

# Annual Report 1 July 2014 to 30 June 2015



# our year

## Construction begins on Christchurch justice precinct

CHRISTCHURCH JUSTICE & EMERGENCY SERVICES PRECINCT

## Recovering hard-to-get fines

FINES CAMPAIGN RE-LAUNCHED

## More effective domestic violence programmes

CODE OF PRACTICE FOR SAFETY & NON-VIOLENCE PROGRAMME PROVIDERS

## Equipping communities to address youth crime

YOUTH CRIME ACTION PLAN COMMUNITY ACTION PLANNING GUIDE PUBLISHED

## Inaugural Alcohol and Other Drug Treatment Court graduation

THE AODT COURT SEES FIRST GRADUATES FROM 18-MONTH PROGRAMME

JUL '14

AUG

SEP

OCT

NOV

DEC

## Playing our part in fighting crime

STARTED 2-YEAR TERM AS CO-CHAIR OF ASIA PACIFIC GROUP ON MONEY LAUNDERING

## Improving safety for domestic violence victims

DOMESTIC VIOLENCE AMENDMENT ACT TAKES EFFECT

## Giving victims a stronger voice

CHANGES ARISING FROM THE VICTIMS OF CRIME REFORM BILL TAKE EFFECT

### New safety service

NATIONAL HOME SAFETY SERVICE CONTRACT AWARDED TO NATIONAL COLLECTIVE OF INDEPENDENT WOMEN'S REFUGES

### Front UN committee

MINISTRY DELEGATION APPEARED BEFORE UNITED NATIONS ON HUMAN RIGHTS IN NZ

### Working better with justice sector partners

GUIDE FOR BETTER WAYS OF WORKING WITH POLICE & CORRECTIONS REFRESHED

### Manukau District Court upgrade

MULTI-JURISDICTIONAL CUSTOMER SERVICE CENTRE AS PART OF THE UPGRADE

### Better interpreter cover for courts

CENTRALISED INTERPRETER MANAGEMENT ACROSS ALL JURISDICTIONS

### New BPS target for lowering crime

JUSTICE SECTOR TARGET FOR LOWERING TOTAL CRIME RE-SET TO 20% BY 2018

### Helped repatriate taonga

MOTUNUI EPA (PANELS) RETURNED TO TARANAKI IWI

### Better court scheduling

SMARTER SCHEDULING IN DISTRICT COURTS BEGINS

### Tailored Family Court forms

ADDED AN ONLINE FORMS GENERATOR FOR MAKING PERSONALISED FORMS

JAN '15 FEB MAR APR MAY JUN

### Unnecessary parole hearings curbed

PAROLE AMENDMENT BILL PASSED

### Lead public discussion on victims' needs

FACILITATE PUBLIC SUBMISSION ON DRAFT VICTIMS CODE

### Stronger laws to fight child exploitation

OBJECTIONABLE PUBLICATIONS AND INDECENCY LEGISLATION BILL MEASURES COME INTO FORCE

### More protection for victims

VICTIMS ORDERS AGAINST VIOLENT OFFENDERS ACT TAKES EFFECT

### Standing up to cyber-bullying

HARMFUL DIGITAL COMMUNICATIONS BILL PASSED

# our Ministry

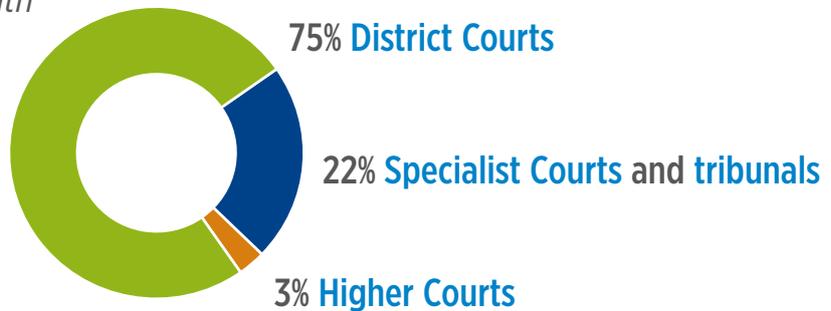
The Ministry of Justice is unified by a single purpose – to deliver modern accessible people-centred justice services



We work with the judiciary to deliver court services for the Supreme Court, Court of Appeal, High Court, 58 District Courts, Environment Court, Employment Court, Coroners Court and the Māori Land Court

We support 29 tribunals, authorities and committees that help New Zealanders resolve disputes

*We dealt with more than 277,000 cases*



We negotiate **Treaty of Waitangi** settlements – building positive relationships and durable settlements between the Crown and Māori



We **develop justice policy** – advising on legislation and supporting our Ministers





We lead the **justice sector** to collectively reduce total crime and reoffending



We spent \$130 million on **Legal Aid** – helping people who can't afford a lawyer to get legal advice



Our **Public Defence Service**, accepted 15,400 new cases. It is New Zealand's largest law practice

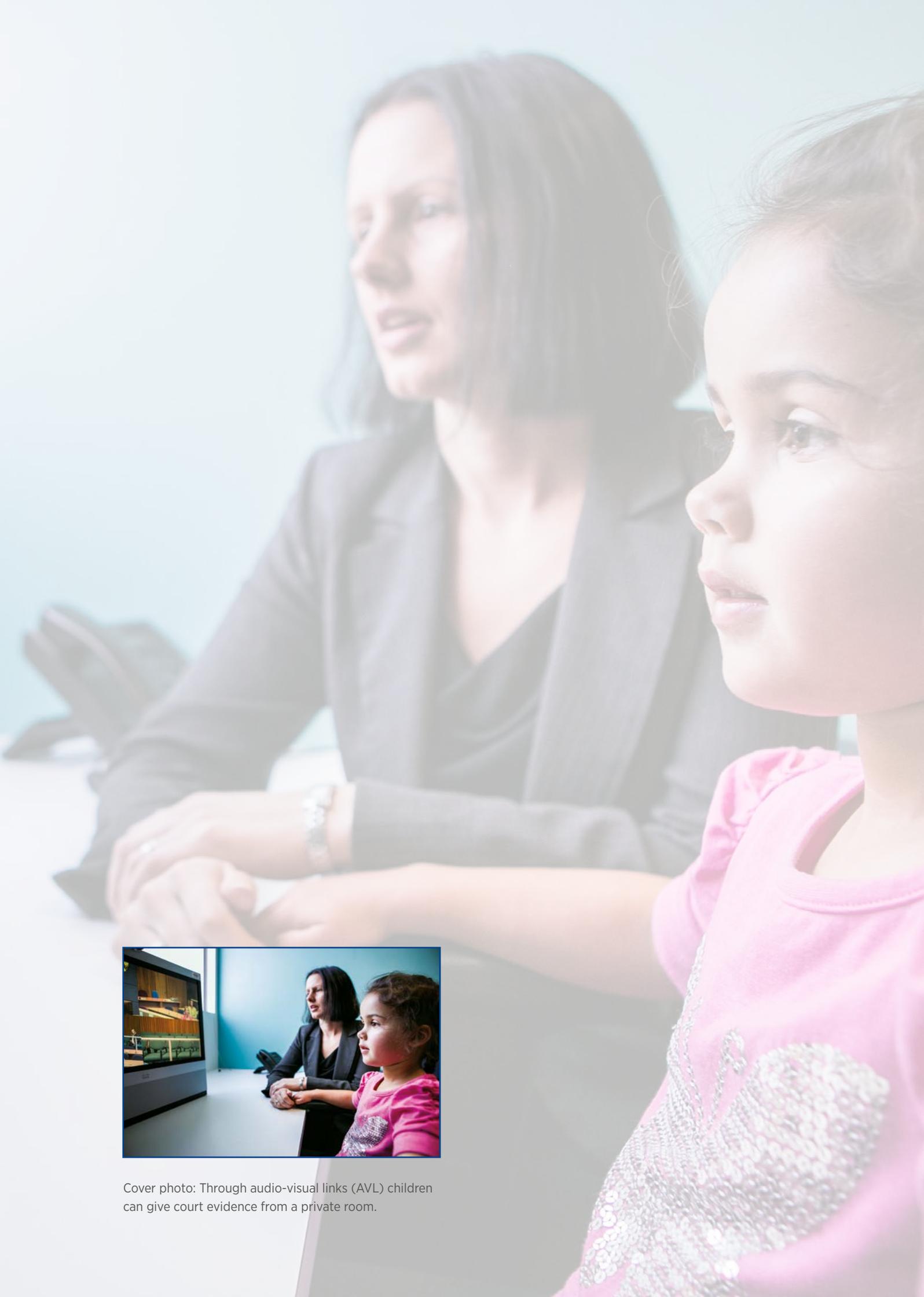


Our **Collections** unit is NZ's largest debt-collection agency. We enforce unpaid infringements, and collected \$212 million in court fines and reparations



We did 450,000 **criminal conviction** history checks





Cover photo: Through audio-visual links (AVL) children can give court evidence from a private room.

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## Introduction from the Chief Executive

The Ministry of Justice is unified by a single purpose – to provide justice services to the people of New Zealand.

A few years ago we developed a mission for the Ministry, to 'Deliver modern, accessible, people-centred justice services'. At the core of that mission is 'people'. This is purposeful, because it reflects the fact that in all we do we are here for one reason – the people of New Zealand that access our services.

The Ministry of Justice is by New Zealand's standards, a large organisation. We have approximately 3,500 staff, who operate out of around 120 offices spread throughout New Zealand, from Kaitiāia to Invercargill. We have a range of business groups that deliver an array of justice services.

- We negotiate the settlement of the Treaty of Waitangi claims, through the Office of Treaty Settlements.
- We administer the courts and support the judiciary through the District Courts and Special Jurisdictions group and the Higher Courts group.
- We represent people charged with criminal offences through the Public Defence Service (the largest criminal law firm on New Zealand).
- We administer the Legal Aid system and through that made payments to legal aid providers of \$130 million over the past 12 months.
- We provide policy advice to Ministers and Cabinet on an array of justice-policy related issues from Criminal Law through to Constitutional Law.
- We collect court-ordered fines.
- We support specialist Courts, eg Coroners, Environment and Employment Courts.
- We support an array of tribunals from Disputes through to the Waitangi Tribunal.

We are conscious of the fact that through all of these services we provide, people come to us at a vulnerable time in their lives and at a time when often they are seeking for their grievances and disputes to be heard and settled. This is why we want to ensure that what we do will improve the journey that people take through our systems, whatever they may be. The test of our success is making sure their travels through our system are as efficient and as fair as possible.

In the last few years, we have built on past endeavours to continue this journey in improving the experience of the customer. While this annual report sets out these endeavours in detail, it is worth noting in this introduction some of these.



This year we had 5 deeds of settlement signed between iwi and the Crown, 4 deeds of settlement initialled between iwi and the Crown, and 4 Treaty settlement bills enacted by the House.



Between April 2013 and December 2014, we achieved a 21.5% reduction (from 123 days to 99) in the age of criminal District Court cases and a 30% reduction (from 461 days to 324) in the age of cases in the Tribunal and specialist courts.



We invested in the extension of the Manukau Court in South Auckland, providing 4 new jury trial courtrooms, extra hearing rooms, holding cells and improved judges' facilities, in order to accommodate what is our biggest growing court region.



We are investing \$300 million into the development of the Christchurch Precinct, bringing together all of the region's justice and emergency services in one modern, seismically-resistant building.



In the last few years, we have centralised a number of activities, resulting in substantially improved customer service and in particular:

- We have provided an online facility to dispute fines resulting in applications being processed within 24 hours, rather than 3–4 weeks.
- 29,000 probates are now processed annually through a centralised centre, this has reduced the time to finalise these from 31 days to 15 days.
- Civil claims for judgement have been centralised resulting in a reduction in the time it takes to process these from 6 weeks to 24 hours.
- Urgent Family Court applications can now be determined electronically, which has reduced the time for decisions from half a day to less than 1 hour.



The extension of the audio visual links (AVL) between courts and prisons now means that 9,000 events undertaken in the last 12 months were undertaken through AVL reducing prison escorts by almost 25%, improving both prisoner and public safety.

These are just some examples of the substantial amount of change that has occurred in the last few years, but the critical importance of this change, is that it is focused on improving the customer experience. We are a large system, but importantly, the system should not be here for itself. It is here for the people that come into the justice system, and in that vein, it is our intention that our improvements are focused on those people.

This year we supported a range of justice-related legislation, including the Victims' Orders Against Violent Offenders Act 2014, Public Safety (Public Protection Orders) Act 2014, Objectionable Publications and Indecency Legislation Bill, and the Harmful Digital Communications Act 2015. We also continued to support legislation going through the House to help modernise our courts and tribunals (Judicature Modernisation Bill and Courts and Tribunals Enhanced Service Bill).

None of these changes could be possible without our close relationship with the judiciary, and our support and active work with the legal fraternity, New Zealand Police, the Department of Corrections and our stakeholders, all of which I would like to take this opportunity to thank very much.

Most importantly, I want to take this opportunity to thank the team at the Ministry of Justice for their tireless efforts, their enthusiasm, their creativity and their hard work in contributing to the most important system in any democracy – justice.

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

29 September 2015

# Delivering on our strategy

## Our purpose

The Ministry's mission is to deliver modern, accessible, people-centred justice services that deliver better outcomes for New Zealanders.

We do this by working with the judiciary and our justice sector colleagues to deliver a safe and just society, aligning our services to ensure that we achieve the highest positive impact for New Zealanders.

The Ministry has 3 outcomes:

- safer communities
- a fairer and more responsive justice system
- the integrity of our institutions is maintained.

The Ministry has a unique role as an agency working for the executive while, at the same time, working to support the independent judiciary. The maintenance of the separation of powers and the independence of each of the 3 branches of government is fundamental to New Zealand's constitutional arrangements.

Our 3,500 people work in around 120 different locations around New Zealand delivering a variety of services from court services and fines collection to policy advice, negotiation of Treaty of Waitangi claims and running the parliamentary elections.

Our focus is on providing services that meet the needs of the public and to continually strive to improve our services.

## Our business strategy

During 2013, the Ministry identified three areas of activity, leadership, modernising courts and tribunals, and capability, which framed the Ministry's work programme in 2014/15.

### Leadership

Strong leadership is critical to improving our performance. Our goal is to halve the time it takes to resolve cases in the courts and tribunals by 2017. To achieve this ambitious target we are standardising and simplifying our business processes, prioritising the progression of aged cases, making the justice system more responsive and getting people through the system more quickly.

Providing modern, accessible, people-centred justice services means placing the needs of our customers first. We know they want:

- fast and simple processes with minimal need to visit a court facility
- the ability to access our services online, at times and places that suit them
- better support for victims, defendants and others who are involved in the justice system.

This focus on operational excellence also applies to other aspects of our business, such as providing robust, evidence based and well consulted policy advice to the government on the full range of justice issues.

We are leading and supporting the justice sector to improve public safety, and reduce crime and reoffending. We are also working with other organisations on initiatives that will make a difference to people's lives, such as the Ministry of Social Development on a series of initiatives to curb family and sexual violence.

We are also making progress in improving the Ministry's governance and management, through better planning and prioritising our resources, supported by a clearly communicated vision and strategy. In 2014/15, we reviewed the Ministry's expenditure, refreshed the Ministry's strategy and identified priorities and goals for 2015-17.

## Modernising courts and tribunals

Since 2012, we have been working with the judiciary to modernise courts and tribunals to get people through the justice system quicker. We started this work because our services were old-fashioned and not what the government and New Zealanders expect from a modern, accessible, people-centred justice system. The Ministry had expanded significantly, taking on more than 15 new functions between 2005 and 2011, and many business units were operating independently. This modernisation is a long-term strategy and an unprecedented period of change for the Ministry, which we are undertaking while maintaining business as usual services.

We are aiming for a 21st century justice system where people access justice in the way they expect. Processes will be fast and easy to understand, and the most serious cases will receive the most attention and support. We are working with our stakeholders and designing changes to respond to our customers' needs. Our goals are to:

- reduce the time it takes to hear and resolve matters
- improve the customer experience
- simplify and standardise in order to improve productivity and efficiency
- reduce dependence on physical locations.

Modernisation spans enabling legislation, technology, process improvement and property and infrastructure. Our progress to date includes:

- **ENABLING LEGISLATION**  
Criminal Procedure Act, Family Court Reforms, Courts and Criminals Matters Bill and the Judicature Modernisation Bill
- **TECHNOLOGY**  
audio-visual links between courts and prisons, online filing of Police charges and Corrections pre-sentencing reports, and centralised calling services
- **PROCESS IMPROVEMENTS**  
improved rostering and scheduling of court cases, a new operating model for Collections, centralised administration of probate, disputes tribunal and interpreter booking, and the Collections home agent pilot
- **PROPERTY AND INFRASTRUCTURE**  
development of the Christchurch Justice and Emergency Services Precinct and the Manukau court upgrade.

We still need to address some longstanding issues. The courts system in particular is designed around legal process, not the needs of the users. These processes have grown over time, by individual jurisdictions and courts. The family justice reforms that were implemented in 2014 are an example of the modern services we are aiming for. The reforms empower parents to reach agreement about how to care for their children without needing court intervention and they expanded the range of services available to families.

We know what we are going to do next and by 2017 the courts and tribunals will look different.

- Our customers will benefit from improved service delivery through standardisation, centralisation and our focus on reducing the average age of cases.
- Our organisation will be more efficient and resources will be better utilised.
- Our people's skills and knowledge will be used more effectively as high volume tasks are centralised and standardised.
- Our partners will benefit from technological improvements.
- The judiciary will benefit from better access and security to critical courts information.

See page 15 for information about our progress this year in modernising courts and tribunals.

## Capability

Our performance as a team determines our ability to deliver on our goals. We need the right people in the right roles and supported by the right tools to create greater impact for the benefit of our customers.

This year, we developed a better understanding of our workforce capacity, which we will use as the basis for our workforce planning in 2015/16.

Creating a highly engaged team with the right skills, commitment and support, increases our ability to deliver for our customers. To improve our levels of staff engagement we are focusing on developing the leadership and management skills of all our leaders throughout the Ministry.

We have a responsibility to develop talent within the Ministry, the justice sector and the public sector. As well as developing our own leaders, we also participate in justice sector and wider public sector leadership development initiatives.

There is more about our organisational health and capability in *Shaping the Ministry to adapt and deliver*.

# Our performance framework

This diagram shows what we aimed to achieve and how our work contributes to Ministry and justice sector outcomes.



# Our achievements

## Working with our sector partners

The justice sector is made up of the Ministry of Justice, the New Zealand Police, the Department of Corrections, the Crown Law Office, the Serious Fraud Office and a range of non-governmental organisations, Crown entities and other agencies.

We work together to reduce crime and volumes in the 'criminal justice pipeline'. Policies and approaches in one part of the pipeline can have significant effects on others. By aligning our services we can identify these effects and make changes that have the highest possible impact for the sector as a whole.

The sector leaders have developed a governance structure to enable and encourage collaboration across the justice sector, drive performance and deliver sector-specific targets. Justice sector ministers lead the governance process, and are supported by the justice sector leadership board, which comprises the chief executives of the justice sector agencies.

The relationships between sector leaders are based on a shared vision and ambition for the sector. This is reinforced through a relentless focus on delivery of targeted, ambitious, high quality projects. This focus has enabled the collective achievement of tangible results and sustained improvements, which are demonstrated in the sector's progress towards reaching its Better Public Services (BPS) targets by 2017.

## The sector's strategic priorities

The justice sector has 5 strategic priorities. The Ministry's contributions to these priorities, are discussed in detail as shown below.

- REDUCING HARM  
See *Safer communities* on page 10.
- REDUCING VOLUMES  
See *The Better Public Services targets* on the next page.
- IMPROVING SERVICES  
See *Modernising courts and tribunals* on pages 5 and 15.
- MAINTAINING INSTITUTIONS  
see *The integrity of our institutions is maintained* on page 19.
- MANAGING INVESTMENT  
See *Shaping the Ministry to deliver* on page 23.

We also work with agencies in other sectors to deliver positive change for New Zealanders, eg we are working with agencies from several different sectors on the implementation of the Children's Action Plan.

## The Better Public Services targets

The Better Public Services (BPS) targets are the public sector's shared goals and focus. The justice sector is responsible for:

- BPS Result 7: reduce the crime rate by 20% by 2018<sup>A</sup>
  - reduce the violent crime rate by 20% by 2017
  - reduce the youth crime rate by 25% by 2017
- BPS Result 8: reduce re-offending by 25% by 2017.

Meeting these targets will have a significant impact on New Zealanders. The recorded crime rate is the lowest it has been in more than 30 years and the age of cases is decreasing. Meeting these targets will result in:

- 58,000 fewer crimes each year
- 7500 fewer violent crimes each year
- 1800 fewer court appearances by 14–16 year olds
- 4600 fewer re-offenders returning to the criminal justice system.

Between June 2011 and June 2015 the:

- crime rate reduced by 17%.
- violent crime rate reduced by 10%
- youth crime rate reduced by 39%
- re-offending rate reduced by 8%.

## The Frontline Flagships programme

The Frontline Flagships programme was set up to promote collaboration and foster innovation at the frontline. Working together in new ways doing new things is critical to maintaining and extending the gains the justice sector has made in reducing crime.

Built upon the successful Hutt Valley Innovation Project, the programme comprised projects in three regions: Papakura, Hamilton and the East Coast (Hawke's Bay and Gisborne). Each project was led by a team of local justice sector managers and supported by the Ministry's sector group. Each team selected around eight initiatives that would make a difference in their communities.

The programme was extremely successful in driving collaborative working practices and enhancing relationships at the frontline. The project teams all reported a step change in their relationships, from working alongside each other to working together.

During the programme a significant amount of material, lessons and ideas was captured and included in the second edition of the Collective Impact Toolbox.

## The Collective Impact Toolbox

The Collective Impact Toolbox, is a resource to help justice sector agencies achieve their BPS targets. The toolbox helps frontline managers to build strong relationships across the justice sector and work more effectively together. It includes guides on how to set up local initiatives, examples of what others are doing and templates to help guide thinking. The 2nd edition of the toolbox, which was released this year, is available on the Ministry's website.

## The Justice Sector Fund

The Justice Sector Fund is a funding pool through which savings are transferred between justice sector agencies and across years. The fund enables savings to be redirected to the sector's highest priority initiatives, rather than being restricted to reinvestment in the same Vote. A robust prioritisation approach is used to test initiatives, involving officials from across the sector and the Treasury. Decisions require the agreement of justice sector ministers and the Minister of Finance.

This year, the Justice Sector Fund funded additional legal aid, the Christchurch Justice and Emergency Services Precinct, courts modernisation, restorative justice, Community Law Centres, family violence-related initiatives and the expansion of audio-visual links.

The Ministry has achieved a gross fiscal surplus in 2014/15, allowing it to again contribute to the fund.

<sup>A</sup> This target was increased in February 2015 because the original target 15% reduction by June 2017 was exceeded.

## Building a better way of working in Christchurch

In July 2014, the Ministry began construction of the Christchurch Justice and Emergency Services Precinct, a project led by the Ministry since 2012.

The precinct brings together the Ministry of Justice, New Zealand Police, Department of Corrections, St John New Zealand, New Zealand Fire Service and the Ministry of Civil Defence and Emergency Management functions of the Christchurch City Council and Environment Canterbury in 1 purpose-built, central Christchurch precinct.

Collaboration and innovation opportunities have been incorporated into the design of the precinct. This includes building a dedicated emergency operations centre that enables agencies to access state-of-the-art emergency response capability and work together to manage local, regional and national incidents. The precinct is being built using base isolation technology, which restricts movement and damage during a seismic event, with the overall design ensuring 72 hours' resilience if the local network is unable to support the precinct with power, water and waste services.

South Island 111 emergency services will be located adjacent to the emergency operations centre – the first time that the St John clinical control centre and Police and Fire Service communication services have been co-located.

A joint custodial facility with custodial cells, specialised processing areas, staff facilities, separate visitor interview areas and secure access to the courtrooms is being built on the ground floor of the justice building. This facility will be shared by Police, Corrections and the Ministry.

As an early anchor project in Christchurch, it reflects the government and Ministry's commitment to rebuilding the central business district. Each day the precinct will bring over 2,000 people into the central business district, stimulating recovery while also providing key justice and emergency services to the public.

With construction work well underway the precinct is on schedule for completion in mid-2017.



## Safer communities

With New Zealand's crime rate at its lowest in more than 30 years, we are in a better position to focus on areas such as family and sexual violence, repeat offending and victimisation, and crimes that affect the most vulnerable members of society.

### Reducing crime and victimisation

#### Reducing serious and violent crime

This year we supported a range of legislation that will help to protect the public from high-risk offenders.

The Victims' Orders Against Violent Offenders Act 2014 came into force on 1 January 2015, introducing a new non-contact order, designed to reduce the likelihood of serious violent and sexual offenders coming into contact with their victims. Although we expect the number of applications to be low, 10% of the offenders released from prison each year will qualify for these non-contact orders.

The Public Safety (Public Protection Orders) Act 2014 provides for civil detention of individuals past their sentence where they pose a very high and imminent risk of serious sexual or violent reoffending. The Act specifies the process and requirements for obtaining and reviewing public protection orders, the nature and form of detention (including the facility location in prison grounds and detainees' rights and protections) and the reporting and inspection requirements.

Reducing family violence is one of the Minister of Justice's priorities for the Ministry. This year, we worked with the Ministry of Social Development to help develop the new family violence work programme, which was launched by the Ministers of Justice and Social Development in July 2015. This programme is the latest in a series of cross-government initiatives to reduce family violence.

It builds on initiatives that are already underway to address family violence including:

- establishing a national home safety service to make the homes of victims of repeat domestic violence safer
- starting a 2-year test of an intensive case management approach to improving the safety of family violence victims at highest risk of serious harm or death
- looking for opportunities to improve the timeliness of family violence prosecutions
- establishing the role of Chief Victims Advisor to the government. An appointment is expected in the 2nd half of 2015
- supporting the Minister of Justice in her review of family violence legislation to ensure that it is modern and fit for purpose. Public consultation on this began in August 2015
- improving information-sharing about related family violence cases between courts' criminal and family jurisdictions
- looking at whether a criminal conviction disclosure scheme could improve victim safety
- identifying a preferred approach to improving information for judges about offenders' mental health and drug and alcohol dependency.

Changes to the Sentencing Act 2002 took effect in December 2014, requiring cases to be assessed as to whether restorative justice should be used. Restorative justice conferences give victims and offenders the opportunity to meet face-to-face to discuss the offenders' actions and how they can put right the harm they have caused.

Research has shown that restorative justice is more effective in reducing reoffending rates and increasing victim satisfaction than the traditional court process. This year, the budget was increased significantly in response to increased demand. In 2014/15, there were 8248 referrals for restorative justice conferences compared with 3069 in 2013/14.

We also introduced a new requirement into Community Law Centre contracts for providers to refer participants to other social services where appropriate.

## Protecting our most vulnerable

This year we supported the Objectionable Publications and Indecency Legislation Bill. The Bill's key objectives were to modernise the law regarding objectionable publications to keep pace with technology and ensure that the penalties for objectionable publications offences reflect the seriousness of the offending.

The Bill:

- increased penalties for possession, import, export, supply and distribution of objectionable material.
- created a presumption of imprisonment for repeat child exploitation material offenders and a new offence of indecent communication with a young person.

The Bill was passed on 2 April 2015 and came into force on 7 May 2015.

We also supported the Harmful Digital Communications Act 2015 which introduced a new regime to address cyber-bullying. Effective from 3 July 2015, the Act created a new offence of intentionally causing harm by posting a digital communication for the most serious cases and created a 'safe harbour' to clarify the liability of online content hosts.

The Act also establishes an approved agency to receive and try to resolve complaints, and gives district courts the power to issue orders such as notices to online authors or hosts to take down or disable material. These latter provisions will take effect within two years and we have already completed preliminary work to establish the new agency and bring in the new court orders.

Other work during the year included taking further steps in implementing the 10-year Youth Crime Action Plan, which aims to reduce crime among children and young people. We:

- coordinated 4 regional youth offender symposia to encourage frontline staff and communities to network and share ideas
- made operational improvements to the Youth Court, such as better communication with children, scheduling of cases and training for lay advocates
- led the development of a toolkit to help communities develop youth crime action plans.

The Ministry, along with other government agencies in the justice and social sectors, has an important role in implementing the Vulnerable Children Act 2014 and the Children's Action Plan. This is a cross-agency effort to help prevent child abuse and neglect.

Under the Act:

- all state-funded organisations must safety check all paid employees and contractors who work with children. The new checking requirements are being phased in over several years
- the Ministry, and our contracted providers, must have a child protection policy to guide staff on how to identify and report child abuse and neglect.

## Addressing alcohol and other drug problems

We completed the second stage of our evaluation of the Alcohol and Other Drug Treatment Court pilot, which was launched in 2012 in the Auckland and Waitakere District Courts. The interim process evaluation found that the Court has reached its cap of 100 participants and, overall, is operating as intended.

This year, we also continued our participation in a multi-agency forum to support the Methamphetamine Action Plan, which aims to tackle the harms caused by methamphetamine by controlling supply and reducing demand.

## Reducing the impact of crime

### Improving victims' experiences of the justice system

We support victims through the justice system by providing or commissioning a range of information and services, and supporting government legislative reforms to enhance victims' rights and services.

Revenue from the offender levy contributes to support services for victims of crime. During 2014/15, we collected \$3.6 million. Grants and services funded by the levy include:

- an enhanced homicide support service, which was piloted in Auckland, Counties Manukau and Canterbury
- the safe@home service to keep people at high risk of serious family violence safe in their own homes
- the national sexual violence survivor advocate who supports victims of serious sexual violence through the criminal justice system.

The Victims Centre commissions services and provides information to victims about their rights, entitlements and the criminal justice process. 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.

The Victims Centre is the key funder of Victim Support. This year more than 26,000 victims received support and information through Victim Support and the agency made more than 11,500 visits to victims.

A Victims Code is being developed that will provide guidance to victims on their rights and how they can be expected to be treated by providers of services to victims. It will outline the duties and responsibilities of government agencies and the complaints mechanisms. Public consultation on the code was completed this year.

The Ministry supported the Parole Amendment Act 2015. The Act aims to minimise victims' stress by reducing the number of parole hearings for prisoners who have not completed part of their offender plan and are unlikely to be released. The Act gives the New Zealand Parole Board greater flexibility in scheduling hearings by increasing the maximum interval between hearings to two years. It also enables hearings to be brought forward when relevant activities specified by the board are completed earlier than expected.

## Reducing harm to others

We are supporting the Evidence Amendment Bill which is currently before the Justice and Electoral Committee. The Bill proposes:

- minor changes to ensure that the Evidence Act 2006 is up-to-date and working as intended
- improvements to the court process for vulnerable witnesses (children and complainants in sexual offence cases).

## Measuring our success

We measure our performance in helping to make our communities safer through our BPS targets to reduce crime and reoffending. Our BPS performance is discussed in *Working with our sector partners* and our results are detailed in *Outcome measures*.

## **A new national home safety service**

A new service to better protect victims of serious family violence is being rolled out in communities across New Zealand over the next two years.

When fully implemented, the National Home Safety Service will help up to 400 victims of family violence and up to 600 children stay in their homes with a significantly reduced risk of serious physical harm, violence or intimidation.

The service is being delivered by the National Collective of Women's Refuges. It involves making these homes safer and more secure by doing things such as replacing locks, installing security lights, cutting back vegetation and repairing broken windows.

The decision to launch the service from 1 July 2015 followed the success of the Ministry-funded pilot in Auckland, Christchurch and Tauranga that showed it was effective in allowing victims to remain in their own homes with a significantly reduced risk of further intimidation or injury.

The Ministry has been working closely with the National Collective of Women's Refuges to ensure the service is targeted towards at-risk communities and achieves the best possible results.

The National Home Safety Service is just one example of work being done in communities to make victims of crime safe. It also contributes to broader efforts to prevent family violence.



# A fairer and more responsive justice system

A fair and responsive justice system is one where services are accessible, offenders are held to account and the rule of law is upheld. Providing timely services is key and this is a particular focus for the Ministry.

This year, we worked with the judiciary to improve access to the justice system by modernising courts and tribunals and making operational improvements. We also focused on increasing trust by maintaining an open and transparent justice system.

## Improving access to justice services

Ensuring the system is available to those who need it

Access to justice is about ensuring that everyone is able to get the help they need. We help people to access the justice system by:

- ensuring that eligible people who cannot afford to pay for legal services get help through legal aid and the Public Defence Service
- supporting Community Law Centres to provide advice and information.

During 2014/15 we continued our work to maintain the quality and affordability of the legal aid service and ensure that it is available to those who need it most:

- We closed legal aid offices in Dunedin, Whangarei and Hamilton, because they were no longer cost-effective.
- We are planning to implement a new service delivery model that includes moving our paper-based processes to a digital platform. These changes will reduce administration costs, improve timeliness of processing applications and ensure more consistent communication with customers.
- We encourage prompt repayment by people who can afford to repay their legal aid debt. We administered 78,880 legal aid applications and collected \$18.7 million in legal aid debt during 2014/15.

The family justice reforms, which were implemented in 2014, remain a significant focus for the Ministry. The reforms were the biggest change to the Family Court in 30 years and empower parents to reach agreement about how to care for their children without needing court intervention. They expanded the range of services available to families, including a new Family Dispute Resolution service and a pre-court Family Legal Advice Service. This year, 94% of non-exempt Family Dispute Resolution participants completed mediation and 85% of participants reached an agreement.

We continue to focus on providing physical access to justice services and courts by ensuring that our facilities are fit for purpose and available when needed. We recently completed an upgrade and expansion of the Manukau courthouse to accommodate increasing demand and to modernise our customer service facilities. The redesigned court includes 4 new courtrooms, extra hearing rooms, holding rooms, interview rooms and judges' chambers.

Construction of the new Christchurch Justice and Emergency Service Precinct is well advanced with agencies expected to move into the precinct in 2017. As the lead agency, we are overseeing the design and build.

We continued to support the Coroners Amendment Bill, which aims to improve the coronial system and reduce duplication with other investigating authorities. At year-end the Bill was awaiting report back from the Justice and Electoral Committee.

We also continued to help people who represent themselves in the High Court. We have published guidance for self-represented litigants appearing in the High Court civil jurisdiction and are developing similar guidance for the District Court civil and High Court criminal jurisdictions.

## Modernising courts and tribunals

Modernising courts and tribunals is a key priority for the Ministry in order to deliver modern accessible people-centred justice services. We are committed to supporting a court system that will deliver a faster, nationally consistent, high-quality service through simplified, standardised and accessible processes and, in doing so, establish the foundation for the future introduction of more electronic court services. Service improvements are focused on our customers' needs.

Our overall goal is to halve the time it takes to deliver court services by 2017. As part of this goal the district courts, special jurisdictions and High Court have set targets to reduce the average age of cases. All courts are focusing on disposing of the oldest cases and ensuring new business is managed in a timely manner. We established our baseline measure in April 2013, and have seen significant improvement since this date. At 31 December 2014:

- the average age of active criminal cases in the district courts had reduced by 21%
- the average age of active cases in special jurisdictions had reduced by a collective 30%
- the average age of High Court civil applications in bankruptcy, civil appeals and company liquidation and probate cases had reduced by 15%
- the average age of High Court criminal cases had also reduced. These are the most complex and difficult matters that the High Court deals with.

We intend to sustain and, where possible, improve on last year's performance. The district courts and special jurisdictions have set a collective reduction target of 30% and the higher courts 20% by December 2015.

The work programme to modernise courts is underpinned by the Judicature Modernisation Bill, which makes the legislation governing the court system clearer, more flexible and more transparent. The Bill completed its second reading in February 2015.

We are also aiming to modernise the tribunals we administer by removing legislative barriers to make processes more efficient and timely for customers as part of the Courts and Tribunals Enhanced Services Bill.

A key plank in our drive to modernise and improve the delivery of court services for our customers involves centralising the administrative and back office tasks carried out in individual court locations, where it makes sense to do so. In the past 18 months we have centralised processing of:

- disputes tribunal applications
- applications for dissolution of a marriage or civil union
- applications for civil notice of proceedings and judgment by default
- booking and paying for interpreter services
- jury summons and management for all district courts
- urgent family court applications.

These changes benefit our customers because they progress through the system faster to get on with their lives. Our applications and processes also have a common look and feel, which improves quality and provides better value for money.

The service provided to the hundreds of thousands of people who go through the district courts each year is being improved by standardising practice in case scheduling and rostering of judges. All district courts with sufficient volumes now use a standard system for court scheduling and to provide hearing dates to court users in real time. We procured a new rostering tool for the district courts judiciary, which provides case management reporting and a self-service function for judges to view rosters. We are also starting to use predictive analytics to estimate upcoming demand for judicial time.

We have an ongoing programme to improve the efficiency and accessibility of our courts and tribunals by replacing and enhancing audio-visual technology. We have:

- deployed 32 new conference kits across the country, including mental health and family courts, disputes tribunals, the Human Rights Review Tribunal and Rangatahi and Pasifika Courts
- purchased new mobile evidence recording kits. These will be deployed for maximum availability and we will train specialist courts and tribunal staff in their use
- deployed 23 new evidence replay systems (screens or mobile trolleys) in 14 courts. These support a wide range of media types including document cameras, DVDs or via PCs and laptops, and can stand alone or be integrated with courtroom sound systems.

High-quality audio-visual links (AVL) mean people don't have to be in a courtroom to take part in a proceeding. This 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. This year, we installed AVL in the Gisborne and Dunedin District Courts. We now have 18 district courts with AVL links to 13 prisons.

We are also continuing to move simple processes online. Customers can now access:

- disputes tribunal applications
- marriage dissolution applications
- licensing applications for private security personnel
- family court forms.

## Holding offenders to account

### Ensuring there are appropriate sanctions

The public wants to know that the justice system will hold people who break the law to account. This is partly achieved by ensuring our legal frameworks contain appropriate sanctions for harmful behaviour.

The Harmful Digital Communications Bill and the Objectionable Publications and Indecency Legislation Bill, both of which were passed this year, created new offences and stronger penalties to reflect the seriousness of offending and harm caused.

### Ensuring that sanctions are enforced

We help to enforce the sanctions imposed by the courts through the collection of fines and reparations. As a result of the enhancements from the Courts and Criminal Matters Bill our collections team now has more tools at their disposal. We are also working on initiatives, which we expect to implement during 2015/16, that will:

- automatically create attachment orders to compulsorily deduct money from people's wages or benefits
- enable customers to enter into a payment arrangement online, without having to contact a court or contact centre.

Automating these processes will enable our Collections team to focus on customers who have more complex needs and require additional help to resolve their fines and reparations.

Where necessary the courts can take enforcement action on civil debt. The civil enforcement system was given a major overhaul in 2014 to make it simpler, easier and faster for all parties. Since then the proportion of civil enforcements requiring examination hearings has decreased from 60% to 20%.

We also fund programmes to implement court sanctions such as judicially ordered domestic violence programmes and referrals for adult pre-sentence restorative justice conferences.

Another way that justice is enforced is through our ongoing support of the Hague Convention, which enables parents to seek the return of children who are taken or kept overseas.

## Increasing trust in the justice system

Maintaining an open, transparent and impartial justice system

People are likely to trust the justice system if they feel that the processes of justice are open, transparent, impartial and free from improper influence.

An independent judiciary gives people confidence that when they appear before the courts their case will be decided in accordance with the law. This year, we continued to support the judiciary so that the rule of law is upheld, judicial control and oversight of the court process is preserved and the constitutional independence of judicial decision-making is maintained.

Transparency is fundamental to the integrity of the justice system, and we believe it is appropriate to provide information where it can be easily accessed by the public, media, and stakeholder groups – anyone with an interest in how well the sector is performing.

In 2013/14 we launched the Justice Sector Datalab, an easy-to-use data repository designed for non-specialists. The datalab improves access to data on crime and safety trends in New Zealand. The datalab contains more than 100 research and evaluation reports, as well as customisable conviction data. It is regularly updated.

We also published the second *Justice sector annual report 2014*. The report updates the public on our progress in reducing crime and reoffending and shows how we are performing as a sector.

### *The judiciary and constitutional independence*

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

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

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

*The official conduits for communications between the Ministry and the judiciary are the Judicial Office for Higher Courts and the Courts Consultative Committee. Through these channels the Ministry seeks judicial input into some of its operations, for example, improvements to court processes and service design.*

## Measuring our success

We measure our performance in ensuring that the justice sector is fair and responsive through our outcome measure results. We measure people's confidence in the effectiveness of the justice system and their satisfaction with the quality of court and fine services.

We measure how we are improving access to justice by the decrease in the age of cases and improvement in the quality of the legal aid system.

We measure how well we are holding offenders to account through:

- having no applications granted for Stays of Proceedings under the New Zealand Bill of Rights Act 1990 for undue delay attributable to the Ministry
- improved compliance with monetary sanctions
- more offenders agreeing that restorative justice helped them take responsibility for what they did.

We measure how we are increasing people's trust in the justice system by the percentage that say they were treated fairly by the court.

Results for these measures are on page 36.

## SMARTER SCHEDULING IN DISTRICT COURTS

All district courts with sufficient volume have moved to a smarter approach to scheduling court cases. This has led to a better experience for hundreds of thousands of people who go through our criminal courts each year.

Previously district court users were told to go to court in the morning and wait for their case to be called – sometimes up to 7 hours. This caused additional stress and delay for victims and their family members and friends who came to support them. It was also not a good use of the time of our sector partners such as the Department of Corrections, New Zealand Police and lawyers.

Through smarter scheduling people are now instructed to go to court for a block of time. For example, a district court might schedule a day's sentencing events into three 75 minute blocks. Participants are asked to be at court by the start of the time block to which their event is assigned. Crown sentencing, case reviews and jury trial call-over events are now scheduled into time blocks in district courts across the country.

Time-blocking has been made easier by a substantial system upgrade enabling times and dates for the next hearing to be set before the parties leave the courtroom.

Real-time scheduling also paves the way for future developments, such as enabling Police and Corrections to see up-to-date court schedules and first appearance availability.

A txt message reminder service will be introduced in November 2015, in addition to the appointment cards handed out in court.

Smarter scheduling is an important part of our plans to modernise the courts system, making it faster and more efficient for court users.



## The integrity of our institutions is maintained

Our democratic, legal and justice institutions are credible, transparent, resilient and accountable. We continue to protect and promote the rule of law, and uphold civil and democratic rights, the separation of powers and our system of representative democracy. New Zealand's public service continues to be perceived as among the least corrupt in the world.

Over the last year, we continued to strengthen New Zealand's civil and democratic systems and manage the country's response to international laws and conventions. We also continued negotiating historical Treaty of Waitangi claims on behalf of the Crown.

## Ensuring durable constitutional arrangements

We supported the New Zealand flag consideration process in preparation for two referendums that are to be held before the 2017 General Election – the 1st to select a preferred alternative and the 2nd to choose between that flag and the current flag. The Ministry was the lead advisor on the New Zealand Flag Referendums Bill, which was introduced on 9 March 2015. The Bill was enacted in August 2015, so that the first referendum can be held in November or December 2015.

We supported work that enabled New Zealand to join the Open Government Partnership (OGP) in October 2014. The OGP is an international forum where countries work together to ensure that member governments are open, accountable and responsive to citizens.

We also supported the passage of the Parliamentary Privilege Act 2014 which came into force on 8 August 2014. The Act clarifies the role and scope of parliamentary privilege, which is essential for Parliament to perform its functions of legislating, appropriating expenditure, and scrutinising the government.

## Upholding civil and democratic rights

The Ministry ensures that the framework that governs our electoral processes remains up to date and effective.

We advise the Attorney-General on the consistency of legislation with the New Zealand Bill of Rights Act 1990. We also help government departments to ensure that human rights are always considered in policy proposals.

This year, we continued to progress the Human Rights Amendment Bill, which makes changes to the Human Rights Commission's structure and functions. The changes aim to strengthen the commission's performance, in particular by giving it greater flexibility to respond to emerging human rights issues, including disability rights. The Bill completed its second reading in May 2015.

We are responsible for monitoring and reporting under 4 core international human rights treaties:

- the International Covenant on Civil and Political Rights (ICCPR)
- the International Covenant on Economic, Social and Cultural Rights
- the International Convention on the Elimination of All Forms of Racial Discrimination
- the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT).

In April 2015 a Ministry-led delegation appeared before the United Nations Committee against Torture for its examination of New Zealand's sixth periodic report on the implementation of the CAT. This year, we also submitted the sixth periodic report on the implementation of the ICCPR.

We also progressed the development of a new Privacy Bill. This is a major law reform project that aims to modernise and future-proof privacy law.

## Contributing to improved Crown–Māori relationships

### Negotiating historical treaty settlements

The completion of historical Treaty of Waitangi settlements is a key contributor to New Zealand's constitutional and economic progress.

We continued negotiating the settlement of historical Treaty of Waitangi claims with iwi groups. We are working to reach agreements in principle with all groups that are willing and able, while maintaining a steady pace of settlements and supporting the expedient passage of legislation through the House. Significant achievements in 2014/15 included:

- 1 treaty settlement Bill introduced into the House
- 4 treaty settlement Bills enacted by the House
- 1 treaty settlement Bill ready for introduction into the House
- 5 deeds of settlement signed between iwi and the Crown
- 4 deeds of settlement initialled between iwi and the Crown
- 3 deeds of settlement ready for initialling at the start of 2015/16
- 1 agreement in principle signed between iwi and the Crown.

We advised the government on broader treaty-related issues and on individual settlements. We also continued managing properties that are held in the Crown landbank until they are included in settlements or no longer needed.

We also continued to deliver registration, research, claim management, hearing and reporting services to the Waitangi Tribunal and those participating in its inquiries into Treaty of Waitangi claims. The Tribunal hears claims by Māori under the Treaty of Waitangi Act 1975 that Crown actions or omissions breached the Treaty's principles.

The Waitangi Tribunal has grouped all historical claims into 37 districts and has reported on 18 of them, covering 76% of New Zealand. A further 11 districts are under inquiry and iwi from the remaining 8 districts have either settled their claims or are in or preparing for settlement negotiations with the Crown.

During 2014/15, the Tribunal reduced its number of unregistered claims by a further 35% and launched its Strategic Direction 2014–2025. This sets out the transition from district inquiries into mainly historical claims to new forms of inquiry into contemporary and kaupapa (national issue) claims.

### Administering the Marine and Coastal Area (Takutai Moana) Act 2011

The Ministry continued to administer the Marine and Coastal Area (Takutai Moana) Act 2011.

The Act provides 2 pathways for recognising existing customary rights in the common marine and coastal area – through the High Court and by direct engagement with the Crown.

Significant achievements in 2014/15 included:

- officials and Ngāti Pāhauwera providing their evidence and legal analysis to the Minister's appointed independent assessor
- officials providing their evidence and legal analysis of the Ngāti Porou determination to the Minister's appointed independent assessor
- applications in the High Court progressing to the point where hearings were set for 2 cases. The Ministry is responsible for instructing the Crown Law Office in these cases. This year 12 applications were lodged with the High Court
- applications in the Crown engagement pathway continued to be processed. We received 27 applications to engage with the Crown by 30 June 2015. Of these, the Crown agreed to engage with 7 groups, 10 applications were declined, and 10 applications were still being processed.
- a regional pilot being conducted to assess the best method of communicating the approaching 2017 application deadline and key messages about the Act. The lessons from this pilot were developed into a national scale communication project for 2015/16.

### Safeguarding settlement commitments

The Post-Settlement Commitments Unit works alongside the Crown, iwi and local government to safeguard the durability of Treaty settlements. It supports the Crown to maintain strong relationships with settled iwi and works to resolve any issues arising from completed settlements and the delivery of commitments. This year we:

- compiled a list of commitments arising from 50 legislated settlements of historical Treaty claims
- supported the Chief Executives Forum on Crown–Māori Relationships
- supported the Post Settlement Advisory Group that provides advice to the Attorney-General
- supported the Attorney-General to engage with settled groups.

## Upholding international justice obligations

### Aligning with international standards, treaties and conventions

We provide advice on obligations under various international conventions, the appropriate domestic response to developments in public and private international law, and the processes for extraditing people to and from New Zealand.

This year, we continued supporting progress of the Organised Crime and Anti Corruption Amendment Bill. The Bill, if passed, will enable New Zealand to ratify the United Nations Convention against Corruption, implement the Agreement between the United States and New Zealand on Enhancing Cooperation in Preventing and Combating Crime, and increase compliance with the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The Bill is awaiting the 'Committee of the Whole House' stage.

Through our membership of the Financial Action Task Force and the Asia Pacific Group on Money Laundering (APG), we helped New Zealand to support the international effort to combat money laundering and the financing of terrorism. In July 2014 New Zealand assumed the co-chair of the APG for a 2-year term – and as co-chair hosted the 18th annual meeting of the APG early in 2015/16.

The Ministry also supports the Minister of Justice's statutory role in considering applications made under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 for exemptions from any, or all, of its provisions.

## Measuring our success

We measure how we are succeeding in maintaining the integrity of our institutions through our outcome measures. We use indicators from the World Justice Project Rule of Law Index to show how our institutions compare internationally. The Transparency International Corruption Perception shows how we are playing our part internationally. Our progress in settling historical Treaty of Waitangi claims show how we are helping to improve Crown-Māori relationships.

## MOTUNUI PANELS POWERFUL SYMBOL OF RECONCILIATION

This year's return to Taranaki of the Motunui Panels is a great example of the work of the Office of Treaty Settlements in helping to deliver people-centred justice services.

The Crown's securing of the carved panels for their return to Taranaki goes to the heart of the Office's work to heal the past and build the future, with settlement the starting point for a new understanding and new way of working between the Crown and iwi.

The 5 carved panels from a pataka, or storehouse, were carved by Te Ātiawa carvers 200 years ago, and hidden in a swamp in Motunui, Taranaki, during a period of intertribal warfare. Discovered in 1972, they were smuggled out of New Zealand soon afterward by an art dealer, and later sold to international antiquities collector George Ortiz.

For the next 40 years, the Crown and Te Ātiawa tried to have the panels returned to their rightful home. The Attorney-General took a case to the House of Lords – a case that helped in the development of the 1996 UNIDROIT Convention on Stolen or Illegally Exported Cultural Objects, which allows a person to sue in a foreign court for the return of stolen cultural objects. New Zealand became a signatory to the UNIDROIT Convention in 2006, with the passing of the Protected Objects Amendment Act.

The return of the Motunui Panels to Taranaki was the result of careful relationship building and reconciliation between the Crown, Te Ātiawa iwi, and the family of George Ortiz. Members of the Ortiz family travelled from Switzerland to the Te Ātiawa deed of settlement signing ceremony in August 2014, and witnessed the signatories to the deed.

The Motunui Panels came home to Taranaki in March 2015, and are now being held for display at Taranaki's Puke Ariki Museum. The precious taonga are cared for by a Trust with members from Te Ātiawa, Ngāti Rahiri, the museum, and the government.



# Shaping the Ministry to adapt and deliver

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

## Delivering on our strategy

This year, the Ministry's strategic leadership team refreshed the Ministry's strategy and identified our priorities and goals for 2015-17. Our mission remains to deliver modern accessible people-centred justice services for the people of New Zealand, while our values – respect, integrity, service and excellence (RISE) – underpin everything we do.

Our 2015/16 business plan summarises the initiatives that will help us to achieve our goals and meet our priorities. The strategic leadership team uses performance indicators and scorecards to track our performance and progress against the strategic objectives.

During 2014/15, we strengthened our governance arrangements by creating the Operational Management Committee. This committee is responsible for supporting business groups in meeting their performance targets. The other 2 governance committees, which were created in 2013/14, are the Planning and Resources Committee and the Investment Committee. The Planning and Resources Committee is responsible for overseeing the Ministry's budget and business planning cycle, monitoring organisational risk, and developing the organisation's capability. The Investment Committee oversees prioritisation of the Ministry's investment funds and the delivery of the investment portfolio.

## Strengthening financial performance and lifting productivity

In 2014/15, we undertook a detailed review of the Ministry's expenditure. Known as 'Investing in Justice', the review provided additional insight into our performance, specifically how we rate in terms of cost and quality in comparison with similar New Zealand agencies, international comparators and good practice. The resulting report highlighted opportunities for improvement to ensure that we operate as efficiently and effectively as possible. Specific recommendations for change have been incorporated into our work programme and financial improvements are being closely monitored.

## Improving our procurement capability

Ensuring value for money services is a foundational element of our strategy. As the Ministry procures a large number of services, it is vital that we continue to seek improvements in our procurement practices and capability. In the immediate future, we intend to:

- complete a review of our corporate expenditure categories with a focus on cost reduction
- continue to refine and update our policies and procedures
- collaborate with other agencies to develop procurement strategies for key areas of future expenditure
- use all-of-government service contracts.

## Developing our people

### Improving our organisational culture

Our performance as a team determines our ability to deliver on our goals. We need the right people in the right roles and supported by the right tools to create greater impact.

Creating a highly engaged team with the right skills, commitment and support increases our ability to deliver for our customers.

To improve our levels of employee engagement, we are focusing on developing the leadership and management skills of all our leaders throughout the Ministry. We see this as critical, not only for ensuring the successful delivery of our work programme, but for enabling and encouraging our employees to work together and help each other to succeed.

This year, we finalised our leadership framework. It is at the centre of all our leadership development initiatives, including our 360 feedback tool and enhancing leadership programmes focused on high-performing frontline leaders.

We began developing an essential leadership skills programme, which will be delivered during 2015/16 and are planning to develop an emerging leaders' programme, to equip these people with essential management and leadership skills.

We conducted another Working for Justice survey in 2015. We remain below the state sector benchmark for engagement. The survey results indicate a number of critical factors are affecting our engagement levels and it will take time for improvements to take effect. This includes the flow-on effect of improving leadership capability and aligning our strategy, values and vision in a way that results in a sense of common purpose.

Our people are positive that change is underway. Our focus is on continuous improvement and keeping them involved and updated on a regular basis. We are committed to developing and building improvements that will increase our people's engagement. Our goal remains to reach or exceed the public sector benchmark.

We relaunched the Ministry's values (RISE) during 2014/15, using a range of mediums to bring them to life and embed them as part of our day-to-day practices. These initiatives will continue in 2015/16.

We recognise that we have a responsibility to develop talent across the wider public sector and therefore contribute to state sector talent management initiatives. In 2014/15 we were part of the Faststream Justice Sector Emerging Leaders pilot, a first of its kind in the New Zealand state services. We also contributed to state sector senior leadership capability development through State Services Commission facilitated career boards.

### Improving our capability

This year we focused on improving our understanding of our workforce capacity. Our improvements in position management provide the basis from which we will begin implementing enhanced workforce planning practices in 2015/16.

In July 2015, we launched our new, online learning and development tool called Thrive. Thrive includes tools such as eLearning, eBooks, webinars and online action learning groups. Thrive provides our people with better access to development opportunities and enables targeted support based on individual needs.

### Promoting equal employment opportunities

We are committed to being a good employer. We value our diverse workplace, our inclusive culture and our commitment to equality. In particular, our commitment to increased diversity is driven by both the diversity of our customer base and the importance of reflecting a range of perspectives in our decision-making processes.

Our appointments are based on merit, to ensure fairness in employment for all people. At the Ministry, we all have a responsibility to promote a work culture in which all people, whatever their gender, ethnic or social background, sexual orientation or role, are valued, and treated equitably and with respect.

In 2014/15, the Women's Network was established to promote the interests of women in the Ministry.

## Making better use of our infrastructure

### Improving capital and asset management

This year, we continued reviewing the Ministry's asset and investment portfolio to identify ways to get better value for money across our business. The aim of this work was to:

- deploy and use assets that are fit for purpose – our assets must be reliable, of optimal capacity, in appropriate condition and cost effective
- prioritise capital to its highest value use and ensure that investment is aligned to the priorities in our business strategy, the needs of our customers and our future operating requirements.

We are working with other justice sector agencies to jointly manage investments and assets, and better align capital funding with sector and government priorities.

### Maintaining our property portfolio

The Ministry has a large and diverse property portfolio.

We need to balance the requirement to maintain our infrastructure in the short-term with the need to transform our services and reduce our footprint in the longer-term.

In July 2014, construction commenced of the Christchurch Justice and Emergency Services Precinct. The precinct brings together the Ministry of Justice, New Zealand Police, Department of Corrections, St John New Zealand, New Zealand Fire Service and the Civil Defence and emergency management functions of the Christchurch City Council and Environment Canterbury in a purpose-built precinct in central Christchurch.

Across the rest of New Zealand we continued developing our infrastructure to support population and service demand changes whilst ensuring that our buildings meet seismic safety requirements.

This year, we made significant progress towards the completion of the redevelopment of the Manukau Court precinct. The project was completed in August 2015 and was one of largest redevelopment projects undertaken by the Ministry at an existing court.

During 2014/15, we continued to manage properties held in the Crown Landbank. There are 978 Crown properties held in the Landbank for potential use in Treaty settlements. These properties include residential, bare land, commercial properties, farms and industrial sites.

### Leveraging technology

Technology plays a vital role in our strategy implementation, particularly in modernising the courts. This year we developed a new ICT Services Strategic Plan (ISSP). The ISSP provides a coherent frame of reference that will guide and inform all future ICT investment decisions.

Although we have deployed online tools for some jurisdictions, such as online applications for the disputes tribunal, we need to upgrade the effectiveness and capability of the Ministry's online channels, including our website [justice.govt.nz](http://justice.govt.nz), to support a wider range of digital services.

A sector approach to ICT can provide significant benefits. Through our continued collaborative investment with our justice sector partners in initiatives such as the expansion of audio-visual links between courts and prisons and other audio-visual upgrades in the courts we are seeing improvements across the justice system.

In recognition of our responsibilities and the opportunities to work across the wider public sector, we are working with the Government Chief Information Officer on the adoption of a number of common capabilities.

## Managing risk

The Ministry faces many types of risk. Some of these are strategic risks: such as reputational risks, stakeholder management risks or business continuity risks. Others are operational or project specific risks.

We have developed an enterprise-wide risk management framework, based on international standards of good practice.

The strategic risks leadership team regularly reviews strategic risk and makes decisions to support mitigation activities. The Audit and Risk Committee provides the Chief Executive with independent advice on risk management and our internal control systems. Our internal audit programme provides independent assurance to the Chief Executive and senior managers that the Ministry's key processes and systems are operating effectively. In addition, collaboration with our justice sector partners plays an important part in understanding and managing sector-wide risks.

## Security and privacy

In recognition of the ongoing challenges faced by organisations globally due to the increased sophistication of cyber crime and the need to protect private information, we established a Privacy and Security team. The objective of this team is to develop a mature security and privacy environment within the Ministry, and to take a holistic approach to security – whether that be physical, information or technology driven.

## REDEVELOPING THE MANUKAU COURT

The Manukau District Court upgrade and modernisation project was one of our largest-ever redevelopment projects.

The aims of the project were to:

- meet a forecast increase in demand for the court's services, due to rapid population growth in the wider Auckland region
- modernise services to provide a better experience for court users.

The redesigned court includes four new jury trial courtrooms, extra hearing rooms, holding rooms, interview rooms and judges' chambers.

It also makes smarter use of modern technology with several of the hearing rooms equipped with audio-visual links. This enables people to participate in hearings from remote locations, such as remand prisoners from prison, and witnesses from secure witness rooms.

The court's new customer service centre provides a one-stop-shop for people accessing court counter services. It replaces the previous arrangement, which had separate counters for each jurisdiction. The customer service centre is run by a specialist team who can handle requests for all jurisdictions.

The Manukau District Court reflects our continued drive to modernise court services across the country, making them more customer focussed, efficient and responsive.



# Our performance



## Statement of responsibility

I am responsible, as Secretary for Justice and Chief Executive of the Ministry of Justice (the Ministry), for:

- the preparation of the Ministry's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them
- having in place a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting
- ensuring that end-of-year performance information on each appropriation administered by the Ministry is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this annual report
- the accuracy of any end-of-year performance information prepared by the Ministry, whether or not that information is included in the annual report.

In my opinion:

- the financial statements fairly reflect the financial position of the Ministry as at 30 June 2015 and its operations for the year ended on that date
- the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2016 and its operations for the year ending on that date.



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

29 September 2015

# Independent Auditor's Report

**AUDIT NEW ZEALAND**  
Mana Arotake Aotearoa

**To the readers of the  
Ministry of Justice's  
annual report for the year ended 30 June 2015**

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 on her behalf of:

- the financial statements of the Ministry on pages 75 to 104, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in equity, 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 performance information prepared by the Ministry for the year ended 30 June 2015 on pages 35 to 39, 40 to 69 and 139 to 150;
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2015 on pages 131 to 137; and
- the schedules and statements of non departmental activities which are managed by the Ministry on behalf of the Crown on pages 106 to 130 that comprise:
  - the schedules: non-departmental revenue and receipts and non-departmental expenses for the year ended 30 June 2015;
  - the schedules: non-departmental capital receipts, non-departmental assets, non-departmental liabilities and revaluation reserves and non-departmental contingent liabilities and contingent assets as at 30 June 2015;
  - the statement of trust monies for the year ended 30 June 2015; and
  - the notes to the schedules that include accounting policies and other explanatory information.

## Opinion

In our opinion:

- The financial statements of the Ministry:
  - present fairly, in all material respects:
    - › its financial position as at 30 June 2015; and
    - › its financial performance and cash flows for the year ended on that date;
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity (PBE) Standards.
- The performance information of the Ministry:
  - presents fairly, in all material respects, for the year ended 30 June 2015:
    - › what has been achieved with the appropriation; and
    - › the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure;
  - complies with generally accepted accounting practice in New Zealand.

- the statements of expenses and capital expenditure of the Ministry are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- the schedules and statements of non departmental activities which are managed by the Ministry on behalf of the Crown present fairly, in all material respects, in accordance with the 2014 Treasury Instructions:
  - the schedules: non-departmental revenue and receipts and non-departmental expenses for the year ended 30 June 2015;
  - the schedules: non-departmental capital receipts, non-departmental assets; non-departmental liabilities and revaluation reserves and non-departmental contingent liabilities and contingent assets as at 30 June 2015; and
  - the statement of trust monies for the year ended 30 June 2015.

Our audit was completed on 29 September 2015. 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 information we audited is 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 information we audited. 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 information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Ministry's preparation of the information we audited 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 performance information within the Ministry's framework for reporting performance;
- the adequacy of the disclosures in the information we audited; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited. Also, we did not evaluate the security and controls over the electronic publication of the information we audited.

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 that present fairly the Ministry's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand;
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand;
- statements of expenses and capital expenditure of the Ministry, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989; and
- schedules of non departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Ministry on behalf of the Crown.

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

The Chief Executive is responsible for such internal control as is determined is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Chief Executive is also responsible for the publication of the annual report, whether in printed or electronic form.

## Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

## 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.

Other than the audit, 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 2014 UNTIL JUNE 2015

*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 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 3 independent external members:

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

There have been no changes to the committee's independent membership during the year.

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 & Assurance.

## REPORT OF THE AUDIT AND RISK COMMITTEE

During the 12 months ended 30 June 2015 the committee has met on 5 occasions to fulfil its duties and responsibilities. In addition to its formal meetings, the committee has separately reported to the Chief Executive on matters through meetings with its Chair.

During these meetings the committee has:

- received briefings on the Ministry's strategic plan and key priorities
- examined the Ministry's governance arrangements
- discussed and provided advice on key areas of the Ministry's programme of work including:
  - Investing in Justice programme
  - Modernising Courts programme
  - physical security management
  - workforce capability and engagement
  - information security and privacy
  - health and safety management
  - ICT applications and infrastructure
  - programme and project management
- reviewed the Ministry's strategic risks
- discussed the Ministry's quarterly financial, operational and ownership performance
- 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
- reviewed the Ministry's annual report for 2013/14 and provided advice to the Chief Executive and CFO on content and disclosure.

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 committee has continued to build on the priorities it established in the previous year. We have tailored our meeting agenda to focus on the strategic rather than the transactional in order to maximise the value the committee can provide. This broadly translates to 4 themes.

Aside from the areas outlined in the table, and in accordance with its charter and recognised good practice, during the next financial year the committee will undertake an assessment of its performance to ensure that it continues to be focused, effective, and providing a quality service to the Chief Executive.

Theme	Comment
Strategic priorities	Our discussions with the Chief Executive have included robust debate on the Ministry's strategic direction and priorities, as well as the risks to their achievement. We have supported the ongoing development of Ministry performance and accountability reporting and have offered suggestions to further simplify these to aid executive focus and attention on what matters.
Ministry risks	The committee regularly considered the Ministry's broader strategic risk profile and tested through debate and discussion the robustness of its responses. A particular interest has been maintained in the Ministry's response to its fiscal pressures. Accordingly we received regular briefings on the progress of its Investing in Justice programme and look forward to seeing the benefits unlocked by this programme as its momentum builds. More recently we have received briefings on risk related to staff engagement levels and aging ICT infrastructure and these will remain an area of ongoing focus.
People and organisational capability	Sourcing and retaining capability to manage large change projects is a common feature of public sector entities. The committee has been briefed on the Ministry's work to revamp its programme/project management methodology and up-skill people in project and governance roles. We have also emphasised areas where increased management attention, monitoring and reporting would be useful. Examples include health and safety reporting and, more recently, Ministry capability and strategy related to physical security.
Assurance	The committee's 4th area of focus 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.

## Outcome measures

PROGRESS MADE IN THE YEAR ENDED 30 JUNE 2015

An explanation is provided for 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.

### Safer communities

#### ABOUT THIS OUTCOME

People expect 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>Safer communities</b>				
Crime rate decreases (BPS target) (see note 1)	Recorded crime relative to the New Zealand population (see note 2)	Better Public Services target 15% reduction by 2017 (see note 3)	2014/15: down 17% 2013/14: down 17% 2012/13: down 13% 2011/12: down 6%	
<b>Reducing crime and victimisation</b>				
Violent crime decreases (BPS target) (see note 1)	Recorded crime relative to the population, for specific violent offences, including: homicides, attempted murder, manslaughter, acts intended to cause injury (such as serious assaults, kidnapping and abduction, robbery) (see note 2 and note 4)	Better Public Services target 20% reduction by 2017	2014/15: down 10% 2013/14: down 12% 2012/13: down 9% 2011/12: down 7%	
Youth crime decreases (BPS target) (see note 1)	The level of youth offenders (aged 14–16) appearing in court, relative to the youth population (see note 5)	Better Public Services target 25% reduction by 2017	2014/15: down 39% 2013/14: down 35% 2012/13: down 21% 2011/12: down 8%	
<b>Reducing the impact of crime</b>				
Fewer people are repeat victims	The number of repeat victimisations per 10,000 people (see note 6)	Target in development	2013/14: 237.0 2012/13: 231.1 2011/12: 249.5	

Note 1. BPS targets are measured from a June 2011 timeline.

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

Note 3. In February 2015, this target was increased a 20% reduction by 2018 because the original target of a 15% reduction by June 2017 was exceeded.

Note 4. 'Specific violent offences' excludes sexual violence offences and less serious offences, such as harassment (largely acts of intimidation), blackmail and extortion (that is, fraud).

Note 5. Population base rate is per 10,000 of the New Zealand youth population.

Note 6. The 2013/14 results are the latest available because the New Zealand Police are changing the measurement methodology for this measure.

## A fairer and more responsive 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
<b>A fairer and more responsive justice system</b>				
People have confidence in the effectiveness of the justice system	World Justice Project Rule of Law Index shows that civil justice in New Zealand is seen to be accessible, affordable, effective and impartial (see note 1)	Maintain or improve score for access to civil justice	2015: Score 0.78 (Global rank: 9/102) 2014: Score 0.74 (Global rank: 9/99) 2012–2013: Score 0.76 (Global rank: 9/97)	
	World Justice Project Rule of Law Index shows that the criminal justice system in New Zealand is seen to be effective, impartial and free from improper influence and protects the rights of New Zealanders (see note 1)	Maintain or improve score for effectiveness of criminal justice	2015: Score 0.77 (Global rank: 8/102) 2014: Score 0.72 (Global rank: 12/99) 2012–2013: 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/or a court case the respondent was involved in (see note 2)	65% of people are satisfied with paying fines or getting information about fines 55% of people are satisfied about a case they were involved in	2014: Fines: 63% Courts 56% 2013: Fines: 63% Courts 50% 2012: Fines: 63% Courts: 49%	
	The Court User Survey shows an increase in the proportion of people who were very or fairly satisfied with court services and facilities (see notes 3 and 4)	80% of people are very or fairly satisfied	2014: Overall: 77% (see note 2) 2012: Overall: 80%	

Measure	Current measurement	Target	Current state and trend	Variance explanation
<b>Improving access to justice services</b>				
Average age of case decreases	The average age of active cases decreases for all District Court criminal cases and for the subset of jury trials	District Court all criminal: 20% decrease (from April 2013: 123 days)	9.2% decrease to 113 days (see note 5)	The target was achieved by December 2014, but seasonal effects have caused slippage in the first 6 months of 2015.
		Jury trials: 20% decrease (from April 2013: 382 days)	9.6% decrease to 346 days (see note 5)	The target was not met. Courts are continuing their focus on disposing of aged jury trials, and expect to see further improvements in the average age of active jury trials by December 2015.
	The average age of active Family Court applications decreases	Decrease from April 2013 Baseline: 250 days	248 days	
	The average age of civil cases in District Courts decreases	Decrease from April 2013 Baseline: 226 days	197 days	
	The average age of Disputes Tribunal applications decreases	Decrease from April 2013 Baseline: 80 days	77 days	
Time taken 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 cases	Measure withdrawn	Measure withdrawn	This measure has been replaced with the indicator above. 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.
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 and cost-effective services	100% meet expected standards	2014/15: 85% 2013/14: 94% 2012/13: new measure	The result reflects the fact that many audits were targeted at providers with performance issues. The result is within 10% of the new (more realistic) 90% target for 2015/16.
	Ministry of Justice administrative data from the Legal Aid Management system shows that applications for criminal cases are assessed in a timely manner	98% of criminal legal aid applications are assessed within 1 working day	2014/15: 97% 2013/14: 97% 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 notes 3 and 4)	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>Holding offenders to account</b>				
No applications are granted for Stays of Proceedings under the Bill of Rights Act 1990 for undue delay attributable to the Ministry	Number of 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	Criminal jury cases: 0	2014/15: 0 2013/14: 2 2012/13: 2	
		Other judge-alone criminal cases: 0	2014/15: 2 2013/14: 4	
		High Court criminal cases: 0	2014/15: 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	40% (see note 6)	2014/15: 56% 2013/14: 50.4% 2012/13: 52.6%	While measure looks at the proportion of people who do not comply, the monetary value overdue is 44.6%
More offenders agree that the restorative justice conference has helped them to take responsibility for what they did	The percentage of offenders who agree that the restorative justice conference has helped them to take responsibility for what they did	Target in development	95.6% of respondents to the survey question	
<b>Increase trust in the justice system</b>				
People feel they are treated fairly 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 3)	Improved score	2014: 93% (see note 4) 2012: 91%	

Note 1. The World Justice Project Rule of Law Index 2015 is at [worldjusticeproject.org/rule-of-law-index](http://worldjusticeproject.org/rule-of-law-index)

Note 2. Annual results for the Kiwis Count Survey are for the year ending December 31.

Note 3. Court users include people taking part in a hearing or court case, support people and people paying fines or seeking information.

Note 4. This survey is conducted every 2 years. The next survey will be conducted in 2016.

Note 5. Result is an adjusted percentage reduction that is calculated on the reduction in each case component, weighted by the proportion each of the components make up of the total cases on hand.

Note 6. This figure differs from the Ministry of Justice *Statement of intent 2014–2018* (SOI) as that information was incorrect. The incorrect target in the SOI was 55%.

## The integrity of our institutions is maintained

### 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 continues to support the Government's aim to of maintaining momentum in settling historical Treaty of Waitangi negotiations.

### ASSESSING PERFORMANCE

Measure	Current measurement	Target	Current state and trend	Variance explanation
<b>The integrity of our institutions is maintained</b>				
Integrity of our institutions is maintained	World Justice Project Rule of Law Index overall score is maintained or improved (see note 1)	Maintain or improve score	2015: 0.83 (Global rank: 6/102) 2014: 0.83 (Global rank: 6/99)	
<b>Ensuring durable constitutional arrangements</b>				
People perceive New Zealand to have an open government	World Justice Project Rule of Law Index shows that New Zealand is perceived to have an open government, including the right to petition and participate (see note 1)	Maintain or improve score for open government	2015: 0.81 (Global rank: 2/102) 2014: 0.83 (Global rank: 2/99) 2012–2013: 0.84 (Global rank: 4/97)	
<b>Upholding civil and democratic rights</b>				
People have confidence that their fundamental rights are protected	World Justice Project Rule of Law Index shows that New Zealand is seen to protect freedoms and is free from discrimination (see note 1)	Maintain or improve score for fundamental rights	2015: 0.83 (Global rank: 9/102) 2014: 0.84 (Global rank: 7/99) 2012–2013: 0.86 (Global rank: 5/97)	
<b>Improving Crown-Māori relationships</b>				
Treaty of Waitangi claims are durably settled	Progress is made in enacting all historical Treaty of Waitangi Settlement legislation	50% of all settlement legislation is introduced by the end of 2014/15 (see note 2)	2014/15: 37% 2013/14: 31% 2012/13: 23%	The enactment of settlement legislation was below target due to House time not being available. At the 30 June 2015, 6 pieces of legislation are in the House awaiting 3rd Reading.
<b>Upholding international justice obligations</b>				
Perceived level of corruption remains low	New Zealand's score on the Transparency International Corruption Perception Index does not decrease (see note 3)	Maintain ranking	2014: 91/100 (Global rank: 2/175) 2013: 91/100 (Global rank: 1/177) 2012: 90/100 (Global rank: 1/176)	

Note 1. The World Justice Project Rule of Law Index 2015 is at [worldjusticeproject.org/rule-of-law-index](http://worldjusticeproject.org/rule-of-law-index)

Note 2. Targets for this measure were based on projections of the Office of Treaty Settlement's agreed work programme.

Note 3. The Transparency International Corruption Perception Index 2014 is at [transparency.org/cpi2014](http://transparency.org/cpi2014)

## Statement of service performance

FOR THE YEAR ENDED 30 JUNE 2015

The statement of service performance outlines the measures used by the Ministry to assess our performance in delivering our outputs. Our outputs are specified in the *Estimates of Appropriations for 2014/15*.

An explanation is provided for 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 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Number of new criminal legal aid applications administered	54,927	52,000–58,000	57,546	
Number of new family legal aid applications administered	23,172	22,000–25,000	19,682	Family cases are forecast to drop 20% as a result of the Family Justice reforms implemented in March 2014. The 2014/15 standard was forecast off historical trend data.
Number of civil legal aid (other) applications administered	2,058	2,100–2,400	1,652	Major impact of parole moving from the civil to the criminal jurisdiction from September 2013 and the expected reduced volume of historical abuse and Treaty of Waitangi applications.
Total legal aid debt recovered	\$19.9 million	\$18–\$21 million	\$18.7 million	
Number of Ministry of Justice quality and value audits undertaken	61	61 or more	67	

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Number of 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	94%	100% meet expected standards	85%	The audit system has the capacity to identify non-compliance and measures to address non-compliance. The 85% reflects that many audits were targeted at providers with performance issues. The 85% is within 10% from the new (more realistic) 90% target for the 2015/16 fiscal year.
Applications for criminal cases are assessed in a timely manner	96.5%	93% of criminal legal aid applications are assessed within 1 working day	97%	

## OUTPUT CLASS STATEMENT

### ADMINISTRATION OF LEGAL SERVICES

	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000	Actual 30 June 2014 \$000
<b>Revenue</b>				
Crown	27,807	22,392	28,051	30,844
Departmental	170	123	131	161
Other	44	6	6	53
<b>Total revenue</b>	<b>28,021</b>	<b>22,521</b>	<b>28,188</b>	<b>31,058</b>
<b>Total expenses</b>	<b>27,228</b>	<b>22,521</b>	<b>28,188</b>	<b>29,173</b>
<b>Net surplus</b>	<b>793</b>	<b>-</b>	<b>-</b>	<b>1,885</b>

## 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 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Number of cases open at 1 July	5,565	5,000–7,000	6,707	
Number of new cases accepted during the year	16,025	14,000–16,500	15,429	
Number of cases open at 30 June	6,707	5,000–7,000	5,961	
Judicial satisfaction with the services of the Public Defence Service	93%	80% or higher	91%	

### OUTPUT CLASS STATEMENT

#### PUBLIC DEFENCE SERVICE

	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000	Actual 30 June 2014 \$000
<b>Revenue</b>				
Crown	25,622	23,275	26,490	25,928
Departmental	61	95	103	90
Other	41	-	-	46
<b>Total revenue</b>	<b>25,724</b>	<b>23,370</b>	<b>26,593</b>	<b>26,064</b>
<b>Total expenses</b>	<b>25,448</b>	<b>23,370</b>	<b>26,593</b>	<b>24,887</b>
<b>Net surplus</b>	<b>276</b>	<b>-</b>	<b>-</b>	<b>1,177</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, provision of 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 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
<b>Provide support and leadership to the justice sector</b>				
The satisfaction of the justice sector ministers and the justice sector leadership board with the leadership provided by the Ministry (see note 1)	85%	At least 80%	78%	
The satisfaction of the justice sector ministers and the justice sector leadership board with the advice provided by the Ministry (see note 1)	81%	At least 80%	78%	
The satisfaction of the justice sector ministers and the justice sector leadership board with the support provided by the Ministry (see note 1)	85%	At least 80%	84%	
Delivery of the justice sector forecast	New measure	Annually	Achieved	
<b>Develop and disseminate information to improve performance of the criminal justice pipeline</b>				
Delivery of justice sector performance reports (see note 2)	New measure	Quarterly	Achieved	
Maintain an effective Collective Impact Toolbox (see note 3)	New measure	Update annually	Achieved	
<b>Coordinate strategy and planning to modernise the system and reduce costs</b>				
Develop a collaborative justice sector <i>Four-year plan</i> to support sector sustainability	New measure	Achieve justice sector ministers' sign off	Achieved	
Manage the justice sector fund	New measure	Run 2 funding rounds	Achieved	
<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	80%	At least 80%	60%	

Note 1. The justice sector minister results are from the Minister of Justice and the Attorney-General. The justice sector leadership board results are from the chief executives of the Ministry of Justice and the Department of Corrections, and the Commissioner of Police.

Note 2. The *Justice sector performance report* provides an up-to-date measurement of the Better Public Services targets, as well as a selection of key performance indicators from across the justice sector.

Note 3. The Collective Impact Toolbox is a practical guide to best practice frontline collaboration in the justice sector.

## OUTPUT CLASS STATEMENT

### SECTOR LEADERSHIP AND SUPPORT

	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000	Actual 30 June 2014 \$000
<b>Revenue</b>				
Crown	8,193	7,700	7,838	9,441
Departmental	82	47	50	68
Other	40	18	18	13
<b>Total revenue</b>	<b>8,315</b>	<b>7,765</b>	<b>7,906</b>	<b>9,522</b>
<b>Total expenses</b>	<b>7,489</b>	<b>7,765</b>	<b>7,906</b>	<b>8,339</b>
<b>Net surplus</b>	<b>826</b>	<b>-</b>	<b>-</b>	<b>1,183</b>

## JUSTICE POLICY ADVICE AND RELATED SERVICES (MULTI-CATEGORY APPROPRIATION)

### WHAT THE MINISTRY DOES

The Justice Policy Advice output class supports to 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, whilst also meeting the public needs and expectations to develop better, more accessible and cost-efficient public services.

### ASSESSING PERFORMANCE

#### PERFORMANCE OF THE MULTI-CATEGORY APPROPRIATION AS A WHOLE

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
The satisfaction of the Minister of Justice, the Attorney-General, the Minister for Courts, and the Associate Minister of Justice with policy advice and related services, as per the common satisfaction survey	New measure	At least 80%	62%	

#### JUSTICE POLICY ADVICE

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Technical quality of policy advice papers assessed by a survey with a methodological robustness of 90%	7.7/10	At least an average of 7/10	7.6/10	
The satisfaction of the Minister of Justice with the policy advice service, as per the common satisfaction survey	78%	At least 70%	62%	
The total cost per hour of producing outputs	\$154	At most \$155	\$142	

LEGAL AND MINISTERIAL SERVICES

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
The satisfaction of the Minister of Justice, the Minister for Treaty of Waitangi Negotiations, the Attorney-General, the Minister for Courts, and the Associate Minister of Justice with the quality of legal advice, as per the common satisfaction survey	New measure	At least 80%	95%	
The satisfaction of the Minister of Justice, the Minister for Treaty of Waitangi Negotiations, the Attorney-General, the Minister for Courts, and the Associate Minister of Justice with ministerial services, as per the common satisfaction survey	84%	At least 80%	80%	
Number of ministerial correspondence replies drafted	1,677	n/a	1,602	
Percentage of 1st draft replies presented approved by ministers	92%	95%	91%	
Percentage of draft replies to ministerial correspondence submitted to ministers within required timeframes	92%	95%	96%	
Number of Official Information Act 1982 requests responded to	784	860–920	901	
Percentage of draft replies to Official Information Act 1982 requests completed within statutory timeframes	87%	100%	96%	Timeliness was a focus in 2014/15, and this has led to a significant improvement.
Number of replies drafted in response to parliamentary questions	538	n/a	386	There was an election period in the 2014–15 financial year.
Percentage of draft replies to parliamentary questions submitted to ministers within required timeframes	97%	100%	98%	

## OUTPUT CLASS STATEMENTS

### JUSTICE POLICY ADVICE

	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000	Actual 30 June 2014 \$000
<b>Revenue</b>				
Crown	14,759	15,594	17,479	16,453
Departmental	472	239	141	640
Other	25	48	48	50
Total revenue	15,256	15,881	17,668	17,143
Total expenses	14,947	15,881	17,668	16,299
Net surplus	309	-	-	844

### LEGAL AND MINISTERIAL SERVICES

	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000	Actual 30 June 2014 \$000
<b>Revenue</b>				
Crown	4,495	4,716	4,261	4,884
Departmental	42	30	31	38
Other	7	14	14	5
Total revenue	4,544	4,760	4,306	4,927
Total expenses	4,323	4,760	4,306	4,516
Net surplus	221	-	-	411

## MINISTRY OF JUSTICE – CAPITAL EXPENDITURE PLA

### SCOPE OF APPROPRIATION

This appropriation is limited to the purchase or development of assets by and for the use of the Ministry of Justice, as authorised by section 24(1) of the Public Finance Act 1989.

### CONTRIBUTION TO OUTCOMES

This appropriation is intended to achieve the efficient delivery of the Ministry of Justice's outputs through funding the purchase, development and maintenance of assets.

### ASSESSING PERFORMANCE

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Maintain or improve overall project and programme health ratings	New measure	No programmes classified as red, in a red, amber, green scale	Measure withdrawn	Measure withdrawn because it wasn't possible to report (see note 1)
Percentage of projects and programmes that achieve key milestones	New measure	85% or more	Measure withdrawn	Measure withdrawn because it wasn't possible to report (see note 1)
Percentage of projects and programmes delivered to budget	New measure	95% or more	Measure withdrawn	Measure withdrawn because it wasn't possible to report (see note 1)
Manukau Precinct Project (see note 2)	New measure	Stage 1 operational in 2014/15	Achieved	
Christchurch Justice and Emergency Services Precinct (see note 2)	New measure	Operational in 2017/18	On schedule	On schedule for completion in mid-2017

Note 1. Measure withdrawn because it wasn't possible to report on. Measure replaced with the project-specific measures for Manukau Precinct Project and the Christchurch Justice and Emergency Services Precinct.

Note 2. This project-specific measure replaces the withdrawn measures above.

### OUTPUT CLASS STATEMENT

	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000	Actual 30 June 2014 \$000
<b>Appropriation</b>				
Ministry of Justice – Capital Expenditure PLA	112,639	184,088	274,470	91,237

## 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 (MULTI-CATEGORY APPROPRIATION)

#### 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 Tribunals, Tenancy Tribunal, Liquor Licensing Authority, the Waitangi Tribunal, coroners 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 coroners.

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 courts, tribunals and other authorities services, including the collection and enforcement of fines and civil debt 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

##### PERFORMANCE OF THE MULTI-CATEGORY APPROPRIATION AS A WHOLE

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Satisfaction of court users with court services and facilities (see note 1)	80%	80%	80%	
Percentage of juror survey responses that rate overall juror satisfaction as 'satisfied' or better	89%	90% or over	90%	

Note 1. This survey is conducted every 2 years. The next survey will be conducted in 2016.

COLLECTION AND ENFORCEMENT OF FINES AND CIVIL DEBT SERVICES

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Amount collected	\$218.0 million	\$217.5 million	\$211.8 million	Impositions decreased slightly, reducing the total amount of new fines available to collect. As total staff working on collecting fines has also fallen, the total amount collected fell below the standard.
Percentage of court-imposed fines collected or placed under arrangement within 4 months	82.5%	84%	84.2%	
Percentage of infringement fines collected or placed under arrangement within 4 months	86.2%	84%	86.8%	
Percentage of civil enforcement applications actioned within 7 days of court hearing date	New measure	94%	69%	This is a new measure. It required accurate data to be provided from creditors, which was not available.
Amount collected through the Offender Levy	\$4.02 million	\$4.1 million	\$3.6 million	The amount of levy collected has decreased because the amount of levy imposed has decreased. The percentage of levy collected is similar to the previous year.
Percentage of Offender Levy collected or placed under arrangement within 4 months	85.2%	85%	84.2%	
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 1)	50.4%	40%	56%	While measure looks at the proportion of people who do not comply, the proportion of the total value of outstanding fines and infringements is 44.6%.

Note 1. This target was set for the 2013–16 period and the Ministry is continuing to focus on this area.

DISTRICT COURT SERVICES

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
<b>Criminal (including jury, summary and Youth Court)</b>				
Number of new criminal cases (total) (see note 1)	133,574	122,100–142,600	135,176	
Number of new jury cases (subset of criminal cases) (see note 2)	2,554	3,000–3,300	2,774	The result is lower than forecast due to Criminal Procedure Act 2011 effects from July 2013 (increase in jury trial threshold, and only most serious cases, eg murder and manslaughter have to have a trial by jury).
Number of criminal cases disposed (total) (see note 1)	137,167	113,600–145,100	135,133	

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Number of jury cases disposed (subset of criminal cases) (see note 1)	3,003	3,100–3,800	2,387	The result is lower than forecast, driven primarily by sustained lower levels of new jury trials in the 1st year post Criminal Procedure Act 2011 reforms (2013/14).
Number of new Youth Court cases (subset of criminal cases) (see note 2)	3,915	3,200–3,600	3,931	Levels of new business have not reduced as much as forecast. The forecast for 2015/16 has been adjusted to reflect this.
Number of Youth Court cases disposed (subset of criminal cases)	3,969	2,300–3,200	3,931	The number of cases disposed is higher than forecast because the number of new Youth Court cases was above forecast.
Percentage of survey responses about criminal trial cases that rate 'fairly satisfied' or better for case management/file preparation and presentation (see note 3)	64%	75%	71%	
Percentage of survey responses about criminal trial cases that rate 'fairly satisfied' or better for courtroom support (see note 3)	73%	75%	76%	
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	0	
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	4	0	2	Trials for both cases were adjourned, one 3 times (incorrect dates supplied by court, case not able to be heard due to other cases having priority on the day, judge ill) and the other 2 times (case not able to be heard due to other cases having priority on the day).
Percentage of survey responses about Youth Court cases that rate 'fairly satisfied' or better for case management/file preparation and presentation (see note 3)	90%	75%	88%	The result is higher than the target and reflects a pleasing level of judicial satisfaction.
Percentage of survey responses about Youth Court cases that rate 'fairly satisfied' or better for courtroom support (see note 3)	95%	75%	81%	
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 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
<b>Civil</b>				
Number of new civil cases (see note 2)	15,594	14,400–15,400	12,955	Levels of new business have reduced more than anticipated. The forecast for 2015/16 has been adjusted to reflect this.
Number of civil cases disposed	16,816	16,200–18,300	13,815	Disposals have reduced in line with new business, but have been maintained at a higher level.
Percentage of survey responses about civil cases that rate 'fairly satisfied' or better for case management/file preparation and presentation (see note 3)	65%	75%	52%	Part of the civil process has been centralised and the legislation changed, resulting in some communication and process issues. Further staff training is planned to address this.
Percentage of survey responses about civil cases that rate 'fairly satisfied' or better for courtroom support (see note 3)	75%	75%	80%	
<b>Family Court</b>				
Number of new Family Court substantive applications (see note 2)	62,614	63,900–65,700	58,208	Levels of new business have been impacted by Family Justice reforms. The reduction in Care of Children Act applications has been higher than forecast. Consequently, the forecast for 2015/16 has been reduced further.
Number of Family Court substantive applications disposed	60,190	50,000–56,900	59,700	Fewer applications being filed during the year created the capacity to dispose of more active applications than expected.
Percentage of survey responses about Family Court cases that rate 'fairly satisfied' or better for case management/file preparation and presentation (see note 3)	52%	75%	69%	
Percentage of survey responses about Family Court cases that rate 'fairly satisfied' or better for courtroom support (see note 3)	96%	75%	84%	

Note 1. To be replaced in 2015/16 by disaggregated measures for the High Court and District courts separately.

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. 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 5-point satisfaction scale.

HIGHER COURT SERVICES

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
<b>Supreme Court</b>				
New business of civil and criminal appeals (see note 1)	36	15-50	26	
Disposals of civil and criminal appeals	27	10-40	41	
New business of civil and criminal applications for leave to appeal (see note 1)	174	100-170	172	
Disposals of civil and criminal applications for leave to appeal	167	85-155	174	The high variance is due to the low volume of business and the increase of new cases in the Supreme Court.
<b>Court of Appeal</b>				
New business of civil and criminal appeals (see note 1)	745	760-840	695	The reduction is the result of the Criminal Procedure Act 2011 coming into effect, which is causing a shift in appellate workloads between the Court of Appeal and High Court. For example, pre-trial applications on District Court jury trials are now filed in the High Court. Furthermore, there has been a decline in jury trials disposed in both the High Court and the District Courts.
Disposals of civil and criminal appeals	868	770-910	692	The number of disposals reflects the decreased level of new business.
<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 2)	87%	75%	89%	The result is higher than the target and reflects a pleasing improvement in levels of judicial satisfaction.
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 2)	85%	75%	95%	The result is higher than the target and reflects a pleasing improvement in levels of judicial satisfaction.
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 2)	86%	75%	88%	The result is higher than the target and reflects a pleasing improvement in levels of judicial satisfaction.
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 2)	87%	75%	94%	The result is higher than the target and reflects a pleasing improvement in levels of judicial satisfaction.

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
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)	n/a	n/a	Refer to the District Courts Services category (on page 50)	
Number of jury cases disposed – refer to District Courts for overall number of jury cases disposed (subset of criminal cases) (cross-output measure) (see note 3)	n/a	n/a	Refer to the District Courts Services category (on page 50)	
New business of civil cases	2,561	2,550 -2,820	2,590	
Disposals of civil cases	2,601	2,360 -2,940	2,504	
New business of civil and criminal appeals	1,386	1,240 -1,500	1,456	
Disposals of civil and criminal appeals	1,359	1,250 -1,510	1,503	
Number of High Courts criminal cases stayed for undue delay in terms of section 25(b) of the New Zealand Bill of Rights Act 1990 for reasons wholly or partly the responsibility of the Ministry	0	0	0	

Note 1. The number of new cases or cases received is demand-driven and is contextual information for the number of cases disposed.

Note 2. Satisfaction is measured by an annual survey of the High Court judges. The performance measure standard is the percentage of respondents who rate 'fairly satisfied' or better about case management, file preparation, and file presentation. The scale for responses is a 5-point satisfaction scale.

Note 3. To be replaced in 2015/16.

SPECIALIST COURTS, TRIBUNALS AND OTHER AUTHORITIES SERVICES

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
<b>Coronial Services Unit</b>				
Cases referred	5,298	5,650	5,748	
Cases disposed	5,524	5,650	5,471	
Percentage of coronial cases on hand under 12 months old (see note 1)	65%	70%	69%	
Percentage of coroners surveyed that are at least 'fairly satisfied' with inquest hearing support (see note 2)	77%	75%	60%	Recent changes to ICT systems as well as staff and coroner resourcing gaps have impacted the results this year. These issues have now been addressed.
Percentage of coroners surveyed that are at least 'fairly satisfied' with case management/file preparation and presentation (see note 2)	85%	75%	54%	Recent changes to ICT systems as well as staff and coroner resourcing gaps have impacted the results this year. These issues have now been addressed. The Ministry is also working closely with the Chief Coroner to improve consistency across all offices.
<b>Disputes Tribunal</b>				
Cases received	15,477	16,000 –17,000	14,263	There has been a steady downward trend in cases lodged in the Disputes Tribunal, which is thought to be due to the economic climate, with reduced consumer spending resulting in fewer consumer-related disputes. The downward trend was expected to level off but has continued further than anticipated.
Cases disposed	14,891	16,000 –17,000	14,737	The number of claims disposed is fewer than expected due to the fewer claims received.
Percentage of Disputes Tribunal pending Claims under 3 months old	78%	80%	74%	

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
<b>Employment Court</b>				
Cases received	191	180	151	This is a contextual measure to give meaning to the cases disposed measure. Fewer cases received in the Employment Court is a reflection of changes to the Employment Relations Act which are resulting in fewer personal grievances coming through the Employment Relations Authority and on to the Employment Court.
Cases disposed	210	200	222	The Employment Court has had fewer new cases filed this year and this decrease has enabled the court to dispose of a slightly higher number of cases than predicted.
Percentage of Employment Court cases on hand under 12 months	75%	75%	69%	
Percentage of Employment Court judges surveyed that are at least 'fairly satisfied' with case management/file preparation (see note 2)	94%	75%	100%	This excellent result is higher than the target and reflects a pleasing improvement in levels of judicial satisfaction.
Percentage of Employment Court judges surveyed that are at least 'fairly satisfied' with courtroom and hearing support (see note 2)	88%	75%	100%	This excellent result is higher than the target and reflects a pleasing improvement in levels of judicial satisfaction.
<b>Environment Court</b>				
Cases received	318	300	394	This is a contextual measure to give meaning to the cases disposed measure. For several years the number of cases received in the Environment Court has been in continual decline largely due to economic factors restricting the number of resource consent applications being filed at counsel level. This year the number of cases received has increased as a result of several plan reviews that attracted a large number of reviews and then appeals to the Environment Court.

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Cases disposed	681	500	420	The Environment Court has received consistently fewer cases per year for several years. With fewer cases received, the Environment Court has maintained a greater than 100% clearance rate. This year the Environment Court has again disposed more cases than it received. However, with an unexpectedly high number of cases received, the Environment Court has not disposed as many cases as predicted.
Percentage of Environment Court cases on hand under 18 months old	New measure	75%	70%	
Percentage of Environment Court judges surveyed that are at least 'fairly satisfied' with case management/file preparation and presentation (see note 2)	94%	75%	94%	This result is higher than the target and reflects maintenance of levels of judicial satisfaction.
Percentage of Environment Court judges surveyed that are at least 'fairly satisfied' with courtroom, hearing and mediation support (see note 2)	88%	75%	94%	This result is higher than the target and reflects maintenance of levels of judicial satisfaction.
<b>Immigration and Protection Tribunal</b>				
Cases received (see note 3)	1,265	1,200-1,300	1,342	
Cases disposed	1,461	1,200-1,300	1,503	The Chair's focus on increasing the productivity of the tribunal with respect to issuing decisions has resulted in an increase in disposals.
Sittings days supported	237	150	507	The Immigration and Protection Tribunal has introduced pre-hearing teleconferences to clarify the process for appellants and this has resulted in an increase in sitting days.
<b>Lawyers and Conveyancers Disciplinary Tribunal</b>				
Cases received (see note 3)	51	35-45	36	
Cases disposed	37	30-35	56	A new Deputy Chair based in Auckland has been able to take on a greater workload and a number of older cases that were awaiting the resolution of judicial reviews were completed in 2014/15. Both of these factors have resulted in an increase in disposals.
Sittings days supported	56	40-60	48	

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
<b>Legal Aid Review Authority</b>				
Cases received (see note 3)	5	15-20	6	It has become apparent that demand for the Review Authority is less than expected, as the number of cases received has been very low for 2 consecutive financial years. We have taken this into account in the 2015/16 forecast. The caseload is easily manageable and the variance is not causing any operational issues.
Cases disposed	7	15-20	7	The number of disposals reflects the number of cases received. The Review Authority had disposed of all cases at the end of June 2015.
<b>Legal Aid Tribunal</b>				
Cases received (see note 3)	70	80-120	82	
Cases disposed	81	80-120	76	
<b>Legal Complaints Review Officer</b>				
Cases received (see note 3)	349	350-400	278	The Law Society reports that it closed fewer complaints in 2014 which has resulted in fewer applications for review to the LCRO
Cases disposed	225	250-300	325	A focus on hearing matters on the papers and reorganising of case management has enabled the LCRO to dispose of 100 more cases than the previous financial year.
Sittings days supported	23	60	36	In the past 2 financial years the LCRO has focused on hearing matters on the papers as cases can be dealt with more quickly this way. This has meant fewer sitting days than previous years.

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
<b>Māori Land Court</b>				
Applications received (see note 3)	5,853	5,400–5,900	5,526	
Applications disposed	6,393	5,400–5,900	5,525	
Percentage of all Māori Land Court applications disposed within 12 months (see note 4)	75%	100%	77%	The basis upon which this metric is calculated was adjusted in February 2015. Result now measures the proportion of applications that have been disposed within 12 months of receipt. The data that was previously collected was based on the 12 monthly clearance rate (disposals divided by new applications). The 2015/16 target will be changed to 80% to reflect the new measurement.
Percentage of written enquiries completed within 10 working days of receipt	91.8%	90%	88%	
Percentage of Māori Land Court judges surveyed that are at least 'fairly satisfied' with judicial support and administration services provided (see note 2)	83%	75%	92%	This result is higher than the target and reflects a pleasing improvement in levels of judicial satisfaction.
Percentage of Māori Land Court judges surveyed that are at least 'fairly satisfied' with courtroom and hearing support provided (see note 2)	83%	75%	91%	This result is higher than the target and reflects a pleasing improvement in levels of judicial satisfaction.
Percentage of customers surveyed satisfied with the services provided by the Māori Land Court	88%	95%	80%	Customer survey was undertaken over the same period as the release of details on the reform of Te Ture Whenua Māori Act 1993. The timing of the consultation on those reforms is likely to have impacted the results of the survey.

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
<b>Private Security Personnel Licensing Authority</b>				
Percentage of uncontested applications issued within 6 weeks	55%	70%	7%	The PSPLA's ability to meet this target was impacted by an unanticipated volume of applicants whom were unable to provide the required evidence of training as required by the new regulations introduced from 1 October 2014. The PSPLA has issued applicants temporary certificates within 7 days but the substantive application remains open until evidence of training is provided and a full licence or certificate can be issued. Applicants are now being given a deadline for providing evidence of training and if these are not complied with applications will be closed.
Licence applications received	256	150-250	306	The jurisdiction of the PSPLA was extended from 6 March 2015 to include repossession agents. This has resulted in a greater than forecast number of licence and certificate applications.
Certificate applications received	4,003	3,500-4,500	6,097	The jurisdiction of the PSPLA was extended from 6 March 2015 to include repossession agents. This has resulted in a greater than forecast number of licence and certificate applications.
Number of contested applications (complaints, objections, disqualifications) received (see note 3)	884	400-500	1,137	The greater than forecast number of contested applications is consistent with the increase in total applications as a result of the jurisdictional increase noted above.
Number of contested applications (complaints, objections, disqualifications) disposed	492	400-500	2,221	The greater than forecast number of contested applications is consistent with the increase in total applications as a result of the jurisdictional increase noted above.

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
<b>Real Estate Agents Disciplinary Tribunal</b>				
Cases received (see note 3)	109	80–110	83	
Cases disposed	112	90–120	101	
Sittings days supported	87	80	81	
<b>Tenancy Tribunal</b>				
Cases disposed – cases determined and mediation orders sealed	35,194	34,000–36,000	32,617	
Number of Tenancy Tribunal sitting days supported	3,515.5	3,600	3,350	
<b>Tribunals</b>				
Percentage of judicial officers surveyed who are at least 'fairly satisfied' with case management or file preparation and presentation (see note 2)	80%	75%	66%	Recent changes to ICT systems as well as staff and judicial officer resourcing gaps have impacted the results this year. We are working to address these concerns.
Percentage of judicial officers surveyed who are at least 'fairly satisfied' with hearing or hearing room support (see note 2)	79%	75%	67%	Recent changes to ICT systems as well as staff and judicial officer resourcing gaps have impacted the results this year. We are working to address these concerns. The Ministry is also working to ensure greater consistency in hearing support practices across all courts and tribunals.
<b>Waitangi Tribunal Services</b>				
New claims lodged	42	30–35	30	
New claims registered	74	40–45	55	This has been an area of focus for the Tribunal. A number of historical unregistered claims which required further information have now been registered. The Tribunal will continue to focus on these types of unregistered claims for 2015/16. Once these claims have been processed the number of new claims registered is expected to fall in line with the number of claims lodged.
Percentage of research and report writing outputs provided by due date	100%	90%	91%	

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Percentage of Waitangi Tribunal judicial officers surveyed that are at least 'fairly satisfied' with judicial support and administration services provided (see note 2)	88%	75%	100%	This excellent result is higher than the target and reflects a pleasing improvement in levels of judicial satisfaction.
Percentage of Waitangi Tribunal judicial officers surveyed that are at least 'fairly satisfied' with hearing support provided (see note 2)	100%	75%	100%	The tribunal business unit has maintained excellent hearing support for judicial officers.
<b>Weathertight Homes Tribunal</b>				
Cases received (see note 3)	55	50-60	26	Demand for the WHT continues to reduce as building standards improve. A review of the WHT has recently been conducted to determine future resourcing requirements.
Cases disposed	111	60-70	60	

Note 1. Continued improvement expected as we focus on disposing of older cases.

Note 2. 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 5-point satisfaction scale.

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

Note 4. This result is different to the result in the 2013/14 annual report. It has been recalculated using the revised measurement methodology.

## OUTPUT CLASS STATEMENTS

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

	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000	Actual 30 June 2014 \$000
<b>Revenue</b>				
Crown	60,069	63,079	61,941	59,944
Departmental	189	537	554	159
Other	1,775	3,955	3,955	1,649
Total revenue	62,033	67,571	66,450	61,752
Total expenses	61,535	67,571	66,450	62,582
Net surplus	498	-	-	(830)

### DISTRICT COURT SERVICES

	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000	Actual 30 June 2014 \$000
<b>Revenue</b>				
Crown	193,601	198,484	203,788	207,152
Departmental	622	727	1,297	674
Other	15,126	24,691	24,931	15,543
Total revenue	209,349	223,902	230,016	223,369
Total expenses	218,376	223,902	230,016	235,597
Net surplus	(9,027)	-	-	(12,228)

### HIGHER COURT SERVICES

	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000	Actual 30 June 2014 \$000
<b>Revenue</b>				
Crown	60,701	59,633	62,123	59,799
Departmental	318	668	730	106
Other	11,168	10,185	10,185	10,927
Total revenue	72,187	70,486	73,038	70,832
Total expenses	70,556	70,486	73,038	69,508
Net surplus	1,631	-	-	1,324

SPECIALIST COURTS, TRIBUNALS AND OTHER AUTHORITIES SERVICES

	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000	Actual 30 June 2014 \$000
<b>Revenue</b>				
Crown	79,675	81,897	81,620	83,911
Departmental	470	2,254	2,438	314
Other	11,644	5,956	6,394	8,992
Total revenue	91,789	90,107	90,452	93,217
Total expenses	86,353	90,120	90,504	87,491
Net surplus	5,436	(13)	(52)	5,726

## 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 through all stages.

#### ASSESSING PERFORMANCE

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Percentage of strategic future Treaty settlement assets acquired in compliance with Cabinet policy	New measure	100%	100%	
Percentage of Treaty settlement assets disposed on time and in accordance with Cabinet approvals and Treaty settlement legislation	New measure	100%	100%	

### OUTPUT CLASS STATEMENT

#### PROPERTY PORTFOLIO MANAGEMENT

	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000	Actual 30 June 2014 \$000
<b>Revenue</b>				
Crown	13,094	11,112	11,506	10,370
Departmental	16	11	12	14
Other	9	20	20	7
<b>Total revenue</b>	<b>13,119</b>	<b>11,143</b>	<b>11,538</b>	<b>10,391</b>
<b>Total expenses</b>	<b>9,466</b>	<b>11,143</b>	<b>11,538</b>	<b>9,892</b>
<b>Net surplus</b>	<b>3,653</b>	<b>-</b>	<b>-</b>	<b>499</b>

## TREATY NEGOTIATIONS AND MARINE AND COASTAL AREA (TAKUTAI MOANA ACT) (MULTI-CATEGORY APPROPRIATION)

### 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 through all stages.

### ASSESSING PERFORMANCE

#### PERFORMANCE OF THE MULTI-CATEGORY APPROPRIATION AS A WHOLE

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
The satisfaction of the Minister for Treaty of Waitangi Negotiations with progress towards negotiation milestones	100%	At least 80%	90%	

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

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Technical quality of policy advice papers assessed by a survey with a methodological robustness of 90% (see note 1)	7.6/10	At least an average of 70%	7.7/10	
The satisfaction of the Minister for Treaty of Waitangi Negotiations with the policy advice service, as per the common satisfaction survey	100%	At least 80%	100%	
The total cost per hour of producing outputs	\$152	At most \$150	\$129	The result reflects a positive achievement resulting from greater efficiencies having been achieved.

Note 1. This indicator provides a standardised score for technical quality reviews of policy advice, which are undertaken by a 3rd party assessor. The review may include an assessment of clarity, accuracy, analytical rigour, fitness for purpose, and relevance.

REPRESENTATION – WAITANGI TRIBUNAL AND COURTS

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Number of District enquiries at which the Crown is represented	4	3	4	We completed 2 District enquiries, which enabled us to start more new enquiries than we expected.
Number of higher court cases at which the Crown is represented	7	5	6	The extent to which there was an increase in judicial reviews of Waitangi Tribunal decisions by dissatisfied claimant groups is difficult to predict.

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

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Percentage of settlement date obligations met	100%	100%	98%	
Mandates recognised (see note 1)	5	1	3	The number of mandates recognised was above target as a result of 2 groups being ready to mandate earlier than had been anticipated.
Terms of Negotiation agreed (see note 2)	5	Expired measure	Expired measure	
Agreements in Principle signed (see note 3)	4	5	1	The number of Agreements in Principle signed was lower than the target due to the longer period of time required to complete negotiations. This reflects the challenges of achieving agreements with claimant groups and the complexity of these negotiations.
Deeds of settlement initialled (see note 4)	6	6	4	The number of Deeds of Settlement initialled was below target as a result of changes to initialling dates in the final 2 weeks of the financial year. The remaining deeds required to meet this target were completed by 30 June 2015, but physically signed in July 2015.
Deeds of Settlement signed (see note 5)	4	Expired measure	Expired measure	

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Legislation introduced	15	8	1	The 7 bills that are needed to achieve this target are at a variety of stages pending available House time for introduction.
Legislation enacted (see note 5)	8	Expired measure	Expired measure	
Proportion of claims settled	56%	56%	55%	

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. This measure was withdrawn because it is not a significant milestone in the negotiation process.

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. This measure has been withdrawn because the Office of Treaty Settlements (OTS) has little control over achievement and therefore it is not an appropriate measure of OTS performance.

## OUTPUT CLASS STATEMENTS

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

	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000	Actual 30 June 2014 \$000
<b>Revenue</b>				
Crown	1,219	1,386	1,351	1,590
Departmental	19	9	10	18
Other	3	2	2	22
Total revenue	1,241	1,397	1,363	1,630
Total expenses	1,202	1,397	1,363	1,529
Net surplus	39	-	-	101

### REPRESENTATION – WAITANGI TRIBUNAL AND COURTS

	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000	Actual 30 June 2014 \$000
<b>Revenue</b>				
Crown	2,073	2,081	2,075	1,394
Departmental	3	-	-	2
Other	2	2	2	3
Total revenue	2,078	2,083	2,077	1,399
Total expenses	2,629	2,083	2,077	1,895
Net surplus	(551)	-	-	(496)

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

	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000	Actual 30 June 2014 \$000
<b>Revenue</b>				
Crown	30,502	28,215	25,525	33,274
Departmental	439	168	148	488
Other	128	31	31	35
Total revenue	31,069	28,414	25,704	33,797
Total expenses	27,175	28,414	25,704	31,372
Net surplus	3,894	-	-	2,425

## Capability measures

FOR THE YEAR ENDED 30 JUNE 2015

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 5 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 5 main technology applications, during normal business hours	99.5%	2014/15: 99.2% 2013/14: 99.5% 2012/13: 99.5%	
We resolve high priority incidents in our 5 main technology applications within an average of 2½ hours, to minimise the impact on public service delivery	Internal administrative data shows that high priority technology-related incidents in the top 5 applications are resolved within an average of 2½ hours (including evenings and weekends outside of normal business hours)	80% of our high priority incidents are resolved within 2½ hours (see note 2)	2014/15: 73% 2013/14: 82% 2012/13: 88%	The number of priority 1 incidents reduced from 120 in 2013/14 to 23 in 2014/15, meaning considerably less outage time overall.
<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 by 2017	2015: Engagement index: 47.4% 2014: Engagement index: 51.1% 2012: Engagement index: 52.9%	We remain below the state sector benchmark for engagement. The survey results indicate a number of critical factors are affecting our engagement levels and it will take time for improvements to take effect. This includes the flow-on effect of improving leadership capability and aligning our strategy, values and vision in a way that results in a sense of common purpose.  Our people are positive that change is underway. Our focus is on continuous improvement and keeping them involved and updated on a regular basis. We are committed to developing and building improvements that will increase our people's engagement. Our goal remains to reach or exceed the public sector benchmark.

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	2014/15: Female: 68.0% Male: 32.0%	
			2013/14: Female: 66.8% Male: 33.2%	
			2012/13: Female: 66.3% Male: 33.7%	
	Gender profile of Ministry senior management	n/a	2014/15: Female: 41.3% Male: 58.7%	
			2013/14: Female: 46.2% Male: 53.8%	
			2012/13: Female: 53.3% Male: 46.7%	
	Ethnicity profile of Ministry staff	n/a	2014/15: NZ European/Pākehā: 47.4% New Zealand Māori: 13.4% Pacific Island: 6.6% European: 6.2% Asian: 6.0% Other: 7.4%	
			2013/14: NZ European/Pākehā: 47% New Zealand Māori: 13.1% Pacific Island: 6.7% European: 6.6% Asian: 6% Other: 7.3%	

Note 1. Our 5 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.



# Our financial performance



# Departmental statements

FOR THE YEAR ENDED 30 JUNE 2015



## Statement of comprehensive revenue and expense

FOR THE YEAR ENDED 30 JUNE 2015

Actual 30 June 2014 \$000		Notes	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000
<b>Revenue</b>					
544,984	Crown		521,810	517,284	534,048
2,772	Department		2,903	3,943	4,977
37,345	Other revenue	2	40,384	48,173	46,275
585,101	Total revenue		565,097	569,400	585,300
<b>Expenditure</b>					
258,721	Personnel costs	3	256,267	255,535	261,964
203,435	Operating costs	4	175,043	189,739	191,145
63,938	Capital charge	5	68,962	67,652	72,824
56,674	Depreciation, amortisation and impairment	6,8	56,497	56,487	56,419
582,768	Total expenditure		556,769	569,413	582,352
2,333	Net surplus/(deficit)		8,328	(13)	2,948
<b>Other comprehensive revenue and expense</b>					
	Item that will not be reclassified to net surplus/(deficit)				
37,381	Gain on property revaluations		28,012	-	-
37,381	Total other comprehensive revenue and expense		28,012	-	-
39,714	Total comprehensive revenue and expense		36,340	(13)	2,948

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 2015

Actual 30 June 2014 \$000		Notes	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000
<b>Assets</b>					
<b>Current assets</b>					
59,360	Cash and cash equivalents		46,725	53,201	40,792
147,857	Debtors and other receivables	9	162,996	113,296	103,224
5,616	Prepayments		3,482	5,700	5,795
2,277	Assets held for sale	7	2,399	-	-
215,110	Total current assets		215,602	172,197	149,811
<b>Non-current assets</b>					
664,766	Property, plant and equipment	6	749,481	787,444	949,830
73,590	Intangible assets	8	66,078	79,753	91,169
738,356	Total non-current assets		815,559	867,197	1,040,999
953,466	Total assets		1,031,161	1,039,394	1,190,810
<b>Liabilities and taxpayers' funds</b>					
<b>Current liabilities</b>					
14,286	Creditors and other payables	10	16,111	14,359	45,198
3,119	Provisions	11	14,166	14,748	2,856
31	Finance lease		-	-	-
4,528	GST payable		3,402	3,998	3,523
31,204	Accrued expenses		23,654	31,204	-
2,335	Return of operating surplus	12	8,419	-	3,000
21,793	Employee entitlements	13	16,130	20,489	15,184
77,296	Total current liabilities		81,882	84,798	69,761
<b>Non-current liabilities</b>					
6,783	Employee entitlements	13	6,921	6,700	6,738
16,485	Provisions	11	3,247	-	-
23,268	Total non-current liabilities		10,168	6,700	6,738
100,564	Total liabilities		92,050	91,498	76,499
<b>Equity</b>					
719,155	Taxpayers' funds	14	777,570	814,149	981,020
388	Memorandum accounts	14	297	388	-
133,359	Property revaluation reserves	14	161,244	133,359	133,291
852,902	Total equity		939,111	947,896	1,114,311
953,466	Total equity and liabilities		1,031,161	1,039,394	1,190,810

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 2015

Actual 30 June 2014 \$000		Notes	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000
800,081	Equity as at 1 July		852,902	852,902	911,438
39,714	Total comprehensive revenue and expense		36,340	(13)	2,948
(2,335)	Return of operating surplus to the Crown	12	(8,419)	-	(3,000)
18,507	Capital injection from the Crown		38,288	95,007	202,925
-	Capital transfers from other government agencies (cash)		20,000	-	-
23	Capital injection - non cash		-	-	-
(1,750)	Capital withdrawal - non cash		-	-	-
(1,338)	Capital withdrawal		-	-	-
852,902	Equity as at 30 June	14	939,111	947,896	1,114,311

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 2015

Actual 30 June 2014 \$000	Notes	Actual 30 June 2015 \$000	Unaudited budget 2015 \$000	Unaudited forecast 2016 \$000
<b>Cash flows from operating activities</b>				
Cash was provided from:				
532,187	Receipts from the Crown	509,101	554,361	564,048
2,632	Receipts from other departments	2,913	4,912	4,439
38,392	Receipts from others	37,612	44,690	46,731
573,211	<b>Total cash flows from operating activities</b>	549,626	603,963	615,218
Cash was applied to:				
(257,498)	Payments to employees	(261,175)	(257,188)	(261,017)
(190,888)	Payments to suppliers	(176,798)	(192,599)	(207,024)
(63,938)	Payment for capital charge	(68,962)	(67,652)	(72,824)
1,335	Goods and services tax (net)	(1,127)	(531)	1
(510,989)	<b>Total cash applied for operating activities</b>	(508,062)	(517,970)	(540,864)
62,222	<b>Net cash flows from operating activities</b>	41,564	85,993	74,354
<b>Cash flows from investing activities</b>				
Cash was provided from:				
1,508	Receipts from sale of property, plant and equipment	2,617	2,276	-
Cash was applied to:				
(33,471)	Purchase of intangible assets	(18,819)	(23,911)	(32,079)
(49,455)	Purchase of property, plant and equipment	(93,916)	(161,421)	(242,391)
(81,418)	<b>Net cash flows from investing activities</b>	(110,118)	(183,056)	(274,470)
<b>Cash flows from financing activities</b>				
Cash was provided from:				
18,507	Capital injection from the Crown	38,288	95,007	202,925
-	Capital transfers from other government agencies	20,000	-	-
Cash was applied to:				
(162)	Payments of finance lease	(31)	(31)	-
(1,338)	Capital withdrawal	-	-	-
(411)	Return of operating surplus	(2,335)	(4,072)	(3,000)
16,596	<b>Net cash flows from financing activities</b>	55,922	90,904	199,925
(2,600)	<b>Net increase/(decrease) in cash held</b>	(12,632)	(6,159)	(191)
61,960	Cash as at 1 July	59,360	59,360	40,983
59,360	<b>Closing cash as at 30 June</b>	46,728	53,201	40,792

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

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

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

## Statement of commitments

AS AT 30 JUNE 2015

### 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 no capital commitments (2013/14: \$26.453 million).

### NON-CANCELLABLE OPERATING LEASE COMMITMENTS

The Ministry leases property in the normal course of its business.

The Ministry's non-cancellable operating leases have varying terms, escalation clauses, and renewal rights.

The majority of these leases are for premises that have a non-cancellable leasing period ranging from 3 to 10 years, with regular rent reviews.

There are no restrictions placed on the Ministry by any of its leasing arrangements.

The total of minimum future sublease payments expected to be received under non-cancellable subleases at the balance date is \$996,000 (2013/14: \$945,000).

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
<b>Capital commitments</b>		
26,453	Property, plant and equipment	-
26,453	<b>Total capital commitments</b>	-
<b>Operating leases as lessee</b>		
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:		
19,469	Not later than 1 year	20,571
47,527	Later than 1 year and not later than 5 years	53,010
48,093	Later than 5 years	51,493
115,089	<b>Total non-cancellable operating lease commitments</b>	125,074
141,542	<b>Total commitments</b>	125,074

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

## Statement of contingent liabilities and contingent assets

AS AT 30 JUNE 2015

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
105	Personal grievances	125
105	Total contingent liabilities	125

### PERSONAL GRIEVANCES

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

### UNQUANTIFIABLE CONTINGENT LIABILITIES

The Ministry has no unquantifiable contingent liabilities (2013/14: nil).

### CONTINGENT ASSETS

The Ministry has no contingent assets (2013/14: nil).

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

## Notes to the financial statements

### Note 1. Statement of accounting policies for the year ended 30 June 2015

#### 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 and operates in New Zealand. These financial statements have been prepared pursuant to section 45B of the Public Finance Act 1989. The Ministry's ultimate parent is the Crown.

In addition, the Ministry has reported on Crown activities and trust monies that it administers.

The Ministry's primary objective is to provide services to the New Zealand public. The Ministry does not operate to make a financial return. Accordingly, the Ministry has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The Ministry is responsible for the following core functions:

- the delivery of operational services, including court and tribunal-related services, collections, electoral services and negotiations for settling historical Treaty of Waitangi claims
- the provision of support to the judiciary
- the provision of policy advice
- leadership of the justice sector
- the management of non-departmental output classes.

The Ministry administers these functions in 3 Votes: Justice, Courts, and Treaty Negotiations.

The financial statements of the Ministry are for the year ended 30 June 2015. The financial statements were authorised for issue by the Chief Executive of the Ministry on 29 September 2015.

#### BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

#### 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.

The financial statements have been prepared in accordance with tier 1 PBE accounting standards.

These financial statements comply with PBE accounting standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in note 23.

#### PRESENTATION CURRENCY AND ROUNDING

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.

#### FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into New Zealand dollars (the functional currency) using the spot exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the surplus or deficit.

#### 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 ISSUED THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Ministry has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Ministry will apply these updated standards in preparing its 30 June 2016 financial statements. The Ministry expects there will be minimal or no change in applying these updated accounting standards.

## **SIGNIFICANT ACCOUNTING POLICIES**

### **REVENUE RECOGNITION**

#### **REVENUE**

The specific accounting policies for significant revenue items are explained below:

#### **REVENUE CROWN**

The Ministry is primarily funded from the Crown. Revenue from the Crown is measured based on the Ministry's funding entitlement for the reporting period. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, the Ministry can incur expenses only within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement. Revenue from the Crown is recognised on the basis of the supply of outputs to the Crown and is recognised when earned.

#### **OTHER REVENUE**

Departmental and other revenue are from the supply of goods and services to other government departments and 3rd parties. This revenue is exchange revenue whereby the Ministry 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.

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.

### **CAPITAL CHARGE**

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

### **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consists of the following asset classes: land, buildings, leasehold improvements, furniture and office equipment, computer equipment and motor vehicles.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation.

All other assets classes are measured at cost, less accumulated depreciation and impairment losses.

#### **ADDITIONS**

The cost of an item of property, plant and equipment is recognised as an asset 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.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Individual assets are capitalised if their cost is greater than \$3,000. Grouped assets are capitalised if their cost 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.

### **ASSET REVALUATION**

Land and buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from their fair value. All land and buildings are inspected and valued on a rolling basis over 3 years. In any 1 year, a selection of land and buildings are inspected and the remaining properties are desktop valued by a registered valuer.

Land and building revaluation movements are accounted for on a class-of-asset basis. The net revaluation results are credited or debited to other comprehensive revenue and expense 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 revenue and expense 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 revenue and expense.

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.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

## ASSETS HELD FOR SALE

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. 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 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.

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. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use by the Ministry are recognised as an intangible asset.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs of software updates or upgrades are only capitalised when they increase the usefulness or value of the software.

Costs associated with development and maintenance of the Ministry's website are recognised as an expense when incurred.

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

### IMPAIRMENT

The Ministry does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

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

## EMPLOYEE ENTITLEMENTS

### SHORT-TERM EMPLOYEE ENTITLEMENTS

Employee entitlements that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured 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 resources embodying economic benefits or service potential 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.

### RESTRUCTURING

A provision is recognised when an approved detailed formal plan for the restructuring has either been announced publicly to those affected, or for which implementation has already commenced.

## **ONEROUS CONTRACTS**

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

## **SUPERANNUATION**

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

## **COST ALLOCATION**

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

### **CRITERIA FOR DIRECT AND INDIRECT COSTS**

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

### **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.

There have been no changes in cost accounting policies since the date of the last audited financial statements.

## **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 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 is exclusive of GST, except for debtors and other receivables and creditors and other payables, which are GST inclusive. All other statements are GST exclusive.

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

The amount of GST paid to, or received from, the Inland Revenue Department, including GST relating to investment activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

## **BUDGET AND FORECAST FIGURES**

### **BASIS OF THE BUDGET AND FORECAST FIGURES**

The 2015 budget figures are for the year ended 30 June 2015 and were published in the 2013/14 annual report. They are consistent with the Ministry's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ending 2014/15 and any known approved initiatives at the time of preparation of these budget figures.

The 2016 forecast figures are for the year ending 30 June 2016, which are consistent with the best estimate financial forecast information submitted to Treasury for the BEFU for the year ending 2015/16.

The budget and forecast financial statements have been prepared as required by the PFA to communicate forecast financial information for accountability purposes.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

The 30 June 2016 forecast figures have been prepared in accordance with PBE FRS 42 Prospective Financial Statements and comply with PBE FRS 42.

The forecast financial statements were approved for issue by the Chief Executive on 8 April 2015. The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

While the Ministry regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2016 will not be published.

### **SIGNIFICANT ASSUMPTIONS USED IN PREPARING THE FORECAST FINANCIALS**

The forecast figures contained in these financial statements reflect the Ministry's purpose and activities and are based on a number of assumptions on what may occur during the 2015/16 year. The forecast figures have been compiled on the basis of existing government policies and ministerial expectations at the time the main estimates were finalised.

The main assumptions, adopted 8 April 2015, were as follows:

- The Ministry's activities and output expectations will remain substantially the same as the previous year focusing on the Government's priorities.
- Personnel costs are based on over 3,000 full-time equivalent staff, which takes into account staff turnover.
- Operating costs are based on historical experience and other factors that are believed to be reasonable in the circumstances and are the Ministry's best estimate of future costs that will be incurred.
- Remuneration rates are based on current wages and salary costs, adjusted for anticipated remuneration changes.
- Land and buildings are not revalued.
- Estimated year-end information for 2014/15 is used as the opening position for the 2015/16 forecasts.

The actual financial results achieved for 30 June 2016 are likely to vary from the forecast information presented, and the variations may be material.

Since the approval of the forecasts, the only significant change or event that would have a material impact on the forecasts has been the revaluation of land and buildings at 30 June 2015. This resulted in a revaluation increase of approximately 5.42%. Although it is difficult to reliably forecast land and building values, it is likely that the valuation increase to 30 June 2015 will result in land and building values at 30 June 2016 being higher than in the existing 2016 forecast figures.

### **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**

Short-term receivables are recorded at their face value, less any provision for impairment.

A receivable is considered impaired when there is evidence that the Ministry will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

#### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of 3 months or less. The Ministry is only permitted to expend its cash and cash equivalents within the scope and limits of its appropriations.

#### **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 to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases where the Ministry is the lessee are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and 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 reasonable 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.

### 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. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

### DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used to manage exposure to foreign exchange risk arising from the Ministry's operational activities. The Ministry does not hold or issue derivative financial instruments for trading purposes. The Ministry has not adopted hedge accounting.

### EQUITY

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

## MEMORANDUM ACCOUNTS

Memorandum accounts reflect the cumulative surplus/(deficit) on those departmental services provided that are intended to be fully cost recovered from 3rd 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 critical judgement in applying the Ministry's accounting policies for the period ended 30 June 2015.

## Note 2. Other revenue

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000	Unaudited budget 2015 \$000
26,194	Filing fees	26,279	28,194
10,568	Other	13,318	19,439
583	Interest	787	540
37,345	Total other revenue	40,384	48,173

## Note 3. Personnel costs

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000	Unaudited budget 2015 \$000
226,490	Salaries and wages	229,110	229,047
6,535	Employer contributions to defined contribution plans	6,608	7,850
1,820	Increase/(decrease) in employee entitlements	626	1,531
23,876	Other	19,923	17,107
258,721	Total personnel costs	256,267	255,535

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

## Note 4. Operating costs

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000	Unaudited budget 2015 \$000
410	Audit fees for financial statements audit	420	420
17	Fees to Audit New Zealand for other services	-	-
9	Bad debts written off/provided for	278	-
35,359	Computer and telecommunications	37,708	36,596
2,520	Advertising and publicity	802	986
7,078	Jurors fees and expenses	6,320	6,666
920	Ministry library and information services	855	918
5,649	Judicial library and information services	5,509	5,678
467	Judicial education/development	556	467
7,064	Disposal loss on intangibles, property, plant and equipment	3,247	-
12,863	Maintenance of facilities	9,031	12,588
20,996	Other occupancy costs (excluding rental)	21,698	20,927
43,938	Professional services	28,409	29,855
20,752	Property rental	19,756	20,884
8,346	Printing, stationery and postage	7,371	8,127
11,036	Sitting fees and judicial costs	11,694	10,630
13,469	Staff and judicial travel	11,439	11,557
24	Koha	34	30
12,518	Other operating costs	9,916	23,410
203,435	<b>Total operating expenses</b>	175,043	189,739

## Note 5. Capital charge

The Ministry pays a capital charge to the Crown on its equity (adjusted for memorandum accounts and the retention of \$500,000 of the 2012/13 surplus) as at 31 December and 30 June each year. The capital charge rate for the year ended 30 June 2015 was 8.00% (2013/14: 8.00%).

## Note 6. Property, plant and equipment

	Land (at valuation) \$000	Buildings (at valuation) \$000	Fitout/ leasehold improvements \$000	Computer equipment \$000	Computer equipment (finance lease) \$000	Furniture and fittings, office equipment \$000	Motor vehicles \$000	Work in progress (WIP) \$000	Total \$000
<b>Cost/valuation</b>									
Balance at 1 July 2013	152,034	388,102	41,483	63,797	1,108	41,895	7,301	27,254	722,974
Additions	-	6,570	6,609	5,921	126	3,484	1,005	30,340	54,055
Revaluation increase/ (decrease)	13,809	(283)	-	-	-	(1)	-	-	13,525
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	162,038	391,254	51,038	69,713	1,234	45,492	7,336	57,594	785,699
Balance at 1 July 2014	162,038	391,254	51,038	69,713	1,234	45,492	7,336	57,594	785,699
Additions	-	4,399	1,019	2,968	-	7,638	141	80,674	96,839
Revaluation increase/(decrease)	11,483	(7,161)	-	-	-	-	-	-	4,322
Transfer to held for sale	(2,279)	-	-	-	-	-	-	-	(2,279)
Reclassification of assets	-	(1,155)	1,361	-	-	(206)	-	2,357	2,357
Other movements	-	-	-	-	-	-	-	(674)	(674)
Disposals	-	-	-	-	-	(9)	(434)	-	(443)
Balance at 30 June 2015	171,242	387,337	53,418	72,681	1,234	52,915	7,043	139,951	885,821
<b>Accumulated depreciation and impairment losses</b>									
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
Balance at 1 July 2014	-	456	25,743	56,916	1,203	32,855	3,760	-	120,933
Depreciation expense	-	23,919	4,901	5,726	31	4,278	554	-	39,409
Eliminate on disposal	-	-	-	-	-	(9)	(304)	-	(313)
Eliminate on revaluation	-	(23,689)	-	-	-	-	-	-	(23,689)
Reclassification of assets	-	(686)	712	-	-	(26)	-	-	-
Balance at 30 June 2015	-	-	31,356	62,642	1,234	37,098	4,010	-	136,340

	Land (at valuation) \$000	Buildings (at valuation) \$000	Fitout/ leasehold improvements \$000	Computer equipment \$000	Computer equipment (finance lease) \$000	Furniture and fittings, office equipment \$000	Motor vehicles \$000	Work in progress (WIP) \$000	Total \$000
<b>Carrying amounts</b>									
At 1 July 2013	152,034	387,821	21,456	12,724	56	13,848	3,670	27,254	618,863
At 30 June/1 July 2014	162,038	390,798	25,295	12,797	31	12,637	3,576	57,594	664,766
At 30 June 2015	171,242	387,337	22,062	10,039	-	15,817	3,033	139,951	749,481

Work in progress (WIP) totals \$139.951 million (2013/14: \$57.594 million) and is made up of the following classes: Land \$580,821, buildings \$122.617 million, leasehold improvements \$2.787 million, computer equipment \$11.441 million, furniture and fittings and office equipment \$2.476 million and motor vehicles \$49,573.

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

The Ministry has assets valued at \$56.590 million listed under the Historic Places Trust Act 1993 (2013/14: \$58.981 million), which are included in the assets above.

The land and buildings were valued at fair value as at 30 June 2015 by Nigel Hoskin, BBS (VPM) ANZIV, of Beca Valuations Limited, and are in accordance with the New Zealand Institute of Valuers' Asset Valuation Standards. The total value of land and buildings valued to fair value by Beca Valuations Limited in 2015 was \$558.580 million (2013/14: \$552.837 million).

The valuations are performed on a rolling basis over 3 years. Land and buildings purchased and/or capitalised during the current financial year have not been revalued at 30 June 2015 and are shown at cost less accumulated depreciation, which approximates to and is not materially different from the respective fair values.

## LAND

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the 'unencumbered' land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Restrictions on the Ministry's ability to sell land would normally not impair the value of the land because the Ministry has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

## BUILDINGS

The Ministry's non-specialised buildings are valued at fair value using market-based evidence. Market rents and capitalisation rate methodologies were applied in determining the fair value of buildings.

The Ministry's specialised buildings have been valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings. This approach is used for buildings that are deemed to be seldom traded on an open market or have a restricted market for the use of the asset. Depreciated replacement cost is determined using a number of significant assumptions.

Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for optimisation due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

## FINANCE LEASE

The net carrying amount of office equipment held under finance leases is nil (2013/14: \$31,000).

## Note 7. Assets held for sale

The Ministry of Justice has identified 1 building which is no longer required. The Ministry is working through a process with Land Information New Zealand (LINZ) whereby the Ministry will transfer surplus property to LINZ who will then manage the disposal process.

Two land properties are identified as held for sale. This land relates to the sale and lease back arrangements with iwi groups through the Treaty of Waitangi settlement process and is expected to be completed within the next 12 months.

	Actual 30 June 2015 \$000
Balance at 1 July 2013	1,408
Transfer to held for sale from property, plant and equipment	2,023
Disposals	(1,154)
Balance at 30 June 2014	2,277
Balance at 1 July 2014	2,277
Transfer to held for sale from property, plant and equipment	2,279
Disposals	(2,157)
Balance at 30 June 2015	2,399
Assets held for sale include:	
Buildings	120
Land	2,279
Total assets held for sale	2,399

The accumulated revaluation reserves for these properties as at 30 June 2015 are \$275,000.

## 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.

Cost	Acquired software \$000	Internally generated software \$000	Work in progress (WIP) \$000	Total \$000
Balance at 1 July 2013	45,709	105,054	17,133	167,896
Additions	7,573	33,663	(4,054)	37,182
Disposals	(1,895)	(5,019)	-	(6,914)
Balance at 30 June 2014	51,387	133,698	13,079	198,164
Balance at 1 July 2014	51,387	133,698	13,079	198,164
Additions	1,631	13,739	430	15,800
Disposal	-	(3,247)	-	(3,247)
Other movement	-	-	(620)	(620)
Reclassification of assets	-	-	(2,357)	(2,357)
Balance at 30 June 2015	53,018	144,190	10,532	207,740
<b>Accumulated amortisation and impairment losses</b>				
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
Balance at 1 July 2014	28,746	95,828	-	124,574
Amortisation expense	2,775	14,313	-	17,088
Balance at 30 June 2015	31,521	110,141	-	141,662
<b>Carrying amounts</b>				
At 1 July 2013	19,450	22,030	17,133	58,613
At 30 June/1 July 2014	22,641	37,871	13,079	73,590
At 30 June 2015	21,497	34,049	10,532	66,078

Work in progress (WIP) totals \$10.532 million (2013/14: \$13.079 million) and is made up of the following classes: acquired software \$1.074 million and internally generated software \$9.458 million.

## Note 9. Debtors and other receivables

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
142,797	Debtor Crown	155,506
172	Travel advances	163
5,182	Sundry debtors	7,789
(294)	Less: provision for doubtful debts	(462)
4,888	Total sundry debtors	7,327
147,857	Total debtors and other receivables	162,996
Total receivables comprise:		
5,060	Receivables from exchange transactions	7,490
142,797	Receivables from non-exchange transactions	155,506
147,857	Total debtors and other receivables	162,996

The carrying value of debtors and other receivables approximates their fair value. As at 30 June 2015, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below.

Gross 2014 \$000	Impairment 2014 \$000	Net 2014 \$000		Gross 2015 \$000	Impairment 2015 \$000	Net 2015 \$000
142,817	-	142,817	Not past due	155,714	-	155,714
3,818	-	3,818	Past due 1-30 days	6,772	-	6,772
179	-	179	Past due 31-60 days	139	-	139
92	-	92	Past due 61-90 days	47	-	47
1,245	(294)	951	Past due >90	786	(462)	324
148,151	(294)	147,857	Total	163,458	(462)	162,996

All receivables greater than 30 days in age are considered to be past due.

Movements in the provision for impairment of receivables are as follows

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
347	Balance as at 1 July	294
91	Additional provisions made during the year	331
(128)	Less: reversal of prior year provision	(16)
(16)	Less: receivables written off during the year	(147)
294	Balance as at 30 June	462

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

## Note 10. Creditors and other payables

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
Current liabilities		
14,286	Creditors and other payables	16,111
14,286	Total creditors and other payables	16,111
Total creditors and other payables comprise:		
8,873	Payables from exchange transactions	10,644
5,413	Payables from non-exchange transactions	5,467
14,286	Total creditors and other payables	16,111

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

## Note 11. Provisions

	Onerous contract \$000	Make good \$000	Christchurch earthquake \$000	Restructuring \$000	Other provision \$000	Total \$000
Opening balance 1 July 2013	-	-	11,927	2,653	38	14,618
Additional provisions made	981	3,550	1,737	-	-	6,268
Amount utilised	-	-	(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
Opening balance 1 July 2014	981	3,550	13,637	1,398	38	19,604
Additional provisions made	-	525	-	25	288	838
Amount utilised	(689)	(445)	-	(390)	-	(1,524)
Unused provisions reversed	(292)	(408)	-	(795)	(10)	(1,505)
Transfers	-	28	-	-	(28)	-
Closing balance 30 June 2015	-	3,250	13,637	238	288	17,413

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.

The Ministry has assumed that the option to renew its leases will be exercised in measuring the provision. The cash flows associated with the non-current portion of the lease make-good provision are expected to occur in 2016/17 and 2017/18.

The Christchurch earthquake provision relates to make good obligations the Ministry has as a result of the Christchurch earthquakes. Costs are expected to be incurred in 2015/16.

Restructuring provisions provide for the expected costs arising from the reorganisation within the Ministry. These costs are expected to be expensed by 2017/18.

The other provision relates to the digitisation of courts processes, and this is expected to be expensed in 2015/16.

The current and non-current provisions are as follows:

	Onerous contract \$000	Make good \$000	Christchurch earthquake \$000	Restructuring \$000	Other provision \$000	Total \$000
Current portion	903	780	-	1,398	38	3,119
Non-current portion	78	2,770	13,637	-	-	16,485
<b>Total provisions 30 June 2014</b>	<b>981</b>	<b>3,550</b>	<b>13,637</b>	<b>1,398</b>	<b>38</b>	<b>19,604</b>
Current portion	-	135	13,637	106	288	14,166
Non-current portion	-	3,115	-	132	-	3,247
<b>Total provisions 30 June 2015</b>	<b>-</b>	<b>3,250</b>	<b>13,637</b>	<b>238</b>	<b>288</b>	<b>17,413</b>

## Note 12. Return of operating surplus

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
2,333	Net surplus/(deficit)	8,328
2	(Surplus)/deficit of memorandum accounts	91
<b>2,335</b>	<b>Total return of operating surplus</b>	<b>8,419</b>

The net surplus for 2014 is based on the net surplus reported in the Ministry's 2014 annual report. There were no adjustments made in relation to the transition to the new PBE accounting standards.

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 2014 \$000		Actual 30 June 2015 \$000
<b>Current liabilities</b>		
2,514	Retirement and long-service leave	2,665
4	Sick leave	3
12,263	Annual leave	12,600
7,012	Salaries	862
21,793	<b>Total current liabilities</b>	<b>16,130</b>
<b>Non-current liabilities</b>		
6,783	Retirement and long-service leave	6,921
6,783	<b>Total non-current liabilities</b>	<b>6,921</b>
28,576	<b>Total provision for employee entitlements</b>	<b>23,051</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.

Expected future payments are discounted using discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows.

The discount rate used was 2.93% with 2.63% salary inflation for year 1 of the projection (2013/14: 3.70% with 3.10% salary inflation). The discount rates and salary inflation factor used are those advised by the Treasury.

If the discount rate were to differ by 1% from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability and the surplus/deficit would be an estimated \$545,000 higher/lower.

If the salary inflation factor were to differ by 1% from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability and the surplus/deficit would be an estimated \$553,000 higher/lower.

The valuations of long-service leave and retirement leave as at 30 June 2015 were conducted by an independent actuary, Greg R Lee, BSc FIA, of AON Hewitt.

## Note 14. Equity

Equity comprises the 4 components of contributed capital, accumulated surplus/(deficit), memorandum accounts and property valuation reserves. These are set out below.

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
702,224	Taxpayers' funds as at 1 July	719,155
39,714	Total comprehensive income	36,340
(37,381)	Transfer revaluation gain to property revaluation reserves	(28,012)
1,489	Transfer realised revaluation from property valuation reserves	127
18,507	Capital injection (cash) from the Crown	38,288
23	Capital injection (non cash)	-
-	Capital transfers from other government agencies (cash)	20,000
(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	(8,419)
2	Transfer of memorandum account net (surplus)/deficit	91
719,155	Taxpayers' funds as at 30 June	777,570
<b>Memorandum accounts</b>		
390	Opening balance 1 July	388
(2)	Net memorandum account surplus/(deficit) for the year	(91)
388	Balance as at 30 June	297
<b>Property valuation reserves</b>		
97,467	Balance at 1 July	133,359
37,381	Revaluation gains	28,012
(1,489)	Transfer realised revaluation to taxpayers' funds	(127)
133,359	Property valuation reserves as at 30 June	161,244
852,902	Total equity	939,111
Property valuation reserves consist of:		
27,465	Land revaluation reserve	38,822
105,894	Buildings revaluation reserve	122,422
133,359	Total property valuation reserves	161,244

## Note 15. Related party transactions and key management personnel

The Ministry is a wholly owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Ministry would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

### RELATED PARTY TRANSACTIONS REQUIRED TO BE DISCLOSED

The Ministry has received funding from the Crown of \$521.810 million (2013/14: \$544.984 million) to provide services to the public for the year ended 30 June 2015. The Ministry did not draw down all of this funding in 2014/15, and has an available balance of \$155.506 million (2013/14: \$142.797 million).

The Ministry entered into transactions with other Crown-related entities on commercial terms for goods and services. Purchases from these government-related entities for the year ended 30 June 2015 totalled \$19.526 million (2013/14: \$23.087 million). These purchases included the purchase of electricity from Genesis and Meridian, air travel from Air New Zealand, legal services from Crown Law Office, and postal services from New Zealand Post.

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.

### KEY MANAGEMENT PERSONNEL COMPENSATION

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
	Leadership team, including the Chief Executive	
3,708	Remuneration	3,794
9	Full-time equivalent staff	11

The above key management personnel disclosure excludes the Minister of Justice and the Minister for Treaty of Waitangi Negotiations. The ministers' remuneration and other benefits are not received only for their role as a member 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 are paid under Permanent Legislative Authority, and not paid by the Ministry of Justice.

## 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 3rd party will default on its obligation to the Ministry, causing the Ministry to incur a loss.

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

The Ministry is only permitted to deposit funds with Westpac (Standard and Poor's credit rating of AA-), a registered bank, and enter into foreign exchange forward contracts with the New Zealand Debt Management Office (Standard and Poor's credit rating of AA). 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 and net debtors (note 9). 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 2014</b>	<b>30 June 2014</b>		<b>30 June 2015</b>	<b>30 June 2015</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
45,490	31	Less than 6 months	39,765	-
45,490	31	Total	39,765	-

## Note 17. Categories of financial instruments

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

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
<b>Loans and receivables</b>		
59,360	Cash and cash equivalents	46,725
147,857	Debtors and other receivables (note 9)	162,996
207,217	<b>Total loans and receivables</b>	<b>209,721</b>
<b>Financial liabilities measured at amortised cost</b>		
14,286	Creditors and other payables (note 10)	16,111
31,204	Accrued expenses	23,654
45,490	<b>Total financial liabilities measured at amortised cost</b>	<b>39,765</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, Treasury's instructions and the Public Finance Act 1989.

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

## Note 19. Memorandum accounts

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

The Second Hand Dealers and Pawnbrokers and Legal Complaints Review Officers memorandum accounts require separate recognition within the financial statements. The remaining memorandum accounts are 'notional' accounts and are included for transparency around outputs that are fully cost-recovered from 3rd parties through fees charged for services.

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 persons licensed under the Real Estate Agents Act 2008 to carry out real estate agency work.

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

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
<b>Second Hand Dealers and Pawnbrokers</b>		
592	Opening balance/(deficit) at 1 July	607
240	Revenue	178
(225)	Expenses	(203)
607	Closing balance/(deficit) at 30 June	582
<b>Motor Vehicle Dealers</b>		
(1,361)	Opening balance/(deficit) at 1 July	(1,412)
487	Revenue	405
(538)	Expenses	(476)
(1,412)	Closing balance/(deficit) at 30 June	(1,483)
<b>Legal Complaints Review Officers</b>		
(203)	Opening balance/(deficit) at 1 July	(220)
1,072	Revenue	1,297
(1,089)	Expenses	(1,362)
(220)	Closing balance/(deficit) at 30 June	(285)
<b>Real Estate Disciplinary Tribunal</b>		
203	Opening balance/(deficit) at 1 July	(46)
439	Revenue	475
(688)	Expenses	(647)
(46)	Closing balance/(deficit) at 30 June	(218)
<b>Private Security Personnel and Private Investigators</b>		
1,350	Opening balance/(deficit) at 1 July	975
881	Revenue	1,189
(639)	Expenses – Ministry of Justice	(710)
(617)	Expenses – Department of Internal Affairs	(617)
975	Closing balance/(deficit) at 30 June	837

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

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000	Unaudited budget 2015 \$000
2,333	Net surplus/(deficit)	8,328	(13)
Add/(deduct) non-cash items			
56,674	Depreciation and amortisation	56,497	56,487
56,674	Total non-cash items	56,497	56,487
Add/(deduct) movements in working capital items			
909	(Increase)/decrease in debtors and other receivables	(2,431)	(236)
43	(Increase)/decrease in prepayments	2,138	(80)
(12,797)	(Increase)/decrease in debtor Crown	(12,709)	34,797
26,713	Increase/(decrease) in creditors and other payables	(17,129)	(4,993)
14,868	Total movements in working capital	(30,131)	29,488
Add/(deduct) items classified as investing and financing activities			
(10,341)	(Increase)/decrease in accrued expenses in property, plant and equipment	2,535	-
36	(Increase)/decrease in finance lease	31	31
7,064	Loss/(gain) on disposal of HFS, property, plant and equipment and intangibles	2,910	-
(8,412)	Other non-cash item	1,394	-
(11,653)	Total movement in investing and financing activities	6,870	31
62,222	Net cash flows from operating activities	41,564	85,993

## Note 21. Budget variation

Explanations for major variances from the Ministry's budget figures are as follows.

### STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Other revenue was \$7.789 million lower than budget, mainly due to a reduction in the number of applications filed in courts for which fees are charged.

Expenditure was below budget by \$12.644 million. The reduced expenditure is a result of changes in the phasing of some specific projects including modernising courts and the demolition of derelict buildings work programme. A number of the under spends were anticipated and approvals in principle were obtained to carry these forward to 2015/16.

### STATEMENT OF CASH FLOWS

Net cash received from operating activities was \$44.429 million lower than budget. 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 budget due to changes in timing of the Ministry's capital programme.

### STATEMENT OF FINANCIAL POSITION

Debtors and other receivables were \$49.700 million higher than budget. This is mainly due to a higher debt owing from the Treasury of \$47.506 million more than initially budgeted. The Ministry did not draw down all eligible funding from the Treasury as a result of delays in some capital projects.

Plant, property and equipment, and intangible assets are \$51.638 million lower than budget. This is due to a combination of unbudgeted property valuations and changes in timing of the Ministry's capital programme. The lower capital spend has resulted in less cash drawn from the Treasury, resulting in a higher debt owing from the Treasury.

## Note 22. Events after the balance sheet date

There have been no significant events after the balance date.

## Note 23. Adjustments on transition to the new PBE accounting standards

The Ministry has reviewed all its revenue streams to determine whether the revenue is exchange or non-exchange and, if non-exchange, whether there are any conditions attached to the revenue received. The Ministry has identified that Revenue Crown is non-exchange in nature with no use or return conditions attached.



## Non-departmental statements and schedules

For the year ended 30 June 2015

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 2015.

## Schedule of non-departmental revenue and receipts

For the year ended 30 June 2015

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

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000	Main estimates 30 June 2015 \$000
114,203	Court fines	106,758	167,721
3,874	Offender levies	3,606	5,106
51	Money forfeited to the Crown	-	200
17,656	Legal aid debt established	17,081	33,000
5,705	Community Law Centre receipts	6,894	4,903
-	Family Court cost contribution orders	220	6,459
2,443	Recovery of judicial salaries from Crown entities	1,865	476
8,170	Rental from land bank properties	8,030	7,340
727	Gain on property, plant and equipment and assets held for sale	715	-
29,802	Interest unwind on fines receivable	32,099	-
14,704	Other revenue	15,495	15,254
197,335	Total revenue and receipts	192,763	240,459

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

Explanations of adjustments on transition to the new PBE accounting standards are detailed in note 13.

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

## 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 2015 (2013/14: nil).

## Schedule of non-departmental expenses

For the year ended 30 June 2015

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

<b>Actual 30 June 2014 \$000</b>		<b>Actual 30 June 2015 \$000</b>	<b>Main estimates 30 June 2015 \$000</b>
118,084	Personnel – judges’/coroners’ salaries and allowances	125,047	119,262
217,678	Crown expenditure Vote Justice (details on page 134)	246,344	222,955
92,798	Crown expenditure Vote Courts (details on page 135)	82,944	143,992
537,832	Crown expenditure Vote Treaty Negotiations (details on page 136)	108,412	503,722
966,392	<b>Total non-departmental expenditure</b>	<b>562,747</b>	<b>989,931</b>

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 2015

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

Actual 30 June 2014 \$000		Notes	Actual 30 June 2015 \$000	Main estimates 30 June 2015 \$000
<b>Current assets</b>				
81,819	Cash		39,645	63,626
72,000	Fines receivable	2	72,000	68,466
41,986	Other accounts receivable	3	33,907	79,852
40,856	Assets held for sale	4	45,589	44,256
236,661	Total current assets		191,141	256,200
<b>Non-current assets</b>				
96,000	Fines receivable	2	90,000	99,767
68,740	Other accounts receivable	3	57,970	17,219
340,079	Assets held for Treaty of Waitangi settlements	4	354,553	318,394
66,379	Ngati Whatua Lending		-	66,379
1,209	Hotel investment account advances		1,209	1,209
572,407	Total non-current assets		503,732	502,968
809,068	Total non-departmental assets		694,873	759,168

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

In addition, the Ministry monitors 6 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 2015

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

Actual 30 June 2014 \$000		Note	Actual 30 June 2015 \$000	Main estimates 30 June 2015 \$000
<b>Current liabilities</b>				
41,781	Creditors and other payables	6	39,487	48,788
38,702	Judges' leave entitlements	7	39,103	30,455
346,665	Treaty settlement creditors – property settlements, interest accruals, etc	5	231,127	377,400
427,148	Total current liabilities		309,717	456,643
<b>Non-current liabilities</b>				
510,542	Treaty settlement creditors – property settlements, interest accruals, etc	5	442,047	417,084
29,944	Judges' leave entitlements	7	31,534	32,993
540,486	Total non-current liabilities		473,581	450,077
967,634	Total non-departmental liabilities		783,298	906,720
<b>Revaluation reserves</b>				
98,210	Property revaluation reserves	8	107,933	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 2015

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
Quantifiable contingent liabilities		
585	Māori Land Court quantifiable contingent liabilities	128
5	Other quantifiable contingent liabilities	5
590	<b>Total quantifiable contingent liabilities</b>	<b>133</b>

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 claim for false imprisonment.

### NON-QUANTIFIABLE LIABILITIES

#### NON-DEPARTMENTAL NON-QUANTIFIABLE LIABILITIES – VOTE JUSTICE

##### 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.

##### 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.

#### NON-DEPARTMENTAL NON-QUANTIFIABLE LIABILITIES – VOTE TREATY NEGOTIATIONS

##### 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 which has been transferred by the Crown to an SOE or tertiary institution, or is subject to the Crown Forest Assets Act 1989.

On occasion, Māori claimants pursue the resolution of particular claims against the Crown through higher courts. Failure to successfully defend such actions may result in a liability for historical Treaty grievances in excess of that currently anticipated.

##### TREATY OF WAITANGI CLAIMS – SETTLEMENT RELATIVITY PAYMENTS

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

The relativity mechanism has now been triggered, and in future years, additional costs 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.

### CONTINGENT ASSETS

The Ministry on behalf of the Crown has no contingent assets (2013/14: nil).

### COMMITMENTS

The Ministry on behalf of the Crown has no commitments (2013/14: nil).

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

## Statement of trust monies

For the year ended 30 June 2015

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
Opening cash balance	14,486	40,590	695	60	-	101	6
Contributions	30,537	208,920	196	4	31	64	1
Distributions	(27,000)	(211,143)	(542)	(21)	(27)	(113)	(6)
Closing cash balance	18,023	38,367	349	43	4	52	1

### 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 56 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.

There were no transactions in 2014/15.

*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 2015

### REPORTING ENTITY

These non-departmental statements and schedules 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 2015. For a full understanding of the Crown's financial position, results of operations, and cash flows for the year, refer 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 accounting policies of the *Financial statements of the government*, Treasury instructions, and Treasury circulars.

Measurement and recognition rules applied in the preparation of these non-departmental statements and schedules are consistent with New Zealand generally accepted accounting practice (Tier 1 Public Sector Public Benefit Entity Accounting Standards) as appropriate for public benefit entities.

These non-departmental statements and schedules are the first prepared in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in note 13.

#### PRESENTATION CURRENCY AND ROUNDING

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.

### EARLY ADOPTION OF STANDARDS AND INTERPRETATIONS

The New Zealand Accounting Standards Board has issued a new suite of accounting standards (called Public Sector PBE Accounting Standards) that apply to the Financial Statements of Government for the financial year beginning 1 July 2014. The Government has adopted all Public Sector PBE standards and interpretations issued to date for the 2014/15 year.

### CHANGES IN ACCOUNTING POLICY

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.

### 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 NON-EXCHANGE TRANSACTIONS

Revenue from fines is recognised when the infringement notice is issued. Revenue is measured at fair value. The initial fair value write-down in sovereign receivables is now required to be recognised as a reduction in sovereign revenue. Fair value is determined using a model that uses past experience to forecast the expected collectability of fines and timing of receipts and discounts these to present value using an appropriate discount rate.

Revenue from legal aid is recognised when a case is finalised, and the amount to be recovered from the customer has been agreed. Revenue is measured at fair value. The initial fair value write-down is netted off against legal aid revenue received. Fair value is determined using a model that projects future repayments based on outstanding debt balances as at valuation date and debt repayment rates. The repayment rates are estimated based on past experience and the expectation of future trends. This is then used to forecast the expected collectability of the legal aid revenue and timing of receipts and discounts these to present value using an appropriate discount rate.

## REVENUE FROM EXCHANGE TRANSACTIONS

All other revenue are deemed exchange revenue. For example, revenue received from the New Zealand Law Society (NZLS) Special Fund for the funding of Community Law Centres is recognised as revenue when received. Rental income from landbank properties is recognised on a straight-line basis over the term of the lease.

## 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 SETTLEMENT)

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

### ASSET CAPITALISATION

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

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

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

### ASSET REVALUATION

Land and buildings are stated at fair value. Fair value is determined from market-based evidence by an independent valuer as at 30 June 2015. All major land and buildings (over \$400,000) are inspected and valued on a rolling basis over 5 years. For all other land and buildings (less than \$400,000), a sample of the properties are subject to desktop valuation to ensure that the overall value of the portfolio reflects fair value.

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.

## CULTURAL ARTEFACTS

Cultural artefacts are recorded at cost or valuation. Artefacts are valued once every 3 years. Acquisitions to collections between revaluations are recorded at cost.

Where the revaluation results in a debit balance in the asset revaluation reserve, this balance is expensed through the statement of comprehensive income. Any subsequent increase on revaluation that offsets a previous decrease in value recognised through the statement of comprehensive income will be recognised first through the statement of comprehensive income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

As cultural artefacts tend to have an indefinite life and are generally not of a depreciable nature, depreciation is not applicable.

## 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 artefacts 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.

## ASSETS HELD FOR SALE

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. 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 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.

Assets held for sale are not depreciated or amortised while they are classified as held for sale.

Assets are held in 2 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 as follows.

## RECEIVABLES

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

Impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into insolvency, bankruptcy, receivership, or liquidation, and default in payments are considered indicators that the receivable is impaired.

For receivables not individually impaired, a collective assessment of impairment is also carried out. This considers past practice of collection history across the receivables portfolio. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the schedule of non-departmental expenses. When a debt is uncollectible, it is written off against the allowance account for debtors. Overdue receivables that are renegotiated are reclassified as current (that is, not past due).

## 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 legal aid receivables is dependent on ongoing repayment rates as well as the discount rate utilised in the valuation. Note 3 and 3a provides 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 3 law types: criminal, family and civil. The assumptions adopted are as follows:

- The model excludes cases determined as inactive based on a probability mechanism that assesses the likelihood a case will have an additional claim.
- 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 this 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 best estimate financial information submitted to the Treasury.

## 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 7.00% (2013/14: 7.00%) resulting in a fair value of \$162 million (2013/14: \$168 million). If the discount rate was 2.00% higher, the impaired value would decrease by \$6 million, to \$156 million; if 2.00% lower the value would increase by \$6.7 million, to \$168.7 million.

The discount rate is made up of the 2 components of a risk-free rate and a risk premium rate. The risk-free rate of 3% is based on the 3-year spot rate, with the risk premium rate of 4% 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 2014 \$000		Actual 30 June 2015 \$000
Non-exchange transaction		
363,067	Fines receivable	364,236
(195,067)	Impairment provision	(202,236)
168,000	Impaired value	162,000
	Being:	
72,000	Current	72,000
96,000	Non-current	90,000
168,000	Total	162,000

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

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
Non-exchange transaction		
	Fines provisioning:	
195,446	Opening balance as at 1 July	195,067
85,828	Impairment on initial recognition	66,879
(60,681)	Impairment recovered	(62,422)
(25,526)	Valuation changes	2,712
195,067	Closing balance as at 30 June	202,236

### 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 2 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 7-year government yield at 30 June 2015, of 3.30% (2013/14: 4.40%).

The risk premium has been estimated by finding traded debt with a comparable default rate to the default rate of the outstanding debt, and determining a risk premium based on that debt. The risk premium used is 4.00% (2013/14: 3.00%).

Adding the risk-free rate and the risk premium together gives a discount rate of 7.30% (2013/14: 7.40%).

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

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

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
<b>Current assets</b>		
15,290	Fines	11,523
12,787	Legal aid receivable (note 3a)	13,571
13,909	Other receivables	8,813
41,986	<b>Total current assets</b>	33,907
<b>Non-current assets</b>		
40,882	Legal aid receivable (note 3a)	40,746
27,858	Other receivables	17,224
68,740	<b>Total non-current assets</b>	57,970
110,726	<b>Total debtors and receivables</b>	91,877
Total receivables comprise:		
5,602	Receivables from exchange transactions	2,905
105,124	Receivables from non-exchange transactions	88,972
110,726	<b>Total debtors and receivables</b>	91,877

### Note 3a. Legal aid receivable

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
125,373	Legal aid receivable	127,400
(71,704)	Impairment provision	(73,083)
53,669	Impaired value	54,317
	Being:	
12,787	Current	13,571
40,882	Non-current	40,746
53,669	Total	54,317

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

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
75,295	Opening balance as at 1 July	71,704
(3,947)	Interest unwind	(4,051)
(6,818)	Impairment (charge)/reversal	(2,566)
7,174	Fair value write-down	7,996
71,704	Closing balance as at 30 June	73,083

Gross debt 30 June 2014 \$000	Net debt 30 June 2014 \$000		Gross debt 30 June 2015 \$000	Net debt 30 June 2015 \$000
46,241	23,875	Secured	44,977	23,730
79,132	29,794	Unsecured	82,423	30,587
125,373	53,669	Total	127,400	54,317

## 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. Landbank assets are available for transfer to claimant groups through Treaty settlements. 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 2014 \$000		Note	Actual 30 June 2015 \$000
334,610	Property, plant, equipment and other assets	4a	348,094
5,114	Forests	4b	5,540
-	Orchards	4c	625
355	Shares in cooperative companies	4d	294
340,079	Total assets held for Treaty of Waitangi settlements		354,553
40,856	Assets held for sale	4e	45,589
380,935	Total assets and assets held for sale for Treaty of Waitangi settlements		400,142

## Note 4a. Property, plant and equipment and other asset

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 2015, the percentage of land and buildings assets revalued (Treaty property portfolio) is 29.37 percent of total assets (2013/14: 15.02 percent). The total value of land and buildings valued to fair value by Beca Valuations Ltd in 2015 was \$117.52 million.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the 'unencumbered' land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Non-specialised buildings are valued at fair value using market-based evidence. Market rents and capitalisation rate methodologies were applied in determining the fair value of buildings.

Specialised buildings have been valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings. This approach is used for building which is deemed to be seldom traded on an open market or have a restricted market for the use of the asset. Depreciated replacement cost is determined using a number of significant assumptions.

Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for optimisation due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

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

In 2015, the balance of work in progress of \$206,000 (2013/14: \$172,000) is classified under non-residential building.

	Land (at valuation) \$000	Non-residential building (at valuation) \$000	Residential building (at valuation) \$000	Plant and equipment \$000	Cultural artifact \$000	Work in progress \$000	Total \$000
<b>Cost/valuation</b>							
Balance at 1 July 2013	270,455	34,265	43,515	382	-	501	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)	212	503	117	-	(329)	12
Disposals	-	(586)	(313)	-	-	-	(899)
Balance at 30 June 2014	265,305	32,974	45,083	487	4,645	172	348,666

	Land (at valuation) \$000	Non-residential building (at valuation) \$000	Residential building (at valuation) \$000	Plant and equipment \$000	Cultural artefact \$000	Work in progress \$000	Total \$000
Balance at 1 July 2014	265,305	32,974	45,083	487	4,645	172	348,666
Additions	14,120	516	1,518	18	-	34	16,206
Revaluation increase/(decrease)	5,765	1,453	2,403	-	355	-	9,976
Transfer to held for sale	(10,425)	(1,138)	(768)	-	-	-	(12,331)
Transfer from held for sale	103	151	96	-	-	-	350
Revaluation (prior to transfer)	(3,606)	(808)	(196)	(42)	-	-	(4,652)
Other asset movement	560	-	-	-	-	-	560
Disposals	-	-	(74)	-	-	-	(74)
Balance at 30 June 2015	271,822	33,148	48,062	463	5,000	206	358,701
<b>Accumulated depreciation and impairment losses</b>							
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)	(18)	-	-	-	(61)
Eliminate on revaluation (depreciation & impairment loss)	(4)	(1,161)	(804)	(9)	-	-	(1,978)
Eliminate on transfer to held for sale	-	(740)	(83)	-	-	-	(823)
Other asset movement	-	-	503	-	-	-	503
Impairment losses	619	2,353	63	12	-	-	3,047
Balance at 30 June 2014	4,681	6,454	2,711	210	-	-	14,056
Balance at 1 July 2014	4,681	6,454	2,711	210	-	-	14,056
Depreciation expense	-	1,375	1,314	72	-	-	2,761
Eliminate on disposal	-	-	(9)	-	-	-	(9)
Eliminate on revaluation (depreciation & impairment loss)	(3,472)	(1,360)	(664)	-	-	-	(5,496)
Eliminate on transfer to held for sale	(3,606)	(808)	(196)	(42)	-	-	(4,652)
Impairment losses	3,366	430	150	1	-	-	3,947
Balance at 30 June 2015	969	6,091	3,306	241	-	-	10,607
<b>Carrying amounts</b>							
At 1 July 2013	266,389	29,614	41,679	243	-	501	338,426
At 30 June/1 July 2014	260,624	26,520	42,372	277	4,645	172	334,610
At 30 June 2015	270,853	27,057	44,756	222	5,000	206	348,094

## Note 4b. Forests

The 4 forests managed for harvesting are Mahia Forest, Pukeoroa Forest, Upper Bluehills Forest and Waikune Forest. All 4 forests are bearer biological assets.

	Forests \$000
<b>Cost/valuation</b>	
Balance at 1 July 2013	4,387
Gain/(loss) in fair value from valuation	727
Balance at 30 June 2014	5,114
Balance at 1 July 2014	5,114
Gain/(loss) in fair value from valuation	426
Balance at 30 June 2015	5,540

There were no other activities carried out in the forests aside from regular management and maintenance of these assets during this financial year.

The valuations of forests were 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 2015. 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. Orchards

	Orchards \$000
<b>Cost/valuation</b>	
Balance at 1 July 2014	-
Increase due to purchases	625
Balance at 30 June 2015	625

Four kiwifruit orchards were acquired in June 2015. All 4 orchards are bearer biological assets.

The orchards were valued at fair value which is the acquisition cost when it was acquired.

There were no other activities carried out in the orchards since it was acquired aside from regular management and maintenance of these assets during this financial year.

#### Note 4d. Shares in cooperative companies

	Shares \$000
<b>Cost/valuation</b>	
Balance at 1 July 2013	773
Revaluation increase/(decrease)	(418)
Balance at 30 June 2014	355
Balance at 1 July 2014	355
Revaluation increase/(decrease)	(61)
Balance at 30 June 2015	294

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

#### Note 4e. Assets held for sale

	Held for sale – settlements \$000
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
Balance at 1 July 2014	40,856
Transfer to held for sale from property, plant and equipment	12,331
Transfer from held for sale to property, plant and equipment	(351)
Disposals	(7,247)
Balance at 30 June 2015	45,589

This asset category includes assets 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.

	Held for sale – settlements \$000
Asset type pre-transfer:	
Land	33,619
Non-residential improvement	5,363
Plant and equipment	2,880
Residential improvement	3,727
Balance at 30 June 2015	45,589

## Note 5. Treaty settlement creditors

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
1,652	Other Treaty settlement creditors	1,388
855,555	Accrued settlement expenses	671,786
857,207	<b>Total Treaty settlement creditors</b>	<b>673,174</b>
	Total Treaty settlement creditors comprise:	
1,559	Payables from exchange transactions	1,329
855,648	Payables from non-exchange transactions	671,845
857,207	<b>Total Treaty settlement creditors</b>	<b>673,174</b>

## Note 6. Creditors and other payables

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
16,591	Legal aid payable	17,748
2,094	Taxes payable	2,103
3,790	Creditors	3,700
18,570	Accrued expenses	15,408
736	Other payables	528
41,781	<b>Total creditors and other payables</b>	<b>39,487</b>
	Total creditors and other payables comprise:	
23,096	Payables from exchange transactions	19,636
18,685	Payables from non-exchange transactions	19,851
41,781	<b>Total creditors and other payables</b>	<b>39,487</b>

Other payables include a \$24,000 (2013/14: \$75,000) onerous lease provision which relates to rental payments for a property no longer occupied. Payments will be made until December 2015.

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 2014 \$000		Actual 30 June 2015 \$000
<b>Current liabilities</b>		
30,548	Retiring and sabbatical leave	32,926
4,482	Annual leave	4,974
3,672	Salaries	1,203
38,702	<b>Total current liabilities</b>	39,103
<b>Non-current liabilities</b>		
29,944	Retiring and sabbatical leave	31,534
29,944	<b>Total non-current liabilities</b>	31,534
68,646	<b>Total provision for judges' leave entitlements</b>	70,637

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.

Expected future payments are discounted using discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows.

The discount rate used was 2.93% with 2.63% salary inflation for year 1 of the projection (2013/14: 3.7% with 3.1% salary inflation). The discount rates and salary inflation factor used are those advised by the Treasury.

If the discount rate were to differ by 1% from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability and the surplus/deficit would be an estimated \$2.226 million higher/lower.

If the salary inflation factor were to differ by 1% from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability and the surplus/deficit would be an estimated \$1.387 million higher/lower.

The valuation of retiring and sabbatical leave as at 30 June 2015 was conducted by an independent valuer, Greg R Lee, BSc FIA, of AON Hewitt.

## Note 8. Property revaluation reserves

	Land \$000	Non-residential building \$000	Residential building \$000	Cultural artefact \$000	Total \$000
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
Balance at 1 July 2014	69,824	11,986	16,400	-	98,210
Current year movement	5,870	2,383	2,916	355	11,524
Transfer to general funds on disposal	(1,461)	107	(447)	-	(1,801)
Balance at 30 June 2015	74,233	14,476	18,869	355	107,933

## 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 3rd party will default on its obligation to the Ministry on behalf of the Crown, causing the Ministry on behalf of the Crown to incur a loss.

Credit risk arises from debtors and deposits with banks.

Funds must be deposited with Westpac, a registered bank.

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

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

### FAIR VALUE

The fair value of financial assets and liabilities is equivalent to the carrying amount disclosed in the schedule of non-departmental assets and 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 NZDMO through the Treasury. The Ministry maintains a target level of available cash to meet liquidity requirements.

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

Treaty creditors and other payables 30 June 2014 \$000	Creditors and other payables 30 June 2014 \$000		Treaty creditors and other payables 30 June 2015 \$000	Creditors and other payables 30 June 2015 \$000
1,652	41,781	Less than 6 months	1,388	39,487
345,013	-	Between 6 months and 1 year	161,244	-
510,542	-	Between 1 and 5 years	510,542	-
857,207	41,781	Total	673,174	39,487

Actual 30 June 2014 \$000		Actual 30 June 2015 \$000
<b>Loans and receivables</b>		
81,819	Cash and cash equivalents	39,645
345,105	Debtors and other receivables	253,877
426,924	<b>Total loans and receivables</b>	<b>293,522</b>
<b>Financial liabilities measured at amortised cost</b>		
24,863	Creditors and other payables	25,467
874,125	Accrued expenses	687,194
898,988	<b>Total financial liabilities measured at amortised cost</b>	<b>712,661</b>

## 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 2014 \$000		Actual 30 June 2015 \$000
<b>Real Estate Agents Authority</b>		
(3,686)	Opening balance/(deficit) at 1 July	(2,425)
1,261	Revenue	1,261
(2,425)	Closing balance/(deficit) at 30 June	(1,164)

## 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

The decrease in court fines of \$60.963 million is mainly due to the change in accounting standards where sovereign revenue is now recognised at fair value. The initial fair value write-down in sovereign receivables is now required to be recognised as a reduction in sovereign revenue. However, any subsequent impairment of sovereign receivables continues to be recognised as an expense.

The decrease in legal aid debt revenue of \$15.919 million is mainly due to the change in accounting standard where legal aid revenue is now recognised at fair value write down. The initial fair value write-down is netted off against legal aid revenue received.

There is a new revenue line of \$32.099 million which relates to interest unwind from fines receivables. The change in accounting standard requires interest unwind to be recognised as revenue and not offset against impairment of fines receivable.

### SCHEDULE OF NON-DEPARTMENTAL EXPENSES

Crown expenditure in Vote Justice and Vote Courts were lower than the main estimates. The initial write-down of sovereign receivables and legal aid receivables were previously recognised as impairment expenses. The new standard now requires these impairments to be netted off against revenue received.

Crown expenditure in Vote Treaty Negotiations is \$395.310 million lower than the main estimates. This is mainly due to lower than expected Treaty settlement expenses which, by their nature, are hard to predict with accuracy in terms of timing and amount.

Personnel costs (judges' and coroners' salaries and allowances) were \$5.785 million higher than the main estimates. This increase was due to the judges' determination effective 1 Oct 2014 and coroners' determination effective 1 Jan 2015.

## Note 12. Events after the balance sheet date

There have been no significant events after the balance date.

### Note 13. Adjustments on transition to the new PBE accounting standards

The Ministry has adjusted the comparative year non-departmental schedules for the year ended 30 June 2014 due to adjustments arising from transition to the new PBE accounting standards. The adjustments are shown in the table below.

	NZ IFRS (PBE) 2014	Adjustment	PBE accounting standards 2014
<b>Schedule of non-department revenue</b>			
Court fines	174,472	(60,261)	114,211
Offender levies	4,558	(684)	3,874
Interest unwind on fines receivable	-	29,802	29,802
Miscellaneous revenue	8,616	6,088	14,704
Legal aid debt established	30,766	(13,110)	17,656
<b>Schedule of non-department expenses</b>			
Impairment of legal aid debt	11,958	(7,022)	4,936
impairment of offender levy	684	(684)	-
Impairment of fines receivables	36,886	(30,459)	6,427
<b>Levies, fines and penalty receivables</b>			
Gross fine receivables	366,717	-	366,717
Impairment of fine receivables	(198,402)	-	(198,402)
Net carrying value	168,315	-	168,315

## Appropriation statements

### STATEMENT OF EXPENSES AND CAPITAL EXPENDITURE

The following statements report information about the expenses and capital expenditure incurred against each appropriation administered by the Ministry for the year ended 30 June 2015.

## Statement of budgeted and actual expenses and capital expenditure incurred against appropriations

FOR THE YEAR ENDED 30 JUNE 2015

Actual expenditure exclusive of remeasurements 30 June 2014 \$000		Actual expenditure inclusive of remeasurements 30 June 2015 \$000	Remeasurements <sup>A</sup> 30 June 2015 \$000	Actual expenditure exclusive of remeasurements 30 June 2015 \$000	Appropriation voted <sup>B</sup> 30 June 2015 \$000	Location of end-of-year performance information
<b>Vote Justice</b>						
29,173	Administration of Legal Services	27,230	2	27,228	27,941	40
24,887	Public Defence Service	25,450	2	25,448	25,722	42
8,339	Sector Leadership and Support	7,490	1	7,489	8,260	43
<b>20,815</b>	<b>Justice Policy Advice and Related Services MCA</b>	<b>19,271</b>	<b>1</b>	<b>19,270</b>	<b>19,708</b>	<b>45</b>
16,299	Justice Policy Advice	14,948	1	14,947	15,158	45
4,516	Legal and Ministerial Services	4,323	-	4,323	4,550	46
83,214	Total Vote Justice	79,441	6	79,435	81,631	
<b>Vote Courts</b>						
<b>455,178</b>	<b>Courts, Tribunals and Other Authorities Services, including the Collection and Enforcement of Fines and Civil Debts Services MCA</b>	<b>436,852</b>	<b>32</b>	<b>436,820</b>	<b>445,078</b>	<b>49</b>
62,582	Collection and Enforcement of Fines and Civil Debts Services	61,540	5	61,535	64,600	50
235,597	District Court Services	218,392	16	218,376	220,195	50
69,508	Higher Court Services	70,561	5	70,556	71,744	53
87,491	Specialist Courts, Tribunals and Other Authorities Services	86,359	6	86,353	88,539	55
455,178	Total Vote Courts	436,852	32	436,820	445,078	

Actual expenditure exclusive of remeasurements 30 June 2014 \$000		Actual expenditure inclusive of remeasurements 30 June 2015 \$000	Remeasurements <sup>A</sup> 30 June 2015 \$000	Actual expenditure exclusive of remeasurements 30 June 2015 \$000	Appropriation voted <sup>B</sup> 30 June 2015 \$000	Location of end-of-year performance information
<b>Vote Treaty Negotiations</b>						
9,892	Property Portfolio Management	9,467	1	9,466	13,126	65
<b>34,796</b>	<b>Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act MCA</b>	<b>31,008</b>	<b>2</b>	<b>31,006</b>	<b>34,127</b>	<b>66</b>
1,529	<i>Policy Advice – Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act</i>	1,202	–	1,202	1,230	66
1,895	<i>Representation – Waitangi Tribunal and Courts</i>	2,629	–	2,629	2,075	67
31,372	<i>Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act</i>	27,177	2	27,175	30,822	68
44,688	Total Vote Treaty Negotiations	40,475	3	40,472	47,253	
583,080	Total appropriation for output expenses	556,768	41	556,727	573,962	
91,237	Departmental Capital Expenditure	112,639	–	112,639	142,661	

*The accompanying notes form part of these financial statements*

<sup>A</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>B</sup> This includes adjustments made in the Supplementary Estimates.

## Statement of departmental unappropriated expenses and capital expenditure

FOR THE YEAR ENDED 30 JUNE 2015

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

No section 26A transfers were authorised in the year ended 30 June 2015.

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.

## Statement of departmental capital injections without, or in excess of authority

FOR THE YEAR ENDED 30 JUNE 2015

The Ministry has not received any capital injections during the year without, or in excess of, authority.

*The accompanying notes form part of these financial statements*

## Statement of departmental capital injections

FOR THE YEAR ENDED 30 JUNE 2015

	Actual capital injections 30 June 2014 \$000	Actual capital injections 30 June 2015 \$000	Appropriation voted <sup>A</sup> 30 June 2015 \$000
Vote Justice			
Departmental Capital Expenditure	18,507	58,288	58,288

<sup>A</sup> This includes adjustments made in the Supplementary Estimates.

## Appropriation statements

### STATEMENT OF NON-DEPARTMENTAL EXPENSES AND CAPITAL EXPENDITURE

The following statements report information about the non-departmental expenses and capital expenditure incurred against each appropriation administered by the Ministry for the year ended 30 June 2015.

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

For the year ended 30 June 2015

Actual expenditure exclusive of remeasurements 30 June 2014 \$000		Actual expenditure inclusive of remeasurements 30 June 2015 \$000	Remeasurements <sup>B</sup> 30 June 2015 \$000	Actual expenditure exclusive of remeasurements 30 June 2015 \$000	Appropriation voted <sup>C</sup> 30 June 2015 \$000	Location of end-of-year performance information
<b>Vote Justice</b>						
<b>Non-departmental output expenses to be incurred by the Crown</b>						
10,968	Community Law Centres	10,968	-	10,968	10,970	139
8,428	Crime Prevention and Community Safety Programmes	11,170	-	11,170	13,392	140
38,747	Electoral Services	45,690	-	45,690	45,690	E
320	Equity Promotion and Protection Services – Inspector General PLA <sup>A</sup>	536	-	536	550	D
73	Family Dispute Resolution Services	3,407	-	3,407	3,860	141
21,342	Justice Advocacy, Advice and Promotion Services	23,021	-	23,021	23,185	E
119,322	Legal Aid	130,360	-	130,360	125,555	142
3,278	Provision of Protective Fiduciary Services	2,627	-	2,627	2,627	E
-	Provision of Services from the Electoral Commission – Broadcasting PLA	2,829	-	2,829	2,855	D
6,032	Support and Assistance provided by Victim Support to Victims of Crime	6,032	-	6,032	6,032	143
<b>Non-departmental other expenses to be incurred by the Crown</b>						
11,958	Impairment of Legal Aid Debt	5,462	(50)	5,512	18,866	D
684	Impairment of Offender Levy	-	-	-	1,366	D
4,182	Victims' Services	4,242	-	4,242	4,501	146
225,334	<b>Total Vote Justice</b>	<b>246,344</b>	<b>(50)</b>	<b>246,394</b>	<b>259,449</b>	

The accompanying notes form part of these financial statements.

<sup>A</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>B</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>C</sup> This includes adjustments made in the supplementary estimates.

<sup>D</sup> No reporting due to an exemption obtained under s15D(2)(b)(ii) of the Public Finance Act 1989.

<sup>E</sup> To be reported in the annual reports of other entities as detailed in the *Estimates of Appropriations for 2014/15*.

Statement of budgeted and actual non-departmental expenses and capital expenditure incurred against appropriations for the year ended 30 June 2015 (continued)

Actual expenditure exclusive of remeasurements 30 June 2014 \$000		Actual expenditure inclusive of remeasurements 30 June 2015 \$000	Remeasurements <sup>B</sup> 30 June 2015 \$000	Actual expenditure exclusive of remeasurements 30 June 2015 \$000	Appropriation voted <sup>C</sup> 30 June 2015 \$000	Location of end-of-year performance information
<b>Vote Courts</b>						
<b>Non-departmental other expenses to be incurred by the Crown</b>						
3,993	Abortion Supervisory Committee – Certifying Consultants Fees	4,053	–	4,053	5,063	D
–	Assistance to Victims of Crime	–	–	–	40	D
4,760	Coroners' Salaries and Allowances PLA <sup>A</sup>	4,769	–	4,769	5,038	D
75,924	Court and Coroner Related Costs	71,624	–	71,624	71,676	147
–	Impairment of Debt Established to Recognise Contributions towards Family Court Professional Services	5	–	5	1,292	D
36,886	Impairment of Fines Receivable	941	–	941	40,000	D
114,720	Judges' Salaries and Allowances PLA <sup>A</sup>	120,278	1,084	119,194	123,524	D
1,362	Judicial Review Costs	1,626	–	1,626	1,846	D
334	Justices of the Peace Association	334	–	334	350	D
4,758	Tribunal Related Fees and Expenses	4,361	–	4,361	4,824	D
242,737	<b>Total Vote Courts</b>	207,991	1,084	206,907	253,653	

The accompanying notes form part of these financial statements.

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

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

<sup>D</sup> No reporting due to an exemption obtained under s15D(2)(b)(ii) of the Public Finance Act 1989.

Statement of budgeted and actual non-departmental expenses and capital expenditure incurred against appropriations for the year ended 30 June 2015 (continued)

Actual expenditure exclusive of remeasurements 30 June 2014 \$000		Actual expenditure inclusive of remeasurement 30 June 2015 \$000	Remeasurements <sup>B</sup> 30 June 2015 \$000	Actual expenditure exclusive of remeasurements 30 June 2015 \$000	Appropriation voted <sup>C</sup> 30 June 2015 \$000	Location of end-of-year performance information
<b>Vote Treaty Negotiations</b>						
<b>Non-departmental other expenses to be incurred by the Crown</b>						
10,285	Claimant Funding	6,032	-	6,032	9,000	149
252	Contribution toward Determining Customary Interests in the Marine and Coastal Area	232	-	232	741	150
305	Contribution towards Northland Waitangi Tribunal Hearings	-	-	-	-	-
90	Debt Write-offs	91	-	91	120	D
2,677	Depreciation	2,761	-	2,761	3,600	D
840	Loss on Disposal or Write-off of Landbank Assets	65	-	65	160	D
<b>Non-departmental other expenses to be incurred by the Crown: multi-year appropriations</b>						
523,291	Historical Treaty of Waitangi Settlements <sup>A</sup>	99,231	-	99,231	229,691	D
<b>Non-departmental capital expenditure</b>						
9,506	Purchase of Assets for Possible Use in Future Treaty of Waitangi Settlements	16,830	-	16,830	22,494	D
12,566	Land, Stock, Plant Purchases	-	-	-	-	-
559,812	<b>Total Vote Treaty Negotiations</b>	<b>125,242</b>	<b>-</b>	<b>125,242</b>	<b>265,806</b>	
1,027,883	<b>Total non-departmental expenses and appropriations</b>	<b>579,577</b>	<b>1,034</b>	<b>578,543</b>	<b>778,908</b>	

The accompanying notes form part of these financial statements.

<sup>A</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 2014/15 established the \$1,400 million for the period 30 June 2014 to 30 June 2018 and replaced the unexpended balance of the appropriation covering the period 30 June 2013 to 30 June 2017. Expenditure against these appropriation over the last 4 years is as follows.

	\$000
2014/15	\$ 99,231
2013/14	\$ 523,291
2012/13	\$ 542,616
2011/12	\$ 344,655
	<b>\$ 1,509,793</b>

<sup>B</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 Office of Treaty Settlement landbank dairy cooperative shares.

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

<sup>D</sup> No reporting due to an exemption obtained under s15D(2)(b)(ii) of the Public Finance Act 1989.

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

For the year ended 30 June 2015

Actual 30 June 2014 \$000	Non-departmental	Actual 30 June 2015 \$000
	<b>Vote Justice</b>	
	<b>Minister of Justice</b>	
	Non-departmental output expenses to be incurred by the Crown	
-	Legal Aid	4,805
-	Total non-departmental unappropriated expenditure Vote Justice	4,805

Approval of the above unappropriated expenditure has been sought under section 26C of the Public Finance Act 1989.

The main reasons for the unappropriated expenditure in Legal Aid were mainly due to an increase of 5% in applications for and grants of criminal legal aid compared to the previous year, some high profile and high cost criminal cases during the year.

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

# Report in relation to selected non-departmental appropriations



# Statement of service performance

FOR THE YEAR ENDED 30 JUNE 2015

The statement of service performance describes the outputs provided during the 2014/15 financial year for selected non-departmental appropriations. The appropriations, and reporting requirements, are specified in the *Estimates of Appropriations for 2014/15*.

An explanation is provided for 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

### COMMUNITY LAW CENTRES

#### SCOPE OF APPROPRIATION

This appropriation is limited to funding programmes to support Community Law Centres.

#### CONTRIBUTION TO OUTCOMES

This appropriation is intended to achieve accessible justice services and a trusted justice system by delivering community legal services to people who lack sufficient means to pay for legal services and, where possible, to prevent problems from escalating to the courts and other parts of the justice system.

#### DESCRIPTION OF ACTIVITIES

The Ministry contracted with 24 community law centres to deliver community legal services to people who lack sufficient means to pay for legal services. These services included legal representation, legal assistance, legal advice provided to people on a case-by-case basis, and legal information, law-related education sessions and law reform.

#### ASSESSING PERFORMANCE

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Contracted number of case work clients assisted by Community Law Centres with legal advice, assistance and representation	New measure (see note 1)	49,000	52,498	

Note 1. Unaudited 2013/14 results are available at [treasury.govt.nz/government/non-dept-appropriations](http://treasury.govt.nz/government/non-dept-appropriations)

#### OUTPUT CLASS STATEMENT

Appropriation	Actual 30 June 2014 \$000	Main estimates 30 June 2015 \$000	Actual 30 June 2015 \$000	Unaudited forecast 2016 \$000
Community Law Centres	10,968	10,970	10,968	10,970

## CRIME PREVENTION AND COMMUNITY SAFETY PROGRAMMES

### SCOPE OF APPROPRIATION

This appropriation is limited to the funding of programmes delivered by non-government organisations and local government agencies to prevent and reduce crime.

### CONTRIBUTION TO OUTCOMES

The services and activities provided under this output class contribute to the justice sector outcomes of reduced crime, reduced impact of crime and a trusted justice system. The intended impact of these services and activities is that local authorities and communities are engaged in programmes that focus on reducing crime through preventative measures, and on increasing community safety.

### DESCRIPTION OF ACTIVITIES

This non-departmental output class covers coordinating and delivering a range of crime prevention initiatives and programmes in partnership with local communities, and the delivery of restorative justice services. The programmes and services are contracted by the Ministry of Justice and are purchased from territorial authorities and other selected service providers.

### ASSESSING PERFORMANCE

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Number of strategic partnerships between the Ministry, territorial authorities and other organisations for which the Ministry provides contract management services or grant funding	New measure (see note 1)	12	12	
Number of operational partnerships between the Ministry, territorial authorities and other organisations for which the Ministry provides contract management services or grant funding	New measure (see note 1)	14	14	
Number of projects delivered by community providers for which the Ministry provides contract management services or grant funding	New measure (see note 1)	31	32	
Number of referrals for adult pre-sentence restorative justice conferences	New measure (see note 1)	5,400	8,458	A legislative change that increased referrals came into effect on 6 December 2014. Referrals were considerably higher in the 2nd half of the year.

Note 1. Unaudited 2013/14 results are available at [treasury.govt.nz/government/non-dept-appropriations](http://treasury.govt.nz/government/non-dept-appropriations)

### OUTPUT CLASS STATEMENT

Appropriation	Actual 30 June 2014 \$000	Main estimates 30 June 2015 \$000	Actual 30 June 2015 \$000	Unaudited forecast 2016 \$000
Crime Prevention and Community Safety Programmes	8,428	11,782	11,170	12,401

## FAMILY DISPUTE RESOLUTION SERVICES

### SCOPE OF APPROPRIATION

This appropriation is limited to approved family dispute resolution services.

### CONTRIBUTION TO OUTCOMES

The services and activities provided under this output class contribute to the justice sector outcomes of accessible justice services and a trusted justice system by providing effective support and services for separating families and, where possible, to prevent problems from escalating to the courts.

### DESCRIPTION OF ACTIVITIES

The services and activities under this output class cover the provision of family dispute resolution mediation service. The services are contracted by the Ministry of Justice from approved providers.

### ASSESSING PERFORMANCE

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Time from the initial assessment being completed, for all Family Dispute Resolution participants, to the 1st mediation session (excluding preparatory counselling)	New measure	80% meet expected standard of 20 working days	40.6%	The variance is because of the longer than anticipated time needed to engage and prepare the parties to participate effectively in mediation, and the administration involved in getting the parties to mediation. The Ministry is working with contracted family dispute resolution suppliers, to ensure mediations are available in a timely manner whilst ensuring the parties are well prepared.
Percentage of Family Dispute Resolution participants completing mediation (who are not exempt)	New measure	80%	94.1%	The assessment of parties ensures only those most committed progress to mediation. As a result those who are unlikely to engage are exempted at an earlier stage.
Percentage of Family Dispute Resolution participants reaching an agreement on completion of mediation (includes partial and full)	New measure	75%	85.6%	This variance reflects the positive outcomes from the process of mediations, when all parties are committed to reach agreement.

### OUTPUT CLASS STATEMENT

Appropriation	Actual 30 June 2014 \$000	Main estimates 30 June 2015 \$000	Actual 30 June 2015 \$000	Unaudited forecast 2016 \$000
Family Dispute Resolution Services	73	7,360	3,407	7,360

## LEGAL AID

### SCOPE OF APPROPRIATION

This appropriation is limited to the payments of legal aid to approved providers.

### CONTRIBUTION TO OUTCOMES

The services and activities provided under this output class contribute to the justice sector outcomes of accessible justice services and a trusted justice system. The intended impact of these services and activities is that people who have a need for legal services, and cannot pay for them, are able to access legal advice and representation.

### DESCRIPTION OF ACTIVITIES

The services and activities under this output class cover the provision of legal advice and representation to people that are unable to pay for these services, and:

- are facing criminal charges, or
- have a civil legal problem or family dispute (including family matters) that may go to court, or
- are involved in Waitangi Tribunal proceedings.

The services are contracted by the Ministry of Justice from approved private providers.

### ASSESSING PERFORMANCE

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Number of criminal cases granted (excluding Public Defence Service)	New measure (see note 1)	34,000	35,832	
Number of family cases granted (see note 2)	New measure (see note 1)	21,500	18,144	Family cases are forecast to drop 20% as a result of the family justice reforms implemented in March 2014. The 2014/15 standard was forecast off historical trend data.
Number of civil (other) cases granted	New measure (see note 1)	1,700	1,031	Major impact of parole moving from the civil to the criminal jurisdiction from September 2013 and the expected reduced volume of historical abuse and Waitangi applications.

Note 1. Unaudited 2013/14 results are available at [treasury.govt.nz/government/non-dept-appropriations](http://treasury.govt.nz/government/non-dept-appropriations)

Note 2. Family Court reforms are expected to reduce the number of family cases granted.

### OUTPUT CLASS STATEMENT

Appropriation	Actual 30 June 2014 \$000	Main estimates 30 June 2015 \$000	Actual 30 June 2015 \$000	Unaudited forecast 2016 \$000
Legal Aid	119,322	109,555	130,360 (see note 1)	112,300

Note 1. Refer to the statement of non-departmental unappropriated expenses and capital expenditure on page 137.

## SUPPORT AND ASSISTANCE PROVIDED BY VICTIM SUPPORT TO VICTIMS OF CRIME

### SCOPE OF APPROPRIATION

This appropriation is limited to the purchase of services from the New Zealand Council of Victim Support Groups ('Victim Support') for the provision of services to victims of crime and trauma. This covers personalised support services (covering 24 hour emergency support and follow up support through the criminal justice system) and the administration of victim assistance schemes (covering counselling for families of homicide victims, and financial assistance to help victims).

### CONTRIBUTION TO OUTCOMES

The services and activities provided under this output class contribute to the justice sector outcome of a reduced impact of crime. The intended impact of these services and activities is that the victims of crime are supported by information and financial assistance.

### DESCRIPTION OF ACTIVITIES

Victim Support provides services to victims of crime and sudden trauma. Services include a 24-hour personalised support service from a workforce which incorporates over 1,000 volunteers and 140 paid staff based at over 70 locations around New Zealand. In each of these locations, Victim Support workers are available 24 hours a day, 365 days a year, via an 0800 number or by direct contact from referrers (usually New Zealand Police). Services offered include psychological first aid at the time of crisis and ongoing emotional and practical support, assistance dealing with the justice system, financial assistance and referral to other services.

Other Victim Support services include the administration of Victim Assistance Schemes that help victims to attend relevant meetings of the New Zealand Parole Board, court trials and sentencing hearings, and provision of a discretionary grant and counselling for families of homicide victims and people killed by a criminal act.

### ASSESSING PERFORMANCE

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
<b>Victims Assistance Schemes</b>				
Reports on number and types of applications for Victim Assistance Schemes provided as per MOU by due date	New measure (see note 1)	100%	100%	
Percentage of grant applications across all categories processed within 10 working days	New measure (see note 1)	100%	100%	
<b>Homicide Support Service</b>				
Number of family members supported	New measure (see note 1)	1,800	1,281	Although this result is an apparent drop in performance, the figure is dependent on the family circumstances of each homicide case. We are confident that the service is offered to 100% of homicide victims' families.
Number of trained volunteer homicide support workers available nationally	New measure (see note 1)	120	75	The result has fallen over the last 24 months. The provider has explained that availability of volunteers remains sufficient to ensure levels of service to families remains high. The Ministry is responding by working with the provider to develop a measure of availability that more accurately reflects their capacity to provide support.

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
<b>Victim Support Services to Victims</b>				
Total number of crisis callouts responded to	New measure (see note 1)	Expired measure	Expired measure	
Number of crisis victims supported	New measure	2,300	3,109	The provider has explained that this result is due to an improvement in recording systems.
Total number of new incidents responded to	New measure (see note 1)	Expired measure	Expired measure	
Total number of new incidents referred through the Victim Support contact centre	New measure	10,000	10,728	
Total number of victims supported	New measure (see note 1)	35,000	26,422	This result is 25% below target. The provider has explained that total number of victims is not necessarily indicative of workload and other volume results continue to be strong.
Number of visits made to all victims	New measure (see note 1)	11,000	11,683	
Number of volunteer support workers available nationally	New measure (see note 1)	850	514	This result has fallen over the last 18 months. The provider has explained that availability of volunteers remains sufficient to ensure levels of service to victims remain high. The Ministry is responding by working with the provider to develop a measure of availability that more accurately reflects their capacity to provide support.
<b>Criminal justice system support</b>				
Number of victims supported to prepare a Victim Impact Statement	New measure (see note 1)	Expired measure	Expired measure	
Number of victims supported to attend a restorative justice or family group conference	New measure (see note 1)	150	100	Measure is demand driven. The Ministry is responding by reviewing the target in the light of new legislation.
Number of victims supported to attend court proceedings	New measure (see note 1)	800	915	This measure is driven by demand.
<b>Serious Crime</b>				
Number of victims of serious sexual crime supported	New measure (see note 1)	2,800	2,379	Measure is demand driven. The Ministry is responding by reviewing the target in the light of medium term trends.
Number of victims of serious domestic abuse supported	New measure (see note 1)	2,500	1,707	Measure is demand driven. The Ministry is responding by reviewing the target in the light of medium term trends.
Number of family members who are impacted by death by criminal act supported	New measure (see note 1)	400	265	Measure is demand driven. The Ministry is responding by reviewing the target in the light of medium term trends.
Number of victims of other serious crime supported	New measure (see note 1)	12,000	8,363	Measure is demand driven. The Ministry is responding by reviewing the target in the light of medium term trends.

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
<b>Repeat Victims</b>				
Number of high risk repeat victims supported with a prevention plan	New measure (see note 1)	Expired measure	Expired measure	
<b>Community Support</b>				
Number of victims referred to other agencies or specialist support services	New measure (see note 1)	1,000	662	Improved 2nd half result. The variability of the factors affecting this measure, such as the nature of the incident and the needs of the victim, make this measure too inconsistent. The Ministry has responded by discontinuing the measure in 2015/16.
<b>Quality Measure</b>				
Percentage of clients expressing satisfaction with Victim Support services	New measure (see note 1)	90%	n/a	This data is unavailable due to timing of the qualitative survey that gathers and analyses the results. Expected in October 2015.

Note 1. Unaudited 2013/14 results are available at [treasury.govt.nz/government/non-dept-appropriations](http://treasury.govt.nz/government/non-dept-appropriations)

#### OUTPUT CLASS STATEMENT

Appropriation	Actual 30 June 2014 \$000	Main estimates 30 June 2015 \$000	Actual 30 June 2015 \$000	Unaudited forecast 2016 \$000
Support and Assistance provided by Victim Support to Victims of Crime	6,032	6,032	6,032	6,032

## VICTIMS' SERVICES

### SCOPE OF APPROPRIATION

This appropriation is limited to the provision of funding for entitlements and services for victims of crime.

### CONTRIBUTION TO OUTCOMES

The services and activities provided under this output class contribute to the justice sector outcome of a reduced impact of crime. The intended impact of these services and activities is that the victims of crime are supported with the provision of information and financial assistance.

### DESCRIPTION OF ACTIVITIES

The Victims' Services appropriation was established in 2009 to channel revenue from the Offender Levy to victims of serious crime through specific services and financial assistance grants. Financial assistance grants are intended to lessen the financial impact on victims as they participate in the criminal justice system. The appropriation also funds specific services supporting victims of homicide, sexual violence, and domestic violence.

In total, 15 types of grants and services are funded through this appropriation. Services include Shine's safe@home service for victims of domestic violence, and a specialist advocacy service for victims of sexual violence. Twelve specialist sexual violence court victim advisors are also funded through this appropriation.

### ASSESSING PERFORMANCE

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Total number of victims receiving funeral top up grants	New measure (see note 1)	N/A	142	
Total number of victims supported through the safe@home programme	New measure (see note 1)	N/A	496	
Total number of safe@home upgrades	New measure (see note 1)	N/A	167	
Total number of victims supported by sexual violence advocates	New measure (see note 1)	N/A	132	
Total number of victims supported by sexual violence victim advisors	New measure (see note 1)	N/A	1,408	

Note 1. Unaudited 2013/14 results are available at [treasury.govt.nz/government/non-dept-appropriations](http://treasury.govt.nz/government/non-dept-appropriations)

### OUTPUT CLASS STATEMENT

Appropriation	Actual 30 June 2014 \$000	Main estimates 30 June 2015 \$000	Actual 30 June 2015 \$000	Unaudited forecast 2016 \$000
Victims' Services	4,182	4,350	4,242	5,964

## Vote Courts

### COURT AND CORONER RELATED COSTS

#### SCOPE OF APPROPRIATION

This appropriation is limited to funding professional and administrative services provided to or directed by courts and coroners, including costs that are required by legislation and costs incurred by visiting justices.

#### CONTRIBUTION TO OUTCOMES

The services and activities provided under this output class contribute to the Ministry of Justice outcomes of maintaining the integrity and improving the responsiveness of the justice system, and maintaining the civil and democratic rights of New Zealanders'. This appropriation is intended to provide effective professional and administrative services to ensure that court users receive appropriate support and representation, and the judiciary have sufficient information to proceed with cases.

#### DESCRIPTION OF ACTIVITIES

This appropriation funds a number of activities, the largest of which are described below.

Children Young Persons and Their Families Professional Services include appointments of lawyers to represent the views of the children or to assist the court, often when the natural parents are unrepresented, and specialist report writers, eg for psychological/psychiatric reports.

Domestic Violence Professional Services include stopping violence programmes with referrals from both the Criminal and Family Courts.

Family Court Professional Services include court-appointed lawyers to represent a child so their views are heard; Lawyer to assist the court and provide mediation services; Counselling to help resolve relationship or guardianship disputes; and Specialist report writers (psychologists) to provide written reports for the court.

#### ASSESSING PERFORMANCE

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Children Young Persons and Their Families Professional Services				
Number of service provision appointments (see note 1)	New measure (see note 2)	5,600-5,800	5,238	The result is lower than anticipated when the forecast was completed. The forecast anticipated the trend in CPYF filings would continue an upwards trajectory but this has not occurred. The Ministry considers the number of service provisions is under-reported. Work underway in relation to Service Provision delivery will improve the quality of data entry and resolve the under-reporting issue.

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
<b>Domestic Violence Professional Services</b>				
Number of referrals to a Domestic Violence Programme (see note 3)	New measure (see note 2)	4,900-5,100	8,413	There has been a 12% increase to non-violence programmes since the new legislation was introduced on 1st October 2014. This is due to the prominence of the new domestic violence programmes that have been made available. The biggest change has been in the uptake of safety programmes undertaken by adults and children, as this service is able to be undertaken fully or partially depending on the needs of the victim. This has resulted in a 167% increase (1,398 in 2013/14 compared to 3,715 in 2014/15) in the uptake of Safety programmes and the new Strengthening Safety Service.
<b>Family Court Professional Services</b>				
Number of service provision appointments (see note 4)	New measure (see note 2)	12,800-13,800 (see note 5)	10,015	The result is lower than anticipated when forecasts were completed because the forecast for 2014/15 underestimated the effect of the family justice reforms. The forecast for 2015/16 has been based on the actual demand in 2014/15. However as the family justice reforms are bedded in, the overall trend may change.

Note 1. The services provided are demand driven and dependent on the type of cases before the court. The services are judicially ordered.

Note 2. Unaudited 2013/14 results are available at [treasury.govt.nz/government/non-dept-appropriations](http://treasury.govt.nz/government/non-dept-appropriations)

Note 3. The services provided are demand driven and dependent on the type of cases before the court. The services are judicially ordered. The services provided count the Domestic Violence Programmes that are available through the Family Court and the District Court.

Note 4. The services provided include court appointed counsel, such as lawyer for child, lawyer to assist the court and specialist report writers. These services are demand driven and professional service providers are engaged when the Judge determines there is a need. An application can have more than one type of service provision appointment.

Note 5. Family Court Professional Services includes counselling, which is to change under the new Family Court process for Care of Children. Forecasts have been revised accordingly.

#### OUTPUT CLASS STATEMENT

Appropriation	Actual 30 June 2014 \$000	Main estimates 30 June 2015 \$000	Actual 30 June 2015 \$000	Unaudited forecast 2016 \$000
Court and Coroner Related Costs	75,924	73,863	71,624	76,646

## Vote Treaty Negotiations

### CLAIMANT FUNDING

#### SCOPE OF APPROPRIATION

This appropriation is limited to payment of claimant funding related to the settlement of historical Treaty of Waitangi claims.

#### CONTRIBUTION TO OUTCOMES

The services and activities provided under this appropriation contribute to the justice sector impact of the durable settlement of historical Treaty of Waitangi claims.

#### DESCRIPTION OF ACTIVITIES

Claimant funding provides a financial contribution to mandated groups towards the cost of negotiating and settling historical Treaty of Waitangi claims. Payments can also be made in certain circumstances to groups seeking a mandate.

#### ASSESSING PERFORMANCE

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
Number of claimant groups funded (see note 1)	New measure (see note 2)	50	43	The number of claimant groups funded was below target as a result of there being fewer concurrent negotiations being progressed. There is an expectation that the number of groups receiving claimant funding will decrease as settlements are completed.
Percentage of payments made to groups within 10 working days of approval of claim	New measure (see note 2)	95%	88%	

Note 1. Claimant groups can lodge an application for funding at any stage of the negotiation and settlement process. The amount of funding they may receive depends on the size of the claimant group and the complexity of the claim.

Note 2. Unaudited 2013/14 results are available at [treasury.govt.nz/government/non-dept-appropriations](http://treasury.govt.nz/government/non-dept-appropriations)

#### OUTPUT CLASS STATEMENT

Appropriation	Actual 30 June 2014 \$000	Main estimates 30 June 2015 \$000	Actual 30 June 2015 \$000	Unaudited forecast 2016 \$000
Claimant Funding	10,285	8,102	6,032	9,942

## CONTRIBUTION TOWARD DETERMINING CUSTOMARY INTERESTS IN THE MARINE AND COASTAL AREA

### SCOPE OF APPROPRIATION

This appropriation is limited to providing financial assistance for the investigation of applicant groups' customary rights under the Marine and Coastal Area (Takutai Moana) Act 2011.

### CONTRIBUTION TO OUTCOMES

This appropriation is intended to achieve an effective process for providing financial assistance for the investigation of applicant groups' customary rights under the Marine and Coastal Area (Takutai Moana) Act 2011.

### DESCRIPTION OF ACTIVITIES

This appropriation contributes to the costs of engagement with the Crown or High Court under the Marine and Coastal Area (Takutai Moana) Act 2011. Financial help is tailored to the individual circumstances of each group taking into account the type of rights applied for, the size of the applicant group and the size and complexity of the application area. Maximum amounts of financial help are available for specified costs tagged to milestones. It does not cover all costs.

### ASSESSING PERFORMANCE

Performance measure	Actual 2013/14	Standard 2014/15	Actual 2014/15	Variance explanation
All groups that have signed terms of engagement with the minister under section 95 of the Marine and Coastal Area (Takutai Moana) Act are funded	New measure	Achieved	Achieved	
All applications in the High Court are funded in accordance with funding policy	New measure	Achieved	Achieved	

### OUTPUT CLASS STATEMENT

Appropriation	Actual 30 June 2014 \$000	Main estimates 30 June 2015 \$000	Actual 30 June 2015 \$000	Unaudited forecast 2016 \$000
Contribution toward Determining Customary Interests in the Marine and Coastal Area	252	3,450	232	7,950

**Ministry of Justice | Tāhū o te Ture**

**justice.govt.nz**

info@justice.govt.nz

0800 268 787 | 0800 COURTS

National Office | Justice Centre | 19 Aitken St | SX10088 | Wellington | New Zealand

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Presented to the House of Representatives in line with section 44(1) of the Public Finance Act 1989



# Our people

