
**Report of the
Crown Law Office
for the year ended
30 June 2002**

*Presented to the House of Representatives
pursuant to Section 39 of the Public Finance Act 1989.*

CROWN LAW OFFICE

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CROWN LAW OFFICE

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Auditor

Audit New Zealand
Wellington
on behalf of the Auditor-General

Bankers

WestpacTrust
Division of Westpac Banking Corporation
Wellington

CROWN LAW OFFICE

Statement of Purpose

The Crown Law Office provides legal advice and representation services to the government in matters affecting the executive government, particularly in the areas of criminal, public and administrative law. The services provided include such matters as judicial review of government actions, constitutional questions including Treaty of Waitangi issues, the enforcement of criminal law, and protection of the revenue. The Office administers the prosecution process in the criminal justice system, in particular, trials on indictment before juries.

The Office has two primary purposes in providing these services:

- to ensure that the operations and responsibilities of the executive government are conducted lawfully, and
- to ensure that the government is not prevented, through legal process, from lawfully implementing its chosen policies and discharging its governmental responsibilities.

Functions of the Crown Law Office

The primary function of the Crown Law Office is to provide support to the two Law Officers of the Crown, the Attorney-General and the Solicitor-General, in the performance of their statutory duties and functions. In particular, the Office is responsible for:

- the provision of legal advice and legal representation services to Ministers of the Crown, government departments, and agencies forming part of the government;
- supporting and assisting the Attorney-General and Solicitor-General in the performance of their statutory and other functions as Law Officers of the Crown;
- assisting the Solicitor-General with the conduct of criminal appeals;
- assisting the Solicitor-General in the supervision, direction and performance of regional Crown Solicitors in their prosecution functions including administration of the Crown Solicitor's Regulations 1994; and
- providing advice on the establishment and development of legal service provision within government departments and agencies.

The Office does not have any specific responsibility for policy formation or for the development of legislation but is often called upon to provide comment to the government on proposed developments in the law particularly on Criminal and Bill of Rights related issues.

CROWN LAW OFFICE

Key Government Goals

The Crown Law Office contributes to the key government goals which have been established to guide public sector policy and performance. In particular, the Office's functions are directed towards restoring trust in government by building safe communities and through the promotion of a strong and effective public service. Achievement of these goals are assisted by the contribution made by the Office to:

- protecting the Crown's legal interests,
- supporting the responsibilities of the Crown and its agencies,
- the maintenance of law and order, and
- the maintenance of public interest factors in the application of the law

The appropriations in Vote Attorney-General provide for the purchase of the following services:

- Legal advice and representation services to central government departments and Crown agencies
- A national Crown prosecution service which undertakes criminal trials on indictment, and appeals arising out of summary prosecutions
- Conduct of appeals arising from criminal trials on indictment and from Crown appeals against sentence
- Legal and administrative services for the Attorney-General and Solicitor-General in the exercise of Principal Law Officer functions

The relationship of these services to the key Government goals is set out in the following table:

Output Classes (of Vote Attorney-General)	Key Government Goals
Legal Advice and Representation	Contributes to promoting a strong and effective public service by protecting the legal interests and the responsibilities of the Crown and Crown agencies.
Supervision and Conduct of Crown Prosecutions	Contributes to building safe communities by assisting in the maintenance of law and order.
Conduct of Criminal Appeals	Contributes to building safe communities by assisting in the maintenance of law and order.
The Exercise of Principal Law Officer Functions	Contributes to building safe communities by assisting in the maintenance of law and order and contributing to the maintenance of public interest factors in the application of the law.

The Output Classes referred to above comprise the key result areas for the Office. Progress in these areas is described in more detail in the Financial Statement section of this report under Statement of Objectives and Service Performance.

CROWN LAW OFFICE

Chief Executive's Overview

The Crown Law Office has continued to perform its role of providing support to the Attorney-General and Solicitor-General in the discharge of their responsibilities as the Law Officers of the Crown. This role encompasses the provision of legal advice to Ministers, government departments and agencies, often on complex and urgent matters, and the conduct of litigation on behalf of the Crown, generally in the name of the Attorney-General. The cases in which the Office has been involved covered a wide variety of issues. A selection of the areas of law and types of matters follows:

Legal Advice and Representation

Central North Island Partnership – Advice was provided on the receivership of the Central North Island Partnership, which also involved negotiations to ensure continuation of licence fee payments for the Kaingaroa Forest. Associated with this was an appeal to the Court of Appeal on the question of whether provisions in the Kaingaroa Crown Forestry licences requiring the licensee to manage the forest to ensure compliance with the log supply contracts with the Tasman mill could be waived.

Constitutional Law – In *Claydon v the Attorney-General* the plaintiffs unsuccessfully sought a declaration in the High Court that, on their appointments for fixed terms as members of the Employment Tribunal under the Employment Contracts Act 1991, they acquired “existing rights” which survived the repeal of that Act and abolition of the Tribunal. The plaintiff’s appeal has been heard and a decision is awaited.

Contact Lenses – In the matter of *Association of Dispensing Opticians of New Zealand Inc. v Opticians Board* the Opticians Board (represented by the Crown) successfully counterclaimed against the plaintiffs, obtaining comprehensive declarations as to whether, and the extent to which, dispensing opticians are permitted to fit contact lenses, and as to the fitting of contact lenses generally. The legal subject matter traversed medicine, optometrists, opticians, pharmacy and related professions.

Cost Recovery – The Court of Appeal upheld cost recovery decisions made under the Biosecurity Act in *Attorney-General v Waikato Regional Airport Limited*. This case re-iterated the narrow range of circumstances in which the Court should intervene on cost recovery matters. The decision is now under appeal to the Privy Council.

Crown Grants - Advice was provided to the Ministry of Education as to the Minister’s powers under s 238A of the Education Act 1989 to recognise, and withdraw recognition of, a private training establishment for the purpose of providing grants. It was determined that there was an arguable basis in negligence and under the Fair Trading Act, to recover from PETC (‘Practical Education Training Centre’) misappropriated student loan money and EFTS (‘Equivalent Full-Time Student’) funding.

Employment Law Trends – Clients were assisted with a wide range of advice and support, through seminars and presentations, in addressing issues arising out of the new employment regime established under the Employment Relations Act 2000. Appearances were made before the Employment Relations Authority, the Employment Court, and Court of Appeal on a variety of matters including *Attorney-General v Gilbert*. This case, which is now arguably the leading New Zealand authority on workplace stress, saw the Court of Appeal confirm that psychological harm caused by an employer was able to be compensated, and, in the particular circumstances of the case, recoverable. The Court of Appeal, however, quashed the Employment Court’s imposition of damages for loss of future career prospects and exemplary damages.

CROWN LAW OFFICE

Chief Executive's Overview - continued

In another case argued by the Office, involving an alleged constructive dismissal following sexual harassment, *Attorney-General v N*, the Court of Appeal rejected the Crown's appeal against the Employment Court's factual conclusions but confirmed that the Employment Court had erred in principle in assessing damages and applying interest on damages from the date of the claimed dismissal.

Fisheries - The Office has advised on and appeared for the Crown on a range of matters concerning the management of fisheries and marine farms, in particular the management of fisheries which operate outside the Quota Management System (QMS) and the issues relating to the introduction of some of these organizations into the QMS.

Foster Care Placements - The legal position of the Department of Child, Youth and Family Services foster care placements was addressed in an action brought by a plaintiff against the Attorney-General on behalf of the Department of Social Welfare (*S v Attorney-General*) to recover damages because of the physical, emotional and sexual abuse suffered while under the care of the predecessor of the Dept of Social Welfare, the Child Welfare Division. The case is currently being appealed.

Frontal Impact Rule - Advice was provided in connection with the Implementation and Exemption process of the Frontal Impact Rule (FIR). The application of the FIR is perhaps the single most important safety development since the introduction of seatbelts, and that chances of avoiding death or serious injury in a head-on collision are approximately 25% higher in an FIR-compliant car compared to a car that is not FIR compliant. The FIR contains transitional provisions designed to prevent commercial importers flooding the New Zealand used-car market with cars that do not comply with the requirements set out in the Rule. In response to the issue raised, it was determined that the power to grant exemptions by the Director of the Land Transport Safety Authority is limited to situations where the tests set out in s166 Land Transport Act 1998 are met.

Mediation and Settlement - A Ms Thompson and thirteen other plaintiffs sued the Good Shepherd Convent Trust Board, the Bishop of Christchurch and the Attorney-General in respect of brutal treatment alleged to have occurred while the plaintiffs were residents of orphanages operated by the Sisters of the Good Shepherd and the Sisters of Nazareth, in Christchurch, in the 1940s, 1950s and 1960s. All fourteen matters were mediated together and successfully settled. The settlements resulted in the Crown making a very small contribution (1.3% of the compensation and costs), largely in recognition of the quite substantial litigation costs involved in taking these matters any further.

Mental Health - In *Waitemata Health v Attorney-General*, also known as the "H" case, the Court of Appeal provided an interpretation, for the first time, of the discharge criterion in the Mental Health (Compulsory Assessment and Treatment) Act 1992. It was also considered to be the first occasion when the Crown had sought and obtained a judicial review on grounds of fairness and the right of the Director of Mental Health to be accorded the right to a fair hearing by the Mental Health Review Tribunal.

Rating Valuations - The Solicitor-General appeared before the Privy Council on an appeal concerning the rating valuation roll prepared by the Valuer-General and what interests in land should be recorded on it (*Rodney District Council v Attorney-General*). The outcome of the appeal is not yet known, but it is likely to affect the ability of local bodies to impose "uniform general charges" under the Rating Act.

CROWN LAW OFFICE

Chief Executive's Overview - continued

Special Education – In *Daniels v Attorney-General* the lawfulness of the government's Special Education 2000 policy was tested for consistency with Education Acts 1964 and 1989 (in terms of a right to education and content). The judgment of Baragwanath J granting the plaintiffs' application for judicial review is under appeal. The Judge found that certain aspects of the government's Special Education 2000 policy are unlawful.

Taxation and Public Revenue issues – The Office continues to provide advice to, and to represent, the Commissioner of Inland Revenue in substantive tax dispute and judicial review proceedings in the courts from the Taxation Review Authority to the Privy Council. While the number of cases being dealt with is relatively steady, the complexity of the cases appears to be on the increase.

Tertiary Education Institutions – The functions and powers under the Education Act 1989 and the Public Finance Act 1989 were evaluated in advice provided to the Ministry of Education and the Treasury as to whether tertiary education institutions may lawfully enter into financial derivative transactions and financial 'swaps' with lending institutions such as banks. It was concluded that Parliament provided the means for determining whether a given institution had the power to make derivative arrangements, and that any doubt as to whether tertiary institutions have such power would be conclusively removed by appropriate legislative amendment making clear Parliament's intention, one way or the other.

Treaty of Waitangi - Advice to the Office of Treaty Settlements about Treaty negotiations for the settlement of historical claims continues, as does representation in litigation about such settlements. The Office represented the Crown before the Court of Appeal and the Privy Council on the Waitangi Tribunal's jurisdiction to inquire into claims brought by iwi in the top of the South Island. The Office successfully argued a case before the Waitangi Tribunal on the use of forest licensed land in the Ngati Awa settlement. Argument was also presented to the High Court on this issue, with the decision being awaited. A number of claims challenging the Crown's recognition of mandate, particularly in the Taranaki settlements, have been heard by both the Waitangi Tribunal and the High Court. Again, the general approach adopted by the Office of Treaty Settlements has been successfully defended. Representation has been ongoing before the Waitangi Tribunal on a number of large regional historical claims. The issue of the ownership of the foreshore and seabed has been heard this year by the Court of Appeal, with the decision awaited. Ongoing advice has been provided to the Ministry of Fisheries and Te Puni Kokiri on issues associated with the Treaty of Waitangi Commission's task to allocate fisheries assets which it holds for Maori. The Crown joined with the Commission in a successful bid to lift the injunction which had been in place for some time and which was preventing the Commission reporting to Government on allocation proposals. A range of advice has been provided on legal issues associated with the contemporary Crown/Maori relationship, including representation before the Tribunal on such matters.

Crown Prosecution System

The Solicitor-General is responsible to the Attorney-General for the administration of the Crown Prosecution System from the time of indictment, which is the stage following committal for trial after a preliminary hearing. Crown Solicitors, who are appointed by the Governor-General, have responsibility for prosecutions in those centres where High Court and District Court jury trials are conducted. The Crown Solicitor network continues to be a very important and integral part of the national Crown prosecution system.

CROWN LAW OFFICE

Chief Executive's Overview - continued

The Office works closely with Crown Solicitors to provide Government with the assurance that the systems and processes in place are cost effective and will result in outcomes which meet the expectations of Government and the community. Providing this assurance presents an ongoing challenge, particularly given the demand driven nature of the activity.

Financial Highlights

The year under review has seen a continuation of high levels of activity from all areas of the Office. The Office recorded an overall surplus of \$1.116m (2001 \$0.049m) against a target of \$0.824m (2001 \$0.824m). This included a surplus of \$0.580m (2001 \$0.270m) from the provision of legal services to government department and agencies (Output Class 1: Legal Advice and Representation) against a target of \$0.824m (2001 \$0.824m). The Office exceeded the budget appropriated for expenditure in Output Class 1: Legal Advice and Representation. The circumstances leading to this level of expenditure are explained in the financial statements that follow this report.

Expenditure on Crown prosecutions, for the year under review, despite early predictions, fell short of expectations resulting in a surplus of \$0.429m. This result reflects the difficulty that the Office experiences in forecasting this type of expenditure, the nature of which is predominantly demand based.

The Year Ahead

The Office remains committed to providing responsive, high quality and timely advice and representation services to its clients. The organisational changes and adjustments made in the year under review will assist the Office to continue meeting the demands of servicing the legal business of government from its base of expertise in public and administrative law.

Terence Arnold

Solicitor-General and Chief Executive

CROWN LAW OFFICE

Organisation Information

Governance Structure

The Crown Law Office is a government department whose primary function is to support the two Law Officers of the Crown: the Attorney-General and the Solicitor-General, in the performance of their statutory duties and functions.

The Attorney-General, who concurrently holds offices as a Minister of the Crown with political responsibilities and as the senior Law Officer of the Crown, has principal responsibility for the government's administration of the law.

The Solicitor-General is Chief Executive of the Crown Law Office, and is the chief legal advisor to the government, subject to any views expressed by the Attorney-General. In this capacity, the Solicitor-General is the government's chief advocate in the courts. In addition, the Solicitor-General is responsible for the conduct of the prosecution of indictable crime. The Solicitor-General also has a number of specific statutory duties and functions to perform.

Organisation Structure

The Crown Law Office reviewed its organisational structure in the period under review. The existing team based structure, which had been in place for nearly ten years, has worked well. However, the increasing demands placed on the Office for the provision of legal services prompted a review of the way in which the structure might be improved to meet those demands more effectively through better coordination of work and resources across teams and by improving the capacity to serve Ministers and clients. The review was also designed to address the further development of professional leadership and management opportunities within the Office and to provide professional development opportunities for Counsel.

A practice group structure has now been introduced resulting in the formation of three practice groups, each headed by a Deputy Solicitor-General. Each practice group will comprise one or more of the existing legal teams as follows:

Constitutional Group	Law Officer Team Human Rights Team (formerly named Bill of Rights Team) Treaty Issues and International Law Team
Criminal Process Group	Criminal and Crown Solicitors Team
Public Law Group	Commercial Regulatory Team Employment and Education Team Land and Resource Management Team Public Commercial Team Taxation and Public Revenue Team

During the year, the Office also reviewed the Counsel staffing structure and introduced a new position of Associate Crown Counsel to be positioned between the existing positions of Assistant Crown Counsel and Crown Counsel. Internal promotions opportunities between the Counsel levels will exist in addition to the normal recruitment process for vacant positions. This change was made in response to the need to make available development opportunities to Counsel which were not entirely dependent upon the existence of vacancies, particularly at the more senior level.

CROWN LAW OFFICE

Organisation Information - continued

Management Structure

The Senior Management Group of the Crown Law Office, prior to the implementation of the new practice group structure, comprised:

Terence Arnold QC	Solicitor-General
Nicola Crutchley	Deputy Solicitor-General (Criminal Law) and Team Leader of Criminal and Crown Solicitors and Bill of Rights Teams
Helen Aikman	Deputy Solicitor-General (Public Law) and Team Leader of Law Officer Team
Robin Turner	Practice Manager

Other Legal Team Leaders:

<i>Vacant</i>	Crown Counsel, Commercial Regulatory
James Coleman	Crown Counsel, Taxation
Karen Clark	Crown Counsel, Public Commercial
Peter Gunn	Crown Counsel, Employment and Education
Virginia Hardy	Crown Counsel, Treaty Issues and International Law
Malcolm Parker	Crown Counsel, Land and Resource Management

Human Resource Management

During 2001/2002 the overall permanent staffing of the Office increased by two reflecting an increase in legal staffing capacity. The number of employees permanently employed at year end were as follows:

	30 June 2002	30 June 2001
Solicitor-General, Deputy Solicitors-General and Practice Manager	4	4
Counsel	66	64
Legal Support	14	12
Secretarial and Word Processing	32	33
Corporate Services Group	21	22
Total Number of Employees*	137	135

(*Part time and job share arrangements are included in these numbers)

In common with other professional services organisations, the Office's human resource management policies, procedures and systems are designed to attract and retain skilled and experienced legal and support staff who have a focus on client service.

Equal Employment Opportunities

The Crown Law Office is committed to providing equal employment opportunities for all staff and for prospective employees who seek to join the Office. The responsibilities for being a "good employer" are recognised through the development and implementation of employment policies and procedures which are designed to ensure that staff are able to work in a safe and healthy office environment, participate fully in achieving the goals of the Office, and are presented with opportunities to develop personally and professionally.

CROWN LAW OFFICE

Organisation Information - continued

The Office is continuing to make good progress in addressing the actions set out in its Equal Employment Opportunities (EEO) plan. Specific emphasis has been placed upon strategies in the areas of leadership, employment of EEO target groups, organisational culture, work and family issues and the development of EEO statistics for monitoring purposes.

Crown Solicitor Network

There are sixteen private law practitioners holding warrants as Crown Solicitors. Together with their partners and staff solicitors from the practice and the local prosecution panels, Crown Solicitors undertake prosecution work in those centres where District Court and High Court jury trials are conducted. Two Crown Solicitor warrants, for Nelson and Blenheim, were previously held by the Deputy Solicitor-General (Criminal) in the Crown Law Office. These have been combined to form one warrant covering the Tasman area with effect from February 2002.

Legislative Responsibilities

The Crown Law Office administers the Crown Solicitors Regulations 1994 which set out the basis upon which the scale of fees is calculated and the process by which fees are claimed and paid to Crown Solicitors for undertaking Crown prosecution work.

The Cabinet Directions for the Conduct of Crown Legal Business 1993 govern the conduct of legal business between the Law Officers of the Crown, the Crown Law Office and government departments and agencies.

Committees Serviced

The Crown Law Office provided the Secretary to the Rules Committee, which is established under the Judicature Act 1908 and funded by the Department for Courts. The Committee makes and reviews the rules governing the procedures of the High Court and Court of Appeal. The secretarial function was taken over by the Department for Courts in January 2002.

Information Systems Management

The legal advice and representation functions of the Office make heavy use of information technology and systems for the production and management of documents, the conduct of legal research, communication with clients and the management of matters on behalf of those clients. Strategies are in place to ensure that technology and systems are reviewed on a regular basis and updated or replaced where justified.

Office Accommodation

The Office is located in St Paul's Square, Thorndon and occupies three floors plus a mezzanine floor of office accommodation. The premises are under lease until 31 December 2004 with a right of renewal for one further period of three years, expiring on 31 December 2007.

CROWN LAW OFFICE

Statement of Responsibility for the year ended 30 June 2002

In terms of sections 35 and 37 of the Public Finance Act 1989 I am responsible, as Chief Executive of the Crown Law Office, for the preparation of the financial statements and the judgments made in the process of preparing those statements.

I have the responsibility of establishing and maintaining, and I have established and maintained, a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of the financial reporting.

In my opinion, these financial statements fairly reflect the financial position and operations of the Crown Law Office for the year ended 30 June 2002.

Terence Arnold
Solicitor-General and Chief Executive

30 September 2002

Countersigned by:

Robin Turner
Practice Manager

30 September 2002



**REPORT OF THE AUDITOR-GENERAL
TO THE READERS OF THE FINANCIAL STATEMENTS OF
THE CROWN LAW OFFICE
FOR THE YEAR ENDED 30 JUNE 2002**

We have audited the financial statements on pages 15 to 44. The financial statements provide information about the past financial and service performance of the Crown Law Office and its financial position as at 30 June 2002. This information is stated in accordance with the accounting policies set out on pages 28 to 30.

Responsibilities of the Solicitor-General

The Public Finance Act 1989 requires the Solicitor-General to prepare financial statements in accordance with generally accepted accounting practice in New Zealand that fairly reflect the financial position of the Crown Law Office as at 30 June 2002, the results of its operations and cash flows and service performance achievements for the year ended on that date.

Auditor's responsibilities

Section 15 of the Public Audit Act 2001 and section 38(I) of the Public Finance Act 1989 require the Auditor-General to audit the financial statements presented by the Solicitor-General. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed Stephen Lucy, of Audit New Zealand, to undertake the audit.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

the significant estimates and judgements made by the Solicitor-General in the preparation of the financial statements; and

whether the accounting policies are appropriate to the Crown Law Office's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in the Crown Law Office.

Unqualified opinion

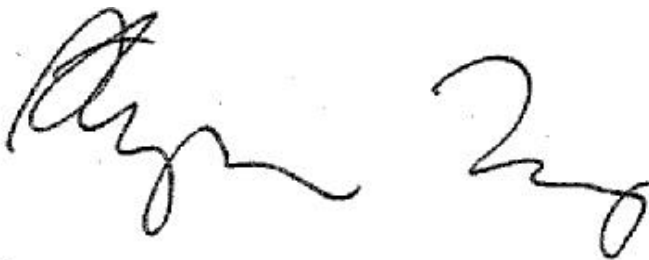
We have obtained all the information and explanations we have required.

In our opinion the financial statements of the Crown Law Office on pages 15 to 44:
comply with generally accepted accounting practice in New Zealand; and

fairly reflect:

- the Crown Law Office's financial position as at 30 June 2002;
- the results of its operations and cash flows for the year ended on that date;
and
- its service performance achievements in relation to the performance targets
and other measures set out in the forecast financial statements for the year
ended on that date.

Our audit was completed on 30 September 2002 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'S B Lucy', written in a cursive style.

S B Lucy
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

CROWN LAW OFFICE

Statement of Objectives and Service Performance for the year ended 30 June 2002

Output Class 1: Legal Advice and Representation

Objective

To provide legal advice and representation services to central government departments and agencies with special emphasis on constitutional and other matters of public and administrative law, including Treaty of Waitangi and revenue issues.

Outcome

Contributes to promoting a strong and effective public service by protecting the legal interests and the responsibilities of the Crown and Crown agencies.

Financial Performance

(Figures are GST exclusive)

2001 Actual		2002 Actual	2002 Main Estimates	2002 Supp. Estimates
\$000		\$000	\$000	\$000
12,181	Revenue – Other	13,574	12,434	13,656
11,911	Expenditure	12,994	11,610	12,832
<u>270</u>	Net surplus	<u>580</u>	<u>824</u>	<u>824</u>

Explanation of major variations:

The appropriation for this output class was increased by a net amount of \$800,000 in the Supplementary Estimates with a further section 5 transfer being completed to increase the baseline by another \$422,000. The reallocation of expenditure reflected changes within the level of activity in Vote Attorney-General over the year. (See also the Statement of Unappropriated Expenditure)

CROWN LAW OFFICE

Statement of Objectives and Service Performance for the year ended 30 June 2002

Output Class 1: Legal Advice and Representation - continued

Service Performance

Quantity

2001 Actual	Measures	2002 Actual	2002 Forecast
503	Number of <i>new</i> instructions for legal advice.	472	500:530
929	Average number of requests for legal advice <i>in hand</i> .	783	900:950
584	Number of <i>new</i> instructions in respect of litigation matters.	560	550:600
1,991	Average number of litigation matters <i>in hand</i> .	1,964	2,000:2,100

Explanation of major variations:

The actual numbers of new files and files on hand came close to meeting the estimates forecast for the year. The forecast of new instructions is particularly difficult to estimate given the demand based nature of this activity.

Quality and Timeliness

Measures	Performance
Legal advice, including opinions, and representation services to be provided in accordance with the Office's Professional Standards: Crown Law Advice and Conduct of Litigation, respectively.	Quality assurance review processes have been implemented to ensure compliance with the standards established for legal advice and representation services.
Client satisfaction survey to be conducted among clients seeking feedback on performance in respect of matters selected at random. The survey questions cover a range of service level criteria designed to assess the timeliness and accessibility of advice, quality of advice, and cost effectiveness of advice.	The methodology, targets and results of the client satisfaction survey process for the year ended 30 June 2002 are set out below.

CROWN LAW OFFICE

Statement of Objectives and Service Performance for the year ended 30 June 2002

Output Class 1: Legal Advice and Representation - continued

Service Performance

Quality and Timeliness - continued

Client Satisfaction Survey Methodology:

The Client Satisfaction Survey for the year ended 30 June 2002 asked clients to assess the performance of the Office, on particular matters selected at random, against ten specific service level criteria. The service level criteria included acknowledgement of instructions, responsiveness in meeting instructions and providing reports on progress, achievement of deadlines, extent of client involvement in the matter, the quality and cost effectiveness of advice, and the overall management of the case or matter.

Clients were provided with a pre-determined scale of performance ratings ranging from "exceeding expectations" to "falling short of expectations" in order to make their assessment of performance on a particular matter. To enable comparison with the target levels of performance rating, the scale approximates the following percentile ranges:

"performance has exceeded my needs"	81 to 100%
"performance has fully met my needs"	61 to 80%
"performance has mostly met my needs"	41 to 60%
"performance has only somewhat met my needs"	21 to 40%
"performance has fallen short of my needs"	0 to 20%

Client Satisfaction Survey Results:

2001		2002	2002
Actual		Actual	Forecast
82	Questionnaires issued	67	40:80
62	Questionnaires returned	46	40:80
82%	Overall satisfaction rating.	81%	80%:90%

CROWN LAW OFFICE

Statement of Objectives and Service Performance for the year ended 30 June 2002

Output Class 2: Supervision and Conduct of Crown Prosecutions

Objective

To provide a national Crown prosecution service to undertake criminal trials on indictment, and appeals against convictions and sentences arising out of summary prosecutions.

This output class is comprised of three outputs:

- *Crown Prosecution Services* – The provision of a national Crown prosecution service to undertake criminal trials on indictment and related appeals.
- *Supervision of the Crown Solicitor Network* – The supervision of Crown Solicitors responsible for delivering prosecution services in centres throughout New Zealand where District Court and High Court jury trials are conducted.
- *Criminal Law Advice and Services* - The provision of advice on criminal law matters to other government agencies and Crown Solicitors. This includes work in the following areas: proceeds of crime, mutual assistance, blood sampling for DNA, request for Crown appeals arising out of summary prosecutions, consent to prosecute, applications for stays and immunity from prosecution.

Outcome

Contributes to building safe communities by assisting in the maintenance of law and order.

Financial Performance

(Figures are GST exclusive)

2001 Actual		2002 Actual	2002 Main Estimates	2002 Supp. Estimates
\$000		\$000	\$000	\$000
19,674	Revenue – Crown	21,353	20,215	21,353
19,936	Expenditure	20,924	20,215	21,353
(262)	Net surplus (deficit)	429	-	-

Explanation of major variations:

The appropriation for this output class was increased by a net amount of \$1,138,000. This included increases made in the Supplementary Estimates of \$1,560,000 and section five transfer of \$(422,000). This was required to meet the demand based increase in expenditure that was forecast for Crown prosecution services. The net surplus of \$429,000 has arisen through a greater than expected number trials being pleaded or deferred.

CROWN LAW OFFICE

Statement of Objectives and Service Performance for the year ended 30 June 2002

Output Class 2: Supervision and Conduct of Crown Prosecutions - continued

Service Performance – Output 2.1: Crown Prosecution Services

Quantity

2001 Actual	Measures	2002 Actual	2002 Forecast
	Number of trials for indictable crime:		
1,283	District Court	1,174	1,200:1,300
158	High Court	147	190:210
	Number of trials for indictable crime (Cost greater than \$10,000 per trial):		
107	District Court	101	100:110
108	High Court	121	100:110
	Number of other criminal matters dealt with by the Crown Solicitors:		
1,055	Bail Applications and Appeals	1,080	1,000:1,200
2,060	Guilty Pleas / Middle Band Sentencing	2,052	1,900:2,100
739	Appeals relating to Summary Prosecutions	746	800:900

Explanation of major variations:

There has been a slight reduction in the overall number of trials for indictable crime held in both the District Court and High Court compared to the estimates for the year, although the mix between 'standard' and 'high cost' trials, which shows 'high cost' trials increasing, has varied unexpectedly.

Quality and Timeliness

Measures	Performance
Prosecution services to be provided in accordance with prosecution guidelines and case management practices developed by the Solicitor-General and judiciary, respectively.	A description of the review methodology, targets and results of the reviews conducted in the year ended 30 June 2002 is set out below under: Service Performance - Supervision of Crown Solicitor Network.

CROWN LAW OFFICE

Statement of Objectives and Service Performance for the year ended 30 June 2002

Output Class 2: Supervision and Conduct of Crown Prosecutions - continued

Service Performance – Output 2.2: Supervision of Crown Solicitor Network

Quantity

2001 Actual		2002 Actual	2002 Forecast
4	Number of Crown Solicitors practices to be reviewed.	1	2:4
365	Number of applications from Crown Solicitors for special fees, classification of counsel and approval of additional counsel.	388	250:300

Explanation of significant variances:

Only one review of a Crown Solicitor practice was undertaken in the year ended 30 June 2002. A further practice review was planned but not able to be commenced in the financial year due to the unavailability of members of the review panel. The particular review in question will be a priority for the next financial year.

The number of applications from Crown Solicitors significantly exceeded expectations and reflects the activity required to support an increase in the number of 'high cost' trials which occurred during the year.

Quality and Timeliness

Measures	Performance
Applications by Crown Solicitors for special fees, reclassification of counsel and approval of additional counsel to be considered in accordance with the Crown Solicitors Regulations 1994 and the Office's protocols which support the application of the regulations. The protocols describe the processes to be followed, the quality standards relating to the process, content, justification for requests.	All applications made by Crown Solicitors were approved in accordance with the Crown Solicitors Regulations 1994, and the Office's protocols, which support the application of the regulations. Notification of approval and feedback on the application was formally advised to the Crown Solicitor within the agreed timeframe.

CROWN LAW OFFICE

Statement of Objectives and Service Performance for the year ended 30 June 2002

Output Class 2: Supervision and Conduct of Crown Prosecutions - continued

Service Performance – Output 2.2: Supervision of Crown Solicitor Network

Quality and Timeliness - continued

Measures	Performance
<p>The provision of prosecution services by Crown Solicitors is to be reviewed by an independent review panel with reference to a range of quality standards which include:</p> <ul style="list-style-type: none"> • compliance with professional standards of conduct. • application of the Solicitor-General's prosecution guidelines. • compliance with court procedures and the requirements of the judiciary and clients in the management of cases. • compliance with the Crown Solicitors Regulations 1994 and, in particular, the charging for services rendered. • compliance with protocols and financial guidelines developed by the Office to support the application of the above Regulations. 	<p>The Review Panel, which comprised a senior representative of the Office, and an independent adviser, performed a review of one Crown Solicitor practice in this period. The review addressed compliance with the performance measures covering:</p> <ul style="list-style-type: none"> • case processing efficiency and effectiveness. • practice management case allocation, good employer responsibilities, financial reporting on cases and compliance with the Regulations and the supporting protocols.

Crown Solicitor Practice Review Process:

The Crown Solicitor Practice Review process has been established to ensure that Crown Solicitors meet certain quality standards in undertaking Crown prosecutions. These standards are described in the above table. It is aimed to review all Crown Solicitor practices at least once in each four to five year period. The number of reviews undertaken in any year will depend upon the resources available to undertake the reviews and the operational efficiencies derived from reviewing practices in close geographic proximity.

Crown Solicitor Appointment Process:

The Solicitor-General manages the process for the appointment of Crown Solicitors. The process, which includes extensive consultation and inquiry to determine the suitability of candidates to undertake the role of Crown Solicitor, results in a recommendation to the Attorney-General and, in turn, to the Governor-General for the issuing of the Crown Solicitor warrant. Two Crown Solicitor appointments (Dunedin and Tasman) were made in the financial year under review (2001: One (Hamilton)). A new warrant for Tasman was established by combining the former warrants for Nelson and Blenheim, which had been previously held by the Deputy Solicitor-General (Criminal) in the Crown Law Office.

CROWN LAW OFFICE

Statement of Objectives and Service Performance for the year ended 30 June 2002

Output Class 2: Supervision and Conduct of Crown Prosecutions - continued

Service Performance – Output 2.3: Criminal Law Advice and Services

Quantity

2001 Actual	Measures	2002 Actual	2002 Forecast
348	Number of <i>new</i> requests for legal advice or determination of applications in relation to criminal law issues.	358	300:350
338	Average number of requests for legal advice or determination of applications in relation to criminal law <i>in hand</i> .	392	300:350
62	Number of <i>new</i> ministerials and parliamentary questions received.	21	35:50

Explanation of major variations:

The number of new ministerials and parliamentary questions fell short of expected demand, and reflects the difficulty experienced in estimating the demand for this activity.

Quality and Timeliness

Measures	Performance
Legal advice, including opinions, and representation services to be provided in accordance with the Office's Professional Standards: Crown Law Advice and Conduct of Litigation, respectively.	Quality assurance review processes have been implemented to ensure compliance with the standards established for legal advice and representation services.
Ministerial correspondence and parliamentary questions to be responded to within the following time frames: <ul style="list-style-type: none"> Replies to <i>ministerial correspondence</i> will be completed within 20 working days of receipt in 90% of cases. All responses to <i>parliamentary questions</i> will be provided within the required deadlines. 	<ul style="list-style-type: none"> Replies to ministerial correspondence were provided within the required timeframe in 81% of cases. (2001: 70%) No parliamentary questions were received. (2001:100%)

CROWN LAW OFFICE

Statement of Objectives and Service Performance for the year ended 30 June 2002

Output Class 3: Conduct of Criminal Appeals

Objective

To determine whether Crown appeals against sentence are lodged and to appear or arrange representation at the hearing of appeals whether brought by the Crown or by offenders following trials on indictment.

Outcome

Contributes to building safe communities by assisting in the maintenance of law and order.

Financial Performance

(Figures are GST exclusive)

2001 Actual \$000		2002 Actual \$000	2002 Main Estimates \$000	2002 Supp. Estimates \$000
1,225	Revenue – Crown	1,366	1,224	1,366
1,224	Expenditure	1,352	1,224	1,366
1	Net surplus	14	-	-

Explanation of major variations:

The appropriation for this output class was increased by a net amount of \$142,000 in the Supplementary Estimates to reflect changes in the allocation of overhead and matter related expenditure.

Quantity

2001 Actual	Measures	2002 Actual	2002 Forecast
	Number of appeals heard in the Court of Appeal arising out of criminal trials on indictment, brought by:		
24	- the Crown	33	20:30
339	- offenders	286	290:320
481	Total number of appeals disposed of (including those where a hearing was held, those which were dismissed ex-parte or abandoned).	391	500:530
	Decisions made on requests for the Solicitor-General to take Crown appeals in relation to:		
40	- sentence	46	40:50
27	- case stated or other appeals.	25	25:30

CROWN LAW OFFICE

Statement of Objectives and Service Performance for the year ended 30 June 2002

Output Class 3: Conduct of Criminal Appeals - continued

Service Performance

Quantity - continued

Explanation of Variances:

The actual number of appeals disposed of was less than expected, but was compensated for by demands in other activities which exceeded expectations.

Quality and Timeliness

Measures	Performance
Success rate for appeals brought by the Solicitor-General to be not less than 60%.	The success rate for appeals brought by the Solicitor-General was 74%. (2001: 71%)
Compliance with court procedures and requirements of the judiciary, as specified in the 'Court of Appeal Practice Note – Criminal Appeals', to ensure no complaints are received for non-compliance.	No complaints have been received by the Office for non-compliance with court procedures and practice notes.
The hearing of appeals to be undertaken in accordance with the schedule of sitting days which are agreed by the court one month in advance, and resulting in no requests for adjournment being sought by the Crown.	The hearing of appeals was undertaken in accordance with the timetable set by the court. One adjournment was sought by the Crown, due to the delay on the part of the appellant in filing evidence.
Written submissions to be filed within the time frame stipulated in the 'Court of Appeal Practice Note – Criminal Appeals' (which states that submissions are to be filed by the Crown by the required date, or within three days of receipt of the appellant's submissions, or if that time frame is not available then prior to the appeal hearing).	The Crown filed written submissions within the timeframe stipulated in the Court of Appeal practice note – Criminal Appeals.

CROWN LAW OFFICE

Statement of Objectives and Service Performance for the year ended 30 June 2002

Output Class 4: The Exercise of Principal Law Officer Functions

Objective

To provide legal and administrative services to the Attorney-General and the Solicitor-General to assist them in the exercise of the principal Law Officer functions. The functions include monitoring of enforcement and application of the law, supervision of charities, representation of the public interest, relator proceedings, and the exercise of a variety of powers, duties and authorities arising from various statutory requirements and constitutional conventions.

Outcome

Contributes to building safe communities by assisting in the maintenance of law and order and contributing to the maintenance of public interest factors in the application of the law.

Financial Performance

(Figures are GST exclusive)

2001 Actual		2002 Actual	2002 Main Estimates	2002 Supp. Estimates
\$000		\$000	\$000	\$000
1,239	Revenue - Crown	1,215	1,237	1,215
2	- Other	7	-	-
1,241		1,222	1,237	1,215
1,202	Expenditure	1,130	1,237	1,215
39	Net surplus	92	-	-

Explanation of major variations:

The appropriation for this output class was decreased by a net amount of \$22,000 in the Supplementary Estimates to reflect changes in the allocation of overhead and matter related expenditure.

CROWN LAW OFFICE

Statement of Objectives and Service Performance for the year ended 30 June 2002

Output Class 4: The Exercise of Principal Law Officer Functions - continued

Service Performance

Quantity

2001 Actual	Measures	2002 Actual	2002 Forecast
125	Number of <i>new</i> applications or requests for legal advice	113	130:160
291	Average number of applications or requests for legal advice <i>in hand</i>	306	260:290
237	Number of <i>new</i> ministerials and parliamentary questions received.	294	140:160

Explanation of major variations:

The number of new ministerials and parliamentary questions received exceeded expectations, and reflects the difficulty experienced in estimating the demand for this activity.

Quality and Timeliness

Measures	Performance
Legal advice, including opinions, and legal representation services will be provided in accordance with the Office's Professional Standards: Crown Law Advice and Conduct of Litigation, respectively.	Quality assurance review processes have been implemented to ensure compliance with the standards established for legal advice and legal representation services.
Ministerial correspondence and parliamentary questions to be responded to within the following time frames: <ul style="list-style-type: none"> Replies to <i>ministerial correspondence</i> will be completed within 20 working days of receipt in 90% of cases. All responses to <i>parliamentary questions</i> will be provided within the required deadlines. 	<ul style="list-style-type: none"> Replies to ministerial correspondence were provided within the required timeframe in 80% of cases. (2001: 71%) Replies to parliamentary questions were provided within the required timeframe in 100% of cases. (2001: 100%)

CROWN LAW OFFICE

Statement of Objectives and Service Performance for the year ended 30 June 2002

Output Class 4: The Exercise of Principal Law Officer Functions - continued

Service Performance

Quality and Timeliness - continued

Measures	Performance
Brief the Attorney-General in a timely and relevant way on significant legal matters affecting the Crown.	A report is provided each week to the Attorney-General advising on significant matters involving the Crown.
Client satisfaction survey to be conducted among clients seeking feedback on performance in respect of matters selected at random. The survey questions cover a range of service level criteria designed to assess the timeliness and accessibility of advice, quality of advice, and effectiveness of advice.	The methodology of the client satisfaction survey process was described under Output Class 1: Legal Advice and Representation - Service Performance – <i>Quality and Timeliness</i> . The targets and results of the client satisfaction survey process for the year ended 30 June 2002 are set out below.

Client Satisfaction Survey Results:

2001 Actual		2002 Actual	2002 Forecast
13	Questionnaires issued	2	15:20
11	Questionnaires returned	0	15:20
73%	Overall satisfaction rating	Not available	80%:90%

Explanation of major variations:

Given the nature of the work performed in this output class and the difficulty of identifying a 'client' for many matters, it was not possible to achieve the estimated target for the issuing of questionnaires.

CROWN LAW OFFICE

Statement of Accounting Policies for the year ended 30 June 2002

Reporting Entity

The Crown Law Office is a government department as defined by section 2 of the Public Finance Act 1989. These are the financial statements of the Crown Law Office prepared pursuant to section 35 of the Public Finance Act 1989. In addition, the Office has reported the trust monies which it administers.

Measurement System

The financial statements have been prepared on an historical cost basis modified by the revaluation of the Library asset.

Accounting Policies

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

Budget Figures

The Budget figures are those presented in the Budget Night Estimates (Main Estimates) and those amended by the Supplementary Estimates (Supplementary Estimates) and any transfer made by Order in Council under s5 of the Public Finance Act 1989.

Revenue

The Office derives revenue through the provision of outputs to the Crown and for services to third parties. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Cost Allocation

The Office has determined the cost of outputs using a cost allocation system which is outlined below.

Cost Allocation Policy

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

Direct and Indirect Cost Assignment to Outputs

Direct costs are charged directly to outputs. Personnel costs are charged to outputs on the basis of actual time incurred. For the year ended 30 June 2002, direct costs accounted for 87% of the Office's costs (2001: 86%).

Indirect costs are the costs of corporate management and support services, including depreciation and capital charge, and are assigned to outputs based on the proportion of direct staff costs for each output. For the year ended 30 June 2002, indirect costs accounted for 13% of the Office's costs (2001: 14%).

Work-in-Progress

Work-in-progress is determined as unbilled time plus disbursements that can be recovered from clients, and has been valued at the lower of cost or expected realisable value.

CROWN LAW OFFICE

Statement of Accounting Policies for the year ended 30 June 2002

Accounting Policies - continued

Debtors and Receivables

Receivables are recorded at estimated realisable value, after providing for doubtful and uncollectable debts.

Operating Leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased item, are charged as expenses in the periods in which they are incurred.

Fixed Assets

A revaluation of the library asset is carried out at least every three years based on fair value for highest and best use. The purchase of new publications for the library between the revaluations are capitalised at cost.

All other fixed assets, costing more than \$1,000, are capitalised and recorded at historical cost.

Depreciation

Depreciation of fixed assets is provided on a straight line basis at rates which will write off the cost of the assets, less their estimated residual values, over their estimated useful lives. The useful lives of the major classes of assets have been estimated as follows:

• Computer equipment	3 years	(33.3%)
• Office equipment	5 years	(20%)
• Furniture and fittings	5 years	(20%)
• Leasehold improvements	Up to 9 years	(11.1%)
• Library	10 years	(10%)

The cost of leasehold improvements is capitalised and amortised over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter.

Employee Entitlements

The liability for entitlements by staff to annual leave, long service leave and retirement leave have been provided for as follows:

- Existing entitlements to annual leave and long service leave have been calculated on an actual entitlement basis at current rates of pay.
- Future entitlements to long service leave and retirement leave have been calculated on an actuarial basis based on the present value of expected future entitlements.

Foreign Currency

Foreign currency transactions are converted at the New Zealand dollar exchange rate at the date of the transaction. No forward exchange contracts are entered into.

CROWN LAW OFFICE

Statement of Accounting Policies for the year ended 30 June 2002

Accounting Policies - continued

Financial instruments

The Office is party to financial transactions as part of its normal operations. These financial instruments, which include bank accounts, debtors and creditors, are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance. Except for those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

Goods and Services Tax (GST)

The Statement of Unappropriated Expenditure and the Statements of Departmental and Non-Departmental Expenditure and Appropriations are inclusive of GST. The Statement of Financial Position is exclusive of GST, except for Debtors and Receivables and Creditors and Payables, which are GST inclusive. All other statements are GST exclusive. The amount of GST owing to the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Creditors and Payables.

Taxation

Government departments are exempt from the payment of income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax has been provided for.

Commitments

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

Contingent Liabilities

Contingent liabilities are disclosed at the point at which the contingency is evident.

Taxpayers' Funds

This is the Crown's net investment in the Office.

Changes in Accounting Policies

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

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

CROWN LAW OFFICE

Statement of Financial Performance for the year ended 30 June 2002

2001 Actual		Note	2002 Actual	2002 Main Estimates	2002 Supp. Estimates
\$000			\$000	\$000	\$000
REVENUE					
22,138	Crown		23,934	22,676	23,934
12,184	Other	2	13,582	12,434	13,656
34,322	Total Operating Revenue		37,516	35,110	37,590
EXPENSES					
9,647	Personnel Costs	3	10,245	9,250	9,750
23,787	Operating Costs	4	25,442	24,349	26,329
631	Depreciation	5	514	500	500
208	Capital Charge	6	199	187	187
34,273	Total Expenses		36,400	34,286	36,766
49	Net surplus		1,116	824	824

The accompanying accounting policies and notes form part of these financial statements.
For information on major variances refer to Note 1 (page 39)

CROWN LAW OFFICE

Statement of Movements in Taxpayers' Funds for the year ended 30 June 2002

2001 Actual		2002 Actual	2002 Main Estimates	2002 Supp. Estimates
\$000	Note	\$000	\$000	\$000
2,082	Taxpayers' funds as at 1 July	2,217	2,082	2,217
49	Net surplus	1,116	824	824
49	<i>Total recognised revenues and expenses for the year</i>	1,116	824	824
(49)	Provision for repayment of surplus to the Crown	(1,116)	(824)	(824)
135	Increase in revaluation reserve	-	-	-
2,217	Taxpayers' funds as at 30 June	2,217	2,082	2,217

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

CROWN LAW OFFICE

Statement of Financial Position as at 30 June 2002

2001 Actual			2002 Actual	2002 Main Estimates	2002 Supp. Estimates
\$000		Note	\$000	\$000	\$000
ASSETS					
Current Assets					
3,313	Cash		4,316	3,377	3,279
2,396	Debtors and receivables	8	3,319	2,691	2,711
5,709	Total current assets		7,635	6,068	5,990
Non-current assets					
1,421	Fixed assets	9	1,097	987	1,221
7,130	Total assets		8,732	7,055	7,211
LIABILITIES					
Current liabilities					
4,105	Creditors and payables	10	4,652	3,499	3,520
49	Provision for repayment of surplus	11	1,116	824	824
625	Provision for employee entitlements	12	583	500	500
4,779	Total current liabilities		6,351	4,823	4,844
Non-current liabilities					
134	Provision for employee entitlements	12	164	150	150
4,913	Total liabilities		6,515	4,973	4,994
TAXPAYERS' FUNDS					
1,921	General Funds		1,921	1,921	1,921
296	Revaluation reserve	7	296	161	296
2,217	Total taxpayers' funds		2,217	2,082	2,217
7,130	Total liabilities and taxpayers' funds		8,732	7,055	7,211

The accompanying accounting policies and notes form part of these financial statements.
For information on major variances against budget refer to Note 1 (page 39)

CROWN LAW OFFICE

Statement of Cash Flows for the year ended 30 June 2002

2001 Actual		2002 Actual	2002 Main Estimates	2002 Supp. Estimates
\$000		\$000	\$000	\$000
CASH FLOWS – OPERATING ACTIVITIES				
<i>Cash was provided from: Supply of outputs to</i>				
22,138	- Crown	24,409	22,676	23,934
12,068	- Government departments and related agencies	12,658	12,276	13,341
34,206		37,067	34,952	37,275
<i>Cash was applied to: Produce outputs</i>				
22,276	- Operating	24,203	22,482	25,454
9,602	- Personnel	9,841	9,750	9,750
1,328	- Net GST paid	1,515	1,500	1,500
208	- Capital charge	199	187	187
33,414		35,758	33,919	36,891
792	Net cash flows from operating activities	1,309	1,033	384
CASH FLOWS – INVESTING ACTIVITIES				
<i>Cash was provided from:</i>				
1	Sale of fixed assets	1	-	-
<i>Cash disbursed for:</i>				
339	Purchase of fixed assets	258	300	369
(338)	Net cash flows from operating activities	(257)	(300)	(369)
CASH FLOWS – FINANCING ACTIVITIES				
<i>Cash disbursed for:</i>				
23	Repayment of net surplus to Crown	49	77	49
(23)	Net cash flows from financing activities	(49)	(77)	(49)
431	Net Increase/(Decrease) in cash held	1,003	656	(34)
2,882	Add opening cash	3,313	2,721	3,313
3,313	Closing cash	4,316	3,377	3,279

The accompanying accounting policies and notes form part of the financial statements.
For information on major variances against budget refer to Note 1 (page 39).

CROWN LAW OFFICE

Reconciliation of Net Surplus to Net Cash Flow from Operating Activities for the year ended 30 June 2002

2001 Actual		2002 Actual	2002 Main Estimates	2002 Supp. Estimates
\$000		\$000	\$000	\$000
49	Net surplus	1,116	824	824
	Adjustment for items which do not impact cash flow:			
631	- Depreciation	514	500	500
11	- Increase/(decrease) in non current employee entitlements	30	16	16
642	Total non-cash items	1,660	1,340	1,340
	Adjustment for movements in working capital items:			
(115)	- (Increase)/decrease in debtors and receivables	(923)	(157)	(315)
281	- Increase/(decrease) in creditors and payables	615	(104)	(516)
(64)	- Increase/(decrease) in current employee entitlements	(42)	(46)	(125)
102	Working capital movements – net	(350)	(307)	(956)
	Add/(less) investing activity items:			
(1)	- Net loss/(gain) on sale of fixed assets	(1)	-	-
(1)	Total investing activity items	(1)	-	-
792	Net cash inflow from operating activities	1,309	1,033	384

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

CROWN LAW OFFICE

Statement of Commitments as at 30 June 2002

The Office's lease on its premises in Wellington expired on 31 December 2001 and was renewed until 31 December 2004. One further right of renewal for three years remains, expiring on 31 December 2007. The annual lease payment is subject to three-yearly reviews. The amounts disclosed below as future commitments are based on the current lease rental rates.

Operating leases include lease payments for premises, car parks and photocopiers.

2001		2002
Actual		Actual
\$000		\$000
<i>Operating lease commitments</i>		
528	- less than one year	929
16	- one to two years	918
2	- two to five years	531
546	Total operating lease commitments	2,378
546	Total Commitments	2,378

No significant commitments were outstanding for the purchase of goods and services as at 30 June 2002.

Statement of Contingent Liabilities as at 30 June 2002

There were no contingent liabilities as at 30 June 2002 (2001: Nil)

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

CROWN LAW OFFICE

Statement of Unappropriated Expenditure for the year ended 30 June 2002

2001 Unappropriated Expenditure \$000	(Figures are GST inclusive where applicable)	2002 Actual \$000	2002 Appropriation \$000	2002 Unappropriated Expenditure \$000
Note: Attorney-General				
252	Output Class 1– Legal Advice and Representation	14,691	14,539	152
262	Output Class 2 – Supervision and Conduct of Crown Prosecutions	-	-	-

Output Class 1– Legal Advice and Representation

There was an unexpected increase in disbursements for services provided by legal and other advisors in the latter part of the financial year. In addition, the increased level of activity in the output class towards the end of the year attracted a higher than estimated share of personnel and overhead costs. The increased expenditure has been met from Revenue – Departments and Other and is fiscally neutral.

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

CROWN LAW OFFICE

Statement of Departmental Expenditure and Appropriations for the year ended 30 June 2002

<i>(Figures are GST inclusive where applicable)</i>	2002 Actual Expenditure \$000	2002 Appropriation Voted* \$000
Vote: Attorney General		
<i>Appropriations for classes of outputs</i>		
D1 – Legal Advice and Representation	14,691	14,539
D2 – Supervision and Conduct of Crown Prosecutions	23,593	24,022
D3 – Conduct of Criminal Appeals	1,523	1,537
D4 – The Exercise of Principal Law Officer Functions	1,283	1,367
Total appropriations	41,090	41,465

*The Appropriation Voted includes adjustments made in the Supplementary Estimates and transfers under section 5 of the Public Finance Act 1989.

Statement of Trust Monies for the year ended 30 June 2002

Account	As at 1 July 2001 \$000	Contributions \$000	Distributions \$000	Revenue \$000	Expenses \$000	As at 30 June 2002 \$000
Crown Law Office Legal Claims Account	5	3,721	(3,721)		-	5

This account is operated to receive and pay legal claims and settlements on behalf of clients of the Office.

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

CROWN LAW OFFICE

Notes to the Financial Statements for the year ended 30 June 2002

Note 1: Major Budget Variations

Statement of Financial Performance (GST Inclusive)

Output D1 – Legal Advice and Representation

The appropriation for this output class was increased by an amount of \$1,375,000 in the Supplementary Estimates and section 5 Transfer, to meet the demand driven increases in revenue earned from providing legal advice and representation services, and the related personnel and other operating expenditure which was incurred.

Output D2 – Supervision and Conduct of Crown Prosecutions

The appropriation for this output class was increased by an amount of \$1,280,000 in the Supplementary Estimates, Final Technical transfer and Section 5 Transfer to meet the forecast demand driven increases in expenditure on Crown prosecution services.

Output D3 – Conduct of Criminal Appeals

The appropriation for this output class was increased by \$160,000 to reflect the actual and forecast change in the allocation of matter related and overhead expenditure.

Output D4 – The Exercise of Principal Law Officer Functions

The appropriation for this output class was decreased by \$25,000 in the Supplementary Estimates to reflect the actual and forecast change in the allocation of matter related and overhead expenditure.

Further information on the changes in output classes are set out in the Statement of Objectives and Service Performance. The Statement of Unappropriated Expenditure explains the variations from the Supplementary Estimates.

Statement of Financial Position (and Cash Flows)

The increase in cash balances against budget reflects the increase in Creditor Crown resulting from a section 5 transfer and Crown prosecution expenditure significantly below forecast. The provision for payment of surplus is higher than forecast due to a combination of a reduced level of expenditure on Crown prosecutions and an increase in revenue earned from departments.

Note 2: Other Revenue

2001 Actual \$000		2002 Actual \$000	2002 Main Estimates \$000	2002 Supp. Estimates \$000
	Legal fees and disbursements received from:			
11,455	- Government departments	12,865	12,364	12,564
728	- Other clients	716	70	670
1	Profit on sale of fixed assets	1	-	-
12,184	Total other revenue	13,582	12,434	13,234

CROWN LAW OFFICE

Notes to the Financial Statements for the year ended 30 June 2002

Note 3: Personnel Costs

2001 Actual \$000		2002 Actual \$000
9,636	Salaries and Wages	10,257
11	Retirement and Long Service Leave	(12)
9,647	Total personnel costs	10,245

Note 4: Operating costs

2001 Actual \$000		2002 Actual \$000	2002 Main Estimates \$000	2002 Supp. Estimates \$000
29	Audit fees for audit of the financial statements	29	29	29
93	Consultancy costs	154	176	176
18,967	Crown Solicitors fees	20,066	19,777	21,757
-	Decrease in provision for doubtful debts	-	-	-
1,005	Operating lease costs	994	1,006	1,006
3,693	Other operating costs	4,199	3,361	3,361
23,787	Total operating costs	25,442	24,349	26,329

Note 5: Depreciation Charge

2001 Actual \$000		2002 Actual \$000	2002 Main Estimates \$000	2002 Supp. Estimates \$000
12	Office Equipment	12	12	12
242	Computer Equipment	233	230	230
271	Leasehold Improvements	168	168	168
28	Furniture & Fittings	31	20	20
78	Library	70	70	70
631	Total depreciation charge	514	500	500

CROWN LAW OFFICE

Notes to the Financial Statements for the year ended 30 June 2002

Note 6: Capital Charge

The Office pays a capital charge to the Crown on its taxpayers' funds as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2002 was 9% (2001: 10%).

Note 7: Revaluation reserve - Library

2001 Actual \$000		2002 Actual \$000
161	Balance brought forward	296
135	Revaluation change at 30 June	-
<u>296</u>	Balance at 30 June	<u>296</u>

Note 8: Debtors and Receivables

2001 Actual \$000		2002 Actual \$000
845	Trade debtors	1,619
(20)	<i>Less</i> provision for doubtful debts	(20)
1,554	Work in progress	1,669
(39)	<i>Less</i> provision for doubtful work in progress	(39)
56	Prepayments	90
<u>2,396</u>	Total debtors and receivables	<u>3,319</u>

CROWN LAW OFFICE

Notes to the Financial Statements for the year ended 30 June 2002

Note 9: Fixed Assets

2001 Actual \$000		2002 Actual \$000
	Office Equipment	
258	At cost	263
(223)	Accumulated depreciation	(235)
35	Office Equipment – net book value	28
	Computer Equipment	
1,197	At cost	1,342
(807)	Accumulated depreciation	(1,025)
390	Computer Equipment – net book value	317
	Leasehold Improvements	
1,652	At cost	1,652
(1,484)	Accumulated depreciation	(1,652)
168	Leasehold Improvements – net book value	-
	Furniture and Fittings	
270	At cost	275
(139)	Accumulated depreciation	(170)
131	Furniture and Fittings – net book value	105
	Library	
697	Base collection at valuation – 30 June 2001	697
-	Additions at cost	20
-	Accumulated depreciation	(70)
697	Library – net current value	647
	TOTAL FIXED ASSETS	
4,074	At cost and valuation	4,249
(2,653)	Accumulated depreciation	(3,152)
1,421	TOTAL CARRYING AMOUNT OF FIXED ASSETS	1,097

The library asset was independently valued at net current value as at 30 June 2001 by Stephanie Lambert NZCL of Lambert Library Services.

Leasehold improvements were depreciated over the initial term of the lease which expired on 31 December 2001.

CROWN LAW OFFICE

Notes to the Financial Statements for the year ended 30 June 2002

Note 10: Creditors and Payables

2001 Actual \$000		2002 Actual \$000
2,254	Trade creditors	2,093
1,247	Accrued work in progress – Crown Solicitors Fees	1,406
433	Other accrued expenses	517
171	GST payable	161
-	Creditor Crown	475
<u>4,105</u>	Total creditors and payables	<u>4,652</u>

Note 11: Provision for Repayment of Surplus to the Crown

The provision for repayment of surplus to the Crown is equivalent to the net operating surplus as recorded in the Statement of Financial Performance.

Note 12: Employee Entitlements

2001 Actual \$000		2002 Actual \$000
	Current liabilities	
578	Annual leave	525
47	Long service leave	58
<u>625</u>	Total current portion	<u>583</u>
	Non-current liabilities	
54	Long service leave	64
80	Retirement leave	100
<u>134</u>	Total long term portion	<u>164</u>
<u>759</u>	Total employee entitlements	<u>747</u>

CROWN LAW OFFICE

Notes to the Financial Statements for the year ended 30 June 2002

Note 13: Financial Instruments

The Office is party to financial instrument arrangements as part of its everyday operations. These include instruments such as bank balances, investments, accounts receivable and trade creditors.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the Office, causing the Office to incur a loss. In the normal course of its business, the Office incurs credit risk from trade debtors and transactions with financial institutions. The Office does not require any collateral or security to support financial instruments with financial institutions that the Office deals with, as these entities have high credit ratings. For its other financial instruments, the Office has in excess of 88% of the outstanding revenue represented by debtors and work in progress due from government departments and ministries.

Fair Value

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

Currency and interest rate risk

There are no financial instruments that potentially subject the Office to material foreign exchange or interest rate risks.

Note 14: Contingencies

The Office does not have any contingent assets as at 30 June 2002 (30 June 2001: Nil). There were no contingent liabilities as noted in the Statement of Contingent Liabilities.

Note 15: Related Party Information

The Office is a wholly owned entity of the Crown. The Crown Law Office enters into trading activities with the Crown, other departments and ministries, and Crown Entities. These activities are conducted on an arms length basis and are not considered to be related party transactions. Apart from those transactions described above, the Office has not entered into any related party transactions.

Note 16: Post Balance Date Events

No significant events, which may impact on the actual results, have occurred between the year end and the signing of the financial statements.