

# *Ministry of Justice*

## **Annual Report**

**1 July 2007 – 30 June 2008**



MINISTRY OF  
**JUSTICE**  
*Tāhū o te Ture*

## OUR PURPOSE

The Ministry of Justice administers legislation and provides services to contribute to a safe and just society by:

- developing robust policy advice that influences the direction of justice in New Zealand
- supporting an efficient and accessible court system that is trusted by New Zealanders
- providing effective services to support independent judicial decision making
- settling Treaty of Waitangi claims in a fair and durable way
- managing parliamentary elections and referenda effectively, to maintain public confidence in electoral processes
- working with communities to enhance safety and wellbeing.

## OUR VISION

Delivering *first class* justice services

## OUR VALUES

### RESPECT

#### We value others and their contributions

- We share our knowledge and experience generously
- We work together towards shared goals
- We respect diversity and support one another

### INTEGRITY

#### We are honest and open

- We take personal responsibility
- We have high professional standards
- We are fair and impartial

### SERVICE

#### We deliver results

- We understand and meet the needs of those to whom we provide services
- We take good care of relationships
- We meet time frames we have agreed to

### EXCELLENCE

#### We focus on quality

- We focus on finding solutions
- We encourage innovation to achieve better results
- We acknowledge our achievements and successes

# *Ministry of Justice*

## **Annual Report** **1 July 2007 – 30 June 2008**

Presented to the House of Representatives  
Pursuant to section 44(1) of the Public Finance Act 1989



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ISSN 1178-2730 (print)  
ISSN 1178-2749 (online)

Produced by the Ministry of Justice  
PO Box 180  
Wellington

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# *Foreword*

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In accordance with section 44 (1) of the Public Finance Act 1989, I submit the following report on the operations of the Ministry of Justice for the period 1 July 2007 to 30 June 2008. This includes the audited financial statements in Part 2 of this report.

A handwritten signature in black ink, reading "B Clark". The signature is written in a cursive style with a large initial "B" and a stylized "Clark".

Belinda Clark  
**Secretary for Justice and Chief Executive**



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# Contents

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Chief Executive's introduction.....	7
<b>Part 1: Progress and achievements.....</b>	<b>9</b>
Role of the Ministry.....	10
Performance highlights.....	15
Capability development and contributions.....	41
<b>Part 2: Service performance and financial summary.....</b>	<b>49</b>
Statement of responsibility.....	50
Report of the Auditor-General.....	51
Statement of service performance.....	54
Financial summary.....	90





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# *Chief Executive's introduction*

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I am pleased to present the Ministry of Justice's Annual Report for the year ended 30 June 2008. The past year has been a productive one for the Ministry. We launched several significant new initiatives, while good progress was made on the development of a wide range of other activities that will further improve our services and capability.

The Ministry's work contributes to the shared outcomes that were adopted by justice sector Ministers in 2006, as well as the Government's priorities of Economic Transformation, Families – Young and Old and National Identity. The following is a summary of the Ministry's key achievements for the year.

## **ASSISTING COMMUNITIES TO REDUCE CRIME**

Significant progress was made on work to combat organised crime in New Zealand, including the completion of a national Organised Crime Strategy. The Ministry also led the development of the national Stop Tagging Our Place (STOP) Strategy to help address graffiti vandalism in New Zealand.

## **SUPPORTING ACCESSIBLE COURTS AND TRIBUNALS**

We implemented initiatives that make use of technology to deliver court services as effectively and efficiently as possible, such as the electronic filing of unpaid infringements and the provision of online access to Tenancy Tribunal decisions. The National Transcription Service commenced operation during the year and allows more court hearings to be recorded and transcribed in real time.

Good progress was made on the development of a programme of work to identify enhancements to the arrangements and structures for tribunals, and to improve access to information and services for tribunal users. A document outlining the Government's preferred approach and options for reform was released for public consultation in July 2008.

The work undertaken during the last two years to improve the capacity and capability of court registries is producing positive results in the management of court workloads. During the year, there was a significant increase in the number of cases disposed by the courts, especially in the criminal summary jurisdiction of the District Court, where case disposals exceeded the number of new cases for the first time in three years.

## **SUPPORTING THE RESOLUTION OF TREATY OF WAITANGI CLAIMS**

The work of the Office of Treaty Settlements and the Ministry's support of the Waitangi Tribunal contribute to the Government's target of having all historical Treaty of Waitangi claims lodged by 2008 and settled by 2020. Several settlements of note and significant agreements were negotiated in 2007/08. These include the signing of five Terms of Negotiation, five Agreements in Principle and three Deeds of Settlement, and the introduction into Parliament of legislation to implement two Deeds of Settlement.

## ENSURING THE RELEVANCE OF LAWS AND REGULATIONS

The Ministry's work helps to ensure that legislation reflects and responds to changes in society. Significant progress was made in 2007/08 on legislative initiatives to address Law Commission law reform proposals (such as the Property Law Act, which came into force in January 2008) and serious and organised crime (such as the Organised Crime (Penalties and Sentencing) Bill, which received its first reading in June 2008).

## ENSURING EFFECTIVE SAFEGUARDS FOR THE EXERCISE OF PUBLIC POWER

In 2007/08, the Ministry supported the passage of the Privacy (Cross-border Information) Amendment Bill and the Independent Police Conduct Authority Amendment Act 2007.

We contributed to the implementation of the Foreshore and Seabed Act 2004 by facilitating the Crown's signing of the first two Heads of Agreement in February 2008.

The Ministry continued to provide advice to the Minister of Justice on the exercise of the Royal prerogative of mercy, which is an important constitutional safeguard in New Zealand's criminal justice system. The Ministry also continued to support the Attorney-General by vetting legislation for compliance with the New Zealand Bill of Rights Act 1990.

## JUSTICE SECTOR LEADERSHIP

The Ministry has a mandate for leadership of the justice sector and the coordination of processes that ensure a collaborative, outcome-focused approach. In 2007/08, the Ministry coordinated the Government's response to the Ombudsman's report to Parliament on the review of the criminal justice sector. The Government responded to the report by announcing its intention to establish a Criminal Justice Advisory Board, which will advise justice sector Ministers on issues relating to the criminal justice system. The Ministry helped establish the board and will provide ongoing support.

In addition to the initiatives outlined above, the Chief Electoral Office prepared for the 2008 general election. Returning Officers and their key headquarters managers were appointed and trained, electorate headquarters were secured and established, and tests of key systems and processes were successfully conducted.

We made significant progress in 2007/08 towards the Ministry's goal of delivering *first class* justice services. I would like to thank all staff for their commitment and professionalism in making the achievements discussed in this report possible. I look forward to a challenging and rewarding year ahead.



Belinda Clark  
Secretary for Justice and Chief Executive

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## *Part 1: Progress and achievements*

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## *Role of the Ministry*

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The Ministry of Justice (the Ministry) provides a range of services on behalf of the Government and supports:

- the Minister of Justice and Associate Ministers of Justice
- the Minister for Courts
- the Minister in Charge of Treaty of Waitangi Negotiations and Associate Ministers in Charge of Treaty of Waitangi Negotiations
- the Minister Responsible for the Law Commission, and
- the Attorney-General.

The Minister of Justice is the lead Minister and is responsible for the Ministry overall.

### **CONSTITUTIONAL ARRANGEMENTS**

The maintenance of the separation of powers and the independence of each of the three branches of government is fundamental to New Zealand's constitutional arrangements. The Ministry has a pivotal role in supporting both the executive and judicial arms of government. Within the New Zealand public sector, the Ministry has a key and unique role as an agency that is part of the executive but that also supports the independent judiciary, which administers the court system.

### **OUR ROLE**

The Ministry is responsible for the following core functions:

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

We administer these functions under three Votes: Justice, Courts and Treaty Negotiations.

## OPERATIONAL SERVICES

The Ministry delivers the following operational services for all New Zealanders on behalf of the Government:

- administration, case management and support services to the Supreme Court, Court of Appeal, High Court and District Courts, including the Family Court and Youth Court
- resolution of court-imposed monetary penalties and infringement fines issued by prosecuting authorities, enforcement of civil judgment orders and serving of court documents
- administration, case management and support services to specialist jurisdictions, including the Māori Land Court, Environment Court, Employment Court, Coronial Services, and a range of authorities and tribunals, including the Disputes, Tenancy and Weathertight Homes Tribunals
- delivery of registry services, claims administration, research services, hearings management, judicial support and report-writing services to the Waitangi Tribunal
- negotiations for the settlement of historical claims arising from the Treaty of Waitangi, and management of land for use in settlements
- administration of parliamentary elections, by-elections and referenda
- provision of advice on crime reduction policies and practices, and support and funding to community-based crime reduction initiatives.

## SUPPORTING JUDICIAL DECISION MAKING

A key role for the Ministry is supporting the work of the judiciary. The Ministry ensures that the judiciary is provided with adequate administrative, technological and human resources support, and funding for judicial training and development. The Ministry seeks judicial input on its operations through joint Ministry–judicial governance and management committees and councils.

In delivering services, the Ministry recognises the importance of the constitutional independence of judicial decision making, and works with the judiciary to ensure this independence is preserved and maintained.

Some staff exercise judicial functions under the supervision of judges (for example, exercising registrars' powers in relation to interlocutory applications). However, the same staff may also, as part of their responsibilities as Ministry employees, perform tasks related to the functions of the executive (for example, exercising management duties such as human resource and financial responsibilities).

When staff exercise functions of a judicial nature, guidance may be provided by the Ministry through training and resources, such as registrars' handbooks. However, the Ministry has no ability to direct and control the exercise by staff of their judicial functions. This reflects the need for judicial independence – the courts must be, and must be seen to be, separate from and independent of the executive. Staff are made aware of the different principles that apply when they carry out their judicial and executive functions.

## **POLICY ADVICE**

The Ministry provides policy advice to Ministers across its three Votes. Briefings and advice are provided to Ministers and Cabinet that contribute to the development of the Government's policies and the reform and development of legislation. Support and advice are also provided to several select committees, in particular, Justice and Electoral, Law and Order, and Māori Affairs.

The Ministry facilitates input from the public to the justice system by managing consultation during the reform and/or development of justice-related legislation, and communicates to the public, on behalf of the Government, the intent and implementation requirements of new legislation.

In addition to providing advice about criminal justice and crime reduction, the Ministry works directly with a range of non-governmental organisations in crime prevention (such as partnerships with local authorities and iwi) and provides funding to support local initiatives.

## **SECTOR LEADERSHIP**

The Ministry has a mandate to lead the justice sector and coordinate processes that ensure a collaborative, outcome-focused approach is taken to the sector's management. This includes undertaking research and evaluation, providing advice regarding sector outcomes, linking cross-sector strategies that contribute to those outcomes, strengthening sector knowledge and information flows, and coordinating the sector's annual budget process.

## **NON-DEPARTMENTAL OUTPUT CLASSES**

Services funded through Vote Justice are delivered by several Crown entities and other service providers. The Ministry works with these Crown entities and organisations to:

- support good governance through assistance with board appointment processes
- help ensure organisational capability to deliver intended results
- improve the coordination of entities and agencies within the justice sector
- support, and participate in, effective planning processes, assessing financial and non-financial performance against key indicators
- decide and advise on the merits of significant business cases or budget initiatives
- identify and manage risks and keep the Minister informed of these risks.

## SECTOR CONTRIBUTION TO THE GOVERNMENT'S PRIORITIES

The Government has set three high-level, long-term priorities:

- **Economic Transformation**

- Working to progress our economic transformation to a high-income, knowledge-based market economy, which is both innovative and creative and provides a unique quality of life to all New Zealanders.

- **Families – Young and Old**

- All families, young and old, have the support and choices they need to be secure and be able to reach their full potential within our knowledge-based economy.

- **National Identity**

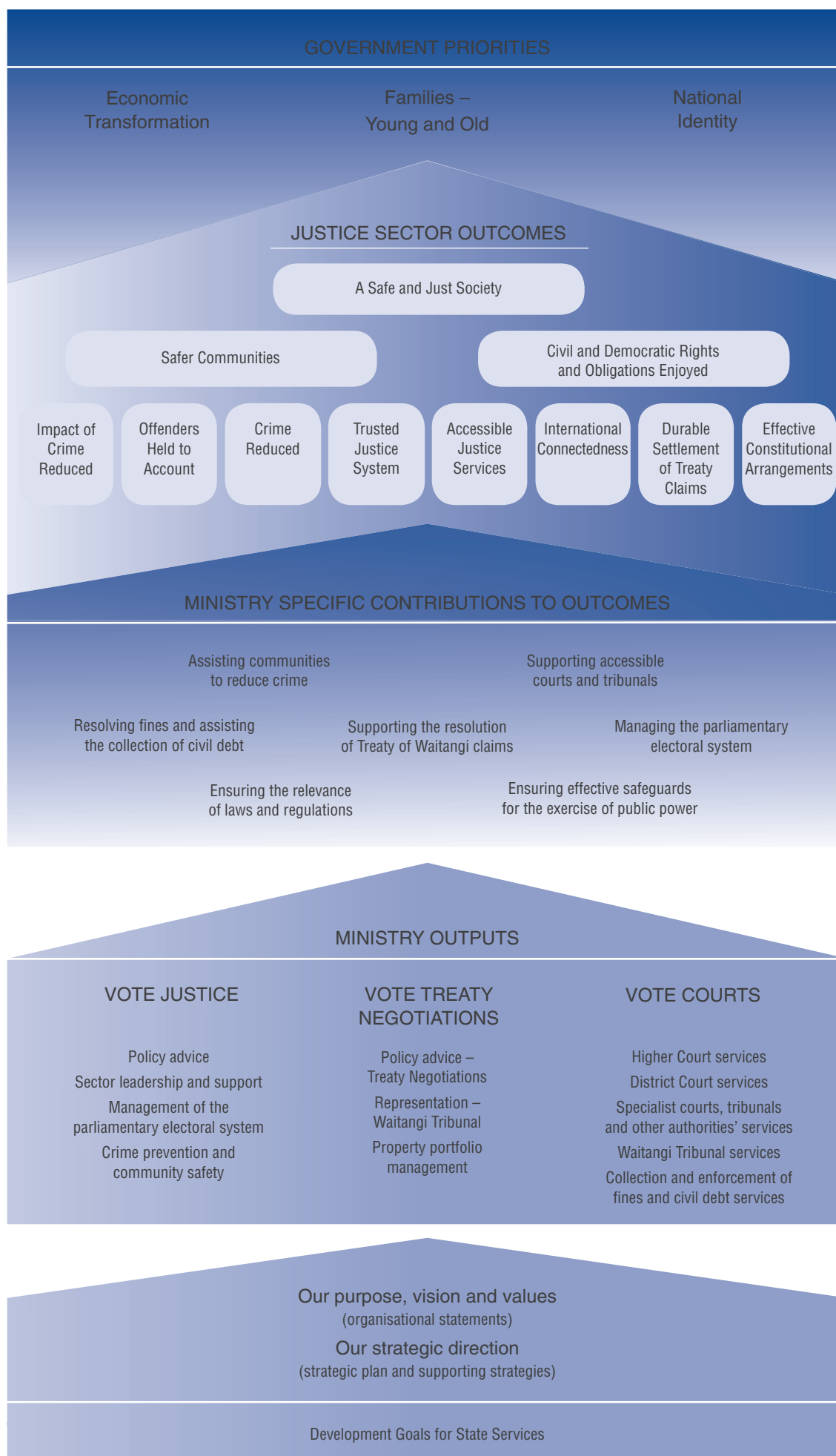
- All New Zealanders can take pride in who and what we are, through our arts, culture, film, sports and music, our appreciation of our natural environment, our understanding of our history and our stance on international issues.

The justice sector contributes to each of these priorities and they are reflected in our shared sector outcomes.

Over the past year, the justice sector reviewed and redeveloped its outcomes framework. Work continues on the full implementation of the framework, including the development of indicators that will help to monitor trends, identify where problems persist and show where change is desirable. Along with the other agencies in the sector, the Ministry is evaluating how its interventions contribute to the Government's priorities. The outcomes framework will influence the Ministry's continuous development of how it monitors and evaluates the impact of its interventions.

The sector agencies have agreed that the sector is working together to achieve a 'safe and just society', with two second-tier outcomes: 'safer communities' and 'civil and democratic rights and obligations enjoyed'. Beneath these tiers are eight specific outcomes through which the sector agencies will contribute to a safe and just society and the Government's three priorities.

The following diagram illustrates the links between the Ministry's activities, the agreed sector outcomes and the Government's priorities.



*Priorities the Government has set for New Zealand for the next decade.*

*The shared outcomes through which all the agencies in the justice sector contribute to the Government's priorities.*

*How the Ministry contributes to the sector outcomes and the Government's priorities.*

*Services we deliver on behalf of the Government that relate to our specific contribution to sector outcomes.*

*What we focus on and how we operate.*

*How we're enhancing services and building capability to enhance service delivery and our contribution to outcomes.*

*Our direction and development activities are aligned with the goals set by the State Services Commission to achieve well performing State Services.*



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## Performance highlights

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### *Assisting communities to reduce crime*

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*Safer communities are those where rates of crime are low, and the impact of crime is reduced. The Ministry helps communities to reduce crime by developing policy initiatives for crime reduction and supporting the implementation of legislative or other initiatives. The Ministry also works directly with local authorities and other providers of crime prevention programmes, such as iwi and Pacific peoples' organisations. In particular, the Ministry provides funding, advice and training for crime prevention programmes, and manages and monitors contracts with the providers of those programmes.*

*The related output class is Crime Prevention and Community Safety (Vote Justice).*

*During 2007/08, the Ministry continued to manage the Effective Interventions initiatives, including supporting the passage of the Sentencing Amendment Act 2007, which came into force in October 2007. The Ministry completed the development of two significant strategies – the Organised Crime Strategy and the Stop Tagging Our Place (STOP) Strategy.*

*Good progress was made on work to address youth offending, such as the completion of the first year of the Te Hurihanga programme for serious and recidivist young offenders. A review is underway of services for victims of crime, and a range of activities relating to restorative justice was completed. We continued to contribute to the Taskforce for Action on Violence within Families. We also provided the chair and secretariat for the Taskforce for Action on Sexual Violence and led several of its work streams.*

#### **EFFECTIVE INTERVENTIONS**

In August 2006, the Government announced a comprehensive suite of initiatives called Effective Interventions that were designed to reduce crime, provide alternatives to prison and make smarter use of prisons. The Ministry continues to provide policy advice and plan activities to support the initiatives. Key Effective Interventions activities during 2007/08 are outlined below.

- The Sentencing Amendment Act 2007. The Act was passed in July 2007 and the majority of its provisions came into force in October 2007. The Act created three new non-custodial sentences and improved the two existing non-custodial sentences. The new sentences provide the courts with further non-custodial sentencing options that can be adapted to address the causes of a specific offender's offences. The courts have made considerable use of the new and revised sentences, and the number of short sentences of imprisonment have decreased significantly since the changes came into force.
- The Sentencing Council Act 2007. The Act established a Sentencing Council, which will draft sentencing and parole guidelines.
- EM-Bail (electronic monitoring as a condition of bail), which was introduced nationally in November 2006. The Ministry is working with the New Zealand Police to evaluate and refine the scheme and develop proposals for a legislative regime.

- Implementation of the programme of action for Pacific peoples. The programme was approved by Cabinet in December 2007 and builds on the outcomes of the National Pacific Community Safety and Crime Prevention Fono that was held in June 2007.
- Implementation of the programme of action for Māori. The programme focuses on identifying innovative initiatives, funding opportunities and ongoing research regarding the factors relating to offending by Māori.

## **RESTORATIVE JUSTICE**

During 2007/08, the Ministry made significant progress in implementing a national framework to establish standards of practice for restorative justice. The framework will provide assurance for victims, offenders, the judiciary, stakeholders (such as the New Zealand Police) and members of the public about the quality and robustness of restorative justice processes. As part of this work, the Ministry reviewed the delivery of restorative justice services. The review will inform the development of national referral standards.

Other achievements include the development of a case management and reporting tool and a new restorative justice facilitator training and assessment programme. The Ministry launched new information for restorative justice participants, including a booklet and DVD. A restorative justice provider was established in Palmerston North and funding was allocated to establish a restorative justice service in Invercargill. The Ministry was actively involved in the development of the Auckland University of Technology's Restorative Justice Centre.

## **ORGANISED CRIME STRATEGY**

In partnership with other justice sector agencies, the Ministry made significant progress in 2007/08 on work to address organised crime in New Zealand. A national Organised Crime Strategy was completed. The strategy will improve existing activities and introduce new measures to combat organised crime, improve interagency communication and reduce the duplication of services.

Initiatives under the strategy include legislative reforms and the establishment of the Organised and Financial Crime Agency New Zealand (OFCANZ). Legislative reforms include the Organised Crime (Penalties and Sentencing) Bill, the Serious Fraud Office (Abolition and Transitional Provisions) Bill and development of a Search and Surveillance Bill. The OFCANZ was launched on 1 July 2008 and is a new agency within the New Zealand Police formed to combat serious and financial crime.

## **STOP TAGGING OUR PLACE (STOP) STRATEGY**

During the year, the Ministry led the development of the national Stop Tagging Our Place (STOP) Strategy to address graffiti vandalism in New Zealand. Initiatives under the strategy include restrictions on the sale of canned spray paint, legislative changes to create tough penalties for graffiti vandalism and funding for anti-graffiti vandalism initiatives.

The strategy was developed in conjunction with an advisory group comprising representatives from Local Government New Zealand, local authorities, Housing New Zealand Corporation, ONTRACK, Transit New Zealand and a range of community trusts.

## **ADDRESSING OFFENDING BY YOUNG PEOPLE**

The Ministry has completed an evaluation of the 32 Youth Offending Teams (YOTs) that operate in New Zealand. YOTs aim to coordinate service delivery to young offenders at a local level and improve interagency engagement between youth justice agencies. The evaluation found that YOTs encourage interagency engagement and information sharing, and have achieved positive benefits that would not have occurred without the teams. A range of actions to further improve the effectiveness of YOTs has been implemented.

During the year, the Ministry also completed a comprehensive review of trends in youth violence and best practice interventions. The review will inform future policy work in this area.

The Te Hurihanga programme aims to provide an intensive rehabilitation and reintegration programme for serious and recidivist young offenders. It commenced in April 2007 and is operating initially as a pilot programme. The programme is well established and mechanisms are in place to work with local agencies and individuals. An evaluation of the programme is also underway.

## **REVIEW OF SERVICES FOR VICTIMS OF CRIME**

The Ministry coordinated the Government's response to the Justice and Electoral Committee's inquiry on the rights of victims of crime. In 2007/08, the Ministry undertook a significant programme of work to strengthen victims' rights and increase the level of support provided to victims.

This work focused on developing a Victims' Charter to build awareness of the standard of service that victims can expect from government agencies, and the development of a proposal for a central contact point for victims, including a national 0800 victims' helpline and a website to provide information and assist victims with advice about support agencies and services. The new services will be available from September 2008.

## **TASKFORCE FOR ACTION ON VIOLENCE WITHIN FAMILIES**

The Ministry is a key member of the Taskforce for Action on Violence within Families. The Ministry leads work in the action area of 'ensuring safety and accountability – improving justice sector responses to family violence' in conjunction with the Ministry of Social Development, Ministry of Women's Affairs, Department of Labour and New Zealand Police.

In 2007/08, the Ministry supported the judiciary in the operation of the six Family Violence Courts in Waitakere, Manukau, Auckland, Masterton, Lower Hutt and Porirua, and developed national operating guidelines to improve the way that Family Violence Courts are established and operated. The Ministry also supported the design and delivery of family violence training to court staff, judges, lawyers and other stakeholders who interact with the Family Violence Court.

Evaluations of the Waitakere and Manukau Family Violence Courts were completed. The findings indicate how these courts are operating and support the collaborative nature of Family Violence Courts. The Ministry also conducted work on the establishment of an independent victim advocate/support person role, which will provide support and assistance in Family Violence Courts to victims of domestic violence.

The Ministry completed a review of the Domestic Violence Act 1995 and related legislation. The purpose of the review was to identify changes that would make the legislation more effective. Public consultation on a discussion document was completed in February 2008, and consultation with relevant interest groups was also conducted. A Domestic Violence Reform Bill, containing the proposed legislative amendments, is being prepared.

## **TASKFORCE FOR ACTION ON SEXUAL VIOLENCE**

The Taskforce for Action on Sexual Violence was launched in July 2007 to provide leadership, ensure increased coordination of services and reinforce the Government's commitment to reduce the incidence and impact of sexual violence. The taskforce is chaired by the Secretary for Justice and comprises several relevant departmental chief executives and representatives of non-governmental organisations.

Work in 2007/08 focused on developing a programme and strong relationships between government agencies and community representatives from the sexual violence sector. The taskforce is working to identify gaps in sexual violence policy and service delivery. The taskforce is also exploring a range of other areas, including initiatives to prevent sexual violence, improve support to victims of sexual violence and more effectively hold sexual violence offenders to account. In July 2009, the taskforce will provide the government with a final report on where future investments could be made to improve prevention and responses to sexual violence.

## Supporting accessible courts and tribunals

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*The Ministry provides effective services to support judicial decision making and ensure that courts and tribunals deliver responsive and appropriate services to all users. An accessible court system supports the justice sector outcomes of a trusted justice system, where offenders are held to account and where there are effective processes for the resolution of disputes. To support these outcomes, the Ministry is progressing work in three broad areas: support services to the judiciary, services to court users and strengthening capability and capacity.*

*The related output classes are Higher Court Services, District Court Services, and Specialist Courts, Tribunals and Other Authorities' Services (Vote Courts).*

*Work in 2007/08 built on the foundations laid in previous years to meet our objective of continuously improving the way that the Ministry supports the operation of courts and tribunals. Good progress towards this objective was made during the year through the implementation of new services, the continuation of initiatives to support judicial decision making, and improvements to court processes and service delivery through the upskilling of staff and managers and improving the functionality of our courthouses. This work is enhancing the Ministry's overall capability and capacity and improving its ability to manage court workloads. For example, at the District Courts level in 2007/08:*

- 193,626 new criminal summary cases were managed (an increase of 7.6 percent compared with 2006/07)
- 195,632 criminal summary cases were disposed (an increase of 10.4 percent compared with 2006/07)
- 9,671 deposition cases were disposed (an increase of 4.6 percent compared with 2006/07).

### SUPPORTING JUDICIAL DECISION MAKING

The Ministry needs to provide the judiciary with robust administrative services to assist the judicial process. The court structure is designed to enable judicial decision making, so any enhancements to processes, systems or staff capability will assist that decision-making process.

In the last year, the Ministry completed specific pieces of work in relation to the provision of enhanced library services for the judiciary. Significant upgrades of library collections in key courts were completed and a judicial libraries collections management and development policy was introduced. Comprehensive training programmes on the use of hardcopy and online resources were developed for all judicial library users. This was done in conjunction with the anticipated roll out in September 2008 of a new electronic libraries online resource for the judiciary.

### IMPROVING SERVICE DELIVERY

#### *Improving court processes*

Supporting the operation of courts and tribunals is a major part of the Ministry's responsibilities and, generally, the number of cases coming into the courts continues to rise. The Ministry cannot influence the number of cases filed in the courts, but is focusing on improving processes to increase its ability to deal more efficiently with increasing volumes.

### *Rostering and scheduling*

The Ministry continues to develop tools to help manage cases and monitor court performance. For example, a key area of focus is the development of improved rostering and scheduling tools and resource models for District Courts.

Rostering tools help courts make the best use of judges' time. A new rostering tool was developed and rolled out to District Courts in 2007/08. Scheduling tools optimise and support the effective utilisation of courtrooms. During the year, the Ministry piloted a new scheduling tool in the Whangarei and Wellington District Courts. The tool helped both courts realise measurable improvements in the efficiency and effectiveness of their court workload scheduling.

The Ministry's District Courts resource model is used to match court staff and resources with court workloads. During the year, a revised version of the resource model was used to inform the placement of additional staff in District Court registries. The resource model will be further refined, developed and tested over the next year.

### *Improving our practices*

Other work undertaken during the year to improve court practices and processes included the completion of the Ministry's first national jury satisfaction survey. The survey explored the experiences of more than 1,000 people who served as jurors in District Courts and the High Court in May 2008. The survey canvassed jurors' satisfaction with the quality of court facilities and information, the way they were treated and the appropriateness of court security. The survey showed that 86 percent of jurors were satisfied with court services and facilities. The findings will be used to further improve court processes and practices.

The Ministry reviewed the court processes of its large District Courts in 2007/08. The performance and productivity of several of these District Courts has increased as a result of improvements to court processes. Good practice examples from individual courts are being rolled out on a national basis.

### *Improving justice services through legislation*

The Criminal Procedure Bill was passed by Parliament in June 2008. The Bill is omnibus legislation that amends the Crimes, Summary Proceedings, District Courts, Juries and Victims' Rights Acts. It also creates a new Criminal Disclosure Act. The purpose of the amendments is to maximise efficiency and fairness in the criminal justice system.

The Judicial Matters Bill is an omnibus Bill that was introduced into the House in June 2008. The Bill aims to strengthen the judicial complaints process through a range of measures, including providing for the appointment of a deputy judicial conduct commissioner. The Bill will also increase the number of associate judges that can be appointed from six to nine, which will help meet the increasing workload of associate judges.

The Family Courts Matters Bill is another omnibus Bill that was introduced into the House in August 2007. The Bill amends family law legislation to increase the openness of family proceedings, introduce provision for non-judge-led mediation and make other minor process and procedural changes to improve the operation of the Family Courts.

The Ministry works with the Law Commission and other stakeholders to improve justice services through legislation. For example, work is underway to create more accessible and simplified criminal procedures by reviewing the legislation that underpins processes in the criminal courts. This includes a



review of the Summary Proceedings Act 1957, many provisions of which need to be amended to take into account, for example, the use of technology in court proceedings. Legislative amendments are being informed by the testing of proposed new court processes. For example, proposed changes to the criminal summary procedure for the pre-court hearing stage are being tested at the Manukau and Tauranga District Courts.

The Rules Committee (comprising representatives of the judiciary, legal profession and key government officials) is responsible for making procedural rules in the Supreme Court, Court of Appeal, High Court and District Court. During 2007/08, amendments were made to the Court of Appeal (Civil) Rules, Court of Appeal (Criminal) Rules, High Court Rules and District Court Rules. The Ministry supported the Rules Committee to comprehensively rewrite and modernise the High Court Rules and District Court Rules. These are pending enactment in 2008/09. The amendments will help improve the efficiency and effectiveness of court services.

Work is underway by the Ministry and Law Commission on a programme to identify enhancements to the arrangements and structures for tribunals, and to improve access to information and services for tribunal users. A preferred approach and options for reform have been developed and will be consulted on in 2008/09.

## **ENHANCING SERVICES**

### *Delivering services in the Auckland region*

We continued to develop the Auckland Service Delivery Programme to address justice sector workload pressures and capacity issues in Auckland. The Auckland Service Delivery Programme will reconfigure services for the Auckland region to ensure the provision of accessible and timely justice services. Key initiatives that were explored in 2007/08 include new facilities to support the work of specialist courts and tribunals, a service centre for bulk processing, purpose-built jury trial facilities and new technology to support court processes.

Good progress was made on other initiatives to improve justice services in the Auckland region. The criminal registry space and jury assembly area in the Auckland High Court were refurbished and expanded. The capacity and capability of the Auckland and Manukau District Court registries were enhanced by the appointment of additional staff, including jury trial scheduling staff, whose role is to maximise the use of the jury trial time that is rostered in these courts. A three-year project to refurbish the Auckland District Court commenced during the year. The project will provide three additional jury trial courtrooms and increase the Auckland District Court's Jury trial capacity by 60 percent.

### *Improving the delivery of Māori Land Court services*

The Ministry developed a new administrative structure for the Māori Land Court. Key features include improved advisory services, enhanced leadership and accountability through the appointment of a director and district managers and the introduction of a new land registry function for the management and preservation of the court record. The new structure will help improve service delivery and accommodate the changing nature of the Māori Land Court's business.

### *Communicating with court users*

The Ministry is implementing several initiatives designed to improve how it communicates with the people to whom it provides services. Examples of specific initiatives delivered during the year are outlined below.

- New information resources about the Youth Court were launched in May 2008. The pamphlets, posters and appointment cards aim to raise awareness and understanding of the purpose and processes of the Youth Court. The resources have been tailored for young people and their families, victims and the public.
- During the year, 371 Parenting through Separation programmes were delivered through several organisations experienced at assisting parents who have separated. Of the more than 1,700 parents who attended, the majority (94 percent) agreed that participation in the programme improved their understanding of the impact of separation on children.
- In March 2008, a new national press sheet process was launched and press bench signs were distributed to all District and High Courts. Both initiatives will improve media access to the court system and recognise the important role that the media plays in fostering transparency and openness in the justice system.

### *Applying technology to enhance services*

The Ministry continues to make use of technology to deliver services effectively and efficiently and to communicate with court users seeking information about the range of services it provides.

The electronic filing of unpaid infringement notices by prosecuting agencies (such as councils and the New Zealand Police) became mandatory on 1 September 2007. The previous filing process required prosecuting agencies to file paper copies of infringement notices in the District Court. The electronic filing of infringement notices has streamlined and improved the efficiency of the process for managing infringement notices and promotes sustainability by reducing the use of paper by more than one million pieces each year. The initiative won first prize in the category of *Joined-Up Government* at the annual Institute of Public Administration New Zealand (IPANZ) Gen-i Public Sector Excellence Awards in May 2008. The *Joined-Up Government* award recognises the implementation of innovative and cost-effective communication and information technology. The Ministry has commenced work on expanding the use of e-filing to the Environment Court and the criminal summary jurisdictions of the District Court.

The National Transcription Service, which includes transcription centres in Auckland and Wellington, commenced operation during the year. Through the use of digital audio technology, this service allows court hearings to be recorded and transcribed in real time, with people able to give evidence at a normal speaking pace. Eventually, the technology will enable evidence to be transcribed from anywhere in the country. The National Transcription Service is currently using this technology to support five High Courts and three District Courts. Further courts will be added in the next year. New audio-visual technology (including upgraded sound systems and video-conferencing equipment) and specialist Ministry-wide technical support were also rolled out during the year.

A new initiative that allows members of the public to search Tenancy Tribunal decisions on the internet was launched in October 2007. The online service makes it easy to access Tenancy Tribunal orders and helps landlords and tenants make well-informed decisions.



## **BUILDING CAPABILITY**

The Ministry undertook a range of activities during the year to increase the capability of its managers and staff and support the operation of its courts and tribunals.

### *Training and development*

The second year of the District Courts training programme for court staff was delivered, and included further training on customer service and registrars' powers. Additional training modules on registrars' powers in the Family Court and training for court takers were launched.

Building on work done in District Courts in recent years, progress was made on the implementation of the Higher Courts Training Strategy. The strategy provides information and training for staff on all Higher Court processes. Specific examples of initiatives delivered during the year include the launch of an induction programme for new staff and their managers, and the development of court skills resources for High Court staff. Work is progressing on the development of court skills resources for staff in the Supreme Court and Court of Appeal.

Training for Family Violence Court staff, the judiciary and relevant stakeholders (such as the New Zealand Police, Department of Corrections and non-governmental organisations) was completed. The training focused on the role and purpose of Family Violence Courts and the dynamics of domestic violence.

### *Property and facilities*

The Ministry is responsible for the maintenance, refurbishment and further development of an extensive portfolio of courthouses throughout the country, through which it provides the majority of its services. Good-quality physical surroundings enhance the court experience for court users and facilitate operational service delivery. Over the last year, the Ministry carried out a programme to address deferred maintenance and refurbished and upgraded several courthouses.

Another area of focus is the work underway on a permanent home for the Supreme Court – New Zealand's highest court. Construction of the new Supreme Court building during 2007/08 included excavating the site to provide for an underground basement for services, storage and parking. Drains have been laid, the basement slab work is complete and the laying of the ground-floor slab is underway. The Supreme Court building will incorporate Wellington's historic High Court building.

## **IMPLEMENTING NEW RESPONSIBILITIES**

In 2007/08, two new services came into effect – the Coronial Services (under the Coroners Act 2006) and the Lawyers and Conveyancers Disciplinary Tribunal (under the Lawyers and Conveyancers Act 2006). In addition, significant progress was made on work to establish the Immigration and Protection Tribunal.

### *Coronial Services*

On 1 July 2007, the Coroners Act 2006 came into force, reforming New Zealand's coronial services. The reforms were designed to enhance public confidence in the integrity and independence of the coronial system.

The new Coronial Services, set up under the Act, saw the establishment of the Office of the Chief Coroner and a smaller number of full-time, legally qualified coroners in nine locations around the country, enhanced inquiry and inquest processes, better understanding of cultural practices regarding death, and improved consistency, efficiency and fairness in the coronial process.

#### *Lawyers and Conveyancers Disciplinary Tribunal*

The Lawyers and Conveyancers Act 2006 provides for the establishment of the Legal Complaints Review Officer and the Lawyers and Conveyancers Disciplinary Tribunal. The role of the Tribunal, which is administered by the Ministry, is to enhance consumer protection by providing the public with an independent process for the review and adjudication of disputes relating to legal and conveyancing services. The new Tribunal was implemented on 1 August 2008.

#### *Immigration and Protection Tribunal*

The Immigration Bill, which aims to streamline current immigration appeal processes, will provide for the establishment of a single, independent Immigration and Protection Tribunal to consider all grounds of appeal against immigration decisions. The Department of Labour currently houses three of the four existing appellate bodies that the new Tribunal will replace. The Ministry will administer the Tribunal.

The Ministry and Department of Labour signed a Memorandum of Understanding in February 2008 that sets out how the two agencies will work together to establish the Tribunal. Subject to the passage of legislation, the planned implementation date for the Tribunal is 1 July 2009.

## *Resolving fines and assisting the collection of civil debt*

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*The Ministry contributes to fines being seen as a credible sanction through its collection and enforcement activities.*

*The related output class is Collection and Enforcement of Fines and Civil Debts Services (Vote Courts).*

*During 2007/08, the Ministry's Collections unit used the full range of legislatively mandated activities to keep fines resolution in the public view. These included collaborating with the New Zealand Police, New Zealand Customs and the Department of Labour to collect fines and reparation at airports from people wishing to travel who have not resolved their fines, and through joint operations with the New Zealand Police at checkpoints and other road safety activities. In addition, a successful television advertising campaign encouraged people to voluntarily pay unpaid fines and reparation. Work continued on enhancements to the infringement system and implementation of the collections strategy, which is designed to make it easier for people who owe fines to voluntarily meet their obligations.*

### **COLLECTION OF FINES AT AIRPORTS**

The Collection of Fines at Airports (CoFaA) initiative targets people who avoid paying their fines or reparation by stopping them at New Zealand's international airports when they decide to travel. It is a collaborative initiative between the Ministry, New Zealand Customs, Department of Labour (Immigration) and New Zealand Police.

A total of 83 people were stopped in 2007/08. However, the majority of the \$3.9 million in unpaid fines that was collected through the initiative during the year was voluntarily paid by people who were aware of the likelihood that they would be stopped when attempting to travel. Since the initiative's launch in September 2006, 165 people have been stopped at airports and \$6.25 million in fines and reparation has been resolved.

During the year, the CoFaA initiative was complemented by the *Pay Your Fines or Pay the Price* television advertising campaign. The campaign targets people with unpaid fines by highlighting the consequences of not paying them. The campaign has been very effective in leveraging voluntary compliance.

### **COLLECTIONS STRATEGY**

The Ministry's Collections unit is implementing a strategy that is designed to maximise the effectiveness of the collections operation. The strategy encourages voluntary compliance through interventions that are targeted and tailored to people's willingness and ability to pay. Further design work and implementation of the strategy will be a focus for the Ministry in 2008/09.

### **LEADING REFORM IN THE INFRINGEMENT SYSTEM**

The Ministry is reviewing the infringement system to address issues relating to its rapid growth. The review focuses on obtaining compliance from those sectors of the community that have decided not to comply and that actively seek to avoid their obligations.

Proposals to further investigate or implement changes to the infringement system were agreed by Cabinet in May 2007. Since then, work has focused on developing implementation options for those

enhancements. The Ministry completed the development of infringement guidelines that provide a framework for establishing new infringement schemes. The guidelines were agreed by Cabinet in March 2008.

## **SUCSESSES OF ENFORCEMENT ACTIVITY**

Over the 2007/08 year, the Ministry:

- collected \$233 million in fines and infringements (exceeded target)
- collected \$1.6 million more reparation than in 2006/07
- reduced the gap between the value of fines imposed and the value of fines resolved to \$32.3 million (down from \$62.4 million in 2004/05)
- collected \$1 million in unpaid fines through joint campaigns with the New Zealand Police
- received and actioned applications for 60,000 civil documents
- dealt with 1.3 million telephone calls through its centralised call operation.

## *Supporting the resolution of Treaty of Waitangi claims*

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*The Government has set a cut-off date of 2008 for the lodging of historical Treaty of Waitangi claims with the Waitangi Tribunal, and a target date of 2020 for settling all historical Treaty claims. The Waitangi Tribunal Unit and the Office of Treaty Settlements, which are part of the Ministry of Justice, work toward the resolution of all claims under the Treaty of Waitangi.*

*The related output classes are Waitangi Tribunal Services (Vote Courts) and Policy Advice – Treaty Negotiations, Representation – Waitangi Tribunal and Property Portfolio Management (Vote Treaty Negotiations).*

*During the year, the Office of Treaty Settlements facilitated work that led to the Crown's recognition of three Deeds of Mandate and its signing of five Terms of Negotiation, five Agreements in Principle and three Deeds of Settlement. Legislation to implement two Deeds of Settlement was introduced into Parliament. In addition, the Ministry (through the Office of Treaty Settlements) managed negotiations or pre-negotiation discussions with more than 25 groups and is helping several others prepare their mandate strategies and/or Deeds of Mandate. The Waitangi Tribunal issued three significant reports regarding Treaty of Waitangi claims.*

### **WAITANGI TRIBUNAL**

The Waitangi Tribunal is an independent commission of inquiry that makes findings and recommendations on claims brought by Māori relating to actions or omissions of the Crown that are alleged to have breached the Treaty of Waitangi. The Ministry supports the work of the Waitangi Tribunal by providing registration, research and administrative services relating to claim management, as well as supporting inquiries into, and reports on, claims in respect of breaches of the Treaty of Waitangi.

Between July 2007 and June 2008, the Waitangi Tribunal issued three reports including the Te Arawa Settlement Process Report, He Maunga Rongo: Report on Central North Island Claims and Te Tau Ihu o Te Ika a Maui: Preliminary Report on Te Tau Ihu Customary Rights in the Statutory Ngai Tahu Takiwa.

The Waitangi Tribunal has completed district or regional inquiries and issued reports on 14 of its 37 districts nationwide, covering 66 percent of New Zealand's land area. The Waitangi Tribunal is preparing or conducting inquiries into a further 13 districts, covering 23 percent of New Zealand's land area. Overall, three-quarters of the districts (covering 89 percent of New Zealand's land area) have completed or are preparing for Tribunal inquiries into historical and other claims. As at 30 June 2008, the Waitangi Tribunal had issued 106 reports on historical and other claims.

### **OFFICE OF TREATY SETTLEMENTS**

The Office of Treaty Settlements (OTS), based within the Ministry's Policy and Legal Group, is responsible for negotiating settlements and oversees the implementation of Treaty of Waitangi settlements, including managing a landbank of approximately 775 potential settlement properties.

Achievements during 2007/08 include:

- recognition by the Crown of mandates for Ngāti Ranginui, Ngāti Porou and Ngāi Tūhoe
- Terms of Negotiation were signed with Ngāti Toa Rangatira, Taranaki Tainui ki te Tonga, Ngāti Mākino/Waitaha, Ngāti Pahauwera and Raukawa (in relation to their claims over the Waikato River)
- Agreements in Principle were reached with Ngāti Apa (North Island), Te Rarawa, Taranaki Whānui, Waikato–Tainui (over the Waikato River) and Ngātikahu ki Whangaroa
- Deeds of Settlement were initialled and then signed with affiliate Te Arawa iwi/hapū, the Central North Island Forest Iwi Collective and Taranaki Whānui ki Te Upoko o Te Ika
- legislation was introduced to complete the settlements with affiliate Te Arawa iwi and hapū and the Central North Island Forest Iwi Collective.

In addition to these achievements, the Ministry (through OTS) is managing negotiations or pre-negotiation discussions with more than 25 groups, many of which are nearing important settlement milestones. Work conducted in 2007/08 will lead to the achievement of milestones in future years.

OTS is helping several groups prepare their mandate strategies and/or Deeds of Mandate. These include the remaining groups around the Waikato River, Central North Island, Far North, greater Auckland region (including Hauraki), remaining groups in the Western and Eastern Bay of Plenty and the rest of the North Island East Coast (south of Poverty Bay). Preliminary discussions with these groups include consideration of the timetable for them to enter negotiations with the Crown.

## *Managing the parliamentary electoral system*

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*The three electoral agencies – the Electoral Enrolment Centre, Electoral Commission and Chief Electoral Office (part of the Ministry of Justice) – administer New Zealand's general elections and work to maintain public confidence in this administration.*

*The related output class is Management of the Parliamentary Electoral System (Vote Justice).*

*Work progressed according to plan ahead of the 2008 general election. The Chief Electoral Office assisted the Representation Commission in its review of the names and boundaries of parliamentary electorates. Returning Officers were appointed and trained and electorate headquarters were fitted out. The Chief Electoral Office provided guidance material on the new requirements of the Electoral Finance Act 2007, and is contributing to the implementation of an accessibility action plan for voters with disabilities. The Chief Electoral Office released a draft long-term e-voting strategy that will inform work on how future elections are conducted.*

The Chief Electoral Office is responsible for the administration of parliamentary elections and referenda and for providing administrative support to the Representation Commission. The Ministry also administers the Electoral Act 1993.

During the year, the Chief Electoral Office continued its preparations for the 2008 general election. The Office provided support to the Representation Commission in its review of the names and boundaries of parliamentary electorates. The Commission released the new electorate boundaries in September 2007.

Returning Officers and their key headquarters managers were appointed and trained. The premises for electorate headquarters were secured and established. The headquarters are where each Returning Officer and their staff will manage the electoral process for their electorate. Tests of key systems and processes were conducted successfully.

The Chief Electoral Office produced guidance material for electorate candidates and their financial agents on the requirements of the Electoral Finance Act 2007, which introduced new election laws for the 2008 general election. The Chief Electoral Office also responded to enquiries from electorate candidates, financial agents and political parties about the new legislation.

The Chief Electoral Office, Electoral Commission and Electoral Enrolment Centre developed an accessibility action plan (*Access '08*) for the 2008 general election. The action plan aims to reduce barriers to voting for people with disabilities and focuses on three key areas: the content and format of electoral information, distribution of electoral information and physical access and assistance at polling places. Good progress is being made on the implementation of the plan in the lead up to the general election.

The Chief Electoral Office publicly released a draft long-term e-voting strategy in May 2008. The strategy explores options for piloting electronic voting for general elections and referenda. The strategy will inform work on how future elections are conducted.



## Ensuring the relevance of laws and regulations

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*Laws that have become outdated through technological or societal change can adversely affect the whole justice system. The Ministry helps ensure that laws and regulations remain acceptable and relevant to changing societal needs by providing research and advice, reviewing legal and regulatory processes and supporting the Government's legislative reform. In addition, the Law Commission provides advice to the Minister of Justice on ways to make the law easier to understand and as accessible as practicable.*

*The related output class is Policy Advice (Vote Justice).*

*During the year, significant progress was made on the development of legislative initiatives to combat serious and organised crime, such as the Organised Crime (Penalties and Sentencing) Bill. Several legislative initiatives that address Law Commission law reform proposals were passed or came into force in 2007/08, such as the Property Law Act 2007. Two further pieces of significant legislation were passed in June 2008 – the Summary Offences (Tagging and Graffiti Vandalism) Amendment Bill and Criminal Procedure Bill. The Ministry also continued an extensive programme of work to ensure that New Zealand meets its international obligations, especially in relation to treaty and convention compliance.*

### KEY LEGISLATION PROGRESSED

In July 2007 the Criminal Justice Reform Bill was passed, which made the most significant changes to sentencing and parole legislation since 2002. The Bill became five separate Acts as outlined below.

- The **Sentencing Council Act 2007** came into force in November 2007 and created a Sentencing Council to draft sentencing and parole guidelines to ensure consistency and transparency in decision making.
- The **Sentencing Amendment Act 2007** came into force in October 2007 and gave the courts improved non-custodial sentencing options. The Act created three new non-custodial sentences (home detention, community detention and intensive supervision) and improved the two existing non-custodial sentences of supervision and community work.
- The **Parole Amendment Act 2007** introduced changes to parole and the powers of the Parole Board, including the creation of a regime that enables the New Zealand Police and Department of Corrections to provide confidential information to the Parole Board. The Act also contains provisions (yet to come into effect) that will significantly change parole eligibility.
- The **Bail Amendment Act 2007** clarified the threshold for remanding a defendant in custody rather than on bail.
- The **Prisoners' and Victims' Claims Amendment Act 2007** ensured that the regime established by the Prisoners' and Victims' Claims Act 2005 continued in force (it was due to expire in 2007). The primary Act contains guidelines limiting compensation payments to prisoners for breaches of rights and has a special claims procedure for victims to claim against any payments made to prisoners.



The Ministry made significant progress in 2007/08 on the following legislative initiatives to address serious and organised crime.

- The **Organised Crime (Penalties and Sentencing) Bill** received its first reading in June 2008. The Bill increases the maximum penalty for participation in an organised crime group from five years to 10 years' imprisonment. It also makes participation in such groups an aggravating factor to be taken into account when an offender is sentenced.
- The **Criminal Proceeds (Recovery) Bill** progressed through the select committee process. The Bill enables the forfeiture of the property of those who profit from criminal activity, but who have succeeded in distancing themselves from specific offences. Under existing legislation, property can only be forfeited when the owner has been convicted of a criminal offence.
- The **Serious Fraud Office (Abolition and Transitional Provisions) Bill** progressed through the select committee process. The Bill disestablishes the Serious Fraud Office and provides for the transfer of its functions and powers to the new Organised and Financial Crime Agency of New Zealand.
- A **Search and Surveillance Bill** is being developed for introduction into the House later in 2008. The Bill will modernise legislation relating to the exercise of search and surveillance powers by law enforcement agencies and will strike a balance between providing the powers needed for effective law enforcement and the protection of individual freedoms.

Law Commission law reform proposals were addressed through the legislative initiatives outlined below.

- The **Wills Act 2007**, which came into force in November 2007, simplifies and modernises previous legislation. The Act makes it easier to prepare a will and reduces the risk of a will maker's wishes being undermined by a poorly drafted or badly executed will.
- The **Property Law Act 2007** came into force in January 2008. The Act updates and improves the existing property law rules that apply when people create, control or dispose of property interests. The rules relate to all property (including land) and govern a wide range of private and commercial property transactions and dealings, such as residential and commercial transfers and mortgages, and commercial leases.
- The **Succession (Homicide) Act 2007** was passed in October 2007 and strengthens the law that prevents a person who unlawfully kills another person from benefiting as a result of the death.
- The **Evidence Act 2006** came into force in August 2007. The Act clarifies the way in which information is offered in court as evidence, which means that all relevant evidence is admissible unless there is a good reason to exclude it. This will help reduce delays in proceedings caused by legal argument about whether certain documents or statements should be admitted.
- The **Arbitration Amendment Act 2007** (passed in October 2007) improves the workability of the Arbitration Act 1996 and enhances arbitration as a means of private dispute resolution in New Zealand.
- The **Trustee Amendment Bill** was introduced in September 2007 and is being considered by the Justice and Electoral Committee. The Bill amends the Trustee Act 1956 and will help address the increasingly specialised nature of trusteeship by improving certain aspects of trust law relating to the administration of trusts.

The Ministry supported the Prostitution Law Review Committee's statutory review of the **Prostitution Reform Act 2003**. The review report, which was completed in May 2008, provides an evidence-based assessment of the impact of the decriminalisation of prostitution in New Zealand.

The **Real Estate Agents Bill** was introduced in December 2007 and was reported back to the House by the Justice and Electoral Committee in June 2008. The Bill introduces modern consumer protection measures by establishing a new, independent licensing, complaints and disciplinary regime, and enhancing real estate agents' obligations to consumers. The Bill removes regulatory functions from the Real Estate Institute of New Zealand and abolishes the Real Estate Agents Licensing Board. The changes will ensure fair processes for consumers and promote improved standards for real estate agents.

The **Lawyers and Conveyancers Act 2006** came into force in August 2008 and represents a major reform of the way in which legal services are provided in New Zealand. The Act has an increased focus on consumer protection, and enables effective regulation of the legal and conveyancing professions. The Act also opens up the provision of legal services, creates a new professional group ('conveyancing practitioners') and allows increased freedom for lawyers in the structure of their practices.

Two further pieces of significant legislation were both passed in June 2008. The **Summary Offences (Tagging and Graffiti Vandalism) Amendment Bill** will help address graffiti vandalism by creating a specific offence for tagging and graffiti vandalism, prohibiting the sale of canned spray paint to persons under the age of 18 and introducing an option of community-based sentences. The Bill represents the legislative component of the nationwide Stop Tagging Our Place (STOP) Strategy.

The **Criminal Procedure Bill** is omnibus legislation that amends existing legislation governing criminal proceedings and jury services. It also creates a new Criminal Disclosure Act, which will provide a comprehensive regime of pre-trial disclosure in criminal proceedings. The overall purpose of the Bill is to maximise efficiency and fairness in the criminal justice system.

## INTERNATIONAL OBLIGATIONS

The Ministry works to ensure that New Zealand meets its international obligations, particularly in relation to treaty and convention compliance. This enhances international confidence in New Zealand's legal and justice systems and in international business or other dealings undertaken by the Government and New Zealanders.

The Ministry's contribution to international efforts to combat bribery and corruption illustrates its work in this area. The Ministry is helping to enhance New Zealand's status as one of the least corrupt countries in the world by further improving our compliance with international anti-corruption conventions, such as the **Organisation for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in Business Transactions** and the **United Nations Convention Against Corruption**.

The Ministry continues to be a member of the **Financial Action Task Force (FATF)**, which was established to combat money laundering and the financing of terrorism. During the year, the Ministry conducted work to help meet New Zealand's international obligations to the FATF. For example, a cost-compliance exercise was completed, which will allow increased precision in the Ministry's development of policy relating to the anti-money laundering regulatory framework. The Ministry also commenced work in preparation for the FATF's Mutual Evaluation of New Zealand, which will be held in April 2009.

The Ministry took a lead role in the New Zealand delegation that attended the diplomatic meeting of the **Hague Conference on Private International Law** in November 2007. A new Convention on the International Recovery of Child Support and Other Forms of Family Maintenance was successfully negotiated at the conference. The convention is a simplified and lower cost system for the enforcement

of child support and family maintenance across national boundaries. It also recognises administrative child support systems, including those that operate in New Zealand. Work in 2008/09 will focus on whether New Zealand should become a party to the convention.

The Ministry played a key role in the New Zealand delegation that attended meetings of the **Working Group on Liability and Redress**, under the **Cartagena Protocol on Biosafety**, in October 2007 and May 2008. The working group is considering international rules and procedures on liability and redress in relation to the cross-border movements of living modified organisms (or genetically modified organisms). Negotiations will continue in 2009. New Zealand has been a party to the protocol since 2005.

The Ministry coordinated the preparation of New Zealand's **Fifth Periodic Report under the International Covenant on Civil and Political Rights**. The covenant affirms the rights of everyone to fundamental civil and political rights. New Zealand is required to report periodically to the United Nations Human Rights Committee on the steps that New Zealand has taken to give effect to its obligations under the covenant. The Fifth Periodic Report covers the period from 1997 to 2007 and was submitted to the Committee in December 2007.

During 2007/08, the Ministry contributed to interagency work led by the Department of Labour on the development of a plan of action to prevent human trafficking. The plan of action will help New Zealand meet its international obligations as outlined in the **United Nations Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children**.

## *Ensuring effective safeguards for the exercise of public power*

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*The Ministry contributes to the justice sector outcome of effective constitutional arrangements by ensuring there are effective safeguards in place around the exercise of public power. This, in turn, builds and maintains public confidence in justice sector institutions.*

*New Zealand has several entities, such as the Human Rights Commission, Independent Police Conduct Authority and Privacy Commissioner, that scrutinise public agencies' exercise of power. The Legislation Advisory Committee provides a valuable independent check on draft legislation, and publishes guidelines for government departments to that end. The Ministry assists these agencies to be effective by ensuring they have the functions and resources necessary to achieve their purposes.*

*In 2007/08, the Ministry supported the passage of the Privacy (Cross-border Information) Amendment Bill and the Independent Police Conduct Authority Amendment Act 2007. The Ministry contributed to the implementation of the Foreshore and Seabed Act 2004 by facilitating the Crown's signing of the first two Heads of Agreement in February 2008.*

*The Ministry continued to provide advice to the Minister of Justice on the exercise of the Royal prerogative of mercy, which is an important constitutional safeguard in New Zealand's criminal justice system. The Ministry also supported the Attorney-General by vetting legislation for compliance with the New Zealand Bill of Rights Act 1990.*

### **REVIEW OF THE PRIVACY ACT 1993**

The Ministry supported the introduction of the Privacy (Cross-border Information) Amendment Bill to the House in July 2008. The Bill is part of the extensive modernisation of the Privacy Act 1993, and complements the privacy review currently being undertaken by the Law Commission.

The Bill proposes amendments in relation to cross-border data transfers so that the likelihood of New Zealand being used as an intermediary for the avoidance of other states' privacy laws is reduced. The Bill provides the Privacy Commissioner with the ability to cooperate with overseas privacy authorities when dealing with, or transferring, privacy complaints. The Bill also enables foreign nationals who are resident overseas to make information privacy requests.

### **INDEPENDENT POLICE CONDUCT AUTHORITY AMENDMENT ACT 2007**

During the year, the Ministry facilitated the passage of the Independent Police Conduct Authority Amendment Act 2007, which came into force in November 2007. The Act implements the recommendations of the Commission of Inquiry into Police Conduct. In December 2007, Cabinet approved an additional six proposals to further enhance the independence and effectiveness of the Independent Police Conduct Authority.

The Act, and Cabinet's subsequent agreement to further proposals, will provide a credible and effective oversight system and help to increase public confidence in the investigation by the Independent Police Conduct Authority of complaints about Police misconduct.

## FORESHORE AND SEABED NEGOTIATIONS

The Foreshore and Seabed Act 2004 promotes transparency and accountability by guaranteeing access to the public foreshore and seabed for all New Zealanders, protecting existing customary rights and ensuring certainty regarding rights and interests in the public foreshore and seabed.

During the year, the Ministry made significant progress on the implementation of the Act, with the signing in February 2008 of the first two Heads of Agreement. The first Heads of Agreement was signed by the Crown and Te Runanga o Ngāti Porou (on behalf of certain hapū of Ngāti Porou). The second Heads of Agreement was signed by the Crown and Te Runanga o Te Whanau (on behalf of the hapū of Te Whanau a Apanui).

The signings were an historic occasion for the Crown and relevant negotiating groups and were the culmination of extensive negotiations since late 2004. The Ministry led this work in conjunction with Te Puni Kōkiri, the Department of Conservation, Ministry for the Environment, Ministry of Economic Development, Ministry of Culture and Heritage and Crown Law Office.

Good progress was also made in 2007/08 with other groups that are interested in foreshore and seabed negotiations. For example, negotiations were started with Te Runanga o Te Rarawa (on behalf of the participating hapū of Te Rarawa), who signed Terms of Negotiation with the Crown in June 2008. Negotiations are underway towards an Agreement in Principle.

## ROYAL PREROGATIVE OF MERCY

Convicted persons who claim that they have been wrongly convicted or sentenced but have exhausted their appeal rights may apply to the Governor-General for the exercise of the Royal prerogative of mercy. The Royal prerogative of mercy is an important safeguard in the criminal justice system because it enables a case to be reconsidered when new information comes to light that was not properly examined by the court process.

By constitutional convention, the Governor-General takes advice from the Minister of Justice, who in turn relies on the Ministry to investigate and provide a thorough report on each application. The Ministry often engages a retired judge or Queen's Counsel to assist with complex and high-profile applications.

If the conclusion is that a miscarriage of justice is likely to have occurred, the Governor-General is normally advised to refer the person's case back to the courts for further consideration. In rare cases, a pardon may be considered.

Approximately 10 to 12 applications are made each year and consideration of each application takes on average about 10 to 12 months. In 2007/08, the Ministry completed advice on five applications and three requests for the review of previous decisions to decline the exercise of the Royal prerogative of mercy.

## **NEW ZEALAND BILL OF RIGHTS ACT 1990**

The Ministry continued to support the obligations of the Attorney-General under section 7 of the New Zealand Bill of Rights Act 1990. The Attorney-General is required to bring to the attention of the House of Representatives any provision of a Bill that may be inconsistent with that Act. During 2007/08, the Attorney-General brought three such Bills to the attention of the House (one government Bill and two non-government Bills).

The Ministry provides advice to the Attorney-General on all Bills except justice portfolio Bills, which are considered by the Crown Law Office. Since 2003, Ministry and Crown Law Office advice on Bills has been published on the Ministry website. Prior to providing that advice, the Ministry works with government agencies during the development of policy and legislative proposals to ensure that human rights are considered at the earliest stage. This approach helps to identify and eliminate potential inconsistencies with human rights before the legislation is introduced into the House of Representatives.



## Coordinating activities across the justice sector

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*The justice sector comprises a diverse array of institutions and participants who contribute to the Government's priorities and shared sector outcomes that are fundamental to the success of New Zealand society.*

*One of the Ministry's responsibilities is to provide leadership of justice sector activities and to coordinate the development of tools for use across the sector to assist sector planning. The Ministry's approach is based on a collaborative working model that aims to ensure cohesive direction and action among all sector agencies.*

### EFFECTIVE INTERVENTIONS

The rising prison population and growth in reported violent crime are two of the major challenges facing the justice sector. They are two priority areas within the Government's overall priority of Families – Young and Old. In the context of strong and safe communities, a key focus for justice sector agencies in 2007/08 was the implementation of the Effective Interventions (EI) initiatives in the criminal justice system.

As outlined in *Assisting communities to reduce crime*, the Ministry is managing the implementation of EI by working closely with sector partners, particularly the other core justice sector agencies, to progress the agreed programme of work.

### NEW ZEALAND CRIMINAL JUSTICE SECTOR OUTCOMES REPORT

The Ministry led the development of the first report on the justice sector's criminal justice outcomes. The report covers the criminal justice outcomes of Crime Reduced, Offenders Held to Account and Impact of Crime Reduced. The outcomes of a Trusted Justice System and Accessible Justice Services are also covered, where they relate to the criminal justice system.

The report provides a benchmark, based on information drawn primarily from justice sector agencies' data sets and official crime statistics, of the current status of the criminal justice outcomes. The report will enable the justice sector to monitor trends and assess, over the long term, whether it is moving in the right direction.

A separate report will be produced on the remaining sector outcomes of International Connectedness, Durable Settlement of Treaty Claims and Effective Constitutional Arrangements.

## JUSTICE SECTOR MEDIUM-TERM PRIORITIES

The Ministry worked with justice sector agencies in 2007/08 to agree the following five medium-term priorities for the justice sector:

- victims' rights and victims' support
- reduced offending by Māori
- increased use of alternatives to prison for less serious offenders
- effective and efficient criminal trial processes
- improved satisfaction with justice services.

Justice sector agencies will focus on activities that contribute to these priorities, which will lead to the biggest gains for the sector in the medium term.

## PERFORMANCE MONITORING FRAMEWORK

During the year, the Ministry developed and implemented a cross-agency performance monitoring framework. The framework will help to provide a common understanding of justice sector projects, including underlying assumptions and risks, and linkages to justice sector outcomes. It will also improve the reporting that is made against justice sector projects.

To date, the framework has been applied to the EI initiatives as well as activities being undertaken by the Taskforce for Action on Sexual Violence.

## JUSTICE SECTOR PIPELINE MODEL

Work continues on the pipeline model, which is a planning tool to improve sector understanding of the flow-through effects of changes to the system such as new policy or operational strategy. Modules that will progressively expand the capability of the pipeline model are being developed. The first three modules, covering the New Zealand Police, Courts and Community Corrections, were completed in 2007/08.

## JUSTICE SECTOR INFORMATION STRATEGY

The Justice Sector Information Strategy 2006–2011 (JSIS) focuses on the strategic value of information and how it can continue to meet the changing demands of the sector. The JSIS provides a framework for improved collaboration to manage and share relevant information between justice sector agencies. The five themes underpinning the JSIS are:

- improve the quality and integrity of justice sector operational data assets
- effectively manage shared justice sector data and information
- ensuring we support strategic decision making in the justice sector
- actively leveraging the resource base across the justice sector
- improve information and service provision to our communities.



Key achievements during the year included: implementation of the first iteration of the Integrated Youth Justice Dataset, to support key stakeholders in the youth justice system such as the Youth Justice Independent Advisory Group; the addition of new datasets to the justice sector's data warehouse to improve the use of sector data and enable evaluations of the effectiveness of initiatives; the development of a data quality framework to improve the quality of justice sector information; and the analysis of criminal and youth justice data exchanges across the sector to identify ways to improve the effectiveness of these transfers.

Agencies that contribute to the delivery of the JSIS initiatives include the Ministry of Justice, Crown Law Office, Department of Corrections, New Zealand Transport Agency, Legal Services Agency, Ministry of Social Development and New Zealand Police.

## **INTERAGENCY COLLABORATION**

Coordination of the justice sector is overseen at the highest level through monthly meetings of justice sector agency Chief Executives, convened by the Secretary for Justice. The Ministry also worked collaboratively in 2007/08 with a range of agency representatives to identify practical solutions to important issues. For example, the Interagency Advisory Group on Summary Court Improvement comprises representatives from justice sector agencies and the judiciary, and has been a forum for cross-sector leadership and collaboration since 2005. The group facilitates improvements to the summary court processes by providing a framework for the coordination of activities, projects and initiatives that impact on the summary court.

The Ministry and Law Commission worked with the Tribunal Reform Officials Reference Group on the tribunal reform programme. The group's work underpinned the development of a consultation document (publicly released in July 2008) on the Government's preferred approach to tribunal reform.

During the year, the Ministry hosted a range of seminars and conferences about justice issues for the sector and other interested parties. For example, the Ministry jointly hosted the national Restorative Justice Practitioners Conference in August 2007. The conference involved more than 130 restorative justice facilitators and coordinators from a variety of community-based programmes, as well as international speakers and New Zealand Police and judiciary representatives. The Ministry also hosted a Youth Offending Conference in November 2007. The conference brought together more than 500 practitioners, leaders, researchers, academics and policy makers to discuss youth justice issues and solutions.

The Ministry contributed to several conferences, including the Fifth International Conference of Information Commissioners in November 2007 (a forum for those who regulate and enforce access to information laws) and the Victim Support Annual Conference in October 2007 (which provided an opportunity to discuss challenges in the areas of crime and victimisation).

## **REVIEW OF THE CRIMINAL JUSTICE SECTOR**

In April 2007, the Government asked Ombudsman, Mel Smith, to report to the Prime Minister and Parliament on how effectively the components of the criminal justice system, including the Ministry of Justice, Department of Corrections, New Zealand Police and New Zealand Parole Board work together, and whether differences in procedures in different parts of the system lead to unintended or undesirable consequences.

The Ombudsman's report was submitted to the Prime Minister in November 2007. The report calls for the restoration of public and political confidence in the criminal justice sector, and a rational and informed public debate about the criminal justice system.

In February 2008, in response to the Ombudsman's report, the Prime Minister announced the Government's intention to create a Criminal Justice Advisory Board that will advise justice sector Ministers on issues relating to the criminal justice system. The board will focus on public confidence in, and significant issues, improvements and priorities for, criminal justice. The board has been appointed and will meet in 2008/09.

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# Capability development and contributions

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## Organisational development

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*This section describes significant development initiatives undertaken in 2007/08 to build the Ministry's capability. These initiatives span human resources, information technology, property, security and financial management. This section also highlights development work in performance measurement and sustainable practices.*

### HUMAN RESOURCES

The Ministry is a large and complex organisation, with the majority of its more than 3,000 staff spread across the country in over 100 locations. In 2007/08, the Ministry employed 3,039 full-time equivalent (FTE) staff. This compares with 2,849 FTEs at 30 June 2007. Staff numbers have increased across the Ministry as we build our organisational capability and strengthen key areas following the 2004 baseline review.

We have more female employees than male, with 66 percent women and 34 percent men. This is slightly higher than the wider public service, which averages 59 percent female and 41 percent male.

The majority of our employees identify as New Zealand European/Pakeha or other, 17 percent as Māori, 9 percent as Pacific peoples and 7 percent as Asian. The percentage of employees identifying as Māori or Pacific peoples exceeds that of the New Zealand population, at 14.6 percent and 6.9 percent respectively. Our overall ethnic mix is close to the public service average.

As at 30 June 2008, the average tenure across the Ministry was 6.9 years, which is marginally higher than the previous year. The overall staff turnover rate of 17.9 percent has decreased compared with 2006/07, but is still higher than the public service average of 14 percent. The Ministry is undertaking several activities to address this rate of turnover.

Initiatives to build capability were implemented in 2007/08 as part of the Ministry's People Strategy. These initiatives included a manager induction workshop and a training programme for managers on tools and resources to aid staff development. Three new development modules for middle managers were piloted and implemented to supplement the training programmes that are available for first-line managers and team leaders.

An online professional development system was implemented to provide managers with self-assessment tools linked to the competencies required for their role. The system provides a range of development interventions, linked to competencies, which allow managers to build their own tailored development plans.

The Ministry developed a manager accountability framework during 2007/08. The framework provides clarity about the skills and accountabilities that are required by the Ministry's managers.

A new field remuneration system took effect from 1 July 2007 in line with the system for national roles that was implemented in 2005. Both systems are market linked and performance based.

The Ministry's four collective employment agreements were successfully renegotiated during the year. New individual agreements that align terms and conditions for staff outside the coverage of the collective agreements were also offered. The Ministry and the Public Service Association are jointly developing a Partnership for Quality agreement.

A Pay and Employment Equity Review Committee conducted a review to investigate how gender affects employment in the Ministry. The review, completed in June 2008, showed that the Ministry is already undertaking initiatives that support best practice in this area.

During the year, we developed an Employee Participation Agreement for Health and Safety. Work also commenced on the development of national health and safety management systems, including systems and tools to manage hazards and incidents.

We developed and implemented induction tools for new Ministry staff. These tools include a 'Working for Justice' DVD, workbooks for new staff and their managers, a revised appointment pack and new induction information on the Ministry's intranet site.

An online interactive writing module was launched to enhance the writing capability of the Ministry's staff. Examples of the module's content include effective business writing, punctuation, grammar, editing and proof reading.

## **INFORMATION TECHNOLOGY**

In 2007/08, we continued to progress the development of information technology (IT) to meet future business needs, improve systems, tools and services for staff, and provide support for specific initiatives. Key areas of focus include the electronic filing of infringements initiative and the roll out of new technology to support the implementation of the National Transcription Service.

We completed the fourth year of the Infrastructure Upgrade Programme (IUP). Enhancements delivered include improved support for judicial network performance needs, and increased network capacity bandwidth for 37 courts. The Ministry's IT security capability has been strengthened to safeguard its systems and the information stored within them.

The Ministry has committed to upgrading a large part of its telephone network system. This will extend the life of the telephony network by up to five years. The Ministry has also adopted a common telephone system, which will optimise the benefits from consolidating three national office premises in Wellington into one.

Work was completed on the simplification and streamlining of internal IT processes and work practices. Structures are in place to develop and deliver applications that align with the architectures defined in the Ministry's Information Systems Strategic Plan.

## FACILITIES AND RELATED SERVICES

The Ministry completed a range of projects to improve the standard and suitability of its courthouses. Key achievements include the reopening of the refurbished Taupo courthouse, completion of the first two stages of the redevelopment of the Palmerston North courthouse and refurbishment of the Gisborne and Hamilton Māori Land Courts. A new criminal office and jury assembly area for the Auckland High Court and additional hearing rooms and a multi-purpose custodial courtroom for the Hamilton Court were also completed.

The Ministry continued to implement a national property maintenance regime in 2007/08. Property condition assessments on the Ministry's entire portfolio and about 500 items of deferred maintenance were completed.

The Ministry's court security officers received training in conflict resolution skills and the physical aspects of control and restraint. The training will enable court security officers to maintain a safe and secure environment for court users and respond effectively and professionally to violence or inappropriate behaviour.

We continued our commitment to sustainable practices and the Govt<sup>3</sup> programme. The Ministry was awarded 'Highly Commended' for its entry in the *Sustainable Improvement in Energy Efficiency* category at the annual Govt<sup>3</sup> Awards in October 2007. The Ministry's Greenhouse Gas Emissions Inventory and Greenhouse Gas Emissions Reduction Plan were launched in April 2008. Other achievements include the roll out of a new waste minimisation and recycling programme and the launch of a new procurement strategy to meet sustainable purchasing requirements set out by the Government.

## FINANCE AND GOVERNANCE

We continued to enhance the processes and tools through which we manage the Ministry.

The roll out of the new financial management information system was completed during the year and will enable financial planning and monitoring to be more integrated and effective than it was previously. Work was completed on the transition to the New Zealand International Financial Reporting Standards (NZ IFRS). A point of sale revenue accounting system was introduced in the 20 largest courts that are responsible for 80 percent of the Ministry's fee revenue. The system will be rolled out to remaining courts in 2008/09.

We enhanced our procurement practices by introducing a procurement toolkit to help managers make effective decisions and employing a national procurement manager to ensure that procurement and purchasing decisions are appropriate and cost effective.

A high-level intervention logic was developed as part of the Ministry's 2008/09 Statement of Intent. The intervention logic includes three strategic focus areas and a range of associated medium-term priorities that will guide the Ministry's work in the medium term.

Other work on outcomes and performance measurement includes a review of the Ministry's performance measures, which will inform the development of a new performance measurement framework.

## *Contributions to other government priorities*

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The Ministry contributes to several government priorities – relating to justice sector outcomes and other areas – through its core service delivery. These include: crime prevention policies and programmes that target at-risk communities and groups; policies and programmes that reduce inequalities and improve respect for people's rights and the law; working with community, voluntary groups and tangata whenua; and the New Zealand Disability Strategy. Specific activities that support reducing inequalities and the New Zealand Disability Strategy are set out below.

### *Reducing inequalities*

We contribute to reducing inequalities through our work on justice issues that range from human rights to family law, legal aid and criminal justice matters, our delivery of services through the courts and our role in crime prevention. In most cases, the way in which we contribute to reducing inequalities is integrated into our activities, such as the provision of policy advice or the design of service improvements. The following initiatives illustrate how we helped reduce inequalities in 2007/08.

### **POSITIVE PARENTING AND REDUCED INCIDENCE OF ABUSE AND NEGLECT**

- Participating in the Taskforce for Action on Violence within Families, which has a project specifically focused on preventing child abuse and neglect.
- Providing the chair and secretariat for the Taskforce for Action on Sexual Violence, as well as leading several of its work streams.
- Conducting a range of initiatives to address family violence, including completing evaluations of the Waitakere and Manukau Family Violence Courts and reviewing the Domestic Violence Act 1995.
- Funding and coordinating the delivery of the Parenting through Separation programme.
- Launching new Youth Court information resources for victims, young people and their families.

### **REDUCED CRIMINAL VICTIMISATION AND VIOLENCE**

- Developing a national Stop Tagging Our Place (STOP) Strategy to address graffiti vandalism in New Zealand.
- Developing initiatives to address organised crime, such as the completion of a national Organised Crime Strategy and the establishment of the Organised and Financial Crime Agency New Zealand (OFCANZ).
- Implementing Effective Interventions initiatives, including programmes of action for Māori and Pacific peoples, and the Sentencing Amendment Act 2007, which gives courts increased sentencing options.
- Completing the first year of operation of Te Hurihanga, an intensive rehabilitation and reintegration programme for serious and recidivist young offenders.
- Completing a comprehensive evaluation of the Ministry's Youth Offending Teams and a review of trends in youth violence and best practice interventions.
- Improving the provision of information and services to victims of crime.



## CULTURAL AND ETHNIC IDENTITIES ARE VALUED

- Implementing a new administrative structure for the Māori Land Court, which will improve service delivery and accommodate the changing nature of the Māori Land Court's business.
- Launching the new Coronial Services, which will ensure increased recognition of the different cultural and spiritual needs of families and those who are close to the deceased.
- Developing (in conjunction with the Department of Labour) a single, independent Immigration and Protection Tribunal to consider all grounds of appeal against immigration decisions.
- Assisting in the resolution of claims under the Treaty of Waitangi through the work of the Waitangi Tribunal and the Office of Treaty Settlements. During 2007/08, three significant reports regarding Treaty of Waitangi claims were completed and the Crown recognised three Deeds of Mandate, signed five Terms of Negotiation, five Agreements in Principle and three Deeds of Settlement. Legislation to implement two Deeds of Settlement was introduced into Parliament.
- Facilitating the Crown's signing of the first two Heads of Agreement under the Foreshore and Seabed Act 2004, which will protect existing customary rights and ensure certainty regarding rights and interests in the public foreshore and seabed.
- Completing the refurbishment of the Māori Land Courts in Gisborne and Hamilton, which follow the refurbishment of other Māori Land Court premises in Christchurch, Wellington, Rotorua and Hastings in recent years.
- Conducting the first sitting of the Youth Court on a marae. This historic milestone took place at the Poho o Rawiri Marae in Gisborne and was developed by the Ministry in conjunction with the judiciary, New Zealand Police and local iwi. The initiative aims to reduce re-offending by reconnecting young people appearing in the Youth Court with their culture and people.

### *New Zealand Disability Strategy*

The Ministry undertakes a range of activities in support of the New Zealand Disability Strategy.

During the year, the Ministry worked closely with the Office for Disability Issues regarding New Zealand's ratification of the United Nations Convention on the Rights of Persons with Disabilities. This work focused on reviewing the legislation that the Ministry administers to ensure there are no significant inconsistencies with the convention. New Zealand's ratification of the convention will enable it to continue to take a high-profile leadership role on issues relating to people with disabilities.

Good progress was made in 2007/08 on the implementation of an accessibility action plan (*Access '08*) for the 2008 general election. The plan was prepared by the Chief Electoral Office, Electoral Commission and Electoral Enrolment Centre, and aims to reduce barriers to voting for people with disabilities. Key achievements include the launch of a DVD for people who are deaf that uses sign language to explain how to enrol and vote, and the development of a booklet and DVD for voters with intellectual disabilities. Disability awareness training for Returning Officers and their key headquarters managers was completed, and systems and processes for assessing the physical accessibility of polling places were reviewed and enhanced.

Over the last year, the Ministry conducted several initiatives at the District Court level to improve accessibility to justice services for people with disabilities. For example, high-definition plasma television screens are being trialled in the Manukau District Court to communicate court schedules to court users. The screens provide accessible and easy-to-read information for court users who are visually impaired. As part of the District Courts Customer Service Skills training programme, Ministry staff received disability responsiveness training that placed special emphasis on assisting jurors whose hearing or vision is impaired.

## *Supporting and engaging with overseas jurisdictions*

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The Ministry provides assistance and support to, and works with, other jurisdictions on a range of matters.

### *Assistance to the Pacific*

The Ministry continues to provide support to Pacific neighbours in the administration of justice. A regional manager from the Chief Electoral Office went to Tokelau in October 2007 to assist with the administration of the Tokelauan referendum. The Ministry also provided advice on a draft Tokelau Bill for managing the transition to an independent Tokelauan criminal justice system.

A District Court manager was seconded to Honiara in the Solomon Islands as part of the team put together by the Regional Assistance Mission to the Solomon Islands (RAMSI). RAMSI is a partnership between the people and government of the Solomon Islands and 15 Pacific countries. The District Court manager focused on helping improve High Court systems and processes and addressing the backlog of court cases.

A general manager from the Ministry was part of a delegation (led by the Minister of Foreign Affairs) to the Solomon Islands, Marshall Islands and Samoa. The delegation focused on providing support and guidance to these jurisdictions on a range of law and order matters. A senior advisor from the Higher Courts was seconded to Samoa to provide guidance on improving the administration of the Samoan courts.

### *Overseas engagements*

The Ministry hosted a meeting of the Australasian Courts Administrators Group (ACAG) in July 2008. The ACAG comprises senior courts administrators from Australia (federal and state courts) and New Zealand who meet on a quarterly basis to progress court management issues. The meeting focused on two key areas: work underway in Australia and New Zealand to speed up criminal procedure processes from arrest to disposal, and exploring plans and concepts around 'Courts of the Future'.

During July 2008, the Ministry also hosted and organised the Standing Committee of Attorneys-General (SCAG) meeting. As the chief law makers of their jurisdictions, the SCAG forum provides an opportunity for Ministers from each jurisdiction to meet and discuss areas where it is appropriate to harmonise laws or to simplify legal processes. Best practice models of restorative justice and ways to support victims of crime were also discussed at the SCAG meeting.

The Ministry contributes as an OECD member to international efforts to combat bribery and corruption. During the year, the Ministry participated in working groups and evaluation teams tasked with strengthening international legal frameworks to address bribery and corruption.

New Zealand is a member of the Financial Action Task Force (FATF), which was established to address money laundering and the financing of terrorism. During 2007/08, the Ministry attended FATF and Asian-Pacific Group meetings and provided input to the FATF's evaluation of anti-money laundering and counter-terrorist financing in overseas jurisdictions.

The Ministry's Crime Prevention Unit is a member of the Australian and New Zealand Crime Prevention Senior Officers' Group. The group, which meets biannually, comprises crime prevention



management representatives from all Australian states and New Zealand, and was chaired by the Ministry in 2007. The Ministry's membership of the group has enabled it to exchange information and experiences with counterpart agencies in Australia.

A principal advisor from the Ministry's Crime Prevention and Criminal Justice team attended a major international conference on youth justice in Colorado in February 2008. The principal advisor was one of 1,200 delegates from 11 countries who attended the three-day conference organised by Colorado University's Centre for the Study and Prevention of Violence. Information from the conference will inform the Ministry's interagency work to address youth violence in New Zealand.

During the year, the Ministry negotiated a draft treaty with Australian officials (for approval by the Australian and New Zealand governments) on trans-Tasman court proceedings and regulatory enforcement. The treaty provides for the establishment of a trans-Tasman regime covering a simplified process for the service of civil court proceedings, the enforcement of a broad range of civil judgments and improved regulatory enforcement. The treaty implements the recommendations of the Trans-Tasman Working Group on Court Proceedings and Regulatory Enforcement, which was established in 2003 to review trans-Tasman cooperation in the fields of civil court proceedings and regulatory enforcement.

The Chief Electoral Office has benefited from opportunities to network with experts and electoral officials in other jurisdictions. For example, the Chief Electoral Officer and the Manager Electoral Events observed the Australian Federal Elections that were administered by the Australian Electoral Commission in November 2007.

The first coordination meeting between the Ministry's Public Law team and the Civil Justice Division of the Commonwealth Attorney-General's Department in Australia took place in February 2008. The meeting identified areas of mutual interest where further discussions would be beneficial. Regular meetings between the two groups are planned for 2008/09.



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## *Part 2: Service performance and financial summary*

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## *Statement of responsibility*

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In accordance with sections 35 and 45C of the Public Finance Act 1989, I am responsible as Secretary for Justice and Chief Executive for the preparation of the Ministry's financial statements and the judgements made in the process of producing those statements.

I am responsible for establishing and maintaining a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements fairly reflect the financial position and operations of the Ministry for the year ended 30 June 2008.

Signed



Belinda Clark  
**Secretary for Justice and Chief Executive**

30 September 2008

Counter-signed



Lara Ariell  
**Chief Financial Officer**

30 September 2008

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## *Report of the Auditor-General*

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### *Audit Report*

*To the readers of the Ministry of Justice's financial statements and statement of service performance for the year ended 30 June 2008*

The Auditor-General is the auditor of the Ministry of Justice (the Ministry). The Auditor-General has appointed me, JR Smaill, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance and schedules of non-departmental activities included in the annual report of the Ministry for the year ended 30 June 2008.

### **UNQUALIFIED OPINION**

In our opinion:

The financial statements of the Ministry on pages 90 to 122:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the Ministry's financial position as at 30 June 2008; and
  - the results of its operations and cash flows for the year ended on that date.

The statement of service performance of the Ministry on pages 54 to 89:

- complies with generally accepted accounting practice in New Zealand; and
- fairly reflects for each class of outputs:
  - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
  - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The schedules of non-departmental activities on pages 123 to 148 fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2008.

The audit was completed on 30 September 2008, and 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 the Auditor, and explain our independence.

## **BASIS OF OPINION**

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Chief Executive;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

## **RESPONSIBILITIES OF THE CHIEF EXECUTIVE AND THE AUDITOR**

The Chief Executive is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Ministry as at 30 June 2008 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Ministry's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. In addition, the schedules of non-departmental activities must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust

monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2008. The Chief Executive's responsibilities arise from sections 45A, 45B and 45(1) of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45D(2) of the Public Finance Act 1989.

## INDEPENDENCE

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

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



JR Smaill  
**Audit New Zealand**  
On behalf of the Auditor-General  
Wellington, New Zealand

## Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the Ministry of Justice for the year ended 30 June 2008 included on the Ministry's web site. The Ministry's Executive Team is responsible for the maintenance and integrity of the Ministry's web site. We have not been engaged to report on the integrity of the Ministry's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 30 September 2008 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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## Statement of service performance

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An explanation is provided for all variances plus or minus 10 percent from the mid-point of a range or projection. Actual results that fall within the projection range are deemed to be achieved.

### Vote Justice

#### OUTPUT CLASS ONE: POLICY ADVICE

Output class one includes providing policy, purchase and legal advice, and research and evaluation in relation to:

- Building safer communities with initiatives relating to youth justice, victims and family violence, organised crime, burglary, alternative responses to crime including restorative justice and the prevention of crime and victimisation.
- Ensuring civil and democratic rights and obligations are enjoyed with initiatives relating to the criminal justice system, New Zealand and international criminal law, constitutional issues, the electoral system, access to justice, human rights, family law, and commercial and property law.

Policy areas covered in this output class include: access to justice; commercial, property and regulatory; constitutional issues; contemporary Treaty issues; criminal and international law; crime and justice; crime reduction strategy; family law; foreshore and seabed; human rights; legal advice/Royal prerogatives of mercy; research and evaluation; youth justice.

#### Justice (J)

J1	Policy advice			
Quality		Projection	Actual	Variance
J1 P1	Percentage of policy advice that meets the Ministry's quality criteria for policy development	100%	100%	–
Timeliness		Projection	Actual	Variance
J1 P2	Percentage of advice that is provided within agreed timeframes	100%	100%	–
Activity Information		Projection	Actual	Variance
J1 A1	Policy advice will be delivered according to the policy work programme (and any subsequent amendments) negotiated between the Minister of Justice and the Secretary for Justice	Achieved	Achieved	–



## MINISTRY'S QUALITY CRITERIA FOR POLICY DEVELOPMENT

- includes a clear statement of purpose
- is accurate and uses sound information
- presents a clear, concise and logical argument, with assumptions made explicit and supported by facts
- draws on professional knowledge and appropriate methodologies
- examines comparative material
- presents options
- uses a clear conceptual and well-articulated framework
- considers resource, legal and human rights implications and implementation issues/ practicability
- considers risks, costs and benefits
- considers evaluation
- considers issues for Māori and Pacific peoples

## OUTPUT CLASS STATEMENT

### POLICY ADVICE

FOR THE YEAR ENDED 30 JUNE 2008

	30/6/08 Actual (\$000)	Main Estimates (\$000)	Supplementary Estimates (\$000)	30/6/07 Actual (\$000)
<b>Revenue</b>				
Crown	24,884	23,963	24,884	22,931
Departmental	288	253	253	263
Other	93	–	62	–
<b>Total Revenue</b>	<b>25,265</b>	<b>24,216</b>	<b>25,199</b>	<b>23,194</b>
<b>Total Expenses</b>	<b>24,963</b>	<b>24,216</b>	<b>25,199</b>	<b>22,816</b>
<b>Net Surplus</b>	<b>302</b>	<b>–</b>	<b>–</b>	<b>378</b>

## OUTPUT CLASS TWO: SECTOR LEADERSHIP AND SUPPORT

Output class two includes:

- Coordinating planning across the sector to achieve shared sector outcomes.
- Developing and implementing an integrated plan of activities against key milestones within the Justice Sector Information Strategy.
- Coordinating the sector to develop a cost-effective Budget package aligned with agreed sector outcomes, and providing advice on purchase decisions between Budget rounds.
- Providing advice to Ministers about judicial and statutory appointments, including Justices of the Peace, and appointments to tribunals, authorities, Crown entities and committees.
- Non-departmental output class management. This includes managing the Ministry's relationship with Crown entities and agencies, as defined by a Memorandum of Understanding; reporting on issues and risks with respect to particular services purchased from justice sector Crown entities and agencies funded through Vote Justice; and providing advice on the Crown's ownership interests in those entities and agencies.

*Justice (J)*

J2	Sector leadership and support			
Quality		Projection	Actual	Variance
<b>Sector leadership and support</b>				
J2 P1	Percentage of justice sector leadership advice and documentation that meet the Ministry's policy criteria	100%	100%	–
J2 P2	Percentage of justice sector purchase advice and documentation that meet the Ministry's quality criteria	100%	100%	–
J2 P3	Successful completion of the Justice Sector Information Strategy work programme as agreed by the Justice Sector Information Committee	Achieved	Achieved	–
J2 P4	A package of new sector initiatives will be developed for the Budget to the satisfaction of sector Ministers and chief executives	Achieved	Achieved	–
<b>Appointments</b>				
J2 P5	Percentage of judicial appointments for which advice and documentation meet the Ministry's quality criteria	100%	100%	–
J2 P6	Percentage of Ministerial and statutory appointments for which advice and documentation meet the Ministry's quality criteria	100%	100%	–
<b>Non-departmental output class management</b>				
J2 P7	Percentage of non-departmental output class management items of advice, reporting and purchase documentation that meet the Ministry's quality criteria	100%	100%	–
Timeliness		Projection	Actual	Variance
<b>Sector leadership and support</b>				
J2 P8	The work programme under the Justice Sector Information Strategy 2006–2011 for the 2007/08 financial year will be approved by the Justice Sector Information Committee by 31 October 2007	Achieved	Achieved	–

Appointments		Projection	Actual	Variance
J2 P9	Statutory and agreed deadlines are met for judicial appointments	Achieved	Achieved	–
J2 P10	Statutory and agreed deadlines are met for ministerial and statutory appointments	Achieved	Achieved	–
Non-departmental output class management				
J2 P11	The Ministry will provide advice to the responsible Ministers on the financial and non-financial performance of Crown entities and other agencies funded through Vote Justice	Achieved	Achieved	–
J2 P12	Percentage of statutory deadlines that are met for non-departmental output class management	100%	100%	–
J2 P13	Purchase, accountability and performance management documentation will be signed off for the 2007/08 financial year with all entities and agencies receiving funding for non-departmental output classes by 30 June 2007	Achieved	Not achieved	Refer to variance explanation
Variance Explanation				
J2 P13	Of nine Memoranda of Understanding (MOU), eight were signed by 30 June 2007. The final MOU was signed in December 2007.			
Activity Information		Projection	Actual	Variance
Sector leadership and support				
J2 A1	Provide justice sector Ministers with an outcomes report	Achieved	Achieved	–
Appointments				
J2 A2	Number of judicial appointments supported	15–20	31	77.1%
J2 A3	Number of ministerial and statutory appointments supported	320–370	299	–13.3%
Non-departmental output class management				
J2 A4	On request from Ministers, the Ministry will provide advice on issues in relation to non-departmental output delivery	Achieved	Achieved	–
Variance Explanation				
J2 A2	More acting District Court judges were appointed than projected, due to the retirement of a number of judges. This increased the overall number of judicial appointments during the 2007/08 financial year.			
J2 A3	The introduction of induction training for new Justices of the Peace lengthened the appointment process and resulted in a lower than projected number of Justice of the Peace appointments overall. This led to a lower than projected number of ministerial and statutory appointments during the 2007/08 financial year.			

## OUTPUT CLASS STATEMENT

### SECTOR LEADERSHIP AND SUPPORT

FOR THE YEAR ENDED 30 JUNE 2008

	30/6/08 Actual (\$000)	Main Estimates (\$000)	Supplementary Estimates (\$000)	30/6/07 Actual (\$000)
<b>Revenue</b>				
Crown	5,172	5,616	5,172	5,872
Departmental	68	23	23	61
Other	26	–	18	–
<b>Total Revenue</b>	<b>5,266</b>	<b>5,639</b>	<b>5,213</b>	<b>5,933</b>
<b>Total Expenses</b>	<b>5,101</b>	<b>5,639</b>	<b>5,213</b>	<b>5,814</b>
<b>Net Surplus</b>	<b>165</b>	<b>–</b>	<b>–</b>	<b>119</b>

## OUTPUT CLASS THREE: MANAGEMENT OF THE PARLIAMENTARY ELECTORAL SYSTEM

Output class three covers the services provided by the Chief Electoral Office relating to the administration of Parliamentary elections and referenda, advising Ministers and select committees of Parliament on electoral matters, and providing administrative support to the Representation Commission in its determination of electoral boundaries. The Office also assists electoral agencies of other countries on a reciprocal basis with their electoral events.

*Justice (J)*

J3	Management of the Parliamentary Electoral System			
Quality		Projection	Actual	Variance
Policy advice				
J3 P1	Percentage of advice and documentation that meet the Ministry's quality criteria	100%	100%	–
Representation Commission				
J3 P2	Provide administrative support to the Representation Commission to the satisfaction of the Chair (as determined by survey)	Achieved	Achieved	–
Timeliness		Projection	Actual	Variance
Conduct elections and referenda (if any)				
J3 P3	Statutory deadlines are met for by-elections and referenda	Achieved	Not applicable	Refer to variance explanation
Declare election of list members to vacancies				
J3 P4	Declaration of election of list members to vacancies is published within three working days of notification of vacancy	Achieved	Achieved	–
Variance Explanation				
J3 P3	No by-elections or referenda were conducted during the 2007/08 financial year.			
Activity Information		Projection	Actual	Variance
Conduct elections and referenda (if any)				
J3 A1	Complete a long-term strategy for voting technology by 31 December 2007	Achieved	Achieved	–
J3 A2	Electoral processes and technology will be frozen by 31 December 2007	Achieved	Achieved	–
J3 A3	Returning Officers appointed, trained and in headquarters by 30 June 2008	Achieved	Achieved	–

## OUTPUT CLASS STATEMENT

### MANAGEMENT OF THE PARLIAMENTARY ELECTORAL SYSTEM

FOR THE YEAR ENDED 30 JUNE 2008

	30/6/08 Actual (\$000)	Main Estimates (\$000)	Supplementary Estimates (\$000)	30/6/07 Actual (\$000)
<b>Revenue</b>				
Crown	9,809	9,716	9,809	4,990
Departmental	28	12	12	23
Other	16	–	10	–
<b>Total Revenue</b>	<b>9,853</b>	<b>9,728</b>	<b>9,831</b>	<b>5,013</b>
<b>Total Expenses</b>	<b>9,323</b>	<b>9,728</b>	<b>9,831</b>	<b>4,809</b>
<b>Net Surplus</b>	<b>530</b>	<b>–</b>	<b>–</b>	<b>204</b>

## OUTPUT CLASS FOUR: CRIME PREVENTION AND COMMUNITY SAFETY

Output class four covers the Crime Prevention Unit's work, including:

- Providing advice to government and communities on the Crime Reduction Strategy.
- Managing partnerships between government, territorial authorities and communities to develop crime prevention and community safety programmes in order to build safer communities. This includes providing funding and advice to, and monitoring contracts with, territorial authorities, iwi and Pacific entities.

*Justice (J)*

J4	Crime Prevention and Community Safety			
Quality		Projection	Actual	Variance
J4 P1	Percentage of contracts that meet the Ministry and Treasury guidelines for contracting non-government organisations	100%	100%	–
J4 P2	Percentage of written advice provided to territorial authorities that meets the Ministry's quality criteria	100%	100%	–
Timeliness		Projection	Actual	Variance
J4 P3	Percentage of contract offers made at least three months before previous contracts expire, where contractor is fulfilling its contractual obligations and where extension is desirable	95%	100%	5.3%
J4 P4	Percentage of times the Ministry provides appropriate advice and initiates any other required action within three months where serious issues are identified in regard to performance against contract <sup>1</sup>	100%	100%	–
Activity Information		Projection	Actual	Variance
J4 A1	The Ministry will provide six-monthly reports to the Minister in respect of delivery against contracts by providers	2	2	–
J4 A2	Number of strategic partnerships between the Ministry, territorial authorities and other organisations for which the Ministry provides contract management services or grant funding	17–20	19	–
J4 A3	Number of operational partnerships between the Ministry, territorial authorities and other organisations for which the Ministry provides contract management services or grant funding	30–40	39	–
J4 A4	Number of projects delivered by community providers directly funded by the Ministry and for which the Ministry provides contract management services or grant funding	25–30	84	205.5%
J4 A5	Number of pieces of substantive written advice or information on crime prevention provided to territorial authorities or local communities	2–5	3	–
Variance Explanation				
J4 A4	The projected number of projects delivered by community providers in the 2007/08 financial year was exceeded as a result of the new funding that was made available during the year, as part of the Stop Tagging Our Place (STOP) Strategy, to help local councils and community groups undertake community-based anti-tagging initiatives.			

<sup>1</sup> Serious issues are defined as fraud, misappropriation or significant underperformance.

## OUTPUT CLASS STATEMENT

### CRIME PREVENTION AND COMMUNITY SAFETY

FOR THE YEAR ENDED 30 JUNE 2008

	30/6/08 Actual (\$000)	Main Estimates (\$000)	Supplementary Estimates (\$000)	30/6/07 Actual (\$000)
<b>Revenue</b>				
Crown	1,775	1,348	1,775	920
Departmental	29	25	25	10
Other	9	–	6	–
<b>Total Revenue</b>	<b>1,813</b>	<b>1,373</b>	<b>1,806</b>	<b>930</b>
<b>Total Expenses</b>	<b>1,656</b>	<b>1,373</b>	<b>1,806</b>	<b>943</b>
<b>Net Surplus/(Deficit)</b>	<b>157</b>	<b>–</b>	<b>–</b>	<b>(13)</b>



## MINISTERIAL SERVICING

Ministerial servicing includes the preparation of ministerial correspondence, parliamentary questions, and official information requests for Vote Justice.

### Justice (J)

JM	Ministerial Servicing			
Quality		Projection	Actual	Variance
JM P1	The Minister will be requested to indicate his/her level of satisfaction with the quality of advice and services provided by the Ministry <sup>2</sup>	Satisfactory or better	Good	–
JM P2	Percentage of first draft replies presented approved by Ministers	95%	88%	–7.4%
Timeliness		Projection	Actual	Variance
JM P3	Percentage of draft replies to ministerial correspondence submitted to Ministers within 15 working days of receipt in the Ministry	90%	95%	5.6%
JM P4	Percentage of replies to Official Information Act 1982 requests completed within statutory timeframes	100%	91%	–9%
JM P5	Percentage of draft replies to parliamentary questions submitted to Ministers within required timeframes	100%	98%	–2%
Activity Information		Projection	Actual	Variance
JM A1	Number of ministerial correspondence replies drafted	1,000–1,200	1,406	27.8%
JM A2	Number of Official Information Act 1982 requests responded to <sup>3</sup>	150–200	230	31.4%
JM A3	Number of replies drafted in response to parliamentary questions	500–700	264	–56%
Variance Explanation				
JM A1– JM A3	The amount of correspondence received (which includes ministerial correspondence, Official Information Act requests, and parliamentary questions) is demand driven and estimates of volume are largely based on historical trends.			

<sup>2</sup> Ministers are asked to assess the Ministry's performance as: very good; good; satisfactory; poor; very poor.

<sup>3</sup> Volume includes Official Information Act 1982 requests to Ministers and the Ministry.

## Vote Treaty Negotiations

### OUTPUT CLASS ONE: POLICY ADVICE – TREATY NEGOTIATIONS

Output class one covers services to the Minister in Charge of Treaty of Waitangi Negotiations, including:

- Advising on generic historical Treaty settlement issues, including overall strategies for settling historical Treaty claims and developing generic approaches to settlement policy issues.
- Claim development and pre-negotiation: advising the Minister on specific historical Treaty claims; advising and helping claimant groups to ensure well-mandated groups are ready to enter negotiations; and agreeing Terms of Negotiations.
- Negotiating the settlement of historical Treaty claims from signed Terms of Negotiation to ratified Deeds of Settlement. This process includes: property valuation; disclosure, preparation and execution of legal documents; and overseeing the preparation of settlement legislation and advising the select committee and the Minister.
- Implementing Treaty settlements, including coordination and advice relating to the Crown's compliance with the terms and conditions of all unconditional Deeds of Settlement.

#### Treaty Negotiations (TN)

TN 1	Policy advice – Treaty Negotiations			
Quality		Projection	Actual	Variance
TN1 P1	The quantity and nature of advice will be agreed with the Minister in Charge of Treaty of Waitangi Negotiations	Achieved	Achieved	–
TN1 P2	Percentage of advice and negotiations that meet the Ministry's quality criteria for policy development	100%	100%	–
TN1 P3	Percentage of settlements that meet the terms specified in the ratified Deed of Settlement, or variations to those terms as may be agreed by the parties to the Deed	100%	100%	–
Timeliness		Projection	Actual	Variance
TN1 P4	Percentage of deadlines for advice and negotiation that are met	100%	100%	–
TN1 P5	Percentage of deadlines specified in the unconditional Deed of Settlement (or varied with the agreement of the parties) met, or the Minister advised	100%	100%	–
Activity Information		Projection	Actual	Variance
Claim development and pre-negotiation				
TN1 A1	Number of Deeds of Mandate recognised by the Crown	3	3	–
TN1 A2	Number of Terms of Negotiation signed by the Crown and claimant groups	3	5	66.7%
Negotiation of Treaty settlements				
TN1 A3	Number of signed Agreements in Principle or Heads of Agreement	3	5	66.7%
TN1 A4	Number of Deeds of Settlement initialled by the Crown and claimant groups	3	3	–
TN1 A5	Number of Settlement Bills ready for introduction	2	2	–
Variance Explanation				
TN1 A2– TN1 A3	The Crown was able to sign more Terms of Negotiation and Agreements in Principle than forecast. It is difficult to forecast the number of Terms of Negotiation and Agreements in Principle that will be completed in any given year or how long they will take to complete because of the considerable work involved and the fact that they rely on both parties reaching agreement.			

## **MINISTRY'S QUALITY CRITERIA FOR POLICY DEVELOPMENT**

- includes a clear statement of purpose
- is accurate and uses sound information
- presents a clear, concise and logical argument, with assumptions made explicit and supported by facts
- draws on professional knowledge and appropriate methodologies
- examines comparative material
- presents options
- uses a clear conceptual and well-articulated framework
- considers resource, legal and human rights implications and implementation issues/ practicability
- considers risks, costs and benefits
- considers evaluation
- considers issues for Māori and Pacific peoples

## OUTPUT CLASS STATEMENT

### POLICY ADVICE – TREATY NEGOTIATIONS

FOR THE YEAR ENDED 30 JUNE 2008

	30/6/08 Actual (\$000)	Main Estimates (\$000)	Supplementary Estimates (\$000)	30/6/07 Actual (\$000)
<b>Revenue</b>				
Crown	11,131	9,901	11,131	8,943
Departmental	79	61	61	95
<b>Total Revenue</b>	<b>11,251</b>	<b>9,962</b>	<b>11,213</b>	<b>9,038</b>
<b>Total Expenses</b>	<b>12,604</b>	<b>9,962</b>	<b>11,213</b>	<b>8,982</b>
<b>Net Surplus/(Deficit)</b>	<b>(1,353)</b>	<b>–</b>	<b>–</b>	<b>56</b>

## OUTPUT CLASS TWO: REPRESENTATION – WAITANGI TRIBUNAL

Output class two includes services to the Minister in Charge of Treaty of Waitangi Negotiations to ensure the Crown is provided with research into historic Treaty grievances and represented at Waitangi Tribunal hearings with well-prepared documentation and evidence. The Crown Law Office represents the Crown on behalf of the Office of Treaty Settlements.

### *Treaty Negotiations (TN)*

TN 2	Representation – Waitangi Tribunal			
Quality		Projection	Actual	Variance
TN2 P1	The Crown Law Office will represent the Crown and take into account the Crown's Treaty settlement policies and objectives as indicated by the Office of Treaty Settlements	Achieved	Achieved	–
TN2 P2	Percentage of evidence prepared that addresses key issues at Waitangi Tribunal hearings	100%	100%	–
TN2 P3	Percentage of research and evidence that meets the Ministry's quality criteria	100%	100%	–
Timeliness		Projection	Actual	Variance
TN2 P4	The Crown will be provided with research on historic claims and be represented at claims hearings based on priorities outlined in Waitangi Tribunal hearing schedules or urgent hearings as they arise	Achieved	Achieved	–
TN2 P5	Percentage of evidence that is prepared in accordance with the Waitangi Tribunal's schedule	100%	100%	–

## OUTPUT CLASS STATEMENT

### REPRESENTATION – WAITANGI TRIBUNAL

FOR THE YEAR ENDED 30 JUNE 2008

	30/6/08 Actual (\$000)	Main Estimates (\$000)	Supplementary Estimates (\$000)	30/6/07 Actual (\$000)
<b>Revenue</b>				
Crown	2,135	2,835	2,135	2,673
Departmental	9	–	–	2
Other	–	–	14	–
<b>Total Revenue</b>	<b>2,144</b>	<b>2,835</b>	<b>2,149</b>	<b>2,675</b>
<b>Total Expenses</b>	<b>1,502</b>	<b>2,835</b>	<b>2,149</b>	<b>2,637</b>
<b>Net Surplus</b>	<b>642</b>	<b>–</b>	<b>–</b>	<b>38</b>

## OUTPUT CLASS THREE: PROPERTY PORTFOLIO MANAGEMENT

Output class three includes:

- Advising the Minister in Charge of Treaty of Waitangi Negotiations on Māori interests in property subject to historical Treaty of Waitangi claims, according to the terms and conditions of the Protection Mechanism.
- Managing property acquired for potential use in Treaty settlements, including managing tenancies, collecting revenue, paying expenses, maintaining properties to agreed standards and complying with the legal requirements as landowner (property management work is contracted out).
- Subsequent transfer to an appropriate claimant group as part of a Treaty settlement, or disposal on the open market.

### *Treaty Negotiations (TN)*

TN 3	Property Portfolio Management			
Quality		Projection	Actual	Variance
TN3 P1	Percentage of property acquisitions where the price agreed is based on criteria approved by Ministers and/or specified in a settlement agreement	100%	100%	–
TN3 P2	Percentage of property acquisitions where all Cabinet policies, legal and Deed of Settlement requirements are complied with	100%	100%	–
TN3 P3	Percentage of properties maintained in the same condition as when acquired, and for which property maintenance meets generally accepted property management standards	90%	90%	–
TN3 P4	Financial management records receive an unqualified independent audit	Achieved	Achieved	–
TN3 P5	Percentage of property transfers and disposals where all Cabinet policies, legal and Deed of Settlement requirements are complied with	100%	100%	–
Timeliness		Projection	Actual	Variance
TN3 P6	Percentage of properties not selected by claimants, and free from further claims, that are sold within 12 months of the claim settlement date	90%	95%	5.6%
Activity Information		Projection	Actual	Variance
TN3 A1	Average number of landbanked properties managed	778	784	0.8%

## OUTPUT CLASS STATEMENT

### PROPERTY PORTFOLIO MANAGEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	30/6/08 Actual (\$000)	Main Estimates (\$000)	Supplementary Estimates (\$000)	30/6/07 Actual (\$000)
<b>Revenue</b>				
Crown	6,764	4,664	6,764	5,731
Departmental	15	14	14	18
Other	39	–	20	–
<b>Total Revenue</b>	<b>6,818</b>	<b>4,678</b>	<b>6,798</b>	<b>5,749</b>
<b>Total Expenses</b>	<b>6,682</b>	<b>4,678</b>	<b>6,798</b>	<b>6,025</b>
<b>Net Surplus/(Deficit)</b>	<b>136</b>	<b>–</b>	<b>–</b>	<b>(276)</b>



## MINISTERIAL SERVICING

Ministerial servicing includes the preparation of ministerial correspondence, parliamentary questions, and official information requests for Vote Treaty Negotiations.

### *Treaty Negotiations (TN)*

TNM	Ministerial Servicing			
Quality		Projection	Actual	Variance
TNM P1	The Minister will be requested to indicate his/her level of satisfaction with the quality of advice and services provided by the Ministry <sup>4</sup>	Satisfactory or better	Good	–
TNM P2	Percentage of first draft replies presented approved by Ministers	95%	98%	3.2%
Timeliness		Projection	Actual	Variance
TNM P3	Percentage of draft replies to ministerial correspondence submitted to Ministers within 15 working days of receipt in the Ministry	90%	96%	6.7%
TNM P4	Percentage of replies to Official Information Act 1982 requests completed within statutory timeframes	100%	89%	–11%
TNM P5	Percentage of draft replies to parliamentary questions submitted to Ministers within required timeframes	100%	100%	–
Variance Explanation				
TNM P4	Official Information Act requests for Vote Treaty Negotiations frequently require consultation with external parties. This process often takes longer than expected.			
Activity Information		Projection	Actual	Variance
TNM A1	Number of ministerial correspondence replies drafted	200–250	190	–15.6%
TNM A2	Number of Official Information Act 1982 requests responded to <sup>5</sup>	40–60	74	48%
TNM A3	Number of replies drafted in response to parliamentary questions	50–80	41	–36.9%
Variance Explanation				
TNM A1– TNM A3	The amount of correspondence received (which includes ministerial correspondence, Official Information Act requests, and parliamentary questions) is demand driven and estimates of volume are largely based on historical trends.			

<sup>4</sup> Ministers are asked to assess the Ministry's performance as: very good; good; satisfactory; poor; very poor.

<sup>5</sup> Volume includes Official Information Act 1982 requests to Ministers and the Ministry.

## Vote Courts

### OUTPUT CLASS ONE: HIGHER COURT SERVICES

Output class one includes services that relate to the work of the Supreme Court, Court of Appeal and High Court, and to people and agencies engaged in criminal and civil cases; and to support the work of the judiciary in determining and managing cases.

#### Courts (C)

C1	Higher Court Services			
Quality		Projection	Actual	Variance
<b>High Court</b>				
C1 P1	Percentage of the 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 <sup>6</sup>	90%	95%	5.6%
C1 P2	Percentage of the responses from High Court judges surveyed about criminal appeals and jury trial cases that rate courtroom support as "meets expectations" or better <sup>6</sup>	90%	96%	6.7%
C1 P3	Percentage of the 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 <sup>6</sup>	90%	87%	-3.3%
C1 P4	Percentage of the responses from High Court judges surveyed about civil cases and civil and family appeals that rate courtroom support as "meets expectations" or better <sup>6</sup>	90%	95%	5.6%
<b>Timeliness</b>		<b>Projection</b>	<b>Actual</b>	<b>Variance</b>
<b>High Court</b>				
C1 P5	Number of High Court criminal cases stayed for undue delay in terms of s25(b) of the New Zealand Bill of Rights Act 1990 for reasons wholly or partly the responsibility of the Ministry	0	1	Refer to variance explanation
<b>Variance Explanation</b>				
C1 P5	One High Court criminal case was stayed because of undue delay relating to waiting times for fixtures to be set and judgements to be delivered, as well as a series of unusual events unique to the case.			
<b>Activity Information</b>		<b>Projection</b>	<b>Actual</b>	<b>Variance</b>
<b>Supreme Court</b>				
C1 A1	Number of criminal appeals managed	55	42	-23.6%
C1 A2	Number of criminal leave hearings supported	13	0	Refer to variance explanation
C1 A3	Number of criminal hearings supported	10	11	10%
C1 A4	Number of civil appeals managed	55	51	-7.3%
C1 A5	Number of civil leave hearings supported	10	1	-90%
C1 A6	Number of civil hearings supported	20	15	-25%

<sup>6</sup> Judicial satisfaction is measured by an annual survey of the High Court judiciary. The performance measure standard is the percentage of judges who rate case management, file preparation, file presentation and courtroom and hearing support provided as "meets expectations" or better. The scale for responses is: far exceeds expectations; above expectations; meets expectations; below expectations; well below expectations. Formal and informal feedback processes are used to manage the quality of support that the Ministry provides in all jurisdictions including the Supreme Court and Court of Appeal.

Activity Information		Projection	Actual	Variance
<b>Court of Appeal</b>				
C1 A7	Number of criminal appeals managed	725	637	-12.1%
C1 A8	Number of criminal court hearings supported	410	351	-14.4%
C1 A9	Number of civil appeals managed	495	490	-1%
C1 A10	Number of civil court hearings supported	140	130	-7.1%
<b>High Court</b>				
C1 A11	Number of criminal appeals managed	1,150	1,005	-12.6%
C1 A12	Number of criminal appeals court sitting hours supported	750	687	-8.4%
C1 A13	Number of civil and family appeals managed	385	398	3.4%
C1 A14	Number of civil and family appeals court sitting hours supported	595	548	-7.9%
C1 A15	Number of jury trials managed	620	614	-1%
C1 A16	Number of jury trials sitting hours supported	7,300	7,187	-1.5%
C1 A17	Number of civil cases managed	2,745	3,010	9.7%
C1 A18	Number of civil cases court sitting hours supported	7,985	8,429	5.6%
<b>Variance Explanation</b>				
C1 A1, C1 A3, C1 A7, C1 A11	These are demand driven measures because defendants in the Court of Appeal who disagree with the verdict in their case have the right to lodge an appeal in the Supreme Court. The Supreme Court will consider applications to hear the appeal on grounds specified in the Supreme Court Act. Therefore, the Ministry has no control over who will seek leave to appeal, or whether the Supreme Court will accept the appeal.			
C1 A2, C1 A5	Leave hearings are used to clarify issues and are only held when directed by the judiciary. Most cases are able to be determined on the papers filed, without the need for a court hearing.			
C1 A6, C1 A8	Appeal hearings only take place if leave to appeal has been granted.			

## OUTPUT CLASS STATEMENT

### HIGHER COURT SERVICES

FOR THE YEAR ENDED 30 JUNE 2008

	30/6/08 Actual (\$000)	Main Estimates (\$000)	Supplementary Estimates (\$000)	30/6/07 Actual (\$000)
<b>Revenue</b>				
Crown	47,913	42,247	47,913	39,662
Departmental	357	677	677	373
Other	7,496	7,145	6,481	6,832
<b>Total Revenue</b>	<b>55,766</b>	<b>50,069</b>	<b>55,071</b>	<b>46,867</b>
<b>Total Expenses</b>	<b>55,067</b>	<b>50,069</b>	<b>55,071</b>	<b>47,369</b>
<b>Net Surplus/(Deficit)</b>	<b>699</b>	<b>–</b>	<b>–</b>	<b>(502)</b>

## OUTPUT CLASS TWO: DISTRICT COURT SERVICES

Output class two includes services that relate to the work of the District Courts, and to people and agencies engaged in criminal and civil cases; and to support the work of the judiciary in determining and managing cases.

### Courts (C)

C2	District Court Services			
Quality		Projection	Actual	Variance
<b>Criminal jury</b>				
C2 P1	Percentage of survey responses about jury trial cases that rate case management/file preparation and presentation as "meets expectations" or better <sup>7</sup>	90%	96%	6.7%
C2 P2	Percentage of survey responses about jury trial cases that rate courtroom support as "meets expectations" or better <sup>7</sup>	90%	97%	7.8%
C2 P3	Percentage of juror survey responses that rate overall juror satisfaction as "satisfied" or better <sup>8</sup>	70%	86%	22.9%
<b>Criminal summary and Youth Court</b>				
C2 P4	Percentage of survey responses about criminal summary and Youth Court cases that rate case management/file preparation and presentation as "meets expectations" or better <sup>7</sup>	90%	87%	-3.3%
C2 P5	Percentage of survey responses about criminal summary and Youth Court cases that rate courtroom support as "meets expectations" or better <sup>7</sup>	90%	95%	5.6%
<b>Civil</b>				
C2 P6	Percentage of survey responses about civil cases that rate case management/file preparation and presentation as "meets expectations" or better <sup>7</sup>	90%	97%	7.8%
C2 P7	Percentage of survey responses about civil cases that rate courtroom support as "meets expectations" or better <sup>7</sup>	90%	95%	5.6%
<b>Family Court</b>				
C2 P8	Percentage of survey responses about Family Court cases that rate case management/file preparation and presentation as "meets expectations" or better <sup>7</sup>	90%	88%	-2.2%
C2 P9	Percentage of survey responses about Family Court cases that rate courtroom support as "meets expectations" or better <sup>7</sup>	90%	96%	6.7%
<b>Variance Explanation</b>				
C2 P3	2007/08 was the first time that the juror satisfaction survey was conducted. Given the high level of juror satisfaction, it is likely that the projection for this measure will be increased for future surveys.			

<sup>7</sup> Judicial satisfaction is measured by an annual survey of the District Courts judiciary. The performance measure standard is the percentage of judges who rate case management, file preparation, file presentation and courtroom and hearing support provided as "meets expectations" or better. The scale for responses is: far exceeds expectations; above expectations; meets expectations; below expectations; well below expectations. Formal and informal feedback processes are used to manage the quality of support that the Ministry provides in all jurisdictions including the Supreme Court and Court of Appeal.

<sup>8</sup> Juror satisfaction is measured by an annual survey of jurors. The performance measure standard is the percentage of survey responses where jurors rate their overall satisfaction level with specific services as "satisfied" or better. The scale for responses is: very satisfied; satisfied; neither satisfied nor dissatisfied; dissatisfied; very dissatisfied.

Timeliness		Projection	Actual	Variance
C2 P10	Number of criminal jury cases stayed for undue delay in terms of s25(b) of the New Zealand Bill of Rights Act 1990 for reasons wholly or partly the responsibility of the Ministry	0	5	Refer to variance explanation
C2 P11	Number of criminal summary cases stayed for undue delay in terms of s25(b) of the New Zealand Bill of Rights Act 1990 for reasons wholly or partly the responsibility of the Ministry	0	3	Refer to variance explanation
C2 P12	Number of Youth Court cases stayed for undue delay in terms of s25(b) of the New Zealand Bill of Rights Act 1990 for reasons wholly or partly the responsibility of the Ministry	0	0	–

#### Variance Explanation

C2 P10	Five jury trial cases were stayed for multiple reasons, including the non-availability of courtrooms and judges and the actions of other parties.
C2 P11	Three criminal summary cases were stayed for multiple reasons, including the non-availability of courtrooms and judges and one-off operational issues which have since been corrected.

Activity Information		Projection	Actual	Variance
<b>Criminal jury</b>				
C2 A1	Number of criminal jury cases managed	4,900	4,245	–13.4%
C2 A2	Number of criminal jury court sitting hours supported	21,000	20,957	–0.2%
<b>Criminal summary, depositions and Youth Court</b>				
C2 A3	Number of criminal summary cases managed	206,500	230,886	11.8%
C2 A4	Number of criminal summary court sitting hours supported	42,000	47,325	12.7%
C2 A5	Number of depositions court sitting hours supported	6,400	6,365	–0.5%
C2 A6	Number of Youth Court cases managed	8,100	8,432	4.1%
C2 A7	Number of Youth Court sitting hours supported	4,000	3,956	–1.1%
<b>Civil</b>				
C2 A8	Number of civil cases managed	46,800	44,209	–5.5%
C2 A9	Number of civil court sitting hours supported	4,600	4,840	5.2%
<b>Family Court</b>				
C2 A10	Number of Family Court substantive applications managed	91,300	90,471	–0.9%
C2 A11	Number of Family Court sitting hours supported	20,000	20,518	2.6%

#### Variance Explanation

C2 A1	Forecast growth in the number of criminal jury cases managed in the 2007/08 financial year did not eventuate. This can be attributed to an increase in the number of cases disposed before committal for jury trial, and the fact that the number of new cases with indictably laid charges or where an election was made did not increase substantially over the previous year.
C2 A3	The number of criminal summary cases managed in the 2007/08 financial year was higher than forecast because of the high number of cases waiting to be dealt with at the start of the financial year, and the number of new criminal summary cases being higher than forecast during the year.
C2 A4	The increase in the number of criminal summary court sitting hours supported is consistent with the increase in new criminal summary cases in the 2007/08 financial year.

## OUTPUT CLASS STATEMENT

### DISTRICT COURT SERVICES

FOR THE YEAR ENDED 30 JUNE 2008

	30/6/08 Actual (\$000)	Main Estimates (\$000)	Supplementary Estimates (\$000)	30/6/07 Actual (\$000)
<b>Revenue</b>				
Crown	151,580	151,629	151,580	137,069
Departmental	2,067	1,556	1,556	2,032
Other	19,310	15,159	19,097	18,060
<b>Total Revenue</b>	<b>172,957</b>	<b>168,344</b>	<b>172,233</b>	<b>157,161</b>
<b>Total Expenses</b>	<b>172,188</b>	<b>168,344</b>	<b>172,233</b>	<b>152,363</b>
<b>Net Surplus</b>	<b>769</b>	<b>–</b>	<b>–</b>	<b>4,798</b>

## OUTPUT CLASS THREE: SPECIALIST COURTS, TRIBUNALS AND OTHER AUTHORITIES' SERVICES

Output class three includes services to:

- The Environment Court, Employment Court, Māori Land Court, Māori Appellate Court, Disputes Tribunals, Tenancy Tribunal, Weathertight Homes Tribunal, Liquor Licensing Authority, Coronial Services, Secondhand Dealers and Pawnbrokers Licensing Authority and a range of tribunals and other authorities.
- Māori land owners and people and agencies engaged in cases.
- Support the work of the judiciary and other statutory officers (including judicial officers) in determining and managing cases.
- Support the work of Coroners, including contracting mortuary services.

### Courts (C)

C3	Specialist Courts, Tribunals and Other Authorities' Services			
Quality		Projection	Actual	Variance
<b>Environment Court</b>				
C3 P1	Percentage of Environment Court judiciary surveyed that rate case management/file preparation and presentation as "meets expectations" or better <sup>9</sup>	80%	98%	22.5%
C3 P2	Percentage of Environment Court judiciary surveyed that rate courtroom, hearing and mediation support as "meets expectations" or better <sup>9</sup>	80%	100%	25%
<b>Employment Court</b>				
C3 P3	Percentage of Employment Court judges surveyed that rate case management/file preparation and presentation as "meets expectations" or better <sup>9</sup>	70%	100%	42.9%
C3 P4	Percentage of Employment Court judges surveyed that rate courtroom and hearing support as "meets expectations" or better <sup>9</sup>	70%	100%	42.9%
<b>Māori Land Court</b>				
C3 P5	Percentage of Māori Land Court judges surveyed that rate case management/file preparation and presentation as "meets expectations" or better <sup>9</sup>	70%	83%	18.6%
C3 P6	Percentage of Māori Land Court judges surveyed that rate courtroom and hearing support as "meets expectations" or better <sup>9</sup>	70%	92%	31.4%
<b>Māori land services</b>				
C3 P7	Percentage of Māori Land Information System requestors satisfied with information supplied <sup>10</sup>	80%	80%	–
C3 P8	Percentage of clients who complete an evaluation form who rate the Māori Land Court advisory services as "meets expectations" or better <sup>11</sup>	95%	100%	5.3%

<sup>9</sup> Judicial satisfaction is measured by an annual survey of Environment Court, Employment Court and Maori Land Court judiciary and Coroners. The performance measure standard is the percentage of survey responses that rate case management, file preparation, file presentation and courtroom, hearing or mediation (where applicable) support as "meets expectations" or better. The scale for responses is: far exceeds expectations; above expectations; meets expectations; below expectations; well below expectations.

<sup>10</sup> Percentage of requestors satisfied with information supplied (as determined by survey).

<sup>11</sup> Client satisfaction is measured by a survey for advisory services. The performance measure target is the percentage of attendees who complete a feedback form that rates the service as "meets expectations" or better. The scale for responses is: exceeds expectations; meets expectations; does not meet expectations.



Coronial services		Projection	Actual	Variance
C3 P9	Percentage of coroners surveyed that rate inquest hearing support as "meets expectations" or better <sup>9</sup>	80%	77%	-3.8%
<b>Variance Explanation</b>				
C3 P1 – C3 P6	Judicial satisfaction over the past few years has increased and remained high relative to the projections set. The Ministry will consider reviewing the projections for these performance measures in future years.			
Timeliness		Projection	Actual	Variance
<b>Environment Court</b>				
C3 P10	Percentage of Environment Court pending cases under six months old – policy statements and plans	15–25%	18%	–
C3 P11	Percentage of Environment Court pending cases under six months old – appeals and other cases	45–50%	58%	22.1%
<b>Employment Court</b>				
C3 P12	Percentage of Employment Court pending cases under 12 months old	75%	70%	-6.7%
<b>Māori Land Court</b>				
C3 P13	Percentage of Māori Land Court pending cases under six months old	50%	53%	6%
C3 P14	Percentage of Māori Appellate Court pending cases less than 12 months old	80%	67%	-16.3%
<b>Māori land services</b>				
C3 P15	Percentage of Māori Land Information System written enquiries completed within 10 working days of receipt	80%	86%	7.5%
C3 P16	Percentage of Māori Land Information System written enquiries completed within two months of receipt	95%	93%	-2.1%
C3 P17	Percentage of meetings with Māori land owners held within 10 working days of request	85%	80%	-5.9%
<b>Coronial services</b>				
C3 P18	Percentage of coroners' recommendations dispatched within 10 working days of receipt	98%	100%	2%
C3 P19	Percentage of written requests for information from coroners' files actioned within 20 working days of receipt	95%	96%	1.1%
<b>Weathertight Homes Tribunal</b>				
C3 P20	Percentage of cases resolved within statutory timeframes	100%	100%	–
<b>Tribunals and authorities</b>				
C3 P21	Percentage of Disputes Tribunals pending cases under three months old	85%	90%	5.9%
C3 P22	Percentage of Liquor Licensing Authority pending cases less than six months old	85%	89%	4.7%
C3 P23	Percentage of unopposed secondhand dealer and pawnbroker licence applications prepared for determination within 25 working days of filing	65%	66%	1.5%
C3 P24	Percentage of opposed secondhand dealer and pawnbroker licence applications prepared for determination within three months of filing	95%	76%	-20%
C3 P25	Percentage of secondhand dealer and pawnbroker licences, certificates, and waiver orders issued within five working days of approval being given	98%	100%	2%
C3 P26	Percentage of other tribunals and authorities pending cases less than six months old	45–55%	29%	-42%

### Variance Explanation

C3 P11	More than half of the Environment Court's cases relating to policy statements and plans are on hold at the request of the parties involved. This has enabled the Environment Court to focus on appeals and other cases.
C3 P14	The projection was not met because of the relatively few Māori Appellate Court sittings in the 2007/08 financial year.
C3 P24	The projection was not met because of delays in receiving the required reports from third parties. The Secondhand Dealers and Pawnbrokers Licensing Authority cannot progress applications until it has received the required reports. The Authority is working with third parties to ensure the timely provision of these reports.
C3 P26	This measure covers a large number of smaller jurisdictions. Many of the cases in these smaller jurisdictions are dependent on determinations in other jurisdictions or on receiving further information from parties to the proceedings.

Activity Information		Projection	Actual	Variance
<b>Environment Court</b>				
C3 A1	Number of Environment Court cases managed – policy statements and plans	1,115–1,130	1,230	9.6%
C3 A2	Number of Environment Court cases/appeals managed – appeals and other cases	1,315–1,345	1,373	3.2%
C3 A3	Number of Environment Court sitting days supported – policy statements and plans	230–250	215.5	–10.2%
C3 A4	Number of Environment Court sitting days supported – appeals and other cases	450–485	473	–
<b>Employment Court</b>				
C3 A5	Number of Employment Court cases managed	370–400	304	–21%
C3 A6	Number of Employment Court sitting days supported	215–240	187.5	–17.6%
<b>Māori Land Court</b>				
C3 A7	Number of Māori Land Court cases managed	9,500–10,000	9,173	–5.9%
C3 A8	Number of Māori Appellate Court appeals managed	50–55	33	–37.1%
C3 A9	Number of Māori Land Court sitting days supported	330–340	303	–9.6%
C3 A10	Number of Māori Appellate Court sitting days supported	15–20	1	–94.3%
C3 A11	Number of applications managed under section 45 of the Te Ture Whenua Māori Act 1993	300–330	317	–
<b>Māori land services</b>				
C3 A12	Number of Māori Land Information System searches carried out	800,000–900,000	1,242,502	46.2%
C3 A13	Number of meetings attended outside the Māori Land Court offices by the Māori Land Court advisory service where advice is provided	2,000–2,200	948	–54.9%
C3 A14	Number of applications generated through the Māori Land Court advisory service	500–550	1,620	208.6%
<b>Coronial Services</b>				
C3 A15	Number of coronial findings registered	3,400–3,800	3,544	–
C3 A16	Number of information requests actioned	600–900	1,870	149.3%
C3 A17	Number of mortuary contracts managed in order to maintain national coverage	15–20	16	–
<b>Weathertight Homes Tribunal</b>				
C3 A18	Number of cases managed	450–555	275	–45.3%
C3 A19	Number of sitting days supported	415–515	139	–70.1%

Tribunals and authorities		Projection	Actual	Variance
C3 A20	Number of Disputes Tribunals cases managed	23,000–25,000	23,318	–
C3 A21	Number of Disputes Tribunals sitting days supported	6,000–6,400	6,401	3.2%
C3 A22	Number of Tenancy Tribunals cases (hearings) managed	20,000–23,000	22,549	–
C3 A23	Number of Tenancy Tribunals sitting days supported	3,000–3,200	3,217	3.8%
C3 A24	Number of Tenancy Tribunals cases managed – sealing of mediation orders	10,000–13,000	14,363	24.9%
C3 A25	Number of Liquor Licensing Authority cases managed	1,100–1,300	2,228	85.7%
C3 A26	Number of Liquor Licensing Authority sitting days supported	80–100	107	18.9%
C3 A27	Number of secondhand dealer and pawnbroker licences applications managed	800–900	647	–23.9%
C3 A28	Number of Secondhand Dealers and Pawnbrokers Licensing Authority sitting days supported	5–10	8	–
C3 A29	Number of other tribunals and authorities cases managed	2,800–3,000	2,586	–10.8%
C3 A30	Number of other tribunals and authorities sitting days supported	450–500	352	–25.9%

#### Variance Explanation

C3 A3	More than half of the Environment Court's cases relating to policy statements and plans are on hold at the request of the parties involved. This reduced the number of court sitting days that needed to be supported.
C3 A5, C3 A8, C3 A24, C3 A27	These are demand driven measures. Several factors affect demand, including: legislative changes; the extent to which disputes are resolved before requiring court action; and the extent to which cases are dependent on determinations in smaller jurisdictions.
C3 A6	The number of Employment Court sitting days supported is consistent with the decrease in the number of Employment Court cases managed in the 2007/08 financial year.
C3 A10	The number of Māori Appellate Court sitting days supported is consistent with the decrease in the number of Māori Appellate Court appeals managed in the 2007/08 financial year.
C3 A12	The Māori Land Court now has advisory staff dedicated to serving clients at the counter. Consequently, more searches are being undertaken and the forecast for this measure was exceeded.
C3 A13	The advisory teams' main focus was on providing office-based customer service, rather than a mobile service, so fewer meetings were attended.
C3 A14	The Māori Land Court now has advisory staff dedicated to serving clients at the counter. As a result, more applications are being undertaken and the forecast for this measure was exceeded.
C3 A16	The efficiency of the new Coronial Services Unit and increased public awareness of the Coronial Services Unit also contributed to the higher than projected number of information requests that were actioned in the 2007/08 financial year.
C3 A18	The projection was not met because many homeowners are undertaking repairs before filing their claim with the Tribunal. This approach enables homeowners to claim for actual repair costs, as opposed to estimated costs.
C3 A19	The projection was not met due to the decrease in the number of cases managed, and because most cases were disposed prior to the Adjudication hearing. Furthermore, the Tribunal heard a number of multi-unit claims that were registered as individual claims but heard as a combined claim. This required fewer sitting days than expected for the number of claims registered.
C3 A25	The higher than projected number of cases managed was due to the extensive policing enforcement activity undertaken in the 2007/08 financial year.
C3 A26	The projection was exceeded because of an increase in the number of opposed applications received by the Liquor Licensing Authority for determination.
C3 A29–C3 A30	These measures cover a large number of smaller jurisdictions. Many of the cases in these smaller jurisdictions are dependent on determinations in other jurisdictions or on receiving further information from parties to the proceedings.

## OUTPUT CLASS STATEMENT

### SPECIALIST COURTS, TRIBUNALS AND OTHER AUTHORITIES' SERVICES

FOR THE YEAR ENDED 30 JUNE 2008

	30/6/08 Actual (\$000)	Main Estimates (\$000)	Supplementary Estimates (\$000)	30/6/07 Actual (\$000)
<b>Revenue</b>				
Crown	72,128	69,969	72,128	54,473
Departmental	1,989	2,190	2,190	3,059
Other	3,950	7,064	3,613	6,089
<b>Total Revenue</b>	<b>78,067</b>	<b>79,223</b>	<b>77,931</b>	<b>63,621</b>
<b>Total Expenses</b>	<b>75,963</b>	<b>79,223</b>	<b>77,931</b>	<b>59,604</b>
<b>Net Surplus</b>	<b>2,104</b>	<b>–</b>	<b>–</b>	<b>4,017</b>

## OUTPUT CLASS FOUR: WAITANGI TRIBUNAL SERVICES

Output class four includes providing registration, research and administrative services relating to claim management for the Waitangi Tribunal. It also includes supporting the work of the Waitangi Tribunal with inquiries into, and reports on, claims in respect of breaches of the Treaty of Waitangi.

### Courts (C)

C4	Waitangi Tribunal Services			
Quality		Projection	Actual	Variance
C4 P1	Percentage of research reports/commissions that meet the Chief Historian's quality standards	90%	95%	5.6%
C4 P2	Percentage satisfaction of the presiding officer – sitting days	90%	100%	11.1%
C4 P3	Percentage of discussion papers/report chapter drafts that meet the Chief Historian's quality standards	85%	97%	14.1%

#### Variance Explanation

C4 P2	The satisfaction of the presiding officer in recent years has remained high, with a further increase in satisfaction in the 2007/08 financial year. The Ministry will consider reviewing the projection for this performance measure in future years.
C4 P3	In the 2007/08 financial year, the standard of discussion papers and report chapter drafts was higher than in the 2006/07 financial year, and similar to the 2005/06 financial year. The Ministry will consider reviewing the projection for this performance measure in future years.

Timeliness		Projection	Actual	Variance
C4 P4	Percentage of new claims registered within 30 working days of receipt	85%	49%	–42.4%
C4 P5	Percentage of reports provided to the Legal Services Agency within 60 working days of receipt	85%	100%	17.6%
C4 P6	Percentage of in-house reports completed within timeframe agreed when report first requested	85%	90%	5.9%
C4 P7	Percentage of commissioned research reports completed within timeframe agreed when report first commissioned	85%	87%	2.4%
C4 P8	Percentage of discussion papers/report chapter drafts provided by due date	85%	97%	14.1%

#### Variance Explanation

C4 P4	The projection was not met because a number of claims required further information to be provided by claimants before they could be registered.
C4 P5	The timely provision of reports to the Legal Services Agency was a focus for the Waitangi Tribunal in 2007/08, hence the high percentage of reports that were provided to the Legal Services Agency within 60 working days of receipt. The Ministry will consider reviewing the projection for this performance measure in future years.
C4 P8	The timely provision of discussion papers and report chapter drafts in recent years has continued at a level above the standard set. The Ministry will consider reviewing the projection for this performance measure in future years.

Activity Information		Projection	Actual	Variance
C4 A1	Number of new claims registered	160–200	68	–62.2%
C4 A2	Number of reports provided to the Legal Services Agency	90–110	116	16%
C4 A3	Number of research days provided	5,700–6,100	5,101	–13.5%
C4 A4	Number of research reports/commissions managed	35–45	57	42.5%
C4 A5	Number of inquiry support days provided	2,000–2,300	1,934	–10%
C4 A6	Number of sitting days serviced	150–190	88	–48.2%
C4 A7	Number of report writing support days provided	4,300–4,900	6,122	33.1%

#### ***Variance Explanation***

C4 A1, C4 A5	These are demand driven measures because they depend on the number of claims that are lodged with the Waitangi Tribunal.
C4 A2	A higher than projected number of reports was requested by the Legal Services Agency.
C4 A3	The number of research days provided was below the projection due to changes to the East Coast inquiry and the focusing of staff time on report writing instead of research.
C4 A4	The projection was exceeded because a larger than expected number of research reports were undertaken in support of the Te Rohe Potae casebook research programme.
C4 A6	The number of sitting days serviced was below the projection because of the deferral of part of the Whanganui inquiry. Furthermore, several planned judicial conferences were not required, and no urgent or remedies proceedings commenced.
C4 A7	The projection was exceeded because a significant proportion of staff time was refocused on report writing instead of research, in accordance with judicial priorities.

## OUTPUT CLASS STATEMENT

### WAITANGI TRIBUNAL SERVICES

FOR THE YEAR ENDED 30 JUNE 2008

	30/6/08 Actual (\$000)	Main Estimates (\$000)	Supplementary Estimates (\$000)	30/6/07 Actual (\$000)
<b>Revenue</b>				
Crown	9,587	9,859	9,587	7,887
Departmental	89	83	83	63
Other	36	–	25	–
<b>Total Revenue</b>	<b>9,712</b>	<b>9,942</b>	<b>9,695</b>	<b>7,950</b>
<b>Total Expenses</b>	<b>9,618</b>	<b>9,942</b>	<b>9,695</b>	<b>7,957</b>
<b>Net Surplus/(Deficit)</b>	<b>94</b>	<b>–</b>	<b>–</b>	<b>(7)</b>

## **OUTPUT CLASS FIVE: COLLECTION AND ENFORCEMENT OF FINES AND CIVIL DEBTS SERVICES**

Output class five includes:

- Collecting and enforcing court-imposed monetary penalties and infringement fines. These include fines, reparation, restitution, court costs and other orders. Enforcement action can be taken 29 days after the penalty is imposed or the infringement filed in court. Most infringement fines are imposed by the Police and local authorities. The Ministry's Collections unit becomes involved in collection after the prosecuting authority has been unsuccessful in its attempts to recover the debt and has filed it in Court for collection.
- Assisting the enforcement of civil court orders and collection of civil debts. This covers the services provided on behalf of judgment creditors. Civil court orders include those made in the civil jurisdiction of the Supreme Court, Court of Appeal, High Court, District Court, Environment Court, Employment Court, Disputes Tribunals and Tenancy Tribunal.



Courts (C)

C5	Collection and Enforcement of Fines and Civil Debts Services			
Quality		Projection	Actual	Variance
Collection and enforcement of court-imposed monetary penalties and infringement fines				
C5 P1	Percentage of fines actioned <sup>12</sup>	57–62%	59%	–
C5 P2	Number of legal challenges resulting in costs being awarded against the Ministry	0	0	–
Enforcement of civil court orders and collection of civil debt				
C5 P3	Number of legal challenges resulting in costs being awarded against the Ministry	0	0	–
Timeliness		Projection	Actual	Variance
Collection and enforcement of court-imposed monetary penalties and infringement fines				
C5 P4	Percentage of court-imposed fines collected or placed under arrangement within 28 days	60–65%	64%	–
C5 P5	Percentage of court-imposed fines collected or placed under arrangement within four months	80–85%	81%	–
C5 P6	Percentage of infringement fines collected or placed under arrangement within 28 days	28–33%	26%	–14.8%
C5 P7	Percentage of infringement fines collected or placed under arrangement within four months	67.5%–72.5%	68%	–
Enforcement of civil court orders and collection of civil debt				
C5 P8	Percentage of applications for distress warrants, orders for examination and other civil enforcement applications actioned within 28 days of receipt by the court	85–90%	89%	–
Variance Explanation				
C5 P6	The Ministry's Collections unit uses a range of activities to resolve unpaid fines and maximise voluntary compliance. However, there are factors beyond its control, such as peoples' ability and willingness to pay, which can impact on the Collections unit's ability to resolve unpaid fines.			
Activity Information		Projection	Actual	Variance
Collection and enforcement of court-imposed monetary penalties and infringement fines				
C5 A1	Amount collected	\$202–218m	\$233m	11%
Enforcement of civil court orders and collection of civil debt				
C5 A2	Number of applications for distress warrants, orders for examination and other civil enforcement applications actioned	55,000–60,000	59,740	–
Variance Explanation				
C5 A1	The projection was exceeded due to increased enforcement activity by the Ministry in the 2007/08 financial year, which focused on seeking payment in full or the placing under arrangement of unpaid fines and monetary penalties.			

<sup>12</sup> "Actioned" in relation to fines is when a fine is either under arrangement, collected and disbursed, remitted, under appeal or review, or not yet liable for enforcement.

## OUTPUT CLASS STATEMENT

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

FOR THE YEAR ENDED 30 JUNE 2008

	30/6/08 Actual (\$000)	Main Estimates (\$000)	Supplementary Estimates (\$000)	30/6/07 Actual (\$000)
<b>Revenue</b>				
Crown	58,385	65,986	58,385	60,181
Departmental	495	826	826	436
Other	2,081	2,274	3,541	1,942
<b>Total Revenue</b>	<b>60,961</b>	<b>69,086</b>	<b>62,752</b>	<b>62,559</b>
<b>Total Expenses</b>	<b>62,725</b>	<b>69,086</b>	<b>62,752</b>	<b>63,155</b>
<b>Net Surplus/(Deficit)</b>	<b>(1,764)</b>	<b>–</b>	<b>–</b>	<b>(596)</b>

## MINISTERIAL SERVICING

Ministerial servicing includes the preparation of ministerial correspondence, parliamentary questions and official information requests for Vote Courts.

### Courts (C)

CM	Ministerial Servicing			
Quality		Projection	Actual	Variance
CM P1	The Minister will be requested to indicate his/her level of satisfaction with the quality of advice and services provided by the Ministry <sup>13</sup>	Satisfactory or better	Good	–
CM P2	Percentage of first draft replies presented approved by Ministers	95%	97%	2.1%
Timeliness		Projection	Actual	Variance
CM P3	Percentage of draft replies to ministerial correspondence submitted to Ministers within 15 working days of receipt in the Ministry	90%	76%	–15.6%
CM P4	Percentage of replies to Official Information Act 1982 requests completed within statutory timeframes	100%	96%	–4%
CM P5	Percentage of draft replies to parliamentary questions submitted to Ministers within required timeframes	100%	90%	–10%
Variance Explanation				
CM P3	The projection was not met due to staff resourcing issues in some parts of the Ministry and a focus on improving the quality of responses.			
CM P5	The projection was not met because many parliamentary questions required the preparation of complex statistical information and extensive consultation across the Ministry in order to provide robust responses.			
Activity Information		Projection	Actual	Variance
CM A1	Number of ministerial correspondence replies drafted	500–600	338	–38.5%
CM A2	Number of Official Information Act 1982 requests responded to <sup>14</sup>	300–500	415	–
CM A3	Number of replies drafted in response to parliamentary questions	800–1,000	360	–60%
Variance Explanation				
CM A1, CM A3	The amount of correspondence received (which includes ministerial correspondence, Official Information Act requests, and parliamentary questions) is demand driven and estimates of volume are largely based on historical trends.			

<sup>13</sup> Ministers are asked to assess the Ministry's performance as: very good; good; satisfactory; poor; very poor.

<sup>14</sup> Volume includes Official Information Act 1982 requests to Ministers and the Ministry.

# Financial summary

## STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2008

	Note	Main Estimates 30 June 2008 (\$000)	Supplementary Estimates 30 June 2008 (\$000)	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>Revenue</b>					
Crown		397,733	401,263	401,263	351,332
Department		5,720	5,720	5,513	6,435
Other	2	31,642	32,908	33,097	34,333
<b>Total Operating Revenue</b>		<b>435,095</b>	<b>439,891</b>	<b>439,873</b>	<b>392,100</b>
<b>Expenses</b>					
Personnel	3	208,427	189,205	194,826	169,200
Operating	4	141,248	163,055	152,722	133,849
Capital charge	5	39,167	40,036	40,103	36,452
Depreciation and amortisation	6	46,253	47,595	49,741	43,551
<b>Total Output Expenses</b>		<b>435,095</b>	<b>439,891</b>	<b>437,392</b>	<b>383,052</b>
<b>Net Surplus/(Deficit)</b>		<b>–</b>	<b>–</b>	<b>2,481</b>	<b>9,048</b>

Explanations of significant variances against budget are detailed in note 19.

*The accompanying notes form part of these Financial Statements*

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2008

	Note	Main Estimates 30 June 2008 (\$'000)	Supplementary Estimates 30 June 2008 (\$'000)	Actual 30 June 2008 (\$'000)	Actual 30 June 2007 (\$'000)
<b>Assets</b>					
Current Assets					
Cash and cash equivalents		36,807	75,956	108,764	22,271
Debtors and other receivables	8	46,830	54,317	53,099	59,943
Prepayments		1,100	3,600	2,698	2,590
<b>Total Current Assets</b>		<b>84,737</b>	<b>133,873</b>	<b>164,561</b>	<b>84,804</b>
<b>Non-Current Assets</b>					
Property, plant and equipment	6	489,237	451,117	507,406	438,382
Intangible assets	7	71,480	102,418	62,890	70,726
<b>Total Non-Current Assets</b>		<b>560,717</b>	<b>553,535</b>	<b>570,296</b>	<b>509,108</b>
<b>Total Assets</b>		<b>645,454</b>	<b>687,408</b>	<b>734,857</b>	<b>593,912</b>
<b>Liabilities and Taxpayers' Funds</b>					
<b>Current Liabilities</b>					
Creditors and other payables	9	4,614	13,573	15,737	12,644
Provisions	10	—	900	710	843
GST payable		1,000	1,000	796	—
Accrued expenses		16,300	24,200	22,230	24,825
Repayment of surplus	11	—	—	2,481	8,686
Employee entitlements	12	6,500	7,800	9,023	7,809
<b>Total Current Liabilities</b>		<b>28,414</b>	<b>47,473</b>	<b>50,977</b>	<b>54,807</b>
<b>Non-Current Liabilities</b>					
Creditors and other payables	9	—	—	7	2
Employee entitlements	12	5,650	5,300	6,406	5,279
<b>Total Non-Current Liabilities</b>		<b>5,650</b>	<b>5,300</b>	<b>6,413</b>	<b>5,281</b>
<b>Total Liabilities</b>		<b>34,064</b>	<b>52,773</b>	<b>57,390</b>	<b>60,088</b>
<b>Taxpayers' Funds</b>					
General funds	13	611,390	610,894	611,077	510,083
Revaluation reserve	13	—	23,741	66,490	23,741
<b>Total Taxpayers' Funds</b>		<b>611,390</b>	<b>634,635</b>	<b>677,467</b>	<b>533,824</b>
<b>Total Liabilities and Taxpayers' Funds</b>		<b>645,454</b>	<b>687,408</b>	<b>734,857</b>	<b>593,912</b>

The accompanying notes form part of these Financial Statements

## STATEMENT OF CHANGES IN TAXPAYERS' FUNDS

For the year ended 30 June 2008

	Note	Main Estimates 30 June 2008 (\$000)	Supplementary Estimates 30 June 2008 (\$000)	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>Taxpayers' Funds as at 1 July</b>		<b>513,592</b>	<b>533,641</b>	<b>533,824</b>	<b>483,887</b>
Net operating surplus/(deficit)		—	—	2,481	9,048
Departmental/Crown asset transfer	13	—	—	—	(1,773)
Transfer from revaluation reserves for assets sold		—	—	—	892
Increase/(decrease) in revaluation reserves	13	—	—	42,649	24,633
<b>Total Recognised Revenues and Expenses for the Year</b>		<b>—</b>	<b>—</b>	<b>45,130</b>	<b>32,800</b>
Capital contribution from the Crown	13	97,798	100,993	100,993	26,705
Provision for repayment of surplus to the Crown	11	—	—	(2,481)	(8,686)
Transfer from revaluation reserves for assets sold		—	—	—	(892)
Other movement		—	—	—	10
<b>Total</b>		<b>97,798</b>	<b>100,993</b>	<b>98,513</b>	<b>17,137</b>
<b>Taxpayers' Funds as at 30 June</b>		<b>611,390</b>	<b>634,634</b>	<b>677,467</b>	<b>533,824</b>

*The accompanying notes form part of these Financial Statements*

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2008

	Note	Main Estimates 30 June 2008 (\$000)	Supplementary Estimates 30 June 2008 (\$000)	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>Cash Flows from Operating Activities</b>					
<b>Cash was Provided from:</b>					
Receipts from Crown		407,733	406,263	406,264	353,849
Receipts from department		5,720	5,711	5,585	7,159
Receipts from others		31,642	32,921	34,266	30,976
<b>Total Cash Flows from Operating Activities</b>		<b>445,095</b>	<b>444,895</b>	<b>446,115</b>	<b>391,984</b>
<b>Cash was Applied to:</b>					
Payment to employees		(209,114)	(190,246)	(191,590)	(179,565)
Payment to suppliers		(140,105)	(162,653)	(153,351)	(127,283)
Capital charge		(39,167)	(40,036)	(40,043)	(36,452)
Net GST paid		–	1,622	1,418	180
<b>Total Cash Applied for Operating Activities</b>		<b>(388,386)</b>	<b>(391,313)</b>	<b>(383,566)</b>	<b>(343,120)</b>
<b>Net Cash Flows from Operating Activities</b>		<b>56,709</b>	<b>53,582</b>	<b>62,549</b>	<b>48,864</b>
<b>Cash Flows From Investing Activities</b>					
<b>Cash was Provided from:</b>					
Sale of property, plant and equipment		–	350	65	28
<b>Cash was Applied to:</b>					
Purchase of intangibles		(91,447)	(43,603)	(6,570)	(16,599)
Purchase of property, plant and equipment		(35,570)	(48,769)	(61,859)	(47,079)
<b>Net Cash Flows from Investing Activities</b>		<b>(127,017)</b>	<b>(92,022)</b>	<b>(68,364)</b>	<b>(63,650)</b>
<b>Cash Flows from Financing Activities</b>					
<b>Cash was Provided from:</b>					
Capital contribution	13	97,798	100,993	100,993	26,705
<b>Cash was Applied to:</b>					
Finance lease		–	–	–	–
Repayment of surplus		(3,885)	(8,868)	(8,685)	(13,262)
<b>Net Cash Flows from Financing Activities</b>		<b>93,913</b>	<b>92,125</b>	<b>92,308</b>	<b>13,443</b>
Net increase/ (decrease) in cash held		23,605	53,685	86,493	(1,343)
Cash as at 1 July		13,202	22,271	22,271	23,614
<b>Closing Cash as at 30 June</b>		<b>36,807</b>	<b>75,956</b>	<b>108,764</b>	<b>22,271</b>

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

*The accompanying notes form part of these Financial Statements*

## RECONCILIATION OF NET OPERATING SURPLUS/(DEFICIT) TO NET OPERATING CASH FLOWS

For the year ended 30 June 2008

	Main Estimates 30 June 2008 (\$000)	Supplementary Estimates 30 June 2008 (\$000)	30 June 2008 (\$000)	30 June 2007 (\$000)
<b>Surplus/(Deficit) from Statement of Financial Performance</b>	–	–	2,481	9,048
<b>Add/(Deduct) Non-Cash Items</b>				
Depreciation and amortisation	46,253	47,595	49,741	43,552
Property, plant and equipment write-offs	–	–	–	–
<b>Total Non-Cash Items</b>	46,253	47,595	49,741	43,552
<b>Add/(Deduct) Movements in Working Capital Items</b>				
(Increase)/decrease in debtors and other receivables	10,456	5,987	1,241	(2,416)
(Increase)/decrease in prepayments	–	–	(107)	1,289
(Increase)/decrease in debtor Crown	–	–	6,146	–
Increase/(decrease) in creditors and other payables	–	–	765	(142)
Increase/(decrease) in finance lease	–	–	–	–
<b>Total Movements in Working Capital</b>	10,456	5,987	8,045	(1,269)
<b>Add/(Deduct) Items Classified as Investing Activities</b>				
(Increase)/decrease in accrued expenses in fixed assets	–	–	2,199	(2,574)
(Increase)/decrease in finance lease	–	–	–	–
Loss/(gain) on sale of property, plant and equipment	–	–	83	107
Loss/(gain) on sale of intangible assets	–	–	–	–
<b>Total Movement in Investing Activities</b>	–	–	2,282	(2,467)
<b>Net Cash Flows From Operating Activities</b>	56,709	53,582	62,549	48,864

Corrections have been made to the forecast 2008 figures as published in the Ministry's 2007/08 *Statement of Intent* (Main Estimates).

*The accompanying notes form part of these Financial Statements*



## STATEMENT OF COMMITMENTS

As at 30 June 2008

### 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 the balance sheet date.

The Ministry leases property, plant and equipment in the normal course of its business. The majority of these leases are for premises and photocopiers, which have a non-cancellable leasing period ranging from three to ten years.

### Other Non-cancellable Commitments

The Ministry has entered into non-cancellable contracts for computer maintenance, cleaning services, consulting services and other contracts for services.

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>Capital Commitments</b>		
Property, plant and equipment	87,261	62,608
Intangibles	–	–
<b>Total Capital Commitments</b>	<b>87,261</b>	<b>62,608</b>
<b>Operating Lease Commitment – Non-Cancellable Accommodation Leases</b>		
Not later than one year	17,342	10,704
Later than one year and not later than five years	50,824	43,445
Later than five years	83,969	95,008
<b>Total Operating Lease Commitments – Non-Cancellable Accommodation Leases</b>	<b>152,135</b>	<b>149,157</b>
<b>Other Operating Commitments</b>		
Not later than one year	13,679	13,823
Later than one year and not later than five years	28,762	35,909
Later than five years	2,087	8,815
<b>Total Other Operating Commitments</b>	<b>44,528</b>	<b>58,547</b>
<b>Total Commitments</b>	<b>283,924</b>	<b>270,312</b>

The increase in capital commitments primarily reflects the contracts entered into for the new Supreme Court building and the fit out of the Vogel Integrated Campus building.

The Ministry has long-term lease commitments on a number of premises throughout New Zealand. These annual lease payments are subject to regular reviews, ranging from three to ten years, and comprise \$152.135 million of total operating commitments (2006/07: \$149.157 million).

The Ministry has entered into non-cancellable contracts for telephone network services, computer maintenance and other contracts for services. These contracts totalled \$44.528 million as at 30 June 2008 (2006/07: \$58.547 million).

*The accompanying notes form part of these Financial Statements*

## STATEMENT OF CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2008

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
Personal grievances	490	207
<b>Total Contingent Liabilities</b>	<b>490</b>	<b>207</b>

### *Personal Grievances*

Personal grievances represent amounts claimed by employees for personal grievance cases, which all relate to an alleged breach of contract with employees arising from restructuring.

### *Contingent Assets*

The Ministry has no contingent assets (2006/07: nil).

*The accompanying notes form part of these Financial Statements*

## STATEMENT OF DEPARTMENTAL EXPENSES, CAPITAL EXPENDITURE AND APPROPRIATIONS

For the year ended 30 June 2008

	Actual 30 June 2008 (\$000)	Appropriation* 30 June 2008 (\$000)
<b>Vote Justice</b>		
Sector Leadership and Support	5,101	5,213
Policy Advice	24,963	25,199
Management of the Parliamentary Electoral System	9,323	9,831
Crime Prevention and Community Safety	1,656	1,806
<b>Total Vote Justice</b>	<b>41,043</b>	<b>42,049</b>
<b>Vote Treaty Negotiations</b>		
Policy Advice – Treaty Negotiations	12,604	11,213
Representation – Waitangi Tribunal	1,502	2,149
Property Portfolio Management	6,682	6,798
<b>Total Vote Treaty Negotiations</b>	<b>20,788</b>	<b>20,160</b>
<b>Vote Courts</b>		
Higher Courts Services	55,067	55,071
District Court Services	172,188	172,233
Specialist Courts, Tribunals and Other Authorities Services	75,963	77,931
Collection and Enforcement of Fines and Civil Debts Services	62,725	62,752
Waitangi Tribunal Services	9,618	9,695
<b>Total Vote Courts</b>	<b>375,561</b>	<b>377,682</b>
<b>Total Departmental Expenditure and Appropriations</b>	<b>437,392</b>	<b>439,891</b>
<b>Appropriation for Capital Contribution</b>		
<b>Capital Investment</b>	<b>100,993</b>	<b>100,993</b>

\* This includes adjustments made in the Supplementary Estimates.

### *Transfers under Section 26A of the Public Finance Act 1989*

There were no section 26A transfers authorised in the year ended 30 June 2008.

*The accompanying notes form part of these Financial Statements*

## STATEMENT OF UNAPPROPRIATED EXPENSES AND CAPITAL EXPENDITURE

For the year ended 30 June 2008

Departmental	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>Vote Treaty Negotiations</b>		
<b>Minister in Charge of Treaty of Waitangi Negotiations</b>		
<b>Departmental Output Expenses</b>		
Policy Advice – Treaty Negotiations	1,391	–
Property Portfolio Management	–	280
<b>Total Departmental Unappropriated Expenditure Vote Treaty Negotiations</b>	<b>1,391</b>	<b>280</b>
<b>Vote Justice</b>		
<b>Minister of Justice</b>		
Departmental Net Assets	183	–
<b>Total Departmental Unappropriated Expenditure Vote Justice</b>	<b>183</b>	<b>–</b>

Approval of the unappropriated expenditure outlined above was obtained under section 26C of the Public Finance Act 1989.

### VOTE TREATY NEGOTIATIONS: DEPARTMENTAL OUTPUT EXPENSES – POLICY ADVICE – TREATY NEGOTIATIONS

Vote Minister: Minister in Charge of Treaty of Waitangi Negotiations

In 2007/08, the Central North Island forestry lands agreement was negotiated. This involved the largest ever settlement by dollar value with 18 iwi and a high level of negotiation with affected neighbouring groups. The pace of negotiations accelerated during 2007/08 resulting in a Deed with Taranaki Whanui and significant progress toward a Deed of Settlement with Waikato River ahead of the anticipated timeframes and Agreements in Principle, and in addition to the initial work programme.

### VOTE JUSTICE: DEPARTMENTAL NET ASSETS

Vote Minister: Minister of Justice

When preparing the 2006/07 comparative financial statements under the New Zealand equivalent to the International Financial Reporting Standards, an adjustment to taxpayer funds was required as a result of changes in presentation requirements. When preparing the forecasts for the Supplementary Estimates, this adjustment was inadvertently omitted.

*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 2008

#### **Reporting Entity**

The Ministry is a government department as defined by section 2 of the Public Finance Act 1989. These financial statements have been prepared pursuant to section 45B of the Public Finance Act 1989.

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

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

The financial statements of the Ministry are for the year ended 30 June 2008. The financial statements were authorised for issue by the Chief Executive of the Ministry on 30 September 2008.

#### **Basis of Preparation**

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).

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

This is the first set of financial statements prepared using NZ IFRS. The comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly. Reconciliations of equity and net surplus for the year ended 30 June 2007 under NZ IFRS, compared to the balances reported in the 30 June 2007 financial statements, are detailed in note 20.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS *Statement of Financial Position* as at 1 July 2006 for the purposes of the transition to NZ IFRS.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, and certain financial instruments (including derivative instruments).

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.

### ***Standards, amendments and interpretations issued that are not yet effective and have not been adopted early***

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

- NZ IAS1 *Presentation of Financial Statements (revised 2007)* replaces NZ IAS1 *Presentation of Financial Statements (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in equity resulting from transactions with the Crown in its capacity as “owner” separately from “non-owner” changes. The revised standard gives the Ministry the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Ministry expects to apply the revised standard for the first time for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.
- NZ IAS 23 *Borrowing Costs (revised 2007)* replaces NZ IAS 23 *Borrowing Costs (issued 2004)* and is effective for reporting periods commencing on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The Ministry intends to adopt this standard for the year ending 30 June 2010 and has not determined the potential impact of the new standard.

### ***Revenue Recognition***

Revenue is measured at the fair value of consideration received.

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

Department and Other Revenue is from the supply of goods and services to other government departments and third parties.

Revenue from filing and similar fees is recognised when the obligation to pay the fee is incurred.

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

Interest income is accrued using the effective interest rate method.

## **Property, Plant and Equipment**

### **Asset Capitalisation**

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

These are capitalised:

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

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

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 *Statement of Financial Performance*, unless the asset is carried at a revalued amount, in which case any impairment loss is treated as a revaluation decrease.

### **Asset Revaluation**

Land and buildings are stated at fair value as determined by an independent registered valuer as at 30 June. Fair value is determined using market-based evidence. Revaluations are performed on a yearly basis although land and buildings are only physically inspected every three years. The last physical inspection was completed on 30 June 2006.

Any surplus on revaluation of a class of land or buildings is transferred directly to the applicable property, plant and equipment revaluation reserve within taxpayers' funds unless it offsets a previous decrease in value recognised in the *Statement of Financial Performance*, in which case, it is recognised in the *Statement of Financial Performance*.

A decrease in value relating to a class of land or buildings is recognised in the *Statement of Financial Performance* where it exceeds the surplus previously transferred to revaluation reserves.

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

## Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of these assets 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
Fit-out/Leasehold Improvements	Up to 15	Nil
Computer Equipment	4 – 7	Nil
Furniture and Fittings, Office Equipment	5	Nil
Motor Vehicles	5	30% of cost or fair value

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

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

## Disposal of Property, Plant and Equipment

Where property, plant or equipment is disposed of, the gain or loss recognised in the *Statement of Financial Performance* 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 the general fund within taxpayers' funds.

## Non-current Assets Held for Sale

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

Any impairment losses for write-downs of non-current assets held for sale are recognised in the *Statement of Financial Performance*.

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

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



## Intangible Assets

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

Intangible assets with finite lives are subsequently recorded at cost, less any amortisation and impairment losses. Amortisation is charged to the *Statement of Financial Performance* on a straight-line basis over the useful life of the asset. Estimated useful lives are:

Asset Category	Asset Life (years)
Acquired Software	4 – 7
Internally Generated Software	4 – 7

Realised gains and losses arising from the disposal of intangible assets are recognised in the *Statement of Financial Performance* in the period in which the transaction occurs. Unrealised gains and losses from changes in the value of intangible assets are recognised as at balance date. To the extent that a gain reverses a loss previously charged to the *Statement of Financial Performance*, the gain is credited to the *Statement of Financial Performance*. Otherwise, gains are credited to an asset revaluation reserve for that asset. To the extent that there is a balance in the asset revaluation reserve for the intangible asset, a revaluation loss is debited to the reserve. Otherwise, losses are reported in the *Statement of Financial Performance*.

## Employee Entitlements

Provision is made in respect of the Ministry's liability for annual, long service, sick and retirement leave. Annual leave has been calculated on an actual entitlement basis at current rates of pay. Sick leave is recognised to the extent that absences in the coming year are expected to be greater than the entitlements earned in the coming year. Long service and retiring leave provisions have been calculated on an actuarial basis, based on the present value of expected future entitlements.

## Superannuation

Obligations for contributions to the State Sector Retirement Scheme, Kiwisaver and the Government Superannuation Fund are accounted for as defined contribution schemes and are recognised as an expense in the *Statement of Financial Performance*, as incurred.

## Cost Allocation

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

### Cost Allocation Policy

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

### *Criteria for Direct and Indirect Costs*

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

### **Commitments**

Commitments are future payments and expenditure to be incurred on capital and operating contracts that have been entered into at balance date and are valued at known cost.

### **Contingent Liabilities**

Contingent liabilities and contingent assets are recorded at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility that they will crystallise is not remote.

### **Income Tax**

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

### **Budget Estimates**

The Budget figures are those presented in the Ministry's 2007/08 *Statement of Intent* (Main Estimates) and those amended by the Supplementary Estimates and, where appropriate, any transfer made by Order in Council under section 26A of the Public Finance Act 1989.

### **Goods and Services Tax (GST)**

The *Statement of Financial Position* is exclusive of GST, except for accounts payable and accounts receivable, which are GST inclusive. All other statements are GST exclusive.

The amount of GST owed to or from the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is shown as a current asset or current liability as appropriate in the *Statement of Financial Position*.

### **Financial Instruments**

The Ministry is party to financial instruments as part of its normal operations. These include bank accounts, debtors, creditors and foreign currency forward contracts. Apart from foreign currency forward contracts, 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 *Statement of Financial Performance*.

#### *Financial Assets*

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

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

### *Financial Liabilities*

Other financial liabilities are recognised initially at fair value less transaction costs, and are subsequently measured at amortised cost using the effective interest rate method (refer interest expense policy). Financial liabilities entered into with a 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 *Statement of Financial Performance* as is any gain or loss when the liability is derecognised.

### *Derivatives*

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively. The Ministry has not adopted hedge accounting.

Movements in the fair value of derivative financial instruments are recognised in the *Statement of Financial Performance*.

## **Leases**

### *Finance Leases*

Finance leases are leases which effectively transfer to the Ministry substantially all the risks and benefits incidental to ownership of the leased item. These leases are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased asset and corresponding lease liabilities are recognised in the *Statement of Financial Position*. The leased assets are depreciated over the period the Ministry is expected to benefit from their use.

### *Operating Leases*

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight line basis over the term of the lease. Leasehold improvements are capitalised, and the cost is amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

### *Taxpayers' Funds*

Taxpayers' funds represent the Crown's net investment in the Ministry. Taxpayers' funds is disaggregated and classified as general funds and property, plant and equipment revaluation reserves.

## **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 following section sets out 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.

### *Retiring, and Long Service Leave*

Note 12 provides analysis of the exposures and uncertainties relating to retiring and long service leave liabilities.

### *Critical judgements in applying the Ministry's accounting policies*

Management has exercised the following critical judgement in applying the Ministry's accounting policies for the period ended 30 June 2008.

#### *Finance Lease*

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

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

### *Note 2: Revenue Other*

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
Filing fees	26,173	26,489
Other	2,153	3,211
State Sector Retirement Saving Scheme recovery	2,662	2,418
Rent received	507	805
Interest	1,602	1,410
<b>Total Revenue Other</b>	<b>33,097</b>	<b>34,333</b>

### *Note 3: Personnel Costs*

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
Salaries and wages	162,710	133,310
Employer contributions to defined contribution plans	3,211	2,852
Increase/(decrease) in employee entitlements	2,341	1,237
Other	26,564	31,801
<b>Total Personnel costs</b>	<b>194,826</b>	<b>169,200</b>

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

#### **Note 4: Operating Expenses**

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
Audit fees for financial statements audit	332	302
Audit fees for NZ IFRS transition	30	25
Bad debts written off	3	20
Debt impairment	1	(112)
Computer and telecommunications	19,322	18,206
Advertising and publicity	1,442	1,851
Jurors fees and expenses	9,091	8,864
Library and information services	7,132	6,694
Loss on sale of property, plant and equipment	83	106
Maintenance of facilities	10,908	10,385
Other occupancy costs (excluding rental)	12,975	11,479
Printing, stationery and postage	10,155	9,510
Professional services	32,850	25,098
Property rental	14,640	10,335
Sitting fees and judicial costs	11,099	9,532
Travel	15,023	13,506
Koha	30	21
Other operating costs	7,606	8,027
<b>Total Operating Expenses</b>	<b>152,722</b>	<b>133,849</b>

#### **Note 5: Capital Charge**

The Ministry pays a capital charge to the Crown on its taxpayers' funds as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2008 was 7.5 percent (2006/07: 7.5 percent).

## Note 6: Property, Plant and Equipment

	Land (at valuation)	Building (at valuation)	Fit-out/ Leasehold Improvements	Computer Equipment	Computer Equipment (Finance Lease)	Furniture and Fittings Office Equipment	Motor Vehicles	Work in Progress	Total
<b>Cost/ valuation</b>									
<b>Balance at 1 July 2006</b>	131,778	234,304	13,010	38,813	408	14,308	4,475	14,363	451,459
Additions	–	11,357	12,547	702	–	4,710	1,095	(2,998)	27,413
Revaluation increase	8,765	(152)	–	–	–	–	–	–	8,613
Transfer to held for sale	–	–	–	–	–	–	–	–	–
Disposals	(150)	(10,612)	–	(28)	–	(522)	(242)	–	(11,554)
<b>Balance at 30 June 2007</b>	140,393	234,897	25,557	39,487	408	18,496	5,328	11,365	475,931
<b>Balance at 1 July 2007</b>	140,393	234,897	25,557	39,487	408	18,496	5,328	11,365	475,931
Additions	1,168	8,636	8,156	5,901	–	2,636	159	34,082	60,738
Revaluation increase	18,166	2,239	–	–	–	–	–	–	20,405
Transfer to held for sale	–	–	–	–	–	–	–	–	–
Other movement	–	7,081	(1,601)	–	–	(5,480)	–	–	–
Disposals	–	–	–	(889)	–	(182)	(137)	–	(1,208)
<b>Balance at 30 June 2008</b>	159,727	265,863	19,102	44,499	408	15,470	5,350	45,447	555,866
<b>Accumulated depreciation and impairment losses</b>									
<b>Balance at 1 July 2006</b>	–	653	6,022	18,932	408	6,323	1,180	1,285	34,803
Depreciation expense	–	16,465	2,592	7,506	–	2,725	644	–	29,932
Eliminate on disposal	–	(367)	–	(27)	–	(494)	(94)	–	(982)
Eliminate on revaluation	–	(16,020)	–	–	–	–	–	–	(16,020)
Eliminate on transfer to held for sale	–	–	–	–	–	–	–	–	–
Other movement	–	–	(7,362)	(1,215)	–	(408)	62	(1,285)	(10,208)
Impairment losses and revaluation	–	–	–	–	–	23	–	–	23

	Land (at valuation)	Building (at valuation)	Fit-out/ Leasehold Improvements	Computer Equipment	Computer Equipment (Finance Lease)	Furniture and Fittings Office Equipment	Motor Vehicles	Work in Progress	Total
<b>Balance at 30 June 2007</b>	–	731	1,252	25,196	408	8,169	1,792	–	37,548
<b>Balance at 1 July 2007</b>	–	731	1,252	25,196	408	8,169	1,792	–	37,549
Depreciation expense	–	22,295	3,518	7,272	–	2,694	680	–	36,459
Eliminate on disposal	–	(118)	(651)	(947)	–	(1,536)	(53)	–	(3,305)
Eliminate on revaluation	–	(22,242)	–	–	–	–	–	–	(22,242)
Eliminate on transfer to held for sale	–	–	–	–	–	–	–	–	–
Other movement	–	–	–	–	–	–	–	–	–
Impairment losses and revaluation	–	–	–	–	–	–	–	–	–
<b>Balance at 30 June 2008</b>	–	666	4,119	31,521	408	9,327	2,419	–	48,460
<b>Carrying amounts</b>									
<b>At 1 July 2006</b>	131,778	233,651	6,988	19,881	–	7,985	3,295	13,078	416,656
<b>At 30 June and 1 July 2007</b>	140,393	234,166	24,305	14,291	–	10,327	3,536	11,365	438,383
<b>At 30 June 2008</b>	159,727	252,187	27,993	12,978	–	6,143	2,931	45,447	507,406

The Ministry has assets valued at \$91.803 million listed under the Historic Places Trust Act 1993 (2006/07: \$77.211 million), which are included in the assets above.

The land and buildings were valued at fair value as at 30 June 2008 by Ceri Bain (BPA, MPINZ) of Beca Valuations Limited, and are in accordance with the New Zealand Institute of Valuers' Asset Valuation Standards.

The valuations are performed on an annual basis, although land and buildings are only physically inspected every three years. The last physical examination was completed as at 30 June 2006. Land and buildings purchased and/or capitalised in 2007/08 have not been revalued at 30 June 2008 and are shown at cost less accumulated depreciation, which approximates to and is not materially different from the respective fair values.

A total of \$67,000 has been recognised as other revenue as a result of insurance claims for damaged motor vehicles.

## Note 7: Intangible Assets

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

	Acquired Software	Internally Generated Software	Work in Progress	Total
<b>Cost</b>				
<b>Balance at 1 July 2006</b>	6,298	68,165	5,274	79,737
Additions	(11,546)	12,165	8,923	9,542
Disposals	—	(477)	—	(477)
Other movement	18,921	(18,921)	—	—
<b>Balance at 30 June 2007</b>	<b>13,673</b>	<b>60,932</b>	<b>14,197</b>	<b>88,802</b>
<b>Balance at 1 July 2007</b>	13,673	60,932	14,197	88,802
Additions	23,820	(10,326)	(7,550)	5,944
Disposals	(500)	(167)	—	(667)
Other movement	15,237	(15,237)	—	—
<b>Balance at 30 June 2008</b>	<b>52,230</b>	<b>35,202</b>	<b>6,647</b>	<b>94,079</b>
<b>Accumulated amortisation and impairment losses</b>				
<b>Balance at 1 July 2006</b>	4,461	25,685	—	30,146
Amortisation expense	2,019	11,601	—	13,620
Disposals	—	(25,690)	—	(25,690)
Impairment losses	—	—	—	—
Other movement	—	—	—	—
<b>Balance at 30 June 2007</b>	<b>6,480</b>	<b>11,596</b>	<b>—</b>	<b>18,076</b>
<b>Balance at 1 July 2007</b>	6,480	11,596	—	18,076
Amortisation expense	8,843	4,439	—	13,282
Disposals	(52)	(117)	—	(170)
Impairment losses	—	—	—	—
Other movement	—	—	—	—
<b>Balance at 30 June 2008</b>	<b>15,271</b>	<b>15,918</b>	<b>—</b>	<b>31,188</b>
<b>Carrying amounts</b>				
At 1 July 2006	1,837	42,480	5,274	49,591
At 30 June and 1 July 2007	7,193	49,336	14,197	70,726
<b>At 30 June 2008</b>	<b>36,959</b>	<b>19,284</b>	<b>6,647</b>	<b>62,890</b>



### Note 8: Debtors and Other Receivables

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
Debtor Crown	50,000	55,000
Travel advances	63	66
Sundry debtors	3,108	4,877
Less: provision for doubtful debts	(72)	–
<b>Total Debtors and Other Receivables</b>	<b>53,099</b>	<b>59,943</b>

The carrying value of debtors and other receivables approximates their fair value. As at 30 June 2008, all overdue receivables have been assessed for impairment, and appropriate provisions applied as detailed below.

	2008			2007		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	50,000	–	50,000	55,000	–	55,000
Past due 1 – 30 days	1,696	–	1,696	4,324	–	4,324
Past due 31 – 60 days	41	–	41	128	–	128
Past due 61 – 90 days	18	–	18	115	–	115
Past due >91 days	1,416	(72)	1,344	376	–	376
<b>Total</b>	<b>53,171</b>	<b>(72)</b>	<b>53,099</b>	<b>59,943</b>	<b>–</b>	<b>59,943</b>

The provision for doubtful debts has been calculated based on the expected losses over all Ministry debtors.

### Note 9: Creditors and Other Payables

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>Current Liabilities</b>		
Creditors and other payables	15,737	12,644
<b>Non-current Liabilities</b>		
Creditors and other payables	7	2
<b>Total Creditors and Other Payables</b>	<b>15,744</b>	<b>12,646</b>

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

## Note 10: Provisions

Provisions	30 June 2008			30 June 2007		
	Remuneration Related (\$000)	Restructuring (\$000)	Total (\$000)	Remuneration Related (\$000)	Restructuring (\$000)	Total (\$000)
<b>Opening Balance</b>	<b>768</b>	<b>75</b>	<b>843</b>	<b>900</b>	<b>–</b>	<b>900</b>
Additional provisions made	284	22	306	250	75	325
Amount utilised	(364)	(75)	(439)	(382)	–	(382)
Unused provisions reversed	–	–	–	–	–	–
<b>Closing Balance</b>	<b>688</b>	<b>22</b>	<b>710</b>	<b>768</b>	<b>75</b>	<b>843</b>

Remuneration-related provisions allow for personnel payments expected to be made in future years resulting from the application of the Ministry's remuneration policy.

Restructuring provisions provide for the expected costs arising from the reorganisation of the Māori Land Court.

## Note 11: Provision for Repayment of Surplus

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
Net operating surplus/(deficit)	2,481	9,048
IFRS adjustment	–	(362)
<b>Net Operating Surplus from Delivery of Outputs</b>	<b>2,481</b>	<b>8,686</b>
<b>Total Provision for Repayment of Surplus</b>	<b>2,481</b>	<b>8,686</b>

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

## Note 12: Employee Entitlements

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
Current Liabilities		
Retirement and long service leave	1,191	1,395
Sick leave	10	28
Annual leave	7,822	6,386
<b>Total Current Liabilities</b>	<b>9,023</b>	<b>7,809</b>
Non-Current Liabilities		
Retirement and long service leave	6,406	5,279
<b>Total Non-Current Liabilities</b>	<b>6,406</b>	<b>5,279</b>
<b>Total Provision for Employee Entitlements</b>	<b>15,429</b>	<b>13,088</b>

The present value of the retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability.

The valuations of long service leave and retirement leave as at 30 June 2008 were conducted by an independent valuer, Bernie Higgins (FIA, Fellow of the New Zealand Society of Actuaries) of AON Consulting New Zealand Limited.

## Note 13: Taxpayers' Funds

Taxpayers' Funds comprises the two components of General Funds and Revaluation Reserve. These are set out below:

### General Funds

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>General Funds as at 1 July</b>	<b>510,083</b>	<b>484,259</b>
Net operating surplus/ (deficit)	2,481	8,686
Departmental/Crown asset transfer	–	(1,773)
Transfer from revaluation reserves for assets sold	–	892
Capital contributions from the Crown	100,993	26,705
Provision for repayment of surplus to the Crown	(2,481)	(8,686)
<b>General Funds as at 30 June</b>	<b>611,077</b>	<b>510,083</b>

The Wanganui District Courthouse land and building was transferred in 2007 from the Ministry to the Crown balance sheet to enable an on-account Treaty settlement of Whanganui iwi historical land claims.

## Revaluation Reserve

	30 June 2008			30 June 2007		
	Land (\$000)	Buildings (\$000)	Total (\$000)	Land (\$000)	Buildings (\$000)	Total (\$000)
<b>Balance brought forward</b>	8,690	15,051	23,741	–	–	–
Revaluation changes for current period	18,166	24,483	42,649	8,765	15,868	24,633
Transfer to taxpayers' funds for assets sold	–	–	–	(75)	(817)	(892)
<b>Closing Balance</b>	<b>26,856</b>	<b>39,534</b>	<b>66,390</b>	<b>8,690</b>	<b>15,051</b>	<b>23,741</b>

## Note 14: Related Party Transactions and Key Management Personnel

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

The Ministry enters into numerous transactions with other government departments, Crown agencies and state-owned enterprises on an arm's length basis. Where those parties are acting in the course of their normal dealings with the Ministry on terms and conditions no more or less favourable than those which it is reasonable to expect the Ministry would have adopted if dealing with that entity at arm's length, related party disclosures have not been made.

The following transactions were carried out in 2007/08 with related parties:

- The Ministry purchased goods and services from Bluestar Print (a printing services firm) in which a related party to the Deputy Chief Executive is employed. Services provided by Bluestar Print cost \$182,536 (2006/07: \$207,546) and were supplied using normal procurement processes and on normal commercial terms. There is \$1,599 (2006/07: \$7,922) outstanding at year end.

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

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
Salaries and other short-term employee benefits	1,791	1,536
Other long-term benefits	11	3
Post employment benefits	–	–
Termination benefits	–	–
<b>Total Key Management Personnel Compensation</b>	<b>1,802</b>	<b>1,539</b>

Key management personnel include the Chief Executive, the four (2006/07: four) members of the Executive Team and the Chief Electoral Officer.

## **Note 15: 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 *Statement of Financial Performance*. They are shown at their estimated fair value.

### **Credit Risk**

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

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

The Ministry does not require any collateral or security to support financial instruments with financial institutions that the Ministry deals with, or with the NZDMO, as these entities have high credit ratings. For other financial instruments, the Ministry does not have significant concentrations of credit risk.

### **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 draw-downs 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 Ministry's financial liabilities that will be settled based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Creditors and other payables 30 June 2008 (\$000)	Creditors and other payables 30 June 2007 (\$000)
Less than 6 months	15,705	12,633
Between 6 months and 1 year	32	11
Between 1 and 5 years	7	2
Over 5 years	–	–
<b>Total</b>	<b>15,744</b>	<b>12,646</b>

### Note 16: Categories of Financial Instruments

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

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>Loans and receivables</b>		
Cash and cash equivalents	108,764	22,271
Debtors and other receivables (note 8)	53,099	59,943
<b>Total loans and receivables</b>	<b>161,863</b>	<b>82,214</b>
<b>Financial liabilities measured at amortised cost</b>		
Creditors and other payables (note 9)	15,744	12,646

### Note 17: Capital Management

The Ministry's capital is its equity (or taxpayers funds), which comprise general funds 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 and with Treasury's instructions.

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

### Note 18: Memorandum Accounts

These accounts summarise financial information related to the accumulated surpluses and deficits incurred by the Ministry on a full cost recovery basis. These transactions are included as part of the Ministry's operating income and expenses in the *Statement of Financial Performance*.

The use of these accounts enables the Ministry to take a long run perspective to fee setting and cost recovery. The Secondhand Dealers and Pawnbrokers account records the financial activities around the licensing of secondhand dealers and pawnbrokers and the certification of certain employees of licence holders. The Motor Vehicle Dealers account records the financial activities of the tribunal which enquires into and determines applications made by purchasers of motor vehicles against motor vehicle traders.

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>Secondhand Dealers and Pawnbrokers</b>		
Opening Balance/(Deficit) at 1 July	384	417
Revenue	104	162
Expenses	(223)	(196)
<b>Closing Balance/(Deficit) at 30 June</b>	<b>265</b>	<b>383</b>
<b>Motor Vehicle Dealers</b>		
Opening Balance/(Deficit) at 1 July	(132)	(30)
Revenue	356	348
Expenses	(523)	(450)
<b>Closing Balance/(Deficit) at 30 June</b>	<b>(299)</b>	<b>(132)</b>

## **Note 19: Major Budget Variations**

### *Statement of Financial Performance*

The Ministry's revenue and expenditure increased since the Main Estimates as a result of increased funding totalling approximately \$7 million for a number of new initiatives including establishment of the Immigration Protection Tribunal and Immigration Advisors Authority, funding for additional judicial appointments, and funding relating to Treaty settlements and the foreshore and seabed process. Further additional funding was received during the year of about \$4.2 million recognising the impact of accounting adjustments arising from the introduction of NZ IFRS and the increase in capital charge as a result of the revaluation of assets. The Ministry also recognised an additional \$5.5 million of revenue and expenditure as a result of transfers from the 2006/07 year. This additional funding was partially offset by \$10.4 million of approved funds being transferred from 2007/08 to 2008/09 as part of the March Baseline Update process. These transfers related to a number of projects that had been delayed in 2007/08 with actual expenditure being incurred in the 2008/09 financial year.

The surplus for 2007/08 is mainly the result of several projects that had not been completed to the timing as forecast for the preparation of the Main Estimates. The delay in these projects had been identified as in principle transfers from 2007/08 to 2008/2009.

### *Statement of Financial Position*

The increase in the cash balances from the Main Estimates is primarily the result of the Ministry drawing down capital injections for the purchase of property, plant, equipment and intangible assets. The payment for these assets was not incurred in 2007/08 as forecasted.

The revaluation reserve increase is the result of the impact of the revaluation of the Ministry's land and buildings. Treasury guidelines do not allow the Ministry to forecast the impact of revaluations in the preparation of the Main Estimates.

## ***Note 20: Explanation of Transition to NZ IFRS***

The Ministry's financial statements for the year ended 30 June 2008 are the first financial statements that will comply with NZ IFRS. The Ministry has applied NZ IFRS1 *First-time Adoption of NZ IFRS* in preparing these financial statements. The Ministry's transition date is 1 July 2006. The Ministry prepared its opening balance sheet as at that date. The reporting date of these financial statements is 30 June 2008. The Ministry's NZ IFRS adoption date is 1 July 2007.

### ***Exemptions from full retrospective application elected by the Ministry***

The Ministry has applied the following optional exemption from full retrospective application of NZ IFRS:

- Fair value as deemed cost exemption: the Ministry has elected to measure all land and building at fair value as at 1 July 2006 and use that fair value as the deemed cost as at that date.

The Ministry is required to make the following mandatory exception from retrospective application:

- Estimates exception: estimates under NZ IFRS at 1 July 2005 are consistent with estimates made for the same date under previous NZ GAAP.

### ***Financial Impact of the First Time Adoption of NZ IFRS***

The financial impact of the adoption of NZ IFRS reflects both changes in the way that various elements of the balance sheet are classified, as well as the impacts of implementing those changes in accounting policies that require altered asset and liability valuations and/or measurement.

### ***Reconciliation of Surplus***

The following table shows the changes in the Ministry's surplus resulting from previous NZ GAAP to NZ IFRS for the year ended 30 June 2007.



	Note	Previous GAAP	Effect of Transition to NZ IFRS	NZIFRS
		30 June 2007 (\$000)	30 June 2007 (\$000)	30 June 2007 (\$000)
Revenue				
Crown		351,332		351,332
Department		6,435		6,435
Other	f	33,393	940	34,333
Total Operating Revenue		391,160	940	392,100
Expenses				
Personnel		169,200		169,200
Operating	f	132,909	940	133,849
Depreciation	g	43,913	(362)	43,552
Capital Charge		36,452		36,452
Total Output Expenses		382,474	578	383,052
Net Surplus/(Deficit)		8,686	362	9,048

Changes affecting operating surplus are summarised as follows:

- f. Under previous NZ GAAP, the Ministry offset bank charges against other revenue. NZ IFRS requires the Ministry to recognise bank charges as part of operating expenses and not offset the charges against interest revenue. The impact of this change has been an increase in interest revenue and an increase in bank charges.
- g. The valuation of *Collect software* at depreciated replacement cost results in a depreciation write back of \$362,000.

## Reconciliation of Equity

The following table shows the changes in equity resulting from the transition from previous NZ GAAP to NZ IFRS as at 1 July 2006 and 30 June 2007.

		Previous NZ GAAP	Effect of Transition to NZ FRS	NZ IFRS	Previous NZ GAAP	Effect of Transition to NZ FRS	NZ IFRS
	Note	1 July 2006 (\$000)	1 July 2006 (\$000)	1 July 2006 (\$000)	30 June 2007 (\$000)	30 June 2007 (\$000)	30 June 2007 (\$000)
<b>Assets</b>							
<b>Current Assets</b>							
Cash and cash equivalents		23,614	–	23,614	22,271	–	22,271
Debtors and other receivables	a	59,375	(71)	59,304	59,392	(71)	59,321
GST receivable		801	–	801	622	–	622
Prepayments		1,301	–	1,301	2,590	–	2,590
<b>Total Current Assets</b>		<b>85,091</b>	<b>(71)</b>	<b>85,020</b>	<b>84,875</b>	<b>(71)</b>	<b>84,804</b>
<b>Non-Current Assets</b>							
Property, plant and equipment	b	416,728	(72)	416,656	438,444	(62)	438,382
Intangible assets	b	51,550	(1,959)	49,591	72,323	(1,597)	70,726
<b>Total Non-Current Assets</b>		<b>468,278</b>	<b>(2,031)</b>	<b>466,247</b>	<b>510,767</b>	<b>(1,659)</b>	<b>509,108</b>
<b>Total Assets</b>		<b>553,369</b>	<b>(2,102)</b>	<b>551,267</b>	<b>595,642</b>	<b>(1,730)</b>	<b>593,912</b>
<b>Liabilities and Taxpayers' Funds</b>							
<b>Current liabilities</b>							
Creditors and other payables		22,165	–	22,165	31,489	–	13,489
GST payable		–	–	–	–	–	–
Accrued expenses		19,800	–	19,800	24,825	–	24,825
Repayment of surplus		13,262	–	13,262	8,686	–	8,686
Employee entitlements	c	6,479	28	6,507	7,781	28	7,809
<b>Total Current Liabilities</b>		<b>61,706</b>	<b>28</b>	<b>61,734</b>	<b>54,781</b>	<b>28</b>	<b>54,809</b>
<b>Non-Current Liabilities</b>							
Employee entitlements		5,646	–	5,646	5,279	–	5,279
<b>Total Non-Current Liabilities</b>		<b>5,646</b>	<b>–</b>	<b>5,646</b>	<b>5,279</b>	<b>–</b>	<b>5,279</b>

		Previous NZ GAAP	Effect of Transition to NZ FRS	NZ IFRS	Previous NZ GAAP	Effect of Transition to NZ FRS	NZ IFRS
<b>Total Liabilities</b>		67,352	28	67,380	60,060	28	60,088
<b>Taxpayers' Funds</b>							
General funds		386,887	97,000	483,887	412,711	97,372	510,083
Revaluation reserve	d	99,130	(99,130)	–	122,871	(99,130)	23,741
<b>Total Taxpayers' Funds</b>		<b>486,017</b>	<b>(2,130)</b>	<b>483,887</b>	<b>535,582</b>	<b>(1,758)</b>	<b>533,824</b>
<b>Total Liabilities and Taxpayers' Funds</b>		<b>553,369</b>	<b>(2,102)</b>	<b>551,267</b>	<b>595,642</b>	<b>(1,730)</b>	<b>593,912</b>

A number of changes are due to the way various elements of the balance sheet have been classified. Major changes, other than minor classifications, are:

- a. Recognition of additional impairment on receivables – \$0.071 million.
- b. Separation of software as an intangible asset – \$51.622 million; valuation of *Collect software* to depreciated replacement cost – \$1.959 million; review of motor vehicle residual value to fair value – \$0.072 million.
- c. Recognition of sick leave – \$0.028 million.
- d. Fair value as deemed cost for land and buildings – \$99.130 million.

The table below summarises the overall changes in taxpayer funds.

	NZ IFRS 30 June 2007 (\$000)	NZ IFRS 1 July 2006 (\$000)
<b>Reduction in Assets</b>		
Impairment of Receivables	71	71
Software to depreciated replacement cost	1,959	1,959
Motor Vehicles – fair replacement value	62	72
<b>Increase in Liability</b>		
Sick leave recognition	28	28
Change in net surplus	(362)	–
<b>Total Change</b>	<b>1,758</b>	<b>2,130</b>

## NON-DEPARTMENTAL STATEMENTS AND SCHEDULES

For the year ended 30 June 2008

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

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

For the year ended 30 June 2008

	Actual 30 June 2008 (\$000)	30 June 2008 Appropriation* Voted (\$000)
<b>Vote Justice</b>		
<b>Non-Departmental Output Expense</b>		
Policy Advice	5,390	5,390
Equity Promotion and Protection Services	14,947	14,959
Equity Promotion and Protection Services – PLA (1)	134	150
Provision of and Access to Legal Services (3)	107,591	111,779
Administration of Legal Services	18,765	18,765
Provision of Electoral Services	18,600	18,600
Support for Victims	5,446	5,446
Crime Prevention and Community Safety Programmes	7,950	7,950
Provision of Protective Fiduciary Services	4,500	4,500
Intensive Intervention for Serious Recidivist Young Offenders	1,355	3,397
<b>Non-Departmental Capital Expenditure</b>		
Human Rights Commission	445	445
Legal Services Agency	376	376
<b>Other Expenses to be incurred by the Crown</b>		
Mori Identity and Heritage Trust	6,000	6,000
Contribution to Foreshore and Seabed Negotiation Costs	425	600
<b>Total Vote Justice</b>	<b>191,924</b>	<b>198,357</b>
<b>Vote Treaty Negotiations</b>		
<b>Other Expenses to be incurred by the Crown</b>		
Debt Write offs	123	548
Depreciation	1,500	1,500
Crown Contribution to Taranaki Whanui's (Wellington) Waitangi Tribunal Costs	2,013	2,013
Crown Contribution to Guardians Establishment Committee Costs	1,635	1,635
Crown Contribution to Te Runanga o Ngati Manawa Negotiation Costs	290	290
Crown Contribution to Affiliate Te Arawa Iwi and Hapu Negotiation Costs	225	225
<b>Multi-Year appropriation: Other Expenses to be incurred on behalf of the Crown</b>		
Historical Treaty of Waitangi Settlements (2)	225,707	56,422
<b>Total Other Expenses</b>	<b>231,493</b>	<b>62,633</b>
<b>Capital Expenditure</b>		
Advance Payment against Notionally Accrued interest	475	675
Land, Stock, Plant Purchases	486	10,000
<b>Total Vote Treaty Negotiations</b>	<b>232,454</b>	<b>73,308</b>

\* This includes adjustments made in the Supplementary Estimates.

*The accompanying notes form part of these Financial Statements*

1. This other expense appropriation covers the costs of the Inspector-General of Intelligence and Security. This appropriation is established through a Permanent Legislative Authority under section 8 of the Inspector-General of Intelligence and Security Act 1996.
2. Multi-year appropriation – Historical Treaty of Waitangi Settlements. This multi-year appropriation reflects the Crown's commitment to settling historical Treaty of Waitangi claims and the uncertain timing of achieving settlement for each claim. The appropriation is \$400 million over a period of five years. The Supplementary Estimates for 2007/08 established the \$400 million for the period 1 July 2007 to 30 June 2012 and replaced the unexpended balance of the appropriation covering the period 1 July 2006 to 30 June 2011. Expenditure against this appropriation over the last five years is:

	Million
2007/08	\$225.708
2006/07	\$48,036
2005/06	\$30.607
2004/05	\$8.516
2003/04	\$30.308
	<b>\$343.175</b>

3. Payments made to the Legal Services Agency for legal aid costs for the year totalled \$110.634 million. Changes in the assets and liabilities recognised for legal aid costs not yet paid or billed and future legal aid recoveries resulted in this being reduced by \$3.043 million to \$107.591 million.

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

For the year ended 30 June 2008

	Actual 30 June 2008 (\$000)	Actual 30 June 2008 Appropriation* Voted (\$000)
<b>Vote Courts</b>		
<b>Other Expenses to be Incurred by the Crown, Annual Appropriations</b>		
Abortion Supervisory Committee – Certifying Consultants Fees	5,052	5,063
Assistance to Victims of Crime	–	40
Children, Young Persons and Their Families Professional Services	9,125	9,250
Coroner Related Fees and Expenses	4,596	5,130
Coroner-Directed Post-Mortems	6,792	6,971
Costs in Criminal Cases	601	300
Domestic Violence Professional Services	5,764	7,867
Family Court Professional Services	31,511	30,740
Judges' Salaries and Allowances (1)	107,747	88,121
Judicial Review Costs	751	998
Justices of the Peace Association	147	147
Visiting Justices to Prisons	236	300
Medical and Other Professional Services	3,637	3,978
MVDT Adjudicator Remuneration and Assessors Costs	305	292
Personal Property Protection Rights Costs	1,518	1,700
Representations for Blood Sampling	4	10
Witness Fees and Expenses	2,662	2,800
Youth Court Professional Fees	6,509	6,800
Remittals of Fines	59,055	70,529
Impairment of Fines Receivable	68,886	72,430
Tribunal Members Fees and Expenses	846	1,665
<b>Total Vote Courts</b>	<b>315,744</b>	<b>315,131</b>
<b>Total Non-Departmental Expenses and Appropriations</b>	<b>740,122</b>	<b>586,796</b>

\* This includes adjustments made in the Supplementary Estimates.

1. This appropriation is established through a permanent legislative authority. The increase over that appropriated is a result of the initial recognition of judges' sabbatical and retiring leave entitlement on an actuarial basis of \$24.956 million.

*The accompanying notes form part of these Financial Statements*



## STATEMENT OF NON-DEPARTMENTAL UNAPPROPRIATED AND UNAUTHORISED EXPENDITURE

For the year ended 30 June 2008

Non-Departmental	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>Vote Courts</b>		
<b>Minister for Courts</b>		
<b>Other Expenses to be Incurred by the Crown</b>		
Costs in Criminal Cases	301	—
Family Court Professional Services	771	—
MVDT Adjudicator Remuneration and Assessors Costs	13	—
Fines Writedowns	—	4,370
Judicial Review Costs	—	75
<b>Unauthorised Expenditure</b>		
<b>Minister for Courts</b>		
<b>Other Expenses to be Incurred by the Crown</b>		
Personal Property Protection Rights Costs	571	—
<b>Total Non-Departmental Unappropriated and Unauthorised Expenditure</b>	<b>1,656</b>	<b>4,445</b>

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

*The accompanying notes form part of these Financial Statements*

## **VOTE COURTS: OTHER EXPENSES TO BE INCURRED BY THE CROWN**

### ***Vote Minister: Minister for Courts***

#### ***Costs in Criminal Cases***

Expenditure exceeds appropriation due to a number of judicial orders for costs being made for significant dollar amounts. The hearing for costs, and the subsequent awards have been held earlier than expected. The Ministry has little control over either the timing of the hearings or the value of the awards made.

#### ***Family Court Professional Services***

These services are provided by Court appointed counsel and specialists. The appropriation is demand driven with the Ministry unable to influence the level of activity. The volume of activity in the last two months of the financial year was significantly higher than in previous months or in previous years.

#### ***MVDT Adjudicator Remuneration and Assessors Costs***

This overspend resulted from a small unanticipated increase in demand coupled with a back dated fee increase for adjudicators that was not promulgated until after the submission of the March Baseline Update. This was too late for inclusion in the Supplementary Estimates.

#### ***Personal Property Protection Rights Costs***

Payments have been made for care and welfare guardianship expenses that exceeded the authority given under a series of Court orders. The breaches occurred following a significant change in the individual's circumstances, a lack of understanding as to the scope of those orders, and an opinion that the costs had been judicially ordered.

Clarification of those orders were sought both formally and informally, which ultimately led to the commissioning of independent legal advice. The unauthorised expenditure was spread over two financial years – \$104,000 in 2006/07 and \$467,000 in 2007/08. Payments ceased once satisfactory transitional arrangements had been confirmed.

*The accompanying notes form part of these Financial Statements*

## SCHEDULE OF NON-DEPARTMENTAL REVENUE AND RECEIPTS

For the year ended 30 June 2008

The Schedule of Non-Departmental Revenue and Receipts summarises non-departmental revenue that the Ministry administers on behalf of the Crown.

	Main Estimates 30 June 2008 (\$000)	Supp Estimates 30 June 2008 (\$000)	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>Revenue and Receipts</b>				
Court fines	235,977	264,160	262,368	250,295
Money forfeited to the Crown	–	–	28	19
Rental from land bank properties	5,800	5,736	5,801	6,473
Recovery of non judicial salaries from Crown entities	–	–	570	65
Hotel investment account interest	567	567	124	117
Interest windback on fines receivable	44,062	46,474	45,172	43,966
Gain on property, plant and equipment	–	–	6	973
<b>Total Revenue and Receipts</b>	<b>286,406</b>	<b>316,937</b>	<b>314,069</b>	<b>301,908</b>

Explanations of significant variances against budget are detailed in note 8.

*The accompanying notes form part of these Financial Statements*

## SCHEDULE OF NON-DEPARTMENTAL EXPENSES

For the year ended 30 June 2008

The Schedule of Non-Departmental Expenses summarises non-departmental expenses that the Ministry administers on behalf of the Crown.

	Main Estimates 30 June 2008 (\$000)	Supp Estimates 30 June 2008 (\$000)	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>Expenses</b>				
Personnel – judges salaries and allowances	79,666	88,121	107,747	77,915
Crown expenditure Vote Court (details on page 126)	200,701	315,131	207,997	139,251
Crown expenditure Vote Justice (details on page 124)	188,429	198,357	191,924	166,566
Crown expenditure Vote Treaty Negotiations (details on page 124)	61,558	62,633	231,493	49,376
Fines remeasurement	–	–	–	53,492
Loss/(Gain) on sales from Treaty settlement assets	–	–	1,027	–
<b>Total Operating Expenses</b>	<b>530,354</b>	<b>664,242</b>	<b>740,188</b>	<b>486,600</b>

Explanations of significant variances against budget are detailed in note 8.

*The accompanying notes form part of these Financial Statements*

## SCHEDULE OF NON-DEPARTMENTAL ASSETS

As at 30 June 2008

The Schedule of Non-Departmental Assets summarises non-departmental assets that the Ministry administers on behalf of the Crown.

	Note	Main Estimates 30 June 2008 (\$000)	Supplementary Estimates 30 June 2008 (\$000)	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents		38,019	51,700	65,108	54,370
Accounts receivable (Treaty)		2,558	2,367	3,212	2,134
Less provision for doubtful debts (Treaty)		—	—	(64)	(229)
Fines collectable		608,866	610,636	609,160	584,277
Less provision for doubtful debts (fines)	2	(420,631)	(415,232)	(403,160)	(389,277)
Other accounts receivable	3	13,922	33,363	18,823	24,564
Non current sssets held for sale	4	—	—	7,990	—
<b>Total Current Assets</b>		<b>242,734</b>	<b>282,834</b>	<b>301,069</b>	<b>275,839</b>
<b>Non Current Assets</b>					
Other accounts receivable	3	—	—	16,549	11,097
Assets held for Treaty of Waitangi settlements	4	191,112	256,262	313,286	248,143
Hotel investment account advances		1,209	1,209	1,209	1,209
<b>Total Non-Current Assets</b>		<b>192,321</b>	<b>257,471</b>	<b>331,044</b>	<b>260,449</b>
<b>Total Non-Departmental Assets</b>		<b>435,055</b>	<b>540,305</b>	<b>632,113</b>	<b>536,288</b>

*The accompanying notes form part of these Financial Statements*

## SCHEDULE OF NON-DEPARTMENTAL LIABILITIES

As at 30 June 2008

The Schedule of Non-Departmental Liabilities summarises non-departmental liabilities that the Ministry administers on behalf of the Crown.

	Note	Main Estimates 30 June 2008 (\$000)	Supplementary Estimates 30 June 2008 (\$000)	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>Current Liabilities</b>					
Sundry creditors		5,290	51,916	57,014	47,122
Other creditors		–	–	4,546	4,794
Judges entitlements	6	500	2,067	21,865	9,780
Treaty settlements creditors – property settlements, interest accruals, etc	5	79,606	56,704	281,809	57,164
<b>Total Current Liabilities</b>		<b>85,396</b>	<b>110,687</b>	<b>365,234</b>	<b>118,860</b>
<b>Non Current Liabilities</b>					
Judges entitlements	6	15,200	15,810	20,879	8,097
<b>Total Non-Current Liabilities</b>		<b>15,200</b>	<b>15,810</b>	<b>20,879</b>	<b>8,097</b>
<b>Total Non-Departmental Liabilities</b>		<b>100,596</b>	<b>126,497</b>	<b>386,113</b>	<b>126,957</b>

*The accompanying notes form part of these Financial Statements*

## SCHEDULE OF COMMITMENTS

As at 30 June 2008

The schedule sets out the level of commitment made against out-year appropriations and funding baselines for non-departmental expenditure. The Ministry on behalf of the Crown has entered into non-cancellable contracts for professional services.

These contracts relate to professional fees for relationship services through all District Courts of \$7.900 million (2006/07: \$9.603 million) and payments for crime prevention and community safety services under contracts arranged through the Crime Prevention Unit of \$10.017 million (2006/07: \$1.826 million).

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>Operating Commitments</b>		
Not later than one year	12,592	10,839
Later than one year and not later than five years	5,325	590
Later than five years	—	—
<b>Total Commitments</b>	<b>17,917</b>	<b>11,429</b>

*The accompanying notes form part of these Financial Statements*

## SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES

As at 30 June 2008

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>Contingent Liabilities – Quantifiable</b>		
<i>Other quantifiable contingent liabilities</i>	1,079	803
<i>Tax and Gift Duty Indemnities for Treaty Settlements</i>		
GST indemnity to Otago Museum Trust Board arising from the Ngati Awa settlement	344	344
GST indemnity to Taranaki Whanui Ki Te Upoko o Te Ika on settlement quantum	2,892	–
GST indemnity on Settlement Quantum to Pouakani	331	331
GST indemnity to Te Uri o Hau on settlement quantum	1,950	1,950
GST indemnity to Ngati Ruanui on settlement quantum	5,125	5,125
GST indemnity to Ngati Tama on settlement quantum	1,813	1,813
GST indemnity to Nga Rauru on settlement quantum	3,875	3,875
GST Indemnity to Ngati Awa on settlement quantum	5,299	5,299
GST Indemnity to Tuwharetoa ki Kawerau on settlement quantum	1,313	1,313
GST indemnity to Turangitukua on settlement quantum	625	625
GST Indemnity to Te Arawa Lakes on settlement quantum	338	338
GST Indemnity to Ngati Mutunga on settlement quantum	1,863	1,863
GST Indemnity to Te Roroa on settlement quantum	1,188	1,188
GST Indemnity to Affiliate Te Arawa on settlement quantum	4,825	4,500
GST Indemnity to Ngai Tuhoe (CNI) on settlement quantum	6,678	–
GST Indemnity to Ngati Tuwharetoa (CNI) on settlement quantum	6,576	–
GST Indemnity to Raukawa (CNI) on settlement quantum	3,607	–
GST Indemnity to Ngati Manawa (CNI) on settlement quantum	1,526	–
GST Indemnity to Ngati Whare (CNI) on settlement quantum	1,196	–
GST Indemnity to Ngati Whakaue (CNI) on settlement quantum	917	–
GST indemnity to Wanganui River Iwi on Wanganui Courthouse Settlement	250	–
Income Tax indemnity to Otago Museum Trust Board arising from the Ngati Awa settlement	908	–
Income Tax indemnity to Ngati Awa Ancillary Claims Trust	18	–
Income Tax indemnity to Taranaki Whanui Ki Te Upoko o Te Ika on settlement quantum	7,636	–
Income Tax indemnity on Settlement Quantum to Pouakani	875	875
Income Tax indemnity to Te Uri o Hau on settlement quantum	5,148	5,148

*The accompanying notes form part of these Financial Statements*



	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
Income Tax indemnity to Ngati Ruanui on settlement quantum	13,530	13,530
Income Tax indemnity to Ngati Tama on settlement quantum	4,785	4,785
Income Tax indemnity to Nga Rauru on settlement quantum	10,230	10,230
Income Tax Indemnity to Ngati Awa on settlement quantum	13,989	13,989
Income Tax Indemnity to Tuwharetoa ki Kawerau on settlement quantum	3,465	3,465
Income Tax indemnity to Turangitukua on settlement quantum	1,650	1,650
Income Tax indemnity to Te Arawa Lakes on settlement quantum	891	891
Income Tax indemnity to Ngati Mutunga on settlement quantum	4,917	4,917
Income Tax indemnity to Te Roroa on settlement quantum	3,135	3,135
Income Tax indemnity to Affiliate Te Arawa on settlement quantum	12,738	11,880
Income Tax Indemnity to Ngai Tuhoe (CNI) on settlement quantum	17,630	–
Income Tax Indemnity to Ngati Tuwharetoa (CNI) on settlement quantum	17,362	–
Income Tax Indemnity to Raukawa (CNI) on settlement quantum	9,523	–
Income Tax Indemnity to Ngati Manawa (CNI) on settlement quantum	4,029	–
Income Tax Indemnity to Ngati Whare (CNI) on settlement quantum	3,158	–
Income Tax Indemnity to Ngati Whakaue (CNI) on settlement quantum	2,420	–
Income Tax indemnity to Wanganui River Iwi on Whanganui Courthouse Settlement	660	–
Maximum of Gift Duty Liability on Taranaki Whanui Ki Te Upoko o Te Ika Gifted Cultural Redress	5,021	–
Maximum of Gift Duty Liability on Affiliate Te Arawa Gifted Cultural Redress	3,562	1,363
Maximum of Gift Duty Liability on Te Roroa Gifted Cultural Redress	563	–
<b>Total Tax and Gift Duty Indemnities for Treaty Settlements</b>	<b>200,377</b>	<b>105,327</b>
<b>Total Contingent Liabilities – Quantifiable</b>	<b>204,456</b>	<b>106,130</b>

#### Contingent Liabilities – Non Quantifiable

##### *Justices of the Peace, Community Magistrates and Disputes Tribunal Referees*

Section 197 of the Summary Proceedings Act 1957 requires the Crown to indemnify Justices of the Peace and Community Magistrates against damages or costs awarded against them as a result of them exceeding their jurisdiction, provided a High Court Judge certifies that they exceeded their jurisdiction in good faith and ought to be indemnified.

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

*Indemnity to the Tainui Māori Trust Board against the costs of remedying possible contaminated sites on certain land transferred to them.*

## Contingent Assets

The Ministry on behalf of the Crown has no contingent assets (2006/07: nil).

*The accompanying notes form part of these Financial Statements*

## STATEMENT OF TRUST MONIES

For the year ended 30 June 2008

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

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

### ***Election Candidate Deposits Trust Account***

This trust account holds deposits received from candidates for Parliamentary elections.

### ***Court Law Trust Account***

This trust account holds deposits made by persons filing for action in the District Court, the High Court, the Court of Appeal or the Supreme Court. There are 61 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, the Ministry (Vote Courts departmental output expense – Collection and Enforcement of Fines and Civil Debts Services), local authorities or victims. Fines collected are court-imposed fines (including reparations) and infringement fines collected on behalf of 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 received relating to the filing of an application for confirmation by the Court of a resolution for the sale or lease of land. This account is also used for holding security for costs on appeals.

### ***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 compensation money paid.

### ***Supreme Court Trust Account***

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

*The accompanying notes form part of these Financial Statements*

	Election Candidate Deposits (\$000)	Court Law (\$000)	Fines (\$000)	Employment Court (\$000)	Māori Land Court (\$000)	Victims' Claims (\$000)	Supreme Court (\$000)
Opening Cash Balance	–	7,347	28,525	131	52	47	34
Contributions	–	18,147	69,938	220	22	21	97
Distributions	–	(15,485)	(71,837)	(199)	(10)	(56)	(48)
Closing Cash Balance	–	10,009	26,626	152	64	12	83

## NOTES TO THE NON-DEPARTMENTAL FINANCIAL SCHEDULES

### Note 1: Statement of significant accounting policies for the year ended 30 June 2008

#### **Reporting Entity**

These non-departmental schedules and statements present financial information on public funds managed by the Ministry on behalf of the Crown.

These non-departmental balances are consolidated into the *Financial Statements of the Government*. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, reference should also be made to the *Financial Statements of the Government*.

#### **Accounting Policies**

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

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

This is the first set of financial statements prepared using NZ IFRS. The comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly. Explanations of income and expenses and assets and liabilities for the year ended 30 June 2007 under NZ IFRS to the balances reported in the 30 June 2007 financial statements are given in note 9.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS *Statement of Financial Position* as at 1 July 2006 for the purposes of the transition to NZ IFRS.

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

The following particular accounting policies have been applied.

#### **Court Fines**

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

#### **Goods and Services Tax**

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

## **Commitments**

Future expenses and liabilities to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable 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 value of that penalty or exit cost.

## **Assets Held For Treaty Settlements**

### **Property, Plant and Equipment**

#### **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 *Statement of Financial Performance*, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease.

#### **Asset Revaluation**

Land and buildings are stated at fair value as determined by an independent registered valuer as at 30 June 2008. Fair value is determined using market-based evidence. All major land and buildings (over \$400,000) are revalued on a rolling basis over five years. The carrying values of minor land and buildings are reviewed within the five year period.

Assets not revalued are subject to a fair value assessment to ensure carrying values are not materially different to 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 *Statement of Financial Performance*, in which case, it is recognised in the *Statement of Financial Performance*.

A decrease in value relating to a class of land or buildings is recognised in the *Statement of Financial Performance* where it exceeds the surplus previously transferred to revaluation reserves.

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

## Depreciation

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

Asset category	Asset life (years)	Residual value
Buildings	Up to 50	Nil
Improvements	Up to 50	Nil
Plant and Equipment	Up to 25	Nil
Motor Vehicles	5–15	Nil

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

## Disposal of Property, Plant and Equipment

Where property, plant or equipment is disposed of, the gain or loss recognised in the *Statement of Financial Performance* 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 the general fund within taxpayers' funds.

## Biological Assets

Biological assets (e.g. trees, sheep) managed for harvesting into agricultural produce (e.g. logs, wool) are measured at fair value less estimated point-of-sale costs, with any realised and unrealised gains or losses reported in the *Statement of Financial Performance*. For commercial forests, fair value takes into account age, quality of timber and the forest management plan.

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

## Non-current Assets Held for Sale

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

Any impairment losses for write-downs of non-current assets held for sale are recognised in the *Statement of Financial Performance*.

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

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

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

## Note 2: Fair Value: Fines Collectable

The fair value of fines collectable has been determined on an actuarial basis by discounting the expected flow of repayments, net of servicing costs, at a discount rate of 11.5 percent (2006/07: 12 percent). This results in a fair value of \$206 million (2006/07: \$195 million). This compares with the net carrying value of \$206 million (2006/07: \$195 million).

The fair value was calculated by Charles Cahn, Actuary, BS, FIA, FIAA, FNZSA of PricewaterhouseCoopers.

## Note 3: Other Accounts Receivable

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>Current Assets</b>		
Fines	14,403	16,510
Legal aid receivable	4,390	7,918
Other receivables	30	136
<b>Non-current Assets</b>		
Legal aid receivable	16,549	11,097
<b>Total Debtors and Receivables</b>	<b>35,372</b>	<b>35,661</b>

#### Note 4: Assets Held For Treaty of Waitangi Settlements

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

	Note	Balance at 1 July 2006 (\$000)	Balance at 30 June 2007 (\$000)	Balance at 30 June 2008 (\$000)
Property, plant and equipment	4a	174,637	245,726	312,575
Agricultural assets				
– Livestock	4b1	1,056	1,297	–
– Forests	4b2	910	739	398
Shares in co-operative companies	4c	282	381	313
Non current assets held for sale	4d	–	–	7,990
<b>Total</b>		<b>176,885</b>	<b>248,143</b>	<b>321,276</b>

#### Note 4a: Property, Plant and Equipment

Land, building and improvements valuations were conducted by an independent valuer, Ceri Bain, BPA, MPINZ, of Beca Valuations Limited, and are in accordance with the New Zealand Institute of Valuers' Asset Valuation Standards. In 2008 the percentage of Land and Buildings assets revalued (Treaty Property Portfolio) is 41.74 percent of total assets (2006/07: 44.66 percent). The addition to the revaluation reserve as at 30 June 2008 was \$73.207 million (2006/07: \$68.452 million).

	Land (at valuation) (\$000)	Non- residential Building (at valuation) (\$000)	Residential Building (at valuation) (\$000)	Plant and Equipment (\$000)	Motor Vehicles (\$000)	Total PPE (\$000)
<b>Cost/Valuation</b>						
<b>Balance at 1 July 2006</b>	134,194	22,297	21,265	292	158	178,206
Additions	3,064	2,027	1,053	32	–	6,176
Revaluation increase	48,352	3,593	13,964	–	–	65,909
Transfer to held for sale	–	–	–	–	–	–
Disposals	(1,289)	(1,743)	–	–	–	(3,032)
<b>Balance at 30 June 2007</b>	<b>184,321</b>	<b>26,174</b>	<b>36,282</b>	<b>324</b>	<b>158</b>	<b>247,259</b>
<b>Balance at 1 July 2007</b>	184,321	26,174	36,282	324	158	247,259
Additions	2,778	748	1,432	26	11	4,995
Revaluation increase	61,613	10,182	(87)	(16)	–	71,692
Transfer to held for sale	(7,137)	(2,556)	(344)	(3)	–	(10,040)
Disposals	–	–	–	–	(28)	(28)
<b>Balance at 30 June 2008</b>	<b>241,575</b>	<b>34,548</b>	<b>37,283</b>	<b>331</b>	<b>141</b>	<b>313,878</b>
<b>Accumulated depreciation and impairment losses</b>						
<b>Balance at 1 July 2006</b>	–	1,107	2,300	75	87	3,569



	Land (at valuation) (\$000)	Non-residential Building (at valuation) (\$000)	Residential Building (at valuation) (\$000)	Plant and Equipment (\$000)	Motor Vehicles (\$000)	Total PPE (\$000)
Depreciation expense	–	451	470	18	17	956
Eliminate on disposal	–	(30)	(43)	–	–	(73)
Eliminate on revaluation	–	–	–	(30)	–	(30)
Eliminate on transfer to held for sale	–	–	–	–	–	–
Impairment losses	–	(478)	(2,411)	–	–	(2,889)
<b>Balance at 30 June 2007</b>	<b>–</b>	<b>1,050</b>	<b>316</b>	<b>63</b>	<b>104</b>	<b>1,533</b>
<b>Balance at 1 July 2007</b>	<b>–</b>	<b>1,050</b>	<b>316</b>	<b>63</b>	<b>104</b>	<b>1,533</b>
Depreciation expense	–	631	833	21	15	1,500
Eliminate on disposal	–	–	–	–	(28)	(28)
Eliminate on revaluation	–	(1,221)	(294)	–	–	(1,515)
Eliminate on transfer to held for sale	–	(174)	(2)	(11)	–	(187)
Impairment losses	–	–	–	–	–	–
<b>Balance at 30 June 2008</b>	<b>–</b>	<b>286</b>	<b>853</b>	<b>73</b>	<b>91</b>	<b>1,303</b>
<b>Carrying amounts</b>						
At 1 July 2006	134,194	21,190	18,965	217	71	174,637
At 30 June and 1 July 2007	184,321	25,124	35,966	261	54	245,726
<b>At 30 June 2008</b>	<b>241,575</b>	<b>34,262</b>	<b>36,430</b>	<b>258</b>	<b>50</b>	<b>312,575</b>

### Note 4b1: Livestock

Livestock held is primarily cattle and farmed at Stony Creek Station in Northland.

	Livestock (\$000)
<b>Livestock value at 1 July 2006</b>	<b>1,056</b>
Gain/(loss) through changes in fair value	241
<b>Livestock value at 30 June 2007</b>	<b>1,297</b>
<b>Livestock value at 1 July 2007</b>	<b>1,297</b>
Livestock sales	(810)
Gain/(loss) on disposal of livestock	(487)
<b>Livestock value at 30 June 2008</b>	<b>–</b>

Due to a number of factors, it was decided that it was impractical to continue farming at this location. Consequently, all livestock were sold in the 2008 year.

### **Note 4b2: Forests**

The three forests managed for harvesting are Hoia Forest-Hicks Bay, Pukeora Forest-Hawkes Bay and Upper Bluehills Forest-Nelson.

	<b>Forests (\$000)</b>
<b>Balance at 1 July 2006</b>	<b>910</b>
Gain/Loss in Fair Value from valuation	(171)
Increase due to purchases	—
Decrease due to disposal	—
Decrease due to other changes	—
<b>Forests value at 30 June 2007</b>	<b>739</b>
<b>Balance at 1 July 2007</b>	<b>739</b>
Gain/Loss in Fair Value from valuation	(341)
Increase due to purchases	—
Decrease due to disposal	—
Decrease due to other changes	—
<b>Forests value at 30 June 2008</b>	<b>398</b>

The valuation of forests was conducted by independent valuers, Noel Burn-Murdoch, NZIF Registered Forestry Consultant; Marty Watson, 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 reduction in value of forests reflects the effect of lower log prices and higher transport costs.

### **Note 4c: Shares in Co-operative Companies**

	<b>Shares (\$000)</b>
<b>Cost or valuation</b>	
<b>Balance at 1 July 2006</b>	<b>282</b>
Additions	—
Revaluation increase/(decrease)	99
Transfer to held for sale	—
Disposals	—
<b>Balance at 30 June 2007</b>	<b>381</b>
<b>Balance at 1 July 2007</b>	<b>381</b>
Additions	—
Revaluation increase/(decrease)	(68)
Transfer to held for sale	—
Disposals	—
<b>Balance at 30 June 2008</b>	<b>313</b>

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

#### Note 4d: Assets Held for Sale

	Held for sale – Surplus (\$000)	Held for sale – Settlements (\$000)	Total (\$000)
<b>Balance at 1 July 2006</b>	<b>324</b>	<b>–</b>	<b>324</b>
Additions	–	–	–
Revaluation increase	–	–	–
Transfer to held for sale	–	–	–
Disposals	(324)	–	(324)
<b>Balance at 30 June 2007</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Balance at 1 July 2007</b>	<b>–</b>	<b>–</b>	<b>–</b>
Additions	–	–	–
Revaluation increase	–	–	–
Transfer to held for sale	1,850	6,140	7,990
Disposals	–	–	–
<b>Balance at 30 June 2008</b>	<b>1,850</b>	<b>6,140</b>	<b>7,990</b>

This asset category includes assets no longer required for Treaty Settlement purposes and those committed to Treaty Settlements expected to be completed in the next 12 months. The table below shows the asset groups from which Assets Held for Sale have been transferred.

	Held for sale – Surplus (\$000)	Held for sale – Settlements (\$000)	Total (\$000)
<b>Balance at 1 July 2007</b>	<b>–</b>	<b>–</b>	<b>–</b>
Asset type pre transfer:			
Land	250	4,643	4,893
Non residential improvement	1,600	1,468	3,068
Plant and equipment	–	2	2
Residential improvement	–	27	27
<b>Balance at 30 June 2008</b>	<b>1,850</b>	<b>6,140</b>	<b>7,990</b>

### **Note 5: Treaty Settlements Creditors**

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
GST payable	61	(270)
Rent received in advance	286	227
Creditor control account	177	–
Accrued settlement expenses	281,285	57,207
<b>Total Creditors and Other Payables</b>	<b>281,809</b>	<b>57,164</b>

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

The increase in accrued settlement expenses reflects the signing of CNI (Central North Island) Forests deed of settlement for the settlement of Treaty of Waitangi claims. The agreement was signed on 25 June 2008.

### **Note 6: Judges' Leave Entitlements**

	Actual 30 June 2008 (\$000)	Actual 30 June 2007 (\$000)
<b>Current Liabilities</b>		
Sabbatical leave	19,887	7,713
Annual leave	1,978	2,067
<b>Total Current Liabilities</b>	<b>21,865</b>	<b>9,780</b>
<b>Non-Current Liabilities</b>		
Sabbatical leave	20,879	8,097
<b>Total Non-Current Liabilities</b>	<b>20,879</b>	<b>8,097</b>
<b>Total Provision for Judges Entitlements</b>	<b>42,744</b>	<b>17,877</b>

The present value of judges' sabbatical and retiring leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability.

The valuations of judges' sabbatical and retiring leave as at 30 June 2008 were conducted by an independent valuer, Bernie Higgins (FIA, Fellow of the New Zealand Society of Actuaries) of AON Consulting New Zealand Limited.

## **Note 7: 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 *Statement of Financial Position* and all revenues and expenses in relation to financial instruments are recognised in the *Statement of Financial Performance*. They are shown at their estimated fair value.

### **Credit Risk**

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

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 Ministry on behalf of the Crown does not require any collateral or security to support financial instruments with financial institutions that the Ministry deals with, or with the NZDMO, as these entities have high credit ratings. For other financial instruments, the Ministry does not have significant concentrations of credit risk.

### **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 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 draw-downs 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.

	Creditors and other payables 30 June 2008 (\$000)	Creditors and other payables 30 June 2007 (\$000)
Less than 6 months	58,939	33,062
Between 6 months and 1 year	306,295	85,798
Between 1 and 5 years	20,879	8,097
Over 5 years	–	–
<b>Total</b>	<b>386,113</b>	<b>126,957</b>

### **Note 8: Major Budget Variations**

Schedule of revenue and receipts – the change is a result of higher court fines imposed.

Schedule of expenses – the major impact is primarily Treaty settlements reaching the signing stage earlier than expected; and the initial recognition of judges sabbatical leave entitlements on an actuarial basis.

### **Note 9: Explanation of Transition to NZ IFRS**

#### **Reconciliation of Assets and Liabilities**

The adoption of NZ IFRS has resulted in changes in the way the elements of the balance sheet are presented as well as impacts resulting from changes in accounting policies that require altered asset and liability valuations and/or measurement. The material adjustments to assets and liabilities are:

*Fines and enforcements fees* – under the Crown IFRS accounting policies these are a financial asset and classified as sovereign receivables. These are initially measured at the value of the fine and enforcement fee imposed and then tested for impairment under NZ IAS 36 *Impairment of Assets*. The effect of this is a reduction in carrying value as at 30 June 2006 of \$237.969 million and \$53.492 million in 2007.

*Legal aid costs* – this adjustment recognises costs payable to the Legal Services Agency for work that has been performed but not yet paid or billed. Previously only legal aid costs paid by the Legal Services Agency were recognised.

*Assets held for Treaty settlements* – forests and livestock held as assets for Treaty of Waitangi settlements have been previously reported under property, plant and equipment. Under NZ IFRS they are required to be reported and valued in accordance with the accounting standard on Agriculture with valuation generally being at fair value. The changes at 1 July 2006 resulted in an increase in value of \$0.744 million as well as alterations in the classification of assets.

#### **Reconciliation of Income and Expenses**

As a consequence of fines and enforcement fees being measured at fair value/value in use, there is an interest recovery (wind back) for fines paid or resolved during the financial year. For year ended 30 June 2007, this resulted in an additional \$43.966 million being included in revenue and receipts.

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CORP/390  
ISSN: 1178-2730 (Print)  
ISSN: 1178-2749 (Online)



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