



LAW·COMMISSION  
TE·AKA·MATUA·O·TE·TURE

E3199

2006–2007

# ANNUAL REPORT





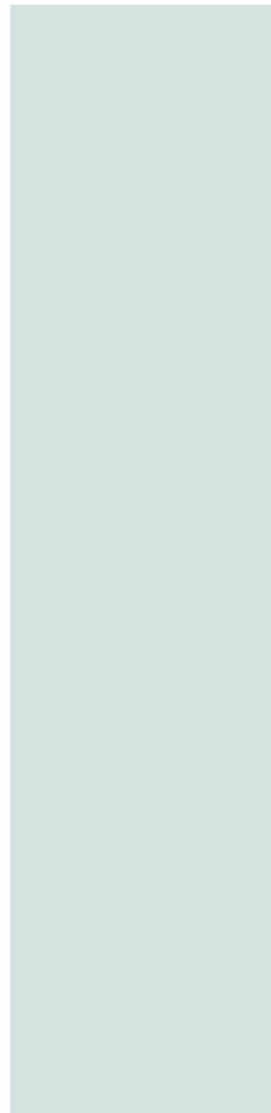


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# ANNUAL REPORT



Presented to the House of Representatives  
Pursuant to section 150(3) of the Crown Entities Act 2004

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## Letter of Transmittal

Dear Minister

I have the honour to submit to you the report of the Law Commission for the year ended 30 June 2007.

This report is prepared under section 17 of the Law Commission Act 1985 and the Crown Entities Act 2004.

Yours sincerely



*Geoffrey Palmer*  
President

*The Hon Mark Burton*  
Minister Responsible for the Law Commission

Parliament Buildings  
Wellington

# The Law Commission: Te Aka Matua o te Ture

## Directory

The Law Commission is an independent, publicly funded, advisory body established by statute to undertake the systematic review, reform and development of the law of New Zealand. Its purpose is to help achieve law that is just, principled, and accessible, and that reflects the heritage and aspirations of the peoples of New Zealand.

In developing its proposals, the Commission takes into account te ao Māori (the Māori dimension) as well as community and international trends and experience.

The members of the Law Commission as at 30 June 2007, appointed under section 9 of the Law Commission Act 1985, are:

- Rt Hon Sir Geoffrey Palmer
- Dr Warren Young
- Helen Aikman QC
- Emeritus Professor John Burrows QC

### Address Details

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Information about the Law Commission and its work is available via the Internet from the Commission's website at: <http://www.lawcom.govt.nz>.

### Funding

The Law Commission is funded from money appropriated by Parliament through Vote: Justice.



*The year under review saw major achievements in the criminal justice area.*

# President's Foreword

## The Rt Hon Sir Geoffrey Palmer

*The highlight of this year was the introduction of streamlined processes by the Executive Government for handling Law Commission reports. Soon after taking up this position I said in the Statement of Intent that law reform must be a collaborative enterprise and I identified as a priority the need to change how Government dealt with our final reports.*

The new processes set out in a Cabinet Office Circular in CO (07)4 are a real break through and a great advance for the Law Commission. They will ensure there are strong linkages between Government priorities and the Commission's objectives, both in developing our work programme and in implementing the resulting law reform recommendations. Our ability to make a substantive contribution to law reform rests on robust collaboration with sector agencies and Ministers on major projects. In announcing the changes the Prime Minister of New Zealand, Rt Hon Helen Clark said:

*"It was clear to me that the way the New Zealand government handled Law Commission Reports had to change, as it was a waste of valuable time and resources to go on in the way we had over the last twenty years. I became a champion of change, and Cabinet has now agreed to a new system for government references to the Commission, which will ensure Law Commission reports get prompt consideration by Ministers."*

The government's decision came after the 20<sup>th</sup> anniversary of the New Zealand Law Commission at the start of the 2006/07 year, when the Honourable Justice Michael Kirby of the High Court of Australia, first Chair of the Australian Law Reform Commission, spoke about the generic problems Law Commissions around the Commonwealth experience in securing legislative approval for their reports. His diagnosis of the problems energised the New Zealand Law Commission to take the issue up with the government and we are pleased that the outcome has been so successful.

The year under review saw major achievements in the criminal justice area. In August 2006 our report *Sentencing Guidelines and Parole Reform* (NZLC R94) was published, recommending establishment of a Sentencing Council and reform of parole provisions to ensure a closer relationship between the prison sentence imposed and time served. The Criminal Justice Reform Bill was introduced as a result and was enacted in July 2007,





surely one of the fastest turnarounds between recommendation and implementation in the history of the Law Commission.

In addition the Law Commission was asked to provide a home for the independent *Sentencing Establishment Unit* (SEU) from October 2006. The unit, with leadership from Commissioner Dr Warren Young and members of the Judiciary, has been working on a comprehensive package of sentencing and parole guidelines for consideration by the Sentencing Council when it is established in 2008.

One of the most substantial reports ever produced by the Commission, with over 300 recommendations, is *Search and Surveillance Powers* (NZLC R97), published in August 2007. Current law in this area has been outstripped by technology and changing trends in crime. It does not give law enforcement agencies the powers they need, yet also fails to protect the rights of individual citizens. Our central recommendation – for a single generic statute – has the potential to bring order into a sprawling mass of inconsistent and unclear statutory powers, and to make the law accessible for everyone.

In addition to these highlights, the Commission has continued work on four other projects relating to criminal justice and was asked to contribute advice on several criminal justice topics. The criminal justice team in the Commission, led by Dr Warren Young, has had an exceptionally productive year.

Two other reports were published in 2006/07. *Converging Currents: Custom and Human Rights in the Pacific* (NZLC SP17), published in September 2007, is an exploration of the interaction between customary law and human rights law in Pacific countries, including NZ. It has been well received in the Pacific where these issues are both very topical and very complex. *Reforming the Law of Sedition* (NZLC R96), published in March, reviews New Zealand's seditious offences. In response government

introduced the Crimes (Repeal of Seditious Offences) Amendment Bill to Parliament in June this year.

Another major initiative in the past year has been preparation of the Waka Umanga Bill based on our report *Waka Umanga: A Proposed Law for Māori Governance Entities* (NZLC R92) published in May 2006. It recommended legislation to provide for a new legal entity specifically designed for Māori groups that manage communally owned assets. The Law Commission and Te Puni Kokiri consulted with Māori around New Zealand on the recommendations in the report in October 2006 and on the draft legislation prepared by Parliamentary Counsel Office, in June 2007. The Commission was very grateful for the contribution of Hon Justice Durie, who, during his time as a Law Commissioner, was instrumental in the design and development of the Waka Umanga as a new legal entity. Justice Durie retired from the Commission in September 2006.

Ongoing major projects that made substantial progress during the year include:

- Law relating to public inquiries looking at Royal Commissions, other commissions under the Commissions of Inquiry Act 1908 and Ministerial inquiries. Existing legislation is now very dated and reform is needed to meet society's contemporary needs, reflect its diverse values and provide effective constitutional arrangements for the conduct of public inquiries. An Issues Paper was published in January 2007 and a final report is expected to be published by the end of 2007.
- Presentation of New Zealand statute law which will recommend methods of making New Zealand statute law more accessible and user-friendly by the introduction of a more systematic method of classifying and/or indexing Acts of Parliament. The purpose of the project is to enhance public awareness, confidence and understanding of the law. An Issues Paper *Presentation of New Zealand Statute Law* (NZLC IP2) was published in September 2007.
- Review of privacy values which has four distinct projects. The first two – an overview of privacy values, changes arising from technology, international trends and the implications for NZ, and issues relating to public registers in light of privacy considerations and emerging technology – are near completion. An Issues Paper, *Public Registers* (NZLC IP3), was put on the website in September 2007.



A feature of the last year has been the significant amount of legislation from previous Commission reports introduced to Parliament. We are grateful to the Ministry of Justice for their collaboration in preparing policy papers and issuing drafting instructions in relation to eight bills from former Commission reports, and in supporting select committees as they progress through the House.

The Commission has also done a lot of advisory work in the year under review, made a number of appearances before Select Committees and provided help to a number of departments. We received new funding in the year under review to service the Legislation Design Committee established in October 2006. The Committee provides advice to departments sponsoring major legislation on the best legislative architecture to achieve their objectives.

Experience over 20 years with the Legislation Advisory Committee has indicated that to enhance the quality of legislation significantly, the legislative features of a policy proposal must be considered at the outset. Since its inception the Legislation Design Committee has been kept busy and the Law Commission has had to devote substantial resources to it. We think this is vitally important work, as improving the quality of New Zealand legislation is central to the Law Commission's statutory aims. Our profile has increased as a result of this activity and we are now confident that the Commission is regarded as an agency that can make a high quality contribution to law reform.

The Law Commission moved to new premises towards the end of the 2006/07 year. This brings all Commission personnel together on one bright and efficiently laid out floor and marks the start of a new phase for the Commission, just as the anniversary seminar held at the start of the 2006/07 year celebrated the first 20 years.

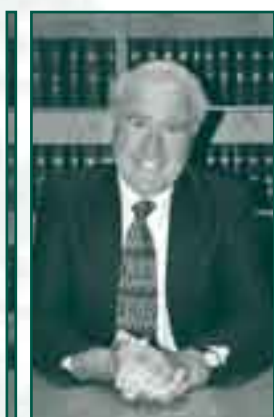
Professor John Burrows QC joined us from the University of Canterbury in February, and has provided leadership for two major projects *Presentation of Statute Law* and *Unified Tribunals*. He has added an enormous amount of legal expertise to the Commission and we are very grateful to have him.

At year end we have 26 staff (including those in the SEU), four Commissioners and a greatly expanded work programme. However, the number of references we have received from Government require an increase in the number of Commissioners and two new Commissioners, George Tanner QC, former Chief Parliamentary Counsel and Val Sim from the Crown Law Office, have been appointed to start work in the new financial year.

The amount of high quality work that has been completed in the last year is a tribute to the dedication and hard work of the whole Commission staff.

# The Commission

## Who Are We



The Rt Hon  
Sir Geoffrey Palmer

The Law Commission was established by the Law Commission Act 1985 as a central advisory body for the review, reform and development of the law of New Zealand. Under the Crown Entities Act 2004 it is designated as an independent Crown entity.

The Commission's aim is to "*promote the systematic review, reform, and development of the law of New Zealand*"<sup>1</sup>. The Commission carries out this purpose by:

- making recommendations to the Minister of Justice for the reform and development of a particular aspect of the law, on a reference from the Minister or on its own initiative; and
- advising Government departments and other public sector organisations on their own reviews of aspects of the law and on proposals made as a result of the review.

### The Commissioners

The Commissioners at the commencement of the year were:

The Rt Hon Sir Geoffrey Palmer, *President*

Dr Warren Young, *Deputy President*

Hon Justice Eddie Durie

Helen Aikman QC

Justice Durie retired from the Commission and the Bench in September 2006. The remaining Commissioners were joined in February 2007 by Professor John Burrows QC, who came to the Commission from the University of Canterbury<sup>2</sup>.



Dr Warren Young



Emeritus Professor  
John Burrows QC



Helen Aikman QC

<sup>1</sup> Law Commission Act, 1985, section 3.

<sup>2</sup> George Tanner QC and Val Sim have since been appointed as Commissioners and will start work in the new financial year.



## The Staff

The Commissioners are supported by the General Manager, Brigid Corcoran, a team of legal and policy advisors, two librarians and a corporate services team. The full staff list is set out in Appendix A. The Commission has had the services of the Hon Andrew McGechan QC and Neville Trendle, in relation to our work on prior convictions and search and surveillance, respectively. A number of staff have also been working for us on secondment from their parent departments:

- Andrea King, Senior Policy Adviser, Ministry of Justice
- Bruce Asher, Principal Policy Adviser, Department of Corrections
- Mark Hickford, Crown Counsel, Crown Law Office

During the year the following staff left the Commission:

- Gloria Hakiwai
- Natalie Baird
- Jan O'Neill
- Raewyn Champion
- Colleen Gurney

## Our Work Programme

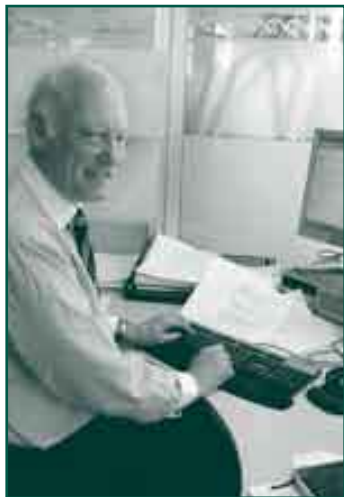
The outputs to be delivered by the Commission are set out in the annual work programme submitted to the Minister Responsible for the Law Commission under section 7(1) of the Law Commission Act 1985. The work programme is subject to revision from time to time during the year. Unplanned personnel changes and external factors inevitably impact in a variety of ways. Each project has its own set of challenges, with project teams developing their law reform ideas and concepts in an evolutionary way.

A number of projects within the 2006/07 work programme were carried over from the previous year and their completion dates were identified within the Memorandum of Understanding (MOU) agreed with the Minister. However, the Commission's experience in project definition and scoping shows that setting only the completion date for large research projects when completion is a year or two away, is unrealistic. In order to address this, it was agreed that delivery dates for the new projects on the work programme would not be included in the MOU. Instead, early in the year the Commission developed a new reporting template to reflect progress with projects and budget monitoring against the generic stages of project management as follows on page 13:

1. Scoping the issues by way of general consultation and research
2. Focussed legal research and analysis of identified issues
3. Drafting report chapters and developing options
4. Consultation on options or draft recommendations
5. Drafting report
6. Drafting legislation
7. Publication

The direction and tasks of each stage of the project are based on the findings of the previous stage, whether the project is long and short. A short project, on a clearly defined and limited topic, may condense some of these stages, whereas a very large topic may require extensive consultation and result in more than one publication. The list represents the main function of each stage, but more than one task happens at each stage – for example, focussed legal research plus drafting chapters, writing the final report plus consulting. The Commission used this new template to report to the Minister throughout the year.





*Our most significant achievement was the development and acceptance by Government of a new project selection and response process.*

# The Year In Review

The Commission has had a very challenging and dynamic year.

## Strategic and Operational Review

Our most significant achievement was the development and acceptance by Government of a new project selection and response process. Alongside the new process for identifying projects, the process provides the Commission with a new blueprint for how we approach our work. It emphasises the need for collaborative working relationships between the Commission, departments and other agencies in an endeavour to reach consensus – a principled approach but one that delivers practical recommendations for reform.

A feature of our operating approach this year has been diversifying our contribution to the law reform enterprise. In addition to law reform projects, our involvement in advisory work has considerably expanded and is now on a more regular and visible basis. Much of this has been through our role in the Legislation Advisory Committee (LAC) and the Legislation Design Committee LDC, both chaired by the President. However, we have also responded to many requests for legal policy and legislation design advice from Government, departments and other agencies throughout the year.

Our work programme at the commencement of the year included:

- 10 substantive law reform projects;<sup>3</sup>
- research support and assistance to the LAC and the new LDC;
- participation in the *Effective Interventions* project led by the Ministry of Justice and the Police Act review led by the Police;
- advice to government in relation to the implementation of previous Law Commission reports; and
- advice to Government, Select Committees, departments and agencies on various legal and policy matters as required.

The most significant addition to our work programme during the year arose from our report regarding sentencing guidelines and parole reform,<sup>4</sup> which recommended the establishment of a Sentencing Council in New Zealand. The Government accepted the recommendations of this report, which resulted in the Sentencing Establishment Unit (SEU) being located within the Commission. The SEU is responsible for the drafting of sentencing

<sup>3</sup> Custom and Human Rights in the Pacific, Presentation of New Zealand Statute Law, Review of the Law of Privacy, Development of a Unified Tribunals Framework, Public Inquiries, Sentencing and Parole Reform, Entry Search and Seizure, Criminal Defences, Review of Seditious Offences and Development of a Comprehensive Criminal Procedure.

<sup>4</sup> Sentencing Guidelines and Parole Reform NZLC R94.





guidelines to be considered by the Sentencing Council when it is established in 2008. An additional project reviewing maximum penalties in the Crimes Act 1961 arose as an adjunct to the SEU programme.

This review will examine the maximum penalties for those imprisonable offences contained in the five main criminal statutes, namely:

- Crimes Act 1961
- Misuse of Drugs Act 1975
- Land Transport Act 1998
- Arms Act 1983
- Summary Offences Act 1981

It is anticipated that imprisonable offences contained in all remaining statutes may be the subject of a future review. In addition, it is anticipated that the methodology established as part of this review will be used for setting maxima for offences in new legislation. The review will produce an advisory paper for the Minister of Justice.

Half way through the year, the Commission was also asked to look at the law of evidence relating to the admissibility of prior convictions.

We published three final reports, one preliminary paper, one study paper and one issues paper. The most significant among these was the completion of the Entry, Search and Seizure project and the publication of the project report entitled *Search and Surveillance Powers* (NZLC R97). This report is one of the most substantial ever produced by the Commission, with over 300 recommendations.

Another notable achievement during the year was the joint programme with the Ministry of Justice to implement the recommendations from previous Law Commission reports. At year end eight Bills arising from old Commission reports were before Parliament, with the recommendations from another eight being considered for legislation next year or further policy work being undertaken to update the recommendations. A significant piece of work in relation to the old reports was the consultation and drafting process in relation to the *Waka Umanga* Bill. At year end a draft Bill was circulated to Māori and other groups and the Commission and Te Puni Kokiri consultation team held a range of meetings with Māori to gauge their views on the proposed legal entity.

The Commission participated in the inter-agency officials group providing advice on the suite of Police Act Review policy papers. This work focussed on the legislative arrangements for policing and at years end was close to its conclusion.

The provision of ad hoc advice to Government grew throughout the year and by year's end we had been involved in advising on: ambush marketing, epidemic preparedness, legislative options relating to gang problems, an amendment to habeas corpus legislation, reform of private investigators and security guards, building and housing projects, the Regulations Review Committee, repeal of s.59 of the Crimes Bill, possible options for addressing court delays, the shape of a review of the justice sector, and the placement of the Dispute Resolution Service for Unit Title claims.

We have taken a proactive approach to communications during the year as a way of informing and educating the public sector, the judiciary, the legal profession and the public as to the Commission's role and purpose. While our overall communications strategy is still in the developmental stage, we have taken the opportunity of media releases and briefings around the publication of our reports to highlight the Commission's role in law reform and legislation improvement to the wider public. Media releases are now issued with all published reports and media briefings were held following the publication of *Sentencing Guidelines and Parole Reform NZLC R94*, *Review of Seditious Offences NZLC R96* and *Search and Surveillance Powers NZLC R97*. During the year the President and Commissioners have delivered a total of 20 conference speeches concerning various projects on our work programme, law reform and/or the Commission's role and purpose<sup>5</sup>.

We also introduced our first online newsletter in April. This publication will be produced bi-annually and provide an update on our work programme and activities as well as information about future initiatives and corporate updates.

### Capability Development Review

During the review year the Commission has been operating within the organisational structure arising from the December 2005 review. The workload has necessitated an increase in the number of staff from 19 at the start of the year to 27 by year end<sup>6</sup>. This, together with a more intensive project management approach arising from our new process, may ultimately impact on current reporting structures. This will be kept under review over the coming year.

5 Family Group Conference, Māori Legal Forum, Matahauraki Institute, Indigenous Peoples Conference Philippines, Salvation Army Conference, Sentencing Conference Melbourne, Sensible Sentencing Trust, Public Law Conference, Law Society Council, Good Governance Symposium, Brookers Sentencing and Parole Symposium, LEANZ, Sustainability Conference, Privacy Colloquium, Graduation Addresses (Canterbury University and Waikato University) Sir Kenneth Keith Conference, Media Law Conference, District Court Judges Conference.

6 This number includes a number of temporary and seconded staff who are working within the Sentencing Establishment Unit.



The human resource strategy continues to be developed with the establishment of a performance management system for support staff and a new remuneration policy for all staff introduced during the year.

The new project selection process will involve the Commission's staff in a wider variety of work, particularly during the report response phase. We are in the process of reviewing our project management approach and methodology and have developed an in-house monthly seminar programme to share experience and knowledge about the activities that are now part of our everyday business, for example, drafting Cabinet papers and issuing drafting instructions to Parliamentary Counsel.

We have commenced the development of a comprehensive knowledge management and technology strategy. During the year we joined the Public Sector Intranet and are trialling the shared workspace capability offered by the State Services Commission. We are reviewing our filing policy and system to clarify the approach we wish to take in the management and storage of information in the future. Within the next two to three years we expect to migrate our files to an electronic document management system providing greater search and collaborative functionality. The library committee meets on a regular basis and was active this year in its support for the Principal Librarian who was responsible for the disposal and retention decisions that had to be made as part of our move to new premises.

At the end of June 2007 we moved to new accommodation, leaving 89 The Terrace where the Commission had been located since its inception 21 years ago. This move really has marked a change in the working culture of the Commission. Our new premises at 171 Featherston Street have a modern and efficient fit out, enabling all staff and Commissioners to be located on one floor within a multi story building in Wellington's central business area.

### New Sub-Lease

The Commission's new accommodation arrangements are covered by an 11 year sub-lease.

# Financial Statements

for the year ended 30 June 2007

## FINANCIAL STATEMENTS

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## Statement of responsibility

The Commission accepts responsibility for the preparation of the financial statements, statement of service performance and the judgments used herein.

The Commission accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of its financial reporting.

In the opinion of the Commission the financial statements and statement of service performance for the year ended 30 June 2007 fairly reflect the financial position and operations of the Law Commission.



*Geoffrey Palmer*  
President

31 October 2007



*Warren Young*  
Deputy President

31 October 2007

# Statement of accounting policies

for the year ended 30 June 2007

## Reporting entity

The Commission is an independent Crown entity for legislative purposes, established by the Law Commission Act 1985.

## Basis of Preparation

### Statement of compliance

These financial statements have been prepared in accordance with NZ GAAP and the Crown Entities Act 2004.

### Measurement base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of library collections, furniture and fittings, and office equipment.

### Significant accounting policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been applied:

#### 1 Budget figures

The budget figures are those as disclosed in the 2006/09 Statement of Intent.

The budgets have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Commission for the preparation of the financial statements.

#### 2 Revenue

The Commission derives revenue from the provision of outputs to the Crown, the sale of its publications to third parties, provision of specialist services and income from investments. Such revenue is recognised when earned and is reported in the financial period to which it relates.

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

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated with GST included.

#### 4 Taxation

The Law Commission is a public authority in terms of the Income Tax Act 2004 and consequently is exempt from income tax.

#### 5 Fixed assets

All fixed assets are initially recorded at cost. Library collections, furniture and fittings and office equipment are stated at fair value. Fair value is determined using market based evidence. Library collections, furniture and fittings and office equipment are valued every three to four years. Additions between revaluations are recorded at cost.

The library collection was revalued as at 30 June 2007 by independent valuer, David Smith of DTZ NZ Ltd. The furniture and fittings and office equipment classes were re-valued as at 30 June 2004 to fair value by independent valuer, Rolle Limited.

Changes in revaluation are charged to the asset revaluation reserve account. When this results in a debit balance in the revaluation reserve account, the balance is expensed in the Statement of Financial Performance.

#### 6 Depreciation

Depreciation is provided on a straight-line basis on all fixed assets at a rate which will write off the cost (or valuation) of the assets over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

	ESTIMATED USEFUL LIFE (YEARS)	RATE OF DEPRECIATION (%)
Computer equipment	3	33.3
Computer software	3	33.3
Office equipment	5	20
Leased office equipment	4	25
Library collections	5	20
Furniture & fittings	10	10

#### 7 Investments

Investments are stated at the lower of cost and net realisable value.

## 8 Lease

### *Finance leases*

Leases which effectively transfer to the Commission substantially all the risks and benefits incident to ownership of the leased items are classified as finance leases. 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 assets and corresponding lease liabilities are recognised in the statement of financial position. The leased assets are depreciated over the period the Commission is expected to benefit from their use.

### *Operating leases*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

## 9 Statement of cash flows

*Cash* means cash balances on hand, cash held in bank accounts, demand deposits and other highly liquid investments, in which the Commission invests as part of its day-to-day cash management.

*Operating activities* include all activities other than investing and financing activities. The cash inflows include receipts from the sale of goods and services and other sources of revenue that support the Commission's operating activities. Cash outflows include payments made to employees, suppliers and for taxes.

*Investing activities* are those activities relating to the acquisition and disposal of non-current assets.

*Financing activities* comprise the change in equity and debt structure of the Commission.

### *10 Cost allocation policy*

Direct costs identifiable against specific projects are charged directly to those projects. Indirect costs are charged to specific projects in proportion to the direct labour hours recorded against those projects.

### *11 Criteria for direct and indirect costs*

"Direct costs" are those costs directly attributable to a specific project.

"Indirect costs" are those costs which cannot be identified in an economically feasible manner with a specific project.

#### *12 Cost drivers for allocation of indirect costs*

The cost of goods and services not directly charged to projects is allocated as overheads using the direct labour hours recorded against projects.

#### *13 Financial instruments*

The Law Commission is a party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors and creditors. All financial instruments are recognised in the Statement of Financial Position and all revenue and expenses in relation to financial instruments are recognised in the Statement of Financial Performance. All financial instruments are shown at their estimated fair value.

#### *14 Accounts receivable*

Accounts receivable are stated at their estimated realisable value after providing for doubtful and uncollectable debts.

#### *15 Employee entitlements*

Provision is made in respect of the Commission's liability for annual leave. It is calculated on an actual entitlement basis at current rates of pay and is expected to be settled within 12 months of reporting date.

#### *16 Change in accounting policies*

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

All policies have been applied on a basis consistent with previous years.

# Statement of financial performance

for the year ended 30 June 2007

		2007	2006	2007
		Actual	Actual	Budget
	Note	\$	\$	\$
<b>OPERATING REVENUE</b>				
Government grant	10	5,459,000	3,175,000	4,374,000
Interest		165,248	78,759	20,000
Sale of publications		19,857	18,560	15,000
Recovery from the Victoria University for services provided by Sir Geoffrey Palmer		12,000	0	0
Recovery from the Ministry of Justice for services provided by Dr W Young		0	20,713	0
Gain on sale of fixed assets		0	764	0
Sundry income		3,213	0	0
<b>Total operating revenue</b>		<b>5,659,318</b>	<b>3,293,796</b>	<b>4,409,000</b>
<b>OPERATING EXPENDITURE</b>				
Personnel costs		2,811,103	2,362,160	2,770,248
Project costs		574,362	316,748	392,300
Library costs		117,613	86,467	110,311
Administration costs	1	803,840	612,966	706,324
Loss on sale of fixed assets		101,941	21,208	0
Depreciation	2	197,592	178,525	249,014
<b>Total operating expenditure</b>		<b>4,606,451</b>	<b>3,578,074</b>	<b>4,228,197</b>
<b>Net surplus (deficit) for the period</b>		<b>1,052,867</b>	<b>(284,278)</b>	<b>180,803</b>

The accompanying accounting policies and notes form part of these financial statements.

## Statement of movements in equity

for the year ended 30 June 2007

		2007	2006	2007
		Actual	Actual	Budget
	Note	\$	\$	\$
<b>Equity as at 1 July</b>		859,653	1,143,931	527,318
<b>Surplus and revaluations</b>				
Net surplus (deficit) for the year		1,052,867	(284,278)	180,803
Increase (decrease) in revaluation reserves	13	53,668	4,038	0
Increase (decrease) in general funds		235,205	(4,038)	0
<b>Total recognised movements in equity for the period</b>		1,341,740	(284,278)	180,803
<b>Equity as at 30 June</b>		2,201,393	859,653	708,121

The accompanying accounting policies and notes form part of these financial statements.

# Statement of financial position

as at 30 June 2007

		2007	2006	2007
		Actual	Actual	Budget
	Note	\$	\$	\$
<b>PUBLIC EQUITY</b>				
General funds		1,739,953	451,881	304,387
Asset revaluation reserves	13	461,440	407,772	403,734
<b>Total Public equity</b>		<b>2,201,393</b>	<b>859,653</b>	<b>708,121</b>
<b>Represented by:</b>				
<b>Assets</b>				
<b>CURRENT ASSETS</b>				
Cash and bank		12,277	4,378	36,081
Call deposit at Bank of New Zealand		88,422	333,258	88,300
Short term investments at Bank of New Zealand		1,450,000	300,000	400,000
Receivables and prepayments	3	241,292	25,040	33,000
Assets held for sale		11,900	0	0
<b>Total current assets</b>		<b>1,803,891</b>	<b>662,676</b>	<b>557,381</b>
<b>NON-CURRENT ASSETS</b>				
<b>Fixed assets</b>	4	1,191,911	563,107	390,740
<b>Total non-current assets</b>		<b>1,191,911</b>	<b>563,107</b>	<b>390,740</b>
<b>Total assets</b>		<b>2,995,802</b>	<b>1,225,783</b>	<b>948,121</b>
<b>Liabilities</b>				
<b>CURRENT LIABILITIES</b>				
Payables and accruals	6	787,304	302,937	200,000
Finance leases	14	7,105	11,640	20,000
NZAID	18	0	44,448	0
<b>Total current liabilities</b>		<b>794,409</b>	<b>359,025</b>	<b>220,000</b>
<b>NON CURRENT LIABILITIES</b>				
Finance leases	14	0	7,105	20,000
<b>Total Non current liabilities</b>		<b>0</b>	<b>7,105</b>	<b>0</b>
<b>Total liabilities</b>		<b>794,409</b>	<b>366,130</b>	<b>240,000</b>
<b>NET ASSETS</b>		<b>2,201,393</b>	<b>859,653</b>	<b>708,121</b>

The accompanying accounting policies and notes form part of these financial statements.

## Statement of cash flows

for the year ended 30 June 2007

		2007	2006	2007
		Actual	Actual	Budget
	Note	\$	\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Government grant		5,459,000	3,175,000	4,374,000
Interest received		118,491	78,901	20,000
Sale of Publications		29,736	12,059	15,000
Victoria University for services provided by Sir Geoffrey Palmer		12,000	0	0
Ministry of Justice for services provided by Dr W Young		0	20,713	0
Net Goods & Services Tax		0	3,649	0
Miscellaneous		3,849	0	0
		5,623,076	3,290,322	4,409,000
<b>Cash was applied to:</b>				
Payments to employees		(2,642,388)	(2,382,379)	(2,694,453)
Payments to suppliers		(1,447,357)	(900,130)	(1,175,451)
Net GST		(127,904)	0	(85,000)
Other – NZAID	18	(45,796)	44,448	(45,796)
		(4,263,445)	(3,238,061)	(4,000,700)
<b>Net cash inflow (outflow) from operating activities</b>	12	1,359,631	52,261	408,300
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Sale of Fixed Assets		12,889	4,514	0
		12,889	4,514	0
<b>Cash was applied to:</b>				
Purchase of fixed assets		(447,817)	(174,637)	(131,608)
		(447,817)	(174,637)	(131,608)
<b>Net cash inflow (outflow) from investing activities</b>		(434,928)	(170,123)	(131,608)

The accompanying accounting policies and notes form part of these financial statements.

		2007	2006	2007
		Actual	Actual	Budget
	Note	\$	\$	\$
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
<b>Cash was applied to:</b>				
Payment of Office Equipment leases	14	(11,640)	(11,640)	(11,640)
<b>Net cash inflow (outflow) from financing activities</b>		(11,640)	(11,640)	(11,640)
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		913,063	(129,502)	265,052
<b>Plus opening cash balance:</b>				
Bank of New Zealand current account		4,378	9,965	9,329
Bank of New Zealand call deposit account		333,258	157,173	50,000
Bank of New Zealand short-term deposits		300,000	600,000	200,000
		637,636	767,138	259,329
<b>CLOSING CASH BALANCE</b>		1,550,699	637,636	524,381
<b>Made up of:</b>				
Bank of New Zealand current account		12,277	4,378	36,081
Bank of New Zealand call deposit account		88,422	333,258	88,300
Bank of New Zealand short-term deposits		1,450,000	300,000	400,000
		1,550,699	637,636	524,381

The accompanying accounting policies and notes form part of these financial statements.

## Notes to financial statements

for the year ended 30 June 2007

### 1 Administration costs include

	30 JUNE 2007	30 JUNE 2006
	\$	\$
Fees paid to auditors:		
– external audit	22,920	16,263
Finance charges on finance leases	2,970	2,970
Rent on office accommodation	443,057	410,995
Other expenditure	334,893	162,248
<b>Total</b>	<b>803,840</b>	<b>592,476</b>

### 2 Depreciation on:

	30 JUNE 2007	30 JUNE 2006
	\$	\$
Computer equipment	35,187	27,410
Furniture and fittings	7,128	14,132
Office equipment	2,975	3,556
Leased office equipment	11,640	11,640
Computer software	23,314	21,135
Library collections	117,348	100,652
<b>Total</b>	<b>197,592</b>	<b>178,525</b>

### 3 Receivables and prepayments

	30 JUNE 2007	30 JUNE 2006
	\$	\$
Sundry debtors	85	899
GST receivable	138,890	10,985
Trade debtors	3,906	13,492
Less: provision for doubtful debts	(627)	(336)
Prepayments	52,281	0
Accrued Interest	46,757	0
<b>Total</b>	<b>241,292</b>	<b>25,040</b>

#### 4 Fixed assets

	COST/ VALUATION	ACCUMULATED DEPRECIATION	NET BOOK VALUE	NET BOOK VALUE
			30 June 2007	30 June 2006
	\$	\$	\$	\$
Computer equipment	280,693	228,246	52,447	59,974
Computer software	451,623	415,854	35,769	40,872
Furniture and fittings	493,897	9,770	484,127	113,745
Office equipment	55,237	6,543	48,694	11,152
Office equipment- leased	46,561	42,687	3,874	15,514
Library collections	567,000	0	567,000	321,850
<b>Total</b>	1,895,011	703,100	1,191,911	563,107

#### 5 Capital work in progress

There are no capital works in progress as at balance date (30 June 2006, NIL).

#### 6 Payables and accruals

	30 JUNE 2007	30 JUNE 2006
	\$	\$
Suppliers of goods and services	436,424	199,238
Employee entitlements	197,909	60,861
Accrued expenses	145,507	35,080
Income in advance	7,464	7,758
<b>Total</b>	787,304	302,937

## 7 Budget Variances

REVENUE	ACTUAL	BUDGET	VARIANCE	EXPLANATION
Government grant	5,459,000	4,374,000	1,085,000	Funding for Sentencing Establishment Unit (SEU) to draft inaugural sentencing guidelines
Interest	165,248	20,000	145,248	Interest earned as a result of placing funds surplus to short term cash requirements on term deposit

EXPENDITURE	ACTUAL	BUDGET	VARIANCE	EXPLANATION
Project costs	574,362	392,300	182,062	The addition of the SEU was the prime contributor to the increase in project costs.
Administration costs	803,840	706,324	97,516	Unanticipated costs arising from relocation process at year end plus additional resourcing costs attributable to the housing of the SEU
Loss on sale fixed assets	101,941	0	101,941	Resulting from the disposal of surplus assets on relocation
Depreciation	197,592	249,014	(51,422)	Reduction due to nil depreciation charge on assets sold/disposed in the current financial year.

## 8 Commitments

### *Capital expenditure commitments*

Commitments for capital expenditure at balance date are \$ Nil (30 June 2006, \$ Nil).

### *Lease commitments*

Commitments for non-cancellable leases on rental office accommodation:

	30 JUNE 2007	30 JUNE 2006
	\$	\$
Less than one year	498,950	379,023
Between 1–2 years	498,950	0
Between 2–5 years	1,496,850	0
Greater than 5 years	2,910,543	0

### *Other Commitments*

Contract for the supply of library information:

	30 JUNE 2007	30 JUNE 2006
	\$	\$
Less than one year	54,429	66,483
Between 1–2 years	0	38,868
Between 2–5 years	0	0

## 9 Contingent liabilities and assets

There were no contingent liabilities or assets as at balance date (year ended 30 June 2006, contingent liability \$2,763)

## 10 Related party information

The Law Commission is an independent crown entity. The Commission received from the Ministry of Justice \$5,459,000 as grant for the financial year (year ended 30 June 2006, \$ 3,175,000) and a further \$12,000 from Victoria University for services provided by Sir Geoffrey Palmer (year ended 30 June 2005, \$20,713 for services provided by Dr Warren Young).

## 11 Financial instruments

### *Fair value*

The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

### *Credit risk*

Credit risk is the risk that an outside party will not be able to meet its obligations to the Commission.

Financial assets that potentially subject the Commission to a concentration of credit risk consist principally of cash, short-term deposits and receivables.

The cash and short-term deposits are placed with the Bank of New Zealand, a bank with high credit rating.

The concentration of credit risk with respect to receivables is limited by its small value and the relatively large number of customers.

### *Interest rate and currency risks*

The Commission does not have exposure to interest rate or currency risks.

There is a letter of credit for \$90,000 in favour of Datacom Employer Services for the purpose of guaranteeing funds to direct credit staff salaries fortnightly (30 June 2006, \$60,000).

## 12 Reconciliation of net surplus to net cash flow from operating activities

	2007	2006	2007
	Actual	Actual	Budget
	\$	\$	\$
<b>Net surplus/(deficit) from operations</b>	1,052,867	(284,278)	180,803
<b>Add (less) non cash items:</b>			
Depreciation	197,592	178,525	249,014
Bad Debt	633	0	0
<b>Add (less) movements in working capital items:</b>			
(Increase) decrease in receivables and prepayments	(216,252)	3,655	(7,960)
(Decrease) increase in payables and accruals	222,850	133,916	(13,557)
<b>Items included in investing activities</b>			
Loss on sale of fixed assets	101,941	20,443	0
<b>Net cash inflow (outflow) from operating activities</b>	<b>1,359,631</b>	<b>52,261</b>	<b>408,300</b>

### 13 Asset revaluation reserves

	BALANCE AS AT 1 JULY 2006	MOVEMENTS DURING THE YEAR	BALANCE AS AT 30 JUNE 2007
	\$	\$	\$
Furniture and fittings	232,802	(219,541)	13,261
Office equipment	24,300	(15,365)	8,935
Library collections	150,670	276,674	427,344
Assets held for sale	0	11,900	11,900
<b>Total</b>	<b>407,772</b>	<b>53,668</b>	<b>461,440</b>

### 14 Finance leases

	2007	2006
	\$	\$
Balance payable as at 1 July	18,745	30,385
Less: Lease cancelled	0	0
Add: New lease agreement during the year	0	0
Less: Payments during the year	(11,640)	(11,640)
<b>Balance as at 30 June</b>	<b>7,105</b>	<b>18,745</b>
Made up of:		
<b>Current liabilities</b>	<b>7,105</b>	<b>11,640</b>
Non-current liabilities:		
1-2 years	0	7,105
2-5 years	0	0
6 years and over	0	0
<b>Total</b>	<b>0</b>	<b>7,105</b>

### 15 Remuneration of Commissioners

Sir Geoffrey Palmer (President)	\$ 318,080
Hon Justice Durie	\$ 65,000
Dr Warren Young	\$ 265,222
Helen Aikman QC	\$ 236,234
Emeritus Professor John Burrows QC	\$ 106,707
<b>Total</b>	<b>\$ 991,243 (30 June 2006; \$1,000,338)</b>

Hon Justice Eddie Durie, a High Court Judge was paid by the Ministry of Justice. An amount of \$65,000 was reimbursed on account of this (year ended 30 June 2006, \$ 245,186).

**16 Remuneration paid to staff**

Remuneration range	NUMBER OF EMPLOYEES	
	30 June 2007	30 June 2006
Between \$100,000 and \$110,000	1	1
Between \$130,001 and \$140,000	1	0

**17 Redundancy compensation**

During the year \$24,256 was paid out as redundancy compensation to one employee.

**18 NZAID**

Law Commission was provided funds in 2005/06 for the provision of the Regional Fiji Workshop on Custom and Human Rights. The unspent balance (\$16,777) was returned to NZAID during the financial year.

**19 NZ IFRS**

For the purposes of FRS-41 *Disclosing the Impact of Adopting New Zealand Equivalents to IFRS* the Law Commission discloses the following;

*Management of the transition to NZ IFRS*

The transition will be managed with the assistance of an external consultant.

For the period starting 01 July 2007 the Law Commission will be subject to NZ IFRS reporting standards. To comply, the Law Commission will restate the comparative balances applying NZ IFRS. This will require a restatement of the opening balances as at 01 July 2006 to reflect any accounting policies required by the new standards.

*Assessment of Impact*

From an initial review of the transactions and balances of the Law Commission, it would appear that the NZ IFRS is unlikely to have any material impact on the July 2006 opening balances, the 2006/07 financial performance or the June 2007 closing balances.

However, it should be noted that the effect of the Law Commission adopting NZ IFRS may vary the information presented above and that variation may be material.

# Statement of Service Performance

for the year ended 30 June 2007

## Output Class: Policy Advice

Budgeted Revenue: \$ 4,409,000

Actual Revenue: \$ 5,659,318

Budgeted Expenditure: \$ 4,228,197

Actual Expenditure: \$ 4,606,451

## Performance Measures

The Commission identified three performance measures in its 2006–2009 Statement of Intent – quantity, quality and timeliness.

### Quantity: Project Delivery

The number of reviews and reports to be produced during the year is estimated at the commencement and based upon the number and scope of the projects on the work programme at that time. As additional work comes onto the programme through the year, resources may need to be reprioritised to meet demand. Project timelines are modified accordingly.

We commenced the year with 10 substantive law reform projects on our work programme. Two more projects were added during the year. We completed four projects – Sentencing and Parole Reform, Entry Search and Seizure, Review of Seditious Offences, and Custom and Human Rights in the Pacific. We published three final reports, one preliminary paper, one study paper and one issues paper as follows:

- Sentencing Guidelines and Parole Reform NZLC R94;
- Review of Seditious Offences NZLC R96;
- Search and Surveillance Powers NZLC R97<sup>7</sup>;
- Reforms to the Sentencing and Parole Structure NZLC PP0;
- Converging Currents: Custom and Human Rights in the Pacific NZLC SP17; and
- Public Inquiries NZLC IP1.

<sup>7</sup> This is the report produced by the entry, search and seizure project.

Significant progress was made on the remaining projects in the 2006/07 work programme including those that were added to the programme during the year. The table below identifies the work in progress as at year end.

WORK IN PROGRESS AT 30 JUNE 2007	REPORT/PAPER	EXPECTED PUBLICATION DATE
Presentation of New Zealand Statute Law	Issues Paper	September 2007
Review of privacy values, technology change international trend and their implications for New Zealand civil criminal and statute law <sup>8</sup>	Stage 1 Final Report	January 2008
	Stage 2 Issues Paper	September 2007
	Stage 2 Final Report	January 2008
Unified Tribunals Framework	Issues Paper	November 2007
Law Relating to Public Inquiries	Report	December 2007
Criminal Defences (Provocation) <sup>9</sup>	Final Report	September 2007
Development of Comprehensive Criminal Procedure Act <sup>10</sup>	Draft Bill	June 2008
Admissibility of Previous Convictions <sup>11</sup>	Draft Report	October 2007
Review of Maximum Penalties <sup>12</sup>	Amending Legislation	October 2008

### Quantity: Advisory

The quantity of advisory items will be determined by the number of requests for advice that the Commission receives, and/or the number of occasions on which we consider it appropriate and necessary to offer advice. At the commencement of the year, the Commission expected to provide between five and ten items of advice mainly through the Legislation Design Committee (LDC) and between 20 and 30 reports to the Legislation Advisory Committee (LAC). Ultimately the LDC provided advice on 10 legislative design matters and the Commission provided 25 full reports to LAC.

### Legislation Design Committee

In September 2006 Cabinet established the LDC to provide departments with high level advice on the architecture of legislation. The primary reason

8 This project has been broken down into four subprojects: privacy values and technology; public registers; civil and criminal issues with privacy; review of Privacy Act.

9 Project carried over from 2005/06. Memorandum of Understanding anticipated publication June 2007.

10 Little progress was made during the year because of a lack of resources within collaborating agencies and a Commission proposal to broaden the scope of the original project to address both simplification and court delays. This will result in a new Criminal Procedure Bill.

11 New project reference received March 2007.

12 New project reference received August 2006.

was that the LAC received legislative proposals too late to have any effective influence over the architecture of Bills. This meant that compliance with the LAC Guidelines was less than would be the case if scrutiny occurred earlier. Cabinet increased the Law Commission's baseline funding to provide advisory and research support to the LDC. The LDC would "*assist departments with complex or substantial legislative projects*". In addition, it would "*provide high level advice on the framework and design of legislation aimed at achieving policy objectives and improving the quality of the final legislative product*".

In agreeing to the establishment of the LDC, Cabinet also agreed that:<sup>13</sup>

- The LDC would identify legislative projects that it considered would benefit from high level advice and would contact the responsible department to offer its involvement;
- Ministers and departments could also approach the LDC to seek its involvement in the project;
- LDC processes would involve discussing the project with the responsible department and providing advice upon the architecture of the legislative proposal in question;
- The advice of the LDC would not be binding upon departments and that departments would remain responsible for legislative proposals.

From its commencement in September 2006 the LDC met with a number of agencies to provide advice on matters of legislative design. In the period through to 30 June 2007 it provided advice on the following matters:

- The development of ambush marketing legislation;
- The reform of the Unit Titles Act;
- The Review of the Health and Disability Services (Safety) Act;
- Transport rules and regulations;
- The review of the Social Security Act 1964;
- New psychoactive substances under the Misuse of Drugs Act;
- The Commerce Commission (Information Disclosure and Fees) Bill;
- The Immigration Bill;
- The Affordable Housing and other Matters Bill;
- The Food Bill

<sup>13</sup> POL Min (06) 13/15, refers.

## Legislation Advisory Committee

The Law Commission provides reports to LAC on every Government bill introduced to Parliament, based on the LAC Guidelines for best practice. The current President of the Commission is also the Chair of the LAC. Twenty five full reports have been provided to LAC in the 2006/07 year, plus comments on 13 other bills. A protocol has been established for Crown Law to provide reports on bills where the Commission has been closely involved with drafting legislation, and Crown Law provided one such report in this period, on the Criminal Justice Reform Bill. The Commission also prepares submission on bills for LAC when follow-up work is required.

## Other Advisory Work

The Commission participated in the inter-agency officials group providing advice on the suite of Police Act review policy papers. This work focussed on the legislative arrangements for policing and at year end was close to its conclusion. In addition to this review and the work of the LAC and LDC, the Commission has provided advice directly to Government on 11 other matters pertaining to policy and/or legislation arising out of previous Commission reports.

## Quality and Timeliness

### Internal quality assurance processes

The acceptance and implementation of our reform recommendations are underpinned by high quality standards and processes in the manner in which we research and present our proposals and advice. These include internal peer review, external peer review from recognised experts, consultation processes, opportunity for submissions and feedback to be received from interested parties.

All outputs and other work completed by the end of the year complied with the Commission's internal quality processes and met the quality standards specified in the Statement of Intent to the extent applicable.

The most significant measure of the quality of the Commission's work is the extent to which the government accepts our recommendations for law reform and takes steps to implement them. Our approach to strengthen collaboration and consultation between the Commission and government has delivered unprecedented results during the year in review and demonstrates the requirement for a strong alignment between the Law Commission's research focus and identified government needs and desired outcomes.

The following work in progress demonstrates the quality of the Commission's output and its effectiveness in promoting the implementation of its recommendations.

## Sentencing Establishment Unit

The Sentencing Establishment Unit, located within the Commission, is drafting a package of sentencing and parole guidelines for consideration by the Sentencing Council which is to be established in 2008. The Commission's recommendation to establish a Council was included in our *Sentencing Guidelines and Parole Reform* NZLC R94 (2006) and was immediately accepted by Government.

The Criminal Justice Reform Bill 2006 establishing the Sentencing Council is included in the following table, which identifies the progress of legislation arising from the Commission's most recent reports.

CURRENT OR PLANNED IMPLEMENTATION OF COMMISSION REPORTS AS AT 30 JUNE 2007	
LAW COMMISSION REPORTS	PROGRESS AS AT 30 JUNE 2007
<p><b>Crimes (Repeal of Seditious Offences) Bill</b></p> <p>The recommendations in <i>Reforming the Law of Sedition</i> NZLC R96 (2007) were accepted and legislation drafted accordingly.</p>	<p>First reading 19/6/07, referred to Justice and Electoral Committee</p>
<p><b>Criminal Justice Reform Bill</b></p> <p>The reforms recommended in the Commission's report <i>Sentencing Guidelines and Parole Reform</i> NZLC R94 (2006) will be implemented by this Bill.</p>	<p>Bill at the Committee stage</p>
<p><b>Access to Court Records</b></p> <p>The recommendations in <i>Access to Court Records</i> NZLC R93 (2006) propose legislation governing access to court records.</p>	<p>The Government has referred the report to the Justice and Electoral Select Committee.</p>
<p><b>Waka Umanga (Māori Corporations) Bill</b></p> <p>The recommendations in <i>Waka Umanga: A Proposed Law for Māori Governance Entities</i> NZLC R92 (2006) are for a new statute to provide for a new legal entity designed for Māori tribes and other groups that manage communally held assets. Existing legal structures such as trusts and companies are inadequate to deal with the wide-ranging social and economic operations of iwi in today's world.</p>	<p>Consultation on the Bill with Māori took place during June/July.</p>
<p><b>Customs</b></p> <p>Legislation is planned to implement some of the recommendations in <i>Forfeiture under the Customs and Excise Act 1996</i> NZLC R91 (2006) which will amend Part XIV of the Act.</p>	<p>Legislation to implement some of the recommendations relating to appeal and review is being prepared.</p>

In addition to the implementation of current reports, the year in review was notable for the Government's commitment to the implementation of reform recommendations contained in many older Commission reports. The Commission received some additional baseline funding to assist with the provision of advice on old reports. Progress made during the year is set out in the following tables:

LEGISLATION CURRENTLY IN PARLIAMENT FROM OLD COMMISSION REPORTS	
LEGISLATION INTRODUCED IN 2006 (IN ORDER OF PROGRESS)	PROGRESS AS AT 30 JUNE 2007
<p><b>Arbitration Amendment Bill</b></p> <p>This Bill aims to improve the operation of the Arbitration Act 1996 by implementing the principal recommendations of <i>Improving the Arbitration Act 1996</i> NZLC R 83 (2003).</p>	Awaiting 3 <sup>rd</sup> reading
<p><b>Succession (Homicide) Bill</b></p> <p>This Bill follows recommendations in <i>Succession Law: Homicidal Heirs</i> NZLC R38 (1997) to codify the law that precludes a person who unlawfully kills another person from benefiting as a result of the death, whether from the victim's estate, or from other property arrangements.</p>	Awaiting 3 <sup>rd</sup> reading
<p><b>Wills Bill</b></p> <p>This Bill follows recommendations in <i>Succession Law: A Succession (Wills) Act</i> NZLC R41 (1997) to restate existing law governing wills in a single statute in plain, modern language that is more accessible, and make reforms to modernise the substantive law and remove certain anomalies.</p>	In the Committee stage
<p><b>Property Law Bill</b></p> <p>This bill follows <i>A New Property Law Act</i> NZLC R29 (1994), which recommends restating, reforming and codifying (in part) certain aspects of the law relating to real and personal property.</p>	Reported back and awaiting 2 <sup>nd</sup> reading
<p><b>Protection of Personal and Property Rights Amendment Bill</b></p> <p>This legislation implements recommendations from <i>Misuse of Enduring Powers of Attorney</i> NZLC R71 (2001). The Commission was asked to provide some specific advice by Chair of Select Committee.</p>	Reported back 1/6/07 and awaiting 2 <sup>nd</sup> reading.

## LEGISLATION CURRENTLY IN PARLIAMENT FROM OLD COMMISSION REPORTS

LEGISLATION INTRODUCED IN 2006 (IN ORDER OF PROGRESS)	PROGRESS AS AT 30 JUNE 2007
<p><b>Criminal Procedure Bill</b></p> <p>This Bill implements recommendations from several reports including:</p> <ul style="list-style-type: none"> <li>- a limited exception to the rule of double jeopardy found in <i>Acquittal Following Perversion of the Course of Justice</i> NZLC R70 (2001)</li> <li>- introduction of majority verdicts found in <i>Juries in Criminal Trials</i> NZLC R69 (2001)</li> <li>- some of the amendments proposed in <i>Criminal Prosecution</i> NZLC R66 (2000)</li> <li>- amendments to summary procedures from <i>Criminal Procedure Part One: Disclosure and Committal</i> NZLC R14 (1990)</li> </ul>	Committee stage

The following table identifies those Commission reports where legislation is being considered for introduction in the next financial year or where further policy work is being undertaken to update the recommendations contained in the Commission report.

## OLD LAW COMMISSION REPORTS WITH LEGISLATION BEING CONSIDERED

PROSPECTIVE LEGISLATION 2007/08 (IN ORDER OF PROGRESS)	PROGRESS AS AT 30 JUNE 2007
<p><b>Trusts</b></p> <p>Legislation has been prepared to implement the recommendations in <i>Some Problems in the Law of Trusts</i> NZLC R79 (2002) relating to current difficulties that need attention.</p>	A Trustee Amendment Bill has been drafted.
<p><b>Costs in Criminal Cases</b></p> <p>Legislation is planned to implement the recommendations in <i>Costs in Criminal Cases</i> NZLC R60 (2000).</p>	Legislation is being drafted.
<p><b>Minority Buy-outs</b></p> <p>Legislation is planned to implement the recommendations in <i>Minority Buy-outs</i> NZLC R74 (2001) by amendment to the Companies Act to specify processes in more detail.</p>	Ministry of Economic Development has issued drafting instructions.

**OLD LAW COMMISSION REPORTS WITH LEGISLATION BEING CONSIDERED**

<p><b>Limitation Defences</b></p> <p>Legislation is planned to implement the recommendations in NZLC R6 <i>Limitation Defences in Civil Cases (1988) and Tidying the Limitation Act</i> NZLC R61 (2000), following consideration of an update review of the law in this area commissioned by the Commission.</p>	<p>Ministry of Justice has issued drafting instructions.</p>
<p><b>Unit Titles Bill</b></p> <p>Some recommendations from <i>Shared Ownership of Land</i> NZLC R59 (1999) will be included in new legislation for Unit Titles.</p>	<p>Bill being drafted for stakeholder consultation in October.</p>
<p><b>Life Insurance</b></p> <p>Legislation recommended in <i>Life Insurance</i> NZLC R87 (2004) to repeal the current Act and integrate life insurance with regulation of the financial products has been included in the current Ministry of Economic Development review of Financial Products and Providers.</p>	<p>Bills to include life insurance recommendations are in preparation.</p>
<p><b>Habeas Corpus Amendment</b></p> <p>Legislation is planned to remedy deficiencies in the Act as enacted in response to <i>Habeas Corpus: Procedure</i> NZLC R44 (1997).</p>	<p>Commission is preparing study paper and draft Bill for consultation.</p>
<p><b>Damages and Awards of Interest</b></p> <p>Recommendations from <i>Aspects of Damages: Award of Interest on Money Claims</i> NZLC R28 (1994) are under further consideration in MoJ. (Amendments to statutory rates were last made in 2002.)</p>	<p>Policy issues to be reviewed by the Commission and Ministry of Justice.</p>

## Project Expenditure

	30 JUNE 2007
	ACTUAL
<b>Project</b>	<b>\$</b>
Access to Court Records	36,479
Access to Legislation	127,365
Admissibility of Previous Convictions	73,825
Advice to Departments/LDC	168,882
Advice to Ministers	20,925
Commissions of Inquiry	279,450
Criminal Defences	50,144
Entry, Search and Seizure	490,446
Follow up work on LC reports	70,743
Human Rights in the Pacific	156,852
Legislation Advisory Committee	147,229
Māori Legal Entity	268,602
Maximum Penalty Review	105,474
Review of Police Act	65,985
Review of Privacy	421,393
Review of Seditious Offences	145,116
Sentencing & Parole Legislation	187,382
Sentencing Establishment Unit	974,754
Simplification of Criminal Procedure	17,345
Unified Tribunals Framework	798,061
<b>Total</b>	<b>4,606,451</b>

# Audit Report

AUDIT NEW ZEALAND  
Kaitiaki Takekōwhiri

## To the readers of the Law Commission's financial statements and performance information

for the year ended 30 June 2007

The Auditor-General is the auditor of the Law Commission (the Commission). The Auditor-General has appointed me, Clare Helm, 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 included in the annual report of the Commission for the year ended 30 June 2007.

### Unqualified Opinion

In our opinion:

- The financial statements of the Commission on pages 21 to 36:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - › the Commission's financial position as at 30 June 2007; and
    - › the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the Commission on pages 37 to 45:
  - 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 audit was completed on 31 October 2007 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 Members of the Commission 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 the 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 Members of the Commission;
- 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 or 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 Members of the Commission and the Auditor

The Members of the Commission are responsible for preparing financial statements and a 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 Commission as at 30 June 2007 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 Commission'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. The Members of the Commission's responsibilities arise from the Crown Entities Act 2004.

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 the Crown Entities Act 2004.

### 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 Commission.

A handwritten signature in blue ink that reads 'Clare Helm'.

*Clare Helm*  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

# Crown Entities Act Reporting

## Report on equal employment opportunities programme in terms of the Crown Entities Act 2004, section 151 (1)(g)

The Law Commission complies with the principles of being a good employer. It operates personnel policies containing provisions generally accepted as necessary for the fair and proper treatment of its employees in all aspects of their employment. It provides good and safe working conditions to its employees. It provides opportunities for the enhancement of the abilities of individual employees. The Commission also recognises the aims and aspirations and employment requirements and cultural differences of ethnic or minority groups.

The Commission operates an equal employment opportunities policy where the best person for the job is employed. The Commission has flexible employment arrangements, for example, to cater for those with childcare responsibilities. 67% of employees as at the balance date are women.

## Report on acts in breach of statute in terms of the Crown Entities Act 2004, section 20(3)

The Law Commission did not carry out any act that is contrary to, or outside the authority of an Act. All its actions were for the purpose of performing its functions.

## Report on permission to act despite being interested in a matter in terms of the Crown Entities Act 2004, section 68(6)

The Law Commission did not receive any notice from any member of the Commission that he or she was interested in a matter relating to the Commission.