progress.

## ACHIEVING OUR TARGETS

The Hutt Valley Innovation Project is an example of the justice sector's success in working together to reduce the frequency and impact of crime. Between September 2012 and December 2013, frontline service providers formally collaborated on 10 initiatives. Since June 2011, total recorded crime in the Hutt Valley has dropped by nearly 25%, with violent crime down 20% and youth crime down by more than a third. In addition, prison sentences are decreasing, and the District Courts are managing fewer cases and reducing the time it takes to resolve cases.

Following this success in the Hutt Valley, the project has been rolled out to three 'flagship' locations: the East Coast, Papakura and Hamilton. Justice sector agencies in each area are working together, and with other social sector agencies, to find local solutions to address local problems such as alcohol and family violence. The Flagship Programme is progressing well against the 24 initiatives endorsed by the Leadership Board, and is improving outcomes for at-risk communities.

The Youth Crime Action Plan was launched in October 2013. This 10-year plan takes a practical approach to reduce crime by children and young people, and help offenders turn their lives around. Justice and social sector agencies must work closely with communities to reduce the factors that lead to youth offending. This initiative contributes directly to the BPS target of a 25% reduction in youth crime by 2017.

The Taskforce for Action on Violence within Families leads and coordinates interagency action that addresses family violence. This includes the abuse and neglect of children and older people. Family violence was added as a priority area to the Social Sector Forum and a whole-of-government approach to family violence was agreed in 2013/14. We also contributed to the government response to the Expert Advisory Group on Family Violence's report before it was published in July 2014.

By understanding the factors that lead to crime, we are better able to prevent crime and victimisation. The Leading Justice Symposium held in April 2014 looked out to 2024, considering global and domestic trends and how New Zealand can best address the changing nature of crime and better support victims. These discussions confirmed that the sector is on the right track to keep reducing crime and supporting victims, and finding new ways to sustain the falling crime rates. A summary of the symposium's proceedings is available on the Ministry's website.

## Modernising legislation

During 2013/14, the Ministry developed a range of policies to implement government priorities and ensure legislation is suitable for an electronic world.

New technology creates challenges for the justice system because it enables old crimes to be committed in new ways, as well as making new crimes possible. During 2013/14, we continued a programme of work to address cyber-bullying. The Harmful Digital Communications Bill, introduced in November 2013, is a world-leading response to this global problem. The changes proposed in the Bill will ensure criminal and civil laws cover all forms of harmful electronic communications, regardless of whether they are online or offline. If passed, the changes will make sure our laws keep pace with advances in technology and offenders will continue to be held to account.

The Objectionable Publications and Indecency Legislation Bill, currently awaiting its second reading, proposes increased penalties for the possession, import or export of objectionable material. The Bill also proposes that prison is the expected sentence for a repeat child pornography offence.

In 2013/14, the Ministry also progressed changes to the Privacy Act by introducing mechanisms that enable agencies to share information transparently and with accountability.

## Improving safeguards

The Bail Amendment Act 2013 came into force on 4 September 2013. By putting greater emphasis on victims and public safety, the Act helps to enhance the integrity of New Zealand's bail system. The amendments make it harder for people accused of serious offences to get bail by introducing reverse burden of proof for people charged with serious violent offences or Class A drug offences, and by restricting the presumption of bail for young defendants. The Act also provides a legislative basis for bail with electronic monitoring, ensuring consistent practices throughout New Zealand.

Addressing domestic violence is a priority for the justice sector. During 2013/14, the Ministry worked on implementing the Domestic Violence Amendment Act 2013, which will come into force on 1 October 2014. These amendments focus on improving the safety of protected people and their children, holding violent people to account, and providing flexible, evidence-based, responsive programmes. The Ministry has started work to implement the changes and has been talking with current programme providers about what these changes will mean.

The Ministry contributed to the Government's Children's Action Plan, which aims to reduce child abuse and neglect by making it easier for people to access support. Eight new Children's Teams were created in the Ministry of Social Development in 2013/14, which will work with the Ministry and other agencies to achieve the best outcomes for vulnerable children and youth. The Ministry continued to plan for the implementation of the Vulnerable Children Act. Over the past year, the Ministry also continued to explore other measures aimed at monitoring the small but significant group of adults who pose a high risk to children, including widening Extended Supervision Orders and developing a Sex Offenders Register.

The Public Safety (Public Protection Orders) Bill proposes a new regime to provide for the civil detention of individuals past their sentence where they pose a very high and imminent risk of serious sexual or violent reoffending. The Bill also sets out the process for getting and reviewing Public Protection Orders, the nature and form of detention, and reporting and inspection requirements.

The final stage of the Sale and Supply of Alcohol Act 2012 came into force on 18 December 2013. The reforms aim to reduce the harm associated with alcohol by, for example, reducing crime and victimisation associated with alcohol abuse. The work programme included developing regulations, working with local councils and publicising the changes.

The Ministry also worked with the sector to introduce the Organised Crime and Anti-Corruption Legislation Bill, which addresses transnational and domestic organised criminal activity.

The Alcohol and Other Drug Treatment Court pilot was evaluated in 2013/14, one year after it started in November 2012. The formative evaluation helped identify ways to further strengthen and improve the pilot. The pilot was implemented as a cost-effective way to reduce reoffending and imprisonment, reduce drug and alcohol dependency, and positively impact on the health and wellbeing of defendants whose offending is driven by dependency.

## Reducing the impact of crime

The Ministry funds support and services for victims of crime through the Offender Levy. During 2013/14, we collected \$4.02 million, which funded 15 types of grants and support services for approximately 5,400 victims of serious crime. The Ministry also provided \$6.032 million of funding to Victim Support – this supported more than 30,000 victims of crime.

During 2013/14, the Ministry introduced a number of changes to better support victims and reduce the impact of crime. The Victims of Crime Reform Bill was passed by Parliament in May 2014 and will strengthen the rights of victims.

The Ministry, through the Victims Centre, purchases or funds a number of services targeted at victims of sexual violence, as well as general services for all victims. The Victims Centre continued to provide victims and service providers with information, coordinate and improve services across government and support agencies in their efforts to reduce victimisation. It also oversaw victims' rights and services, and gave information to people working with victims. Three new functions have been added to the Victims Centre – to promote the Victims Code, to advise on complaints processes and reporting and to develop innovative ways to find out what victims think about improvements to services and outcomes for victims.

Court victim advisors and specialist sexual violence court victim advisors help victims while their cases progress through court. The Ministry offered these services to approximately 35,000 victims across New Zealand over the past year.

The Ministry has extended contracts with a number of community providers to deliver a range of sexual violence prevention programmes until 30 June 2015.

Upcoming reforms to the Evidence Act 2006 will require the defence to give advance notice to raise a sexual violence victim's sexual history and creates a presumption that child witnesses will give evidence in an alternative way, rather than in a courtroom.

Restorative justice services are now available across all District and High Courts in New Zealand as part of the first phase of the Accessible Justice programme. The enactment of the Victims of Crime Reform Bill will also make services more accessible. In addition, the Government invested an additional \$4.42 million over the next two years to use pre-sentence restorative justice services in family violence and sexual offending cases.

Restorative justice conferences aim to put things right for victims while ensuring offenders understand the true impact of their criminal activity and take responsibility for it. A study released by the Ministry in 2013 confirms the positive impact restorative justice has on reoffending: offenders who take part in restorative justice conferences are 12% less likely to reoffend in the following 12 months and, if they do reoffend, they commit 23% fewer crimes in the same period.

Restorative justice services are now available in every court across New Zealand

A new court order is being created that will make it illegal for serious offenders to contact their victims in any way. The Victims' Orders Against Violent Offenders Act enables courts to ban offenders from living or working in particular locations, reducing the impact of crime for victims. In addition, the family justice reforms introduced in 2013/14 increased the maximum penalty for breaching a Protection Order from two years in prison to three years.

In 2013/14, the Ministry also progressed the Parole Amendment Bill, which reduces the number of parole hearings for prisoners who are unlikely to be released. Currently awaiting its second reading, this Bill aims to reduce unnecessary stress on victims.

## REDUCING CRIME AND REOFFENDING

The Better Public Services (BPS) targets are the public sector's key goals and focus. By 2017, the justice sector is expected to have reduced the crime rate by 15%, the violent crime rate by 20%, the youth crime rate by 25% and the rate of reoffending by 25%.

Meeting these targets will have a significant impact on New Zealanders. Between June 2011 and June 2014, the crime rate had reduced by 17%, which equates to around 55,000 fewer crimes a year than in 2011. The violent crime rate is stabilising – it grew between 2008 and 2010 but, since June 2011, it has reduced by 11%.

We know that a key to reducing crime in the long term is to stop young people entering the justice system in the first place. Even though 14 to 20 year olds make up 10% of the total population, they make up over 30% of all arrests. We are successfully keeping young people out of the justice system and might be preventing a lifetime of crime. Reflecting the success we've had so far, the BPS target to reduce the youth crime rate was revised in September 2013 from 5% to 25%. This target has already been exceeded, with the youth crime rate falling by 33% between June 2011 and June 2014. This has resulted in 1,993 fewer court appearances by 14 to 16 year olds.



## **Maintaining the integrity and improving the responsiveness of the justice system**

Justice depends on the legitimacy and integrity of the institutions that make and enforce laws. The Ministry is driving change to improve the accessibility, quality and speed of New Zealand's justice services. Our focus on modernisation and operational improvement has led to better service delivery, and provided more effective tools to support the public, the judiciary and justice outcomes.





## Modernising the justice system

The Ministry is committed to providing modern tools and ways of working that lift performance and improve justice services for New Zealanders. Administrative processes to support the courts have built up over time, and rely on paper. The Ministry, with appropriate consultation with the judiciary, continues to work to update these processes to ensure they are in line with public expectations and other government services.

The Judicature Modernisation Bill modernises courts legislation by making the court system clearer, more flexible and more transparent. During 2013/14, the Bill was examined by a Select Committee. It is currently awaiting its second reading.

During 2013/14, the Ministry worked on the Courts and Tribunals Enhanced Services Legislation Bill, which proposes changes to further improve and modernise courts and tribunals and the legislation that governs how they operate. The Bill is expected to be introduced in 2014/15.

The Criminal Procedure Act, which simplified and sped up criminal court processes, came into effect on 1 July 2013. This was the biggest change in the criminal jurisdiction in over 50 years and the Ministry worked with court staff, sector partners, the legal profession and the judiciary to successfully implement it. The Act also removed the legal requirement for paper-based systems in criminal cases and significant work was done to prepare for the start of the electronic filing of Police charges on 1 July 2013.

High-quality audio-visual links (AVL) mean people don't have to be in a courtroom to take part in a proceeding. The technology is mainly used to enable defendants in custody to appear remotely from a prison and is a cost-effective way to improve safety and access to justice. AVL was first piloted in the Auckland, Manukau, Hamilton and Christchurch District Courts in 2010, and is now nationwide. In 2013/14, AVL was installed in a further 12 District Courts (Whangarei, North Shore, Tauranga, Rotorua, New Plymouth, Napier, Palmerston North, Hutt Valley, Wellington, Nelson, Blenheim and Invercargill). Planning for AVL facilities at two further District Courts (Gisborne and Dunedin) is well advanced and the facilities should be installed in 2014/15.

Over the past year, AVL has been installed in a further 12 District Courts

In November 2013, Auckland's Specialist Courts and Tribunals Centre officially opened. The purpose-designed centre was fitted out to meet the needs of a range of specialist courts and tribunals, and allows for video conferencing and the digital recording of evidence. Bringing specialist courts and tribunals together allows resources and services to be shared, and enhances the support and efficiency justice services can provide.

During 2013/14, the Court of Appeal began using electronic casebooks for criminal appeals. Electronic casebooks are more accessible, portable and searchable for the judiciary, and have reduced photocopying costs. Work is underway to use electronic casebooks for civil appeals.

## Improving justice services for the public

The Ministry's focus on customers and improving services is supported by the Ministry-wide target to speed up the time we take to deliver our services by 50% by 2017. During 2013/14, the Ministry's frontline managers and staff across courts and tribunals shaped this ambitious goal into annual targets, with plans to achieve them including sharing best practice across the court network and strengthening our focus on the customer's experience. We have achieved significant results since the target was put in place: in District Courts the average time it takes to deliver services decreased by 8.9% over 2013. While the focus is on District Courts, all business groups have used the goal to look at new ways of working and delivering services. This goal has also allowed us to have more meaningful conversations with the judiciary, legal profession, stakeholders and the public.

Work in the specialist courts and tribunals has led to a decrease in the average age of active cases and the number of cases on hand across a number of jurisdictions. At 30 June 2014, the Coroners Court had reduced the age of their cases by 13% while the Māori Land Court had reduced the age of their cases by 15%, with a particular focus on older cases: the number of cases nine years or older reduced by 35%, and the number of cases aged between five and nine years reduced by 31%. The Employment Court reduced the age of their cases by 23% overall, and the Environment Court by 8%.

A key priority for the tribunals has been to improve their operational performance. The overall number of tribunal cases on hand has decreased, and several tribunals have also reduced the average age of their active cases. The tribunals have also focused on developing legislative initiatives to remove inefficiencies and make decisions more quickly. These initiatives are proposed for inclusion in the Courts and Tribunals Enhanced Services Bill.

During 2013/14, the Ministry completed a three-year programme to reform the family justice system. The family justice reforms were in response to a 2011 review of Family Court processes, and seek to put the needs of children and vulnerable people first. The majority of the reforms relate to Care of Children Act matters, which account for approximately 40% of all Family Court applications. The centrepiece of the

changes is a new Family Dispute Resolution service, which uses trained mediators to help people resolve disputes about how they will care for their children without the stress of going to court, ensuring access to justice is both affordable and accessible. The Ministry also expanded the free and successful Parenting Through Separation course.

The Family Legal Advice Service is part of the family justice system. Eligible people can use the service to get advice on their rights and responsibilities, guidance about the family justice system and possible outcomes, and help to fill in court forms. The Family Legal Advice Service is separate from other legal services. Providers are experienced family lawyers.

During 2013/14, the Ministry implemented the Legal Services Amendment Act, which ensures the legal aid system remains affordable and available to the people who need it most. The Amendment Act re-introduced a user charge for many civil and family cases. It also introduced initiatives to encourage prompt repayment of legal aid debt by people who can afford to pay it.

Under the Act, interest began to be charged on legal aid debt from March 2014. Letters were sent to the 47,000 people with outstanding debt, advising them of the coming changes and around 35% of these people contacted the Legal Aid Debt Management Group to set up a repayment plan.

Almost \$20 million of legal aid debt was collected

During 2013/14, the Ministry helped New Zealanders access quality legal advice and information outside of the courts by supporting 24 Community Law Centres. These centres deliver around 150,000 hours of legal services to people who have unmet legal needs. They are contracted to help resolve legal issues at an early stage by providing legal information, education, help and advice.

Community Law Centres gave legal advice and assistance to 48,527 clients

New arrangements under the Trans-Tasman Proceedings Act 2010 will make resolving civil disputes with people in Australia simpler, cheaper and more efficient. Trans-Tasman court cases are now able to be treated more like court cases between parties in the same country. This will help protect people and businesses on both sides of the Tasman, encouraging and maintaining civil legislative rights while contributing to a successful Trans-Tasman marketplace.

Over the past year, the Ministry worked to provide more help to people who represent themselves in the High Court. A guide for civil matters has been developed and is now available on the Ministry's website. Similar information is being developed for criminal matters and to help people represent themselves in the Court of Appeal.

During 2013/14, the High Court centralised the processing of probate applications to the Wellington High Court. The Probate unit deals with approximately 16,000 applications a year, and they now take significantly less time to be determined.

The Ministry also implemented individual staff initiatives to improve the customer's experience, including trialling an iPad for customers to use at the North Shore District Court, installing a 'What's on' directory screen at the Greymouth and Blenheim District Courts, and mapping the existing Landbank data to provide information online for iwi earlier in the process.

## Supporting the judiciary and legal profession

We support more than 650 judges and judicial officers

The Ministry progressed proposals in response to a targeted review of the Coroners Act. Proposals have been considered in stages. The first focused on improving coroners' recommendations, improving processes within the coronial system, and clarifying which cases should be reported to the coroner. The second stage was announced in October 2013, and supplements those proposals by focusing on accountability, transparency and leadership, and clarifying a number of provisions in the Act.

Following the Court of Appeal's decision on the Criminal Legal Aid Fixed Fees framework, the Legal Services Commissioner released interim guidelines for criminal legal aid cases in July 2013 and for family and civil legal aid cases in August 2013. The guidelines for family cases were finalised in March 2014 alongside the family justice reforms.

## THE JUDICIARY AND CONSTITUTIONAL INDEPENDENCE

A key role for the Ministry is to support the judiciary and courts. The Ministry provides the administrative services needed to operate the New Zealand court system and 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.

When delivering these services, the Ministry works with the judiciary to ensure the constitutional independence of the judicial function 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 who exercise quasi-judicial functions (such as court registrars) do so as officers of the court. The Ministry does not direct or control staff when they are exercising these functions.

Joint Ministry-judicial committees and councils enable the judiciary to provide input on Ministry operations, such as improvements to court processes and service design.

## Improving court administration

We support 82 courts as well as 29 tribunals and authorities

Rostering and scheduling processes underpin the delivery of court services to New Zealanders. In 2013/14, the Ministry, working with the judiciary, improved these processes in the District Court to create streamlined, consistent schedules that make the best use of judicial hours. The first phase was introduced when the Criminal Procedure Act came into force on 1 July 2013. This focused on making processes and procedures consistent across the country, and finding a way to forecast workloads. To support this, we developed a workload modelling tool that we will continue to improve.

In January 2014, the Ministry's Central Processing Unit took over the processing of all applications for Disputes Tribunal hearings and dissolutions in the Family Court. Centralising these types of activities means they are dealt with consistently and frees up time for court staff to focus on other matters.

The Ministry made changes in February 2014 to improve the service of court documents. Previously, court documents were primarily served by bailiffs. Under the new arrangements, where possible, District Court registrars contact customers to ask if they would like to collect their documents. The main aim is to ensure customers get the right information at the right time, and in an efficient, cost-effective way.

In addition, iPads were trialled in the Environment Court and Waitangi Tribunal, reducing the administrative costs of producing and transporting paper evidence.

## Holding offenders to account

The public must have confidence that the justice system will hold people who break the law to account. The Ministry ensures our legal frameworks contain appropriate offences and penalties to respond to harmful behaviour.

During 2013/14, the Ministry continued to support the courtroom configuration pilot, which was launched in April 2013 for cases of low-level offending. The new set-up puts the defendant at the front of the courtroom so they are more engaged in the court process and more accountable for their actions.

The final two change projects introduced in the Courts and Criminal Matters Bill were implemented in 2013/14 – Driver Licence Stop Orders and changes to civil enforcement. Driver Licence Stop Orders were introduced in February 2014. This new enforcement tool encourages people to pay their overdue traffic-related fines and reparation, and avoid having their driver licence suspended. Licence suspensions remain in place until the person has paid their fines or reparation or arranged to pay them.

A public awareness campaign aimed at people with outstanding fines was launched alongside the introduction of Driver Licence Stop Orders. The campaign emphasises how easy it is to pay fines by going to our website or calling us. It also highlights the enforcement actions that can be taken if people ignore reminders to pay what they owe. This includes the power to seize property, stop overseas travel and affect credit ratings.

Changes to the civil enforcement system took effect in April 2014. These changes are the most comprehensive reform to civil debt enforcement in almost 25 years and are part of the Ministry's ongoing commitment to modernising the justice system. Key changes include improved processes for applying for Attachment Orders, and more options for filing applications to assess the financial means of the person who owes money. The changes were designed to make civil debt enforcement quicker, simpler and more cost effective.

## Increasing trust in the justice system

Trust in the justice system depends on whether people feel the processes of justice are carried out in an open, transparent and impartial manner, free from improper influence.

During 2013/14, the Public Defence Service (PDS) put in place a quality assurance framework that introduced standards of good practice and professional obligations for PDS lawyers. These standards will ensure we maintain and enhance the quality of services provided by the PDS.

The Public Defence Service is New Zealand's largest criminal law practice with over 180 staff members

An independent judiciary gives people confidence that, when they appear before the courts, their case will be decided in accordance with the law. During 2013/14, the Ministry continued to support the work of the judiciary to ensure the rule of law was upheld, judicial control and oversight of the court process was preserved, and the constitutional independence of judicial decision making was maintained.

Trust in the justice system will also be increased by the sector being transparent about what it is doing and what is being achieved. In 2013/14, the Ministry launched the first *Justice sector report* on crime and justice sector initiatives, and the justice sector Datalab. The Datalab allows people to easily access Ministry of Justice data on crime and safety. The data is updated every six months, and will eventually include data from other sector agencies, such as New Zealand Police and the Department of Corrections.



## MAKING IT EASIER TO RESOLVE FAMILY DISPUTES

A major piece of work has been the three-year programme to reform the family justice system. This has involved developing a new Family Dispute Resolution (FDR) service and Family Legal Advice Service. These reforms mark the most significant changes to New Zealand's Family Court since it was established 33 years ago.

The changes help people resolve their parenting disputes without going to court by creating new out-of-court services. FDR is the centrepiece of the reforms and is supported by an expansion of the successful Parenting Through Separation programme. The new Family Legal Advice Service provides legal advice before FDR and before entry to the Family Court.

A family justice website was designed to guide people through the process, improving both the service that is being offered and access to it. To increase public awareness of the reforms, the Ministry launched an advertising campaign about the new website on radio and the internet and in magazines. The advertising told people there are now more ways of settling disputes about children without going to court and encouraged them to visit the website to find out more information. Since being launched, the website has seen an average of more than 25,000 visitors a day, compared to the old website's average of 5,000 a day.

Another new source of information for customers is a dedicated family justice help line, 0800 2 AGREE. The help line is expected to respond to between 40,000 and 50,000 enquiries a year. The Ministry has also updated the brochures and forms and distributed them to over 350 outlets nationwide, including key stakeholders such as courts, lawyers and community organisations.

These changes ensure the family justice system is fit for purpose and suited to the needs of New Zealanders in today's society.

## Maintaining the civil and democratic rights of New Zealanders

Over the last year, the Ministry continued 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 in negotiating historical Treaty of Waitangi claims.



## Supporting civil and constitutional processes

The independent Constitutional Advisory Panel was supported by the Ministry during 2013/14 to continue to inform and engage New Zealanders on constitutional topics. The Ministry hosted a secretariat that helped the panel complete its engagement process and prepare a report on New Zealanders' views, including recommendations. The report is online at [ourconstitution.org.nz](http://ourconstitution.org.nz) and [kaupapature.org.nz](http://kaupapature.org.nz), along with the information resources and submissions made to the panel.

The independent Constitutional Advisory Panel completed its report on New Zealanders' views

The Ministry also progressed the Electoral Amendment Bill, which came into force on 24 March 2014. The Bill implemented the recommendations of the Justice and Electoral Committee's inquiry into the 2011 General Election that need legislation and could be put in place in time for the 2014 General Election. These changes improve services to voters, candidates and parties, improve efficiency by allowing more use of technology, and improve the integrity of elections.

Following a comprehensive review and consultation, the Ministry implemented a new civil fees regime on 1 July 2013. This new regime provides clearer, more proportionate and more consistent fees in civil proceedings.

## Meeting international justice obligations

It is now much easier to move money, people, goods and commit crime across borders. This means the Ministry must work to keep in line with international justice obligations and developments.

In 2013/14, the Ministry continued to progress the ratification of the United Nations Convention against Corruption. The convention requires legislative changes that show New Zealand supports international anti-corruption efforts, enhance our international reputation, and ensure we have a fair international trading system that complies with best practice. These changes are contained in the Organised Crime and Anti-Corruption Legislation Bill, which was introduced into the House in June and is currently awaiting its first reading. If passed, the Bill will improve legislation to combat organised crime and enhance New Zealand's compliance with the provisions of the United Nations Convention against Corruption, as well as the Organisation for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

During 2013/14, the Ministry supported the implementation of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, which came into force in June 2013. The Ministry also supports the Minister of Justice's statutory role in considering applications made under the Act for exemptions from any or all of its provisions. As at 30 June 2014, the Ministry had received 119 applications for Ministerial exemption. We have fully dealt with 66, the remaining 53 are at different stages of consideration.

Through membership of the Financial Action Task Force and the Asia Pacific Group on Money Laundering, the Ministry helped New Zealand support the international effort to combat money laundering and the financing of terrorism. New Zealand's Anti-Money Laundering and Countering Financing of Terrorism Act, which gives effect to the task force's recommendations, came into force in June 2013. In October 2013 the Task Force removed New Zealand from the regular follow-up assessment process, recognising our progress in complying with international standards. In July 2014, New Zealand assumed the co-chair of the Asia Pacific Group for a two-year term.



## Negotiating historical Treaty settlements

In 2013/14, the Ministry progressed proposals for a criminal history sharing agreement for employment vetting purposes between New Zealand and Australia. Following a successful trial, a Memorandum of Understanding is being developed to expand these arrangements to all approved Australian and New Zealand organisations. Making it easier to check a potential employee's criminal background highlights stronger levels of cooperation between the two countries.

New Zealand is a party to the United Nations Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, one of the core international human rights treaties. Every four years New Zealand reports to the United Nations Committee against Torture on what has been done to implement the convention domestically. During 2013/14, the Ministry collated public submissions and submitted the report to the United Nations. A delegation will appear before the committee in 2014/15.

In January 2014, the Ministry supported the New Zealand delegation, led by the Minister of Justice, during its appearance before the United Nations Human Rights Council for its review of New Zealand's human rights record. The Ministry coordinated the government response to the Human Rights Council's second Universal Periodic Report of New Zealand, which made 155 recommendations. The New Zealand response was submitted in May 2014.

During 2013/14, the Ministry advised the Minister of Justice on the process for extraditing people to and from New Zealand. The Ministry also advised the Attorney-General on the consistency of legislation with the New Zealand Bill of Rights Act 1990, and ensured New Zealanders had access to free legal advice and representation in certain criminal cases.

Concluding the Treaty settlement process is a key step in contributing to New Zealand's constitutional and economic progress.

Momentum continued to increase during 2013/14, with 47 historical Treaty of Waitangi settlement milestones being achieved. This includes the introduction of 15 pieces of settlement legislation and the enactment of eight pieces of legislation. As at 30 June 2014, 69 Deeds of Settlement have been signed, 83% of iwi are settled or are at various stages of negotiations and the Crown has settled approximately 70% of New Zealand's land area.

47 historical Treaty of Waitangi settlement milestones were achieved in the last year

To maintain momentum, the Ministry has made several changes to the way historical settlements are achieved. These changes include increased operational funding to encourage simultaneous negotiations, use of Chief Crown Negotiators and increased support for iwi. Streamlined processes for drafting Deeds of Settlement and bills have also sped up the process, as have bills being drafted in tandem with the Deed of Settlement, and the use of standard clause templates and an instructions template for the Parliamentary Counsel Office. The parliamentary process has also been streamlined by allowing a group of settlement bills to be proposed as an omnibus bill and by treating bills as cognate bills.

During 2013/14, the Ministry continued to help the Waitangi Tribunal deliver services related to the registration, management, hearing and reporting of Treaty of Waitangi claims. The Tribunal ensured claims made under the Treaty of Waitangi Act were supported, and the promises made in the Treaty of Waitangi were not breached.

The Waitangi Tribunal has grouped all historical claims into 37 districts and reported on 18 of these, covering 76% of New Zealand. Iwi from another eight districts have already negotiated settlements, and the 11 remaining districts are in the Tribunal's process. During 2013/14, the Tribunal reduced its number of unregistered claims by 50% and launched its *Strategic Direction 2014-2025* which sets out the transition from district historical inquiries to contemporary and kaupapa (national issue) claims.

## ADMINISTERING THE MARINE AND COASTAL AREA (TAKUTAI MOANA) ACT 2011

There have been 37 applications for recognition agreements with the Crown since the Marine and Coastal Area (Takutai Moana) Act 2011 came into force

The Ministry continued to administer the Marine and Coastal Area (Takutai Moana) Act 2011. The Act provides two pathways for the recognition of existing customary rights in the common marine and coastal area – either through the High Court or by directly engaging with the Crown.

A work programme has been agreed by Cabinet, involving:

- reaching recognition agreements with Ngāti Porou, Ngāti Pahauwera and Ngāti Porou ki Hauraki
- entering into terms of engagement with Ngāruahine and two other groups
- doing a series of proactive initiatives to inform the resolution of customary rights in the common marine and coastal area.

To contribute to this programme of work, during 2013/14 the Ministry engaged with applicant groups regarding recognition agreements, and instructed the Crown Law Office to represent the Crown in applications to the High Court.

As at 30 June 2014, there have been 37 applications for recognition agreements with the Crown since the Act came into force. The High Court has received 12 applications for protected customary rights or customary marine title under the Act. The Ministry and the Crown Law Office have done preliminary work on these applications, which will allow the four publicly advertised cases to be heard in court in 2014/15.

## SAFEGUARDING SETTLEMENT COMMITMENTS

The Ministry established a Post-Settlement Commitments Unit in June 2013. The unit will work with other agencies, local government and iwi to build on the opportunities settlements create. With 43 iwi settling since 2009, the focus shifts from negotiations towards the post-settlement phase. Throughout 2013/14, the unit focused on meeting Treaty settlement commitments to make sure a strong platform is built for future engagement.

## ACCELERATING THE SETTLEMENT PROCESS FOR NGĀTI HAUĀ

The Ngāti Hauā Deed of Settlement was signed in seven months, which is four times faster than average and makes it the Ministry's fastest negotiation so far.

In November 2012, Ngāti Hauā approached the Crown with an aspirational settlement package and asked that negotiations be completed within seven months. The eastern Waikato iwi was ready and able to settle, and challenged the Crown to deliver on their timeframe for completing the settlement.

The innovation of the Ngāti Hauā project was to abandon the linear progression of a typical Treaty settlement, and instead achieve as many milestones as possible at the same time. The first stage involved working across government agencies to complete due diligence on the cultural and commercial properties proposed, gain Cabinet agreement, and produce an implementation plan. Then the technical aspects (which included drafting the Deed of Settlement and legislation, and establishing the post-settlement governance entity) were completed simultaneously.

The Ngāti Hauā legislation was the first time that a deed and legislation had been drafted in parallel. This approach is now being used for other settlements, along with further initiatives, such as standard clauses to increase the pace of drafting.

This success is being replicated generally in the increasing momentum of settlements, as well as specifically in the acceleration of timeframes for other settlements. The Ngāi Te Rangi settlement reflects this, with an Agreement in Principle and Deed of Settlement being signed within six months of each other.

The Ngāti Hauā settlement established a process that can be used in future settlements, and signalled that, when a claimant group shows it is ready and able to settle, the Crown is capable of and committed to delivering.



## Shaping the Ministry to adapt and deliver

The Ministry is focused on improving the way we work, and building our capability, systems and technology to provide a modern, accessible, people-centred justice system.



## Making better use of technology

Our strategy requires the Ministry to think differently about its operating model and infrastructure. Continued investment in new court facilities and technological solutions is capital-intensive, involving long lead times and long-term commitments.

The Ministry has started on a programme of work to transform the Ministry's information and communications technology. The Infrastructure Service Delivery Programme modernised the Ministry's desktop environment and gave staff the latest business tools. Notable successes in 2013/14 include the upgrade of all desk phones to an improved system, the replacement of the email system, and beginning the upgrade to Windows 7. Behind the scenes, all Ministry servers that support our business applications were upgraded. The programme is now preparing the business applications for the new ICT environments and completing the rollout of Windows 7 to all Ministry computers.

## Managing our property portfolio

During 2013/14, the Ministry continued to strengthen and refurbish its buildings to make sure they meet seismic safety requirements and are fit for purpose. The Ministry is focused on investing in areas with the highest demand.

Our 3,500 staff are spread over more than 100 locations

During 2013/14, the Ministry upgraded and reopened the Masterton District Court and we provided new and enhanced court services in Christchurch. The Ministry also continued design work to strengthen the main Dunedin courthouse, which was closed in December 2011. New interim court facilities for jury trials were opened in August 2013.

After spending five months at various sites, Wellington staff who had been forced to relocate after the 2013 earthquakes moved into new premises. The teams spent the intervening months in a variety of Ministry sites, including the Justice Centre.

The Ministry is also investing in the redevelopment and extension of the Manukau District Court. The redeveloped precinct will feature a new four-storey extension, four new jury trial rooms, state-of-the-art security, as well as extensive alterations and a complete refurbishment of the existing structure. In November, jury trials moved from Manukau District Court to the Auckland and Papakura District Courts to prepare for the major construction stage of the project. The existing building was also re-roofed. The precinct development is scheduled to end in mid-2015.

Over the past year, the Ministry continued to assess its footprint and made changes where necessary. In 2013/14, the Rangiora and Balclutha courts were closed and transferred to Land Information New Zealand (LINZ) permanently, with services redirected to Christchurch and Dunedin District Courts respectively. The Oamaru District Court building was also transferred to LINZ, and a new interim Hearing Centre building was opened in August 2014. The court operated out of the local opera house while the Ministry developed the new building.

During 2013/14, the Ministry continued to manage properties held in the Landbank. There are 978 surplus Crown properties held in the Landbank for potential use in Treaty settlements. These properties include residential, bare land, commercial properties, farms and industrial sites.

During the past year, the Ministry continued to build on its facilities management contract, which has been in place since March 2013. An asset verification process was undertaken, which gave the Ministry a comprehensive view of the condition of our physical property assets. From this information, the Ministry has been able to plan and begin implementing a significant plant replacement programme, including the upgrade of lifts and air-conditioning systems.

## Prioritising our spending

In 2013/14, the Ministry began work to identify ways to improve the effectiveness and efficiency of Ministry expenditure. Phase one, completed in May 2014, focused on improved oversight of expenditure, through better planning, budgeting and prioritisation.

The Ministry leads the justice sector's planning process that evaluates medium-term cost pressures against agreed levels of funding over the next four years. The Four-year Plan is a working document between justice sector agencies and Ministers, providing a clear and integrated view of the Ministry's strategy and intentions to support the Government's decision-making on priorities and resource allocation.

The Justice Sector Fund further enables sector agencies to work together to prioritise their spending. This cross-agency funding pool gives the sector the flexibility to invest in areas that deliver better justice services and results to New Zealanders. The fund has enabled us to provide more restorative justice services and audio-visual links between courts and prisons.

The Justice Sector Fund enabled us to provide more restorative justice services and AVL between courts and prisons

During 2013/14, the Ministry adopted the Government Rules of Sourcing, and updated our procurement policy to reflect the new rules. The Ministry began to implement the Streamlined Contracting with Non-Governmental Organisation's framework. We are also in the process of joining the All-of-Government agreements for rental cars and advertising services.

## Strengthening our governance and management

There has been ongoing work to strengthen the Ministry's governance arrangements. Two new committees were created in 2013/14 to support the Strategic Leadership Team in its governance role. The Planning and Resources Committee and the Investment Committee are responsible for the efficient and cost-effective delivery of the Ministry's programmes and projects.

During 2013/14, we worked to develop a suite of key performance indicators and balanced scorecards to help the Ministry's leadership team track progress against strategic objectives. This ensures the Ministry's governing committees receive the information they need to make strategic and operational decisions.

## Building a culture of empowerment and innovation

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

During 2013/14, the Ministry continued to run the annual Chief Executive's Awards for Excellence. These awards recognise staff who made an exceptional or outstanding contribution to the Ministry's customers or stakeholders. This supports innovation, and builds a culture of empowerment throughout the Ministry.

The Ministry introduced a new approach to managing performance, effective from 1 July 2013, with an updated Performance Development Plan template and process. The new process is simple and flexible, and encourages ongoing conversations between managers and staff. This should further raise the quality of performance management in the Ministry and help staff succeed.

The Ministry settled its three collective agreements during 2013/14. Two of the agreements were settled with the Public Service Association in September 2013 with terms through to 30 June 2015. The third was settled with the National Union of Public Employees in April 2014, also with a term through to 30 June 2015. Around 40% of Ministry staff are union members covered by these agreements. All settlements were in line with the Ministry's bargaining strategy and the Government's Expectations for Pay and Employment Conditions in the State Sector.

The Ministry's third staff engagement survey was completed in March 2014. It did not show overall improvement from 2012. Following the 2012 Working for Justice Survey, we focused on a number of areas that would make a difference and our latest results showed improvement in these areas. The report noted that, since 2012, the Ministry has seen significant improvement in how staff feel about the person they report to, and in areas related to individual performance improvement. The report also indicated that staff felt more positively about having a clear vision and a common purpose. Much has been done since the results and the Ministry has an engagement plan in place.

The Ministry values diversity and remains committed to building a workplace where all individuals can access opportunities to develop and achieve.

## Responding to the PIF review

The Performance Improvement Framework (PIF) review looks at how well an agency is responding to the Government's priorities, and is a tool to help agencies build on strengths and identify areas for improvement. Paula Rebstock and Dr Murray Horn reviewed the Ministry in April 2014, following up on the comprehensive and formal review they conducted in 2012.

The follow-up review stated that "the Ministry has responded with a much clearer statement of its vision, 'a safe and just society', and the mission 'to deliver modern, accessible, people-centred justice services' and is focused on halving the time it takes to deliver justice services. The priority is improving District Court performance because 'this is where the Ministry has the most opportunity to positively impact the lives of New Zealanders and where we can readily improve our performance' (Secretary of Justice). This clearly establishes the public as the Ministry's customer."

In the same review it was stated that 'for the first time in four years the average age of court cases is reducing rather than increasing. From 30 April to the end of December 2013, the average age fell 8.9% with remarkable reductions in specific locations, jurisdictions and case types – and we expect this to be 21.4% by December of 2014. These represent some significant improvements for court users.

The reviewers found that the Ministry has made good progress in its management of the settlement of historical Treaty claims and, together with its sector partners, is on track to meet the Better Public Services targets for reducing crime. We have also made progress towards improving the quality of justice services, but more needs to be done. The review noted a number of challenges we face and the areas that need more attention. In order to achieve our 50% target and effectively modernise court services, we will need stronger engagement with staff and the judges. We are working on these areas, and they will continue to be a focus for us over the next two years.

## Managing risk

Risk management is the foundation of sound governance and good management. The Ministry refreshed its Enterprise Risk Management Framework during 2013/14. When fully rolled out, this framework will serve as a common, consistent baseline across the Ministry so risks can be consistently identified, assessed and compared.

The Ministry's National Emergency Management and Business Continuity Plan was introduced in October 2013. The plan sets down structures and principles to help the Ministry respond to adverse events and plan for recovery. The plan shows the Ministry is dedicated to managing potential risks and providing resilient responses.

The Ministry's Audit and Risk Committee continued to provide the Chief Executive with independent advice on risk management and the Ministry's internal control systems. The Justice Sector Risk and Assurance Forum continued to meet regularly. The purpose of the forum is to share information, enhance the sector's view of risk management, and identify areas for further collaboration.

The Ministry focused on improving its awareness and management of privacy during 2013/14. We set up a Privacy Advisory Group, and drafted a Privacy Strategic Plan. A Major Privacy Incident Response Plan was also developed in 2013/14. In November 2013, the Ministry undertook an internal privacy survey to further improve staff awareness and knowledge of how to be proactive with privacy concerns.

## BUILDING BETTER WAYS OF WORKING IN CHRISTCHURCH

During 2013/14, the Ministry led work to develop the Christchurch Justice and Emergency Services Precinct.

The Precinct is the largest co-location of government services in New Zealand history - bringing together 1,100 staff from multiple agencies in a 40,000m<sup>2</sup> facility, spread across three buildings.

It is one of the key projects in the City Recovery Plan, and reflects the Ministry's commitment to the rebuilding of Christchurch and the delivery of better public services. Justice sector and emergency services agencies will be located together so they can share building services, information technology, infrastructure and support services, and meeting and training facilities.

Occupying a central city block, the Precinct will bring a substantial workforce back into the city centre, with an estimated 2,000 people working in or using the Precinct's facilities every day.

The Precinct will house 19 multi-purpose, flexible courtrooms, which will allow all courts to operate from one location. It will also contain a state-of-the-art Emergency Operations Centre and a 111 emergency call centre to support Police, St John and the Fire Service across the whole of the South Island.

In 2013/14, the design of the Precinct was unveiled and the construction contracts were awarded. The first phase of work began ahead of schedule in February 2014, with the soil being strengthened before the start of construction in mid-2014.

A webcam has been set up so the community and the people of Christchurch can follow the project's progress.

The Precinct will be used as a model for new ways of working, so Ministry and sector services are provided in more effective, user-friendly ways that will increase the chances for Ministry staff to collaborate with other sector agencies.

The Precinct will be fully operational in early 2017.





# Our performance

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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 2014 and its operations for the year ended on that date.

*Signed*

*Counter-signed*



**Andrew Bridgman**  
Secretary for Justice and Chief Executive

30 September 2014



**Thor Gudjonsson**  
Chief Financial Officer

30 September 2014

# Independent auditor's report

**To the readers of the  
Ministry of Justice's  
financial statements, non-financial performance information  
and the statements and schedules of non-departmental activities  
for the year ended 30 June 2014**

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, 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 74 to 105, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2014, the statement of comprehensive income, statement of changes in equity, statement of departmental expenses and capital expenditure against appropriations, statement of departmental 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;
- the non-financial performance information of the Ministry that comprises the statement of service performance on pages 41 to 67 and the report about outcomes on pages 35 to 40; and
- the statements and schedules of non-departmental activities of the Ministry on pages 108 to 132 that comprise the schedule of non-departmental assets, schedule of non-departmental liabilities and revaluation reserves, schedule of non-departmental contingent liabilities and contingent assets as at 30 June 2014, the schedule of non-departmental expenses, statement of non-departmental expenditure and capital expenditure against appropriations, statement of non-departmental unappropriated expenses and capital expenditure, schedule of non-departmental revenue and receipts, schedule of non-departmental capital 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 74 to 105:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Ministry's:
    - financial position as at 30 June 2014;
    - 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 2014; and
    - unappropriated expenses and capital expenditure for the year ended 30 June 2014.
- the non-financial performance information of the Ministry on pages 35 to 67:
  - 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 2014, 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 statement and schedules of non-departmental activities of the Ministry on pages 108 to 132 fairly reflect, in accordance with the Treasury Instructions:
  - the assets, liabilities, contingencies, commitments and trust monies as at 30 June 2014 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 2014. 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, 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, 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, the non-financial performance information and the statements and schedules of non-departmental activities. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, the non-financial performance information and the statements and 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, the non-financial performance information and the 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, the non-financial performance information and the statements and schedules of non-departmental activities; and
- the overall presentation of the financial statements, 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, 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, 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, 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, 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, the non-financial performance information and the statement 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 assignments in the area of probity assurance over a Coronial Services Procurement Project and process to select providers for Family Dispute Resolution Services, 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

# Audit and Risk Committee report

FOR THE PERIOD FROM JULY 2013 UNTIL JUNE 2014

*Report from  
Graeme R Mitchell – Chair  
Audit and Risk Committee  
Ministry of Justice*

## BACKGROUND

The Audit and Risk Committee has been established by the Chief Executive to provide independent advice to assist him to discharge his responsibilities for the maintenance of systems of internal control, responsible resource management, and the management of risk. The committee is one of a number of mechanisms designed to assist the Chief Executive and the Ministry's Leadership Team to maintain and improve the corporate governance environment throughout the Ministry.

The primary benefit of the committee is its independence and objectivity in relation to management. It is expected that the committee's role will result in improved management and therefore organisational performance through the provision of alternative perspectives and informed independent advice.

The purpose of the committee is to provide independent advice and observations to the Chief Executive on the quality of:

- risk management processes
- internal control mechanisms
- internal and external audit functions
- integrity of performance information
- business improvement initiatives
- the governance framework and processes
- policies and processes adopted to ensure compliance with legislation, policies and procedures.

The committee is advisory only and does not assume any management functions or make decisions that are the statutory responsibility of the Chief Executive. Primary responsibility for ensuring resolution of issues and the appropriate implementation of agreed committee recommendations lies with the Chief Executive and the Ministry's Leadership Team.

## CURRENT MEMBERS

The committee comprises three independent external members:

- Graeme Mitchell (Chair)
- Scott Pickering
- Viv Rickard.

Other permanent attendees at committee meetings are the Ministry's Chief Executive, Deputy Chief Executive and Deputy Secretary Corporate. Audit New Zealand, the Ministry's external auditor, attends as an observer and the committee is supported by the Director Risk and Assurance.

## REPORT OF THE AUDIT AND RISK COMMITTEE

The committee was reactivated with its current membership in November 2013. Scott Pickering and Viv Rickard joined the committee for the first time at that point. Since then the committee has met on three occasions to fulfil its duties and responsibilities. During these meetings the committee has:

- received briefings on the Ministry's Strategic Plan and key priorities
- discussed and provided advice on key areas of the Ministry's programme of work, including:
  - Criminal Procedure Act Implementation
  - Family Justice Implementation Programme
  - Disaster Recovery Capability
  - Modernising Courts Programme
  - Christchurch Justice and Emergency Services Precinct
  - health and safety management
  - governance arrangements and priorities
  - long-term financial forecast
  - Performance Improvement Framework results
  - engagement survey outcomes and responses
- reviewed the Ministry's strategic risks
- discussed with the external auditors their audit plan for the year and the findings from their audit work
- discussed with Risk and Assurance their work programme for the year and the findings from this work, including receiving updates on the legislative compliance programme and fraud risk.

As a new committee our immediate attention has been focused on three areas. Firstly members have sought an understanding of the strategic direction and key priorities for the Ministry. We have discussed these with the Chief Executive and debated the rationale behind the direction and priorities as well as the risks to their achievement. We have emphasised areas where increased management attention, monitoring and reporting would be useful. Examples include Modernising Courts, where the committee has advised on the focus necessary to provide the Chief Executive with sufficient assurance on that programme, and health and safety, where the committee has advised on the need for heightened visibility of key metrics at the executive level to inform organisational response strategies. These are both areas of ongoing focus for the committee.

Secondly we have considered the Ministry's broader strategic risk profile and tested through debate and discussion the robustness of the Ministry's responses. The committee has a particular interest in the Ministry's response to its fiscal pressures and the response to its recent engagement survey. Both these areas have the potential to impact on the Ministry's ability to progress a transformational change programme. These will also be ongoing areas of committee focus over the next 12 months.

The committee's third area of emphasis has been to ensure there remains sufficient emphasis on, support for and oversight of the external and internal assurance programmes. We have had unrestricted and frank exchanges of information with the external auditor and have satisfied ourselves as to the independence of the internal audit function and the focus of its activities.

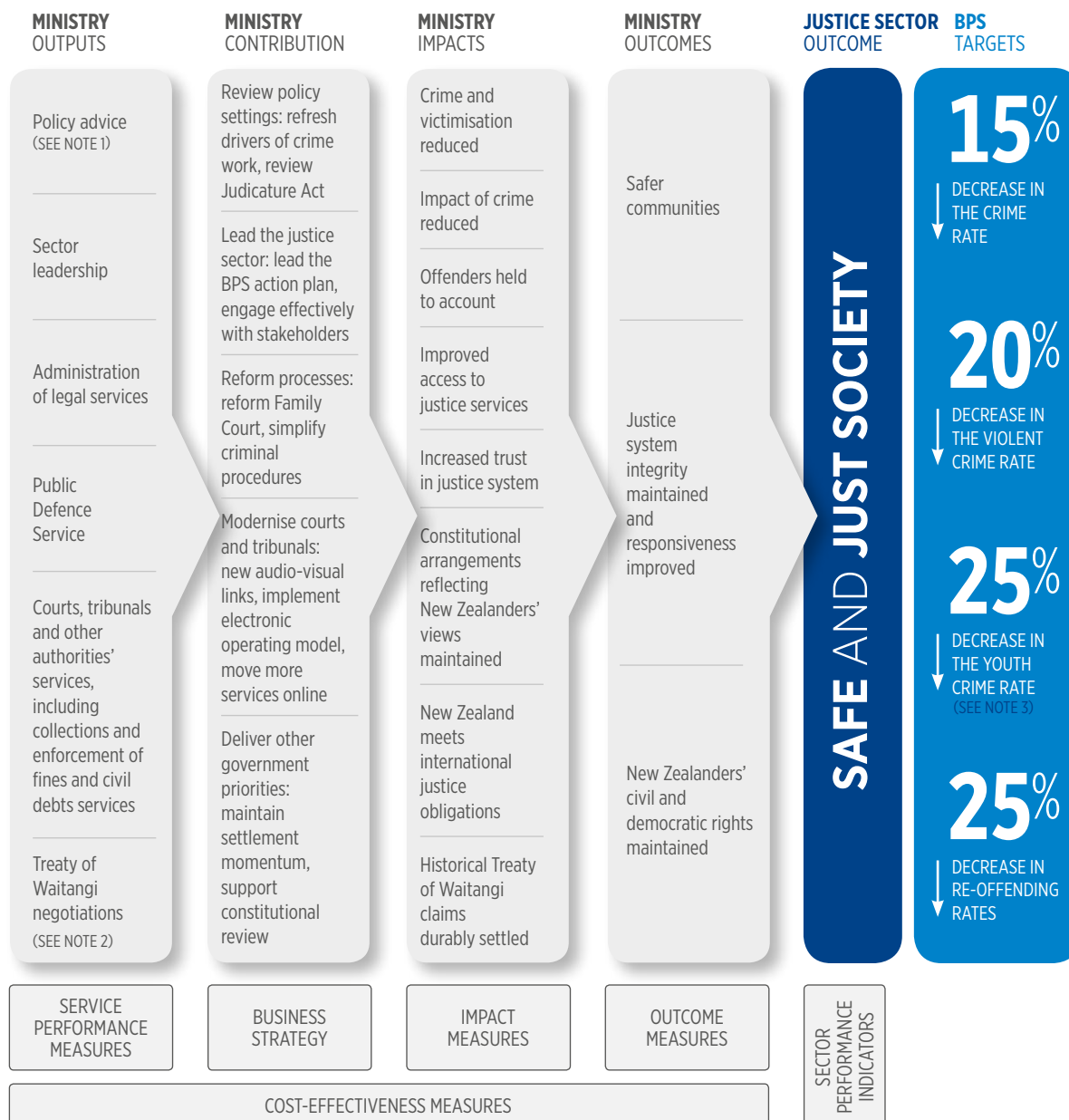
The committee has also overseen a refresh of the Ministry's Audit and Risk Committee Charter during the year. This was presented to, and approved at, the May 2014 meeting. The refresh drew from the Office of the Auditor-General's guidelines, along with other agencies' charters.

In addition to its formal meetings, the committee has separately reported to the Chief Executive on the above matters through meetings with its Chair. One additional meeting was also held between the Chief Executive and all the external members to provide feedback on progress to date and discuss areas of beneficial future focus.

The committee will continue to meet every quarter going forward.

## Our focus

The diagram below shows what we aim to achieve and how our work contributes to Ministry and justice sector outcomes.



Note 1 – The appropriation that supports this is the Justice Policy Advice and Related Services multi-class output appropriation.

Note 2 – The appropriations that support this are the Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act multi-class output appropriation, and the Property Portfolio Management appropriation.

Note 3 – Original target achieved and reset during 2013/14.



## Outcome measures

An explanation is provided for all service performance variances over 10%. Unless otherwise stated, where there is a range for a standard, the variance is calculated from the upper and lower limits of the range.

### Making communities safer

#### ABOUT THIS OUTCOME

People expect that the justice system will keep them safe. The Ministry works with 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.

#### ASSESSING PERFORMANCE

Measure	Current measurement	Target	Current state and trend	Variance explanation
<b>Outcome – Making communities safer</b>				
Crime rate decreases (see note 1)	Recorded crime relative to the New Zealand population (see note 2)	Better Public Services target 15% reduction by 2017	2013/14: 817 – down 17.0% 2012/13: 858 – down 12.9% 2011/12: 928 – down 5.8%	
<b>Impact – Crime and victimisation reduced</b>				
Violent crime decreases (see note 1)	Recorded crime relative to the population, for specific violent offences, including: homicides, attempted murder, manslaughter, acts intended to cause injury – eg serious assaults, kidnapping and abduction, robbery and other related offences (see note 2 and note 3)	Better Public Services target 20% reduction by 2017	2013/14: 97 – down 11.4% 2012/13: 99 – down 8.7% 2011/12: 101 – down 7.2%	
Youth crime decreases (see note 1)	The level of youth offenders (aged 14–16) appearing in court, relative to the youth population (see note 4)	Better Public Services target 25% reduction by 2017	2013/14: 220 – down 32.6% 2012/13: 265 – down 18.6% 2011/12: 304 – down 6.7%	
Alcohol-related offending decreases	Decrease in alcohol-related motor vehicle crash rates for young people (aged 15–24) (see note 5)	Not applicable (see note 6)	2013: 7.4 2012: 9.3 2011: 9.6	
	Rate of deaths from motor vehicle crashes where the driver had alcohol as a contributing factor	Not applicable (see note 6)	2013: 1.5 2012: 2.1 2011: 1.7	

Measure	Current measurement	Target	Current state and trend	Variance explanation
Fewer people worry about being a victim	A periodic survey of the public shows a decrease in the proportion of people who feel very or fairly worried about victimisation (see note 7)	Target in development	<p>Worried about traffic accident caused by a drunk driver – 2009: 58%, 2006: 62%</p> <p>Worried about house burglary – 2009: 58%, 2006: 59%</p> <p>Worried about car being damaged or broken into – 2009: 53%, 2006: 57%</p> <p>Worried about credit card misuse – 2009: 55%, 2006: 52%</p> <p>Worried about having car stolen – 2009: 48%, 2006: 52%</p> <p>Worried about being attacked and robbed – 2009: 39%, 2006: 41%</p> <p>Worried about being assaulted by strangers – 2009: 37%, 2006: 38%</p> <p>Worried about being sexually assaulted or raped – 2009: 27%, 2006: 30%</p> <p>Worried about being assaulted by someone you know – 2009: 14%, 2006: 17%</p>	
<b>Impact – Reducing the impact of crime</b>				
Fewer people think there is a crime problem	An annual survey of the public shows a decrease in the percentage of people who perceive there to be a crime problem in their neighbourhood (see note 8)	Target in development	<p>2014: 35%</p> <p>2013: 35%</p>	

Note 1 – Better Public Services results are measured from a June 2011 baseline.

Note 2 – Population base rate is per 10,000 of the New Zealand population.

Note 3 – The definition excludes less serious offences, such as harassment (largely acts of intimidation) and blackmail and extortion (ie fraud). Sexual violence offences are also excluded.

Note 4 – Population base rate is per 10,000 of the New Zealand youth population.

Note 5 – Drivers aged 15–24 in crashes (fatal, serious injury or minor injury) with alcohol recorded as a factor contributing to the crash per 10,000 aged 15–24 in the population.

Note 6 – Since developing the *Statement of Intent 2013–2016*, this measure has been withdrawn from future reporting and, therefore, no target will be developed.

Note 7 – Satisfaction is measured by a survey of New Zealanders run every four years. The scale for responses is a five-point satisfaction scale, with a mid-point of 'neutral'.

Note 8 – This was previously measured through the periodic New Zealand Crime and Safety Survey and is now measured through the annual Public Perceptions Survey. The results from the Public Perceptions Survey are not comparable to results previously reported from the New Zealand Crime and Safety Survey.

## Maintaining the integrity and improving the responsiveness of the justice system

### ABOUT THIS OUTCOME

The Ministry is implementing and driving significant change to improve the accessibility, quality and speed of justice services. These changes are about delivering better results and services to New Zealanders, and our key focus is on modernisation and operational improvement. The Ministry is improving access to services, ensuring offenders are held to account, and promoting trust in the justice system.

### ASSESSING PERFORMANCE

Measure	Current measurement	Target	Current state and trend	Variance explanation
Outcome – Maintaining the integrity and improving the responsiveness of the justice system				
New Zealanders have confidence in the effectiveness of the justice system	World Justice Project Rule of Law Index shows that civil justice in New Zealand is perceived to be free from corruption and improper influence by the Government	Maintain or improve score for access to civil justice	2014: Score 0.74 (Global rank: 9/99) 2012: Score 0.76 (Global rank: 9/97)	
	World Justice Project Rule of Law Index shows that the criminal justice system in New Zealand is perceived to be impartial and free from corruption	Maintain or improve score for effectiveness of criminal justice	2014: Score 0.72 (Global rank: 12/99) 2012: Score 0.79 (Global rank: 7/97)	
More people are satisfied with the quality of courts and fines services	The Kiwis Count Survey of the public shows an increase in points for satisfaction with paying fines or getting information about fines and, for a court, about a case the respondent was involved in	63% of people are satisfied (see note 1)	2013: Fines: 63% Courts: 50% 2012: Fines: 63% Courts: 50% 2009: Fines: 57% Courts: 52%	
	The Court User Survey shows an increase in the proportion of people who were very or fairly satisfied with court services and facilities (see note 2)	80% of people are very or fairly satisfied	2014: Overall: 80% 2012: Overall: 80%	

Measure	Current measurement	Target	Current state and trend	Variance explanation
<b>Impact – Improved access to justice services</b>				
Time to resolve a case decreases	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	Decrease by 2015	Measure withdrawn	This measure has been withdrawn and replaced with the indicator below. The 'average age of active cases' is the primary measure the Ministry uses to monitor the time it takes for cases to proceed through the system.
Average age of active cases decreases	The average age of active cases decreases for all District Court criminal cases and for the subset of jury trials	New indicator	District Court all criminal: 110 days District Court jury trials: 361 days (see note 3)	
	The average age of active Family Court applications decreases	New indicator	Family Court applications: 246 days (see note 3)	
	The average age of civil cases in District Courts decreases	New indicator	District Courts civil cases: 193 days (see note 3)	
	The average age of Disputes Tribunal applications decreases	New indicator	Disputes Tribunal applications: 72 days (see note 3)	
The quality of legal aid services improves	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	100% meet expected standards	2013/14: 94% 2012/13: New measure	
	Ministry of Justice administrative data from the Legal Aid Management system shows that applications for criminal cases are assessed in a timely manner	93% of criminal legal aid applications are assessed within 1 working day	2013/14: 96.5% 2012/13: New measure	
People find it easier to access court information	The Court User Survey shows an increase in the proportion of people who found it very or fairly easy to obtain information about court services or facilities (see note 2)	70% find it very or fairly easy to obtain information	2014: 59% 2012: 64%	Those dealing with a fine or reparation were more likely to think obtaining information was easy (70%). Those accused of an offence were less likely to say it was easy (54%).

Measure	Current measurement	Target	Current state and trend	Variance explanation
<b>Impact – Offenders held to account</b>				
There are no applications granted for Stays of Proceedings under the Bill of Rights Act 1990 for undue delay attributable to the Ministry	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	2013/14: 2 2012/13: 2	The Registry contributed to one of these stays by omitting to take a plea or election at the beginning of proceedings. The other case was delayed because no judge was available for a particular hearing.
	Number of other judge-alone 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	2013/14: 4 2012/13: New measure	Two of these cases were delayed because inadequate rostering and scheduling meant that no judge was available for specific hearings. The other two had to be adjourned twice each due to other matters being given priority on the day. These cases were not able to be heard on the day.
	Number of High 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	2013/14: 0 2012/13: 0	
The percentage of people who do not comply with their monetary sanctions decreases	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 (see note 4)	40% (see note 5)	2013/14: 50.4% (see note 5) 2012/13: 52.6% (see note 5)	This target was set for the 2013–16 period and the Ministry is continuing to focus on this area.
<b>Impact – Increase trust in the justice system</b>				
Court users feel that they are treated fairly by Ministry staff when they attend court	The Court User Survey shows an increase in the proportion of people who strongly agree or agree that they are treated fairly when they attend court (see note 2)	Target in development	2014: 93% 2012: 91%	

Note 1 – The Kiwis Count Survey is a national survey measuring New Zealanders' experiences of public services. The measurement is a five-point satisfaction scale, with a mid-point of 'neutral'.

Note 2 – Court users are surveyed two-yearly for their satisfaction with the Ministry's services at the largest courts. The performance measure standard is the percentage of respondents who indicate they are 'fairly satisfied' or 'very satisfied' with the services and facilities provided. The Court User Survey was run in 2012 and 2014.

Note 3 – This is the first year of reporting for this measure. The 2013/14 result will be used as a baseline for future reporting.

Note 4 – Previously this measure reported the proportion of the dollar value of unpaid fines. This has been changed to the proportion of people who have not paid or arranged to pay.

Note 5 – This figure differs from that reported in the Ministry of Justice *Statement of Intent 2014–2018* as this information was reported incorrectly.

## Maintaining the civil and democratic rights of New Zealanders

### ABOUT THIS OUTCOME

To maintain the civil and democratic rights of New Zealanders, the Ministry continues to work 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. The Ministry also maintains momentum in settling historical Treaty of Waitangi negotiations.

### ASSESSING PERFORMANCE

Measure	Current measurement	Target	Current state and trend	Variance explanation
<b>Outcome – Maintaining the civil and democratic rights of New Zealanders</b>				
Perceived level of corruption remains low	New Zealand's score on the Transparency International Corruptions Perception Index does not decrease	Maintain or improve score	2013: 91/100 (Global rank: 1/177) (see note 1) 2012: 90/100 (Global rank: 1/176)	
<b>Impact – Historical Treaty of Waitangi claims durably settled</b>				
Treaty of Waitangi claims are durably settled	Progress is made in introducing all historical Treaty of Waitangi settlement legislation into parliament (see note 2)	45% of all settlement legislation is introduced by end of 2014/15 (see note 3)	2013/14: 47% 2012/13: 33% 2011/12: 28% (see note 4)	
<b>Impact – Constitutional arrangements reflecting New Zealanders' views maintained</b>				
New Zealanders have confidence that their human rights are protected	World Justice Project Rule of Law Index shows that New Zealand is perceived to protect freedoms and is free from discrimination	Maintain or improve score for fundamental rights	2014: 0.84 (Global rank: 7/99) 2012: 0.86 (Global rank: 5/97)	

Note 1 – This figure differs from that reported in the Ministry of Justice *Statement of Intent 2014–2018* as this information was reported incorrectly.

Note 2 – Previously this measure reported the progress made in enacting historical Treaty of Waitangi settlement legislation. This has been amended to the introduction of historical Treaty of Waitangi settlement legislation into parliament.

Note 3 – Targets for this measure are based on current projections of the Office of Treaty Settlement's agreed work programme.

Note 4 – This information is reported according to financial year and, as such, differs from the calendar year figures included in the Ministry of Justice *Statement of Intent 2014–2018*.

## 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 2013/14. An explanation is provided for all service performance variances over 10%. Unless otherwise stated, where there is a range for a standard, the variance is calculated from the upper and lower limits of the range.

### 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.

#### ADMINISTRATION OF LEGAL SERVICES

##### WHAT THE MINISTRY DOES

This appropriation supports the administration of legal services, including legal aid and related schemes, and the management and collection of legal aid debt.

##### CONTRIBUTION TO OUTCOMES

This appropriation contributes to the outcome of maintaining the integrity and improving the responsiveness of the justice system. The administration and provision of legal services helps to meet public needs and expectations to develop better, more accessible, and cost-efficient public services.

##### ASSESSING PERFORMANCE

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
Number of new criminal legal aid applications administered	57,869	56,300–62,200	54,927	
Number of new family legal aid applications administered	24,695	23,700–26,200	23,172	
Number of new civil legal aid (other) applications administered	2,763	2,500–2,700	2,058	Parole proceedings were moved from the civil to the criminal jurisdiction from September 2013.
Total legal aid debt recovered	\$14.399 million	\$18–21 million	\$19.906 million	
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 (see note 1)	61	60 or more audits undertaken	61	
	New measure	100% meet expected standards	94%	
Ministry of Justice administrative data from the Legal Aid Management System shows that applications for criminal cases are assessed in a timely manner (see note 1)	New measure	93% (or more) of criminal legal aid applications assessed within 1 working day	96.5%	

Note 1 – This performance measure also measures our progress towards the outcome of maintaining the integrity and improving the responsiveness of the justice system.

## OUTPUT CLASS STATEMENT

### ADMINISTRATION OF LEGAL SERVICES

	Actual 30 June 2014 \$000	Supplementary estimates \$000	Main estimates \$000	Actual 30 June 2013 \$000
Revenue				
Crown	30,844	30,844	23,900	28,684
Department	161	127	74	15
Other	53	6	6	166
Total revenue	31,058	30,977	23,980	28,865
Total expenses	29,173	30,977	23,980	28,173
Net surplus	1,885	-	-	692



## JUSTICE POLICY ADVICE AND RELATED SERVICES (MCOA)

### WHAT THE MINISTRY DOES

The Justice Policy Advice output class supports the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to assist decision-making by Ministers on government policy matters relating to civil, criminal and constitutional law, and the justice sector.

The Legal and Ministerial Services output class supports the provision of legal and ministerial services to assist decision-making by Ministers on government matters (other than policy decision-making).

### CONTRIBUTION TO OUTCOMES

This appropriation contributes to the outcomes of making communities safer, maintaining the integrity and improving the responsiveness of the justice system, and maintaining the civil and democratic rights of New Zealanders.

The provision of these services is intended to make society safer by preventing crime and reducing reoffending, while also meeting the public needs and expectations to develop better, more accessible and cost-efficient public services.

### ASSESSING PERFORMANCE

#### JUSTICE POLICY ADVICE

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
Technical quality of policy advice papers assessed by a survey with a methodical robustness of 90%	New indicator	At least an average of 7/10	7.7/10	
The satisfaction of the Minister of Justice with the policy advice service, as per the common satisfaction survey	Replacement indicator	At least 80%	78%	
The total cost per hour of producing outputs (see note 1)	New indicator	At most \$150	\$146 (see note 2)	
	Replacement indicator	n/a	\$154 (see note 3)	

Note 1 – The total cost per output hour formula has recently been updated by the Treasury to better align it with the amended definition of policy advice costs. Performance measures calculated using both the original and updated formulae have been provided to help readers understand how this change has affected the assessment of performance.

Note 2 – This figure reports against the standard set in the 2013/14 Estimates of Appropriations using the original formula (total policy output and non-policy output hours).

Note 3 – This figure has been calculated using the updated formula issued by the Treasury. This formula calculates the total policy output hours excluding non-policy advice hours.

#### LEGAL AND MINISTERIAL SERVICES

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
The Minister is requested to indicate his/her level of satisfaction with services	Good	Expired measure	Expired measure	
The satisfaction of Ministers with the Ministerial services as per the common satisfaction survey	Replacement indicator	At least 80%	84%	

## OUTPUT CLASS STATEMENTS

### JUSTICE POLICY ADVICE

	Actual 30 June 2014 \$000	Supplementary estimates \$000	Main estimates \$000	Actual 30 June 2013 \$000
<b>Revenue</b>				
Crown	16,453	16,453	16,568	18,378
Department	640	233	578	1,502
Other	50	48	48	42
Total revenue	17,143	16,734	17,194	19,922
Total expenses	16,299	16,734	17,194	19,012
Net surplus	844	-	-	910

### LEGAL AND MINISTERIAL SERVICES

	Actual 30 June 2014 \$000	Supplementary estimates \$000	Main estimates \$000	Actual 30 June 2013 \$000
<b>Revenue</b>				
Crown	4,884	4,884	4,687	4,880
Department	38	29	16	-
Other	5	14	14	11
Total revenue	4,927	4,927	4,717	4,891
Total expenses	4,516	4,927	4,717	4,810
Net surplus	411	-	-	81

## PUBLIC DEFENCE SERVICE

### WHAT THE MINISTRY DOES

This appropriation supports the provision of legal services by the Public Defence Service.

### CONTRIBUTION TO OUTCOMES

This appropriation contributes to the outcome of maintaining the integrity and improving the responsiveness of the justice system. The provision of legal services by the Public Defence Service helps to meet public needs and expectations to develop better, more accessible and cost-efficient public services.

### ASSESSING PERFORMANCE

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
Number of cases open at 1 July	5,544	5,000–7,000	5,565	
Number of new cases accepted during the year	15,382	14,000– 16,500	16,025	
Number of cases open at 30 June	5,565	5,000–7,000	6,707	
Judicial satisfaction with the services of the Public Defence Service (see note 1)	New measure	80% or higher	93%	

Note 1 – The 2013 justice sector survey of District Court judges included questions relating to satisfaction with the Public Defence Service.

### OUTPUT CLASS STATEMENT

#### PUBLIC DEFENCE SERVICE

	Actual 30 June 2014 \$000	Supplementary estimates \$000	Main estimates \$000	Actual 30 June 2013 \$000
<b>Revenue</b>				
Crown	25,928	25,928	26,634	22,377
Department	90	130	79	11
Other	46	–	–	35
<b>Total revenue</b>	<b>26,064</b>	<b>26,058</b>	<b>26,713</b>	<b>22,423</b>
<b>Total expenses</b>	<b>24,887</b>	<b>26,058</b>	<b>26,713</b>	<b>21,886</b>
<b>Net surplus</b>	<b>1,177</b>	<b>–</b>	<b>–</b>	<b>537</b>

## SECTOR LEADERSHIP AND SUPPORT

### WHAT THE MINISTRY DOES

This appropriation supports the provision of advice and services that focus on the Ministry's leadership role in the justice sector. This covers enhancing the Ministry's coordination with other sector and government agencies, providing advice and information about judicial and statutory appointments, and monitoring specific Crown entities.

### CONTRIBUTION TO OUTCOMES

This appropriation contributes to the outcomes of making communities safer, maintaining the integrity and responsiveness of the justice system, and maintaining the civil and democratic rights of New Zealanders. The provision of sector leadership and support improves sector governance, helps meet public needs and expectations to develop and deliver better public services, and makes society safer by preventing crime and reducing reoffending.

### ASSESSING PERFORMANCE

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
<b>Provide support and leadership to the justice sector</b>				
Percentage of justice sector leadership advice and documentation that meets the Ministry's policy criteria	100%	Expired measure	Expired measure	
The satisfaction of the justice sector Ministers and the justice sector Leadership Board with the leadership provided by the Ministry (see note 1)	Replacement indicator	At least 80%	85%	
The satisfaction of the justice sector Ministers and the justice sector Leadership Board with the advice provided by the Ministry (see note 1)	Replacement indicator	At least 80%	81%	
The satisfaction of the justice sector Ministers and the justice sector Leadership Board with the quality of support provided by the Ministry (see note 1)	Replacement indicator	At least 80%	85%	
<b>Develop and disseminate information to improve performance of the criminal justice pipeline</b>				
Justice sector information assets are maintained and enhanced and 2-3 initiatives are delivered as per the annual work programme	Achieved	Achieved (2-3)	3 (see note 2)	
<b>Monitor and report to Ministers on the performance of Crown entities</b>				
The satisfaction of the Minister of Justice with the quality of support and advice provided by the Ministry in relation to its management of Crown entities and agencies	New measure	New measure	80%	

Note 1 – The justice sector ministers are the Minister of Justice, the Minister for Courts, the Minister of Police, the Minister of Corrections and the Attorney-General. The Information Supporting the Estimates 2013/14 did not include the Minister for Courts as a sector Minister. This was an oversight and, accordingly, the Minister's satisfaction results have been included in the 2013/14 actual. The justice sector Leadership Board previously comprised of the chief executives of the Ministry of Justice and the Department of Corrections and the Commissioner of Police. From 2013/14 reporting will also include the chief executives of the Crown Law Office and Serious Fraud Office.

Note 2 – The initiatives delivered in 2013/14 were a new visualisation tool to show timelines of offenders, development and maintenance of the ISIS data warehouse in line with changing business requirements, and completion of a detailed investigation of current limitations and options for enhancement.

## OUTPUT CLASS STATEMENT

### SECTOR LEADERSHIP AND SUPPORT

	Actual 30 June 2014 \$000	Supplementary estimates \$000	Main estimates \$000	Actual 30 June 2013 \$000
Revenue				
Crown	9,441	9,441	9,173	7,969
Department	68	46	23	-
Other	13	18	18	12
Total revenue	9,522	9,505	9,214	7,981
Total expenses	8,339	9,505	9,214	7,632
Net surplus	1,183	-	-	349

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## 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.

### **COURTS, TRIBUNALS AND OTHER AUTHORITIES SERVICES, INCLUDING THE COLLECTION AND ENFORCEMENT OF FINES AND CIVIL DEBTS SERVICES (MCOA)**

#### **WHAT THE MINISTRY DOES**

The Collection and Enforcement of Fines and Civil Debts Services output class supports the purchase of collection and enforcement of fines and civil debts services.

The District Court Services output class supports the provision of services in regard to the work of the District Courts, including the Youth Court and Family Court.

The Higher Court Services output class supports the provision of services in regard to the work of the Supreme Court, Court of Appeal and High Court.

The Specialist Courts, Tribunals and Other Authorities Services output class supports the provision of services in regard to the work of the Environment Court, Employment Court, Māori Land Court, Māori Appellate Court, Disputes Tribunal, Tenancy Tribunal, Liquor Licensing Authority, the Waitangi Tribunal, Coronial Services Unit, and a range of other tribunals and authorities. This output class also includes services to Māori landowners and contracting mortuary services as part of supporting the work of the Coronial Services Unit.

These output classes all relate to the provision of services by courts, tribunals and other authorities services within Vote Courts.

#### **CONTRIBUTION TO OUTCOMES**

The purpose of this appropriation is to provide services by courts, tribunals and other authorities, including the collection and enforcement of fines and civil debts services. Through this appropriation crime and reoffending is reduced, cost-effective public services are delivered, services in Christchurch are restored and enhanced, and Treaty settlement momentum is maintained. This supports the outcomes of making communities safer, maintaining the integrity and improving the responsiveness of the justice system, and maintaining the civil and democratic rights of New Zealanders.

## ASSESSING PERFORMANCE

### COLLECTION AND ENFORCEMENT OF FINES AND CIVIL DEBTS SERVICES

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
Amount collected	\$224.6 million	\$216–238 million	\$217.97 million	
Percentage of court-imposed fines collected or placed under arrangement within four months	84%	84%	82.5%	
Percentage of infringement fines collected or placed under arrangement within four months	74%	75%	86.2%	
Percentage of civil enforcement applications actioned within 28 days of receipt by court	94%	94%	70.3%	The business process around this measure has changed to focus on serving documents within seven working days of the hearing rather than within 28 days of the application being received. This will be reflected in a new measure from 2014/15
Amount collected through the Offender Levy	\$4.3 million	\$4.4 million	\$4.02 million	
Percentage of Offender Levy collected or placed under arrangement within four months	83%	80%	85.2%	

### DISTRICT COURT SERVICES

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
<b>Public satisfaction</b>				
Satisfaction of court users with court services and facilities (see note 1)	80%	80% or over	80%	
<b>Criminal</b>				
Number of new criminal cases (total including jury, judge-alone for High Court, District Court and Youth Court) (see notes 2 and 3)	New measure	131,100–153,900	133,574	
Number of new jury cases for High Court and District Court (subset of criminal cases) (see notes 2 and 3)	New measure (see note 4)	2,960–3,490	2,554	The number of new jury cases has dropped further than was expected. Many cases where an election of jury trial has been made have guilty pleas entered or charges withdrawn at or before the case review event. These cases do not go on to the trial stage, and are therefore not counted as new jury cases.
Number of criminal cases disposed (total including jury, judge-alone for High Court, District Court and Youth Court) (see note 3)	New measure	140,100–164,500	137,167	
Number of jury cases disposed for High Court and District Court (subset of criminal cases) (see note 3)	New measure (see note 4)	3,240–3,820	3,003	

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
Percentage of survey responses about criminal trial cases that rate 'fairly satisfied' or better for case management/file preparation and presentation (see note 5)	63%	75% (see note 6)	64%	The Criminal Procedure Act was implemented in July 2013, causing major changes. In addition, the Judicial Satisfaction Survey was run in May 2014 following significant changes to the District Courts Management structure in April 2013. During 2013/14 these changes were still being embedded
Percentage of survey responses about criminal trial cases that rate 'fairly satisfied' or better for courtroom support (see note 5)	64%	75% (see note 6)	73%	
Percentage of juror survey responses that rate overall juror satisfaction as 'satisfied' or better (see note 7)	n/a	90% or over	89%	
Number of 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	2	0	2	The Registry contributed to one of these stays by omitting to take a plea or election at the beginning of proceedings. The other case was delayed because no judge was available for a particular hearing.
Number of other judge-alone 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	New measure	0	4	Two of these cases were delayed because inadequate rostering and scheduling meant that no judge was available for specific hearings. The other two had to be adjourned twice each due to other matters being given priority on the day. These cases were not able to be heard on the day.
Median age from filing to disposal of a District Court jury trial case (see note 3)	394 days	15% decrease (from 2011/12 to 2015): 340.2 days	404 days	The median age has increased slightly over the last year. The number of new jury cases dropped more than was expected due to opportunities for earlier guilty pleas under the Criminal Procedure Act (CPA), and this has had a small impact on the median age over the last year.  As a result of the CPA implementation, jury trial cases are expected to proceed more quickly after the backlog of cases laid under the previous rules is cleared.
<b>Youth Court</b>				
Number of new Youth Court cases (subset of criminal cases) (see note 3)	3,798	3,320–3,900	3,915	
Number of Youth Court cases disposed (subset of criminal cases)	3,703	3,320–3,910	3,969	
Percentage of survey responses about Youth Court cases that rate 'fairly satisfied' or better for case management/file preparation and presentation (see note 5)	100%	75% (see note 6)	90%	
Percentage of survey responses about Youth Court cases that rate 'fairly satisfied' or better for courtroom support (see note 5)	92%	75% (see note 6)	95%	
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	0	



Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
<b>Civil</b>				
Number of new civil cases (see note 3)	17,287	17,500–19,100	15,594	Fewer cases were filed than forecast; this is beyond the control of the Ministry.
Number of civil cases disposed	18,660	18,200–20,800	16,816	Disposals have decreased in line with new filed cases.
Percentage of survey responses about civil cases that rate 'fairly satisfied' or better for case management/file preparation and presentation (see note 5)	44%	75% (see note 6)	65%	The Judicial Satisfaction Survey was run in May 2014 following significant changes to the District Courts management structure in April 2013. During 2013/14 these changes were still being embedded. This result represents a significant improvement on previous years.
Percentage of survey responses about civil cases that rate 'fairly satisfied' or better for courtroom support (see note 5)	71%	75% (see note 6)	75%	
<b>Family Court</b>				
Number of new Family Court substantive applications (see note 3)	61,711	58,300–60,700	62,614	
Number of Family Court substantive applications disposed	63,091	62,700–66,000	60,190	
Percentage of survey responses about Family Court cases that rate 'fairly satisfied' or better for case management/file preparation and presentation (see note 5)	54%	75% (see note 6)	52%	The Judicial Satisfaction Survey was run in May 2014 following significant changes to the District Courts management structure in April 2013. During 2013/14 these changes were still being embedded. In addition, Family Justice legislation was implemented in March 2014, causing sizeable changes to Family Court processes.
Percentage of survey responses about Family Court cases that rate 'fairly satisfied' or better for courtroom support (see note 5)	83%	75% (see note 6)	96%	

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 Court User Survey was run in 2012 and 2014.

Note 2 – The number of new cases or cases received is demand-driven and is contextual information for the number of cases disposed.

Note 3 – This performance measure has been further defined following changes arising from the Criminal Procedure Act 2011.

Note 4 – In future reporting, the volumes of trials for the District Court and High Court will be separated out, rather than being reported as a total figure. Volumes of incoming trials following implementation of the Criminal Procedure Act are now more settled, which enables more accurate forecasting of trials for each of these courts.

Note 5 – Satisfaction is measured by an annual survey of the relevant judges or judicial officers. The performance measure standard is the percentage of respondents who rate 'fairly satisfied' or better about case management, file preparation, file presentation, and courtroom and hearing or mediation support provided (where applicable). The scale for responses is a five-point satisfaction scale, with a neutral mid-point of 'neither satisfied nor dissatisfied'.

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Note 6 - The budgeted standard has been revised from 90% to 75%. This reflects changes to the satisfaction scale, which has been adjusted from a five-point scale with a mid-point of 'meets expectations', to a five-point scale with a mid-point of 'neither satisfied nor dissatisfied'.

Note 7 - 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' and 'very dissatisfied'.

HIGHER COURT SERVICES

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
<b>Public satisfaction</b>				
Satisfaction of court users with court services and facilities (see note 1)	80%	80% or over	80%	
Percentage of juror survey responses that rate overall juror satisfaction as 'satisfied' or better (see note 2)	n/a	90% or over	89%	
<b>Supreme Court</b>				
New business of civil and criminal appeals (see note 3)	30	10-40	36	
Disposals of civil and criminal appeals	21	15-55	27	
New business of civil and criminal applications for leave to appeal (see note 3)	106	80-135	174	More applications were received than forecast. This is beyond the control of the Ministry.
Disposals of civil and criminal applications for leave to appeal	114	80-150	167	The higher number of applications disposed reflects the number of applications received.
<b>Court of Appeal</b>				
New business of civil and criminal appeals (see note 3)	842	765-845	745	
Disposals of civil and criminal appeals	733	690-850	868	
<b>High Court</b>				
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)	87%	75% or over	87%	
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)	96%	75% or over	85%	
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)	86%	75% or over	86%	
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)	96%	75% or over	87%	
Number of new jury cases – refer to District Courts for overall number of new jury cases (subset of criminal cases) (cross-output measure) (see note 3)	Replacement indicator (see note 5)	Refer to the District Court Services category (on page 49)		

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
Number of jury cases disposed – refer to District Courts for overall number of jury cases disposed (subset of criminal cases) (cross-output measure)	Replacement indicator (see note 5)	Refer to the District Court Services category (on page 49)		
New business of civil cases (see note 3)	2,720	2,860–3,120	2,561	Fewer cases were filed than forecast. This is beyond the control of the Ministry.
Disposals of civil cases	2,669	2,880–3,220	2,601	
New business of civil and criminal appeals (see note 3)	1,462	1,420–1,680	1,386	
Disposals of civil and criminal appeals	1,488	1,420–1,680	1,359	
Number of High 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	0	0	
Median age from filing to disposal of a High Court jury trial case (see note 6)	496 days	15% decrease (from 2011/12 to 2015): 456.3 days	509 days	The median age has increased slightly over the last year. The number of new jury cases entering the High Court has dropped more than was expected due to a reduction in cases eligible to be tried in the High Court. Fewer new jury cases impacts the median age of active jury trials.  As a result of the Criminal Procedure Act implementation, jury trial cases are expected to proceed more quickly.

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 Court User Survey was run in 2012 and 2014.

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’ and ‘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. The survey was not 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 ‘fairly satisfied’ or better. The scale for responses is ‘very dissatisfied’, ‘fairly dissatisfied’, ‘neither satisfied nor dissatisfied’, ‘fairly satisfied’ and ‘very satisfied’. 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 – In future reporting, the volumes of trials for District Courts and High Courts will be separated out, rather than being reported as a total figure. Volumes of incoming trials following implementation of the Criminal Procedure Act are now more settled, which enables more accurate forecasting of trials for each of these courts.

Note 6 – This performance measure has been further defined following changes arising from the Criminal Procedure Act 2011.

## SPECIALIST COURTS, TRIBUNALS AND OTHER AUTHORITIES SERVICES

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
Satisfaction of court users with court services and facilities (see note 1)	80%	80% or more	80%	
<b>Coronial Services Unit</b>				
Cases referred (see note 2)	5,447	5,550–6,150	5,298	
Cases disposed	5,978	5,700–6,300	5,524	
Percentage of coronial cases on hand under 12 months old	59%	65% or over	65%	
Percentage of coroners surveyed who are at least 'fairly satisfied' with inquest hearing support (see note 3)	79%	75% (see note 4)	77%	
Percentage of coroners surveyed who are at least 'fairly satisfied' with case management/file preparation and presentation (see note 3)	93%	75% (see note 4)	85%	
<b>Disputes Tribunal</b>				
Cases received (see note 2)	16,044	16,500–17,500	15,477	
Cases disposed	16,374	16,500–17,500	14,891	
Percentage of Disputes Tribunal pending cases under three months old	81%	75% or over	78%	
<b>Employment Court</b>				
Cases received (see note 2)	195	190–210	191	
Cases disposed	223	190–210	210	
Percentage of Employment Court cases on hand under 12 months old	73%	70% or over	75%	
Percentage of Employment Court judges surveyed who are at least 'fairly satisfied' with case management/file preparation (see note 3)	100%	75% (see note 4)	94%	
Percentage of Employment Court judges surveyed who are at least 'fairly satisfied' with courtroom and hearing support (see note 3)	75%	75% (see note 4)	88%	

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
<b>Environment Court</b>				
Cases received (see note 2)	489	550–600	318	Incoming cases are lower than historical levels. A predicted upswing in cases received this financial year has not eventuated. The forecast for 2014/15 is down to 300 as we anticipate that this downward trend will level off in the financial year ahead.
Cases disposed	661	650–700	681	
Percentage of Environment Court Plan and Policy Statement Appeals under 12 months old	49%	55% or over	35%	The Environment Court caseload is decreasing. As fewer appeals are filed with the court, the age of the average appeal increases due to older more complex cases that remain in the system. The target is currently being reviewed.
Resource Consent Appeals and Other Matters under 6 months old	22%	50% or over	38%	The Environment Court continues to dispose of more cases than it receives. As fewer cases are filed with the court the older cases that remain in the system impact the total age profile. This target is currently being reviewed.
Percentage of Environment Court judges surveyed who are at least 'fairly satisfied' with case management/file preparation and presentation (see note 3)	82%	75% (see note 4)	94%	
Percentage of Environment Court judges surveyed who are at least 'fairly satisfied' with courtroom, hearing and mediation support (see note 3)	100%	75% (see note 4)	88%	
<b>Immigration and Protection Tribunal</b>				
Cases received (see note 2)	1,263	1,250–1,350	1,265	
Cases disposed	1,130	1,100 –1,200	1,461	The Immigration Protection Tribunal's (IPT) new operating model has enabled it to dispose of more cases. In the first half of the year this new operating model diverted all IPT resources to the 'non-hearing' streams, which account for 80% of the workload. In the second half of the year focus switched to the 'hearing' streams. This focused approach enabled the IPT to dispose of over 120 cases per month on average, compared to just under 100 per month in the previous financial year.
Sittings days supported	125	150	237	In the second half of the year, the new operating model focused on the 'hearing' streams. This meant in the second half of the year the IPT was holding 40–50 hearings per month, compared to 10 per month in the first half of the year.

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
<b>Lawyers and Conveyancers Disciplinary Tribunal</b>				
Cases received (see note 2)	38	30–35	51	Matters are filed with the Lawyers and Conveyancers Disciplinary Tribunal by either a New Zealand Law Society Standards Committee or the Legal Complaints Review Officer. The workloads of those bodies have been increasing, which impacts on the cases subsequently received by the Tribunal.
Cases disposed	34	30–35	37	
Sittings days supported	23.5	30	56	An increase in the number of pre-trial hearings and interlocutory applications has resulted in an increase in the number of sitting days required.
<b>Legal Aid Review Authority</b>				
Cases received (see note 2)	18	20–30	5	This is a relatively new jurisdiction (established in 2011) and its caseloads are still being understood. It was thought that the caseload would increase in its second and third years but this has not eventuated. This is not causing any concern, as the caseload is low and manageable.
Cases disposed	20	20–30	7	The fewer cases disposed reflects the number of cases received.
<b>Legal Aid Tribunal</b>				
Cases received (see note 2)	107	130–150	70	This is a relatively new jurisdiction (established in 2011) and we have been monitoring its caseload in its first years. The caseload has been significantly less than initial forecasts, which were based on the caseload of the former Legal Aid Review Panel. The new legislation has resulted in fewer applications than under the previous system, and it appears this trend is continuing.
Cases disposed	140	140–160	81	The fewer cases disposed reflects the number of cases received.
<b>Legal Complaints Review Officer</b>				
Cases received (see note 2)	391	350–400	349	
Cases disposed	208	250–300	225	
Sittings days supported	61	80	23	There has been a greater focus on writing reserved decisions and hearing matters on the papers, resulting in fewer hearings and sitting days.

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
<b>Māori Land Court</b>				
Number of applications received (see note 2)	5,735	5,300–5,800	5,853	
Number of applications disposed	6,100	5,300–5,800	6,393	In the 2013/14 year, the Māori Land Court has focused not only on progressing current applications but also on dedicating resources to the review and disposal of aged applications (aged over 5 years old). This dual focus has contributed to the unit's higher disposal rate this year of 109.2% and focus on reducing the average age of applications.
Percentage of all Māori Land Court applications disposed within 12 months	106.4%	90% or over	109.2%	
Percentage of written enquiries completed within 10 working days of receipt	95.3%	90% or over	91.8%	
Percentage of Māori Land Court judges surveyed who are at least 'fairly satisfied' with judicial support and administration services provided (see note 3)	100%	75% (see note 4)	83%	
Percentage of Māori Land Court judges surveyed who are at least 'fairly satisfied' with courtroom and hearing support provided (see note 3)	80%	75% (see note 4)	83%	
Percentage of customers surveyed who are satisfied with the services provided by the Māori Land Court	98.6%	95% or over	88%	
<b>Private Security Personnel Licensing Authority</b>				
Percentage of uncontested applications issued within 6 weeks	75%	70% or over	55%	New training regulations were introduced in late 2013 which require applicants to complete training before a licence/certificate can be issued. Many applicants are lodging their applications before completing the training, and the licence or certificate cannot be issued until evidence of training is supplied.
Licence applications received	294	300–400	256	There has been a continued downward trend in the number of applications being received as the majority of people working in the industry now hold a licence or certificate.
Certificate applications received	5,026	5,000–6,000	4,003	There has been a continued downward trend in the number of applications being received as the majority of people working in the industry now hold a licence or certificate.
Number of contested applications (complaints, objections, disqualifications) received (see note 2)	1,019	800–900	884	
Number of contested applications (complaints, objections, disqualifications) disposed	866	800–900	492	The Authority has recently been requiring new applications in certain classes to provide evidence of experience or competency. These have been classified as 'disqualifications' but cannot be disposed until the evidence is provided.



Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
<b>Real Estate Agents Disciplinary Tribunal</b>				
Cases received (see note 2)	96	80–110	109	
Cases disposed	103	80–110	112	
Sittings days supported	83	50	87	The number of sitting days is consistent with the previous financial year. Forecasts for future years have been amended accordingly.
<b>Tenancy Tribunal</b>				
Cases disposed – cases determined and mediation orders sealed	32,860	36,000–37,000	35,194	
Number of Tenancy Tribunal sitting days supported	3,850	3,600	3,516	
<b>Tribunals</b>				
Percentage of judicial officers surveyed who are at least 'fairly satisfied' with case management or file preparation and presentation (see note 3)	75%	75% (see note 4)	80%	
Percentage of judicial officers surveyed who are at least 'fairly satisfied' with hearing or hearing room support (see note 3)	75%	75% (see note 4)	79%	
<b>Waitangi Tribunal Services</b>				
Number of new claims lodged	23	10–15	42	Claim lodgement trends have not decreased as expected. Instead, the number increased following the release of the Haronga decision from the Supreme Court. This trend is expected to continue as historical claims are settled, and the Waitangi Tribunal is increasingly involved in kaupapa and contemporary inquiries. The forecast for 2014/15 for claims lodged has been increased.
Number of new claims registered	13	35–40	74	The Waitangi Tribunal has focused on working with claimants who have unregistered historical claims to gather the information required for the claims to be registered. A large number of urgent claims have also been lodged.
Percentage of research and report writing outputs provided by due date	95%	90% or over	100%	
Percentage of Waitangi Tribunal judicial officers surveyed who are at least 'fairly satisfied' with judicial support and administration services provided (see note 3)	89%	75% (see note 4)	88%	
Percentage of Waitangi Tribunal judicial officers surveyed who are at least 'fairly satisfied' with hearing support provided (see note 3)	100%	75% (see note 4)	100%	

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
<b>Weathertight Homes Tribunal</b>				
Cases received (see note 2)	99	110-130	55	There has been a steady decrease in caseload in this jurisdiction as building standards and compliance procedures improve. This trend is expected to continue and forecasts have been decreased.
Cases disposed	126	110-130	111	

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 Court User Survey was run in 2012 and 2014.

Note 2 – The number of cases received or referred is demand-driven and is contextual information for the number of cases disposed.

Note 3 – Satisfaction is measured by an annual survey of the relevant judges or judicial officers. The performance measure standard is the percentage of respondents who rate ‘fairly satisfied’ or better about case management, file preparation, file presentation, and courtroom and hearing or mediation support provided (where applicable). The scale for responses is a five-point satisfaction scale, with a neutral mid-point of ‘neither satisfied nor dissatisfied’.

Note 4 – The budgeted standard has been revised from 90% to 75%. This reflects changes to the satisfaction scale, which has been adjusted from a five-point scale with a mid-point of ‘meets expectations’, to a five-point scale with a mid-point of ‘neither satisfied nor dissatisfied’.

## OUTPUT CLASS STATEMENTS

### COLLECTION AND ENFORCEMENT OF FINES AND CIVIL DEBTS SERVICES

	Actual 30 June 2014 \$000	Supplementary estimates \$000	Main estimates \$000	Actual 30 June 2013 \$000
<b>Revenue</b>				
Crown	59,944	59,944	66,560	62,247
Department	159	531	492	21
Other	1,649	3,788	3,677	1,886
<b>Total revenue</b>	<b>61,752</b>	<b>64,263</b>	<b>70,729</b>	<b>64,154</b>
<b>Total expenses</b>	<b>62,582</b>	<b>64,263</b>	<b>70,729</b>	<b>65,598</b>
<b>Net surplus</b>	<b>(830)</b>	<b>-</b>	<b>-</b>	<b>(1,444)</b>

### DISTRICT COURT SERVICES

	Actual 30 June 2014 \$000	Supplementary estimates \$000	Main estimates \$000	Actual 30 June 2013 \$000
<b>Revenue</b>				
Crown	207,152	207,152	211,597	198,260
Department	674	878	604	81
Other	15,543	24,684	24,012	15,327
<b>Total revenue</b>	<b>223,369</b>	<b>232,714</b>	<b>236,213</b>	<b>213,668</b>
<b>Total expenses</b>	<b>235,597</b>	<b>232,714</b>	<b>236,213</b>	<b>221,366</b>
<b>Net surplus</b>	<b>(12,228)</b>	<b>-</b>	<b>-</b>	<b>(7,698)</b>

HIGHER COURT SERVICES

	Actual 30 June 2014 \$000	Supplementary estimates \$000	Main estimates \$000	Actual 30 June 2013 \$000
<b>Revenue</b>				
Crown	59,799	59,799	60,823	61,242
Department	106	640	467	24
Other	10,927	10,185	7,973	8,847
<b>Total revenue</b>	<b>70,832</b>	<b>70,624</b>	<b>69,263</b>	<b>70,113</b>
<b>Total expenses</b>	<b>69,508</b>	<b>70,624</b>	<b>69,263</b>	<b>69,088</b>
<b>Net surplus</b>	<b>1,324</b>	<b>-</b>	<b>-</b>	<b>1,025</b>

SPECIALIST COURTS, TRIBUNALS AND OTHER AUTHORITIES SERVICES

	Actual 30 June 2014 \$000	Supplementary estimates \$000	Main estimates \$000	Actual 30 June 2013 \$000
<b>Revenue</b>				
Crown	83,911	83,911	84,854	84,121
Department	314	2,347	2,205	33
Other	8,992	5,613	4,997	10,027
<b>Total revenue</b>	<b>93,217</b>	<b>91,871</b>	<b>92,056</b>	<b>94,181</b>
<b>Total expenses</b>	<b>87,491</b>	<b>91,894</b>	<b>92,079</b>	<b>89,270</b>
<b>Net surplus</b>	<b>5,726</b>	<b>(23)</b>	<b>(23)</b>	<b>4,911</b>

## 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.

### PROPERTY PORTFOLIO MANAGEMENT

#### WHAT THE MINISTRY DOES

This appropriation contributes to the management, transfer and disposal of Crown-owned property for Treaty settlement purposes.

#### CONTRIBUTION TO OUTCOMES

This appropriation contributes to the outcome of maintaining the civil and democratic rights of New Zealanders. This is achieved through maintaining recent momentum and prioritising settlement legislation currently in the House.

#### ASSESSING PERFORMANCE

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
Percentage of property acquisitions where all Cabinet policies, legal and Deed of Settlement requirements are complied with	100%	100%	100%	
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%	100%	

#### OUTPUT CLASS STATEMENT

##### PROPERTY PORTFOLIO MANAGEMENT

	Actual 30 June 2014 \$000	Supplementary estimates \$000	Main estimates \$000	Actual 30 June 2013 \$000
<b>Revenue</b>				
Crown	10,370	10,370	9,501	9,511
Department	14	11	6	-
Other	7	20	20	6
<b>Total revenue</b>	<b>10,391</b>	<b>10,401</b>	<b>9,527</b>	<b>9,517</b>
<b>Total expenses</b>	<b>9,892</b>	<b>10,401</b>	<b>9,527</b>	<b>9,299</b>
<b>Net surplus</b>	<b>499</b>	<b>-</b>	<b>-</b>	<b>218</b>

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## **TREATY NEGOTIATIONS AND MARINE AND COASTAL AREA (TAKUTAI MOANA) ACT (MCOA)**

### **WHAT THE MINISTRY DOES**

The Policy Advice – Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act 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.

The Representation – Waitangi Tribunal and Courts 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.

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

### **CONTRIBUTION TO OUTCOMES**

The purpose of this appropriation is to support the Crown in the negotiation, administration and implementation of historic Treaty of Waitangi settlement claims, and the Marine and Coastal Area (Takutai Moana) Act 2011. This appropriation contributes to the outcome of maintaining the civil and democratic rights of New Zealanders. This is achieved through maintaining recent momentum and prioritising settlement legislation currently in the House.

## ASSESSING PERFORMANCE

### POLICY ADVICE – TREATY NEGOTIATIONS AND MARINE AND COASTAL AREA (TAKUTAI MOANA) ACT

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
The quality and nature of advice will be agreed with the Minister for Treaty of Waitangi Negotiations	Achieved	Achieved	Measure withdrawn	This measure has been withdrawn; the measure below provides a more tangible indicator of service performance in this area.
Technical quality of policy advice papers assessed by a survey with a methodological robustness of 90% (see note 1)	New indicator	At least an average of 7/10	7.6/10	
The Minister will be requested to indicate his/her level of satisfaction with the quality of advice and services provided by the Ministry	Very good	Expired measure	Expired measure	
The satisfaction of the Minister for Treaty of Waitangi Negotiations with the policy advice service, as per the common satisfaction survey	Replacement indicator	At least 80%	100%	
The total cost per hour of producing outputs	New indicator	At most \$150	\$152	

Note 1 – The methodological robustness of this survey for this year was 67.5%. The Office of Treaty Settlements will address this in next year’s survey by moving from self-selecting reports for review to random selection, which will increase the methodological robustness of the survey to over 90%.

### REPRESENTATION – WAITANGI TRIBUNAL AND COURTS

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
Participation in district and urgent enquiries of the Waitangi Tribunal	100%	100%	100%	
Participation satisfies Waitangi Tribunal timeframes	100%	100%	Measure withdrawn	Representation is an outsourced function, provided by the Crown Law Office.
Evidence is peer reviewed and meets agreed standards	100%	100%	Measure withdrawn	Representation is an outsourced function, provided by the Crown Law Office.
Number of district enquiries at which the Crown is represented	New measure	New measure	4	
Number of Higher Court cases at which the Crown is represented	New measure	New measure	7	

TREATY NEGOTIATIONS AND MARINE AND COASTAL AREA (TAKUTAI MOANA) ACT

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
Percentage of settlement date obligations met by the Ministry of Justice	100%	100%	100%	
Deeds of Settlement initialled	10	12	6	Fourteen settlements will be achieved in 2014/15 with the six remaining settlements from 2013/14 now being achieved in the first half of 2014/15. This reflects the challenges of achieving agreement with claimant groups and the complexity of these negotiations.
Legislation introduced	5	15	15	
Legislation enacted	8	20	8	The 12 Acts that are needed to achieve this target are at a variety of stages in the House. This measure depends on wider legislative priorities outside of the control of the Office of Treaty Settlements.
The Minister will be requested to indicate his/her level of satisfaction towards negotiation milestones	Very good	Expired measure	Expired measure	
The satisfaction of the Minister for Treaty of Waitangi Negotiations with the progress towards negotiation milestones	Replacement indicator	At least 80%	100%	
Mandates recognised (see note 1)	New measure	New measure	5	
Terms of Negotiation agreed (see note 2)	New measure	New measure	5	
Agreements in Principle signed (see note 3)	New measure	New measure	4	
Deeds of Settlement signed (see note 4)	New measure	New measure	4	
Proportion of claims settled (see note 5)	New measure	New measure	56%	

Note 1 – A Deed of Mandate is a formal statement prepared by a claimant group stating who is appointed to represent them in negotiations with the Crown, and how the Mandate was approved by the claimant group. If satisfied, the Minister for Treaty of Waitangi Negotiations and the Minister of Māori Affairs recognise the Mandate on behalf of the Crown.

Note 2 – The Terms of Negotiation is a written agreement between the Crown and a claimant group setting out the agreed objectives and ground rules for negotiations.

Note 3 – An Agreement in Principle is an agreement between the Crown and a claimant group marked by an exchange of letters between the claimant group and the Minister for Treaty of Waitangi Negotiations. The letters describe the broad outline of a settlement package.

Note 4 – A Deed of Settlement is the complete, detailed and formal settlement agreement signed on behalf of the Crown and the claimant group.

Note 5 – A claim is taken as settled when a Deed of Settlement has been ratified by the claimant community and signed by both the Crown and claimant group.



## OUTPUT CLASS STATEMENTS

### POLICY ADVICE – TREATY NEGOTIATIONS AND MARINE AND COASTAL AREA (TAKUTAI MOANA) ACT

	Actual 30 June 2014 \$000	Supplementary estimates \$000	Main estimates \$000	Actual 30 June 2013 \$000
<b>Revenue</b>				
Crown	1,590	1,590	646	1,305
Department	18	9	3	-
Other	22	2	2	1
<b>Total revenue</b>	<b>1,630</b>	<b>1,601</b>	<b>651</b>	<b>1,306</b>
<b>Total expenses</b>	<b>1,529</b>	<b>1,601</b>	<b>651</b>	<b>1,277</b>
<b>Net surplus</b>	<b>101</b>	<b>-</b>	<b>-</b>	<b>29</b>

### REPRESENTATION – WAITANGI TRIBUNAL AND COURTS

	Actual 30 June 2014 \$000	Supplementary estimates \$000	Main estimates \$000	Actual 30 June 2013 \$000
<b>Revenue</b>				
Crown	1,394	1,394	2,071	2,699
Department	2	-	-	-
Other	3	2	2	2
<b>Total revenue</b>	<b>1,399</b>	<b>1,396</b>	<b>2,073</b>	<b>2,701</b>
<b>Total expenses</b>	<b>1,895</b>	<b>1,396</b>	<b>2,073</b>	<b>2,597</b>
<b>Net surplus</b>	<b>(496)</b>	<b>-</b>	<b>-</b>	<b>104</b>

### TREATY NEGOTIATIONS AND MARINE AND COASTAL AREA (TAKUTAI MOANA) ACT

	Actual 30 June 2014 \$000	Supplementary estimates \$000	Main estimates \$000	Actual 30 June 2013 \$000
<b>Revenue</b>				
Crown	33,274	33,274	32,324	26,803
Department	488	272	48	2
Other	35	31	31	38
<b>Total revenue</b>	<b>33,797</b>	<b>33,577</b>	<b>32,403</b>	<b>26,843</b>
<b>Total expenses</b>	<b>31,372</b>	<b>33,577</b>	<b>32,403</b>	<b>26,354</b>
<b>Net surplus</b>	<b>2,425</b>	<b>-</b>	<b>-</b>	<b>489</b>

## Capability measures

An explanation is provided for all service performance variances over 10%. Unless otherwise stated, where there is a range for a standard, the variance is calculated from the upper and lower limits of the range.

### ENSURING DELIVERY OF OUR OUTCOMES

The Ministry is tasked with developing and delivering an effective justice system that is accessible and cost-effective for New Zealanders. To achieve this, the Ministry is focused on improving the way it works, its capability, and its systems and technology.

Measure	Current measurement	Target	Current state and trend	Variance explanation
<b>Our technology and infrastructure</b>				
Our five main technology applications are reliable and available during normal business hours (see note 1)	Internal administrative data shows an improvement in the availability of the five main technology applications, during normal business hours	99.5%	2013/14: 99.5% 2012/13: 99.5%	
We resolve high-priority incidents in our five main technology applications within an average of two and a half hours, to minimise the impact on public service delivery	Internal administrative data shows that high-priority technology-related 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)	80% of our high-priority incidents are resolved within two and a half hours (see note 2)	2013/14: 82% 2012/13: 88%	
<b>Our workforce and capability</b>				
Employee engagement levels improve	Internal survey shows that we meet or exceed the state sector benchmark for employee engagement	To meet or exceed the state sector benchmark (see note 3)	2014: 10.2% of staff feel engaged 57.1% feel neutral 32.7% feel disengaged Engagement index: 51.1%  2012: 10.5% of staff feel engaged 59.2% feel neutral 30.3% feel disengaged Engagement index: 52.9%	The response to results in 2012 was devolved to business groups with less emphasis on an enterprise-wide response. Our 2014 results show this approach was largely ineffective in lifting engagement levels for the Ministry. The approach in 2014 has increased emphasis on enterprise-wide leadership and response planning and coordination.

Measure	Current measurement	Target	Current state and trend	Variance explanation
The Ministry is a committed equal opportunity employer and strives to maintain a diverse workforce	Gender profile of Ministry staff	n/a	2013/14: Female – 66.8%, Male – 33.2% 2012/13: Female – 66.3%, Male – 33.7%	
	Gender profile of Ministry senior management	n/a	2013/14: Female – 46.2%, Male – 53.8% 2012/13: Female – 53.3%, Male – 46.7%	
	Ethnicity profile of Ministry staff	n/a	2013/14: New Zealand European/Pākehā: 47%, New Zealand Māori: 13.1%, Pacific Island: 6.7%, European: 6.6%, Asian: 6%, Other: 7.3%	

Note 1 – Our five main technology applications are the Case Management System, the National Transcription Service, the Judicial Decision Suite, Collect, and email systems.

Note 2 – This figure differs from that reported in the Ministry of Justice *Statement of Intent 2014–2018* as this information was reported incorrectly.

Note 3 – The IBM state sector benchmark for 2014 is 19.3% engaged, 60.9% ambivalent/neutral, and 19.8% disengaged. The engagement index is 69.3%.

## Ministry correspondence

An explanation is provided for all service performance variances over 10%. Unless otherwise stated, where there is a range for a standard, the variance is calculated from the upper and lower limits of the range.

### RESPONDING TO OFFICIAL CORRESPONDENCE

The Ministry receives and replies to a range of correspondence and questions each year on the work we do. These questions and requests for information cover the three Votes we administer: Vote Courts, Justice, and Treaty Negotiations. These services are not funded from one particular Vote or output class.

Performance measure	Actual 2012/13	Standard 2013/14	Actual 2013/14	Variance explanation
Number of Ministerial correspondence replies drafted	1,694	1,900–2,250	1,677	The volume of ministerial correspondence received was lower than predicted.
Percentage of first draft replies approved by Ministers	88%	95%	92%	
Percentage of draft replies to Ministerial correspondence submitted to Ministers within required timeframes	90%	95%	92%	
Number of Official Information Act 1982 requests responded to	969	550–750	784	
Percentage of draft replies to Official Information Act 1982 requests completed within statutory timeframes	84%	100%	87%	The Ministry has made small improvements in this area. In particular, the sign-off process has been identified for further improvement to avoid delays.
Number of replies drafted in response to Parliamentary questions	416	490–770	538	
Percentage of draft replies to Parliamentary Questions submitted to Ministers within required timeframes	79%	100%	97%	

# Our financial performance

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# Departmental statements

FOR THE YEAR ENDED 30 JUNE 2014

## Statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2014

Actual 30 June 2013 \$000		Notes	Actual 30 June 2014 \$000	Main estimates 30 June 2014 \$000	Supplementary estimates 30 June 2014 \$000
<b>Revenue</b>					
528,476	Crown		544,984	549,338	544,984
1,689	Department		2,772	3,927	4,046
36,400	Other revenue	2	37,345	41,468	45,618
566,565	Total revenue		585,101	594,733	594,648
<b>Expenditure</b>					
259,774	Personnel costs	3	258,721	263,781	262,258
184,867	Operating costs	4	203,435	207,448	210,386
63,239	Capital charge	5	63,938	63,296	63,935
58,047	Depreciation, amortisation and impairment	7,8	56,674	60,231	58,092
565,927	Total expenditure		582,768	594,756	594,671
638	Net surplus/(deficit)		2,333	(23)	(23)
<b>Other comprehensive income</b>					
7,990	Gain on property revaluations		37,381	-	758
8,628	Total comprehensive income		39,714	(23)	735

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 2014

Actual 30 June 2013 \$000	Notes	Actual 30 June 2014 \$000	Main estimates 30 June 2014 \$000	Supplementary estimates 30 June 2014 \$000
<b>Assets</b>				
<b>Current assets</b>				
61,960	Cash and cash equivalents	59,360	60,120	45,913
135,969	Debtors and other receivables	147,857	64,862	99,053
5,659	Prepayments	5,616	3,019	5,744
1,408	Assets held for sale	2,277	-	-
204,996	Total current assets	215,110	128,001	150,710
<b>Non-current assets</b>				
618,863	Property, plant and equipment	664,766	655,085	667,609
58,613	Intangible assets	73,590	73,971	82,907
677,476	Total non-current assets	738,356	729,056	750,516
882,472	Total assets	953,466	857,057	901,226
<b>Liabilities and taxpayers' funds</b>				
<b>Current liabilities</b>				
14,199	Creditors and other payables	14,286	14,315	11,976
14,618	Provisions	19,604	120	13,876
67	Finance lease	31	-	31
3,196	GST payable	4,528	4,187	3,301
23,144	Accrued expenses	31,204	23,850	32,875
411	Return of operating surplus	2,335	-	-
20,019	Employee entitlements	21,793	14,748	14,421
75,654	Total current liabilities	93,781	57,220	76,480
<b>Non-current liabilities</b>				
6,737	Employee entitlements	6,783	7,924	6,738
6,737	Total non-current liabilities	6,783	7,924	6,738
82,391	Total liabilities	100,564	65,144	83,218
<b>Equity</b>				
702,224	Taxpayers' funds	719,155	702,078	719,416
390	Memorandum accounts	388	367	367
97,467	Property revaluation reserves	133,359	89,468	98,225
800,081	Total equity	852,902	791,913	818,008
882,472	Total equity and liabilities	953,466	857,057	901,226

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 2014

Actual 30 June 2013 \$000		Notes	Actual 30 June 2014 \$000	Main estimates 30 June 2014 \$000	Supplementary estimates 30 June 2014 \$000
791,046	Equity as at 1 July		800,081	791,929	800,081
8,628	Total comprehensive income		39,714	(23)	735
(411)	Return of operating surplus to the Crown	12	(2,335)	-	-
818	Capital contribution from the Crown		18,507	7	18,507
-	Capital contribution - non-cash		23	-	23
-	Capital withdrawal - non-cash		(1,750)	-	-
-	Capital withdrawal		(1,338)	-	(1,338)
800,081	Equity as at 30 June	14	852,902	791,913	818,008

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 2014

Actual 30 June 2013 \$000	Notes	Actual 30 June 2014 \$000	Main estimates 30 June 2014 \$000	Supplementary estimates 30 June 2014 \$000
<b>Cash flows from operating activities</b>				
Cash was provided from:				
525,705	Receipts from the Crown	532,187	589,338	581,984
1,659	Receipts from other departments	2,632	3,385	4,582
35,137	Receipts from others	38,392	41,926	44,998
562,501	<b>Total cash flows from operating activities</b>	573,211	634,649	631,564
Cash was applied to:				
(260,430)	Payments to employees	(257,498)	(262,834)	(261,502)
(185,111)	Payments to suppliers	(190,888)	(216,636)	(209,933)
(63,239)	Payment for capital charge	(63,938)	(63,296)	(63,935)
(492)	Goods and services tax (net)	1,335	100	105
(509,272)	<b>Total cash applied for operating activities</b>	(510,989)	(542,666)	(535,265)
53,229	<b>Net cash flows from operating activities</b>	62,222	91,983	96,299
<b>Cash flows from investing activities</b>				
Cash was provided from:				
1,005	Receipts from sale of property, plant and equipment	1,508	-	2,746
Cash was applied to:				
(16,205)	Purchase of intangible assets	(33,471)	(28,722)	(41,417)
(26,800)	Purchase of property, plant and equipment	(49,455)	(63,807)	(90,271)
(42,000)	<b>Net cash flows from investing activities</b>	(81,418)	(92,529)	(128,942)
<b>Cash flows from financing activities</b>				
Cash was provided from:				
818	Capital contribution	18,507	7	18,507
Cash was applied to:				
(269)	Payments of finance lease	(162)	-	(162)
-	Capital withdrawal	(1,338)	-	(1,338)
(762)	Return of operating surplus	(411)	-	(411)
(213)	<b>Net cash flows from financing activities</b>	16,596	7	16,596
11,016	<b>Net increase/(decrease) in cash held</b>	(2,600)	(539)	(16,047)
50,944	Cash as at 1 July	61,960	60,659	61,960
61,960	<b>Closing cash as at 30 June</b>	59,360	60,120	45,913

The GST (net) component of operating activities reflects the net GST paid to and received from 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.

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 2014

### CAPITAL COMMITMENTS

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and intangible assets that have not been paid for or not recognised as a liability at balance date. The Ministry has \$26.453 million in capital commitments (2012/13: nil).

### 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 2013 \$000		Actual 30 June 2014 \$000
Capital commitments		
-	Property, plant and equipment	26,453
-	Total capital commitments	26,453
Non-cancellable operating lease commitments		
18,730	Not later than one year	19,469
51,172	Later than one year and not later than five years	47,527
55,043	Later than five years	48,093
124,945	Total non-cancellable operating lease commitments	115,089
124,945	Total commitments	141,542

*The accompanying notes form part of these financial statements.*

## Statement of contingent liabilities and contingent assets

AS AT 30 JUNE 2014

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000
137	Personal grievances	105
137	Total contingent liabilities	105

### PERSONAL GRIEVANCES

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

### UNQUANTIFIABLE CONTINGENT LIABILITIES

The Ministry has no unquantifiable contingent liabilities (2012/13: nil).

### CONTINGENT ASSETS

The Ministry has no contingent assets (2012/13: nil).

*The accompanying notes form part of these financial statements.*

# Statement of departmental expenses and capital expenditure against appropriations

FOR THE YEAR ENDED 30 JUNE 2014

	Actual expenditure including remeasurements 30 June 2014 \$000	Remeasurements <sup>1</sup> 30 June 2014 \$000	Actual expenditure excluding remeasurements 30 June 2014 \$000	Appropriation voted <sup>2</sup> 30 June 2014 \$000
<b>Vote Justice</b>				
Administration of Legal Services	29,157	(16)	29,173	30,977
<b>Justice Policy Advice and Related Services MCOA</b>	<b>20,803</b>	<b>(12)</b>	<b>20,815</b>	<b>21,661</b>
<i>Justice Policy Advice</i>	16,290	(9)	16,299	16,734
<i>Legal and Ministerial Services</i>	4,513	(3)	4,516	4,927
Public Defence Service	24,873	(14)	24,887	26,058
Sector Leadership and Support	8,334	(5)	8,339	9,505
<b>Total Vote Justice</b>	<b>83,167</b>	<b>(47)</b>	<b>83,214</b>	<b>88,201</b>
<b>Vote Courts</b>				
<b>Courts, Tribunals and Other Authorities Services, including the Collection and Enforcement of Fines and Civil Debts Services MCOA</b>	<b>454,938</b>	<b>(240)</b>	<b>455,178</b>	<b>459,495</b>
<i>Collection and Enforcement of Fines and Civil Debts Services</i>	62,548	(34)	62,582	64,263
<i>District Court Services</i>	235,476	(121)	235,597	232,714
<i>Higher Court Services</i>	69,471	(37)	69,508	70,624
<i>Specialist Courts, Tribunals and Other Authorities Services</i>	87,443	(48)	87,491	91,894
<b>Total Vote Courts</b>	<b>454,938</b>	<b>(240)</b>	<b>455,178</b>	<b>459,495</b>
<b>Total appropriation for output expenses</b>	<b>582,768</b>	<b>(312)</b>	<b>583,080</b>	<b>594,671</b>
<b>Departmental capital expenditure</b>	<b>91,237</b>	<b>-</b>	<b>91,237</b>	<b>131,711</b>
<b>Vote Treaty Negotiations</b>				
Property Portfolio Management	9,887	(5)	9,892	10,401
<b>Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act MCOA</b>	<b>34,776</b>	<b>(20)</b>	<b>34,796</b>	<b>36,574</b>
<i>Policy Advice – Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act</i>	1,528	(1)	1,529	1,601
<i>Representation – Waitangi Tribunal and Courts</i>	1,894	(1)	1,895	1,396
<i>Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act</i>	31,354	(18)	31,372	33,577
<b>Total Vote Treaty Negotiations</b>	<b>44,663</b>	<b>(25)</b>	<b>44,688</b>	<b>46,975</b>

The accompanying notes form part of these financial statements.

<sup>1</sup> 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.

<sup>2</sup> This includes adjustments made in the supplementary estimates.

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## Statement of departmental unappropriated expenses and capital expenditure

FOR THE YEAR ENDED 30 JUNE 2014

### TRANSFERS UNDER SECTION 26A OF THE PUBLIC FINANCE ACT 1989

No section 26A transfers were authorised in the year ended 30 June 2014.

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 2014

### 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 2014. The financial statements were authorised for issue by the Chief Executive of the Ministry on 30 September 2014.

### 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 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.

#### 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.

### CHANGES IN ACCOUNTING POLICY

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

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

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

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 of Justice is classified as a Tier One reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. This means the Ministry will transition to the new standards in preparing its 30 June 2015 financial statements.



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 apply to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

The Ministry anticipates that these standards will have no material impact on the financial statements in the first period they are applied. It is likely that the changes arising from this framework will affect the disclosures required in the financial statements. However, it is not practicable to provide a reasonable estimate of any changes until a detailed review has been completed.

## **SIGNIFICANT ACCOUNTING POLICIES**

### **REVENUE RECOGNITION**

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

Revenue from the 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 the 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 capitalised.

### **IMPAIRMENT**

The carrying amounts of property, plant and equipment are reviewed at least every year 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 using desktop valuations undertaken by an independent 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 100	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:

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, 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 Savings Scheme, 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.

## GOODS AND SERVICES TAX (GST)

The statement of financial position excludes GST, except for debtors and other receivables and creditors and other payables, which include GST. All other statements exclude GST.

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.

## 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 2014*, 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 NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

## 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.

## DEBTORS AND OTHER RECEIVABLES

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

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 start 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 or 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 2014.

### 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 2013 \$000		Actual 30 June 2014 \$000	Main estimates 30 June 2014 \$000
23,765	Filing fees	26,194	28,329
12,100	Other	10,568	12,471
535	Interest	583	668
36,400	Total other revenue	37,345	41,468

## Note 3 Personnel costs

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000	Main estimates 30 June 2014 \$000
220,219	Salaries and wages	226,490	225,656
5,363	Employer contributions to defined contribution plans	6,535	7,105
(1,391)	Increase/(decrease) in employee entitlements	1,820	1,557
35,583	Other	23,876	29,463
259,774	Total personnel costs	258,721	263,781

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

## Note 4 Operating costs

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000	Main estimates 30 June 2014 \$000
402	Audit fees for financial statements audit	410	420
10	Fees to Audit New Zealand for other services <sup>3</sup>	17	-
220	Bad debts written off/provided for	9	-
30,469	Computer and telecommunications	35,359	37,359
966	Advertising and publicity	2,520	1,593
7,985	Jurors fees and expenses	7,078	7,361
997	Ministry library and information services	920	1,011
5,730	Judicial library and information services	5,649	5,692
618	Judicial education/development	467	518
301	Disposal loss on intangibles, property, plant and equipment	7,064	-
8,525	Maintenance of facilities	12,863	8,639
20,882	Other occupancy costs (excluding rental)	20,996	21,035
42,326	Professional services	43,938	37,106
20,183	Property rental	20,752	20,820
8,117	Printing, stationery and postage	8,346	7,976
11,054	Sitting fees and judicial costs	11,036	11,442
14,306	Staff and judicial travel	13,469	14,219
34	Koha	24	36
11,742	Other operating costs	12,518	32,221
184,867	Total operating expenses	203,435	207,448

<sup>3</sup> This includes services provided by Audit New Zealand for independent probity advice, and assurances on the Ministry's provider selection process.

## 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 2014 was 8% (2012/13: 8%).

## Note 6 Finance lease

The Ministry has entered into a finance lease covering telephone 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 2013 \$000		Actual 30 June 2014 \$000
	Minimum lease payments payable:	
67	Not later than one year	31
67	Total minimum lease payments	31
	Present value of minimum lease payments payable:	
67	Not later than one year	31
67	Total finance lease	31



## 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
<b>Cost/valuation</b>								
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	-	-
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
Balance at 1 July 2013	152,080	395,494	43,559	65,177	1,108	58,172	7,384	722,974
Additions	331	36,201	4,806	5,827	126	5,842	922	54,055
Revaluation increase/(decrease)	13,809	(283)	-	-	-	(1)	-	13,526
Transfer to held for sale	(3,805)	-	-	-	-	-	-	(3,805)
Reclassification of assets	-	(3,135)	3,026	(5)	-	114	-	-
Disposals	-	-	(80)	-	-	-	(970)	(1,050)
Balance at 30 June 2014 <sup>4</sup>	162,415	428,277	51,311	70,999	1,234	64,127	7,336	785,699
<b>Accumulated depreciation and impairment losses</b>								
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
Eliminate on disposal	-	-	-	(964)	-	(31)	(938)	(1,933)
Eliminate on revaluation	-	(22,871)	-	-	-	-	-	(22,871)
Eliminate on transfer to held for sale	-	(76)	-	-	-	-	-	(76)
Other asset movement	-	334	5	(25)	(1)	22	-	335
Balance at 30 June 2013	-	281	20,027	51,073	1,052	28,047	3,631	104,111

	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 2013	–	281	20,027	51,073	1,052	28,047	3,631	104,111
Depreciation expense	–	24,115	5,686	5,843	151	4,794	794	41,383
Eliminate on disposal	–	–	(40)	–	–	–	(665)	(705)
Eliminate on revaluation	–	(23,855)	–	–	–	(1)	–	(23,856)
Reclassification of assets	–	(85)	70	–	–	15	–	–
Balance at 30 June 2014	–	456	25,743	56,916	1,203	32,855	3,760	120,933
<b>Carrying amounts</b>								
At 1 July 2012	151,534	400,530	21,723	17,224	277	26,530	3,726	621,544
At 30 June/ 1 July 2013	152,080	395,213	23,532	14,104	56	30,125	3,753	618,863
At 30 June 2014	162,415	427,821	25,568	14,083	31	31,272	3,576	664,766

<sup>4</sup> This includes work in progress (WIP) of \$57.594 million (2012/13: \$27.254 million).

There are no restrictions over the title of the Ministry's property, plant and equipment, nor are any of these assets pledged as security for liabilities.

The Ministry has assets valued at \$58.981 million listed under the Historic Places Trust Act 1993 (2012/13: \$67.580 million), which are included in the assets above.

The land and buildings were valued at fair value as at 30 June 2014 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 at fair value by Beca Valuations Limited in 2014 was \$552.837 million (2012/13: \$537.087 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 using 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 2014 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 one property that is no longer required. The Ministry is working through a process with Land Information New Zealand (LINZ) where the Ministry will transfer the surplus property to LINZ, which will then manage the disposal process.

The land identified as held for sale relates to sale and lease back arrangements with iwi groups through the Treaty of Waitangi settlement process.

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000
	Assets held for sale include:	
276	Buildings	120
1,132	Land	2,157
1,408	Total assets held for sale	2,277

## 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
<b>Cost</b>			
Balance at 1 July 2012	53,718	98,223	151,941
Additions	4,902	14,199	19,101
Disposals	(60)	(3,086)	(3,146)
Reclassification of assets	(263)	263	-
Balance at 30 June 2013	58,297	109,599	167,896
Balance at 1 July 2013	58,297	109,599	167,896
Additions	7,364	29,818	37,182
Disposals	(1,895)	(5,019)	(6,914)
Balance at 30 June 2014 <sup>5</sup>	63,766	134,398	198,164
<b>Accumulated amortisation and impairment losses</b>			
Balance at 1 July 2012	23,591	70,046	93,637
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
Balance at 1 July 2013	26,259	83,024	109,283
Amortisation expense	2,487	12,804	15,291
Balance at 30 June 2014	28,746	95,828	124,574
<b>Carrying amounts</b>			
At 30 June 2012	30,127	28,177	58,304
At 30 June/1 July 2013	32,038	26,575	58,613
At 30 June 2014	35,020	38,570	73,590

<sup>5</sup> This includes work in progress (WIP) of \$13.079 million (2012/13: \$17.133 million).

## Note 9 Debtors and other receivables

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000
130,000	Debtor Crown	142,797
54	Travel advances	172
6,262	Sundry debtors	5,182
(347)	Less: provision for doubtful debts	(294)
5,915	Total sundry debtors	4,888
135,969	Total debtors and other receivables	147,857

The carrying value of debtors and other receivables approximates their fair value. As at 30 June 2014, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below.

Gross 2013 \$000	Impairment 2013 \$000	Net 2013 \$000		Gross 2014 \$000	Impairment 2014 \$000	Net 2014 \$000
130,563	-	130,563	Not past due	142,817	-	142,817
3,406	-	3,406	Past due 1-30 days	3,818	-	3,818
815	-	815	Past due 31-60 days	179	-	179
56	-	56	Past due 61-90 days	92	-	92
1,476	(347)	1,129	Past due >90 days	1,245	(294)	951
136,316	(347)	135,969	Total	148,151	(294)	147,857

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

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000
104	Balance as at 1 July	347
244	Additional provisions made during the year	91
(1)	Less: reversal of prior year provision	(128)
-	Less: receivables written off during the year	(16)
347	Balance as at 30 June	294

The provision for impairment has been calculated based on a review of specific overdue invoices.

## Note 10 Creditors and other payables

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000
<b>Current liabilities</b>		
14,199	Creditors and other payables	14,286
14,199	<b>Total creditors and other payables</b>	<b>14,286</b>

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 contracts \$000	Make-good \$000	Remuneration related \$000	Christchurch earthquake \$000	Restructuring \$000	Other provision \$000	Total \$000
Opening balance 1 July 2012	269	-	133	10,148	2,149	38	12,737
Additional provisions made	-	-		1,970	2,608	-	4,578
Amount used	(269)	-	(133)	(191)	(1,388)	-	(1,981)
Unused provisions reversed	-	-	-	-	(716)	-	(716)
Closing balance 30 June 2013	-	-	-	11,927	2,653	38	14,618
Opening balance 1 July 2013	-	-	-	11,927	2,653	38	14,618
Additional provisions made	981	3,550	-	1,737	-	-	6,268
Amount used	-	-	-	(27)	(1,141)	-	(1,168)
Unused provisions reversed	-	-	-	-	(114)	-	(114)
Closing balance 30 June 2014	981	3,550	-	13,637	1,398	38	19,604

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 provision for onerous contracts arises from three non-cancellable contracts where the unavoidable costs of meeting the contract exceed the economic benefits to be received from them.

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

The make-good provision relates to contractual obligations resulting from the Ministry entering into lease contracts. The lease obligations require the Ministry to make good the condition of the land and buildings upon terminating the lease and vacating the premises.

## Note 12 Return of operating surplus

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000
638	Net surplus/(deficit)	2,333
273	(Surplus)/deficit of memorandum accounts	2
(500)	Retention of surplus	-
411	Total return of operating surplus	2,335

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

## Note 13 Employee entitlements

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000
<b>Current liabilities</b>		
2,504	Retirement and long-service leave	2,514
1	Sick leave	4
11,767	Annual leave	12,263
5,747	Salaries accrual	7,012
20,019	<b>Total current liabilities</b>	<b>21,793</b>
<b>Non-current liabilities</b>		
6,737	Retirement and long-service leave	6,783
6,737	<b>Total non-current liabilities</b>	<b>6,783</b>
26,756	<b>Total provision for employee entitlements</b>	<b>28,576</b>

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 3.7% with 3.1% salary inflation for year one of the projection (2012/13: 2.71% with 3.5% salary inflation).

The valuations of long-service leave and retirement leave as at 30 June 2014 were conducted by an independent actuary, Greg R Lee, BSc FIA, 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 2013 \$000		Actual 30 June 2014 \$000
700,915	Taxpayers' funds as at 1 July	702,224
8,628	Total comprehensive income	39,714
(7,990)	Transfer revaluation gain to property revaluation reserves	(37,381)
(9)	Transfer realised revaluation from property valuation reserves	1,489
818	Capital contribution (cash) from the Crown	18,507
-	Capital contribution (non-cash)	23
-	Capital withdrawal (non-cash) from the Crown	(1,750)
-	Capital withdrawal (cash) from the Crown	(1,338)
(911)	Return of operating surplus to the Crown	(2,335)
500	Retention of surplus	-
273	Transfer of memorandum account net (surplus)/deficit	2
702,224	Taxpayers' funds as at 30 June	719,155
<b>Memorandum accounts</b>		
663	Opening balance 1 July	390
(273)	Net memorandum account surplus/(deficit) for the year	(2)
390	Balance as at 30 June	388
<b>Property valuation reserves</b>		
89,468	Balance at 1 July	97,467
7,990	Revaluation gains	37,381
9	Transfer realised revaluation to taxpayers' funds	(1,489)
97,467	Property valuation reserves as at 30 June	133,359
Property valuation reserves consist of:		
15,179	Land revaluation reserve	27,465
82,288	Buildings revaluation reserve	105,894
97,467	Total property valuation reserves	133,359

## 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 received funding from the Crown of \$544.984 million (2012/13: \$528.476 million) to provide services to the public for the year ended 30 June 2014. The Ministry did not draw down all of this funding in 2013/14, and has an available balance of \$142.797 million (2012/13: \$130 million).

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 2014 totalled \$23.087 million (2012/13: \$25.661 million). These purchases included the purchase of electricity from Genesis and Meridian, air travel from Air New Zealand, legal services from the Crown Law Office, and postal services from New Zealand Post.

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

There are close family members of key management personnel employed by the Ministry. The terms and conditions of those arrangements are no more favourable than the Ministry would have adopted if there were no relationship to key management personnel.

The Ministry has not purchased goods and services from key management personnel (employed, or their close family members) (2012/13: nil).

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

### KEY MANAGEMENT PERSONNEL COMPENSATION

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000
3,167	Salaries and other short-term employee benefits	3,595
14	Other long-term benefits	12
63	Post-employment benefits	112
(347)	Termination benefits	(11)
2,897	Total key management personnel compensation	3,708

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 nine members (2012/13: 10) 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 were 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.

The Ministry is only permitted to deposit funds with Westpac, a registered bank, and enter into foreign exchange forward contracts with the New Zealand Debt Management Office. 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 New Zealand Debt Management Office through the 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.

<b>Creditors/ other payables</b>	<b>Finance leases</b>		<b>Creditors/ other payables</b>	<b>Finance leases</b>
<b>30 June 2013</b>	<b>30 June 2013</b>		<b>30 June 2014</b>	<b>30 June 2014</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
37,343	67	Less than 6 months	45,490	31
37,343	67	Total	45,490	31

## Note 17 Categories of financial instruments

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

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000
<b>Loans and receivables</b>		
61,960	Cash and cash equivalents	59,360
135,969	Debtors and other receivables (note 9)	147,857
197,929	<b>Total loans and receivables</b>	<b>207,217</b>
<b>Financial liabilities measured at amortised cost</b>		
14,199	Creditors and other payables (note 10)	14,286
23,144	Accrued expenses	31,204
37,343	<b>Total financial liabilities measured at amortised cost</b>	<b>45,490</b>

## 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, the 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, while 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 Officer 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 from 1 July 2011, these transactions are excluded from the calculation of the Ministry's return of operating surplus (refer to note 12). The cumulative balance of the surplus/(deficit) of the memorandum accounts is recognised as a component of equity (refer to 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 Officers (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 people 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 2013 \$000		Actual 30 June 2014 \$000
<b>Second Hand Dealers and Pawnbrokers</b>		
517	Opening balance/(deficit) at 1 July	592
258	Revenue	240
(183)	Expenses	(225)
592	Closing balance/(deficit) at 30 June	607
<b>Motor Vehicle Dealers</b>		
(1,094)	Opening balance/(deficit) at 1 July	(1,361)
217	Revenue	487
(484)	Expenses	(538)
(1,361)	Closing balance/(deficit) at 30 June	(1,412)
<b>Legal Complaints Review Officer</b>		
147	Opening balance/(deficit) at 1 July	(203)
593	Revenue	1,072
(943)	Expenses	(1,089)
(203)	Closing balance/(deficit) at 30 June	(220)
<b>Real Estate Agents Disciplinary Tribunal</b>		
436	Opening balance/(deficit) at 1 July	203
430	Revenue	439
(663)	Expenses	(688)
203	Closing balance/(deficit) at 30 June	(46)
<b>Private Security Personnel and Private Investigators</b>		
1,595	Opening balance/(deficit) at 1 July	1,350
1,060	Revenue	881
(692)	Expenses – Ministry of Justice	(639)
(613)	Expenses – Department of Internal Affairs	(617)
1,350	Closing balance/(deficit) at 30 June	975

**Note 20 Reconciliation of net surplus/(deficit) to net cash flows from operating activities**

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000	Main estimates 30 June 2014 \$000	Supplementary estimates 30 June 2014 \$000
638	Net surplus/(deficit)	2,333	(23)	(23)
<b>Add/(deduct) non-cash items</b>				
57,737	Depreciation and amortisation	56,674	60,231	58,092
310	Property, plant and equipment impairments	-	-	-
58,047	Total non-cash items	56,674	60,231	58,092
<b>Add/(deduct) movements in working capital items</b>				
(1,267)	(Increase)/decrease in debtors and other receivables	909	(84)	(84)
(2,805)	(Increase)/decrease in prepayments	43	(85)	(85)
(2,771)	(Increase)/decrease in debtor Crown	(12,797)	40,000	37,000
5,275	Increase/(decrease) in creditors and other payables	26,713	(8,123)	1,363
(1,568)	Total movements in working capital	14,868	31,708	38,194
<b>Add/(deduct) items classified as investing and financing activities</b>				
(4,444)	(Increase)/decrease in accrued expenses in property, plant and equipment	(10,341)	-	-
255	(Increase)/decrease in finance lease	36	67	36
301	Loss/(gain) on disposal of intangibles, property, plant and equipment	7,064	-	-
-	Other non-cash items	(8,412)	-	-
(3,888)	Total movement in investing and financing activities	(11,653)	67	36
53,229	Net cash flows from operating activities	62,222	91,983	96,299

## 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 \$4.123 million lower than budgeted, mainly due to a reduction in the number of applications filed in courts for which fees are charged.

Expenditure was below budget by \$11.988 million. This was mainly due to a combination of:

- lower than budgeted depreciation and amortisation of \$3.557 million (because of timing changes in the Ministry's capital programme)
- lower than budgeted operating costs of \$4.013 million due to a conscious effort to reduce expenditure during the year so that funding could be contributed to the 2014/15 Justice Sector Fund.

### STATEMENT OF CASH FLOWS

Net cash received from operating activities was \$29.761 million lower than budgeted. This was mainly due to less Crown funding being drawn down from the Treasury to fund operating and capital expenditure.

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

### STATEMENT OF FINANCIAL POSITION

Debtors and other receivables were \$82.995 million higher than budgeted. This is the result of a higher debt owing from the Treasury of \$82.797 million more than was initially budgeted. The Ministry did not draw down all eligible funding from the Treasury as a result of changes in the timing of the Ministry's capital programme.

Plant, property and equipment, and intangible assets are \$9.3 million higher than budgeted and \$12.16 million lower than supplementary estimates. This is due to a combination of unbudgeted property valuations and changes in the timing of the Ministry's capital programme. The lower capital spent has resulted in less cash drawn from the Treasury, resulting in a higher debt owing from the Treasury.

Provisions are \$19.484 million higher than budgeted. This increase is mainly due to delays in payments of earthquake-related expenses that were provided for in 2010/11 and make-good provisions provided for in 2013/14 that relate to contractual obligations resulting from the Ministry entering into lease contracts. The lease obligations require the Ministry to make good the condition of the land and buildings upon terminating the lease and vacating the premises.

## Note 22 Events after the balance sheet date

After the balance date, the Ministry entered into a cancellable contract for the construction of the Christchurch Justice and Emergency Services Precinct.

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





# **Non-departmental statements and schedules**

FOR THE YEAR ENDED 30 JUNE 2014

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 2014.

# Statement of non-departmental expenses and capital expenditure against appropriations

FOR THE YEAR ENDED 30 JUNE 2014

	Actual expenditure inclusive of remeasurements 30 June 2014 \$000	Remeasurements <sup>7</sup> 30 June 2014 \$000	Actual expenditure exclusive of remeasurements 30 June 2014 \$000	Appropriation voted <sup>8</sup> 30 June 2014 \$000
<b>Vote Justice</b>				
<b>Non-departmental output expenses to be incurred by the Crown</b>				
Community Law Centres	10,968	-	10,968	10,970
Crime Prevention and Community Safety Programmes	8,428	-	8,428	9,147
Electoral Services	38,747	-	38,747	38,747
Equity Promotion and Protection Services – Inspector General PLA <sup>6</sup>	320	-	320	371
Family Dispute Resolution Services	73	-	73	1,950
Justice Advocacy, Advice and Promotion Services	21,342	-	21,342	21,373
Legal Aid	119,322	-	119,322	123,636
Provision of Protective Fiduciary Services	3,278	-	3,278	3,278
Support and Assistance provided by Victim Support to Victims of Crime	6,032	-	6,032	6,032
<b>Non-departmental other expenses to be incurred by the Crown</b>				
Impairment of Legal Aid Debt	12,008	50	11,958	18,694
Impairment of Offender Levy	684	-	684	1,374
Victims' Services	4,182	-	4,182	4,750
<b>Total Vote Justice</b>	<b>225,384</b>	<b>50</b>	<b>225,334</b>	<b>240,322</b>

*The accompanying notes form part of these financial statements.*

<sup>6</sup> This other expense appropriation covers the costs of the Inspector-General and Deputy 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.

<sup>7</sup> 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 impairment of the legal aid debt.

<sup>8</sup> This includes adjustments made in the supplementary estimates.

Statement of non-departmental expenses and capital expenditure against appropriations for the year ended 30 June 2014 (continued)

	Actual expenditure inclusive of remeasurements 30 June 2014 \$000	Remeasurements <sup>10</sup> 30 June 2014 \$000	Actual expenditure exclusive of remeasurements 30 June 2014 \$000	Appropriation voted <sup>11</sup> 30 June 2014 \$000
<b>Vote Courts</b>				
<b>Non-departmental other expenses to be incurred by the Crown</b>				
Abortion Supervisory Committee – Certifying Consultants Fees	3,993	–	3,993	4,563
Assistance to Victims of Crime	–	–	–	40
Coroners Salaries and Allowances PLA <sup>9</sup>	4,760	–	4,760	5,173
Court and Coroner Related Costs	75,924	–	75,924	77,693
Impairment of Debt Established to Recognise Contributions towards Family Court Professional Services	–	–	–	909
Impairment of Fines Receivable	36,886	–	36,886	60,072
Judges’ Salaries and Allowances PLA <sup>9</sup>	113,324	(1,396)	114,720	116,789
Judicial Review Costs	1,362	–	1,362	1,496
Justices of the Peace Association	334	–	334	350
Tribunal Related Fees and Expenses	4,758	–	4,758	5,024
<b>Total Vote Courts</b>	<b>241,341</b>	<b>(1,396)</b>	<b>242,737</b>	<b>272,109</b>
<b>Total non-departmental expenses and appropriations</b>	<b>1,026,629</b>	<b>(1,254 )</b>	<b>1,027,883</b>	<b>1,108,770</b>

*The accompanying notes form part of these financial statements.*

<sup>9</sup> This appropriation is established through a Permanent Legislative Authority.

<sup>10</sup> 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 judges’ leave entitlements.

<sup>11</sup> This includes adjustments made in the supplementary estimates.

Statement of non-departmental expenses and capital expenditure against appropriations for the year ended 30 June 2014 (continued)

	Actual expenditure inclusive of remeasurements 30 June 2014 \$000	Remeasurements <sup>13</sup> 30 June 2014 \$000	Actual expenditure exclusive of remeasurements 30 June 2014 \$000	Appropriation voted <sup>14</sup> 30 June 2014 \$000
<b>Vote Treaty Negotiations</b>				
<b>Non-departmental other expenses to be incurred by the Crown</b>				
Claimant Funding	10,285	-	10,285	13,023
Contribution toward Determining Customary Interests in the Marine and Coastal Area	252	-	252	743
Contribution towards Northland Waitangi Tribunal Hearings	305	-	305	635
Debt Write-offs	90	-	90	120
Depreciation	2,677	-	2,677	3,600
Loss on Disposal or Write-off of Landbank Assets	932	92	840	1,000
<b>Non-departmental other expenses to be incurred by the Crown: multi-year appropriations</b>				
Historical Treaty of Waitangi Settlements <sup>12</sup>	523,291	-	523,291	542,563
<b>Non-departmental capital expenditure</b>				
Land, Stock, Plant Purchases	12,566	-	12,566	12,655
Purchase of Assets for Possible Use in Future Treaty of Waitangi Settlements	9,506	-	9,506	22,000
<b>Total Vote Treaty Negotiations</b>	<b>559,904</b>	<b>92</b>	<b>559,812</b>	<b>596,339</b>

The accompanying notes form part of these financial statements.

<sup>12</sup> 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 supplementary estimates for 2013/14 established the \$1,400 million for the period 30 June 2013 to 30 June 2017 and replaced the unexpended balance of the appropriation covering the period 30 June 2012 to 30 June 2016. Expenditure against these appropriation over the last four years is:

	\$000
2013/14	\$ 523,291
2012/13	\$ 542,616
2011/12	\$ 344,655
2010/11	\$ 420,591
	<b>\$ 1,831,153</b>

<sup>13</sup> 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 in market value of the Office of Treaty Settlements Landbank dairy cooperative shares.

<sup>14</sup> This includes adjustments made in the supplementary estimates.

## Statement of non-departmental unappropriated expenses and capital expenditure

FOR THE YEAR ENDED 30 JUNE 2014

There have been no expenses or capital expenditure incurred in excess of appropriation (2012/13: \$0.879 million).

## Schedule of non-departmental revenue and receipts

FOR THE YEAR ENDED 30 JUNE 2014

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

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000	Main estimates 30 June 2014 \$000	Supplementary estimates 30 June 2014 \$000
Revenue and receipts				
163,007	Court fines	174,464	167,440	167,440
5,027	Offender levies	4,558	5,159	5,159
1	Money forfeited to the Crown	51	200	200
206	Recovery of judicial salaries from Crown entities	2,443	476	476
2,084	Gain on property, plant and equipment, and assets held for sale	727	14,000	-
8,222	Rental from Landbank assets	8,170	9,270	8,270
24,343	Legal aid debt established	30,766	33,000	33,000
5,438	Community Law Centre receipts	5,705	4,374	4,374
5,023	Other revenue	8,616	17,297	17,297
213,351	Total revenue and receipts	235,500	251,216	236,216

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 2014 (2012/13: nil).

*The accompanying notes form part of these financial statements.*

## Schedule of non-departmental expenses

FOR THE YEAR ENDED 30 JUNE 2014

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

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000	Main estimates 30 June 2014 \$000	Supplementary estimates 30 June 2014 \$000
Expenditure				
110,857	Personnel – judges’/coroners’ salaries and allowances	118,084	115,477	121,962
202,142	Crown expenditure Vote Justice (details on page 108)	225,384	222,402	240,322
132,058	Crown expenditure Vote Courts (details on page 109)	123,257	135,378	150,147
560,316	Crown expenditure Vote Treaty Negotiations (details on page 110)	537,832	367,972	561,684
1,005,373	Total non-departmental expenditure	1,004,557	841,229	1,074,115

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 2014

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

Actual 30 June 2013 \$000		Notes	Actual 30 June 2014 \$000	Main estimates 30 June 2014 \$000	Supplementary estimates 30 June 2014 \$000
<b>Assets</b>					
<b>Current assets</b>					
67,488	Cash		81,819	69,318	63,497
561	Accounts receivable (Treaty)		1,557	1,885	436
(125)	Less provision for doubtful debts (Treaty)		(140)	-	-
-	Prepayments		-	27,457	-
71,000	Fines receivable	2	72,000	62,390	65,826
41,587	Other accounts receivable	3	40,569	90,520	82,022
41,180	Non-current assets held for sale	4	40,856	35,287	42,668
221,691	<b>Total current assets</b>		<b>236,661</b>	<b>286,857</b>	<b>254,449</b>
<b>Non-current assets</b>					
104,000	Fines receivable	2	96,000	103,541	95,386
67,823	Other accounts receivable	3	68,740	3,807	27,722
343,586	Assets held for Treaty of Waitangi settlements	4	340,079	355,029	338,722
66,379	Ngāti Whatua lending		66,379	66,379	66,379
1,209	Hotel investment account advances		1,209	1,209	1,209
582,997	<b>Total non-current assets</b>		<b>572,407</b>	<b>529,965</b>	<b>529,418</b>
804,688	<b>Total non-departmental assets</b>		<b>809,068</b>	<b>816,822</b>	<b>783,867</b>

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 2014

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

Actual 30 June 2013 \$000		Notes	Actual 30 June 2014 \$000	Main estimates 30 June 2014 \$000	Supplementary estimates 30 June 2014 \$000
<b>Current liabilities</b>					
44,259	Creditors and other payables	6	41,781	67,135	49,031
32,799	Judges' leave entitlements	7	38,702	32,533	29,568
526,177	Treaty settlements creditors	5	346,665	517,490	416,240
603,235	<b>Total current liabilities</b>		<b>427,148</b>	<b>617,158</b>	<b>494,839</b>
<b>Non-current liabilities</b>					
201,135	Treaty settlements creditors	5	510,542	–	302,459
30,103	Judges' leave entitlements	7	29,944	39,081	32,032
231,238	<b>Total non-current liabilities</b>		<b>540,486</b>	<b>39,081</b>	<b>334,491</b>
834,473	<b>Total non-departmental liabilities</b>		<b>967,634</b>	<b>656,239</b>	<b>829,330</b>
<b>Revaluation reserves</b>					
110,888	Property revaluation reserves	8	98,210	115,756	96,888

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 2014

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000
<b>Quantifiable contingent liabilities</b>		
719	Māori Land Court quantifiable contingent liabilities	585
-	Other quantifiable contingent liabilities	5
719	<b>Total quantifiable contingent liabilities</b>	590

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.

The other quantifiable contingent liability arises from a claim for false imprisonment.

### UNQUANTIFIABLE CONTINGENT LIABILITIES

#### JUSTICES OF THE PEACE, COMMUNITY MAGISTRATES AND DISPUTES TRIBUNAL REFEREES

Section 11CE of the District Courts Act 1947 and section 4F of the Justices of the Peace Act 1957 require the Crown to indemnify Justices of the Peace and Community Magistrates, respectively, 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. Prior to 1 July 2013, these provisions were covered by section 197 of the Summary Proceedings Act 1957.

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 a state-owned enterprise 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.

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% for Waikato-Tainui and approximately 16% for Ngāi Tahu.

The relativity mechanism has now been triggered, and in future years, additional costs are likely to be incurred in accordance with the relativity mechanism as Treaty settlements are reached. However, no value can be placed on these at this point in time, as there is uncertainty as to when each negotiation will settle, and the value of any settlement 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 (2012/13: nil).

*The accompanying notes form part of these financial statements.*

## Statement of trust monies

FOR THE YEAR ENDED 30 JUNE 2014

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
Opening cash balance	10,558	33,552	176	61	43	62	335	-
Contributions	18,321	347,672	822	3	-	81	2	4,713
Distributions	(14,393)	(340,634)	(303)	(4)	(43)	(42)	(331)	(4,713)
Closing cash balance	14,486	40,590	695	60	-	101	6	-

### COURT LAW TRUST ACCOUNT

This trust account holds deposits made by individuals filing for action in the District Court, the High Court or the Court of Appeal. There are 57 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 (including reparations) and infringements 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 individuals 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.

*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 2014

### 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 2014. 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 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 annual sabbatical and retiring leave. The sabbatical and retiring leave 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, no input tax deduction is 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 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.

## PROPERTY, PLANT AND EQUIPMENT (ASSETS HELD FOR TREATY SETTLEMENTS)

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 2014. 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, cultural artifacts 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. Notes 3 and 3a provide an analysis of the uncertainties relating to the valuation of legal aid receivables.

### LEGAL AID ACCRUAL

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

- the model excludes cases where there has been no activity within the seven 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, matter 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% (2012/13: 7%) resulting in a fair value of \$168 million (2012/13: \$175 million). If the discount rate was 2% higher, the impaired value would decrease by \$8 million, to \$160 million; if 2% lower the value would increase by \$8 million, to \$176 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 4% is based on the three-year spot rate, with the risk premium rate of 3% 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 2013 \$000		Actual 30 June 2014 \$000
370,446	Fines receivable	363,067
(195,446)	Impairment provision	(195,067)
175,000	Impaired value	168,000
	Being:	
71,000	Current	72,000
104,000	Non-current	96,000
175,000	Total	168,000

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

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000
Fines provisioning		
205,449	Opening balance as at 1 July	195,446
78,360	Impairment on initial recognition	85,828
(90,389)	Impairment recovered	(60,681)
2,026	Valuation changes	(25,526)
195,446	Closing balance as at 30 June	195,067

### 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.

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 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 2014 of 4.4% (2012/13: 4%).

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 3% (2012/13: 4%).

Adding the risk-free rate and the risk premium together gives a discount rate of 7.4% (2012/13: 8%).

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

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000
Current assets		
12,941	Fines	15,290
12,050	Legal aid receivable (note 3a)	12,787
16,596	Other receivables	12,492
41,587	Total current assets	40,569
Non-current assets		
40,366	Legal aid receivable (note 3a)	40,882
27,457	Other receivables	27,858
67,823	Total non-current assets	68,740
109,410	Total debtors and receivables	109,309

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

### Note 3a Legal aid receivable

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000
127,711	Legal aid receivable	125,373
(75,295)	Impairment provision	(71,704)
52,416	Impaired value	53,669
	Being:	
12,050	Current	12,787
40,366	Non-current	40,882
52,416	Total	53,669

Movement in the impairment provisions for legal aid receivable is as follows:

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000
75,531	Opening balance as at 1 July	75,295
(4,267)	Interest unwind	(3,947)
(1,664)	Impairment (charge)/reversal	(6,818)
5,695	Fair value adjustment	7,174
75,295	Closing balance as at 30 June	71,704

Gross debt 30 June 2013 \$000	Net debt 30 June 2013 \$000		Gross debt 30 June 2014 \$000	Net debt 30 June 2014 \$000
50,686	24,323	Secured	46,241	23,875
77,025	28,093	Unsecured	79,132	29,794
127,711	52,416	Total	125,373	53,669



## 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 and other assets for potential use in settling historical Treaty of Waitangi claims. Where the Crown agrees the asset meets the criteria, it is purchased and held in a regional landbank until a Treaty settlement is signed. Until all Treaty claims within a regional landbank area are settled, the options for disposal of assets are limited. The value assigned to an asset 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 2013 \$000		Note	Actual 30 June 2014 \$000
338,426	Property, plant, equipment and other assets	4a	334,610
4,387	Forests	4b	5,114
773	Shares in cooperative companies	4c	355
343,586	Total assets held for Treaty of Waitangi settlements		340,079
41,180	Non-current assets held for sale	4d	40,856
384,766	Total assets and assets held for sale for Treaty of Waitangi settlements		380,935

## Note 4a Property, plant and equipment, and other assets

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 2014, the percentage of land and buildings assets revalued (Treaty property portfolio) is 15.02% of total assets (2012/13: 21.52%). The total value of land and buildings valued at fair value by Beca Valuations Ltd in 2014 was \$57.23 million.

	Land (at valuation) \$000	Non-residential building (at valuation) \$000	Residential building (at valuation) \$000	Plant and equipment \$000	Other asset \$000	Total \$000
<b>Cost/valuation</b>						
Balance at 1 July 2012	269,420	34,917	41,593	287	-	346,217
Additions	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)	-	-	-	-
Revaluation (prior to transfer)	(939)	(59)	(93)	-	-	(1,091)
Impairment	-	-	-	-	-	-
Disposals	(3,000)	-	(79)	-	-	(3,079)
Balance at 30 June 2013	270,455	34,649	43,515	499	-	349,118
Balance at 1 July 2013	270,455	34,649	43,515	499	-	349,118
Additions	15,406	251	1,918	12	4,645	22,232
Revaluation increase/(decrease)	3,439	367	79	-	-	3,885
Transfer to held for sale	(13,109)	(819)	(536)	-	-	(14,464)
Transfer from held for sale	1,880	-	-	-	-	1,880
Reclassification of assets	-	24	-	(24)	-	-
Revaluation (prior to transfer)	(12,275)	(740)	(83)	-	-	(13,098)
Other asset movement	(491)	-	503	-	-	12
Disposals	-	(586)	(313)	-	-	(899)
Balance at 30 June 2014	265,305	33,146	45,083	487	4,645	348,666

	Land (at valuation) \$000	Non-residential building (at valuation) \$000	Residential building (at valuation) \$000	Plant and equipment \$000	Other asset \$000	Total \$000
<b>Accumulated depreciation and impairment losses</b>						
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 and impairment loss)	-	(628)	(1,457)	(5)	-	(2,090)
Eliminate on transfer to held for sale	-	(60)	(92)	-	-	(152)
Reclassification of assets	-	-	-	-	-	-
Impairment losses	4,066	2,009	69	-	-	6,144
Balance at 30 June 2013	4,066	4,651	1,836	139	-	10,692
Balance at 1 July 2013	4,066	4,651	1,836	139	-	10,692
Depreciation expense	-	1,394	1,214	68	-	2,676
Eliminate on disposal	-	(43)	(17)	-	-	(60)
Eliminate on revaluation (depreciation and impairment loss)	(4)	(1,161)	(804)	(9)	-	(1,978)
Eliminate on transfer to held for sale	-	(740)	(83)	-	-	(823)
Other asset movement	-	-	502	-	-	502
Impairment losses	619	2,353	63	12	-	3,047
Balance at 30 June 2014	4,681	6,454	2,711	210	-	14,056
<b>Carrying amounts</b>						
At 1 July 2012	269,420	33,154	39,373	187	-	342,134
At 30 June/1 July 2013	266,389	29,998	41,679	360	-	338,426
At 30 June 2014	260,624	26,692	42,372	277	4,645	334,610

## Note 4b Forests

The four forests managed for harvesting are Mahia Forest, Pukeoroa Forest, Upper Bluehills Forest and Waikune Forest.

	Forests \$000
<b>Cost/valuation</b>	
Balance at 1 July 2012	997
Gain/(loss) in fair value from valuation	971
Increase due to purchases	2,419
Balance at 30 June 2013	4,387
Balance at 1 July 2013	4,387
Gain/(loss) in fair value from valuation	727
Balance at 30 June 2014	5,114

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 2014. 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 cooperative companies

	Shares \$000
<b>Cost/valuation</b>	
Balance at 1 July 2012	477
<b>Additions</b>	
Revaluation increase/(decrease)	296
Balance at 30 June 2013	773
Balance at 1 July 2013	773
<b>Additions</b>	
Revaluation increase/(decrease)	(418)
Balance at 30 June 2014	355

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

## Note 4d Assets held for sale

	Held for sale – settlements \$000
Balance at 1 July 2012	37,988
Transfer to held for sale from property, plant and equipment	5,714
Disposals	(2,522)
Balance at 30 June 2013	41,180
Balance at 1 July 2013	41,180
Transfer to held for sale from property, plant and equipment	14,464
Transfer from held for sale to property, plant and equipment	(1,880)
Disposals	(12,839)
Other asset movement	(69)
Balance at 30 June 2014	40,856

	Held for sale – settlements \$000
Asset type pre-transfer:	
Land	28,741
Non-residential improvement	4,710
Plant and equipment	2,897
Residential improvement	4,508
Balance at 30 June 2014	40,856

This asset category includes those committed to Treaty settlements expected to be completed within the next 12 months. The next table shows the asset groups from which assets held for sale have been transferred.

## Note 5 Treaty settlement creditors

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000
1,900	Other Treaty settlement creditors	1,652
725,412	Accrued settlement expenses	855,555
727,312	Total Treaty settlement creditors	857,207

## Note 6 Creditors and other payables

Actual 30 June 2013 \$000		Actual 30 June 2014 \$000
21,902	Legal aid payable	16,785
22,357	Other payables	24,996
44,259	Total creditors and other payables	41,781

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 2013 \$000		Actual 30 June 2014 \$000
<b>Current liabilities</b>		
29,121	Retiring and sabbatical leave	30,548
582	Annual leave	4,482
3,096	Salaries	3,672
32,799	<b>Total current liabilities</b>	<b>38,702</b>
<b>Non-current liabilities</b>		
30,103	Retiring and sabbatical leave	29,944
30,103	<b>Total non-current liabilities</b>	<b>29,944</b>
62,902	<b>Total provision for judges' leave entitlements</b>	<b>68,646</b>

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 3.7% with 3.1% salary inflation for year 1 of the projection (2012/13: 2.5% with 3.5% salary inflation).

The valuation of retiring and sabbatical leave as at 30 June 2014 was conducted by an independent valuer, Greg R Lee, BSc FIA, of AON Hewitt.

## Note 8 Property revaluation reserves

	Land \$000	Non-residential buildings \$000	Residential buildings \$000	Total \$000
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
Balance at 1 July 2013	81,741	13,318	15,829	110,888
Current year movement	(9,691)	(827)	821	(9,697)
Transfer to general funds on disposal	(2,226)	(505)	(250)	(2,981)
Balance at 30 June 2014	69,824	11,986	16,400	98,210



## 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 the schedule of non-departmental liabilities and revaluation reserves. All revenues and expenses in relation to financial instruments are recognised in the schedule of non-departmental revenue and receipts and the 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.

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 the 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 New Zealand Debt Management Office 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 2013 \$000	Creditors and other payables 30 June 2013 \$000		Treaty creditors and other payables 30 June 2014 \$000	Creditors and other payables 30 June 2014 \$000
1,900	44,259	Less than 6 months	1,652	41,781
524,277	-	Between 6 months and 1 year	345,013	-
201,135	-	Between 1 and 5 years	510,542	-
727,312	44,259	Total	857,207	41,781

## 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 2013 \$000		Actual 30 June 2014 \$000
Real Estate Agents Authority		
(4,947)	Opening balance/(deficit) at 1 July	(3,686)
1,261	Revenue	1,261
(3,686)	Closing balance/(deficit) at 30 June	(2,425)

## Note 11 Major budget variations

Explanations for major variances from the budgeted figures in the Information Supporting the Estimates of Appropriations are as follows:

### SCHEDULE OF NON-DEPARTMENTAL REVENUE AND RECEIPTS

Legal aid debt established was \$2.234 million less 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 lower than budgeted other revenue of \$8.681 million was mainly due to delays in the implementation of the changes under the Legal Assistance (Sustainability) Amendment Bill, for example, family cost contribution orders and the charging of interest on legal aid debt.

### SCHEDULE OF NON-DEPARTMENTAL EXPENSES

Crown expenditure in Vote Justice is \$14.938 million lower than supplementary estimates. This underspend is mainly due to the Legal Aid and the Impairment of Legal Aid Debt appropriations. The lower than expected spend is 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.

Personnel costs (judges' and coroners' salaries and allowances) were \$3.878 million lower than supplementary estimates. This is mainly due to a lower than expected leave liability accrual.

Crown expenditure in Vote Courts is \$26.89 million lower than supplementary estimates. This underspend is mainly due to a lower than expected fines impairment expense due to favourable accounting revaluations.

Crown expenditure in Vote Treaty Negotiations is \$169.86 million higher than main estimates. This mainly reflects higher than expected Treaty settlement expenses, which are hard to predict with accuracy in terms of time and amount.

## Note 12 Events after the balance sheet date

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

# Forecast financial statements

## Forecast financial statements

### AUTHORISATION STATEMENT

These forecast financial statements (FFS) were authorised for issue by the Secretary for Justice on 30 September 2014. The Secretary for Justice is responsible for the FFS presented, including the appropriateness of the underlying assumptions and all other required disclosures.

There is no intention to publicly update these FFS before the end of the 2014/15 financial year. These FFS are unaudited.

### FORECAST FINANCIAL INFORMATION DISCLOSURES

These are the Ministry's first set of FFS and they are prepared in accordance with the Public Finance Act 1989 and New Zealand Generally Accepted Accounting Practice, which incorporates the International Public Sector Accounting Standards (IPSAS) and are to be used in the future for reporting historical general purpose financial statements.

These FFS have been compiled on the basis of existing government policies and Ministerial expectations at the time the statements were issued. They have been prepared for the purpose of fulfilling the Ministry's obligations under section 41(1)(a) of the Public Finance Act 1989 and, as such, may not be suitable for other purposes.

These FFS have been prepared as an appendix to form part of the Ministry of Justice's *Annual Report*. The Ministry's role is described in detail throughout the Ministry's *Annual Report* and the Ministry's *Statement of Intent*. The forecast financial information contained in these statements reflects the Ministry's purpose and activities.

Actual financial results achieved as at 30 June 2015 may differ from these FFS, and the variations may be material. Events and circumstances may not occur as expected or predicted, or the Ministry may subsequently take actions that differ from the proposed course of action on which the FFS are based.

### REPORTING ENTITY

The Ministry is a government department as defined by section 2 of the Public Finance Act 1989 and is domiciled in New Zealand. For the purposes of financial reporting the Ministry is a public benefit entity.

### FINANCIAL PLANNING ASSUMPTIONS

Some of the Ministry's revenue is dependent on the number of applications filed in courts for which fees are charged. The actual revenue collected over the forecast period may differ from these FFS, and the variations may be material. Consideration has been given to ensuring that fees and charges set are appropriate and deliver maximum value for the services that the Ministry is providing.

The Ministry's personnel assumptions are based on current salary costs, adjusted for anticipated remuneration increases for the forecast year.

The operating expenses generated from the activities and services the Ministry undertakes are based on a number of assumptions on what may occur during the 2014/15 financial year. These assumptions are based on historical volumes, which are updated for expected changes where deemed material.

The Ministry has received additional capital funding approval from the Government and other agencies for the Christchurch Justice and Emergency Services Precinct build. The expenses incurred during the build will be charged against the work in progress (WIP) account. WIP forms part of the Ministry's property, plant and equipment assets category. No depreciation is incurred while assets are being built.

The FFS do not include any changes to property revaluations although the Ministry's policy is to have revaluations 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.

## Forecast statement of comprehensive revenue and expense

FOR THE YEAR ENDED 30 JUNE 2015

Actual 30 June 2014 \$000	Notes	Forecast 30 June 2015 \$000
<b>Revenue exchanged</b>		
544,984	Crown	517,284
2,772	Department	3,943
37,345	Other revenue	48,173
585,101	<b>Total revenue</b>	569,400
<b>Expenditure</b>		
258,721	Personnel costs	255,535
203,435	Operating costs	189,739
63,938	Capital charge	67,652
56,674	Depreciation, amortisation and impairment	56,487
582,768	<b>Total expenditure</b>	569,413
2,333	Net surplus/(deficit)	(13)
<b>Other comprehensive income</b>		
37,381	Gain on property revaluations	-
39,714	<b>Total comprehensive income</b>	(13)

*The accompanying notes form part of these financial statements.*

## Forecast statement of financial position

AS AT 30 JUNE 2015

Actual 30 June 2014 \$000	Notes	Forecast 30 June 2015 \$000
<b>Assets</b>		
<b>Current assets</b>		
59,360	Cash and cash equivalents	53,201
147,857	Debtors and other receivables	113,296
5,616	Prepayments	5,700
2,277	Assets held for sale	-
215,110	Total current assets	172,197
<b>Non-current assets</b>		
664,766	Property, plant and equipment	787,444
73,590	Intangible assets	79,753
738,356	Total non-current assets	867,197
953,466	Total assets	1,039,394
<b>Liabilities and taxpayers' funds</b>		
<b>Current liabilities</b>		
14,286	Creditors and other payables	14,359
19,604	Provisions	14,748
31	Finance lease	-
4,528	GST payable	3,998
31,204	Accrued expenses	31,204
2,335	Return of operating surplus	-
21,793	Employee entitlements	20,489
93,781	Total current liabilities	84,798
<b>Non-current liabilities</b>		
6,783	Employee entitlements	6,700
6,783	Total non-current liabilities	6,700
100,564	Total liabilities	91,498
<b>Equity</b>		
719,155	Taxpayers' funds	814,149
388	Memorandum accounts	388
133,359	Property revaluation reserves	133,359
852,902	Total equity	947,896
953,466	Total equity and liabilities	1,039,394

The accompanying notes form part of these financial statements.

## Forecast statement of changes in net assets/equity

FOR THE YEAR ENDED 30 JUNE 2015

<b>Actual 30 June 2014 \$000</b>		<b>Forecast 30 June 2015 \$000</b>
800,081	Equity as at 1 July	852,902
39,714	Total comprehensive income	(13)
(2,335)	Return of operating surplus to the Crown	-
18,507	Capital contribution from the Crown and other agencies	95,007
23	Capital contribution – non-cash	-
(1,750)	Capital withdrawal – non-cash	-
(1,338)	Capital withdrawal	-
852,902	Equity as at 30 June	947,896

*The accompanying notes form part of these financial statements.*

## Forecast statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2015

Actual 30 June 2014 \$000	Note	Forecast 30 June 2015 \$000
<b>Cash flows from operating activities</b>		
Cash was provided from:		
532,187	Receipts from the Crown	554,361
2,632	Receipts from other departments	4,912
583	Interest received	540
37,809	Receipts from others	44,150
573,211	<b>Total cash flows from operating activities</b>	<b>603,963</b>
Cash was applied to:		
(257,498)	Payments to employees	(257,188)
(190,888)	Payments to suppliers	(192,599)
(63,938)	Payment for capital charge	(67,652)
1,335	Goods and services tax (net)	(531)
(510,989)	<b>Total cash applied for operating activities</b>	<b>(517,970)</b>
62,222	<b>Net cash flows from operating activities</b>	<b>85,993</b>
	9	
<b>Cash flows from investing activities</b>		
Cash was provided from:		
1,508	Receipts from sale of property, plant and equipment	2,276
Cash was applied to:		
(33,471)	Purchase of intangible assets	(23,911)
(49,455)	Purchase of property, plant and equipment	(161,421)
(81,418)	<b>Net cash flows from investing activities</b>	<b>(183,056)</b>
<b>Cash flows from financing activities</b>		
Cash was provided from:		
18,507	Capital contribution	95,007
Cash was applied to:		
(162)	Payments of finance lease	(31)
(1,338)	Capital withdrawal	-
(411)	Return of operating surplus	(4,072)
16,596	<b>Net cash flows from financing activities</b>	<b>90,904</b>
(2,600)	<b>Net increase/(decrease) in cash held</b>	<b>(6,159)</b>
61,960	Cash as at 1 July	59,360
59,360	<b>Closing cash as at 30 June</b>	<b>53,201</b>

*The accompanying notes form part of these financial statements.*



# Notes to the forecast financial statements

## Note 1 Specific accounting policies

Specific accounting policies are the same as the 2013/14 financial year on pages 82 to 87, except for some changes as a result of the Ministry adopting IPSAS from 1 July 2014, which will affect the following.

### 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.

### REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions are those transactions where an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

In the Ministry, these revenue non-exchange transactions are non-prevalent. In the event of any future other non-exchange revenue transactions, the Ministry will recognise these transactions as non-exchange revenues when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are recoverable.

### REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to another entity in exchange.

Departmental 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. 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.

## Note 2 Other revenue

Actual 30 June 2014 \$000		Forecast 30 June 2015 \$000
26,194	Filing fees	28,194
10,568	Other	19,439
583	Interest	540
37,345	Total other revenue	48,173

## Note 3 Personnel costs

Actual 30 June 2014 \$000		Forecast 30 June 2015 \$000
227,755	Salaries and wages	229,047
6,535	Employer contributions to defined contribution plans	7,850
555	Increase/(decrease) in employee entitlements	1,531
23,876	Other	17,107
258,721	Total personnel costs	255,535

## Note 4 Operating costs

Actual 30 June 2014 \$000		Forecast 30 June 2015 \$000
410	Audit fees for financial statements audit	420
17	Fees to Audit New Zealand for other services	-
9	Bad debts written off/provided for	-
35,359	Computer and telecommunications	36,596
2,520	Advertising and publicity	986
7,078	Jurors fees and expenses	6,666
920	Ministry library and information services	918
5,649	Judicial library and information services	5,678
467	Judicial education and development	467
7,064	Disposal loss on intangibles, property, plant and equipment	-
12,863	Maintenance of facilities	12,588
20,996	Other occupancy costs (excluding rental)	20,927
43,938	Professional services	29,855
20,752	Property rental	20,884
8,346	Printing, stationery and postage	8,127
11,036	Sitting fees and judicial costs	10,630
13,469	Staff and judicial travel	11,557
24	Koha	30
12,518	Other operating costs	23,410
203,435	Total operating expenses	189,739

## Note 5 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
<b>Cost/valuation</b>								
Balance at 30 June 2014	162,415	428,277	51,311	70,999	1,234	64,127	7,336	785,699
Balance at 30 June 2015	194,637	515,896	65,687	81,443	–	79,877	8,336	945,876
<b>Accumulated depreciation and impairment losses</b>								
Balance at 30 June 2014	–	456	25,743	56,916	1,203	32,855	3,760	120,933
Balance at 30 June 2015	–	23,200	30,322	63,105	–	37,432	4,373	158,432
<b>Carrying amounts</b>								
At 30 June 2014	162,415	427,821	25,568	14,083	31	31,272	3,576	664,766
At 30 June 2015	194,637	492,696	35,365	18,338	–	42,445	3,963	787,444

In 2013/14, the Ministry has assets valued at \$58.981 million listed under the Historic Places Trust Act 1993, which are included in the assets above.

The projected increase in land and buildings is mainly attributed to the building of the Christchurch Justice and Emergency Services Precinct.

## Note 6 Assets held for sale

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

## Note 7 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
<b>Cost</b>			
Balance at 30 June 2014	63,766	134,398	198,164
Balance at 30 June 2015	70,406	151,669	222,075
<b>Accumulated amortisation and impairment losses</b>			
Balance at 30 June 2014	28,746	95,828	124,574
Balance at 30 June 2015	33,983	108,339	142,322
<b>Carrying amounts</b>			
At 30 June 2014	35,020	38,570	73,590
At 30 June 2015	36,423	43,330	79,753

## Note 8 Equity

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

Actual 30 June 2014 \$000		Forecast 30 June 2015 \$000
702,224	Taxpayers' funds as at 1 July	719,155
39,714	Total comprehensive income	(13)
(37,381)	Transfer revaluation gain to property revaluation reserves	-
1,489	Transfer realised revaluation from property valuation reserves	-
18,507	Capital contribution (cash) from the Crown and other Agencies	95,007
23	Capital contribution (non-cash)	-
(1,750)	Capital withdrawal (non-cash) from the Crown	-
(1,338)	Capital withdrawal (cash) from the Crown	-
(2,335)	Return of operating surplus to the Crown	-
2	Transfer of memorandum account net (surplus)/deficit	-
719,155	Taxpayers' funds as at 30 June	814,149
<b>Memorandum accounts</b>		
390	Opening balance 1 July	388
(2)	Net memorandum account surplus/(deficit) for the year	-
388	Balance as at 30 June	388
<b>Property valuation reserves</b>		
97,467	Balance at 1 July	133,359
37,381	Revaluation gains	-
(1,489)	Transfer realised revaluation to taxpayers' funds	-
133,359	Property valuation reserves as at 30 June	133,359
852,902	Total equity	947,896
Property valuation reserves consist of:		
27,465	Land revaluation reserve	27,465
105,894	Buildings revaluation reserve	105,894
133,359	Total property valuation reserves	133,359

## Note 9 Reconciliation of net surplus/(deficit) to net cash flows from operating activities

Actual 30 June 2014 \$000		Forecast 30 June 2015 \$000
2,333	Net surplus/(deficit)	(13)
	Add/(deduct) non-cash items	
56,674	Depreciation and amortisation	56,487
56,674	Total non-cash items	56,487
	Add/(deduct) movements in working capital items	
909	(Increase)/decrease in debtors and other receivables	(236)
43	(Increase)/decrease in prepayments	(80)
(12,797)	(Increase)/decrease in debtor Crown	34,797
26,713	Increase/(decrease) in creditors and other payables	(4,993)
14,868	Total movements in working capital items	29,488
	Add/(deduct) items classified as investing and financing activities	
(10,341)	(Increase)/decrease in accrued expenses in property, plant and equipment	-
36	(Increase)/decrease in finance lease	31
7,064	Loss/(gain) on disposal of intangibles, property, plant and equipment	-
(8,412)	Other non-cash items	-
(11,653)	Total movement in investing and financing activities	31
62,222	Net cash flows from operating activities	85,993

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