

Annual Report

1 July 2016 to 30 June 2017



Making it easier for people to use justice services so everyone can get on with enjoying life

CONTENTS

OUR STORY

Introduction from the Chief Executive	4
Achieving a safe and just New Zealand	6
Our vision	6
Our strategy	7
Our services	8
Achieving shared goals	9
Delivering policy priorities	9
Leading the justice sector	10
Supporting the independent Judiciary	10
Delivering people-centred justice services	11
Reducing crime, victimisation and harm	12
Modernising courts and tribunals to get people through quicker	16
Providing great service to the public every day	20
Completing Treaty settlements with groups who are ready	24
Organisational health and capability	27
Developing our people	28
Ensuring good communications	28
Turning data into insight	28
Building robust, functional ICT	29
Making the Ministry a great place to work	30
Governance and risk management	32

OUR PERFORMANCE

Statement of responsibility	35
Independent Auditor's report	36
Audit & Risk Committee report	38
Reporting against appropriations	40
Statement of Intent measures	60
Capability measures	67

OUR FINANCIAL STATEMENTS

Departmental statements	71
Non-departmental statements and schedules	95
Appropriation statements	111

MINISTERS' REPORTS ON NON-DEPARTMENTAL APPROPRIATIONS

Minister of Justice - Vote Justice	121
Minister for Courts - Vote Courts	130
Minister for Treaty of Waitangi Negotiations - Vote Treaty Negotiations	132



Introduction from the Chief Executive

The following pages set out the achievements of the Ministry of Justice over the last 12 months. It shows what we have been funded for, how we have spent that money, and what we have done. But in everything we do, we need to strive to make a fairer justice system. We are not here just to support the system – we are here to improve it, because it should be improved.

Justice is a foundation pillar in any civilised society. No society can operate effectively and openly without a sound justice system – this means sound laws, robust and independent institutions, good people who are trained and experienced, and a focus on the people we are all here to serve – the people of New Zealand.

The Ministry plays a big part in New Zealand's justice system. We provide justice policy advice to Ministers; we negotiate the settlement of Treaty of Waitangi claims; we house New Zealand's largest criminal law firm – the Public Defence Service; we administer legal aid; and we administer New Zealand's courts and tribunals.

Four years ago, we embarked on a journey that prioritised two matters; our customers and timeliness. We developed our mission – 'to deliver modern accessible people-centred justice services' – what is important about that mission is that everything we do is people-centred – centred on the people we are here to serve.

As a guiding principle, this mission enables us to ensure that everything we do benefits the people that use our services. This is very important in the justice system and, in particular, in the court system, because traditionally the court system has been focused on the players in the system, rather than on the people that use the system. There is much that we are doing and can do, to make the system easier for the public to work with.

Secondly, we are focusing on timeliness – justice delayed is justice denied. While the system by-and-large gets cases through in a reasonable time, there are cases that take too long and that is not right. Timeliness is the Achilles heel of the New Zealand court system.

To make the system fairer, timeliness needs to be addressed. The court system is complex, with many players that have specific roles – but to get a better system for New Zealanders, we need to work much more collaboratively together and we need to focus more on the New Zealanders we are here to serve, rather than on ourselves.

WHAT WE HAVE DONE

On this journey, we have:

- focused on timeliness – setting ourselves a new target of resolving all serious harm cases within 12 months
- put in audio-visual links between 20 courts and 15 prisons, as well as a number of forensic/psychiatric hospitals. The use of AVL for remand appearances has increased by more than 50% over the last 2 years with more than 18,200 remand court appearances held via AVL in 2016–17
- supported new services, policies and legislative reform providing targeted programs to support victims of family violence and sexual violence. In 2016–17 the National Home Safety Service made 393 homes safer, enabling 1,234 adult victims of family violence, 723 children and 118 other affected adults to stay in their homes with a significantly reduced risk of serious physical harm or violence.
- had a stronger focus on improved outcomes for Māori, including the

development of a strategy to drive better outcomes for Māori.

- continued to settle Treaty claims with those groups willing and able – this year we signed 4 deeds of settlement, initialled 6 deeds of settlement and enacted 5 bills.
- established a new Operations and Service Delivery group to adopt a multi-jurisdictional approach so that our people can help customers across jurisdictions and services.
- accepted 15,732 new cases through our Public Defence Service who also developed a strategy to recruit and develop graduate and junior lawyers to meet the demand for legal aid in criminal cases.
- modernised our websites, making it quick and easy for customers to find the information they need.
- lead the development of the Investment Approach to Justice, a cross-sector work programme that uses data and evidence to support more targeted initiatives that prevent and reduce crime in New Zealand communities.
- centralised and standardised services that don't need to be done in a court or tribunal. This allows busy registries the space to focus on case management, taking court and liaising with the Judiciary and court users who must attend the court or tribunal.

While we've achieved a lot, there is still more to be done.

WHAT THE COURT SYSTEM NEEDS TO DO

1. We need to address the huge variations around the country in service levels – the length of time you will be in the system varies depending on the seriousness of your case¹ and where your case is heard. For example, cases in Manukau spend on average 148 days in the system, whereas cases in

Dunedin average 103 days. The biggest indicator of this is the adjournment rate. It will be explainable but that does not make it right. Importantly, we can do something about it.

2. We need to make much greater use of data and insights. The courts and tribunal system is a huge enterprise that has historically run without the business tools that most other systems use. If we want the rule of law to be sustained it has to be supported by good information. Otherwise, like a cottage industry or the local sports club, we will operate on anecdotes and hearsay. For instance, we have developed the District Court Cost of Case model to help us quantify the average staff effort and departmental costs of each case type to progress through the District Court. The key insight from this analysis was that category 3 cases consumed over 70% of criminal resources despite being only 30% of criminal volume. This variation in effort has enabled us to consistently analyse each court's workload, and allocate front-line resources to where the need is, rather than simply where the volume of cases are.
3. We need greater use of management tools and disciplines in the court system. For example, increase standardisation, improve benchmarking to reduce variations and increase the distribution of best practices around the country, will improve the service for the public.
4. We need greater use of technology. The expansion of AVL is a good example. It is a fundamentally more efficient and humane way of dealing with those people in our system. It can reduce delays and inconveniences with transporting prisoners and improve the experience of vulnerable witnesses by providing opportunities for them

to appear in Court via AVL instead of having to appear in person. This will help to alleviate the stress and re-traumatisation associated with being in the Court environment

5. As a system we need to be better at collaborating. Judges, lawyers, the Ministry, Police, Corrections – all of those in the system need to think about how our decisions affect others in the system, and most importantly, how effectively collaborating can improve justice outcomes for the people of New Zealand.

It's been a busy year and the outlook for the next few years looks just as big. Of course, none of these accomplishments would have been possible without the support and close working relationship with the Judiciary, the legal fraternity, New Zealand Police, the Department of Corrections and our wide network of stakeholders. I'd like to take this opportunity to thank you all very much for your continued support.

To the 3,500 people in the Ministry of Justice, your passion and hard work is truly inspiring but what impresses me more is how you identify issues, think about them and then take the extra step to develop and implement a solution to help our customers – the people of New Zealand. Thank you!

Andrew Bridgman
Secretary for Justice and Chief Executive

28 SEPTEMBER 2017

¹For example:

- it takes 69% longer to go through the Admin stage in Waitākere compared to Tauranga
- it takes 52% longer to go through the Review stage in Gisborne compared to Whangārei
- it takes 50% longer to go through the Trial stage in Nelson compared to Rotorua
- it takes 61% longer to go through the Sentencing stage in Whanganui compared to New Plymouth.

Achieving a safe and just New Zealand

Our vision

WE WANT SAFER COMMUNITIES ...

To make communities safer, we're working to reduce crime, victimisation and harm, and we're targeting family and sexual violence. We're improving our services for the people who need them most, and increasing our support for the most vulnerable.

We provide many different services to the public, including helping families resolve disputes and ensuring that offenders are held to account.

... WITH INCREASED TRUST IN THE JUSTICE SYSTEM ...

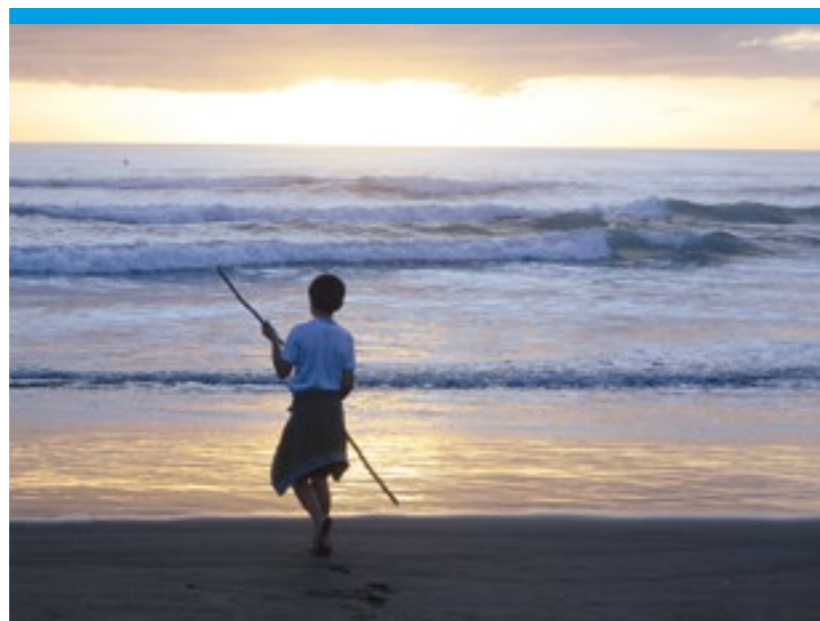
We're strengthening the public's trust in the justice system by ensuring processes are open, transparent and impartial, and providing services that are responsive, accessible, and cost-effective.

Most importantly, we treat people fairly and with respect. We know that people who come through the justice system or who use our services are often at their most vulnerable. We aim to help them by making sure they spend as little time in the system as necessary.

... AND THE INTEGRITY OF OUR CONSTITUTIONAL ARRANGEMENTS MAINTAINED.

Our justice system is underpinned by some fundamental principles and values. We're a nation with an independent Judiciary, we're committed to enhanced Crown-Māori relationships and to ensuring that the rights of New Zealanders are protected.

Our justice system upholds civil, political and property rights ensuring New Zealanders can transact with confidence, knowing their interests are protected. We actively uphold the global rule of law and our other international obligations.





2015-2017

OUR STRATEGY

<h2>WHAT_</h2> <p><i>Deliver modern accessible people centred justice services</i></p>	<h2>GOALS_</h2> <p><i>Modernise courts and tribunals to get people through quicker</i></p> <p><i>Complete Treaty settlements with groups who are ready</i></p> <p><i>Reduce crime, victimisation and harm</i></p> <p><i>Provide great service to the public every day</i></p>	<h2>HOW_</h2> <p>CUSTOMER <i>Walking a mile in the shoes of the public</i></p> <p>CONTINUOUS IMPROVEMENT <i>Always strive to provide a better service</i></p> <p>COLLABORATION <i>Helping each other to succeed</i></p> <p>RESULTS MATTER <i>We are all accountable</i></p>	<h2>PRIORITIES_</h2> <p><i>Develop our people</i></p> <p><i>Turn data into insight</i></p> <p><i>Build robust, functional ICT</i></p> <p><i>Ensure good communications</i></p> <p><i>Make the ministry a great place to work</i></p>
<h2>WHY_</h2> <p>FOR A SAFE & JUST NEW ZEALAND</p>	<h2>VALUES_</h2> <p>RESPECT. INTEGRITY. SERVICE. EXCELLENCE.</p>		

Our strategy

Our strategy sets out our strategic intentions that will enable us to deliver people-centred justice services for a safe and just New Zealand.

We've set ambitious **goals** that focus our collective effort on achieving the things that matter to New Zealanders.

We also show **how** we will achieve our goals through the 4 perspectives that we ask all our people to take.

We have 5 **priorities** that will help us build a more capable and sustainable organisation.

Our **values** underpin everything we do - the actions we take, the decisions we make and the relationships we manage.

In this year's annual report, we've included some stories that demonstrate

HOW_

these perspectives help to guide us as we deliver our services.

Our services



WE DELIVER COURT AND TRIBUNAL SERVICES. We work with the Judiciary to deliver court services for the Supreme Court, Court of Appeal, High Court, District Court, the Environment Court, Employment Court, Māori Land Court and Waitangi Tribunal. We support other tribunals, authorities and committees (including the Disputes Tribunal and Tenancy Tribunal) that help New Zealanders resolve disputes, review administrative decisions that affect their rights and entitlements, or licence and discipline people who work in a regulated occupation.



WE NEGOTIATE AND SAFEGUARD DURABLE TREATY OF WAITANGI SETTLEMENTS - building positive relationships between the Crown and Māori.



WE LEAD THE JUSTICE SECTOR to collectively reduce total crime and reoffending.



WE DEVELOP JUSTICE POLICY - advising on legislation and supporting our ministers.



WE ADMINISTER LEGAL AID - helping people who can't afford a lawyer to get legal advice and representation. 53,968 customers were granted legal aid.



We run the **PUBLIC DEFENCE SERVICE** - New Zealand's largest criminal law practice. The PDS accepted 15,732 cases this year.



Our **COLLECTIONS** unit is one of New Zealand's largest debt-collection agencies. We collect unpaid infringements, court fines and reparations ensuring monetary penalties are a credible sanction. We collected \$185.7 million in fines and reparations this year.



We carry out **CRIMINAL CONVICTION HISTORY CHECKS**. We processed 501,994 requests for criminal histories.



WE CONTRACT WITH COMMUNITY-BASED AND NON-GOVERNMENTAL PROVIDERS to help people going through the justice system. We spent \$50 million on 3rd party services in 190 contracts with community-based providers this year.

We administer over \$1 billion in government expenditure from Vote Justice, Vote Courts and Vote Treaty Negotiations, and more than 200 pieces of legislation including Treaty Settlement legislation



Achieving shared goals

Everyone has a stake in our justice system and everyone benefits from a system that works effectively. We work collaboratively within the Ministry and across the public sector to deliver critical services to our customers and improve the lives of New Zealanders.

Delivering policy priorities

In 2016-17, we contributed to a number of policy priorities.

- **Improving the all-of-government justice and social responses to family and sexual violence cases, with a focus on justice sector components.** We support the Ministerial Group on Family Violence and Sexual Violence which is tasked with addressing New Zealand's unacceptable rates of family and sexual violence. Find out more about our contribution to this work on pages 12 to 15.
- **Ensuring our privacy law, and in particular information sharing between public protection agencies, has the clarity required and is fit for purpose in a digital world.** This year, we drafted a new Privacy Bill and worked with the Office of the Privacy Commissioner and other agencies on operational information-sharing initiatives.
- **Leading the justice sector to consolidate and continue progress in our Better Public Services (BPS) targets around reducing crime and reoffending, and to encourage collaboration across the sector to manage investment, maintain institutions and improve services.** In *Leading the justice sector*, you can read about our contribution to reduce crime and reoffending. See page 10.
- **Updating our outdated law on Trusts.** The Trusts Bill, which will update and improve the general law governing trusts for the first time in more than 60 years, was introduced to Parliament in August 2017.
- **Maintaining New Zealanders' trust and satisfaction in the efficiency and effectiveness of our courts and justice system.** *Provide great service to the public every day* sets out our

performance and achievements towards this priority. See pages 20 to 23.

- **Strengthening our financial system against crime.** In August 2017, Parliament unanimously passed the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Amendment Act 2017. Phase 1 of the AML/CFT reforms placed obligations on New Zealand's financial institutions and casinos to detect and deter money laundering and financing of terrorism. The Act extended these obligations to lawyers, conveyancers, accountants, real estate agents, sports and racing betting and businesses that deal in certain high value goods.

Leading the justice sector

The work of each agency affects the others and so we need to work together to make New Zealand safer and to deliver accessible justice services.

The Minister of Justice leads justice sector Ministers. The Secretary for Justice chairs the Justice Sector Leadership Board (JSLB) – comprised of justice sector chief executives and the Commissioner of Police – to provide joined-up oversight of justice sector performance and outcomes. We support an integrated justice sector through:

- strong sector governance – sector ministers, the JSLB, and deputy chief executives
- shared ambition – monitoring performance against BPS targets and collective priorities
- shared knowledge – turning data into insight to inform better policies and services
- operational effect – identifying solutions to improve criminal justice pipeline performance
- investment readiness – shared resource allocation. (For example, through the Justice Sector Fund and justice sector 4-year plan.)

WORKING WITH OTHER SECTORS AND AGENCIES

Social factors, like family, education, economics, community and peers, and the abuse of alcohol and other drugs, can increase the risk of a person becoming involved in crime. There's a clear relationship between positive social and justice sector outcomes, which is why we work closely with social sector agencies. This includes the social, transport, commercial, and security sectors, as well as the legal profession, community-based and non-governmental service providers, and our Treaty and social sector partners.

Iwi, and around 70 government departments, Crown entities and local authorities (particularly the Department of Conservation, Land Information New Zealand and the Parliamentary Counsel Office) each play a critical role in negotiating, formalising and implementing Treaty settlements.

BETTER PUBLIC SERVICES RESULTS

The BPS programme aims to build a more flexible, innovative public service to deliver better results for New Zealanders. For 2016–7, the justice sector was responsible for *BPS result 7: reduce crime*, and *result 8: reduce reoffending*. BPS target 7 results can be found on page 60.

While the BPS targets were not achieved, we've made a substantial improvement in key areas. In particular, we've seen a strong reduction (down 13%) in the total crime rate and the Youth Crime Rate (down 31%). We've found the BPS goals to be an effective method of ensuring cross sector work to address the targets. While the Violent Crime rate has not been achieved, we understand that a significant proportion of the violent crime rate were crimes conducted in private dwellings. These crimes are commonly family violence incidents, and the Ministry and other agencies are working hard to increase the rate at which these crimes are reported to Police.

This year, the BPS targets were refreshed. From 2017–18, the justice sector is responsible for *BPS result 7: reduce serious crime*. The target is 10,000 fewer serious crimes by 2021. This will be supported by 3 measures: the rate of reoffending, the rate of family violence and the rate of sexual violence.

The new *BPS result 7* places an unambiguous focus on the crime that has the greatest impact on New Zealanders – serious crime. There are 7 priority areas which will contribute to achieving this target, including reducing family violence and sexual violence, improving justice outcomes for Māori, and improving outcomes for people with alcohol, drug, and mental health needs.

Being a victim of serious crime has significant social and economic costs. It affects peoples' ability to interact with each other, to lead productive lives, and to realise their full potential.

INVESTMENT APPROACH

The Investment Approach to Justice is a cross-sector work programme that uses data and evidence to support more targeted initiatives that prevent and reduce crime in New Zealand communities.

By providing organisations involved in crime prevention with high-quality analysis and research, we can:

- focus on the people and places we forecast to be involved in future crime
- recommend the most effective crime-prevention strategies
- fine-tune our services to make sure our support for victims of crime is delivered in the most effective way.

Supporting the independent Judiciary

A key role for the Ministry is supporting the Judiciary and the courts. The Ministry provides registry and administrative services necessary to support judicial administration of the court system and to support judicial decision-making. Administrative support includes transcription services, finance, ICT, human resources and funding and support for the Institute of Judicial Studies, which provides continuing legal education and development. We aim to provide these administrative services in the most efficient way possible.

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

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

In addition to our everyday contact with the Judiciary on operational matters, there are 2 official conduits for communications – the Judicial Office for Senior Courts and the Courts Consultative Committee. The Ministry seeks judicial input into its operational changes that impact the court, such as improvements to court processes and service design.

Delivering people-centred justice services

The ways that people experience the justice system, and their needs, are diverse. Some people contact the system as customers and others experience the system involuntarily, for example they become victims of crime. A strong justice system ensures laws are upheld and allows people to go about their lives confident that they are safe and their rights will be protected. This is why we put people at the centre of everything we do. Our work to deliver people-centred justice services is based on our 4 strategic goals.

Reduce crime, victimisation and harm

Modernise courts and tribunals to get people through quicker

Provide great service to the public every day

Complete Treaty settlements with groups who are ready

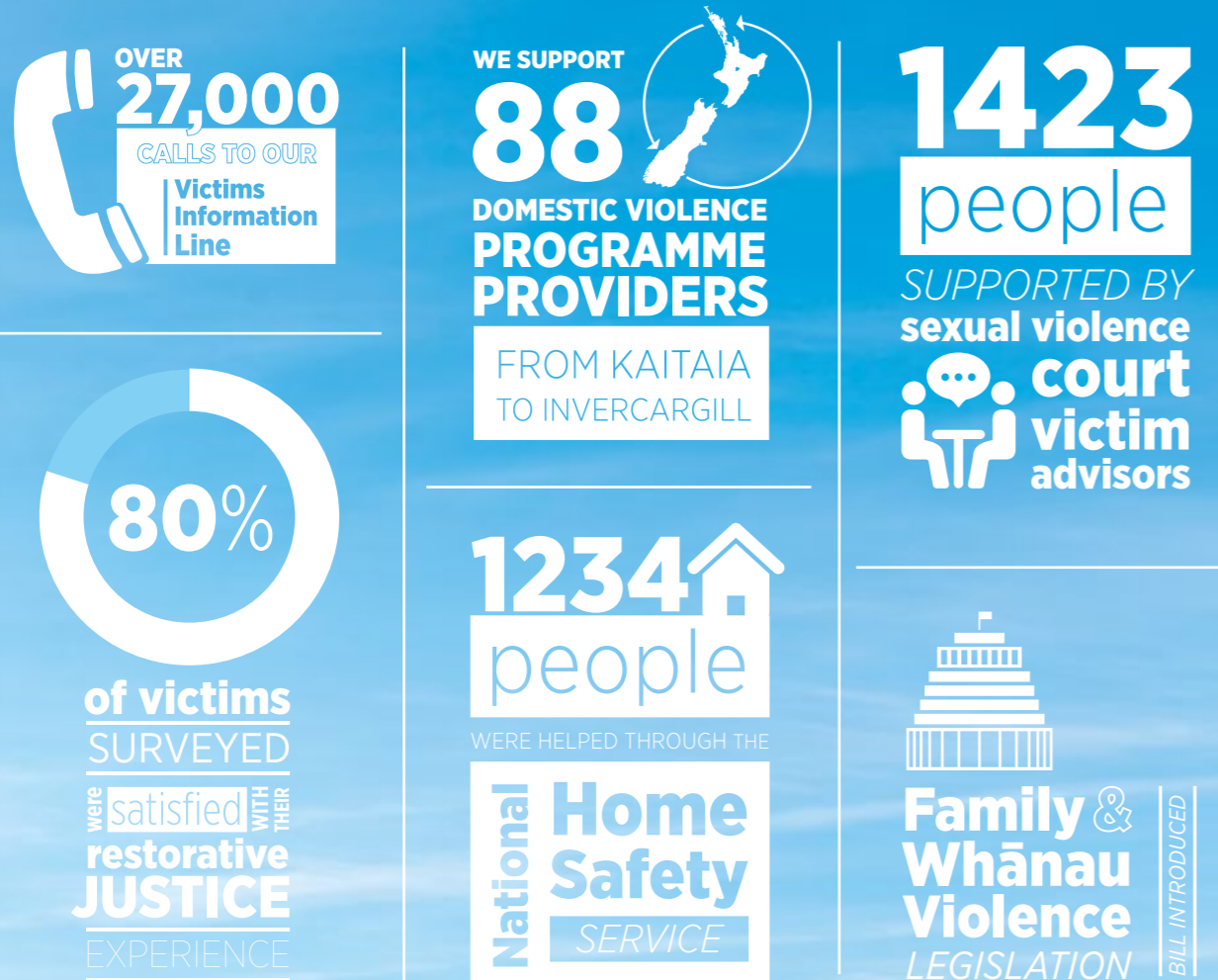
THE JUSTICE SECTOR



Putting people at the centre of everything we do

Reducing crime, victimisation and harm

We want New Zealanders to experience less crime and for victims to access services that support them and keep them safe. We're focusing on reducing the crimes that cause the greatest harm, specifically family violence and sexual violence.



WHAT'S NEXT?

The family violence and sexual violence cross-government work programme will continue initiatives to stop violence, reduce harm and break the cycle of revictimisation and reoffending. When enacted, the Family and Whānau Violence Legislation Bill will help keep victims of family violence safe and stop perpetrators using violence.

Keeping New Zealanders safe

A key focus for 2016–17 was to reduce New Zealand's unacceptable rate of family violence and sexual violence. Our country has one of the highest reported rates of these forms of violence in the developed world. Many New Zealanders know through personal experience of the devastating impact family violence and sexual violence has on families, whānau, and communities.

Our work in this critical area ranges from initiating new policies and legislative reform to providing targeted programs to support victims of these crimes. We regularly engage with our justice sector partners, other government agencies and non-governmental organisations.

We're committed to responding to the needs of victims of all crimes, and ensuring that their rights are upheld.

ADDRESSING FAMILY AND SEXUAL VIOLENCE

We support the Ministerial Group on Family Violence and Sexual Violence which is co-led by the Ministers of Justice and Social Development. The group aims to reduce the devastating impact of family violence and sexual violence and build an integrated and effective family violence response system. This is a cross-government work programme that has already put in place a wide range of initiatives to stop violence, reduce the harm it causes, and break the cycle of revictimisation and reoffending.

In 2016–17, we established a specialised multi-agency team for family violence and sexual violence. Throughout the year, the team provided advice on an integrated family violence system aimed at ensuring consistent response nationwide to victims and perpetrators no matter how they enter the system. For example, some people are referred to our support networks by a specialist practitioner; some people are self-referrals.

ENSURING FAMILY VIOLENCE LEGISLATION IS FIT FOR PURPOSE

In September 2016, the then Prime Minister announced important changes to family violence legislation to keep victims safer and stop perpetrators using violence. The **Family and Whānau Violence Legislation Bill**, a key element of the ministerial group work programme, was reported back from Select Committee in August 2017. These reforms:

- will provide better guidance about what family violence is
- create new family violence offences, including non-fatal strangulation
- make protection orders easier to apply for and allow others to apply on a victim's behalf
- better protect the safety of adult and child victims following separation
- will be more effective at helping perpetrators change their behaviour
- clearly flag family violence offences
- ensure family violence is effectively prosecuted
- enable better links to services for victims, perpetrators, family and whānau.

BETTER SUPPORT AND PROTECTION FOR THOSE AFFECTED BY FAMILY AND SEXUAL VIOLENCE

The **National Home Safety Service** has benefited about 2000 people affected by family violence since being rolled out nationwide on July 1, 2015. This is a crime prevention initiative that enables the homes of high-risk victims of repeated family violence to be made safer. It supports victims of family violence to remain in their homes when there is a high risk of further family violence incidents occurring that may result in serious injury or death.

Homes are made safer with practical measures such as replacing glass-panelled doors with solid doors, installing security lights and monitored personal alarms, replacing locks and fixing broken windows. Victims are also linked to various agencies that can help, including the National Collective of Independent Women's Refuges that is contracted to provide the service.

In 2016–17, the service made 393 homes safer, enabling 1234 victims of family violence to stay in their homes with a significantly reduced risk of serious physical harm or violence. In a recent survey, 91% of respondents said they had not been subjected to further family violence in the home within the 6 months after their home was upgraded.

We also support 88 providers of **domestic violence programmes** from Kaitia to Invercargill. These programmes include:

- safety information for people protected by a protection order, including needs identification, safety planning, and supporting safety sessions
- non-violence programmes for perpetrators of domestic violence
- the strengthening safety service for adults and children where there has been court intervention, such as a protection order or criminal proceedings.

SUPPORTING JUDICIAL INITIATIVES TO ADDRESS FAMILY AND SEXUAL VIOLENCE

We supported the implementation of the **Sexual Violence Courts** pilot, led by the Chief District Court Judge. The pilot, which began in December 2016 in Whangārei and Auckland, aims to improve the court experience for victims. It reduces delays in sexual violence cases getting to trial and encourages cohesive and consistent application of existing law. The pilot brings like cases together, helps ensure sexual violence cases are dealt with effectively and consistently, and improves how judges, court staff and lawyers work together. It is a valuable opportunity to use best practice case management and specialist judicial education to improve the court experience for victims.

A central part of the pilot is the education programme on sexual violence for trial judges. It informs judges on the complexities involved in sexual violence cases including linguistics, forms of questioning, and supporting child and vulnerable witnesses to reduce trauma.

In September 2015, the **Family Violence Summary Report** pilot was launched in the District Court in Porirua and

Christchurch. It was then expanded to include a total of 8 District Court locations. The initiative aims to keep victims safe by ensuring judges have relevant, timely and consistent information to assess risk when determining bail applications. Before the hearing, judges receive an information pack for all family violence bail applications. An evaluation of the extended pilot showed that generally, judicial officers found the extra information enabled them to make more informed decisions.

IMPROVING VICTIMS' EXPERIENCE OF THE JUSTICE SYSTEM

The **Supervised Handover Service** pilot provides a safe, neutral venue for transferring children between parents or caregivers who have separated due to family violence. Children can be deeply affected by conflict between their parents or caregivers. By removing the need for parents or caregivers to meet when children are handed over, we're aiming to reduce the risk of potential conflict.

Child witnesses and victims of sexual violence are better protected through improved processes and safeguards in the **Evidence Amendment Act 2016**, which came into force in January 2017. The Act makes the court process easier

and less traumatic for vulnerable people. It introduced improved court processes for child witnesses, enhanced court processes for complainants in sexual offence cases, and extra safeguards for sensitive video recorded evidence.

The **Family Violence Victim Video Interview on Scene** pilot, a Police initiative, was established in Counties Manukau. Police can take video statements at the scene of a family violence incident. The Evidence Regulations were amended to enable these video statements to be used as evidence in court. This will benefit victims and provide a better standard of evidence – less time is spent collecting written statements at crime scenes, which are 100% the victim's own words, and victims don't have to relive their entire experience in court.

We are also continuing to provide advice on the Law Commission's report *The Justice response to victims of sexual violence*.

RESPONDING TO THE NEEDS OF VICTIMS

Our aim is to make the justice system more responsive and easier to navigate for victims of all crime. The Victims Code sets out how victims of crime can expect to be treated by people helping them. It explains their rights and the support services that are available to them, to ensure their experience with the justice sector is as stress-free as possible. In 2016/17 we improved our ability to support victims by:

- updating the guidance video for child witnesses
- starting a review of services provided by Victim Support
- starting to update the eligibility criteria for financial grants
- publishing new factsheets for victims.

VICTIMS' INFORMATION SERVICE

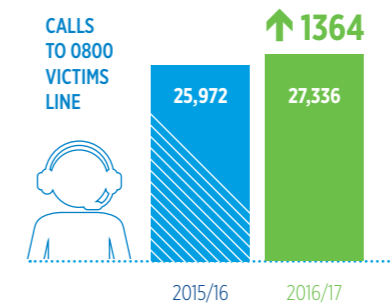
The Victims' Information Service is a valuable resource, which includes a comprehensive website (victimsinfo.govt.nz) and a 24/7 toll-free information line (0800 650 654).

It gives people affected by crime, quick and easy access to information about the criminal justice system and support services. It also helps connect victims with the most suitable agency for their needs.

COMPLAINTS FROM VICTIMS

The Victims Code explains how victims can make a complaint if they believe they haven't been treated fairly. It's important we know when victims' rights aren't being met so we can identify what went wrong and ensure their concerns are addressed. Together with other justice sector agencies, we use this information to identify and address areas for improvement.

During 2016/17, we received 6 complaints from victims of crime alleging a breach of rights under the Victims' Rights Act 2002. Five of the 6 complaints were upheld and the complainants received an apology.



HELPING VICTIMS OF CYBERBULLYING

Hundreds of people have been helped by cyberbullying laws over the past 2 years. The **Harmful Digital Communications Act 2015** includes measures to prevent and reduce the impact of cyberbullying and other modern forms of harassment and intimidation. It protects people from online abuse and serious emotional distress. Since coming into force in July 2015, dozens of offenders have been held to account.

The Act established an approved agency to handle complaints and educate the public about online conduct. NetSafe was chosen to assess, investigate and deal with complaints. The Act also introduced a civil court process for serious or repeated harmful digital communications.

Netsafe has received more than 1100 requests for help since November 2016. The courts have received 14 civil cases requesting Harmful Digital Communications Orders, 9 of which have been completed.

COLLABORATION: HELPING EACH OTHER TO SUCCEED

Working together to make sure family violence victims get the help they need

Since July 2016, nearly 30,000 family violence victims, perpetrators, their families and whānau in Christchurch and Waikato have been given safety and support through the collaboration of government and non-government agencies.

We're a central partner in the Integrated Safety Response (ISR) pilot which has been running in Christchurch and Waikato and is part of the cross-government work programme to reduce family violence.

At the heart of ISR are daily collaborative meetings in which specialists from the justice and social sectors work together to identify risks and issues, find solutions, and plan support packages suited to each family.

Once a victim's immediate safety has been secured, the team focuses on wider support for victims, perpetrators, and the family as a whole, tapping into the breadth of resources offered by local non-government service providers, such as Women's Refuges and perpetrator support services, District Health Boards, ACC, Oranga Tamaki – Ministry for Vulnerable Children, and the Ministries of Social Development, Justice, Health, and Education, along with Police and Corrections.

The pilot is achieving its goals and much of the success is attributed to the collaborative approach. Already 3 times as many families are taking up the offers of support in Christchurch and Waikato compared to before the pilot, with these families experiencing less frequent and fewer serious episodes of family violence.

All victims who were interviewed about their experience of being helped by the ISR said they felt safer, and many noticed improvements in their overall wellbeing and that of their children.



CUSTOMER: WALKING A MILE IN THE SHOES OF THE PUBLIC

Restorative justice: Giving victims a stronger voice

Restorative justice conferences are face-to-face meetings where victims can tell offenders how the crime affected them and offenders can take personal responsibility for their actions. This gives victims a stronger voice in the criminal justice system and holds offenders to account for their crimes.

Most victims of crime who take part in restorative justice conferences are satisfied with the process.

- 80% of victims who took part in the 2016 Victim's Satisfaction Survey were satisfied with the restorative justice experience they took part in, up from 77% in 2011
- 86% of family violence victims were satisfied with restorative justice compared with 77% for victims of other crime
- 81% of victims would likely recommend restorative justice to others in similar circumstances.

Restorative justice is also proving effective at lowering crime rates by reducing reoffending. The rate of reoffending among offenders who had been through restorative justice between 2008 and 2013 showed that, on average, they committed 26% fewer offences and had a 15% lower rate of reoffending than comparable offenders in the following 12-month period.

Modernising courts and tribunals to get people through quicker

We're modernising to make sure New Zealanders have access to better justice services. We're improving the customer experience, reducing the potential for harm, and improving our productivity and efficiency.

90%
of serious harm cases
resolved in 12 MONTHS

50% INCREASE
in remand appearance
VIA AVL 

PEOPLE CAN GET
txt REMINDERS
WHEN THEY'RE DUE AT
COURT & TRIBUNALS
3100 PEOPLE
HAVE SIGNED UP THIS YEAR

Judicature MODERNISATION

LEGISLATION

is **IMPROVING court processes for court users**

WHAT'S NEXT?

We'll move to a seamless way of operating and a more integrated customer experience – making it easier for people to engage and resolve matters and maximise the effective use of all our resources.

NOTE

¹*Serious harm cases are defined as categories 3 and 4 criminal cases – the cases where offenders can get more than 2 years imprisonment.*

²*Senior Courts:*

- Supreme Court
- Court of Appeal
- High Court.

Building our collective capability to deliver people-centred justice services

We're working alongside the Judiciary to modernise courts and tribunals and ensure all New Zealanders have access to better justice services. We're focusing on improving court processes so people can have their cases heard without unnecessary delays and get on with their lives.

New Zealanders often interact with us at a very stressful time in their lives. We're making our services straightforward so customers don't have to spend more time in the justice system than necessary. Improving the timeliness of our services will continue to be a strong focus for us and we've set some ambitious targets.

Technology is transforming how people engage with each other and the services they need, and they expect us to keep pace. We're simplifying and modernising procedures across the country to create a more efficient system that works better for customers, the Judiciary, legal professionals and our sector partners.

REDUCING THE TIME IT TAKES TO HEAR AND RESOLVE MATTERS

In July 2016, we adopted a new measure – to resolve all serious harm cases¹ within 12 months.

Our new measure is based on the understanding that justice delayed is justice denied. Achieving it will take several years and require us to continue working closely with the Judiciary and our sector partners.

We set a target for 2016–17 to resolve 94% of serious harm cases within 12 months. This was based on a 2015–16 baseline result of 92%. Due to an unprecedented increase in new serious harm cases in courts during 2016–17, we were unable to achieve our target for the year. However, we did resolve 1300 (4%) more serious harm cases than in 2015–16. This result was achieved through productivity improvements. The number of serious harm cases is forecast to continue increasing over the next 5 years.

IMPROVING THE USER EXPERIENCE

We're particularly concerned with the experience court users have as their case goes through the justice system and to make that experience as positive as we can. **MAKING THE PROCESS QUICKER AND EASIER FOR USERS**

The **Courts and Tribunals Enhanced Services Bills (CATES)**, introduced to Parliament in August 2017, will amend the legal framework for courts and tribunals. When enacted, CATES will give many of the tribunals we support a standardised set of powers and procedures allowing us to streamline support and simplify administrative processes. Other changes proposed, like extending the powers of court security officers to remove or deny entry or detain troublemakers, will also improve the user experience.

This year, we extended our wifi service to the District Court in Manukau, Waitakere, North Shore and Auckland. The service has been available in our Senior Court² buildings since February 2016. The service makes it easier for lawyers, self-represented litigants, journalists, Judiciary and our justice sector colleagues to have digital access when they work in the courts.

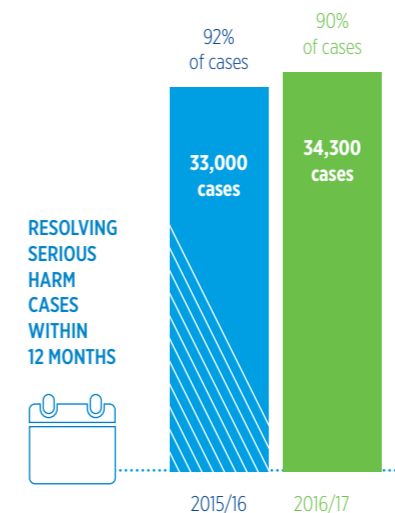
More customers are using our **text message reminder service** which helps them know when they are required to appear in court. This service was introduced in December 2015, and expanded to civil cases in August 2016. This year, over 3100 people signed up to receive a text reminder for their upcoming court or tribunal appearance.

PROVIDING SAFE AND USER-FRIENDLY COURTS

The **Justice and Emergency Services Precinct** in Christchurch, recently opened in 2017–18, will bring together all justice and emergency services agencies under one roof and provide modern, accessible facilities and services for court users. It's the largest multi-agency co-location project in New Zealand history and features improved technology that will make it easier for our people to work flexibly and better support customers.

Work on restoring Dunedin's historic Stuart Street courthouse is due to be completed in 2017–18. The building will be earthquake strengthened and feature new technology, including audio-visual capability and enhanced security.

The District Court in Manukau won an Award of Excellence for the Special Purpose Property Award at the Property Council New Zealand's Property Industry Awards 2016. The upgraded facilities are more efficient and the environment is safer for our employees, the Judiciary and all court users. Consultation with the Judiciary and stakeholders, such as the Police, ensured the building was tailored to the highly specific needs of a courthouse.



SOLUTION-FOCUSED COURTS

These courts aim to deal with a particular social problem by improving the experience of the users and creating a less intimidating environment. Some of these courts use kaupapa Māori emphasising the involvement of whānau, hapū and iwi in the court process.

Matariki Court in Kaikohe

This court was established in response to concerns about the high number of Māori being imprisoned. Using section 27 of the Sentencing Act, the Matariki Court considers an offender's personal circumstances and cultural background. It also looks at how the offender's whānau can help them avoid committing further offences.

Family Violence Courts

In 8 locations around the country, the District Court schedules block sittings of family violence cases so that appropriate social services, support and programmes can all be on hand to connect with families, under court guidance.

Sexual Violence Courts

This pilot is led by the Chief District Court Judge and takes place in Auckland and Whangārei. It uses best practice case management and specialist judicial education to reduce delays in bringing cases to trial and improve the court experience of victims.

New Beginnings Court in Auckland and the Special Circumstances Court in Wellington

These courts address persistent low-level offending by people who are homeless and whose ability to make decisions is impaired. They may also be dealing with addiction and mental illness.

Alcohol and Other Drugs Treatment Courts pilot

This pilot in Auckland and Waitakere District Courts is designed to supervise offenders whose offending is driven by their alcohol and other drug dependency, by providing judicial oversight of their engagement with treatment programmes and rehabilitation support services before they are sentenced.

Courts that specifically address youth offending

14 Rangatahi Courts and 2 Pasifika Courts. These courts enable Māori and Pasifika communities to be more involved in each step of the youth justice process

Christchurch Youth Drug Court. This court provides an enhanced youth court process to address the alcohol and other drug dependency issues of young people appearing in court and facilitates better service delivery to these young people in an effort to reduce their offending.

CUSTOMER – WALKING A MILE IN THE SHOES OF THE PUBLIC

Taking a different approach – Te Kōti Matariki

Established in 2010 by the Chief District Court Judge, Te Kōti Matariki (the Matariki Court) is a response to the high rate of imprisonment of Māori. Offenders who take part in Te Kōti Matariki must enter a guilty plea and show the court that their intentions to change are genuine.

The court is based in Kaikohe and is the only kaupapa Māori-based sentencing court of its kind in New Zealand. Its strength lies in its community-centred approach and its focus on providing a culturally appropriate rehabilitation programme.

Te reo Māori is spoken throughout proceedings which begin with a mihi whakatau, waiata and karakia. The courtroom has a horseshoe shaped setup, where the offender and their whānau sit at the same table as the defence counsel and other parties. The court considers the offender's personal circumstances and cultural background, and how the offender's whānau can help them avoid committing further offences.

Te Kōti Matariki works with Te Mana o Ngāpuhi Kowhāo Rau, an iwi-based provider that works with offenders, victim and whānau to develop rehabilitation plans to address the underlying causes of the offending. We fund Te Mana o Ngāpuhi Kowhāo Rau to support the court with these services.

Since its establishment, the court has completed 43 cases. Most offenders have completed or are completing intervention plans and are either in training or employment, with some in home detention or prison.

IMPROVING PRODUCTIVITY AND EFFICIENCY

IMPLEMENTING COURTS MODERNISATION LEGISLATION

The **Judicature Modernisation Bill** (JMB), passed in October 2016, created 5 new Acts and amended 18 existing Acts to improve the transparency, flexibility and relevance of court processes for court users. The JMB retained many provisions of prior court statutes but modernised the language and presented it in a clearer format. It also introduced some new provisions. Most of the changes came into force on 1 March 2017. Key features of the legislation include:

- creating a single District Court of New Zealand from 58 district courts
- increasing the monetary threshold of the District Court from \$200,000 to \$350,000, allowing it to hear higher value civil disputes
- allowing courts and tribunals to adopt modern practices, such as digital documents and electronic case files.
- increasing the transparency of courts (for example, judges will be required to publish information about reserved judgments)
- new measures to deal with meritless proceedings by giving judges more options to limit or prevent people from initiating vexatious civil cases.

STREAMLINING OUR SERVICES

We completed the **centralisation of High Court case management** to the High Court registries at Auckland, Wellington and Christchurch in October

2016. This enabled us to standardise case and file management, have visibility of workload across the whole judicial circuit, and have more consistent scheduling across the High Court.

This year, we continued automating our processes for setting attachment orders, which tell an employer or Work and Income to transfer money from the debtor's wages or benefit to the creditor. Fines defaulters who meet certain criteria are identified automatically for a team of registrars to consider.

We also implemented a fully automated business-to-business system between the Ministry of Justice and the Ministry of Social Development when attachment orders to benefits are issued. This completely removed the manual intervention in both organisations and removed huge amounts of paper from the system.

USING ALTERNATIVE SERVICE CHANNELS

AUDIO-VISUAL LINKS

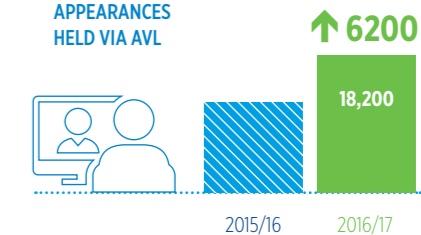
The use of **audio-visual links** (AVL) connecting courts and prisons for remand appearances has increased by more than 50% over the last 2 years. In 2016-17 there were more than 18,200 remand court appearances held via AVL compared to just over 12,000 in 2015-16. At 30 June 2017, AVL connected 20 courts to 15 prisons as well as a number of forensic/psychiatric hospitals.

Virtual appearances make courts safer by reducing the likelihood of violent incidents. It's also much more

convenient and cost-efficient, removing the need for prisoners to be escorted to court, placed in a holding cell and then returned to prison.

The Judicature Modernisation Legislation has facilitated and supported the increased use of AVL. The legislation meant that from 1 March 2017, AVL must be used for procedural appearances in the criminal jurisdiction where a defendant is in custody and the technology is available, unless a judicial officer or registrar determines that use of AVL is contrary to the interest of justice.

REMAND COURT APPEARANCES HELD VIA AVL



DISTRICT COURT ONLINE

This year a new website districtcourts.govt.nz was launched to publish judicial decisions from the District Court. The website is an initiative from the office of the Chief District Court Judge. An editorial board of senior judges selects cases of high public or legal interest for publication.



Providing great service to the public every day

We deliver justice services for New Zealanders every day. More than 2/3 of our people provide services or oversee relationships with 3rd parties to enable customers to resolve justice issues.

15,732

Public Defence Service
Ratonga Wawao ā-Ture Tūmatanui

ACCEPTED CASES

53,968
people

**GRANTED
LEGAL AID**

81%

of court users

are satisfied

WITH OUR **services & facilities**

90%

of court users

FEEL SAFE

at court

86%

of CALLS MADE TO OUR
COURT CALL CENTRE

**were resolved
in the 1st CALL**

980,000

contact
CENTRE

CALLS ANSWERED

\$3.3million
collected through the

offender levy

to fund services
for victims of
crime

WHAT'S NEXT?

We'll continue delivering high-quality services that put customers first. Our services will be simpler, quicker, consistent and online.

Our customers are at the heart of everything we do

The Ministry of Justice is a service delivery organisation – most of our resources are used to deliver core justice services to customers and to support the Judiciary. More than two-thirds of our people provide services, or oversee relationships with third parties who deliver services, to enable New Zealanders to access justice and resolve issues.

CHANGING HOW WE DELIVER SERVICES TO CUSTOMERS

We are committed to continuously improving the way we deliver services to our customers. This year we completed a major change to make our operational structure more consistent and customer-focused. The new **Operations and Service Delivery group** adopted a multi-jurisdictional approach, so that our people can help customers across jurisdictions and services. Our objective is to deliver services regionally with nationwide consistency to help customers get through the justice system more easily, while ensuring fairness.

We identified 5 ways of working to help us deliver consistent customer focused services. We:

- manage, deliver and measure our business consistently throughout New Zealand
- work collectively, recognising that our customers' experience is the sum of our whole organisation
- are systematic about how we deliver improvements
- use our combined talent to design and deliver improvements
- work as one skilled workforce across multiple jurisdictions and services.

This year, we also consolidated the legal aid granting service to 2 sites, began optimising processes, and streamlined and standardised the way we work. These changes have increased the efficiency of the service and were achieved with minimal disruption to our customers. Our legal aid customers now receive consistent services regardless of where they are and how they interact with us.

ADMINISTERING THE COURTS AND TRIBUNALS

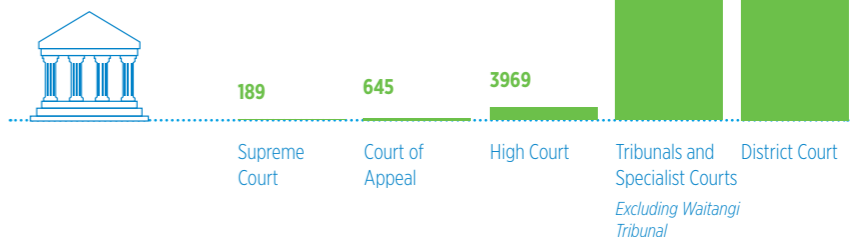
We support judicial administration of the courts, tribunals, authorities and committees, including:

- the Supreme Court, Court of Appeal and the High Court
- the District Court, including the Family Court and Youth Court
- specialist courts, such as the Environment Court, Employment Court and Coronial Services
- the Māori Land Court
- the Waitangi Tribunal
- 28 tribunals and authorities with over 400 judicial officers and certifying consultants
- other judicially led initiatives such as the Alcohol and Other Drug Treatment Court, Matariki Court and Rangatahi Court.

We also provide other essential services including:

- technical and Judiciary security which provides a secure and safe environment for the Judiciary, court users and our employees
- the National Transcription Service which transcribes proceedings across all jurisdictions and in other areas of the wider justice sector
- the Judicial Libraries team, which provides library and information services to the Judiciary and judicial support teams, advises on the management and administration of court records and publishes judicial decisions.

COURT & TRIBUNAL CASES RESOLVED 2016/17



ACCESS TO JUSTICE

Legal aid, the Public Defence Service, and advice provided through Community Law Centres help New Zealanders with limited financial means to access justice.

LEGAL AID

People who need a lawyer, but can't afford one, may qualify for legal aid. Legal aid is available for civil or criminal proceedings. In 2016-17, we processed 85,447 applications for legal aid, compared to 84,115 in 2015-16. There are some circumstances when a customer must repay a legal aid grant. The amount to be repaid depends on the financial means of each recipient. In 2016-17, \$19.7 million of legal aid was repaid compared to \$20.4 million in 2015-16.

PUBLIC DEFENCE SERVICE

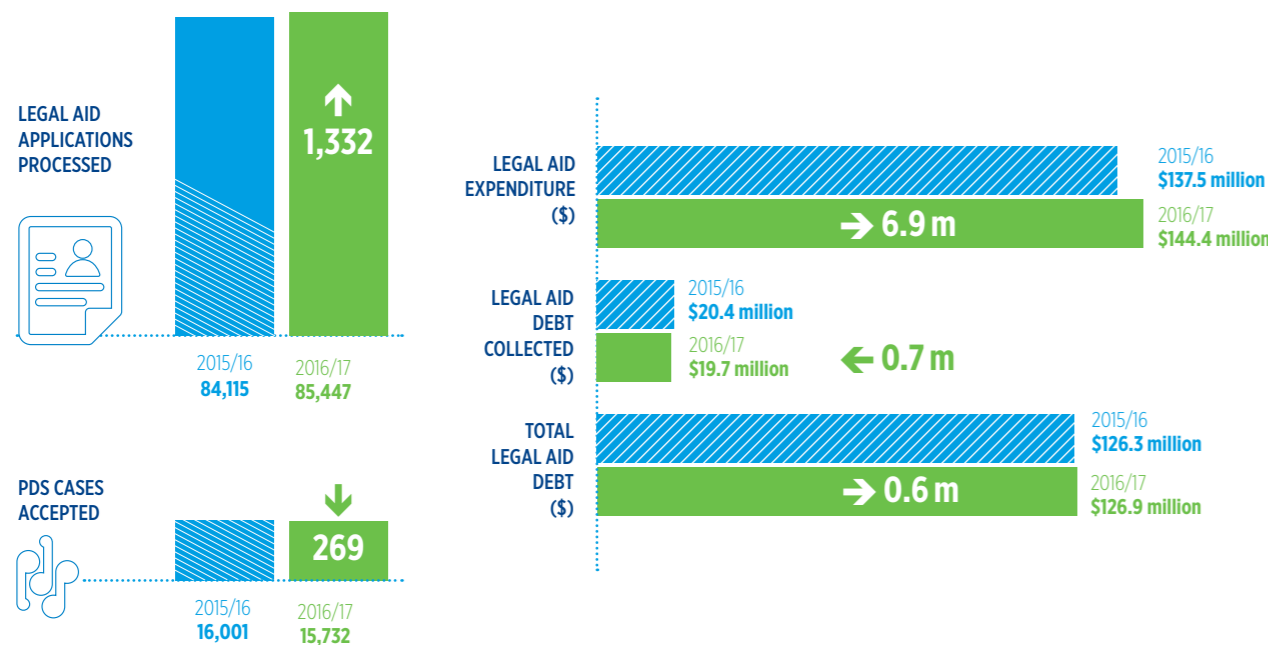
The Public Defence Service (PDS) is New Zealand's largest criminal law practice. It has more than 170 criminal defence lawyers in 10 offices nationwide, provides legal representation in up to 33% of legally aided criminal cases, and provides duty lawyer services in the courts.

In 2016-17, PDS accepted 15,732 new cases compared to 16,001 in 2015-16. A key focus of PDS in 2016-17 was its 'Grow Our Own' strategy – recruiting and developing graduate and junior lawyers to meet the demand for legal aid in criminal cases.

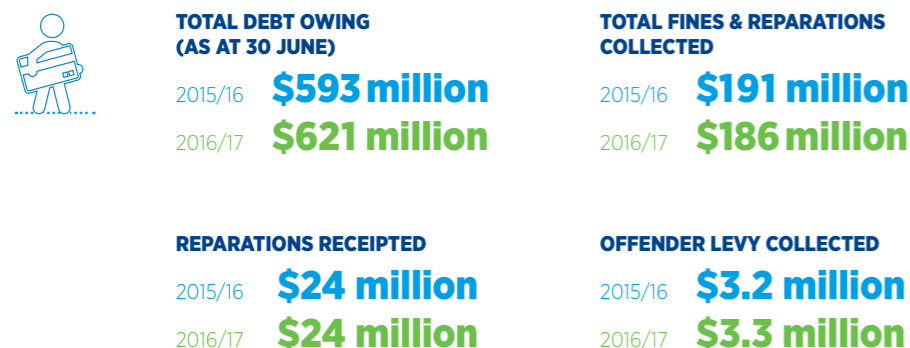
COMMUNITY LAW CENTRES

Through Community Law Centres (CLCs), New Zealanders can access free legal services and law-related education. CLCs provide assistance through websites, over the phone and at walk-in centres. They also undertake community engagement and deliver specialised legal services. In 2016-17, CLCs helped more than 45,000 clients with legal advice and saw over 27,000 participants in law-related education, slightly lower than in 2015-16 (48,000 clients and 32,000 participants in law-related education).

LEGAL AID AND THE PUBLIC DEFENCE SERVICE



COLLECTING FINES AND REPARATIONS



COLLECTING FINES AND REPARATIONS

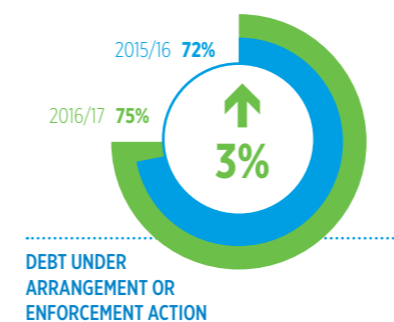
We collect unpaid infringements lodged in court and court-imposed fines and reparations, and enforce civil debts on behalf of judgement creditors where the court is instructed to do so. In this way, we help ensure the credibility of monetary sanctions as a sentencing option.

As at 30 June 2017, total debt owing was \$621 million compared to \$593 million at 30 June 2016. However, total debt is significantly below its peak of \$806 million in 2009.

OFFENDER LEVY

The Offender Levy is a \$50 levy imposed on all offenders when they're sentenced, regardless of the offence, which helps fund services for victims of serious crime. In 2016-17, we collected \$3.3 million compared to \$3.2 million the previous year. In 2016-17, the levy funded:

- support and services for around 35,000 victims, including employing specialist advisors who helped over 1,400 people through the court process.
- financial assistance such as travel grants for victims who need to travel to attend court, restorative justice meetings and parole hearings
- grants to families of homicide victims to help with funeral expenses, lost income and counselling.



HELPING PEOPLE IN NEED

We help people in need by developing, funding, procuring and managing contracts with community-based and non-governmental providers. These services include domestic violence programmes, restorative justice services, victims' services and the Victims Centre, Family Dispute Resolution mediation and Parenting Through Separation programmes. In this way, we help to:

- keep people safe and minimise the impact of harm
- reduce offending and reoffending
- uphold people's rights
- make it easier for people to access, understand and interact with the justice system.

Find out more in *Reducing crime, victimisation and harm* on pages 12-15.

CONTINUOUS IMPROVEMENT – ALWAYS STRIVE TO PROVIDE A BETTER SERVICE

Home agents: A public sector first

Three years ago, our collections registry officers (CROs) started working from home as part of a pilot. In July 2016, the arrangement became permanent and over 90 CROs – or 'home agents' – now work from home across New Zealand. They're managed 'virtually' by 6 collections managers based in Ministry buildings.

Home agents use technology such as Yammer and Go to Meeting to connect with each other. Being closely connected also drives a focus on standardisation and consistency so the customer gets the same great service wherever they are in the country.

We've found that our staff who work from home have a high level of engagement in their job and are happy with the flexibility of being able to work hours that fit into their lifestyle. Working from home has huge potential for our recruitment. It means that people can choose to live in places where, traditionally, they may not have been able to work for us.

By changing the way we work, we've been able to provide a better service to our customers, and a more effective work environment for our people.

We gave ourselves a year following the change to return to the level of output that the former, larger, Ministry-based workforce produced on average each month. The Home Agents reached that goal within 10 months of the change.



Completing Treaty settlements with groups who are ready

We work with claimant groups to resolve their historical grievances by negotiating fair and durable Treaty settlements. These settlements include cultural, financial and commercial redress that provide a basis for strengthening the Crown and Māori relationship into the future.

91% OF ALL iwi groups have a recognised mandate

WE'VE RECEIVED **380** APPLICATIONS under the **Marine & Coastal AREA TAKUTAI MOANA ACT 2011**

83 DEEDS OF SETTLEMENT have been signed WITH **61%** OF ALL GROUPS

WHAT'S NEXT?

We'll continue to work alongside Māori to safeguard the durability of Treaty settlements and help maintain and improve the Crown-Māori relationship. We'll work to harness the relationships developed through Treaty settlements to help us achieve improved justice outcomes for Māori.

WORKING TOWARDS COMPLETING HISTORICAL TREATY CLAIMS BY MID-2020

■ DEED OF SETTLEMENT SIGNED

■ NEGOTIATIONS IN PROGRESS

• Not in active engagement with the Crown



Healing the past, building the future

We work with claimant groups to resolve their historical Treaty of Waitangi grievances by negotiating settlements with the Crown.

In settling Treaty claims, the Crown's objective is to achieve fair and durable settlements that contribute to the cultural, social and economic development of Māori and enhance the Crown-Māori relationship. The government aims to complete historical Treaty claims with all willing and able groups by mid-2020. Our work to ensure fair and durable settlements includes:

- negotiating the settlement of all historical claims directly with claimant groups under the guidance and direction of the Cabinet
- providing policy advice to the government about generic Treaty settlement issues and individual claims
- overseeing the implementation of settlements
- administering the protection mechanism for Crown-owned land for use in Treaty settlements.

PROGRESS ON TREATY SETTLEMENT NEGOTIATIONS

There are many claimant groups that are either negotiating with the Crown, or in pre-negotiation discussions. Two key milestones achieved in 2016-17 were:

- initialising a deed of settlement with Tuwharetoa
- Parliament passing the Te Awa Tupua (Whanganui River Claims) Settlement Act, which grants the Whanganui River a legal identity, giving it the rights, duties and liabilities of a legal person.

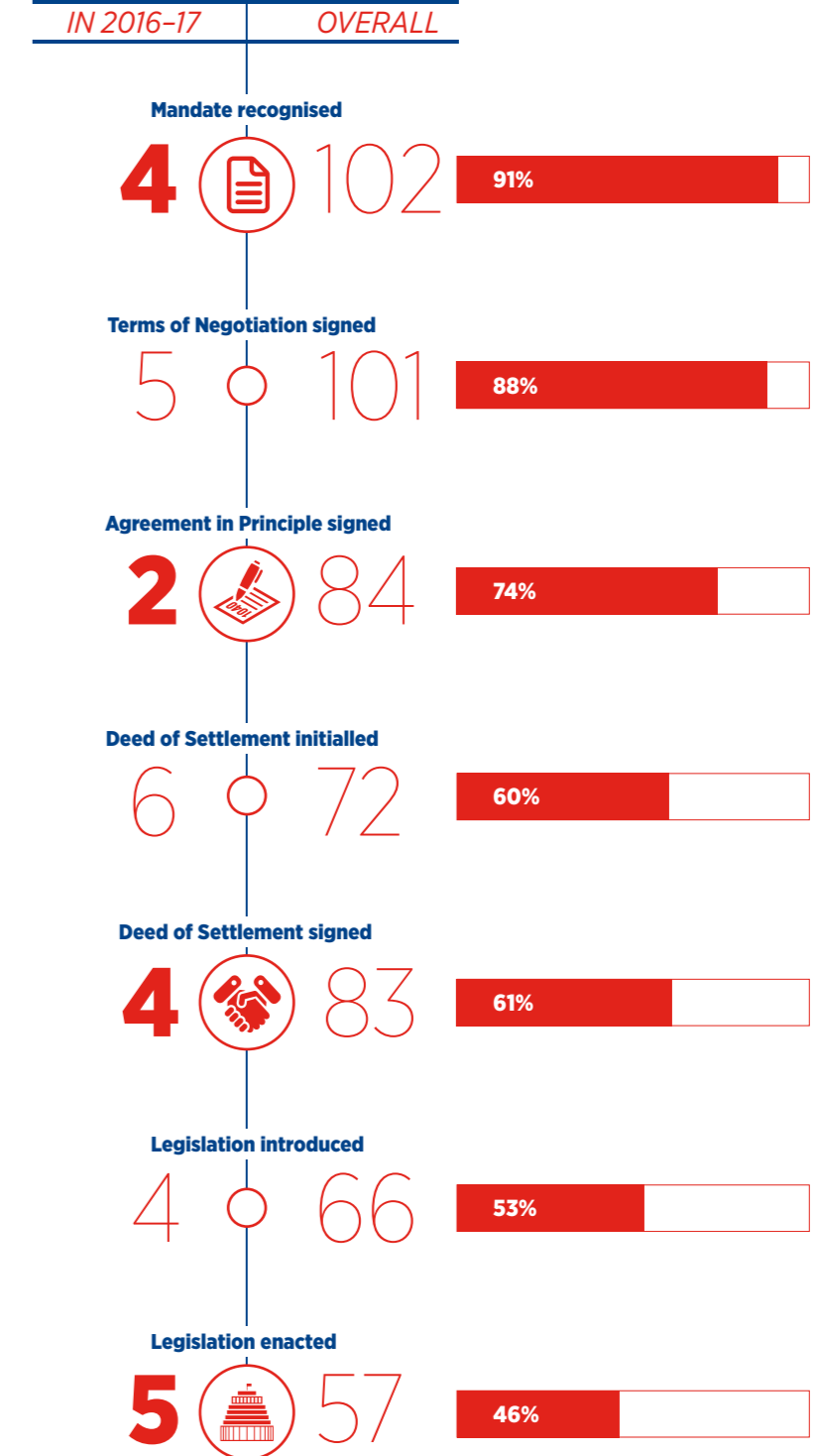
In October 2016, Cabinet approved the Broadening the Reach strategy, which extends the geographic and population reach of historical Treaty of Waitangi settlements. It also gives the Government the best opportunity to complete Treaty settlements with all willing and able groups by mid-2020.

The strategy has seen the momentum of negotiations increase significantly and in areas that haven't previously benefited from a Treaty settlement. We've brought forward several key negotiations including Ngāti Maniapoto, Whakatōhea, Te Whānau ā Apanui and the Whanganui group, and achieved significant negotiation milestones with these groups several years earlier than was planned.

We've also focused on completing settlements with groups whose settlements have been on the work programme for some time, for example, the Hauraki settlements, which are due to be completed early in 2017-18.

We also continued an extensive legislative programme with 8 Treaty settlement Bills being considered by Parliament as at 30 June 2017.

Treaty Settlement Process



ADMINISTERING MARINE AND COASTAL AREA (TAKUTAI MOANA) ACT 2011 APPLICATIONS

We administer applications for recognition of customary interests under the Marine and Coastal Area (Takutai Moana) Act 2011. Our work to manage applications includes:

- providing policy advice to government on issues related to the Act
- meeting with iwi, hapū and whānau to publicise the application process
- providing online resources to support applications.

Approximately 380 applications were received for direct engagement with the Crown by the 3 April 2017 deadline.

An engagement strategy to process applications was agreed by the Minister for Treaty Waitangi Negotiations in early 2017-18. Work is underway to develop a work programme to determine how applications will be progressed.

In the past year we entered a recognition agreement with Ngāti Pāhauwera under the Act. It's the first time this has occurred under the Marine and Coastal Area (Takutai Moana) Act.

SAFEGUARDING THE DURABILITY OF TREATY SETTLEMENTS

Our Post-Settlement Commitments Unit works with the Crown, iwi and local government to safeguard the durability of historical Treaty settlements. It also helps ensure the gains made to Crown-Māori relationships through Treaty settlements are maintained and built upon. As well as continuously engaging with settled groups, in the past year, we:

- led a joint working group (with Treasury, Land Information New Zealand and the Office of Treaty Settlements) for the Right of First Refusal Information Project – this project aims to build understanding across the Crown about Rights of First Refusal redress
- contributed to the review of the Cabinet Manual to ensure provision was made for new legislation to safeguard the durability of Treaty settlements.

COLLABORATION: HELPING EACH OTHER TO SUCCEED

The Te Awa Tupua Treaty settlement recognises the river as an indivisible and living whole

The Te Awa Tupua (Whanganui River Claims) Settlement Act received Royal Assent on 20 March 2017, ending 144 years of litigation. Whanganui Māori first petitioned Parliament in 1873 seeking justice for Te Awa Tupua (the Whanganui River) and its people. This followed the purchase of land around the lower reaches of the river by the Crown, which then asserted authority over the river itself. The historical claims have now been settled by the passage of Treaty settlement legislation.

Developing an agreement and the legislation to implement it took years of negotiation between the Crown and Te Awa Tupua Iwi. In large part, this collaboration hinged on taking the Māori worldview into account when looking at options. 'I am the river and the river is me' is a well-known whakatauki from the region.

The law established the river as a living whole, from the mountains to the sea, with rights that are legally recognised. It also created a new role, Te Pou Tupua, to be the human face of the river. Two people fulfil this role and are appointed jointly by the Crown and Te Awa Tupua Iwi.

The relationship between the Crown and Te Awa Tupua Iwi is now one of partnership.



Organisational health and capability

Our people are behind every aspect of our strategy, so it's important that we attract, develop and retain exceptional people who are empowered to use their best judgement in every situation. We're building a more capable and sustainable organisation to deliver people-centred justice services.

▶ Our strategic priorities set out the focus areas that will ensure we have the people, capability and infrastructure we need to deliver our goals and improved outcomes for New Zealanders.

Develop our people	Ensure good communications	Turn data into insight
Build robust functional ICT	Make the Ministry a great place to work	

▶ Our RISE values underpin everything we do.

RISE TOGETHER | **FOR A SAFE & JUST NZ**

Respect Integrity Service Excellence



Developing our people

Our performance as a team determines our ability to deliver on our goals. As we modernise our services, we're ensuring our people have the right skills to deliver 21st-century justice services. We're committed to attracting, developing and retaining exceptional people with a drive for continuous improvement who deliver customer-focused services.

We invest in the development of our people from the day they start working at the Ministry of Justice. Our **induction programme** ensures that each new starter has a 90-day induction plan and participates in our orientation day. Our **orientation days** give our new employees an opportunity to find out about other parts of the Ministry, learn how their role fits in, how they can contribute to the achievement of our goals and develop their professional networks. They spend a day together and meet our Strategic Leadership Team, learn about development opportunities, and connect with colleagues from around the country.

More than 320 new employees have attended an orientation day since they were introduced in May 2016.

Our online learning management system, **Thrive**, gives our people easy access to learn and develop their skills in a wide range of topics and disciplines. On average, 66% of our people use Thrive each quarter to book or complete a course online.

Our managers use Thrive to create online learning plans for their people. In 2017-18, we'll pilot an online training tool relating to the development of teams.

We're still investing in our leadership capability, developing effective leaders at all levels and in all parts of the Ministry. We have introduced new tailored **leadership programmes** as we recognise that, as people progress through to senior leadership, the skills and capability they require change. In 2016-17, we:

- focused on developing our mid-level leaders and updating our support tools to ensure they could maximise what they had learned.
- launched our emerging leaders programme for those wanting to take the next step towards leadership.

Ensuring good communications

We're working to ensure our customers have the information they need and can share their views. We're also doing more to proactively engage with our partners and stakeholders, and build a common sense of purpose among our people. We're taking a **digital first approach** which makes it easier for people to access information and engage with each other, and helps us measure and improve our communications efforts. In 2016-17, we:

- launched the Ministry's new website, which went live on July 1, 2016. More than 1.4 million people visited it in 2016-17. The website is now more accessible and responsive to customers' needs. For example, it displays the most searched-for information on the home page
- reached more people through social media. We use LinkedIn and Twitter to share useful and interesting news and information with the public, and use Facebook to help communicate with our people in emergency situations
- continued publishing the quarterly Justice Matters newsletter, which updates our stakeholders and shares our success stories of delivering people-centred justice services
- improved internal communications to keep our people informed and engaged. Our Chief Executive provides regular communications through videos and interactive online forum sessions. We also introduced several new regular communications initiatives in the OSD Group. This helps our people engage with our key achievements, strategy and values, and provides an opportunity for them to give feedback.

Turning data into insight

We're on a journey to becoming an organisation that turns data into insight, and insight into action. Better use of our own data, and integrating our data with that of other agencies, is helping us to improve our services.

We've lifted our Gartner Information Maturity Rating to level 3 out of 5 and are well-placed to achieve our level 4 target by December 2018. When we reach level 4, data will be integrated across the Ministry, data governance will be well-established and data will be trusted and acted on to drive strategic change.

USING INSIGHT TO INFORM DECISION MAKING

We're leading the development of the Investment Approach to Justice, a cross-sector work programme that uses data and evidence to support more targeted initiatives that prevent and reduce crime in New Zealand communities.

We're also using our insights to help us understand what we need to focus on to achieve our target of resolving all serious harm cases within 12 months. Some of the insights we've gained are:

- category 3 cases require 8 times the effort of category 1 cases and 4 times the effort of category 2 cases
- serious harm cases were 55% more likely to enter the trial stage in 2016-17 than in 2014-15
- Manukau category 3 cases are twice as likely to process to trial stage than in Rotorua
- people who receive a fine are less likely to reoffend or need benefit in the future than those sentenced to community work
- 80% of convictions are to people who were first convicted before the age of 20.

IMPROVING DATA QUALITY

We've decommissioned 3 data warehouses, making considerable annual savings. We will decommission another data warehouse within the next 18 months, resulting in all Ministry reporting data being consolidated into a single data warehouse, providing a single, integrated source of truth for performance reporting.

Data quality monitoring and improvement has become a priority. We are purchasing tools and addressing business processes to ensure that data captured at the frontline is 'right first time'. We will assess and report on data quality and monitor performance in improving data quality. We will make changes to our operational systems where required to improve the quality of the data captured and collected.

We have continued to invest in people, capability, tools and technology to mature the way we use and make data available to decision makers. We have co-located our data analysts and data technology specialists to provide a seamless data and insights service to operational service delivery and corporate functions.

We are driving cultural change to embed the use of data. To do this we are fostering close collaboration between various business groups to derive operational and strategic insight and inform operational decision making to improve our services.

Building robust, functional ICT

In 2016-17, we reorganised our ICT services so their function and structure aligned with our new approach to service delivery. We're also improving our capability by implementing our *Skills for the information age* framework. This sets out the skills our people need and will guide development plans so they're well-equipped to perform and supported to grow.

Our Information Systems Strategic Plan is our plan to lead our ICT investment and address the complexity and aged nature of our systems. In 2016-17, we continued:

- progress of our ICT remediation programme for our aged systems and platforms to improve reliability – our 5 main technology applications were available 99.9% of the time this year
- implementing our enterprise content management system, Te Kete – which will deliver a digital platform to standardise the creation, storage, preserving, finding and sharing of our business information
- improving our audio-visual services in the courts and upgraded 24 sound systems.

We make extensive use of all-of-government services. We use the Infrastructure as a Service (IaaS), Integrated Service Management (ITSM), and Common Web Platform (CWP) offerings. We've also adopted Telecommunications as a Service (TaaS) and are implementing Enterprise Content Management as a Service (ECMAAS). The benefits include improvements to overall asset health and a reduction in operational risk.

We've identified 12 systems that may potentially be affected by the requirement to include the New Zealand Business Number (NZBN) and will work with the Ministry of Business, Innovation and Employment and other agencies to ensure an integrated approach to implementation.

RESULTS MATTER – WE'RE ALL ACCOUNTABLE

Using data to make better decisions

We use data to measure how we're doing at providing great service to the public every day and achieving our other strategic goals.

Data offers us the opportunity for a more objective view of how things work. We have a greater ability to evaluate what we do for our customers, decide when and where to intervene, and develop our services.

The process has 3 steps: data, insights, action – we get the data, gain the insights, then use this to improve our day-to-day decision-making and deliver benefits to our customers and our people.

THE PROCESS HAS 3 STEPS



Get data

We know how many category 3 cases are heard by the District Court. But simply looking at the number of cases won't tell the whole story.

Gain insight

Analysing data allows us to dig deeper and see that disposing of a category 3 case takes 8x more work than a category 1 case. Category 3 cases also effect other areas – legal aid costs go up, police prosecutors must spend more time on them, and they're more likely to result in remand, which has flow-on effects for the Department of Corrections.

Take action

We can use these insights about people, processes, customers and financials to improve the delivery of our services and how we work. We can make informed decisions about how we use our resources and effectively work with our stakeholders.

NOTE

Category 3 offences are more serious offences that are punishable by imprisonment for 2 years or more. Category 3 offences can be heard by a judge alone or, if the defendant chooses, by a judge and jury. They are usually heard in the District Court but can be transferred to the High Court.

Category 1 offences are relatively minor offences that are punishable by a fine only. Category 1 offences are heard by a judge alone in the District Court.

Making the Ministry a great place to work

Our people are a vital part of our ambition to deliver people-centred justice services. Our purpose guides everyone's contribution in the Ministry. This clarity of purpose is underpinned by our values, which are embedded in everything we do.

We want the Ministry to be a great place to work. We're committed to providing an environment where our people feel valued, connected and part of a strong and positive culture; encouraged to reach their potential; and motivated to play their part in the Ministry's success.

LIVING OUR VALUES

Everyone in the Ministry has a role to play in bringing these values to life. Our values are the foundation of the actions we take, the decisions we make, and the relationships we build.

- Respect – we value others and their contribution
- Integrity – we are honest and open
- Service – we deliver results
- Excellence – we focus on quality

RECOGNISING AND SUPPORTING OUR PEOPLE

Our success isn't just about what we do; it's how we do things that really makes the difference. We want great people to work for the Ministry. We want them to feel engaged and inspired to be the

best they can be – and that means it is important that we recognise their success and support them. In 2016–17, we:

- recognised and celebrated our outstanding performers and their contributions to the Ministry through the Chief Executive's Awards
- recognised our long-term employees via the Service Recognition Programme
- supported our Women's Network and the Government Women's Network to help our female employees achieve their personal and professional goals
- supported our Young Professionals Network, which helps our employees who are in the early stages of their careers to develop skills and build relationships within the Ministry and the wider public sector
- established Te Pou Here. This is a Māori cohort, which provides a network of support and knowledge for our Māori employees. We launched this initiative within our Policy Group but we aim to extend it to the rest of the Ministry in the coming year.

Our people are invited to participate in surveys that measure their perceptions relating to engagement and strategic priorities and initiatives. Their responses and feedback inform many of our people-centred initiatives.

DIVERSITY AND INCLUSION

We're committed to promoting a culture in which all people, whatever their gender, ethnic or social background, sexual orientation or role, are valued and treated equitably and with respect. We want to create an environment where our people can feel open about being themselves at work.

This year, we reviewed our policy and practices to identify areas for improvement. Our next steps are to define our goals and specific actions, and form a plan. Actions will include:

- developing training and resources to address unconscious bias in our recruitment, performance and development practices
- developing information and guidance on gender pay equity
- continuing to support our Women's Network and the Government Women's Network
- improving our talent management practices to ensure our diverse workforce is well-represented among our leadership.

PROMOTING EQUAL EMPLOYMENT OPPORTUNITIES

An inclusive culture is fundamental to ensuring our diverse workforce can develop and thrive. We're committed to being a good employer and an

employer of choice. We value our diverse workforce, our inclusive culture and our commitment to equality. We promote Equal Employment Opportunities through our practices relating to the recruitment and selection, development, management, and retention of our people.

HEALTH, SAFETY AND WELLBEING

We want everyone who works with the Ministry to get home safely every day. Our efforts in Health and Safety start at the top and our Strategic Leadership Team maintains close oversight of our Health and Safety work programme. We've established a Health, Safety and Security Group, which is responsible for court security, health and safety, privacy and emergency management. We have developed an intensive and integrated work programme that will deliver:

- a new health and safety risk management system
- a comprehensive assessment of threats and risks around health, safety and security across all Ministry workplaces and related work programmes
- a comprehensive training and awareness programme to identify issues and respond to incidents, and training, which is tailored for people's roles.

Many of our people undertake work in challenging situations, which is why we continue to invest in our Employee Assistance Programme. Over the past year there has been a greater emphasis on resilience workshops and professional supervision services.

We also reimburse the costs of eye tests, enable ergonomic assessments, and provide free flu vaccinations for our people.

DOING WHAT'S RIGHT

We recognise that ethical conduct is just as important as high performance, and failure to operate ethically will affect the public's trust in us. Our Code of Conduct sets out our principles and the behaviour we expect from our people.

In 2016–17, we launched 6 health, safety, security and compliance modules online as part of our induction programme for new employees.

Our Protected Disclosures Policy provides an internal procedure through which our people can make disclosures under the Protected Disclosures Act 2000.



68% OF OUR PEOPLE ARE PART OF THE OPERATIONAL & SERVICES DELIVERY TEAM supporting access to justice through the courts and related services

Recognising and supporting our people



3630 PEOPLE
AT OUR
MINISTRY
(3491 FTE)

AT OUR MINISTRY:

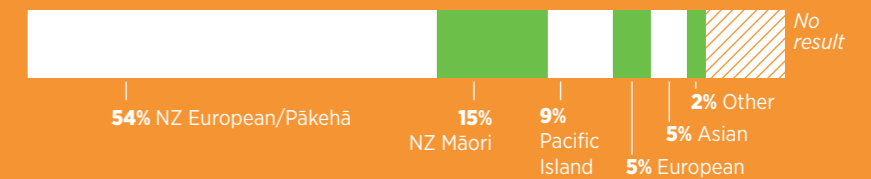
69% are women **31%** are men

GENDER

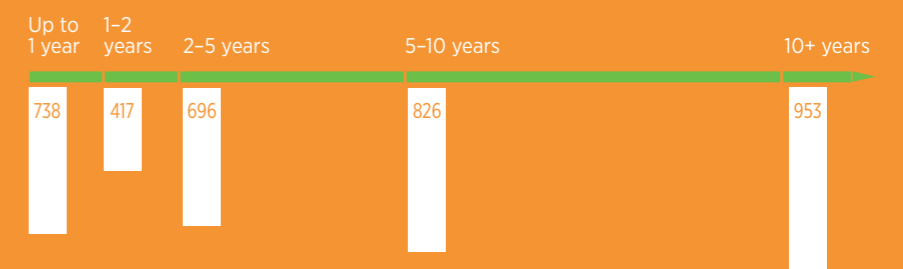


Of our senior managers, it's a 50/50 gender split

ETHNICITY
SELF-REPORTED



LENGTH OF SERVICE



Governance and risk management

GOVERNANCE COMMITTEES

The Strategic Leadership Team is collectively responsible for our organisational performance. It focuses on our long-term strategic direction, ensuring good foundations and operational performance so that we meet our strategic objectives.

The Planning and Resources Committee oversees the delivery of our strategic and business planning process and key accountability documents. It also oversees our budget process, workforce planning, and risk and assurance processes, and core capabilities (human resources, ICT and property) to ensure we have the resources we need.

The Investment Committee oversees the effective delivery of our strategic investments, allocating and prioritising in line with our investment framework and Long Term Investment Plan.

The Health, Safety and Security Committee oversees the requirements that must be considered when planning and assigning responsibilities for protective security, including policy statements and principles, and the allocation of security responsibilities.

MANAGING RISK

Like any organisation, we face a number of risks and uncertainties. Some come from outside our organisation, others from within. Some we can't control, some we can.

We use an enterprise-wide risk management framework, based on international standards of good risk management practice, which ensures that risk management is an integral part of managing our business.

The Strategic Leadership Team regularly reviews strategic risk and makes decisions to support mitigation activity. Further oversight is provided by the Planning and Resources Committee, Health, Safety & Security Committee, Investment Committee and their supporting sub-portfolio committees, which receive monthly information on significant organisational, operational and project risks respectively. Relevant business group plans indicate how they contribute to mitigation of strategic risks and how they manage risks they face from an operational or project perspective.

We regularly monitor and report on our strategic and financial risks, and specific fiscal risks are reported to Treasury on a regular basis.

The Audit and Risk Committee provides independent advice on the Ministry's management of risk. The committee assists the Chief Executive to improve the quality of the Ministry's governance, manage risks within the Ministry and enable the effective and efficient discharge of responsibilities and accountabilities. The committee is independent and objective in relation to management.

Our internal audit programme provides independent assurance to the Chief Executive and senior managers that the Ministry's key processes and systems are operating effectively. In addition, collaboration with our justice sector partners plays an important part in understanding and managing sector-wide risks.

DELIVER MODERN ACCESSIBLE PEOPLE-CENTRED JUSTICE SERVICES FOR A SAFE & JUST NEW ZEALAND

STRATEGIC LEADERSHIP TEAM

Driving long term strategic performance to ensure the Ministry is positioned for the future

PLANNING AND RESOURCES COMMITTEE

Plans and develops our organisational capability

INVESTMENT COMMITTEE

Optimises the portfolio and oversight of our change programme

HEALTH, SAFETY AND SECURITY COMMITTEE

Leads the Ministry's health, safety and security

MODERNISATION GOVERNANCE GROUP

Develops the Ministry's modernisation strategy and modernisation activity

BUSINESS GROUPS

Delivering and continually improving services to customers

OUR PERFORMANCE

Statement of responsibility

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

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

In my opinion:

- the financial statements fairly reflect the financial position of the Ministry as at 30 June 2017 and its operations for the year ended on that date; and
- the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2018 and its operations for the year ending on that date.



Andrew Bridgman
Secretary for Justice and Chief Executive
28 SEPTEMBER 2017



Independent Auditor's report

To the readers of the Ministry of Justice's annual report for the year ended 30 June 2017

The Auditor-General is the auditor of the Ministry of Justice (the Ministry). The Auditor-General has appointed me, Ajay Sharma, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of the Ministry on pages 72 to 94, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2017, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Ministry for the year ended 30 June 2017 on pages 41 to 66;
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2017 on pages 112 to 119; and
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 96 to 110 that comprise:
 - the schedules of non-departmental assets; the schedule of non-departmental liabilities and revaluation reserves; and the schedule of non-departmental contingent liabilities and contingent assets as at 30 June 2017;
 - the schedule of non-departmental expenses; the schedule of non-departmental capital receipts; and the schedule of non-departmental revenue and receipts for the year ended 30 June 2017;
 - the statement of trust monies for the year ended 30 June 2017; and
 - the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Ministry on pages 72 to 94:
 - present fairly, in all material respects:
 - › its financial position as at 30 June 2017; and
 - › its financial performance and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Standards.
- the performance information of the Ministry on pages 41 to 66:
 - presents fairly, in all material respects, for the year ended 30 June 2017:
 - › what has been achieved with the appropriation; and
 - › the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Ministry on pages 112 to 119 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989; and
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 96 to 110 present fairly, in all material respects, in accordance with the Treasury Instructions:
 - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2017;
 - expenses; and revenue for the year ended 30 June 2017; and
 - the statement of trust monies for the year ended 30 June 2017.

Our audit was completed on 28 September 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Chief Executive for the information to be audited

The Chief Executive is responsible on behalf of the Ministry for preparing:

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

The Chief Executive is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Chief Executive is responsible on behalf of the Ministry for assessing the Ministry's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Ministry, or there is no realistic alternative but to do so.

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

Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Ministry's Statement of Intent, Estimates of Appropriations, as updated in the Supplementary Estimates of Appropriations and the 2016/17 forecast figures included in the Ministry's 2015/16 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive.
- We evaluate the appropriateness of the reported performance information within the Ministry's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Chief Executive is responsible for the other information. The other information comprises the information included on pages 4 to 33, 38 to 39, and 67 to 69, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is

materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Minister of Justice's, Minister for Courts', and the Minister for Treaty of Waitangi Negotiations' report on relevant non-departmental appropriations that is appended to the Ministry's annual report is not part of the Ministry's annual report. The Public Finance Act 1989 does not require the information in the Minister's report to be audited and we have performed no procedures over the information in the Minister's report.

Independence

We are independent of the Ministry in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out engagements in the areas of ECM (Enterprise Content Management) probity, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Ministry.



Ajay Sharma
Audit New Zealand

On behalf of the Auditor-General
Wellington, New Zealand

Audit & Risk Committee report

Background

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

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

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

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

Current members

The Committee comprises 3 independent external members. During the year the Committee welcomed a new independent member, Naomi Ferguson to replace Scott Pickering who had rotated off the Committee during the previous year. The remaining independent members are:

- Graeme Mitchell (Chair)
- Viv Rickard.

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

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

Report of the Audit and Risk Committee

During the financial year ended 30 June 2017 the Committee has met on 4 occasions to fulfil its duties and responsibilities. The Committee has:

- received briefings on the Ministry's business plan for 2016-17 and the Chief Executive's priorities for the year
- examined the Ministry's governance arrangements and been appraised of proposals for service delivery reorganisation
- discussed and provided advice on key areas of the Ministry's programme of work including:
 - Investing In Justice programme
 - Modernisation programme
 - Investor Confidence Rating (ICR) review
 - Workforce capability and engagement
 - Health, Safety and Security management
 - ICT infrastructure remediation and response to cyber threats
 - Disaster response plans and learning from recent events
- reviewed the Ministry's strategic risks
- discussed the Ministry's quarterly financial and operational performance
- discussed with the external auditors their audit plan for the year and the findings from their audit work
- reviewed and endorsed the Internal Audit work programme for the year (and out years) and discussed the findings from this work, including receiving updates on progress with implementation of agreed remedial actions, the legislative compliance programme and fraud risk.
- considered the Ministry's Internal Control Assessment Tool (ICAT) survey results
- reviewed the Ministry's Annual Report and provided advice to the Chief Executive and CFO on content and disclosure.

In addition to its formal meetings, the Committee has separately reported to the Chief Executive on matters through meetings with its Chair.

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

The Committee has continued to build on the priorities it established in the previous year. Agendas have been tailored to focus on the strategic rather than the transactional in order to maximise the value the Committee can provide. This broadly translates to 4 themes.

Strategic priorities and risks

Discussions with the Chief Executive have included robust debate on the Ministry's strategic direction and annual priorities, as well as the risks to their achievement. It is clear that the Ministry is implementing and embedding the One Operational Group change programme that was commenced in the previous year to remove silos and bring focus onto delivering consistent services for customers nationwide.

Aligned to this change programme the Committee will continue to maintain particular interest in the Ministry's broader progress with modernisation and the 5-year action plan that will guide its portfolio of modernisation investment.

The Committee regularly considered the Ministry's strategic risk profile and tested through debate and discussion the robustness of its responses. A particular interest has been maintained in the Ministry's response to its fiscal pressures and its ICT infrastructure risks. Regular briefings on progress regarding the above were received and they will remain areas of ongoing focus.

We have found that there is good evidence of effective governance by the Ministry over its direction and business. This view is based on the papers presented to the Committee along with the associated oral briefings and discussions.

Health safety and security

The Ministry has made a significant commitment to supporting the health, safety and security (HSS) of its people and the users of its services. The Committee received detailed briefings on how the Ministry is going to deliver a comprehensive approach to HSS including the outcomes sought and what success will look like. It is obvious there has been a concerted and deliberate effort to gain traction and make change and this is an area in which the Committee will maintain a strong focus as the high level work programme progresses.

People and organisational capability

The Committee has continued its focus on the Ministry's ability to manage capacity, capability, communications and change. It has been briefed on the major change programmes, the Ministry's work to revamp its leadership development and people induction programmes and the work done to improve communication and engagement levels across the Ministry. The Ministry's ability to maintain service delivery levels while managing significant change or while responding to an adverse event will remain an ongoing focus of the Committee's interest and oversight.

Assurance

The Committee's 4th area of focus has been to ensure there remains sufficient emphasis on, support for, and oversight of, the external and internal assurance programmes. We have had unrestricted access to and frank exchanges of information with the external auditor and have satisfied ourselves as to the independence of the internal audit function and the focus of its activities.

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

Reporting against appropriations

FOR THE YEAR ENDED 30 JUNE 2017

This section outlines the measures used by the Ministry to assess our performance in delivering our outputs. Our outputs are specified in the Estimates of Appropriations for 2016/17.

Where appropriate, an explanation is provided for a service performance negative variance of more than 5%, a result outside the forecast range or a positive variance of more than 10%.

VOTE JUSTICE

Administration of Legal Services

WHAT THE MINISTRY DOES

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

CONTRIBUTION TO STRATEGIC INTENTIONS

This appropriation contributes to increased trust in the justice system. The administration and provision of legal services helps to meet public needs and expectations to develop better, more accessible, and cost-efficient public services.

ASSESSING PERFORMANCE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Legal aid debt recovered as a percentage of debt book (estimated debt recovered: \$17million-\$20million)	New measure	13%	15%	
Number of new criminal legal aid applications administered	62,292	57,000-63,000	64,148	This is a demand driven measure. The increase is due to an increased number of criminal applications that are eligible for legal aid.
Number of new family legal aid applications administered	20,024	18,000-22,000	19,578	
Number of civil legal aid (other) applications administered	1,799	1,600-2,000	1,721	
Number of quality and value audits undertaken per year (see note 1)	75	85	85	
Legal aid applications for criminal cases assessed within 1 working day	97%	93%	92%	

Note 1 - A risk-based approach is taken to selecting audits.

OUTPUT CLASS STATEMENT

ADMINISTRATION OF LEGAL SERVICES

Revenue	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Crown	33,813	27,825	31,679	28,054
Departmental	579	129	83	198
Other	111	6	6	43
Total Revenue	34,503	27,960	31,768	28,295
Total Expenses	32,333	27,960	31,768	27,573
Net Surplus	2,170	-	-	722

Justice and Emergency Agencies Property and Shared Services

WHAT THE MINISTRY DOES

This appropriation is limited to the provision of property and shared services to other agencies in Christchurch.

CONTRIBUTION TO STRATEGIC INTENTIONS

This appropriation contributes to a public facility with justice and emergency services that are modern, accessible, resilient and people-centred, provide for improved joint outcomes and service delivery and contribute to a vibrant urban environment in Christchurch.

ASSESSING PERFORMANCE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Comment
Services meet the standards agreed with other agencies	New measure	Achieved	Not achieved	Co-location agreements with the other agencies have been delayed due to the Christchurch Justice and Emergency Services Precinct not being completed during 2016/17. The agreements will be in place for 2017/18.

OUTPUT CLASS STATEMENT

JUSTICE AND EMERGENCY AGENCIES PROPERTY AND SHARED SERVICES

Revenue	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Crown	20,013	21,225	12,750	-
Departmental	-	418	7,725	-
Other	-	1,287	2,507	-
Total Revenue	20,013	22,930	22,982	-
Total Expenses	16,599	22,930	22,982	-
Net Surplus	3,414	-	-	-

Public Defence Service

WHAT THE MINISTRY DOES

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

CONTRIBUTION TO STRATEGIC INTENTIONS

This appropriation contributes to increased trust in the justice system. The provision of legal services by the Public Defence Service helps to meet public needs and expectations to develop better, more accessible and cost-efficient public services.

ASSESSING PERFORMANCE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Number of hours per annum Public Defence Service provides duty lawyer supervision in the courts the Ministry operates	New measure	No less than 12,000 hours	13,799	
Percentage of criminal legal aid cases assigned to a Public Defence Service lawyer within 1 business day from the date we receive the legal aid assignment	New measure	93%	95%	
Number of new cases accepted during the year	16,001	15,000-17,500	15,732	
Average cost for PDS PAL 1 cases (see note 1)	New measure	No more than \$750	\$701	
Judicial satisfaction with the services of the Public Defence Service	New measure	80% or higher	No result	The survey was not completed in 2016/17 because the Ministry is reviewing all surveys it undertakes. This measure was not included in the 2017/18 Estimates.

Note 1 – PAL 1 cases are the less severe charges usually heard by a judge alone. PAL is the Provider/Lawyer Approval Level of a case. Cost accounted for using criminal legal aid fixed fee rates.

OUTPUT CLASS STATEMENT

PUBLIC DEFENCE SERVICE

Revenue	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Crown	31,019	29,111	31,817	26,957
Departmental	68	101	88	74
Other	213	-	-	40
Total Revenue	31,300	29,212	31,905	27,071
Total Expenses	30,957	29,212	31,905	26,620
Net Surplus	343	-	-	451

Sector Leadership and Support

WHAT THE MINISTRY DOES

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

CONTRIBUTION TO STRATEGIC INTENTIONS

This appropriation contributes to safer communities, increased trust in the justice system, and maintaining the integrity of our constitutional arrangements. The provision of sector leadership and support improves sector governance, helps meet public needs and expectations to develop and deliver better public services, and makes society safer by preventing crime and reducing reoffending.

ASSESSING PERFORMANCE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
The satisfaction of the Minister of Justice and the justice sector Leadership Board with the leadership, advice and support provided by the Ministry (see note 1)	New measure	At least 8/10	8.2/10	
Manage the Justice Sector Fund, as measured by the coordination of 2 funding rounds	Achieved	Achieved	Achieved	
The satisfaction of the Minister of Justice and Associate Minister of Justice with the quality of support and advice provided by the Ministry in relation to its management of Crown entities and agencies	New measure	At least 8/10	7/10	

Note 1 – The justice sector Leadership Board results are from the Chief Executives of the Ministry of Justice, Department of Corrections, Crown Law and the Serious Fraud Office.

OUTPUT CLASS STATEMENT

SECTOR LEADERSHIP AND SUPPORT

Revenue	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Crown	9,351	9,778	9,909	7,885
Departmental	140	48	25	203
Other	26	18	18	62
Total Revenue	9,517	9,844	9,952	8,150
Total Expenses	8,996	9,844	9,952	7,830
Net Surplus	521	-	-	320

Ministry of Justice – Capital Expenditure PLA

SCOPE OF APPROPRIATION

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

CONTRIBUTION TO STRATEGIC INTENTIONS

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

ASSESSING PERFORMANCE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Comment
Christchurch Justice and Emergency Services Precinct	On schedule	Operational in 2017/18	Operational in 2017/18	Construction to be completed in the first quarter of the 2017/18 financial year, with agencies commencing to move in to the Precinct in the second quarter. Precinct fully operational in third quarter of 2017/18.

OUTPUT CLASS STATEMENT

Appropriation	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Ministry of Justice – Capital Expenditure PLA	136,579	194,755	78,214	204,233

Justice Policy Advice and Related Services (multi-category appropriation)

WHAT THE MINISTRY DOES

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

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

CONTRIBUTION TO STRATEGIC INTENTIONS

This appropriation contributes to safer communities, increased trust in the justice system, and maintaining the integrity of our constitutional arrangements. The provision of these services is intended to make society safer by preventing crime and reducing reoffending, whilst also meeting the public needs and expectations to develop better, more accessible and cost-efficient public services.

ASSESSING PERFORMANCE

PERFORMANCE OF THE MULTI-CATEGORY APPROPRIATION AS A WHOLE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
The satisfaction of the Minister of Justice, the Attorney-General, the Minister for Courts, and the Associate Minister of Justice with policy advice and related services, as per the common satisfaction survey (see note 1)	63%	At least 8/10	6.8/10	

Note 1 – Responses were received from the ministers that the Ministry of Justice provides policy advice and related services to – the Minister of Justice, the Minister for Courts and the Associate Minister of Justice.

JUSTICE POLICY ADVICE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Technical quality of policy advice papers assessed by a survey with a methodological robustness of 90% (see note 1)	7.8/10	At least an average of 7/10	7.5/10	
The satisfaction of the Minister of Justice with the policy advice service, as per the common satisfaction survey	5.8/10	At least 7/10	6.4/10	
The total cost per hour of producing outputs	\$147	At most \$155	\$140	

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

LEGAL AND MINISTERIAL SERVICES

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
The satisfaction of the Minister of Justice, the Minister for Treaty of Waitangi Negotiations, and the Attorney-General with the quality of legal advice, as per the common satisfaction survey	New measure	At least 8/10	8.7/10	
The satisfaction of the Minister of Justice, the Minister for Treaty of Waitangi Negotiations, the Attorney-General, the Minister for Courts, and the Associate Minister of Justice with ministerial services, as per the common satisfaction survey	74%	At least 8/10	7.8/10	

OUTPUT CLASS STATEMENT

JUSTICE POLICY ADVICE

Revenue	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Crown	19,170	15,413	30,557	17,463
Departmental	343	228	100	364
Other	57	48	48	24
Total Revenue	19,570	15,689	30,705	17,851
Total Expenses	18,224	15,689	30,705	16,749
Net Surplus	1,346	-	-	1,102

LEGAL AND MINISTERIAL SERVICES

Revenue	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Crown	5,589	4,255	7,067	4,850
Departmental	152	31	19	78
Other	19	14	14	7
Total Revenue	5,760	4,300	7,100	4,935
Total Expenses	5,780	4,300	7,100	5,058
Net Surplus	(20)	-	-	(123)

VOTE COURTS

Courts, Tribunals and Other Authorities Services, including the Collection and Enforcement of Fines and Civil Debts Services (multi-category appropriation)

WHAT THE MINISTRY DOES

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

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

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

The Specialist Courts, Tribunals and Other Authorities Services output class supports the provision of services in regard to the work of New Zealand's specialist courts, tribunals and authorities.

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

CONTRIBUTION TO STRATEGIC INTENTIONS

The purpose of this appropriation is to provide courts, tribunals and other authorities services, including the collection and enforcement of fines and civil debt services. Through this appropriation crime and reoffending is reduced and cost-effective public services are delivered. This supports safer communities, increased trust in the justice system, and maintaining the integrity of our constitutional arrangements.

ASSESSING PERFORMANCE

PERFORMANCE OF THE MULTI-CATEGORY APPROPRIATION AS A WHOLE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Satisfaction of court users with court services and facilities (see note 1 and 2)	New measure	80%	81%	
Percentage of juror survey responses that rate overall juror satisfaction as 'satisfied' or better (note 3)	90%	90%	91%	

Note 1 – Court users, including people who attend court to pay their fines, are surveyed 2-yearly for the satisfaction with the Ministry's services at the largest courts. This measure is for overall satisfaction and is aligned with the State Services Commission's Common Measurement Tool for measuring satisfaction with state services.

Note 2 – The 2016/17 Court User Survey sample size was 2,044 people.

Note 3 – Juror satisfaction is measured by an annual survey of jurors. The performance measure standard is the percentage of survey responses where jurors rate their overall satisfaction level with specific services as 'satisfied' or better. The scale for responses is: very satisfied, satisfied, neither satisfied or dissatisfied, dissatisfied, very dissatisfied.

COLLECTION AND ENFORCEMENT OF FINES AND CIVIL DEBTS SERVICES

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Total amount of fines collected	\$191.2 million	\$192 million to \$212 million	\$185.7 million	A reduction in the average age of impositions has affected the amount collected. Organisational changes within the Ministry and a reduced value of fines being imposed also contributed to the result.
Percentage of court-imposed and infringement fines collected or placed under arrangement within 4 months	New measure	84%	76.2%	There are a number of factors that contributed to this result, for example organisational changes within the Ministry and a reduced value of fines being imposed.
Percentage of applications for an Attachment order and Variation, Cancellation or suspension of an Attachment order processed within 48 hours of filing	New measure	85%	66.1%	There are a number of factors that contributed to this result, for example organisational changes within the Ministry and a reduced value of fines being imposed.
Percentage of Offender Levy collected or placed under arrangement within 4 months (estimated amount collected through levy: \$3.1–\$3.5 million)	78%	85%	74.8%	There are a number of factors that contributed to this result, for example organisational changes within the Ministry and a reduced value of fines being imposed.
Percentage of debt that is overdue	New measure	44%	48.6%	There are a number of factors that contributed to this result, for example organisational changes within the Ministry and a reduced value of fines being imposed.

DISTRICT COURT SERVICES

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Number of District Court criminal cases (including youth) disposed (estimated new business 130,000–148,000)	133,470	128,000–144,000	137,153	
Number of District Court jury cases (subset of criminal cases) disposed (estimated new business 2,100–3,100)	2,676	2,600–3,300	2,824	
Number of Youth Court cases (subset of criminal cases) disposed (estimated new business 3,200–4,100)	4,077	3,600–4,400	4,421	
Percentage of responses from District Court judges surveyed about criminal trial cases and civil and family appeals that rate 'fairly satisfied' or better for courtroom support, case management/file preparation and presentation	New measure	75%	No result	The survey was not completed in 2016/17 because the Ministry is reviewing all surveys it undertakes. This measure was not included in the 2017/18 Estimates.
Number of District Court criminal cases (including youth) stayed for undue delay in terms of section 25(b) of the New Zealand Bill of Rights Act 1990 for reasons wholly or partly the responsibility of the Ministry	New measure	0	4	This measure has been discontinued for 2017/18 as the results are not wholly within the Ministry's control.

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Percentage of responses from District Court judges surveyed about Youth Court cases that rate 'fairly satisfied' or better for courtroom support, case management/file preparation and presentation	New measure	75%	No result	The survey was not completed in 2016/17 because the Ministry is reviewing all surveys it undertakes. This measure was not included in the 2017/18 Estimates.
Number of civil cases disposed (estimated new business 9,300–12,600)	14,588	9,200–11,000	15,229	This is a demand driven measure. More cases were disposed of than forecast due to an increase in new business. New business number is 15,767.
Percentage of responses from District Court judges surveyed about Family Court cases that rate 'fairly satisfied' or better for courtroom support, better for case management/file preparation and presentation	New measure	75%	No result	The survey was not completed in 2016/17 because the Ministry is reviewing all surveys it undertakes. This measure was not included in the 2017/18 Estimates.
Number of Family Court substantive applications disposed (estimated new business 55,000–59,000)	58,323	57,000–60,000	57,279	
Percentage of responses from District Court judges surveyed about Family Court cases that rate 'fairly satisfied' or better for courtroom support, better for case management/file preparation and presentation	New measure	75%	No result	The survey was not completed in 2016/17 because the Ministry is reviewing all surveys it undertakes. This measure was not included in the 2017/18 Estimates.
Number of calls received by the 0800 victims of crime information line	25,972	24,000– 26,000	27,336	This is a demand driven measure. The increase is consistent with the increase in the number of cases requiring victims support.
Number of victims supported by Sexual Violence Court Victims Advisors (see note 1)	1,371	1,300–1,500	1,423	

Note 1 – This measure was included under the Victims' Services appropriation in Vote Justice 2016/17 Estimates of Appropriations. However, we have included the measure here because the Sexual Violence Court Victims Advisors are funded through Courts, Tribunals and Other Authorities Services, including the Collections and Enforcement of Fines and Civil Debts Services multi-category appropriation.

HIGHER COURT SERVICES

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Number of Supreme Court civil and criminal appeals disposed (estimated new business 10–45)	21	15–40	27	
Number of Supreme Court civil and criminal applications for leave to appeal disposed (estimated new business 140–200)	171	140–240	162	
Number of Court of Appeal civil and criminal appeals disposed (estimated new business 540–660)	689	600–800	645	
Percentage of responses from High Court judges surveyed about criminal appeals and jury trial cases that rate 'fairly satisfied' or better for courtroom support, and case management/file preparation and presentation	New measure	85%	No result	The survey was not completed in 2016/17 because the Ministry is reviewing all surveys it undertakes. This measure was not included in the 2017/18 Estimates.
Percentage of responses from High Court judges surveyed about civil cases and family appeals that rate 'fairly satisfied' or better for courtroom support, and case management/file preparation and presentation	New measure	85%	No result	The survey was not completed in 2016/17 because the Ministry is reviewing all surveys it undertakes. This measure was not included in the 2017/18 Estimates.
Number of High Court criminal cases disposed (estimated new business 150–250)	202	150–250	137	This is a demand driven measure. The result is lower than forecast due to a decrease in numbers of new High Court criminal trials, and cases taking longer to dispose.
Number of High Court civil cases disposed (estimated new business 2,200–2,500)	2,370	2,100–2,400	2,344	
Number of High Court civil and criminal appeals disposed (estimated new business 1,300–1,500)	1,472	1,300–1,600	1,488	
Number of High Court criminal cases stayed for undue delay in terms of section 25(b) of the New Zealand Bill of Rights Act 1990 for reasons wholly or partly the responsibility of the Ministry	0	0	0	

SPECIALIST COURTS, TRIBUNALS AND OTHER AUTHORITIES SERVICES

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Coronial Services Unit				
Number of coronial cases disposed (estimated cases referred 5,300–5,900)	5,572	5,850	5,531	This is a demand driven measure.
Percentage of coronial cases on hand under 12 months old	66%	70%	60%	Coronial cases have been increasing since early 2017. The Ministry is exploring with other parties involved in the coronial system how we can reduce the time it takes to dispose of these cases.
Disputes Tribunal				
Number of Disputes Tribunal claims disposed (estimated claims received 12,000–13,000)	13,436	12,000–13,000	13,109	This is a demand driven measure.
Percentage of Disputes Tribunal pending cases under 3 months old	76%	80%	77%	
Employment Court				
Number of Employment Court cases disposed (estimated cases received 150–200)	197	200	204	
Percentage of Employment Court cases on hand under 12 months old	71%	75%	67%	The Employment Court average age is prone to marked fluctuations to the relatively small case load.
Environment Court				
Number of Environment Court cases disposed (estimated cases received 300–400)	428	350	453	More cases were disposed of than forecast due to an increase in new business.
Percentage of Environment Court cases on hand under 18 months old	78%	75%	81%	
Immigration and Protection Tribunal				
Number of Immigration and Protection Tribunal cases disposed (estimated cases received 1,200–1,300)	1,482	1,350–1,450	1,476	
Sittings days supported	585	150	510	This is a demand driven measure.
Lawyers and Conveyancers Disciplinary Tribunal				
Number of Lawyers and Conveyancers Disciplinary Tribunal cases disposed (estimated cases received 25–35)	28	30–40	25	This is a demand driven measure. Fewer cases were scheduled for hearing due to a decrease in hearing sought.
Sittings days supported	36	40–60	20	This is a demand driven measure. Fewer cases were scheduled for hearing due to a decrease in hearing sought.
Legal Aid Review Authority				
Number of Legal Aid Review Authority cases disposed (estimated cases received 5–10)	2	5–10	4	

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Legal Aid Tribunal				
Number of Legal Aid Tribunal cases disposed (estimated cases received 60–80)	66	60–80	72	
Legal Complaints Review Officer				
Number of Legal Complaints Review Officer cases disposed (estimated cases received 250–350)	271	250–350	302	
Sittings days supported	25	40–60	57	
Māori Land Court				
Number of Māori Land Court applications disposed (estimated applications received 5,600–5,900)	5,888	5,600–5,900	5,737	
Percentage of all Māori Land Court applications disposed within 12 months	83%	80%	84%	
Percentage of written enquiries completed within 10 working days of receipt	86%	90%	92%	
Percentage of customers surveyed satisfied with the services provided by the Māori Land Court	83%	80%	87%	
Private Security Personnel Licensing Authority				
Percentage of uncontested applications issued within 6 weeks	32%	50%	36%	Changes within the Authority has impacted the time taken for uncontested applications to be issued.
Licence applications received	360	400–500	573	This is a demand driven measure. More cases were received than forecast.
Certificate applications received	8,031	8,000–9,000	5,916	This is a demand driven measure. Fewer applications were received than forecast.
Number of Private Security Personnel Licensing Authority applications (complaints, objections, disqualifications) disposed (estimated applications received 800–1,000)	1,047	800–1,000	405	This is a demand driven measure. 432 applications were received, which is fewer than what was forecast.
Real Estate Agents Disciplinary Tribunal				
Number of Real Estate Agents Disciplinary Tribunal cases disposed (estimated cases received 80–110)	80	80–110	63	This is a demand driven measure. Fewer applications were received than forecast.
Sittings days supported	61	75–85	78	
Tenancy Tribunal				
Cases disposed – cases determined and mediation orders sealed	30,298	32,000–34,000	26,863	This is a demand driven measure. The result is lower than expected due to the numbers of mediators' orders sealed being much lower than forecast.
Number of Tenancy Tribunal sitting days supported	3,862	3,400–3,600	3,862	

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Waitangi Tribunal				
Number of Waitangi Tribunal claims registered (estimated new claims lodged 25–35)	32	30–40	91	This is a demand driven measure. The number of claims registered has previously risen in the year of a general election.
Percentage of research and report writing outputs provided by due date	100%	90%	80%	The Tribunal had a large research programme with ambitious deadlines and a high level of claimant engagement. Urgent inquiries also caused slight delays in the Tribunal's other report writing programme. This remains an area of focus for the Tribunal.
Weatheright Homes Tribunal				
Number of Weatheright Homes Tribunal cases disposed (estimated new cases received 20–30)	40	20–30	34	

OUTPUT CLASS STATEMENT

COLLECTION AND ENFORCEMENT OF FINES AND CIVIL DEBTS SERVICES

Revenue	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Crown	52,346	61,487	53,930	61,469
Departmental	83	552	508	238
Other	2,033	3,955	3,955	1,694
Total Revenue	54,462	65,994	58,393	63,401
Total Expenses	53,309	65,994	58,393	61,211
Net Surplus	1,153	-	-	2,190

DISTRICT COURT SERVICES

Revenue	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Crown	198,313	206,016	215,731	202,993
Departmental	559	1,314	1,217	692
Other	20,764	24,931	24,951	15,521
Total Revenue	219,636	232,261	241,899	219,206
Total Expenses	227,026	232,261	241,899	224,540
Net Surplus	(7,391)	-	-	(5,334)

HIGHER COURT SERVICES

Revenue	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Crown	56,264	61,110	55,686	62,563
Departmental	314	696	690	400
Other	10,975	10,185	10,185	10,991
Total Revenue	67,553	71,991	66,561	73,954
Total Expenses	67,534	71,991	66,561	71,925
Net Surplus	19	-	-	2,029

Revenue	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Crown	80,321	79,712	80,499	81,844
Departmental	399	2,293	2,266	730
Other	11,903	6,150	6,331	10,645
Total Revenue	92,623	88,155	89,096	93,219
Total Expenses	88,768	88,301	89,061	88,065
Net Surplus	3,855	(146)	35	5,154

VOTE TREATY NEGOTIATIONS

Treaty Negotiations and Marine and Coastal Area (Takutai Moana Act) (multi-category appropriation)

WHAT THE MINISTRY DOES

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

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

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

CONTRIBUTION TO STRATEGIC INTENTIONS

The purpose of this appropriation is to support the Crown in the negotiation, administration and implementation of historic Treaty of Waitangi settlement claims, and the Marine and Coastal Area (Takutai Moana) Act 2011. This appropriation contributes to the maintaining the integrity of our constitutional arrangements. This is achieved through maintaining recent momentum and prioritising settlement legislation currently in the House through all stages.

ASSESSING PERFORMANCE

PERFORMANCE OF THE MULTI-CATEGORY APPROPRIATION AS A WHOLE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
The satisfaction of the Minister for Treaty of Waitangi Negotiations with progress towards negotiation milestones	80%	At least 8/10	7/10	

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

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Technical quality of policy advice papers assessed by a survey with a methodological robustness of 90% (see note 1)	7.6	At least an average of 8/10	7.8/10	
The satisfaction of the Minister of Treaty of Waitangi Negotiations with the policy advice service, as per the common satisfaction survey	92%	At least 8/10	7.8/10	
The total cost per hour of producing outputs	\$141.70	At most \$150	\$129.81	Reductions in direct and overhead costs has driven the cost of policy advice down in 2016/17.

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

REPRESENTATION – WAITANGI TRIBUNAL AND COURTS

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
The Crown is represented at 100% of current District equiries	New measure	100%	100%	
Number of Higher Court cases at which the Crown is represented	5	5	5	

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

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Percentage of settlement date obligations met	97%	100%	100%	
Mandates recognised (see note 1)	4	2	4	
Agreements in Principle signed (see note 2)	2	4	2	Two Agreements in Principle were unable to be signed despite Crown offers being made in April. These 2 groups now have longer timeframes due to agreement not being reached on all matters.
Deeds of Settlement initialled (see note 3)	5	17	6	11 groups, the majority being Hauraki negotiations, did not initial Deeds of Settlement but most have received best and final offers. Final technical work on these deeds is being completed along with remaining negotiations matters. These groups will likely initial deeds in the first quarter of 2017/18.
Legislation introduced	10	6	4	The introduction of settlement legislation for 1 group was delayed pending Waitangi Tribunal led mediation. The introduction of this Bill is scheduled for early in 2017/18. Negotiations with the other group scheduled for legislation introduction has stopped completely.

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

Note 2 – An Agreement in Principle is agreed between the Crown and a claimant group. The document describes the broad outline of a settlement package and is signed by the claimant group and the Minister for Treaty of Waitangi negotiations.

Note 3 – A Deed of Settlement is the complete, detailed and formal settlement agreement between the Crown and the claimant group.

OUTPUT CLASS STATEMENT

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

Revenue	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Crown	1,327	1,348	1,325	1,348
Departmental	11	10	4	22
Other	3	2	2	2
Total Revenue	1,341	1,360	1,331	1,372
Total Expenses	819	1,360	1,331	1,234
Net Surplus	522	-	-	138

REPRESENTATION – WAITANGI TRIBUNAL AND COURTS

Revenue	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Crown	2,043	2,071	2,044	2,070
Departmental	-	-	-	3
Other	-	2	2	36
Total Revenue	2,043	2,073	2,046	2,109
Total Expenses	2,379	2,073	2,046	2,245
Net Surplus	(336)	-	-	(136)

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

Revenue	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Crown	31,521	25,264	29,959	27,512
Departmental	889	173	109	668
Other	85	31	31	39
Total Revenue	32,495	25,468	30,099	28,219
Total Expenses	29,724	25,468	30,099	25,561
Net Surplus	2,771	-	-	2,658

Statement of Intent measures

PROGRESS MADE IN THE YEAR ENDED 30 June 2017

Safer communities

To make communities safer, we're working to reduce crime, victimisation and harm, and we're targeting family and sexual violence. We're improving services for the people who need them most, and working to disrupt offending and support the most vulnerable. We provide many different services to the public, including helping families resolve disputes and ensuring that offenders are held to account.

ASSESSING PERFORMANCE

Measure	Current measurement	Target	Current state and trend	Comment
Safer communities				
Crime rate decreases (BPS target)	Recorded crime relative to the New Zealand population (see note 1)	Better public services target of 20% reduction by 2018 (from June 2011 baseline of 991)	2016/17: 865 – down 13% (see note 2) 2015/16: 844 – down 15% 2014/15: 818 – down 17% 2013/14: 818 – down 17%	Total crime has been increasing over the last 2 years. This has largely been driven by increases in burglary and violent crime.
Crime, victimisation and harm reduced				
Violent crime decreases (BPS target)	Recorded crime relative to the population, for specific violent offences, including: homicides, attempted murder, manslaughter, acts intended to cause injury (such as serious assaults, kidnapping and abduction, robbery) (see note 1 and 3)	Better Public Services target of 20% reduction by 2017 (from June 2011 baseline of 110)	2016/17: 112 – up 3% (see note 2) 2015/16: 105 – down 4% 2014/15: 98 – down 10% 2013/14: 96 – down 12%	This increase in the violent crime rate has largely been driven by a large increase in dwelling based violent crime which we believe to be strongly associated with family violence. Given the strong response to family violence and the focus on increasing family violence reporting we expect this to increase further.
Youth crime decreases (BPS target)	The level of youth offenders (aged 14–16) appearing in court, relative to the youth population (see note 4)	Better Public Services target 25% reduction by 2017 (from June 2011 baseline of 322)	2016.17: 221 – down 31% (see note 2) 2015/16: 214 – down 33% 2014/15: 198 – down 39% 2013/14: 210 – down 35%	
Fewer people are repeat victims	The number of repeat victimisations per 10,000 people	Reduce number	n/a	Results are not available because the New Zealand Police no longer use this measure. It will not be included in the next Ministry of Justice Statement of Intent.

Measure	Current measurement	Target	Current state and trend	Comment
Fewer people experience crime	Reduce the number of people who experience crime, as measured by the New Zealand Crime and Safety Survey (see note 5)	Reduce score	2014: 24% 2009: 37% 2006: 39%	The 2014 New Zealand Crime and Safety Survey (NZCASS) is the latest completed.
	Reduce the percentage of people who are experiencing the large majority of crime, as measured by the New Zealand Crime and Safety Survey (see note 5)	Reduce score	2014: 3% experienced 53% of all crime 2009: 6% experienced 52% of all crime 2006: 6% experienced 52% of all crime	The 2014 New Zealand Crime and Safety Survey (NZCASS) is the latest completed.
Perceived level of crime	Reduce the percentage of the public who believe that national crime is increasing, as measured by the Public Perceptions Survey	Reduce score	2016: 71% 2014: 61% 2013: 60%	The 2016 Public Perception Survey (PPS) is the latest completed. No future iterations of the PPS are planned.
	Reduce the percentage of the public who believe that crime in their neighbourhood is increasing, as measured by the Public Perceptions Survey	Reduce score	2016: 26% 2014: 20% 2013: 23% (see note 6)	The 2016 Public Perception Survey (PPS) is the latest completed. No future iterations of the PPS are planned.

Note 1 – Population base rate is per 10,000 of the New Zealand population.

Note 2 – Results for year ended 31 March 2017. These are the latest available results. The Government announced a new set of BPS results which take effect from 2017/18.

Note 3 – 'Specific violent offences' excludes sexual violence offences and less serious offences, such as harassment (largely acts of intimidation), blackmail and extortion (that is, fraud).

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

Note 5 – As part of the 2014 NZCASS, estimates from the 2006 and 2009 surveys were revised due to improvements in methodologies, systems and statistical processes.

Note 6 – Prior year information has been updated from the Ministry of Justice Statement of Intent 2015–19.

Increased trust in the justice system

We're strengthening public trust in the justice system by ensuring processes are open, transparent and impartial, and by providing services that are responsive, accessible, and cost-effective. Most importantly, we treat people fairly and with respect. People who end up in the system are often at their most vulnerable. We can help them by making sure they spend as little time in the system as possible.

ASSESSING PERFORMANCE

Measure	Current measurement	Target	Current state and trend	Comment
Increased trust in the justice system				
People have confidence in the effectiveness of the justice system	World Justice Project Rule of Law Index shows that civil justice in New Zealand is seen to be accessible, affordable, effective and impartial (see note 1)	Maintain or improve score for access to civil justice	2016: Score 0.78 (Global rank: 11/113) 2015: Score 0.78 (Global rank: 9/102) 2014: Score 0.74 (Global rank: 9/99) 2012-2013: Score 0.76 (Global rank: 9/97)	
	World Justice Project Rule of Law Index shows that the criminal justice system in New Zealand is seen to be effective, impartial and free from improper influence and protects the rights of New Zealanders (see note 1)	Maintain or improve score for effectiveness of criminal justice	2016: Score 0.75 (Global rank: 13/113) 2015: Score 0.77 (Global rank: 8/102) 2014: Score 0.72 (Global rank: 12/99) 2012-2013: Score 0.79 (Global rank: 7/97)	
	Percentage completely/fairly confident that the criminal justice system as a whole is effective, as measured by the Public Perceptions Survey	Improve score	2016: 29% 2014: 31% 2013: 31%	The 2016 Public Perceptions Survey (PPS) is the latest completed. No future iterations of the PPS are planned.
People feel they are treated fairly when they attend court	Increase in the proportion of people who strongly agree or agree that they are treated fairly when they attend court, as measured by the Court User Survey (see note 2 and 3)	Improve score	2017: 89% 2014: 93% 2012: 91%	
Offenders held to account				
No applications are granted for Stays of Proceedings under the Bill of Rights Act 1990 for undue delay attributable to the Ministry	Number of cases stayed for undue delay in terms of section 25(b) of the New Zealand Bill of Rights Act 1990 for reasons wholly or partly the responsibility of the Ministry	Criminal jury cases: 0	2016/17: 0 2015/16: 1 2014/15: 0 2013/14: 2	
		Other judge-alone criminal cases: 0	2016/17: 0 2015/16: 3 2014/15: 2 2013/14: 4	
		High Court criminal cases: 0	2016/17: 0 2015/16: 0 2014/15: 0 2013/14: 0	

Measure	Current measurement	Target	Current state and trend	Comment
The percentage of people who do not comply with their monetary sanctions decreases	Percentage of the public who agree that offenders often get away without paying court fines, as measured by the Public Perceptions Survey	Reduce score	2016: 56% 2014: 62% 2013: 61%	The 2016 Public Perceptions Survey (PPS) is the latest completed. No future iterations of the PPS are planned.
	Decrease in the proportion of people who have not paid or arranged to pay their fine, infringement or reparation, at 30 June	40%	2016/17: 64% 2015/16: 56% 2014/15: 56% 2013/14: 50.4%	People have multiple fines which may have different statuses. Almost half of the people (46%) had fines, infringements or reparation outstanding. Just over a quarter (26%) had fines, infringements or reparation under arrangement, but this amounts to about 40% of the fines volume (number) and value.
New Zealanders can transact with confidence				
Regulatory enforcement relating to civil and commercial courts	World Justice Project Rule of Law Index shows that New Zealand is seen to have appropriate regulatory enforcement that includes no improper influence, no unreasonable delay and respect for due process (see note 1)	Maintain or improve score	2016: 0.82 (Global rank: 8/113) 2015: 0.82 (Global rank: 5/102) 2014: 0.81 (Global rank: 5/99) 2013: 0.82 (Global rank: 9/97)	
	Effective enforcement mechanisms, as measured by the World Justice Project Rule of Law Index (see note 1 and 4)	Maintain or improve score	2016: 0.72 2015: 0.71 2014: 0.7	
	Impartial and effective alternative dispute mechanisms to resolve disputes outside the courts, as measured by the World Justice Project Rule of Law Index (see note 1 and 4)	Maintain or improve score	2016: 0.79 2015: 0.81 2014: 0.7	
More responsive, accessible and cost effective services				
Perceptions of the court system	Timely and effective adjudication, as measured by the World Justice Project Rule of Law Index (see note 1)	Maintain or improve score	2016: 0.71 2015: 0.75 2014: 0.66 2013: 0.72	
	Accessibility and affordability of civil justice, as measured by the World Justice Project Rule of Law Index (see note 1)	Maintain or improve score	2016: 0.72 2015: 0.71 2014: 0.59 2013: 0.74	
	Criminal court processes deal with cases without unnecessary delay, as measured by the Public Perceptions Survey	Improve score	2016: 7% 2014: 7% 2013: 7%	The 2016 Public Perception Survey (PPS) is the latest completed. No future iterations of the PPS are planned.
	Percentage of people who agree that criminal court processes treat victims with respect, as measured by the Public Perceptions Survey	Improve score	2016: 25% 2014: 27% 2013: 28%	The 2016 Public Perception Survey (PPS) is the latest completed. No future iterations of the PPS are planned.
	Percentage of people who agree that New Zealand's criminal court system is technologically up to date, as measured by the Public Perceptions Survey	Improve score	2016: 12% 2014: 13% 2013: 14%	The 2016 Public Perception Survey (PPS) is the latest completed. No future iterations of the PPS are planned.

Measure	Current measurement	Target	Current state and trend	Comment
More people are satisfied with the quality of court and fines services	Increase in public satisfaction with paying fines or getting information about fines and/or a court case the respondent was involved in, as measured by the Kiwis Court Survey	65% of people are satisfied with paying fines or getting information about fines. 55% of people are satisfied about a case they were involved in	2016: Fines 63%, Courts 57% 2015: Fines 63%, Courts 54% 2014: Fines 63%, Courts 56% 2013: Fines 63%, Courts 50%	
	Increase in the proportion of people who were very or fairly satisfied with court services and facilities, as measured by the Court User Survey (see note 2 and 3)	80% of people are very or fairly satisfied	2017: 81% 2014: 80% (see note 5) 2012: 80%	
Average age of case decreases	The average age of active cases decreases for all District Court criminal cases and for the subset of jury trials	District Court all criminal: 20% decrease (from April 2013: 123 days)	2016/17: 4% increase to 126 days 2015/16: 4.9% decrease to 115 days 2014/15: 9.2% decrease to 113 days (see note 6)	For criminal cases, the increase has been driven by an increase in more serious offences. The focus for courts has changed since early 2016 from average age to percentage of cases resolved within 12 months.
		Jury trials: 20% decrease (from April 2013: 382 days)	2016/17: 15% decrease to 325 days 2015/16: 16.6% decrease to 319 days 2014/15: 9.6% decrease to 346 days (see note 6)	For criminal cases, the increase has been driven by an increase in more serious offences. The focus for courts has changed since early 2016 from average age to percentage of cases resolved within 12 months.
	The average age of active Family Court applications decreases	Decrease from April 2013 Baseline: 250 days	2016/17: 2% decrease to 245 days 2015/16: 2% decrease to 245 days 2014/15: 1% decrease to 248 days	
	The average age of active civil cases in District Courts decreases	Decrease from April 2013 Baseline: 226 days	2016/17: 3% decrease to 219 days 2015/16: 17% decrease to 188 days 2014/15: 13% decrease to 197 days	Average age increased by 31 days between 2016 and 2017.
	The average age of active Disputes Tribunal applications decreases	Decrease from April 2013 Baseline: 80 days	2016/17: 4% decrease to 77 days 2015/16: 1% decrease to 79 days 2014/15: 4% decrease to 77 days	
People find it easier to access court information	Increase in the proportion of people who found it very easy or fairly easy to obtain information about court services and facilities, as measured by the Court User Survey (see note 2 and 3)	70% find it very or fairly easy to obtain information	2017: 63% 2014: 59% 2012: 64%	

Measure	Current measurement	Target	Current state and trend	Comment
The quality of legal aid services improves	Quality and value audits show that private legal aid providers and Public Defence Service lawyers are providing high-quality and cost-effective services	100% meet expected standards	2016/17: 82% 2015/16: 88% 2014/15: 85% 2013/14: 94%	
	Applications for criminal cases are assessed in a timely manner	98% of criminal legal aid applications are assessed within 1 working day	2016/17: 92% 2015/16: 97% 2014/15: 97% 2013/14: 97%	The target for this measure was changed in the Administration of Legal Services appropriation in Vote Justice to reflect the increase in the number of applications eligible for legal aid.

Note 1 – The latest World Justice Project Rule of Law Index was released in October 2016. An increase in the index indicates an improvement in the result.

Note 2 – Court users include people taking part in a hearing or court case, support people and people paying fines or seeking information.

Note 3 – The 2016/17 Court User Survey sample size was 2,044 people.

Note 4 – Measure wording updated to ensure consistency with the World Justice Project Rule of Law Index wording.

Note 5 – The 2014 result has been updated from the 2014/15 Ministry of Justice Annual Report.

Note 6 – This result is an adjusted percentage reduction that is calculated on the reduction in each case component, weighted by the proportion each of the components make up of the total cases on hand. The principal reason is to ensure each criminal case category/jurisdiction is more fairly represented in calculations.

Integrity of our constitutional arrangements maintained

Our justice system is underpinned by some fundamental principles and values. We're a nation with an independent Judiciary, we're committed to enhanced Crown-Māori relationships and to ensuring that the rights of New Zealanders are protected. Our justice system upholds civil, political and property rights. This ensures New Zealanders can transact with confidence, knowing the system will protect their interests. We play an active role in upholding the global rule of law and other international obligations, despite being a small nation.

ASSESSING PERFORMANCE

Measure	Current measurement	Target	Current state and trend	Comment
Integrity of our arrangements is maintained				
Integrity of our institutions is maintained	World Justice Project Rule of Law Index overall score is maintained or improved (see note 1)	Maintain or improve score	2016: 0.83 (Global rank: 8/113) 2015: 0.83 (Global rank: 6/102) 2014: 0.83 (Global rank: 6/99)	
Perceived level of corruption remains low	New Zealand's score on the Transparency International Corruptions Perception Index does not decrease	Maintain ranking	2016: 90/100 (Global rank: 1=/176) 2015: 88/100 (Global rank: 4/168) 2014: 91/100 (Global rank: 2/175) 2013: 91/100 (Global rank: 1/177)	
The extent to which those who govern in New Zealand are bound by the law	World Justice Project Rule of Law Index shows that the Government and its officials are held accountable under the law. It includes effectiveness of institutional checks on governmental power by the legislature, the Judiciary and independent auditing (see note 1)	Maintain or improve score	2016: 0.86 (Global rank: 6/113) 2015: 0.85 (Global rank: 8/102) 2014: 0.88 (Global rank: 4/99) 2013: 0.87 (Global rank: 6/97)	
The rights of New Zealanders are protected				
People have confidence that their fundamental rights are protected	New Zealand is seen to protect freedoms and is free from discrimination, as measured by the World Justice Project Rule of Law Index (see note 1)	Maintain or improve score for fundamental rights	2016: 0.82 (Global rank:10/113) 2015: 0.83 (Global rank: 9/102) 2014: 0.84 (Global rank: 7/99) 2012-2013: 0.86 (Global rank: 5/97)	
People perceive New Zealand to have an open government	New Zealand is perceived to have an open government, including the right to petition and participate, as measured by the World Justice Project Rule of Law Index (see note 1)	Maintain or improve score for open government	2016: 0.84 (Global rank: 6/113) 2015: 0.81 (Global rank 2/102) 2014: 0.83 (Global rank: 2/99) 2012-2013: 0.84 (Global rank: 4/97)	
Improving Crown-Māori relationships				
Treaty of Waitangi claims are durably settled	Progress is made in introducing all historical Treaty of Waitangi settlement legislation into parliament	83% of all settlement legislation is introduced by the end of 2018/19	2016/17: 53% 2015/16: 52% 2014/15: 37% 2013/14: 31%	

Note 1 - The latest World Justice Project Rule of Law Index was released in October 2016.

Capability measures

Ensuring delivery of our outcomes

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

Measure	Current measurement	Target	Current state and trend	Comment
Develop our people				
Our employees have opportunities to develop	Employees agree that the Ministry ensures that they are adequately trained for the work they do (see note 1)	Improve score	2015: 49.7% 2014: 52.0% 2012: 49.6%	This has not been measured for 2016/17. We are reviewing our approach to the Ministry's employee survey.
	Employees agree that there are learning and development opportunities in the Ministry (see note 1)	Improve score	2015: 43.8% 2014: 45.3% 2012: 45.2%	This has not been measured for 2016/17. We are reviewing our approach to the Ministry's employee survey.
	Employees agree that the feedback and coaching they receive helps them to improve their performance (see note 1)	Improve score	2016: 50.9% 2015: 56.4% 2014: 54.4% 2012: 52.3%	This has not been measured for 2016/17. We are reviewing our approach to the Ministry's employee survey.
Turn data into insight				
Business intelligence capability improves	Business intelligence information management (BIIM) maturity rating	Improve score	2016/17: 3/5 2015/16: 2.9/5 2013/14: 2.0/5	Confirmed as Level 3 maturity following Gartner review. It is on track for Level 4 Maturity in December 18.
Build robust, functional ICT				
Our 5 main technology applications are reliable and available during normal business hours	Availability of the 5 main technology applications (Case Management System, the National Transcription Service, the Judicial Decision Suite, Collect and email systems) during normal business hours	99.5%	2016/17: 99.9% 2015/16: 99.5% 2014/15: 99.2% 2013/14: 99.5%	
We resolve high-priority incidents in our 5 main technology applications within an average of 2½ hours, to minimise the impact on service delivery to the public	High-priority technology-related incidents in the top 5 applications are resolved within an average of 2½ hours (including evenings and weekends outside of normal business hours)	80% of our high priority incidents are resolved within 2½ hours	2016/17: 73% 2015/16: 79% 2014/15: 73% 2013/14: 82%	There were 11 priority 1 incidents affecting our top 5 systems in 2016/17, which is significantly fewer than last year (29). Of those 11 incidents only 3 took over 2.5 hours to resolve. This demonstrates the work the Ministry has been doing to ensure our IT systems are more robust and less likely to impact service delivery.

Measure	Current measurement	Target	Current state and trend	Comment
Ensure good communications				
Our employees feel informed	Employees agree that they feel informed about the Ministry and its activities (see note 1)	Improve score	2015: 45.8% 2014: 45.7% 2012: 48.7%	This has not been measured for 2016/17. We are reviewing our approach to the Ministry's employee survey.
Communications capability improves	Communications capability maturity indicator, as measured by Benchmarking Administration and Support Services	To be at or above the peer group median	2014/15: 2.3 2013/14: 2.1 2012/13: 2.5	The large cohort, peer median is 2.8. 2014/15 is the latest result available.
Make the Ministry a great place to work				
Employee engagement levels improve	Internal survey shows that we meet or exceed the state sector benchmark for employee engagement (69.3%)	To meet or exceed the state sector benchmark by 2017	2016 Engagement index: 50.1% 2015 Engagement index: 47.4% 2014 Engagement index: 51.1% 2012 Engagement index: 52.9%	This has not been measured for 2016/17. We are reviewing our approach to the Ministry's employee survey.
Workforce turnover	Core unplanned turnover rate	To be at or below the public sector median	2016/17: 14.8% 2015/16: 14.7% 2014/15: 14.0% 2013/14: 13.6%	The public sector median is 10.9%.
	Percentage of new employees still in the role after 24 months	Reduce rate	2016/17: 31.0% 2015/16: 41.3% 2014/15: 47.1% 2013/14: 43.0%	Prior year figures have been recalculated from the figures that were included in the 2015/16 Annual Report.
	Percentage of resigning staff who had less than 2 years service	Reduce percentage	2016/17: 36.2% 2015/16: 34.0% 2014/15: 39.4% 2013/14: 36.3%	
The Ministry is a committed equal opportunity employer and strives to maintain a diverse workforce	Gender profile of Ministry employees	n/a	2016/17: Female – 68.5%, Male – 31.5% 2015/16: Female – 69.0%, Male – 31.0% 2014/15: Female – 68.0%, Male – 32.0% 2013/14: Female – 66.8%, Male – 33.2%	
	Gender profile of Ministry senior management	n/a	2016/17: Female – 50%, Male – 50% 2015/16: Female – 48.1%, Male – 51.9% 2014/15: Female – 41.3%, Male – 58.7% 2013/14: Female – 46.2%, Male – 53.8%	
	Ethnicity profile of Ministry staff	n/a	2016/17: New Zealand European/Pākehā: 54%, New Zealand Māori: 14.62%, Pacific Island: 8.67%, European: 5.02%, Asian: 4.83, Other: 2.41% 2015/16: New Zealand European/Pākehā: 47.9%, New Zealand Māori: 13.5%, Pacific Island: 7.0%, European: 5.7%, Asian: 5.5%, Other: 7.0% 2014/15: New Zealand European/Pākehā: 47.4%, New Zealand Māori: 13.4%, Pacific Island: 6.6%, European: 6.2%, Asian: 6.0%, Other: 7.4% 2013/14: New Zealand European/Pākehā: 47%, New Zealand Māori: 13.1%, Pacific Island: 6.7%, European: 6.6%, Asian: 6%, Other: 7.3%	

OFFICIAL CORRESPONDENCE

FOR THE YEAR ENDED 30 JUNE 2017

Where appropriate, an explanation is provided for service performance negative variances of more than 5%. Where there is a range for a standard, a variance explanation is provided for results outside the forecast range. Where appropriate, an explanation has been provided for positive variances of more than 10%.

RESPONDING TO OFFICIAL CORRESPONDENCE

The Ministry receives and replies to a range of correspondence and questions each year on the work we do. These questions and requests for information cover the 3 Votes we administer; Vote Courts, Justice and Treaty Negotiations. These services are not funded from 1 particular Vote or output class.

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Comment
Number of ministerial correspondence replies drafted	1,106	n/a	1,283	This is demand driven.
Percentage of draft replies to ministerial correspondence submitted to Ministers within required timeframes	98%	95%	95%	
Number of Official Information Act 1982 requests responded to	967	n/a	861	
Percentage of draft replies to Official Information Act 1982 requests completed within statutory timeframes	95%	100%	94%	This was a slight drop from previous years, but would have been similar if it hadn't been for the closure of the Justice Centre for 6 days following the 14 November earthquake.
Number of replies drafted in response to parliamentary questions	379	n/a	357	
Percentage of draft replies to parliamentary questions submitted to Ministers within required timeframes	99%	100%	97%	

OUR FINANCIAL STATEMENTS

Departmental statements

FOR THE YEAR ENDED 30 JUNE 2017



Statement of comprehensive revenue and expense

FOR THE YEAR ENDED 30 JUNE 2017

Actual 2016 \$000	Notes	Actual 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000
Revenue				
535,755	Crown	541,090	544,884	562,953
3,708	Department	3,718	5,336	12,166
39,107	Other revenue	46,560	47,317	48,718
578,570	Total revenue	591,368	597,537	623,837
Expenses				
263,151	Personnel costs	277,120	246,324	277,311
166,511	Operating costs	175,176	195,658	202,188
75,065	Capital charge	73,324	88,339	73,628
63,267	Depreciation, amortisation and impairment	56,737	67,362	70,675
567,994	Total expenses	582,357	597,683	623,802
10,576	Net surplus/(deficit)	9,011	(146)	35
Other comprehensive revenue and expense				
<i>Item that will not be reclassified to net surplus/(deficit)</i>				
14,549	Gain on property revaluations	80,533	-	-
14,549	Total other comprehensive revenue and expense	80,533	-	-
25,125	Total comprehensive revenue and expense	89,544	(146)	35

Explanations of significant variances against budget are detailed in note 18.

The accompanying notes form part of these financial statements.

Statement of financial position

AS AT 30 JUNE 2017

Actual 2016 \$000	Notes	Actual 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000
Assets				
Current assets				
47,298	Cash and cash equivalents	51,926	48,605	48,528
196,251	Receivables	215,768	98,457	144,190
2,476	Prepayments	1,842	5,658	2,564
230	Non-current assets held for sale	596	-	-
246,255	Total current assets	270,132	152,720	195,282
Non-current assets				
912,393	Property, plant and equipment	1,067,384	1,033,706	1,038,816
60,027	Intangible assets	65,007	78,852	67,978
972,420	Total non-current assets	1,132,391	1,112,558	1,106,794
1,218,675	Total assets	1,402,523	1,265,278	1,302,076
Liabilities				
Current liabilities				
47,405	Payables and deferred revenue	46,496	46,371	44,904
16,359	Provisions	5,391	283	2,527
10,261	Return of operating surplus	9,034	-	-
16,416	Employee entitlements	17,351	18,628	17,917
90,441	Total current liabilities	78,272	65,282	65,348
Non-current liabilities				
650	Provisions	2,512	-	-
7,684	Employee entitlements	12,479	6,900	7,832
8,334	Total non-current liabilities	14,991	6,900	7,832
98,775	Total liabilities	93,263	72,182	73,180
1,119,900	Net assets	1,309,260	1,193,096	1,228,896
Equity				
943,679	Taxpayers' funds	1,052,530	1,031,701	1,053,287
612	Memorandum accounts	588	151	-
175,609	Property revaluation reserves	256,142	161,244	175,609
1,119,900	Total equity	1,309,260	1,193,096	1,228,896

Explanations of significant variances against budget are detailed in note 18.

The accompanying notes form part of these financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2017

Actual 2016 \$000	Notes	Actual 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000
939,111	Equity as at 1 July	1,119,900	1,104,985	1,228,861
25,125	Total comprehensive revenue and expense	89,544	(146)	35
Owner transactions				
(10,261)	Return of operating surplus to the Crown	(9,034)	-	-
165,925	Capital injections	108,850	88,257	-
1,119,900	Equity as at 30 June	1,309,260	1,193,096	1,228,896

Explanations of significant variances against budget are detailed in note 18.

The accompanying notes form part of these financial statements.

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2017

Actual 2016 \$000		Actual 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000
Cash flows from operating activities				
500,620	Receipts from the Crown	519,979	591,384	570,953
3,781	Receipts from other departments	2,390	4,798	2,015
40,913	Receipts from other revenue	49,484	47,775	58,869
-	Goods and services tax (net)	477	-	-
(261,482)	Payments to employees	(270,813)	(243,867)	(277,012)
(169,997)	Payments to suppliers	(174,937)	(204,128)	(202,515)
(75,065)	Payment for capital charge	(73,324)	(88,339)	(73,628)
(1,509)	Goods and services tax (net)	-	-	-
37,261	Net cash flows from operating activities	53,256	107,623	78,682
Cash flows from investing activities				
625	Receipts from sale of property, plant and equipment	108	-	-
(8,743)	Purchase of intangible assets	(16,767)	(24,500)	(16,141)
(186,076)	Purchase of property, plant and equipment	(130,558)	(170,255)	(62,073)
(194,194)	Net cash flows from investing activities	(147,217)	(194,755)	(78,214)
Cash flows from financing activities				
165,925	Capital injections	108,850	88,257	-
(8,419)	Return of operating surplus	(10,261)	(845)	(2,000)
157,506	Net cash flows from financing activities	98,589	87,412	(2,000)
573	Net increase/(decrease) in cash held	4,628	280	(1,532)
46,725	Cash as at 1 July	47,298	48,325	50,060
47,298	Closing cash as at 30 June	51,926	48,605	48,528

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

Explanations of significant variances against budget are detailed in note 18.

The accompanying notes form part of these financial statements.

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

Actual 2016 \$000		Actual 2017 \$000
10,576	Net surplus	9,011
Add/(less) non-cash items		
63,267	Depreciation and amortisation	56,737
63,267	Total non-cash items	56,737
Add/(less) items classified as investing and financing activities		
(12,271)	(Increase)/decrease in accrued expenses in property, plant and equipment	10,439
268	Loss/(gain) on disposal of HFS, property, plant and equipment and intangibles	235
(12,003)	Total movement in investing and financing activities	10,674
Add/(less) movements in working capital items		
(33,255)	(Increase)/decrease in receivables	(21,646)
1,006	(Increase)/decrease in prepayments	634
7,025	Increase/(decrease) in payables and deferred revenue	1,222
(404)	Increase/(decrease) in provisions	(9,106)
1,049	Increase/(decrease) in employee entitlements	5,730
(24,579)	Total net movement in working capital items	(23,166)
37,261	Net cash flows from operating activities	53,256

The accompanying notes form part of these financial statements.

Statement of commitments

AS AT 30 JUNE 2017

COMMITMENTS

CAPITAL COMMITMENTS

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant, and equipment and intangible assets that have not been paid for or not recognised as a liability at balance date.

Cancellable capital commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are reported below at the lower of the remaining contractual commitment and the value of those penalty or exit costs (that is, the minimum future payments).

NON-CANCELLABLE OPERATING LEASE COMMITMENTS

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

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

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

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

The total of minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$1.747 million (2016: \$1.747 million).

Actual 2016 \$000		Actual 2017 \$000
Capital commitments		
330	Property, plant and equipment	6,958
330	Total capital commitments	6,958
Operating leases as lessee		
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:		
20,220	Not later than 1 year	19,388
49,008	Later than 1 year and not later than 5 years	55,894
45,889	Later than 5 years	38,528
115,117	Total non-cancellable operating lease commitments	113,810
115,447	Total commitments	120,768

The accompanying notes form part of these financial statements.

Statement of contingent liabilities and contingent assets

AS AT 30 JUNE 2017

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

QUANTIFIABLE LIABILITIES

Actual 2016 \$000		Actual 2017 \$000
25	Legal proceedings and disputes	95
150	Personal grievances	35
175	Total quantifiable contingent liabilities	130

LEGAL PROCEEDINGS AND DISPUTES

Legal proceedings and disputes represent 2 judicial reviews of ministerial decisions and a legal proceeding brought against the Ministry of Justice (among others). If the plaintiffs are successful the Ministry could be liable for costs for the judicial reviews and a share of costs and damages for the legal proceeding.

PERSONAL GRIEVANCES

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

NON-QUANTIFIABLE LIABILITIES

DEPARTMENTAL NON-QUANTIFIABLE LIABILITIES – VOTE JUSTICE

The Ministry has no non-quantifiable contingent liabilities (2016: nil).

CONTINGENT ASSETS

The Ministry has no contingent assets (2016: nil).

The accompanying notes form part of these financial statements.

Notes to the financial statements

Note 1 Statement of accounting policies for the year ended 30 June 2017

REPORTING ENTITY

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

In addition, the Ministry has reported on Crown activities and trust monies that it administers in the non-departmental statements and schedules on pages 96 to 119.

The Ministry's primary objective is to provide services to the New Zealand public. The Ministry does not operate to make a financial return.

The Ministry has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The Ministry is responsible for the following core functions:

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

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

The financial statements of the Ministry are for the year ended 30 June 2017.

The financial statements were authorised for issue by the Chief Executive of the Ministry on 28 September 2017.

BASIS OF PREPARATION

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

Statement of compliance

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

The financial statements have been prepared in accordance with and comply with Tier 1 PBE accounting standards.

Presentation currency and rounding

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

Measurement base

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

Changes in accounting policies

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

Standards issued and not yet effective and not adopted early

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

Financial instruments

In January 2017, the External Reporting Board issued PBE IFRS 9 Financial Instruments. This replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with earlier application permitted. The main changes under the standard are:

- new financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost
- a new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses
- revised hedge accounting requirements to better reflect the management of risks.

The timing of the Ministry adopting PBE IFRS 9 will be guided by the Treasury's decision on when the Financial Statements of Government will adopt PBE IFRS 9. The Ministry has not yet assessed the effects of the new standard.

Impairment of Revalued Assets

In April 2017, the XRB issued Impairment of Revalued Assets, which now clearly scopes in revalued property, plant, and equipment into the impairment accounting standards. Previously, only property, plant, and equipment measured at cost were scoped into the impairment accounting standards.

Under the amendment, a revalued asset can be impaired without having to revalue the entire class-of-asset to which the asset belongs. The timing of the Ministry adopting this amendment will be guided by the Treasury's decision on when the Financial Statements of Government will adopt the amendment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

Foreign currency transactions

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

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

Cash and cash equivalents

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

Goods and services tax (GST)

The statement of financial position is exclusive of GST, except for debtors and other receivables and creditors and other payables, which are GST inclusive. All other statements are GST exclusive.

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

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

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

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 under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

- Estimating the fair value of land and buildings – see note 8.
- Assessing the useful lives of software – see note 9.
- Measuring long service leave and retirements gratuities – see note 13.

Budget and forecast figures

Basis of the budget and forecast figures

The 2017 budget figures are for the year ended 30 June 2017 and are consistent with the Ministry's best estimate financial forecast information submitted to The Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ending 2016/17. The budget figures were published in the 2015/16 annual report.

The 2018 forecast figures are for the year ending 30 June 2018, which are consistent with the best estimate financial forecast information submitted to The Treasury for the BEFU for the year ending 2017/18.

The forecast financial statements have been prepared as required by the PFA to communicate forecast financial information for accountability purposes and have been prepared in accordance with PBE FRS 42 Prospective Financial Statements and comply with PBE FRS 42.

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

The forecast financial statements were approved for issue by the Chief Executive on 11 April 2017. The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

While the Ministry regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2018 will not be published.

Significant assumptions used in preparing the forecast financials

The forecast figures contained in these financial statements reflect the Ministry's purpose and activities and are based on a number of assumptions on what may occur during the 2017/18 year. The forecast figures have been compiled on the basis of existing government policies and Ministerial expectations at the time the Main Estimates were finalised.

The main assumptions, which were adopted as at 11 April 2017, were as follows:

- The Ministry's activities and output expectations will remain substantially the same as the previous year focusing on the Government's priorities.
- Personnel costs were based on over 3,000 full-time equivalent staff, which takes into account staff turnover.
- Operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and are the Ministry's best estimate of future costs that will be incurred.
- Remuneration rates are based on current wages and salary costs, adjusted for anticipated remuneration changes.
- There is no gain or loss resulting from property revaluations.
- Estimated year-end information for 2016/17 was used as the opening position for the 2017/18 forecasts.

The actual financial results achieved for 30 June 2018 are likely to vary from the forecast information presented, and the variations may be material.

Since the approval of the forecasts, the only significant change or event that would have a material impact on the forecasts has been the revaluation of land and buildings at 30 June 2017. This resulted in a revaluation increase of approximately 14%. Although it is difficult to reliably forecast land and building values, it is highly likely that the valuation increase to 30 June 2017 will result in land and building values at 30 June 2018 being higher than the existing 2018 forecast figures.

FINANCIAL INSTRUMENTS

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

Derivative financial instruments

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

LEASES

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

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

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

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

CRITICAL JUDGEMENTS IN APPLYING THE MINISTRY'S ACCOUNTING POLICIES

Management has exercised critical judgement in applying the Ministry's accounting policies for the period ended 30 June 2017.

Note 2 Other revenue

ACCOUNTING POLICY

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

Revenue Crown

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

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

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

Other Revenue

Departmental and other revenues are from the supply of goods and services to other government departments and 3rd parties. This revenue is exchange revenue whereby the Ministry receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to another entity in exchange.

Revenue from filing and similar fees is recognised when the obligation to pay the fee is incurred. Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised evenly over the term of the lease as a reduction in total rental income.

Interest Revenue

Interest revenue is accrued using the effective interest rate method.

Breakdown of other revenue

Actual 2016 \$000		Actual 2017 \$000	Unaudited budget 2017 \$000
26,346	Filing fees	27,387	25,773
11,958	Other	18,402	20,884
803	Interest	771	660
39,107	Total other revenue	46,560	47,317

Note 3 Personnel costs

ACCOUNTING POLICY

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes

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

Actual 2016 \$000		Actual 2017 \$000	Unaudited budget 2017 \$000
230,003	Salaries and wages	240,047	234,203
6,718	Employer contributions to defined contribution plans	6,912	7,186
1,549	Increase/(decrease) in employee entitlements	(130)	944
24,881	Other	30,291	3,991
263,151	Total personnel costs	277,120	246,324

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

Note 4 Operating costs

ACCOUNTING POLICY

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Other expenses

Other expenses are recognised as goods and services are received.

Actual 2016 \$000		Actual 2017 \$000	Unaudited budget 2017 \$000
441	Audit fees for financial statements audit	453	441
-	Fees to Audit New Zealand for other services	15	-
551	Net bad debts written off/provided for	(29)	1
39,079	Computer and telecommunications	41,186	35,480
277	Advertising and publicity	353	426
6,826	Jurors fees and expenses	7,105	6,718
965	Ministry library and information services	1,733	1,112
5,604	Judicial library and information services	5,522	5,594
537	Judicial education/development	816	1,141
268	Disposal loss on intangibles, property, plant and equipment	235	-
8,748	Maintenance of facilities	19,455	7,782
21,757	Other occupancy costs (excluding rental)	18,112	19,824
27,879	Professional services	29,573	39,288
19,759	Property rental	21,182	21,595
6,971	Printing, stationery and postage	6,981	6,094
11,434	Sitting fees and judicial costs	10,764	11,658
11,082	Staff and judicial travel	11,576	11,302
33	Koha	27	59
4,300	Other operating costs	117	27,143
166,511	Total operating expenses	175,176	195,658

Note 5 Capital charge

ACCOUNTING POLICY

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

FURTHER INFORMATION

The Ministry pays a capital charge to the Crown on its equity (adjusted for memorandum accounts and the retention of \$500,000 of the 2012/13 surplus) as at 31 December and 30 June each year. The capital charge rate for the year ended 30 June 2017 was 7% from 1 July 2016 to 31 December 2016 and 6% from 1 January 2017 to 30 June 2017 (2015/16: 8 %).

Note 6 Receivables

ACCOUNTING POLICY

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

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

Actual 2016 \$000		Actual 2017 \$000
190,641	Debtor Crown	211,752
194	Travel advances	206
6,320	Sundry debtors	4,432
(904)	Less: provision for doubtful debts	(622)
5,416	Total sundry debtors	3,810
196,251	Total receivables	215,768
Total receivables comprise:		
5,610	Receivables from exchange transactions	4,016
190,641	Receivables from non-exchange transactions	211,752
196,251	Total debtors and other receivables	215,768

The carrying value of receivables approximates their fair value. As at 30 June 2017 all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below.

Gross 2016 \$000	Impairment 2016 \$000	Net 2016 \$000		Gross 2017 \$000	Impairment 2017 \$000	Net 2017 \$000
190,250	-	190,250	Not past due	212,574	-	212,574
5,389	-	5,389	Past due 1-30 days	1,545	-	1,545
297	-	297	Past due 31-60 days	185	-	185
47	-	47	Past due 61-90 days	354	-	354
1,172	(904)	268	Past due >90	1,732	(622)	1,110
197,155	(904)	196,251	Total	216,390	(622)	215,768

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

Movements in the provision for impairment of receivables are as follows

Actual 2016 \$000		Actual 2017 \$000
462	Balance as at 1 July	904
621	Additional provisions made during the year	58
(106)	Less: reversal of prior year provision	(257)
(73)	Less: receivables written off during the year	(83)
904	Balance as at 30 June	622

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

Note 7 Non-current assets held for sale

ACCOUNTING POLICY

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

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

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

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

FURTHER INFORMATION

The Ministry owned property at 76-82 Main Street, Upper Hutt is likely to be transferred to Upper Hutt City Council Section 50 of the Public Works Act.

The accumulated property revaluation reserve recognised in equity for the Main Street property at 30 June 2017 is \$281,000.

Assets held for sale	\$000
Balance at 1 July 2015	2,399
Transfer from held for sale to property, plant and equipment	(2,079)
Transfer to held for sale from property, plant and equipment	230
Disposals	(320)
Balance at 30 June 2016	230
Transfer to held for sale from property, plant and equipment	596
Disposals	(230)
Balance at 30 June 2017	596
Asset type pre-transfer:	
Land	596
Balance at 30 June 2017	596

Note 8 Property, plant and equipment

ACCOUNTING POLICY

Property, plant and equipment consist of the following asset classes: land, buildings, fitout/leasehold improvements, furniture and fittings, office equipment, computer equipment, computer equipment on finance lease and motor vehicles.

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

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

Asset revaluation

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

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

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

Additions

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

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

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

Individual assets are capitalised if their cost is \$5,000 or more. Grouped assets are capitalised if their cost is \$5,000 or more.

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

Disposal of property, plant and equipment

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

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service

potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

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

Depreciation

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

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

Asset class	Asset life (years)	Residual value
Buildings	Up to 100	Nil
Fit-out/leasehold improvements	Up to 25	Nil
Computer equipment	Up to 7	Nil
Furniture and fittings, office equipment	Up to 10	Nil
Motor vehicles	7	10% of cost

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

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

IMPAIRMENT

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

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

Critical accounting estimates and assumptions

The land and buildings were valued at fair value as at 30 June 2017 by Peter Ward ANZIV, Registered Valuer of Beca Valuations Limited, and are in accordance with the International Valuation Standards 2013.

Land

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

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

Buildings

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

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

Depreciated replacement cost is determined using a number of significant assumptions, including:

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

BREAKDOWN OF PROPERTY, PLANT AND EQUIPMENT AND FURTHER INFORMATION

	Land (at valuation) \$000	Buildings (at valuation) \$000	Fitout/ leasehold improvements \$000	Computer equipment \$000	Computer equipment (finance lease) \$000	Furniture and fittings, office equipment \$000	Motor vehicles \$000	Work in Progress (WIP) \$000	Total \$000
Cost/valuation									
Balance at 1 July 2015	171,242	387,337	53,418	72,681	1,234	52,915	7,043	139,951	885,821
Additions	34,523	56,567	3,763	4,349	-	8,758	342	86,846	195,148
Revaluation increase/ (decrease)	3,730	(15,259)	-	-	-	-	-	-	(11,529)
Transfer from held for sale	1,960	170	-	-	-	-	-	-	2,130
Transfer to held for sale	(230)	-	-	-	-	-	-	-	(230)
Reclassification of assets	-	(717)	-	14	-	1,645	-	(4,302)	(3,360)
Other movements	-	38	-	(14)	-	38	-	-	62
Disposals	-	-	(67)	(17)	-	(15)	(1,957)	-	(2,056)
Balance at 30 June 2016	211,225	428,136	57,114	77,013	1,234	63,341	5,428	222,495	1,065,986
Additions	-	-	610	1,596	-	-	168	117,437	119,811
Revaluation increase/ (decrease)	24,939	29,987	-	-	-	-	-	-	54,926
Transfer to held for sale	(596)	-	-	-	-	-	-	-	(596)
Reclassification of assets	-	17,987	2	370	-	10,429	-	(29,164)	(376)

	Land (at valuation) \$000	Buildings (at valuation) \$000	Fitout/ leasehold improvements \$000	Computer equipment \$000	Computer equipment (finance lease) \$000	Furniture and fittings, office equipment \$000	Motor vehicles \$000	Work in Progress (WIP) \$000	Total \$000
Other movements	-	(1,431)	-	(376)	-	(107)	-	-	(1,914)
Disposals	-	-	(332)	(14,302)	-	(5,543)	(537)	-	(20,714)
Balance at 30 June 2017	235,568	474,679	57,394	64,301	1,234	68,120	5,059	310,768	1,217,123
Accumulated depreciation and impairment losses									
Balance at 1 July 2015	-	-	31,356	62,642	1,234	37,098	4,010	-	136,340
Depreciation expense	-	26,258	7,701	5,766	-	4,341	695	-	44,761
Eliminate on disposal	-	-	(66)	(17)	-	(15)	(1,383)	-	(1,481)
Eliminate on revaluation	-	(26,078)	-	-	-	-	-	-	(26,078)
Eliminate on transfer to held for sale	-	51	-	-	-	-	-	-	51
Other asset movement	-	11	-	-	-	(11)	-	-	-
Balance at 30 June 2016	-	242	38,991	68,391	1,234	41,413	3,322	-	153,593
Depreciation expense	-	25,605	4,506	4,245	-	7,525	470	-	42,351
Eliminate on disposal	-	-	(332)	(14,307)	-	(5,535)	(426)	-	(20,600)
Eliminate on revaluation	-	(25,605)	-	-	-	-	-	-	(25,605)
Balance at 30 June 2017	-	242	43,165	58,329	1,234	43,403	3,366	-	149,739
Carrying amounts									
At 1 July 2015	171,242	387,337	22,062	10,039	-	15,817	3,033	139,951	749,481
At 30 June/ 1 July 2016	211,225	427,894	18,123	8,622	-	21,928	2,106	222,495	912,393
At 30 June 2017	235,568	474,437	14,229	5,972	-	24,717	1,693	310,768	1,067,384

Work in progress (WIP) totals \$310.768 million (2016: \$222.495 million) and is made up of the following classes: Buildings \$293.654 million, computer equipment \$7.773 million, furniture and fittings and office equipment \$8.902 million and motor vehicles \$0.439 million.

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

The Ministry has assets valued at \$112.690 million listed under the Historic Places Trust Act 1993 (2016: \$98.517 million), which are included in the assets above.

Finance Leases

The net carrying amount of office equipment held under finance leases as at 30 June 2017 is nil (2016: nil).

FURTHER INFORMATION

Sale and Lease Back

- The sites at 43–47 Balance Street and 2 Molesworth Street, Wellington are currently part of a deferred purchase provision under a Treaty settlement.
- The sites at 46 Cameron Road and 26 McLean Street, Tauranga will be transferred upon enactment of a Treaty settlement expected in 2017/18

Note 9 Intangible Assets

ACCOUNTING POLICY

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

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs of software updates or upgrades are only capitalised when they increase the usefulness or value of the software. Costs associated with development and maintenance of the Ministry's website are recognised as an expense when incurred.

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

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Useful lives of Software

The useful life of software is determined at the time the software is acquired and brought into use and is reviewed at each reporting date for appropriateness. For computer software licenses, the useful life represents management's view of the expected period over which the Ministry will receive benefits from the software, but not exceeding the licence term. For internally generated software developed by the Ministry, the useful life is based on historical experience with similar systems as well as anticipation of future events that may impact the useful life, such as changes in technology.

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

	Acquired Software \$000	Internally Generated Software \$000	Work in Progress (WIP) \$000	Total \$000
Cost				
Balance at 1 July 2015	53,018	144,190	10,532	207,740
Additions	3,169	13,117	(7,201)	9,085
Other movement	(6)	16	-	10
Reclassification of assets	6	(16)	3,370	3,360
Balance at 30 June 2016	56,187	157,307	6,701	220,195
Additions	364	7,219	11,724	19,307
Other movement	(126)	(191)	-	(317)
Reclassification of assets	125	191	58	374
Balance at 30 June 2017	56,550	164,526	18,483	239,559

	Acquired Software \$000	Internally Generated Software \$000	Work in Progress (WIP) \$000	Total \$000
Accumulated amortisation and impairment losses				
Balance at 1 July 2015	31,521	110,141	-	141,662
Amortisation expense	2,733	15,773	-	18,506
Balance at 30 June 2016	34,254	125,914	-	160,168
Amortisation expense	2,311	12,075	-	14,386
Other movement	(2)	-	-	(2)
Balance at 30 June 2017	36,563	137,989	-	174,552
Carrying amounts				
At 1 July 2015	21,497	34,049	10,532	66,078
At 30 June/1 July 2016	21,933	31,393	6,701	60,027
At 30 June 2017	19,987	26,537	18,483	65,007

This includes work in progress (WIP) of \$18.483 million (2016: \$6.701 million) and is made up of the following classes: acquired software \$5.898 million and internally generated software \$12.585 million.

Note 10 Payables and deferred revenue

ACCOUNTING POLICY

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

Financial liabilities

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

	Actual 30 June 2016 \$000	Actual 30 June 2017 \$000
Payables and deferred revenue under exchange transactions		
20,248 Creditors		18,919
6 Income in advance for cost recovered services		6
25,257 Accrued expenses		25,201
45,511 Total payables and deferred revenue under exchange transactions		44,126
Payables and deferred revenue under non-exchange transactions		
1,894 Taxes payable (eg GST)		2,370
47,405 Total payables and deferred income		46,496

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

Note 11 Provisions

ACCOUNTING POLICY

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

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

Restructuring

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

	Make Good	Christchurch Earthquake \$000	Restructuring \$000	Other Provision	Total \$000
Opening balance 1 July 2015	3,250	13,637	238	288	17,413
Additional provisions made	-	-	4,411	-	4,411
Amount utilised	(16)	-	(99)	(288)	(403)
Unused provisions reversed	(254)	(4,137)	(21)	-	(4,412)
Transfers	-	-	-	-	-
Closing balance 30 June 2016	2,980	9,500	4,529	-	17,009
Additional provisions made	1,925	-	1,837	323	4,085
Amount utilised	(8)	(7,951)	(3,322)	-	(11,281)
Unused provisions reversed	-	(1,549)	(361)	-	(1,910)
Transfers	-	-	-	-	-
Closing balance 30 June 2017	4,897	-	2,683	323	7,903

The make-good provision relates to contractual obligations resulting from the Ministry entering into lease contracts. The lease obligations require the Ministry to make good the condition of the land and buildings upon terminating the lease and vacating the premises. The Ministry has the option to renew these leases, which may change the timing of the expected cash outflows to make-good the premises.

Restructuring provisions provide for the expected costs arising from the reorganisation within the Ministry. All of these costs are expected to be expensed during 2017/18.

The current and non-current provisions are as follows:

	Make Good	Christchurch Earthquake \$000	Restructuring \$000	Other Provision	Total \$000
Current portion	2,420	9,500	4,439	-	16,359
Non-current portion	560	-	90	-	650
Total provisions 30 June 2016	2,980	9,500	4,529	-	17,009
Current portion	2,385	-	2,683	323	5,391
Non-current portion	2,512	-	-	-	2,512
Total provisions 30 June 2017	4,897	-	2,683	323	7,903

Note 12 Return of operating surplus

Actual 30 June 2016 \$000		Actual 30 June 2017 \$000
10,576	Net surplus/(deficit)	9,011
(315)	(Surplus)/deficit of memorandum accounts	23
10,261	Total return of operating surplus	9,034

The net surplus for 2017 is based on the net surplus reported in the Statement of comprehensive revenue and expense.

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

Note 13 Employee entitlements

ACCOUNTING POLICY

Short-term employee entitlements

Employee entitlements that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

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

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

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

Long-term employee entitlements

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

The calculations are based on:

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

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

Presentation of employee entitlements

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Long service leave and retirement gratuities

The present value of the retirement and long-service leave obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability. Expected future payments are discounted using discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The discount rate used was 1.97 % with 2.67 % salary inflation for year 1 of the projection (2016: 2.12 % with 2.47 % salary inflation). The discount rates and salary inflation factor used are those advised by the Treasury.

If the discount rate were to differ by 1 % from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability and the surplus/deficit would be an estimated \$642,000 higher/lower.

If the salary inflation factor were to differ by 1 % from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability and the surplus/deficit would be an estimated \$637,000 higher/lower.

The valuations of long-service leave and retirement leave as at 30 June 2017 were conducted by an independent actuary, Marcelo Lardies, BSc (Hons) FNZSA, of AON Hewitt.

BREAKDOWN OF EMPLOYEE ENTITLEMENTS

Actual 2016 \$000		Actual 2017 \$000
Current liabilities		
2,830	Retirement and long-service leave	2,799
4	Sick leave	4
12,698	Annual leave	12,741
884	Salaries	1,807
16,416	Total current liabilities	17,351
Non-current liabilities		
7,684	Retirement and long-service leave	7,252
-	Other employee entitlements	5,227
7,684	Total non-current liabilities	12,479
24,100	Total provision for employee entitlements	29,830

Note 14 Equity

ACCOUNTING POLICY

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

Memorandum accounts

Memorandum accounts reflect the cumulative surplus/(deficit) on those departmental services provided that are intended to be fully cost recovered from 3rd parties through fees, levies or charges. The balance of each memorandum account is expected to trend toward zero over time.

Property revaluation reserves

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

Actual 2016 \$000		Actual 2017 \$000
777,570	Taxpayers' funds as at 1 July	943,679
25,125	Total comprehensive income	89,544
(14,549)	Transfer revaluation gain to property revaluation reserves	(80,533)
184	Transfer realised revaluation from property valuation reserves	-
165,925	Capital injection (cash) from the Crown	108,850
(10,261)	Return of operating surplus to the Crown	(9,034)
(315)	Transfer of memorandum account net (surplus)/deficit	23
-	Adjustment to memorandum account opening balance	1
943,679	Taxpayers' funds as at 30 June	1,052,530
Memorandum accounts		
297	Opening balance 1 July	612
-	Adjust opening balance for prior years rounding	(1)
315	Net memorandum account surplus/(deficit) for the year	(23)
612	Balance as at 30 June	588
Property valuation reserves		
161,244	Balance at 1 July	175,609
14,549	Revaluation gains	80,533
(184)	Transfer realised revaluation to taxpayers' funds	-
175,609	Property valuation reserves as at 30 June	256,142
1,119,900	Total equity	1,309,260
Property valuation reserves consist of:		
42,368	Land revaluation reserve	67,308
133,241	Buildings revaluation reserve	188,834
175,609	Total property valuation reserves	256,142

Further information about memorandum accounts is presented below:

Actual 2016 \$000		Actual 2017 \$000
Second Hand Dealers and Pawnbrokers		
582	Opening balance/(deficit) at 1 July	682
-	Adjust opening balance for prior years rounding	(1)
315	Revenue	228
(215)	Expenses	(292)
682	Closing balance/(deficit) at 30 June	617
Legal Complaints Review Officers		
(285)	Opening balance/(deficit) at 1 July	(70)
1,454	Revenue	1,338
(1,239)	Expenses	(1,297)
(70)	Closing balance/(deficit) at 30 June	(29)
612	Total closing balance/(deficit) at 30 June	588

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

The Second Hand Dealers and Pawnbrokers and Legal Complaints Review Officers memorandum accounts require separate recognition within the financial statements.

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

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

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

CAPITAL MANAGEMENT

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

The Ministry manages its revenue, expenses, assets, liabilities and general financial dealings prudently. The Ministry's equity is largely managed as a by-product of managing income, expenses, assets, liabilities and compliance with the government budget processes, Treasury's Instructions and the PFA.

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

Note 15 Related party transactions and key management personnel

The Ministry is a wholly owned entity of the Crown.

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

KEY MANAGEMENT PERSONNEL COMPENSATION

Actual 2016 \$000		Actual 2017 \$000
Leadership Team, including the Chief Executive		
3,832	Remuneration	2,914
12	Full-time equivalent staff	8

The above key management personnel disclosure excludes the Minister of Justice and the Minister for Treaty of Waitangi Negotiations. The Ministers' remuneration and other benefits are not received only for their roles as members of key management personnel of the Ministry. The Ministers' remuneration and other benefits are set by the Remuneration Authority under the Members of Parliament (Remuneration and Services) Act 2013 and are paid under Permanent Legislative Authority, and not paid by the Ministry of Justice.

Note 16 Events after balance date

There have been no significant events after the balance date.

Note 17 Financial Instruments

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

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

Note 17a Categories of financial instruments

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

Actual 2016 \$000		Actual 2017 \$000
Loans and receivables		
47,298	Cash and cash equivalents	51,926
196,251	Receivables (note 6)	215,768
243,549	Total loans and receivables	267,694
Financial liabilities measured at amortised cost		
47,399	Payables (excluding income in advance) (note 10)	46,490
47,399	Total financial liabilities measured at amortised cost	46,490

Note 17b Fair Value

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

Note 17c Financial instrument risk

MARKET RISK

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.

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 Ministry business, credit risk arises from receivables, deposits with banks, and derivative financial instruments.

The Ministry is permitted to deposit funds only with Westpac (Standard and Poor's credit rating of AA-), a registered bank, and enter into foreign exchange forward contracts with the New Zealand Debt Management Office (Standard and Poor's credit rating of AA). These entities have high credit ratings. For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and net debtors (note 6). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

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 drawdown as negotiated with the New Zealand Debt Management Office

through Treasury. The Ministry maintains a target level of available cash to meet liquidity requirements.

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

CREDITORS AND ACCRUED EXPENSES

2016 \$000		2017 \$000
47,405	Less than 6 months	46,497
47,405	Total	46,497

Note 18 Explanation of major variances against budget

Explanations for major variances from the Ministry's original 2016/17 budget figures are as follows:

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Crown revenue

Crown Revenue was \$3.794 million lower than budgeted. This was a combination of a decrease in funding for capital charges as the rate was reduced during the year from 8% to 6% and delayed funding for the decanting costs of the Christchurch Justice and Emergency Services Precinct.

Personnel costs

Personnel costs were greater than budget by \$30.796 million. The over spend was due to costs associated with business changes across the Ministry.

Operating expenses

Expenditure was below budget by \$20.482 million. The under spend was mainly due to lower professional services and other operating costs than budgeted.

Capital charges

Capital charges were \$15.015 million below budget due to a combination of lower than budgeted capital drawdown and the capital charge rate reducing from 8% to 6% during the year.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment expense was below budget by \$10.625 million. The under spend was mainly lower depreciation resulting from delayed completion of the Christchurch Justice and Emergency Services Precinct.

Gain on property valuations

Due to uncertainty and volatility in the New Zealand property market it is difficult to accurately budget for movements in the value of Ministry property. It is therefore assumed, when preparing the budget, that there will be no gain or loss from property revaluations.

STATEMENT OF FINANCIAL POSITION

Debtors and other receivables

Debtors and other receivables were \$117.311 million higher than budgeted. This is due to an increase in Crown Debtor as cash drawdowns of Crown Revenue were not required to the extent budgeted.

STATEMENT OF CASH FLOWS

Net cash received from operating activities

Net cash received from operating activities was \$54.367 million lower than budget. This was mainly due to Receipts from Revenue Crown of \$71.405 million less than budget. Consequently, the cash outflows for capital charges and investing activities were less than budgeted.

Non-departmental statements and schedules

FOR THE YEAR ENDED 30 JUNE 2017

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

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2017.

Schedule of non-departmental revenue and receipts

FOR THE YEAR ENDED 30 JUNE 2017

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

Actual 2016 \$000		Actual 2017 \$000	Unaudited budget 2017 \$000
96,434	Court fines	101,419	107,130
3,529	Offender levies	3,501	3,760
-	Money forfeited to the Crown	-	200
19,665	Legal Aid Debt established	16,366	12,904
7,419	Community Law Centre receipts	6,886	8,589
1,563	Family Court Cost Contribution Orders	695	6,459
-	Interest on treaty settlement prepaid lease	1,025	5,392
1,928	Recovery of judicial salaries	1,875	1,276
8,109	Rental from land bank properties	-	-
3,369	Gain on property, plant and equipment and assets held for sale	-	-
34,966	Interest unwind on fines receivable	35,412	34,746
10,407	Other revenue	6,547	8,574
187,389	Total revenue and receipts	173,726	189,030

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

Schedule of non-departmental capital receipts

No capital receipts were received by the Ministry on behalf of the Crown during the year ended 30 June 2017 (2015/16: nil).

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2017.

Schedule of non-departmental expenses

FOR THE YEAR ENDED 30 JUNE 2017

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

Actual 2016 \$000	Expenditure	Actual 2017 \$000	Unaudited Budget 2017 \$000
134,598	Personnel – Judges'/Coroners' salaries and allowances	136,958	137,313
242,049	Crown expenditure Vote Justice (details on page 114)	275,089	236,906
94,554	Crown expenditure Vote Courts (details on pages 116–117)	116,735	104,628
424,846	Crown expenditure Vote Treaty Negotiations (details on page 118)	143,150	411,119
43,740	GST expense	47,201	49,793
939,787	Total non-departmental expenditure	719,133	939,759

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

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2017.

Schedule of non-departmental assets

AS AT 30 JUNE 2017

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

Actual 2016 \$000	Assets	Notes	Actual 2017 \$000	Unaudited budget 2017 \$000
Current assets				
46,090	Cash and cash equivalents		46,685	50,106
71,000	Fines receivable	2	70,000	72,443
36,591	Other receivables	3	32,764	31,493
44,003	Assets held for sale	4	-	-
197,684	Total current assets		149,449	154,042
Non-current assets				
88,000	Fines receivable	2	82,000	88,411
51,297	Other receivables	3	49,154	48,295
360,049	Assets held for Treaty of Waitangi settlements	4	-	-
1,209	Hotel investment account advances		1,606	1,209
500,555	Total non-current assets		132,760	137,915
698,239	Total non-departmental assets		282,209	291,957

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

In addition, the Ministry monitors 6 Crown entities. These are the Privacy Commissioner, Law Commission, Independent Police Conduct Authority, Human Rights Commission, Real Estate Agents Authority and Electoral Commission. The investment in these entities is consolidated in the Financial Statements of the Government on a line-by-line basis.

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2017.

Schedule of non-departmental liabilities and revaluation reserves

AS AT 30 JUNE 2017

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

Actual 2016 \$000		Note	Actual 2017 \$000	Unaudited budget 2017 \$000
Current liabilities				
266,129	Treaty settlements payables	5	602,370	761,655
43,023	Other payables	6	43,095	40,659
41,542	Judges' leave entitlements	7	43,636	48,889
350,694	Total current liabilities		689,101	851,203
Non-current liabilities				
572,262	Treaty settlements payables	5	216,924	61,490
34,058	Judges' leave entitlements	7	33,768	36,854
606,320	Total non-current liabilities		250,692	98,344
957,014	Total non-departmental liabilities		939,793	949,547
Revaluation reserves				
123,309	Property revaluation reserves	8	-	396

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

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2017.

Schedule of non-departmental contingent liabilities and contingent assets

AS AT 30 JUNE 2017

Actual 2016 \$000	Quantifiable contingent liabilities	Actual 2017 \$000
140	Māori Land Court quantifiable contingent liabilities	406
140	Total quantifiable contingent liabilities	406

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

NON-QUANTIFIABLE LIABILITIES

Non-departmental non-quantifiable liabilities – Vote Justice

Justices of the Peace, Community Magistrates and Disputes Tribunal Referees

Section 50 of the District Court Act 2016 and Section 4F of the Justices of the Peace Act 1957 require the Crown to indemnify Justices of the Peace and Community Magistrates, respectively, against damages or costs awarded against them as a result of them exceeding their jurisdiction, provided a High Court judge certifies that they have exceeded their jurisdiction in good faith and ought to be indemnified. Prior to 1 July 2013, these provisions were covered by Section 197 of the Summary Proceedings Act 1957.

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

Criminal Proceeds (Recovery) Act

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

Non-departmental non-quantifiable liabilities – Vote Treaty Negotiations

Treaty of Waitangi claims

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

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

Treaty of Waitangi claims – settlement relativity payments

The Deeds of Settlement negotiated with Waikato-Tainui and Ngāi Tahu include a relativity mechanism. The mechanism provides that, where the total redress amount for all historical Treaty

settlements exceeds \$1 billion in 1994 present-value terms, the Crown is liable to make payments to maintain the real value of Waikato-Tainui and Ngāi Tahu settlements as a proportion of all Treaty settlements. The agreed relativity proportions are 17% for Waikato-Tainui and approximately 16 percent for Ngāi Tahu.

The relativity mechanism has now been triggered, and in future years, additional costs are likely to be incurred in accordance with the relativity mechanism as Treaty settlements are reached. However, no value can be placed on these at this point in time, as there is uncertainty as to when each negotiation will settle, and the value of any settlement when reached. There is also uncertainty on how various disputes concerning the interpretation of the mechanism will be resolved.

CONTINGENT ASSETS

The Ministry on behalf of the Crown has no contingent assets (2016: nil).

COMMITMENTS

The Ministry on behalf of the Crown has no commitments (2016: nil).

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2017.

Statement of trust monies

FOR THE YEAR ENDED 30 JUNE 2017

The following trust money was administered on behalf of the Crown under Section 66 of the PFA. The transactions through these accounts and their balances are not included in the Ministry's annual financial statements.

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

	Court Law \$000	Fines \$000	Employment Court \$000	Māori Land Court \$000	Prisoners' and Victims' Claims \$000	Supreme Court \$000	Legal Complaints Review \$000	Foreign Currency United States Dollar \$000
Opening cash balance	10,335	41,096	269	45	66	94	-	-
Contributions	13,743	207,463	195	3	19	200	-	-
Distributions	(12,865)	(203,086)	(344)	-	(69)	(107)	-	-
Closing cash balance	11,213	45,473	120	48	16	187	-	-

COURT LAW TRUST ACCOUNT

This trust account holds deposits made by individuals filing for action in the District Court, the High Court or the Court of Appeal. There are 56 individual Law Trust accounts, which are managed by the individual courts and collections offices.

FINES TRUST ACCOUNT

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

EMPLOYMENT COURT TRUST ACCOUNT

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

MĀORI LAND COURT TRUST ACCOUNT

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

PRISONERS' AND VICTIMS' CLAIMS ACT TRUST ACCOUNT

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

SUPREME COURT TRUST ACCOUNT

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

LEGAL COMPLAINTS REVIEW TRUST ACCOUNT

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

FOREIGN CURRENCY UNITED STATES DOLLAR TRUST ACCOUNT

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

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2017.

Notes to the non-departmental financial statements and schedules

Note 1 Statement of significant accounting policies for the year ended 30 June 2017

REPORTING ENTITY

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

These non-departmental balances are consolidated into the Financial Statements of the Government for the year ended 30 June 2017. For a full understanding of the Crown's financial position, results of operations, and cash flows for the year, refer to the Financial Statements of the Government for the year ended 30 June 2017.

BASIS OF PREPARATION

The non-departmental statements and schedules have been prepared in accordance with the accounting policies of the Financial Statements of the Government, Treasury Instructions, and Treasury Circulars.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

REVENUE

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

Revenue from non-exchange transactions

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

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

Revenue from exchange transactions

All other revenue is deemed exchanged. For example, revenue received from the New Zealand Law Society (NZLS) Special

Fund for the funding of Community Law Centres is recognised as revenue when received. Rental income from landbank properties is recognised on a straight-line basis over the term of the lease.

Asset capitalisation

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

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

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

Cultural artefacts

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

Where the revaluation results in a debit balance in the asset revaluation reserve, this balance is expensed through the schedule of non-departmental expenses. Any subsequent increase on revaluation that offsets a previous decrease in value recognised through the schedule of non-departmental expenses will be recognised first through the schedule of non-departmental revenue and receipts up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

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

Depreciation

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

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

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

Disposal of property, plant and equipment

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

Biological assets

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

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

Assets held for sale

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

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

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

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

Assets are held in 2 separate categories: those where the assets are no longer required for Treaty settlements and those that are part of a Treaty settlement where transfer to the claimant group is expected to be completed within the next 12 months.

Commitments

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

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

Goods and services tax (GST)

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis. In accordance with Treasury instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, no input tax deduction is claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Financial Statements of the Government.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

Presentation currency and rounding

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

Measurement base

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

BUDGET FIGURES

The budget figures are consistent with the best estimate financial information submitted to the Treasury.

CHANGES IN ACCOUNTING POLICY

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

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

Note 2 Fines receivable

ACCOUNTING POLICY

The future fair value of the fines receivable is dependent on ongoing collection and remittal rates as well as the discount rate utilised in the valuation.

ADDITIONAL INFORMATION

The impaired and fair value of fines receivable has been determined on an actuarial basis by discounting the expected flow of repayments, net of servicing costs, at a discount rate of 6 % (2016: 7 %) resulting in a fair value of \$152 million (2016: \$159 million). If the discount rate was 2 % higher, the impaired value would decrease by \$5.40 million, to \$146.6 million; if 2 % lower the value would increase by \$6.0 million, to \$158.0 million.

The discount rate is made up of the 2 components of a risk-free rate and a risk premium rate. The risk-free rate of 2.3 % is based on the 30 month spot rate as issued by Treasury in the 'Table of Risk-free Discount Rates and CPI Assumptions at 30 June 2017 for Accounting Valuation Purposes', with the risk premium rate of 4 % reflecting traded risky debt with similar characteristics to the fines debt.

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

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

Actual 2016 \$000		Actual 2017 \$000
Non-Exchange Transaction		
370,903	Fines receivable	392,175
(211,903)	Impairment provision	(240,175)
159,000	Impaired value	152,000

Actual 2016 \$000		Actual 2017 \$000
<i>Being:</i>		
71,000	Current	70,000
88,000	Non-current	82,000
159,000	Total	152,000

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

Actual 2016 \$000		Actual 2017 \$000
Non-Exchange Transaction		
Fines provisioning		
202,236	Opening balances as at 1 July	211,903
60,187	Impairment on initial recognition.	72,281
(58,842)	Impairment recovered	(66,097)
8,322	Valuation changes	22,088
211,903	Closing balances as at 30 June	240,175

Note 3 Other receivables

ACCOUNTING POLICY

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

Impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into insolvency, bankruptcy, receivership, or liquidation, and default in payments are considered indicators that the receivable is impaired. For receivables not individually impaired, a collective assessment of impairment is also carried out. This considers past practice of collection history across the receivables portfolio. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the schedule of non-departmental expenses. When a debt is uncollectible, it is written off against the allowance account for debtors. Overdue receivables that are renegotiated are reclassified as current (that is, not past due).

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Debtors and other receivables

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

Legal Aid receivables

The future fair value of the legal aid receivable is dependent on ongoing repayment rates as well as the discount rate utilised in the valuation.

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

Actual 2016 \$000		Actual 2017 \$000
Current assets		
10,631	Fines	11,263
15,388	Legal Aid receivable (Note 3a)	17,252
10,572	Other receivables	4,249
36,591	Total current receivables	32,764
Non-current assets		
39,904	Legal Aid receivable (Note 3a)	37,868
11,393	Other receivables	11,286
51,297	Total non-current receivables	49,154
87,888	Total other receivables	81,918
Total receivables comprise:		
3,898	Receivables from exchange transactions	3,060
83,990	Receivables from non-exchange transactions	78,858
87,888	Total other receivables	81,918

Note 3a Legal Aid receivable

LEGAL AID RECEIVABLES

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

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

This debt has been impaired using an actuarial model based on an assessment of the recoverable amount. This assessment takes into account whether the debt is secured against property and receipts to date against the debt. The discount rate is made up of the 2 components, a risk-free rate and a risk premium rate. The risk-free rate is the return that an investor could achieve without risk and is taken to be the yield on government bonds. The

risk-free rate used is the 7-year government yield at 30 June 2017, of 2.71 % (2016: 2.10 %). The risk premium has been estimated by finding traded debt with a comparable default rate to the default rate of the outstanding debt, and determining a risk premium based on that debt. The risk premium used is 4 % (2016: 5 %). Adding the risk-free rate and the risk premium together gives a discount rate of 6.71 % (2016: 7.10 %).

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

Actual 2016 \$000		Actual 2017 \$000
126,311	Legal Aid receivable	126,852
(71,019)	Impairment provision	(71,732)
55,292	Impaired value	55,120
<i>Being:</i>		
15,388	Current	17,252
39,904	Non-current	37,868
55,292	Total	55,120

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

Actual 2016 \$000		Actual 2017 \$000
73,083	Opening Balance as at 1 July	71,019
(4,012)	Interest unwind	(4,252)
(4,409)	Impairment (charge)/reversal	(1,726)
6,357	Fair value write-down	6,691
71,019	Closing balance as at 30 June	71,732

Gross debt 2016 \$000	Net debt 2016 \$000		Gross debt 2017 \$000	Net debt 2017 \$000
43,653	24,646	Secured	42,057	23,394
82,658	30,646	Unsecured	84,795	31,726
126,311	55,292	Total	126,852	55,120

Note 4 Assets held for Treaty of Waitangi settlements

The Office of Treaty Settlements operated a mechanism to protect surplus Crown, District Health Board and Crown Research Institute land and other assets for potential use in settling historical Treaty of Waitangi claims.

Where the Crown agrees the asset meets the criteria, it is purchased and held in a regional landbank. Management of such a large and diverse property portfolio is not the core business of the Ministry of Justice.

Cabinet approved the transfer of the Office of Treaty Settlements landbank and associated appropriations to the Crown Property Centre of Expertise within Land Information New Zealand (LINZ) with effect from 1 July 2016. LINZ has the relevant expertise to improve the landbank performance and this transfer preserves the capacity of the Crown to provide redress to claimant groups through Treaty settlements and safeguards Māori interests in surplus government properties.

As at 30 June 2017, the Crown does not hold any property, plant, equipment and other assets in the accounts.

ACCOUNTING POLICY

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

ASSET REVALUATION

Land and buildings were stated at fair value determined from market-based evidence by an independent valuer as at 30 June 2016 before they were transferred to Crown Property Centre of Expertise within Land Information New Zealand.

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

Actual 2016 \$000		Note	Actual 2017 \$000
352,358	Property, plant, equipment and other assets	4a	-
6,561	Forests	4b	-
795	Orchards	4c	-
335	Shares in cooperative companies	4d	-
360,049	Total assets held for Treaty of Waitangi settlements		-
44,003	Assets held for sale	4e	-
404,052	Total assets and assets held for sale for Treaty of Waitangi settlements	-	

Note 4a Property, plant and equipment and other assets

Land, building and improvements valuations (over \$400,000) were conducted by an independent valuer, Nigel Hoskin, BBS (VPM) ANZIV, of Beca Valuations Limited as at 30 June 2016, and are in accordance with the International Valuation Standards 2013. The total value of land and buildings valued to fair value in 2016 was \$66.303 million.

ACCOUNTING POLICY

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

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

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

Significant assumptions include:

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

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

There is no work in progress (2016: \$325,000) classified under non-residential building in 2017.

	Land (at valuation) \$000	Non-residential Building (at valuation) \$000	Residential Building (at valuation) \$000	Plant and Equipment \$000	Cultural Artefacts \$000	Work in Progress \$000	Total \$000
Cost/valuation							
Balance at 1 July 2015	271,822	33,148	48,062	463	5,000	206	358,701
Additions	11,507	657	835	83	-	119	13,201
Revaluation increase/(decrease)	15,428	(200)	(1,298)	-	-	-	13,930
Transfer to held for sale	(19,395)	(1,425)	(3,087)	(16)	-	-	(23,923)
Reclassification of assets	310	(315)	-	5	-	-	-
Revaluation (prior to transfer)	(2,392)	(275)	(721)	(27)	-	-	(3,415)
Balance at 30 June 2016	277,280	31,590	43,791	508	5,000	325	358,494
Other movement	(277,280)	(31,590)	(43,791)	(508)	(5,000)	(325)	(358,494)
Balance at 30 June 2017	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses							
Balance at 1 July 2015	969	6,091	3,306	241	-	-	10,607
Depreciation expense	-	1,563	1,504	75	-	-	3,142
Eliminate on revaluation (depreciation & impairment loss)	-	(4,168)	(3,038)	-	-	-	(7,206)
Eliminate on transfer to held for sale	(2,392)	(275)	(721)	(27)	-	-	(3,415)
Impairment losses	2,392	145	468	3	-	-	3,008
Balance at 30 June 2016	969	3,356	1,519	292	-	-	6,136
Other movement	(969)	(3,356)	(1,519)	(292)	-	-	(6,136)
Balance at 30 June 2017	-	-	-	-	-	-	-

	Land (at valuation) \$000	Non-residential Building (at valuation) \$000	Residential Building (at valuation) \$000	Plant and Equipment \$000	Cultural Artefacts \$000	Work in Progress \$000	Total \$000
Carrying amounts							
At 1 July 2015	270,853	27,057	44,756	222	5,000	206	348,094
At 30 June/1 July 2016	276,311	28,234	42,272	216	5,000	325	352,358
At 30 June 2017	-	-	-	-	-	-	-

Note 4b Forests

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

	Forests \$000
Cost/valuation	
Balance at 1 July 2015	5,540
Gain/(loss) in fair value from valuation	1,021
Balance at 30 June 2016	6,561
Other movement	(6,561)
Balance at 30 June 2017	-

The valuations of the 4 forests were conducted by independent valuers Peter Auge, B.Sc. Forestry, Dip Forestry, MBA, MNZIF Member of Interpine Group Limited, and Erin Leahy, NZIF Registered Forestry Consultant, of PF Olsen Limited and were in accordance with the International Valuation Standards 2013. The valuations were completed as at 30 June 2016.

Note 4c Orchards

All 4 orchards were bearer biological assets.

	Orchards \$000
Cost/valuation	
Balance at 1 July 2015	625
Gain/(loss) in fair value from valuation	170
Balance at 30 June 2016	795
Other movement	(795)
Balance at 30 June 2017	-

The valuation of the orchards was conducted by independent valuer Dylan Barrett, Registered Valuer, ANZIV, of Preston Rowe Paterson Limited and was in accordance with the International Valuation Standards 2013. The valuations were completed as at 30 June 2016.

Note 4d Shares in co-operative companies

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

	Shares \$000
Cost/valuation	
Balance at 1 July 2015	294
Additions	-
Revaluation increase/(decrease)	41
Balance at 30 June 2016	335
Other movement	(335)
Balance at 30 June 2017	-

Note 4e Assets held for sale

	Assets held for sale \$000
Balance at 1 July 2015	45,589
Transfer to held for sale from property, plant and equipment	23,923
Disposals	(25,509)
Balance at 30 June 2016	44,003
Other movement	(44,003)
Balance at 30 June 2017	-

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

Note 5 Treaty settlement payables

Actual 2016 \$000		Actual 2017 \$000
1,272	Treaty settlement payables	428
837,119	Accrued settlement expenses	818,866
838,391	Total Treaty settlement creditors	819,294
<i>Total Treaty settlement creditors comprise:</i>		
1,116	Payables from exchange transactions	428
837,275	Payables from non-exchange transactions	818,866
838,391	Total Treaty settlement creditors	819,294

Note 6 Other payables

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Legal Aid accrual

At each balance date, the Ministry uses an independently developed actuarial model to calculate the legal aid accrual figure for the 3 law types; criminal, family and civil. The assumptions adopted are as follows:

- The model excludes cases determined as inactive based on a probability mechanism that assesses the likelihood a case will have an additional claim.
- The cost of service still to be incurred is based on estimates of the total cost of the case (based on the law type, matter type and average case length) less invoices paid.

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

Analysis of the creditors and other payables

Actual 2016 \$000		Actual 2017 \$000
19,696	Legal Aid payable	19,639
2,062	Taxes payable	2,447
4,088	Creditors	4,808
16,651	Accrued expenses	15,668
526	Other payables	533
43,023	Total other payables	43,095
<i>Total creditors and other payables comprise:</i>		
21,265	Payables from exchange transactions	21,009
21,758	Payables from non-exchange transactions	22,086
43,023	Total other payables	43,095

There is no onerous lease provision in 2017 (2016: nil).

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

Note 7 Judges' leave entitlements

ACCOUNTING POLICY

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

Actual 2016 \$000		Actual 2017 \$000
Current liabilities		
35,688	Retiring and sabbatical leave	37,046
4,957	Annual leave	5,170
897	Salaries	1,420
41,542	Total current liabilities	43,636
Non-current liabilities		
34,058	Retiring and sabbatical leave	33,768
34,058	Total non-current liabilities	33,768
75,600	Total provision for judges' leave entitlements	77,404

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

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

The discount rate used was 1.97 % with 2.67 % salary inflation for year 1 of the projection (2016: 2.12 % with 2.47 % salary inflation).

The discount rates and salary inflation factor used are those advised by the Treasury. If the discount rate were to differ by 1 % from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability and the surplus/deficit would be an estimated \$2.323 million higher/lower. If the salary inflation factor were to differ by 1 % from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability and the surplus/deficit would be an estimated \$2.350 million higher/lower.

The valuation of retiring and sabbatical leave as at 30 June 2017 was conducted by an independent valuer, Marcelo Lardies, BSc (Hons) FNZSA, of AON Hewitt.

Note 8 Property revaluation reserves

	Land \$000	Non-residential Buildings \$000	Residential Buildings \$000	Cultural Artefacts \$000	Total \$000
Balance at 1 July 2015	74,233	14,476	18,869	355	107,933
Current year movement	13,034	3,823	1,272	-	18,129
Transfer to general funds on disposal	(2,139)	(108)	(506)	-	(2,753)
Balance at 30 June 2016	85,128	18,191	19,635	355	123,309
Current year movement	(85,128)	(18,191)	(19,635)	(355)	(123,309)
Balance at 30 June 2017	-	-	-	-	-

Note 9 Financial instruments

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

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

CREDIT RISK

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

Credit risk arises from debtors and deposits with banks.

Funds must be deposited with Westpac, a registered bank.

In the normal course of its business, the Ministry, on behalf of the Crown, incurs credit risk from receivables, including fines and legal aid recovered, and deposits with banks.

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

FAIR VALUE

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

CURRENCY RISK AND INTEREST RATE RISK

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

LIQUIDITY RISK

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

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

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

Treaty payables 2016 \$000	Other payables 2016 \$000		Treaty payables 2017 \$000	Other payables 2017 \$000
1,272	43,023	Less than 6 months	428	43,095
264,857	-	Between 6 months and 1 year	601,942	-
572,262	-	Between 1 and 5 years	216,924	-
838,391	43,023	Total	819,294	43,095

Actual 2016 \$000		Actual 2017 \$000
Loans and receivables		
46,090	Cash and cash equivalents	46,685
246,888	Receivables	233,918
292,978	Total loans and receivables	280,603
Financial liabilities measured at amortised cost		
27,644	Payables	27,859
853,770	Accrued expenses	834,534
881,414	Total financial liabilities measured at amortised cost	862,393

Note 10 Memorandum accounts

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

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

There has been no financial activity in this financial year.

Actual 2016 \$000		Actual 2017 \$000
(1,164)	Opening balance/(deficit) at 1 July	-
1,164	Revenue	-
-	Closing balance/(deficit) at 30 June	-

Note 11 Explanations of major variances against budget

Explanations for major variances from Ministry's non-departmental budget figures are as follows:

SCHEDULE OF REVENUE AND SCHEDULE OF EXPENSES

Crown expenditure in Vote Justice was higher by \$38.183 million, mainly due to funding received for the repatriation of part of the funds recovered under the Crime Proceeds (Recovery) Act 2009 from asset forfeiture orders to the country of origin of the perpetrators, which was not included in the original budget.

Crown expenditure in Vote Courts was higher than the main estimates by \$12.107 million. This is mainly explained by the increase of Court and Coroner related costs, where there has been an increase in volume of court ordered services and the increase of costs to the impairment of fines receivable. The variance of \$9.897 million was due to the higher level of write-down of fines receivable following work undertaken by external actuarial provider.

Crown expenditure in Vote Treaty Negotiations is \$267.969 million lower than the main estimates. This is mainly due to lower than expected Treaty settlement expenses which, by their nature, are hard to predict with accuracy in terms of timing and amount.

SCHEDULE OF ASSETS AND SCHEDULE OF LIABILITIES

There were no significant variances against budget.

Note 12 Events after the Balance Date

There have been no significant events after the balance date.

Appropriation statements

The following statements report information about the expenses and capital expenditure incurred against each appropriation administered by the Ministry for the year ended 30 June 2017. They are prepared on a GST exclusive basis.

STATEMENT OF COST ACCOUNTING POLICIES

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

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

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

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

Statement of budgeted and actual departmental output expenses and capital expenditure incurred against appropriations

FOR THE YEAR ENDED 30 JUNE 2017

Expenditure after Remeasurements 2016 \$000	Appropriation title	Expenditure before Remeasurements 2017 \$000	Remeasurements ^A 2017 \$000	Expenditure after Remeasurements 2017 \$000	Approved Appropriation ^B 2017 \$000	Location of end-of-year performance information
Vote Justice						
27,585	Administration of Legal Services	32,333	(39)	32,294	34,158	
-	Justice and Emergency Agencies Property and Shared Services	16,599	(2)	16,597	21,718	
26,632	Public Defence Service	30,957	(55)	30,902	31,121	
7,834	Sector Leadership and Support	8,996	(13)	8,983	9,420	Ministry of Justice Annual Report
21,817	Justice Policy Advice and Related Services MCA	24,004	(33)	23,971	25,387	
16,757	Justice Policy Advice	18,224	(24)	18,200	19,689	
5,060	Legal and Ministerial Services	5,780	(9)	5,771	5,698	
83,868	Total Vote Justice	112,889	(142)	112,747	121,804	
Vote Courts						
445,945	Courts, Tribunals and Other Authorities Services, including the Collection and Enforcement of Fines and Civil Debts Services MCA	436,637	(459)	436,178	438,132	
61,240	Collection and Enforcement of Fines and Civil Debts Services	53,309	(72)	53,237	56,855	Ministry of Justice Annual Report
224,642	District Court Services	227,026	(223)	226,803	224,772	
71,958	Higher Court Services	67,534	(65)	67,469	67,363	
88,105	Specialist Courts, Tribunals and Other Authorities Services	88,768	(99)	88,669	89,142	
445,945	Total Vote Courts	436,637	(459)	436,178	438,132	

Expenditure after Remeasurements 2016 \$000	Appropriation title	Expenditure before Remeasurements 2017 \$000	Remeasurements ^A 2017 \$000	Expenditure after Remeasurements 2017 \$000	Approved Appropriation ^B 2017 \$000	Location of end-of-year performance information
Vote Treaty Negotiations						
9,127	Property Portfolio Management	-	-	-	-	
29,054	Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act MCA	32,922	(43)	32,879	35,680	
1,235	Policy Advice – Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act	819	(2)	817	1,339	Ministry of Justice Annual Report
2,246	Representation – Waitangi Tribunal and Courts	2,379	-	2,379	2,045	
25,573	Treaty Negotiations and Marine and Coastal Area (Takutai Moana) Act	29,724	(41)	29,683	32,296	
38,181	Total Vote Treaty Negotiations	32,922	(43)	32,879	35,680	
567,994	Total appropriation for output expenses	582,448	(644)	581,804	595,616	
165,925	Ministry of Justice – Capital Injection	108,850	-	108,850	108,850	
204,233	Departmental Capital Expenditure	136,579	-	136,579	186,417	Ministry of Justice Annual Report

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

^B This includes adjustments made in the Supplementary Estimates.

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

FOR THE YEAR ENDED 30 JUNE 2017

Expenditure after Remeasurements 2016 \$000	Expenditure before Remeasurements 2017 \$000	Remeasurements ^A 2017 \$000	Expenditure after Remeasurements 2017 \$000	Approved Appropriation ^B 2017 \$000	Location of end-of-year performance information
Vote Justice					
Non-departmental output expenses to be incurred by the Crown					
10,970	10,968	-	10,968	10,970	
11,858	10,955	-	10,955	13,475	See note 1
31,416	33,928	-	33,928	33,928	See note 2
586	555	-	555	570	Exempt
4,731	5,606	-	5,606	7,360	
22,957	23,448	-	23,448	23,467	See note 1
137,467	144,388	-	144,388	152,729	
1,757	1,937	-	1,937	2,627	See note 3
6,032	6,032	-	6,032	6,032	See note 1
Non-departmental other expenses to be incurred by the Crown					
2,521	-	-	-	-	n/a
	925	-	925	925	
7,223	4,034	(590)	3,444	9,531	
-	-	-	-	689	Exempt
-	27,850	-	27,850	27,850	
4,531	5,053	-	5,053	5,053	See note 1
242,049	275,679	(590)	275,089	295,206	

Note 1. Reported in the Ministry of Justice Annual Report.

Note 2. Reported in the Electoral Commission Annual Report.

Note 3. Reported in the Public Trust Annual Report.

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

^B This includes adjustments made in the supplementary estimates.

^C This appropriation is established through a Permanent Legislative Authority.

Statement of budgeted and actual non-departmental expenses and capital expenditure incurred against appropriations (continued)

FOR THE YEAR ENDED 30 JUNE 2017

Expenditure after Remeasurements 2016 \$000	Appropriation title	Expenditure before remeasurements 2017 \$000	Remeasurements ^A 2017 \$000	Expenditure after remeasurements 2017 \$000	Approved Appropriation ^B 2017 \$000	Location of end-of-year performance information
Vote Courts						
Non-departmental other expenses to be incurred by the Crown						
3,738	Abortion Supervisory Committee - Certifying Consultants Fees	3,946	-	3,946	5,063	
-	Assistance to Victims of Crime	-	-	-	40	
-	Community Magistrates Salaries and Allowances PLA	337	-	337	340	Exempt
5,894	Coroners' Salaries and Allowances PLA ^C	5,352	(4)	5,348	6,110	
76,460	Court and Coroner Related Costs	84,484	-	84,484	84,524	See note 1
-	District Court and Environment Court Judges' Salaries and Allowances PLA ^C	55,199	-	55,199	56,433	
-	District Court Judges' Salaries and Allowances PLA ^C	25,201	(258)	24,943	27,191	
-	District Court Part-time or Acting Judges' Salaries and Allowances	3,785	-	3,785	7,262	
-	Employment Court Judges' Salaries and Allowances PLA ^C	2,443	(13)	2,430	3,352	
21	Impairment of Debt Established to Recognise Contributions towards Family Court Professional Services	3	-	3	1,292	Exempt
8,321	Impairment of Fines Receivable	22,087	-	22,087	29,540	
128,704	Judges' Salaries and Allowances PLA ^C	-	-	-	-	
1,212	Judicial Review Costs	1,433	-	1,433	1,546	
406	Justices of the Peace Association	406	-	406	410	
-	Maori Land Court Judges' Salaries and Allowances PLA ^C	5,385	(22)	5,363	5,642	

Expenditure after Remeasurements 2016 \$000	Appropriation title	Expenditure before remeasurements 2017 \$000	Remeasurements ^A 2017 \$000	Expenditure after remeasurements 2017 \$000	Approved Appropriation ^B 2017 \$000	Location of end-of-year performance information
-	Senior Courts Acting Judges' Salaries and Allowances PLA ^C	-	-	-	10	
-	Senior Courts Judges' Salaries and Allowances PLA ^C	14,229	(149)	14,080	16,671	
-	Supreme Court, Court of Appeal and High Court Judges' Salaries and Allowances PLA ^C	25,473	-	25,473	25,653	Exempt
4,396	Tribunal Related Fees and Expenses	4,376	-	4,376	5,095	
229,152	Total Vote Courts	254,139	(446)	253,693	276,174	

Note 1. Reported in the same document as the Ministry of Justice Annual Report.

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

^B This includes adjustments made in the supplementary estimates.

^C This appropriation is established through a Permanent Legislative Authority

Statement of budgeted and actual non-departmental expenses and capital expenditure incurred against appropriations (continued)

FOR THE YEAR ENDED 30 JUNE 2017

Expenditure after remeasurements 2016 \$000	Expenditure before remeasurements 2017 \$000	Remeasurements ^A 2017 \$000	Expenditure after remeasurements 2017 \$000	Approved Appropriation ^B 2017 \$000	Location of end-of-year performance information
Vote Treaty Negotiations					
Non-departmental other expenses to be incurred by the Crown					
-	-	-	-	15,530	<i>Exempt</i>
5,913	8,076	-	8,076	10,799	
513	353	-	353	1,695	<i>See note 1</i>
-	200	-	200	450	
-	-	-	-	2,088	
-	-	-	-	1,410	<i>Exempt</i>
49	-	-	-	-	
3,142	-	-	-	-	
Non-departmental other expenses to be incurred by the Crown: multi-year appropriations					
415,229	134,521	-	134,521	350,000	<i>Exempt</i>
Non-departmental Capital Expenditure					
11,818	-	-	-	-	<i>Exempt</i>
436,664	143,150	-	143,150	381,972	
907,865	672,968	(1,036)	671,932	953,352	

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

^B This includes adjustments made in the supplementary estimates.

^C Multi-year appropriation – Historical Treaty of Waitangi Settlements. This multi-year appropriation reflects the Crown's commitment to settling historical Treaty of Waitangi claims and the uncertain timing of achieving settlement for each claim. The Supplementary Estimates for 2015/16 established the \$1,400 million for the period 30 June 2015 to 30 June 2019 and replaced the unexpended balance of the appropriation covering the period 30 June 2014 to 30 June 2018. Expenditure against these appropriation over the last 5 years is:

	\$000
2016/17	134,521
2015/16	415,229
2014/15	99,231
2013/14	523,291
2012/13	542,616
	1,714,888

Statement of departmental expenditure without, or in excess of, appropriation or other authority

FOR THE YEAR ENDED 30 JUNE 2017

TRANSFERS UNDER SECTION 26A OF THE PUBLIC FINANCE ACT 1989

No section 26A transfers were authorised in the year ended 30 June 2017.

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

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

Statement of departmental capital injections

FOR THE YEAR ENDED 30 JUNE 2017

Actual capital injections 2016 \$000	Actual capital injections 2017 \$000	Approved appropriation 2017 \$000
Vote Justice		
165,925	108,850	108,850

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

FOR THE YEAR ENDED 30 JUNE 2017

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

MINISTERS' REPORTS ON NON-DEPARTMENTAL APPROPRIATIONS

Minister of Justice's reports on non-departmental appropriations – B.14 (Vote: Justice)

FOR THE YEAR ENDED 30 JUNE 2017

The following pages of this document meet the requirement, set out in the supporting information to the 2016/17 Estimates or 2016/17 Supplementary Estimates, for information on certain non-departmental appropriations to be reported by the Minister of Justice.

Although the reports are presented in the same document as the Ministry of Justice Annual Report, they do not form part of the Ministry of Justice Annual Report for the year ended 30 June 2017 (including reporting by the Ministry of Justice on appropriations for that year).

VOTE JUSTICE

Community Law Centres

SCOPE OF APPROPRIATION

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

CONTRIBUTION TO OUTCOMES

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

DESCRIPTION OF ACTIVITIES

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

ASSESSING PERFORMANCE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Number of individual clients assisted with legal advice, assistance and representation	48,054	46,000–51,000	45,804	The number of clients that use community legal services varies annually depending on individuals' needs.

FINANCIAL

Appropriation	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Community Law Centres	10,968	10,970	10,970	10,970

Crime Prevention and Community Safety Programmes

SCOPE OF APPROPRIATION

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

CONTRIBUTION TO OUTCOMES

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

DESCRIPTION OF ACTIVITIES

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

ASSESSING PERFORMANCE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Percentage of victims satisfied with their overall experience of restorative justice before, during and after the conference, as measured through the victim satisfaction survey (estimated volume of conferences completed: 3,200) (see note 1)	New measure	75%	80%	

Note 1 – Biennial survey, results reported in 2016/17 about services received in 2015/16. Results of a survey of services delivered in 2016/17 will be published in 2018.

FINANCIAL

Appropriation	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Crime Prevention and Community Safety Programmes	10,955	12,201	17,787	11,858

Family Dispute Resolution Services

SCOPE OF APPROPRIATION

This appropriation is limited to approved family dispute resolution services.

CONTRIBUTION TO OUTCOMES

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

DESCRIPTION OF ACTIVITIES

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

ASSESSING PERFORMANCE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Number of participants completing Parenting through Separation	5,201	5,000	4,815	This is a demand driven service. The 185 fewer competing than standard reflects fewer participants in the programme attending.
Percentage of Family Dispute Resolution participants reaching an agreement on completion of mediation (includes partial and full)	83%	85%	81%	

FINANCIAL

Appropriation	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Family Dispute Resolution Services	5,606	7,360	7,360	4,731

Justice Advocacy, Advice and Promotion Services (M42)

SCOPE OF APPROPRIATION

This appropriation is limited to funding work performed by the Law Commission, the Human Rights Commission, the Independent Police Conduct Authority, the Privacy Commissioner and the Inspector-General of Intelligence and Security.

INTENTION OF APPROPRIATION

This appropriation is intended to achieve the efficient and effective provision of justice advocacy, advice and promotion services through funding work performed by the Law Commission, the Human Rights Commission, the Independent Police Conduct Authority, the Privacy Commissioner, and the Inspector-General of Intelligence and Security.

DESCRIPTION OF ACTIVITIES

This non-departmental appropriation covers the work undertaken by the Law Commission, the Human Rights Commission, the Independent Police Conduct Authority, the Privacy Commissioner and the Inspector-General of Intelligence and Security to provide justice advocacy, advice and promotion services.

ASSESSING PERFORMANCE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Law Commission				
Law Reform				
All final reports are completed in the timeframe agreed with the responsible Minister	100%	100%	100%	
All final reports are approved for publication by the Law Commission Board and published on the Law Commission website	New measure	100%	100%	
Implementation advice				
Implementation advice provided within agreed timeframes	100%	100%	100%	
Human Rights Commission				
Education promotion and advocacy				
The number of downloads and access to Commission digital information	New measure	10% increase from previous year	39,713 (+13.47% increase)	
Legal interventions				
Number of new legal interventions the Commission engages in related to significant human rights matters	New measure	2	3	
Monitoring and reporting				
Number of updates to NPA tool to reflect changes to actions	New measure	2	2	
Percentage of Crown entities reaching 100% compliance with good employer obligations	New measure	50%	38%	
Enquiries and complaints				
Responsive and timely resolution of enquiries and complaints as measured by the percentage of complaints of unlawful discrimination closed within 1 year	80%	80%	91%	

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Customer satisfaction with the mediation process	90%	90%	95%	
Office of Human Rights Proceedings				
Percentage of applications decided within 4 months	New measure	80%	84%	
Independent Police Conduct Authority (IPCA)				
Independent, high quality and timely investigations and reviews				
Reviews of Police investigations for category 2 and 3 files will be completed by the authority within 28 days of receiving the file or Final Report from Police	New measure	90%	94.9%	
Independent investigations carried out by the IPCA will be concluded as soon as practicable, within 12 months	85%	90%	69.2%	
Independent investigations carried out by the IPCA will be concluded as soon as practicable, within 24 months	99%	99%	100%	
Make recommendations for improved Police conduct, policies, practices and procedures, and monitoring implementation of those recommendations				
All systemic issues identified by the IPCA relating to Police practices, policies and procedures are raised and discussed with Police prior to completion of the relevant review or independent investigation	100%	100%	100%	
Monitor places of Police detention				
All systemic custodial management issues are raised and discussed with the Police prior to the completion of the relevant review or independent investigation.	New measure	100%	100%	
Privacy Commissioner				
Guidance, education and awareness				
Public enquiries received and answered	7,000	7,500	7,320	
Respond to all enquiries within 1 working day	100%	100%	93%	
Policy and research				
The percentage of recipients of policy advice who are satisfied with the service they received from the Privacy Commissioner	80%	85%	93%	
Information sharing/matching				
The number of information matching programmes monitored under Part 10 of the Privacy Act	New measure	56	56	
Compliance				
Number of complaints received	800	900	736	
The percentage of complainants and respondents who rate their satisfaction of the complaints handling process as 'satisfactory' or better	80%	65%	43%	

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
The percentage of complaints closed by settlement between the parties	35%	40%	48%	
The percentage of externally reviewed complaints investigations that rate as 3.5 out of 5 or better for quality	85%	85%	100%	
The percentage of open files greater than 6 months old at the year end	10%	10%	10%	

FINANCIAL

Appropriation	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Justice Advocacy, Advice and Promotion Services	23,448	23,467	-	22,957

Legal Aid

SCOPE OF APPROPRIATION

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

CONTRIBUTION TO OUTCOMES

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

DESCRIPTION OF ACTIVITIES

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

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

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

ASSESSING PERFORMANCE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Projected number of criminal cases granted (excluding public defence service)	40,226	38,000	42,063	This is a demand driven measure. The increase is due to an increased number of criminal applications that are eligible for legal aid.
Projected number of family cases granted	18,364	18,500	17,897	
Projected number of civil (other) cases granted	1,154	1,350	1,170	

FINANCIAL

Appropriation	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Legal Aid	144,388	137,729	161,670	137,467

Support and Assistance provided by Victim Support to Victims of Crime

SCOPE OF APPROPRIATION

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

CONTRIBUTION TO OUTCOMES

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

DESCRIPTION OF ACTIVITIES

Victim Support provides services to victims of crime and sudden trauma. Victim Support workers are available 24 hours a day, 365 days a year, via an 0800 number or by direct contact from referrers (usually New Zealand Police). Services offered include psychological first aid at the time of crisis and ongoing emotional and practical support, assistance dealing with the justice system, financial assistance and referral to other services.

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

ASSESSING PERFORMANCE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Total number of victims supported	27,275	22,000–28,000	29,608	The increase in the number of victims supported is consistent with a general increase in demand for victim services. We consider this arises from increased awareness.
Percentage of victims of serious crime 'agreeing' or 'strongly agreeing' that Victim Support made a positive difference on 1 or more of 4 pre-determined impacts ('felt listened to', 'less stressed', 'more in control', 'more confident')	75%	90%	87%	
Percentage of victims rating the support provided by Victim Support as being either 'helpful' or 'very helpful'	93%	90%	91%	

FINANCIAL

Appropriation	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Support and Assistance provided by Victim Support to Victims of Crime	6,032	6,032	6,032	6,032

Victims' Services

SCOPE OF APPROPRIATION

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

CONTRIBUTION TO OUTCOMES

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

DESCRIPTION OF ACTIVITIES

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

ASSESSING PERFORMANCE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Number of victims who received grants	3,652	3,600–4,100	3,052	This is a demand driven measure. The number of grants disbursed depend on how many victims apply. The Ministry is developing new eligibility criteria that will make the grants scheme easier to administer and forecast.
Number of National Home Safety Service clients supported (ie, victims and children) (see note 1)	754	600–750	1,234	This is a demand driven measure. The increase is due to the better awareness of the service amongst referring stakeholders. Despite this increase, the expenditure remained within budget.
Percentage of National Home Safety Service clients reporting no further physical family violence at the point of service conclusion	94%	95%	91%	
Number of victims supported by Sexual Violence Court Victims Advisors	No result	1,300–1,500	No result	The Sexual Violence Court Victims Advisors are funded through the District Court Services category of the Courts, Tribunals and Other Authorities Services, including the collection and enforcement of fines and civil debts services (multi-category appropriation) in Vote Courts. The results for this measure has been reported under that appropriation.

FINANCIAL

Appropriation	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Victims' Services	5,053	6,370	5,387	4,531

Minister for Courts' reports on non-departmental appropriations – B.14 (Vote: Courts)

FOR THE YEAR ENDED 30 JUNE 2017

The following pages of this document meet the requirement, set out in the supporting information to the 2016/17 Estimates or 2016/17 Supplementary Estimates, for information on certain non-departmental appropriations to be reported by the Minister for Courts.

Although the reports are presented in the same document as the Ministry of Justice Annual Report, they do not form part of the Ministry of Justice Annual Report for the year ended 30 June 2017 (including reporting by the Ministry of Justice on appropriations for that year).

VOTE COURTS

Court and Coroner Related Costs

SCOPE OF APPROPRIATION

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

CONTRIBUTION TO OUTCOMES

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

DESCRIPTION OF ACTIVITIES

This appropriation funds a number of activities, including:

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

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

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

ASSESSING PERFORMANCE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Children Young Persons and Their Families Professional Services: Number of service provision appointments (see note 1)	5,374	4,800–5,300	4,824	
Family Court Professional Services: Number of service provision appointments (see note 2)	10,868	10,200–11,300	11,878	This is a demand driven measures. More appointments were made than forecast. This is partly due to the increase in the number of parenting order applications filed.
Percentage of people who started a non-violence programme who completed the programme (estimated number of people who complete programme: 1,500–1,750)	New measure	70%–80%	75%	

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Number of safety planning services delivered to protected persons/victims	New measure	3,800–4,300	5,792	This result has been influenced by improved client engagement and retention by providers, and increased referrals to safety programmes.

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

Note 2 – The services provided include court appointed counsel, such as lawyer for child, lawyer to assist the court and specialist report writers. These services are demand driven and professional service providers are engaged when the Judge determines there is a need. An application can have more than 1 type of service provision appointment.

FINANCIAL

Appropriation	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Court and Coroner Related Costs	84,484	78,992	85,948	76,460

Minister for Treaty of Waitangi Negotiations' reports on non-departmental appropriations – B.14 (Vote: Treaty Negotiations)

FOR THE YEAR ENDED 30 JUNE 2017

The following pages of this document meet the requirement, set out in the supporting information to the 2016/17 Estimates or 2016/17 Supplementary Estimates, for information on certain non-departmental appropriations to be reported by the Minister for Treaty of Waitangi Negotiations.

Although the reports are presented in the same document as the Ministry of Justice Annual Report, they do not form part of the Ministry of Justice Annual Report for the year ended 30 June 2017 (including reporting by the Ministry of Justice on appropriations for that year).

VOTE TREATY NEGOTIATIONS

Claimant Funding

SCOPE OF APPROPRIATION

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

CONTRIBUTION TO OUTCOMES

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

DESCRIPTION OF ACTIVITIES

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

ASSESSING PERFORMANCE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Number of claimant groups funded (see note 1)	42	40	40	
Percentage of payments made to groups within 10 working days of approval of claim	96%	95%	94%	

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

FINANCIAL

Appropriation	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Claimant Funding	8,076	13,602	8,102	5,913

Contribution Toward Determining Customary Interests in the Marine and Coastal Area

SCOPE OF APPROPRIATION

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

CONTRIBUTION TO OUTCOMES

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

DESCRIPTION OF ACTIVITIES

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

ASSESSING PERFORMANCE

Performance measure	Actual 2015/16	Standard 2016/17	Actual 2016/17	Variance explanation
Percentage of funding payments made to groups within 10 days of approval of claim	New measure	95%	87.5%	1 payment was late as a result of further information being needed from the group in order to make the payment.
All applications in the High Court are funded in accordance with funding policy	Achieved	Achieved	Not achieved	Applications under the Marine and Coastal Area Act closed 3 April 2017. There have been approximately 200 applications to the High Court. As a consequence the delegation to approve upper limit funding has changed from Ministers to the Director of the Office of Treat Settlements. This in turn means guidelines and processes are being updated. Delays will be addressed in the first quarter of 2017/18.

FINANCIAL

Appropriation	Actual 30 June 2017 \$000	Unaudited budget 2017 \$000	Unaudited forecast 2018 \$000	Actual 30 June 2016 \$000
Contribution Toward Determining Customary Interests in the Marine and Coastal Area	353	14,400	8,450	49

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This annual report is presented to the House of Representatives in accordance with section 44(1) of the Public Finance Act 1989.

Reports on non-departmental appropriations by the Minister of Justice, Minister for Courts, and Minister for Treaty of Waitangi Negotiations are presented to the House of Representatives in accordance with section 19B of the Public Finance Act 1989.

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