

2020/2021

Pūrongo ā-tau Annual Report



**Te Tari Ture
o te Karauna**
Crown Law



**Te Tari Ture
o te Karauna**
Crown Law

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Ngā ihirangi

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Kupu takamua a te Rōia Mātāmua

Solicitor-General's foreword

As for many other government agencies, the COVID-19 pandemic continued to present significant challenges for Crown Law during 2020/21 as we moved to coordinate legal work supporting the Government's response, much of it in uncharted territory.

This brought us into a close working relationship with the Parliamentary Counsel Office, the other department for which the Attorney-General is responsible. Together, we deployed and subsequently improved the quality of key regulatory tools supporting the Government's response. We worked alongside policy, operational and legal colleagues as the system developed and matured its policy development, legislative drafting, ministerial engagement and parliamentary oversight

processes, coordinating officials across almost every department of government.

We were able to step up and play these roles even as the country moved periodically in and out of alert levels during August–September 2020 and February–March 2021, with our staff able to work remotely in Auckland and ready to do so in Wellington had the need arisen. Thanks to a continuing programme of investment in our information technology and communications infrastructure, as well as the previous implementation of our business continuity plan, our staff had been able to adapt to new ways of working during the disruption of the initial nationwide lockdown. Not least, our legal support staff adapted quickly to ensure our lawyers could lead in this new context as well as meet business-as-usual commitments.

Aside from COVID-19, Crown Law has been able to take a leading role over the past year in coordinating Crown agencies' engagement with two Royal Commissions. The Royal Commissions of Inquiry into Abuse in Care and the Attack on Christchurch Mosques have been major undertakings.

We have stepped up our participation in justice sector leadership, contributing on key areas of sector policy (such as criminal justice reform and counter-terrorism) to ensure policy development is informed by the perspective of



litigators and prosecutors and by our broad view of legal risk across the system.

All of this work has demonstrated our commitment and ability to work across government in a cooperative way to respond to system priorities, give value in providing 'one-to-many' advice to agencies and provide legal representation in flexible ways.

In terms of our own organisational capability, Crown Law took steps during 2020/21 to review and revise its governance framework. The new framework better distinguishes between strategic leadership and operational management and helps to ensure Crown Law's resources are effectively managed and incidents and risks are considered at the correct organisational level.

One of the most important internal achievements in the past year has been the work carried out towards the formation of our new strategic plan for 2021–2025. The revised strategy is set out in our new Statement of Intent 2021–2025 and published at the same time as this Annual Report. While there is a necessary degree of continuity in the new Statement of Intent, it contains some important shifts of focus, which we commenced work on over the past year.

One of these areas is in cultural competence, and staff themselves told us that they wanted to see more engagement with tikanga and te ao Māori and a deeper investment in te reo Māori within Crown Law. Accordingly, we have begun work on expanding support for te reo Māori and initiated the development of a strategy, He Rautaki Māori, to embed a more holistic approach to te ao Māori across Crown Law. This capability uplift will mean we continue to be well prepared to advise and represent the Crown.

In all of this work, as always, I am grateful to the dedicated staff of Crown Law for their efforts in maintaining and raising the standards we set ourselves and that are demanded of us by the vital role we play in supporting a democracy that serves all of Aotearoa New Zealand.



Una Jagose QC

Rōia Mātāmua o te Karauna me te Tumu
Whakarae
Solicitor-General and Chief Executive

Pērā ki te maha o ngā tari kāwanatanga, i puta tonu ngā wero nui i te urutā KOWHEORI-19 mō Te Tari Ture o te Karauna hei te 2020-21, i te wā i ruruku mātou i ngā mahi ture e tautoko ana i te urupare a te Kāwanatanga, ko te nuinga hoki he āhuatanga tauhou.

Nā tērā mātou i mahi whakapiri ki te Tari Tohutohu Pāremata, tētahi atu tari e noho haepapa ana te Rōia Tianara. Nā te mahi ngātahi, i tukuna, otirā i whakapaitia ake e mātou te kounga o ngā utauta ā-ture matua e tautoko ana i te urupare a te Kāwanatanga. I mahi tahi mātou ki ā mātou hoa kaupapahere, whakahaere, ā-ture hoki i te wā e whanake haere ana te pūnaha, i pakeke hoki tōna whanaketanga kaupapahere, te whakarite ture hukihuki, ngā whakawhitiwhiti ā-Minita me ngā tukanga tirohanga ā-pāremata, te ruruku haere i ngā āpiha puta noa i te nuinga o ngā tari kāwanatanga.

I taea e mātou te whakakī i ēnei tūranga mahi ahakoa e kuhu ana, e puta ana hoki te motu i ngā Pae Mataara hei te Hereturikōkā-Mahuru 2020, me te Huitanguru-Poutūterangi 2021, i te wā i taea e ā mātou kaimahi te mahi mamao i Tāmaki Makaurau, ā, me te rite anō o ngā kaimahi i Te Whanganui-a-Tara ki te mahi pērā mēnā e hiahiatia ana. Nā runga i tētahi kaupapa o te haumi haere ki ā mātou hanganga hangarau mōhiohio me ngā whakawhitiwhitinga, tae atu ki te whakatinanatanga o mua o tā mātou mahere mahi pakihī, i taea e ā mātou kaimahi te urutau i ngā huarahi hou o te mahi i te wā o ngā whakararu o te rāhuitanga ā-motu tuatahi. Mātua rā, i urutau wawe ā mātou kaimahi tautoko ā-ture, ki te whakarite i te wāhi ki ā mātou rōia ki te ārahi haere i roto i te horopaki hou nei, me te whakatutuki i ā mātou whāinga o ia rā.

I tua atu i te KOWHEORI-19, i taea hoki e Te Tari Ture o te Karauna te kawē nui i ngā mahi whakaruruku i te tau kua taha atu i te whakawhitinga o ngā tari Karauna ki ngā

Kōmihana Karauna e rua. He kawēnga nui hoki te Kōmihana Karauna ki te Tūkinō i te Tiakanga, me te Pahuatanga o ngā Mosque o Ōtautahi.

Kua hikina ā mātou mahi whakauru ki te ārahitanga o te rāngai tika, te whai wāhi ki ngā wāhi matua o te kaupapahere o te rāngai (pēnei i te whakahoutanga ture taihara me te ārai whakatuma), ki te whakarite e whai mōhio ana te whanaketanga kaupapahere i ngā tirohanga o ngā rōia me ngā kaiwhiu, me tō mātou tirohanga whānui o ngā mōrearea ā-ture puta noa i te pūnaha.

Kua whakaatu ēnei mahi katoa i tō mātou pūmau me tō mātou āhehi ki te mahi puta noa i te kāwanatanga i tētahi huarahi mahi tahi, ki te urupare ki ngā whakaarotau o te pūnaha; te uara o te whakarato i ngā kupu tohutohu 'tahi-ki-te-maha' ki ngā tari; kia raungāwari te whakarato i te kawēnga ā-ture.

Ki te taha o te raukaha o tō mātou whakahaere ake, i whāia e Te Tari Ture ngā mahi i te tau 2020/2021 ki te arotake me te whakahou i tōna anga mana whakahaere. He pai ake te whakawehe a te anga hou i te ārahitanga rautaki me te mahi whakahaere, ka āwhina ki te whakarite he tika anō te whakahaeretanga o ngā rauemi a te Tari Ture, me te whai whakaarotanga o ngā whakapā, mōrearea hoki i te taumata whakahaere tika.

Ko tētahi o ngā tino whakatutukinga ā-roto i te tau kua taha atu, ko te kawēnga mahi ki te hanga anō i tā mātou mahere rautaki mō te 2021-25. Ka whakatakotoria te rautaki hou i roto i tā mātou Tauākī Whakamaunga Atu mō te 2021-25, kia whakaputaina i te wā ōrite ki tētahi pūrongo ā-tau. Ahakoa he nui tonu ngā kawēnga ōrite i roto i te Tauākī Whakamaunga Atu hou, tērā tonu ngā kauneketanga aronga nui kei roto, otirā kua tīmata kē ā mātou mahi i tēnei i te tau kua taha atu.

Ko tētahi o aua mahi ko te kaiakatanga ā-ahurea, otirā nā ā mātou kaimahi tonu

te kōrero i te hiahia rātou kia kaha ake te whakaurunga ki te tikanga me te ao Māori, me te haumi hōhonu ake ki te reo Māori i roto i te Tari Ture. Nā whai anō, kua tīmata ā mātou mahi ki te whakawhānui i te tautoko mō te reo, ā, kua tīmataria te whanaketanga o taua rautaki, He Rautaki Māori, ki te tāmau i tētahi whāinga torowhānui ake ki te ao Māori puta noa i te Tari Ture.

I te mutunga iho, pērā ki ngā wā katoa, e tino mihi ana au ki ngā kaimahi ngākaunui a Te Tari Ture mō ā rātou mahi ki te pupuri me te hiki i ngā paerewa kua whakatauhia e mātou mō mātou ake, ā, e tonoa ana hoki i runga anō i te waiwai o te tūranga mahi nei o te tautoko i tētahi manapori e whaioha ana i a Aotearoa whānui.



Una Jagose QC

Rōia Mātāmua o te Karauna me te Tumu
Whakarae
Solicitor-General and Chief Executive

2021 he tiro wawe

2021 at a glance



Feedback

from other agencies rating Crown Law service as good to excellent

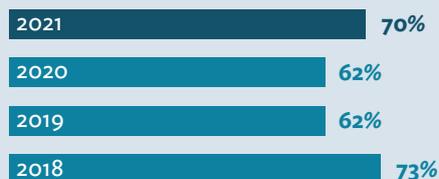


New Crown prosecutions



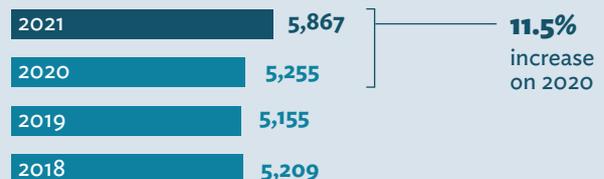
Crown criminal appeals

concluded in favour of the Crown



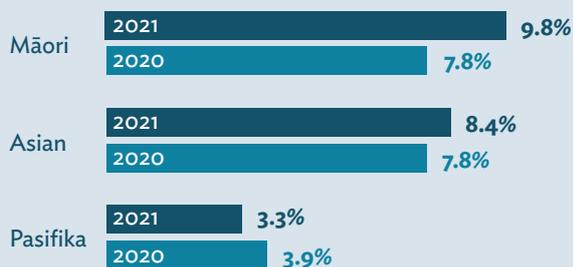
Crown prosecutions

completed by the Crown Solicitor network



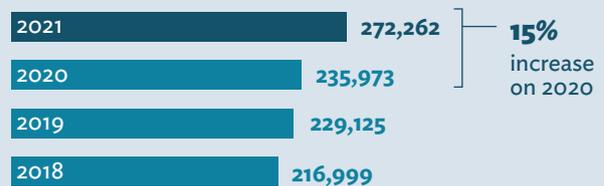
Ethnic profile

of Crown Law staff



Hours of service

provided by the Crown Solicitor network



Tō mātou rōpū whakahaere

Our organisation

Our role

Crown Law plays an important role in increasing public trust and confidence that decisions made by government are made according to law. We do this through providing legal advice and representation services to government departments and ministers.

Our work is focused in the areas of criminal, public and administrative law. We are responsible for assisting the Solicitor-General with the conduct of criminal appeals and the supervision and oversight of public prosecutions.

We provide strategic leadership across the wider government legal system and support the Government Legal Network (GLN) and the Solicitor-General's leadership of the Crown lawyers in the legal profession.

With our partners in the justice sector, we work together to make New Zealand safer and to deliver accessible justice services and better outcomes for all New Zealanders.

Crown Law administers appropriations under Vote Attorney-General. The Attorney-General is accountable to Parliament to ensure we carry out our functions properly and efficiently. The Solicitor-General is accountable for the leadership and overall performance of the organisation.

Our leadership

Crown Law's Leadership Team is ultimately accountable for the overall performance of the organisation, that is, making sure Crown Law delivers the right services to government and that we do it properly and effectively. The Leadership Team ensures strategic direction is clear and that our collective efforts move us in that direction. To do this, focus is placed on strategic leadership and oversight, organisational performance and organisational health.

The Leadership Team comprises (left to right):

Sophie Mexsom – Deputy Chief Executive Strategy and Corporate

Madeleine Laracy – Deputy Solicitor-General Criminal Group

Virginia Hardy – Deputy Solicitor-General Attorney-General Group

Una Jagose QC – Solicitor-General and Chief Executive

Aaron Martin – Deputy Solicitor-General Crown Legal Risk Group

Katie Elkin – Deputy Chief Executive System Leadership Group



**Ngā
whakatutukitanga
ki ō mātou takune
rautaki**

Performance against our
strategic intentions

Crown Law's strategic direction and outcomes

We refreshed our Crown Law strategy and outcome framework in 2021 to reflect the changing public service environment, incorporate what we've learned from working differently during the COVID-19 response and ensure we have the right capability, systems and resources to deliver on government's expectations. Our new strategy is set out in the Statement of Intent 2021–2025.

This Annual Report assesses performance against the Statement of Intent 2018–2022. The vision is to provide 'collaborative, indispensable legal service'.

This framework has three outcomes and seven goals to focus Crown Law and help us to set priorities for our work and help shape our performance measures to monitor progress as well as understand and demonstrate the value we are providing to New Zealanders through our work.

The three outcomes and relevant goals are:

Demonstrably better government decisions

- Enable government to pursue its policy choices lawfully by providing quality legal services.
- Better serve the Crown by leveraging the collective strength of the Government Legal Network.

Strengthened influence of the rule of law

- Increase New Zealanders' confidence in our legal system and lawfulness of decisions.

Improved criminal justice

- Improve the quality, consistency and decision making of public prosecutions.
- Ensure the quality of Crown prosecutions.
- Contribute leadership to a streamlined, efficient mutual assistance and extradition regime.
- Ensure the quality of the conduct of criminal appeals.

Contribution to the wellbeing domains

The Treasury's Living Standards Framework defines twelve wellbeing domains.

Crown Law makes specific contributions to the wellbeing of New Zealanders through improving outcomes linked to civic engagement, governance in accordance with law and public trust in central government institutions and decisions.

The leadership and legal services provided by Crown Law also support the range of government priorities, including all initiatives and reforms designed to raise broader wellbeing outcomes.

1

OUTCOME ONE

Demonstrably better government decisions

Enable government to pursue its policy choices lawfully by providing quality legal services

This goal relates to improving the quality of the services Crown Law provides, particularly in terms of advice that is provided at the right time, is high quality and is sought after by decision makers (not just because it is mandated by Cabinet).

This includes Crown Law's support to the Solicitor-General's roles of authoritatively determining the Crown's view of the law and how the Crown conducts itself before the courts. Crown Law will be respected for the way in which it predicts and influences the development of the law to help manage risk and to take opportunities.

Better serve the Crown by leveraging the collective strength of the Government Legal Network

This goal relates to maximising the value of the 800+ lawyers and using the strength of the overall Government Legal Network (GLN) to increase the effectiveness of the government's legal resources. Decision makers will be better served when the GLN can make increasing use of its shared resources and decision makers better understand the value of a high-quality legal perspective (where appropriate) at the right time (often early, but not necessarily so). The strength of the GLN will be enhanced through the Solicitor-General's leadership of the network of government lawyers, including support by the System Leadership Group (see below) and encouragement for decision makers to make better use of their lawyers and legal resources.

How we will know we are succeeding

We use outcome indicators to see whether, over time, there is a trend that represents good progress towards achievement of our outcomes. Minor changes from one year to another are less significant than the trend of the results over the medium and long term.

KPI	2018/19 Actual	2019/20 Actual	2020/21 Actual	Comment
Partner satisfaction – responses to client survey that consider the advice and service received are good to excellent	95%	100% ¹	100%	Partner satisfaction is an indicator of the impact of Crown Law’s legal work in assisting better government decision making.
Secondments of counsel into or from Crown Law and the wider Government Legal Network	17	11	11	Secondments are an indicator for an increasing level of competence across the public sector, as they contribute to increased knowledge and consistency across the public sector.

What we achieved this year

Inquiries

Crown Law has advised on several recent inquiries including the Royal Commission of Inquiry into the terrorist attack on Christchurch masjidain on 15 March 2019 and the Royal Commission of Inquiry into Abuse in Care.² We continued to provide advice to the Crown on the Inquiry into Operation Burnham post publication of the report in July 2020.

The Royal Commission (Abuse in Care) identified a number of topics for investigation, which are at various stages of completion. The first investigation relating to state redress culminated in two public hearings during 2020. Crown witnesses, including the Solicitor-General, gave evidence at the second of the redress public hearings. The Inquiry’s redress report is expected later in 2021.

Further hearings were held in 2021 with more for 2022. Crown Law continues to provide the Commission with large volumes of material across most of its current investigations.

System leadership

In November 2019, Crown Law established a trial of the System Leadership Group (SLG) to enhance support for the Government Legal Network (GLN), including through the provision of strategic system-wide legal advice. The GLN is a collaborative initiative of the Solicitor-General and Chief Legal Advisors which has been under way for a decade.

The GLN Governance Board was established in July 2020 to ensure that the GLN is effectively leveraging the collective potential of the

¹ Revised result from 2019/20 Annual Report due to removing ‘unable to rate yet’ responses from the calculation.

² For the Inquiry into Abuse in Care, as well as providing advice to the Crown, Crown Law was separately subject to inquiry into the conduct of litigation.

network. The Board supports the delivery of the work programme described below.

The SLG pilot is nearing completion. It has been a success, with the SLG playing a significant role in coordinating and facilitating resources across the legal network, particularly in supporting the Government's response to COVID-19 and in strengthening the linkages between the more than 850 lawyers who operate across government. This includes sharing and streamlining advice across the network, keeping the network up to date and establishing an oversight group to provide consistent advice across agencies. Crown Law is beginning to scope the review of the SLG and its functions to ensure ongoing sustainability of its strategic leadership and network development roles.

Strategic legal advice

The SLG has enhanced Crown Law's ability to deliver strategic advice from the Solicitor-General to the legal system on significant and cross-cutting issues affecting the Crown. A more strategic approach to the management of legal issues also helps to better uphold the rule of law, protect civil liberties and support the essential institutions underpinning New Zealand's constitution.

During the year, we delivered a range of strategic and system-wide legal advice products on a one-to-many basis. We also released a publicly accessible video resource (Te Pouārahi: The Judge Over Your Shoulder) to promote good decision making in government, based on an earlier resource.

Crown legal risk management

Crown Law manages the Significant Crown Legal Risk Management Process. During 2020/21, we carried out a review of that system with a view to enabling a strategic understanding of changes to the Crown's legal risk environment. In 2021/22, we will improve

the quality of risk reporting and management by changing to twice-yearly reporting supplemented with twice-yearly workshops with Chief Legal Advisors on particular areas of risk and risk management.

Programmes and capability

During 2020/21, we continued to deliver a capability-building programme to increase the effectiveness of government legal resources, including the following:

- Approximately 4,551 hours of individual continuing professional development.
- 26 practice group seminars and workshops.
- The GLN Buddy Programme placing 15 new government lawyers with buddies.
- The GLN Summer Clerk Programme involving 21 clerks and 14 agencies.
- The GLN Graduate Programme involving six graduates and 11 agencies (over the course of the 2-year programme).
- He Waka Eke Noa Introduction to Government course, provided five times over the year.
- The annual GLN Lawyers in Government Conference, with nearly 500 government lawyers attending at TSB Arena in Wellington or by livestream from Auckland. The theme for the conference was inspired by the whakataukī "whiria te tangata", which means the act of weaving people together for a shared purpose the same way a flock of birds acts together to achieve a collective goal or outcome.
- Several People Plan projects, led by members of the GLN, have progressed:
 - The Flexible Working Arrangements project was completed with the release of a report in June 2021. The report draws on the project team's research

into the experiences of GLN lawyers in relation to flexible working. It discusses the benefits and challenges of flexible working that lawyers in the GLN identified and ways in which agencies and their staff may be able to improve the experience of flexible working in their legal teams. The report references and complements the Flexible-Work-by-Default Guidance provided by Te Kawa Mataaho.

- The Workforce Mobility (Secondments) project was completed, with findings due to be shared with Chief Legal Advisors in August and recommendations to be considered in future work to be done across the GLN.
- Projects focused on raising te reo Māori language skills and tikanga awareness and on attracting and retaining Māori and Pasifika lawyers are continuing, with a view to completion by the end of 2021.

Government Legal Services Strategy

During 2020/21, we commenced development of a Government Legal Services Strategy to provide an overall direction for the provision of legal services across the public service to ensure we can maximise resources to deliver effectively and sustainably.

Initial discovery included wide engagement with government legal service providers and their agency partners, including Chief Legal Advisors, senior Māori public servants, 14 Chief Executives and/or their delegates, the Attorney-General and the Chief Justice. The focus was to understand the delivery of government legal services and the performance of the GLN, identify what 'good' looks like for both legal service users and lawyers and identify potential opportunities to drive enhanced performance. We will finalise the strategy in 2021/22.

Many of our initiatives will be refined in light of the Government Legal Services Strategy and will be incorporated into the workstreams arising from that. Remaining objectives from the People Plan will also be considered for incorporation.

Illustrative legal advice and representation matters



Strategic system-wide legal advice

During 2020/21, we have provided a broad range of legal advice to government agencies and ministers, much of which has been strategic system-wide advice. Key areas of work have included advice on government decision making, especially in the context of COVID-19, outcomes of inquiries and steps to implement their recommendations, advice on implications of the Terrorism Suppression Act, assisting the Government at an operational level in its many responses to COVID-19 and advice on numerous aspects of criminal justice process and proposed policy changes.

The Minister's decisions were made following investigations, reports and advice by the Ministry of Business, Innovation and Employment (MBIE) Trade Remedies team. New Zealand Steel sought to review the decisions on various grounds including that the investigations were flawed or insufficient to ensure a 'level playing field' for the domestic industry and the advice to the Minister contained inadequate justification for its conclusions.

The High Court found that MBIE undertook the investigations in accordance with domestic legislation and international WTO obligations and that the Minister was provided with an accurate summary of all relevant information, including overseas investigation findings, to enable him to lawfully make his decisions.



New Zealand Steel Ltd v Minister of Commerce and Consumer Affairs

Grice J's decision in *New Zealand Steel Ltd v Minister of Commerce and Consumer Affairs* is an important recent authority on ministerial decision making and officials' advice to ministers. New Zealand Steel Ltd sought judicial review of decisions by the Minister of Commerce and Consumer Affairs under the Trade (Anti-Dumping and Countervailing Duties) Act 1988 determining that Chinese steel products were only subsidised to de minimis levels and not causing material injury to the New Zealand domestic industry.

Grice J rejected New Zealand Steel's submission that a 'culture of justification' applied to public decision making in New Zealand. Overall, MBIE was required to provide a report that was materially accurate, was based on relevant information and, in general terms, provided reasons for its conclusions. Her Honour recognised that the investigations involved the application of specialist expertise. They were inquisitorial in nature, and therefore to resort to concepts such as onus of proof was not helpful. It was for MBIE and the Minister to determine how the investigations were undertaken and the weight to be placed on information obtained during them.

The Court accordingly dismissed the application for review.



Representative (class) actions

The Crown has been and will continue to be a defendant in class action proceedings. Two recent examples are *Strathboss Kiwifruit Ltd v Attorney-General* and *Ross v Southern Response*.

It is likely that class actions will become more prevalent in New Zealand, continuing a recent trend. A growing number of lawyers and litigation funders in New Zealand are identifying, promoting and funding the claims.

New Zealand does not currently have a specific regulatory framework for class actions and litigation funding. The Law Commission is conducting a review into the regulation of class actions and litigation funding. However, any resulting legislation is likely to be 2–3 years away.

In the absence of specific legislation, the New Zealand courts are currently supervising class action proceedings under their general powers and point to public benefits such as enhanced

access to justice. For example, the Supreme Court held in *Ross v Southern Response* that ‘opt out’ class actions promote access to justice and will become the norm.

These benefits need to be weighed against the fact that the lawyers and funders involved in such claims are motivated by financial return and often take a sizeable proportion of any amount obtained from defendants.

The claim by Strathboss Kiwifruit Ltd and other kiwifruit growers against the Ministry of Primary Industries (MPI) for damages as a result of the Psa3 pathogenic bacterium entering New Zealand illustrates the litigation risk faced by government departments performing regulatory functions. It also raises policy questions around the extent to which the Crown ought to be liable and the circumstances in which legislative immunity should apply. The Court of Appeal held that MPI had no duty of care to keep biosecurity pests such as Psa3 out of New Zealand and a relevant statutory immunity prevented such claims. The claim was settled before a Supreme Court hearing.

2 **OUTCOME TWO** **Strengthened influence of the rule of law**

Increase New Zealanders' confidence in our legal system and lawfulness of decisions

At a time of increasing (international) questioning of the system of law and the quality, fairness and impartiality of the legal system, we see a need for greater public awareness of how the democratic system of government maintains credibility.

This goal relates to Crown Law speaking for the rule of law and upholding respect for New Zealand's legal and constitutional framework, including te Tiriti o Waitangi/Treaty of Waitangi and the New Zealand Bill of Rights Act 1990. This may include advising ministers and departments of the meaning of the law and constitutional boundaries, defending the judicial system and legal process and leading and contributing to policy development and public debate.

New Zealand's reputation on a world stage is also largely dependent on how our domestic governance is seen to respect and protect the rule of law and democratic institutions. This is demonstrated by greater public confidence in the systems that ensure governments act according to law.

How we will know we are succeeding

We use outcome indicators to see whether, over time, there is a trend that represents good progress towards achievement of our outcomes. Minor changes from one year to another are less significant than the trend of the results over the medium and long term.

Category	2018/19 Actual	2019/20 Actual	2020/21 Actual	Comment
World Bank Worldwide Governance Indicators – New Zealand’s score for:				
Rule of Law	98	98	99	World Governance Indicators continue to rank New Zealand well for rule of law, placing New Zealand in the 99th percentile of 214 countries.

What we achieved this year

We provided legal advice and other assistance to the Law Officers and departments, including:

- legal services involving questions of the lawful exercise of government power – particular focus was and remains COVID-19
- constitutional questions including in relation to te Tiriti and the New Zealand Bill of Rights Act
- advice on the legal and constitutional implications of policy proposals – for example, climate change policy, where it can be expected the response of governments will be publicly debated and potentially subjected to scrutiny by the courts.

Government’s COVID-19 response

A number of legal instruments are in force that impose restrictions under the COVID-19 Alert Level framework, including an Epidemic Notice and orders made under section 11 of the COVID-19 Public Health Response Act

2020. The Solicitor-General established and maintains an inter-agency group to keep these instruments under constant scrutiny and ensure they have a firm legal basis, are sufficiently well defined, can be demonstrably justified in the circumstances and remain proportionate to the threat posed by COVID-19.

A regular briefing was provided to the Attorney-General on Crown Law’s review of the legal instruments for the Government’s response to COVID-19. Crown Law continues to work closely with core agencies such as the Ministry of Health, the Department of the Prime Minister and Cabinet, MBIE and the Parliamentary Counsel Office to ensure appropriate legal instruments are in place and the legality of actions taken.

A key case in relation to the Government’s exercise of powers in response to COVID-19 is *Borrowdale v Director-General of Health*. The applicant challenged the lawfulness of the Alert Level 4 and Alert Level 3 lockdowns in March and April 2020. The High Court held that some of the restrictions between 25 March and 3 April 2020 were not “prescribed by law” as required

by the Bill of Rights Act, and the Crown's exhortations to people to isolate at home were, accordingly, unlawful. The restrictions were otherwise held to be lawful. The Crown did not appeal the finding in relation to the first nine days and defended the appeal on the basis the restrictions beyond the first nine days were lawful. The Court of Appeal's decision remains reserved.

Crown Law also provided legal support in relation to the COVID-19 vaccine rollout plan. For the purposes of the rollout to Group 1 (border and MIQ workers) and Group 2 (high-risk frontline workers and people living in high-risk places), this involved government agencies considering health and safety and Bill of Rights Act issues where employees are in these groups. The COVID-19 order now in place prevents certain roles being performed by unvaccinated workers. Crown Law:

- worked with Medsafe and the Ministry of Health on legal issues arising from the vaccine rollout, including distribution and administration of the vaccine
- supported Medsafe and the Ministry of Health in a proceeding brought by Ngā Kaitiaki Tuku Iho Medical Society Inc., which seeks a pause of the vaccine rollout. Crown Law provided advice and representation on an application for interim orders and assisted with the introduction of amendments to the Medicines Act 1981 arising from the proceeding.

Te Tiriti and Māori Crown relationship

Crown Law has continued to represent the Crown in the Waitangi Tribunal's remaining district inquiries and in a number of kaupapa inquiries, which are thematic inquiries that deal with nationally significant issues affecting Māori as a whole. During 2020/21, there were

substantive hearings in the Taihape and Porirua ki Manawatū district inquiries and the Takutai Moana, Mana Wāhine and Housing Policy and Services kaupapa inquiries. Crown Law also represented the Crown in the urgent inquiry into Oranga Tamariki. The report was released in April 2021.

During 2020/21 the Crown has been involved in significant High Court litigation in relation to the Waitangi Tribunal's binding powers to order return of certain land and payment of compensation for historical Tiriti claims. The scope of this power has not previously been tested in the courts, and the outcome of this litigation has important ramifications for the resolution of other Tiriti claims.

The Tribunal has indicated it may issue binding recommendations in the Wairarapa remedies inquiry and in the Mangatū remedies inquiry. See illustrative matters below.

Government's response to climate change

The Crown's response to climate change has given rise to a range of climate change-related litigation over the last year. This is an example of democratic institutions and processes working to hold government to account and of government's willingness to have the legality of actions scrutinised in the courts:

- Judicial review of the Climate Change Commission's advice to the Government on emissions budgets, the emissions reduction plan and New Zealand's nationally determined contribution under the Paris Agreement, by Lawyers for Climate Action NZ Inc. The proceeding is brought against the Commission (which is separately represented). However, the Minister for Climate Change has been named as the second respondent. The proceeding concerns, among other things,

the interpretation and application of the Climate Change Response Act 2002.

- The Smith litigation, which alleges a novel legal duty owed by the Crown to protect current and future generations of Māori from the adverse effects of climate change and that this duty has been breached. The litigation remains at an early stage following an order from the High Court that the plaintiff further particularise the claim.

Administration of appointments

Crown Law provides administrative support for the Attorney-General's role in appointing High Court judges and Queen's Counsel. Crown Law administered four High Court appointments and one Associate Judge appointment during 2020/21 – Justice Neil Campbell, Justice Harland, Justice Isaac, Justice Michael Robinson and Associate Judge Rachel Sussock.

Crown Law administered ten Queen's Counsel appointments during 2020/21. In June

2021, the Attorney-General announced the appointments with the comment, "The criteria for appointment recognise that excellence and leadership in the profession should be viewed through a wider, community lens. I am pleased to see that the profession continues to make a good contribution to access to justice." The appointments made were: Auckland – Lynda Kearns, Stephen McCarthy, Ronald Mansfield, Alan (Fletcher) Pilditch, Davey Salmon, Laura O'Gorman; Wellington – Greg Arthur, Michael Colson, Victoria Heine; Christchurch – Kerryn Beaton.

Memberships

The Solicitor-General is a participating member of the High Court Rules Committee, and Crown Law is a member of the Legislation Design and Advisory Committee.

Illustrative legal and constitutional matters



Police Powers – *S v Commissioner of Police*

Mr S, a teacher, was investigated after his inappropriate text messaging with a student of his came to light, along with an incident where he met the student one evening and hugged her. He was issued a formal written warning by Police for sexual grooming of the student. The warning was recorded on the Police database against Mr S's name and was provided to the Teaching Council as part of Police vetting processes. Police had no formal written policy in place for issuing warnings for offences of this level of seriousness. Mr S brought judicial review proceedings challenging the lawfulness of the warning.

The Judge accepted that there was a Police power to issue warning in some circumstances. The Court was concerned with the wording of this particular warning, which it considered suggested guilt when that not been accepted by Mr S. The Court was also troubled by the fact that a warning can have, and in this case probably did have, adverse consequences for the recipient. This was despite there being no external mechanism by which the decision to warn could be tested or challenged. As the Court put it, the officer in charge effectively became “investigator, prosecutor and judge, and operated without any of the safeguards against injustice which are a fundamental requirement in relation to the less serious offences falling within the Police pre-charge warning regime”. The application for judicial review was granted.

Police ultimately decided not to pursue an appeal and instead is reviewing its use of formal written warnings. Crown Law intends to issue a supplement to the Solicitor-General's Prosecution Guidelines to cover the proper use of warnings by all prosecuting agencies. This is intended to ensure that warnings are issued lawfully and can continue to be used as an important mechanism to ensure charges are not filed unless that is strictly necessary in all the circumstances.



Binding recommendations and compensation under the Treaty of Waitangi Act 1975 and the Crown Forest Assets Act 1989

On 24 March 2020, the Waitangi Tribunal issued a preliminary determination in the Wairarapa remedies inquiry that it would return all the available Ngāumu Crown Forest land and Maraetai power station land owned by Mercury NZ Ltd, subject to any insuperable problems for electricity generation.

In July 2020, the Crown, Mercury (as owner/operator) and Raukawa (as tangata whenua of the Maraetai power station land) filed judicial review proceedings.

On 30 March 2021, the High Court issued its decision in *Mercury NZ Ltd and Ors v Waitangi Tribunal and Ors*, which set aside the preliminary determination and ordered the

Tribunal to remake its decisions in accordance with the terms of the judgment. The Court also upheld Raukawa's claim that returning the Maraetai power station land to Wairarapa Māori would be inconsistent with tikanga and the principles of te Tiriti. Two claimant parties (the Ngāti Kahungunu ki Wairarapa Tāmaki Nui-ā-Rua Settlement Trust and the Wairarapa Moana Incorporation) as well as Mercury have filed notices of appeal in the Court of Appeal. The Tribunal's processes are paused in light of the judicial review proceedings.

In the Mangatū remedies inquiry, the Tribunal has indicated it intends to issue interim recommendations for the return of Crown Forest licensed land in the Gisborne area along with associated statutory compensation. Since closing submissions were heard in December 2018, parties have filed further submissions on a number of issues. The Tribunal is expected to issue interim recommendations later this year.



Customary interests in the marine and coastal area - *Re Edwards (Te Whakatōhea No. 2)*

In *Re Edwards*, 15 applicant groups sought recognition of customary interests in the coastline along the Eastern Bay of Plenty under the Marine and Coastal Area (Takutai Moana) Act 2011. *Re Edwards* is the first decision under the Act that addresses overlapping claims for customary marine title and the first determination of applications seeking protected customary rights. Under the Act, customary marine title can be recognised if a group demonstrates it has held the area in accordance with tikanga and has used and occupied it since 1840 without substantial interruption. Protected

customary rights can be recognised if the group has exercised the right in accordance with tikanga since 1840.

The Attorney-General appeared in the proceeding as an interested party, representing the interests of all the public, including those of Māori. During the ten-week hearing, the Court heard evidence from historians and other experts, and extensive evidence from kaumātua and tangata whenua witnesses who recounted lived experience within the takutai moana as well as kōrero tuku iho passed down over generations. Two Court-appointed pūkenga were present for the duration of the hearing to advise the Court on questions of tikanga arising in the course of the proceeding.

The Court found that customary marine title was held jointly by six Whakatōhea hapū across the application area and out to the edge of the territorial sea, that those six hapū of Whakatōhea and Ngāti Awa jointly hold customary marine title to a discrete area of western Ōhiwa Harbour and that Ngāi Tai holds customary marine title in a discrete part of the south of the application area. A number of protected customary rights were recognised for various applicants across the application area. However, seven notices of appeal have been filed against the *Edwards* decision, which means the interpretation and application of the tests under the Act are some way from being settled.

By 3 April 2017, the statutory deadline for making applications under the Act, there were 202 marine and coastal area applications to the High Court seeking recognition of customary interests and covering all of New Zealand's coastline (and a larger number seeking recognition through engagement with the Crown). Since the *Edwards* litigation, the High Court has held three further hearings under the Act, involving multiple applications, for which decisions have yet to be issued.

3

OUTCOME THREE

Improved criminal justice

Improve the quality, consistency and decision making of public prosecutions

Crown Law provides ministers and the public with confidence that the 140,000 public prosecutions undertaken annually are consistent across prosecuting authorities and there is increasing quality of these prosecutions.

Ensure the quality of Crown prosecutions

Crown Law gives ministers and the public confidence that the Crown Solicitor network provides high-quality prosecutions. Crown Solicitors, who prosecute the most serious offences, are guided by the Solicitor-General's Prosecution Guidelines, which are intended to ensure the principles and practices regarding prosecutions in New Zealand are underpinned by core prosecution values.

Contribute leadership to a streamlined, efficient mutual assistance and extradition regime

Crown Law provides a leadership role in streamlining New Zealand's mutual assistance and extradition regime. The goal is to improve the quality and increase the efficiency and timeliness of the regime.

Ensure the quality of the conduct of criminal appeals

Crown Law ensures criminal appeals are conducted in accordance with the Solicitor-General's statutory responsibilities and meet the highest standards.

How we will know we are succeeding

We use outcome indicators to see whether, over time, there is a trend that represents good progress towards achievement of our outcomes. Minor changes from one year to another are less significant than the trend of the results over the medium and long term.

KPI	2018/19 Actual	2019/20 Actual	2020/21 Actual	Comment
Crown criminal appeals concluded in favour of the Crown	62%	62%	70%	We recognise that a success rate of around 60% is appropriate. This reflects the tension between the Crown taking an appeal because the decision is considered to be wrong versus the need to take an appeal to clarify a point of law in the public interest.
Defendant criminal appeals concluded in favour of the defendant	31%	27%	30%	Includes appeals allowed, allowed in part, granted, granted in part.

What we achieved this year

Solicitor-General's Prosecution Guidelines

We completed targeted updates to the Solicitor-General's Prosecution Guidelines during 2020/21. These updates provide or expand guidance on some of the more pressing issues arising out of recent cases where guidance is required or has been identified as necessary by higher courts. The updates cover inmate admissions evidence, diversion schemes, payments connected to plea arrangements and diversion, and jury selection.

Consultees included Crown Solicitors, Chief Legal Advisors (within government), Ministry of Justice, the Judiciary, New Zealand Police, the New Zealand Law Society and Te Hunga Rōia Māori. Input from a number of groups or experts interested in criminal justice matters was also invited – the Howard League, the Sensible Sentencing Trust, JustSpeak and Dr Kim Workman.

In view of the changed environment that has evolved since the current version of the Solicitor-General's Prosecution Guidelines

was published in late June 2013, a full review of the Prosecution Guidelines is intended to commence in late 2021.

Oversight of public prosecutions

Crown Solicitors

Based on data collected through monthly reporting, the Crown Solicitor network has continued to experience a significant increase in general work volume due to an ongoing rise in the number of serious prosecutions on hand. The increase is most clearly seen in hours worked. Between 2013/14 and 2019/20, the time spent on Crown prosecutions increased by an average 9,000 hours per year. In 2021, the total hours increased by approximately 37,350 hours from 2019/20. We will need to continue to monitor work volumes and analyse the implications on financial sustainability of the Crown Solicitor network.

As part of Crown Law's oversight role, all Crown Solicitors are reviewed on a triennial cycle using a combination of in-depth and survey-based reviews. In 2020/21, seven Crown Solicitors were reviewed. These reviews consisted of six survey-based reviews and one in-depth review. The Palmerston North Crown Solicitor was the focus of the 2020/21 in-depth review. The Deputy Solicitor-General and a criminal team manager interviewed stakeholders, including judges, Police, defence counsel and prosecuting agencies. Written feedback was sought from some stakeholders who were not interviewed. The review provided assurance that the Crown Solicitor and the firm's Crown prosecutors continue to provide quality Crown prosecution services. The Whangārei warrant is scheduled to be reviewed in the 2021/22 financial year.

In terms of Crown Solicitor survey reviews, an online survey is used to engage with stakeholders rather than in-person interviews.

This increases the number of Crown Solicitors that can be reviewed at any one time. The review process surveys the Police CIB, prosecuting agencies (including the Police Prosecution Service), defence counsel and Victim Support. Feedback from Crown Law's Criminal Group is also incorporated into the reviews. Crown Solicitors subject to survey reviews are also required to complete an additional section as part of their annual questionnaire.

Annual questionnaires are sent to all Crown Solicitors and are designed to collect information on resourcing, other types of work undertaken by their offices and allocation and supervision of work as well as key relationships required to support Crown prosecution work.

Monthly reporting, in-depth and survey reviews, annual questionnaires, the prosecutor classification framework and Terms of Office all form part of a quality assurance framework used to provide assurance about the performance of the Crown Solicitors and their offices.

Prosecuting agencies

Following a post-implementation review of the in-house prosecutor classification framework, introduced in 2018, a revised framework was implemented in July 2020. The framework is a quality assurance tool that ensures in-house prosecutors have attained a minimum standard in relation to training and experience before they can undertake certain types of prosecution work.

As part of the review, the previous five levels of prosecutor classification were reduced to three, with greater clarity provided around peer review and supervision expectations. A practice requirement for reclassification after three years was introduced.

Crown Law also conducts in-depth reviews of prosecuting agencies designed to provide

insight into an agency's prosecution function. The review examines the agency's prosecution decision-making processes, policies and procedures and identifies areas where improvements can be made. A range of internal and external stakeholders are interviewed. So far, we have completed a review of the New Zealand Defence Force's public prosecution function,³ and reviews of the Ministry for Primary Industries, Inland Revenue and the Department of Corrections are well advanced.

In 2020/21, survey reviews of prosecuting agencies were also introduced given the success of this format of review for Crown Solicitors. The reviews involve surveying stakeholders to assess how an agency is performing. The stakeholders surveyed include the heads of investigations for each agency, external prosecutors (e.g. Crown Solicitors) and defence counsel. Feedback on each agency's engagement and reporting to Crown Law's Public Prosecution Unit is incorporated into the reviews. Four reviews were conducted in the 2020/21 financial year: Financial Markets Authority NZ, WorkSafe, New Zealand Customs and the Department of Internal Affairs.

A review of the departmental fee rates was also conducted. These are the rates Crown Solicitors can charge government departments for undertaking non-Crown criminal prosecution work on their behalf. If government departments wish to instruct external counsel to undertake their prosecution work, they can only use Crown Solicitors. This approach ensures the consistent quality of the prosecution services provided, whilst the fees framework ensures services are provided in a fiscally responsible manner. The review required consultation with all stakeholders and resulted in a three percent increase in fee rates.

Crown Law also continued to lead the work of the Public Prosecutions Advisory Board including providing secretariat support. The board meets every two months and consists of representatives from several prosecuting agencies. It was established to discuss issues that affect prosecuting agencies across the justice sector.

Working with the justice sector

Crown Law continues to participate in justice sector governance. The Solicitor-General is a member of the Justice Sector Leadership Board, which has three priorities of:

- criminal justice reform
- strengthening the Māori Crown relationship
- system performance.

The Justice Sector Leadership Board has entered into a Mana Ōrite partnership with Ināia Tonu Nei. Crown Law and Ināia Tonu Nei (through Te Roro, a team working for Ināia Tonu Nei) are planning our work together on the review of the Solicitor-General's Prosecution Guidelines. In addition, Crown Law contributes to the work of the justice sector through:

- membership of strategy and operational sub-committees of the Justice Sector Leadership Board
- participation in sector working groups concerned with the over-representation of Māori in the criminal justice system. Examples include Reframe – the Police strategy for modern policing directed at the long-term safety of the community, including alternatives to prosecution – and the Ministry of Justice-led Criminal Process Improvement Programme designed to support Te Ao Mārama programme in the District Court.

³ See <https://www.crownlaw.govt.nz/publications/reports>

Mutual assistance and extradition regime

Crown Law performs a significant central role in facilitating international cooperation for law enforcement purposes. In 2020/21, Crown Law provided and requested assistance in relation to a wide range of transnational criminal matters. A clear trend is requests to the United States for electronic evidence, particularly in relation to homicide investigations and organised crime. Another trend is requests to Australia for evidence in relation to deportees charged with subsequent offending in New Zealand. Crown Law has also supported work associated with New Zealand's accession to the Budapest Convention on Cybercrime, including amendments to the Mutual Assistance in Criminal Matters Act 1992.

The Financial Action Task Force (FATF) reported in April 2021 on New Zealand's money laundering and terrorist financing regime. New Zealand was rated as having a "high level of effectiveness" for international cooperation.

The panel noted positive feedback from counterparts that New Zealand generally provides mutual assistance in a constructive and timely manner and swiftly executes extradition requests.

Crown Law remains engaged in the Megaupload extradition proceedings, now approaching their tenth year. The Supreme Court confirmed in November 2020 that the defendants are eligible for surrender, subject to a question remitted back to the Court of Appeal and now resolved in favour of the United States of America. A further application for leave to appeal to the Supreme Court has been signalled, while related litigation in the High Court continues.

Crown Law also assisted Police with a successful extradition request to Italy for Xavier Valent aka Harry Whitehead. He was escorted back to New Zealand from Italian custody in October 2020. Mr Whitehead is alleged to have been involved in a major international drug syndicate and is expected to stand trial in New Zealand in late 2021.

Illustrative criminal matters



This year, Crown Law was responsible for representation on behalf of the Solicitor-General in close to 700 criminal appeals in the High Court, Court of Appeal and Supreme Court arising from Crown prosecutions.

In *Moses v R* [2020] NZCA 296, the Court of Appeal issued general guidance for the calculation of sentences by lower court judges and, in particular, the way credit for guilty pleas is calculated. The Permanent Court, with the Criminal Bar Association intervening, modified the methodology for calculating guilty plea discounts. The decision is important because often the largest discount available at sentencing for mitigating features is for a guilty plea. The methodology by which the discount is calculated can have a significant effect on the final sentence. Appropriate discount for guilty pleas can incentivise the early and proper resolution of cases in contrast to the strain on participants, uncertainty and costs associated with resolution by trial.

Haunui v R [2020] NZSC 153 concerned the test for a miscarriage of justice under the conviction

appeal provisions in the Criminal Procedure Act 2011. The Supreme Court held that, despite a change in language, the appellate approach under the Criminal Procedure Act remained the same as under the previous statutory regime: that is, the appeal court may ask itself whether, notwithstanding an error at trial, it is sure of the appellant's guilt. If the answer is yes, the court will find the error did not in fact create a real risk the outcome was affected and the appeal will be dismissed.

The Court also considered whether a pre-trial indication that a witness would assert the privilege against self-incrimination rendered that witness "unavailable" for the purpose of the hearsay provisions in the Evidence Act 2006. The Court confirmed that such an assertion was insufficient. The privilege against self-incrimination protects against the provision of certain information or a response to certain questions. It does not provide a blanket protection to a prospective witness from being summonsed and required to take the oath or make an affirmation.

Te āheitanga o tō mātou whakahaerenga

Our organisational capability

Governance framework

During 2020/21, Crown Law reviewed and revised its governance framework. The new framework better distinguishes between strategic leadership and operational management and helps to ensure Crown Law's resources are effectively managed and incidents and risks are considered at the correct organisational level. The Leadership Team is supported by the following:

- The Performance and Capability Governance Committee reviews Crown Law's management at an operational level, focusing on ensuring we are able to perform and function effectively. This includes governance of strategic initiatives designed to improve organisational performance and governance of cross-functional work to enable organisational effectiveness (including security, information and records, people capability, finance and health and safety, amongst others).
- The Professional Standards Governance Group (PSGG) reviews the professional performance of our legal services. The PSGG takes responsibility for strategic level planning and identification of system issues.
- The Assurance and Risk Committee (ARC) provides an independent perspective on Crown Law's strategic management. In broad terms, its job is to identify any obstacles or threats to the organisation's success at a strategic level. It seeks to understand the strategic risks and opportunities facing Crown Law through an awareness of the current and future environment in which it operates. A primary benefit of the ARC is its independence. As at 30 June 2021, the independent committee members are Colin McDonald (previously CEO of the Department of Internal Affairs and Government Chief Information Officer) as Chair and Victoria Werohia (Head of Risk and Assurance at ACC).
- The GLN Governance Board is responsible for the governance of the Government Legal Network and its activities. The Board may give direction to Crown Law's System Leadership Group, including commissioning work from the group as required. The Board is not responsible for but supports the Solicitor-General in her consideration of and response to legal risk matters.
- The Public Prosecutions Advisory Board, while primarily a discussion and information-sharing forum, enhances the integrity of the Crown's prosecution function by promoting consistency and effectiveness and by providing advice on legal issues and best practice. The Board consists of 12 members, including senior representatives from government agencies.

Managing risk

Crown Law operates a risk assessment framework that helps to assess legal and operational risk (including technology, security, privacy, fraud and corruption, procurement and business risk). Risk is assessed by determining the likelihood of an event occurring and considering the impact of the event's consequences. The Leadership Team identifies, monitors and reviews organisational risk on a regular basis.

The System Leadership Group maintains the Significant Crown Legal Risk Management Process. Through this, Crown Law captures significant legal risks for individual departments and systemic legal risks that affect multiple departments or the whole Crown. A report on the most significant legal risks is provided quarterly to the Attorney-General.

People and capability

To achieve our strategic outcomes and goals, we need our people to be engaged and working collaboratively with a diverse range of views and be comfortable communicating and considering different perspectives. This will help us continue to deliver excellent legal advice and services that are relevant and valued both by our customers and New Zealand. We are committed to building and investing in such a workforce.

Success at Crown Law is not just about what we do but how we do it. Our ways of working support a shift in culture that embraces the value of all of the work carried out across Crown Law. Specifically, as an organisation, we:

- take pride in all we do
- value our differences
- look after the mana of other people

- recognise our impact on others
- care about each other.

Diversity and inclusion

Crown Law's Leadership Team is committed to building and investing in a diverse, inclusive, collaborative and engaged workforce.

Crown Law is less ethnically diverse than other government agencies and the general population. As at 30 June 2021, Crown Law's ethnic staff profile included:

- Māori – 9.8% (7.8% at June 2020)
- Asian – 8.4% (7.8% at June 2020)
- Pasifika – 3.3% (3.9% at June 2020).

Crown Law is committed to Papa Pounamu and the five priority areas to support our levels of representation and inclusion across all areas. We have committed to the Accessibility Charter and signed up to the Chief Executive pledge.

We have established a Working Group to develop an Inclusion and Diversity Strategy. The strategy (which we have paused while we develop our ao Māori work programme He Rautaki Māori) will set out a range of goals and targeted measures designed to deliver a more diverse workforce and inclusive workplace.

We outline our progress against the Papa Pounamu priorities below.

Cultural competence

We are committed to building the cultural competence of Crown Law – this is one of the core capabilities that we are investing in as part of our refreshed Crown Law Strategy (see our Statement of Intent 2021–2025). Core to understanding and planning for this capability building will be He Rautaki Māori, which commenced development in 2020/21. This

strategy will provide a more holistic approach to te ao Māori across all aspects of Crown Law's work.

You will find the specific cultural competence actions and initiatives undertaken during 2021/22 below under *Māori Crown relations capability*.

Broadening these initiatives is a necessary focus as we execute our People Plan and develop our Workforce Strategy during 2021/22. Our future success in providing quality legal service to the Crown relies on upskilling significantly in te ao Māori, tikanga and te reo Māori. While we still have further to go, the quality and capability of our leaders and staff and our commitment to a diverse and inclusive workforce provides a solid foundation.

Addressing bias

We have committed to undertaking unconscious bias training in our Gender Pay Action Plan, which is currently available for all staff. Our priority is for all managers to undertake the training, including new managers as they come on board.

Inclusive leadership

Our Crown Law Leadership Team is working on developing their leadership capability, as individuals and as a team, to meet today's challenges and be engaged, resilient and collaborative. The primary focus is through scheduled, dedicated time with a leadership coach and facilitator.

We recognise that managing and leading staff can be challenging and that everyone has different experiences, perspectives and views that can be used to provide greater support as we do this work. We are building a Management Development Programme that over time, will include a range of training opportunities supporting five areas of leadership: strategic leadership, system leadership, delivery

management, talent management and cultural competency. We are delivering this programme within one Crown Law group currently.

We also support staff to attend the Leadership Development Centre's New Leader of Leaders programme.

Building relationships

All new employees of Crown Law are allocated a 'buddy' to support transition into the organisation and build relationships across Crown Law.

We support staff to participate in cross-agency peer networks, such as the Cross Agency Rainbow Network, and attend events such as Te Hunga Rōia Māori Hui-ā-Tau – the Māori Lawyers Conference.

Our people leaders are supported to build strong working relationships and model inclusive practice in their interactions.

We are also a member of the Cultural Confidence Sector Agencies Working Group focused on uplifting justice sector agency capability to enable more effective engagement with Māori.

Employee-led networks

We encourage staff-led networks and have the following operating:

- Te Awheawhe Reo Māori
- Safety Net (growing awareness around sexual misconduct and harassment at work)
- Parents' Coffee Group
- LGBTQi+ Coffee Group
- Crown Law Social Club.

Improving the gender pay gap

- 71 percent of Crown Law's staff are women
- 64 percent of all of our managers (including team leaders) are women

- 66 percent of our lawyers are women.

Crown Law's gender pay gap as at 30 June 2021 was 15.5 percent, the same as in June 2020. The pay gap was 23.5 percent at June 2019.

This pay gap exists primarily because the majority of our administrative staff are women, and these roles in general pay less on average than the legal roles. Role by role, there is almost no difference in the average pay of men and women. Despite this, Crown Law has an active programme to tackle gender inequalities, including providing unconscious bias training to all managers and HR staff to work to remove any gender bias from appointment, performance, promotion and remuneration decisions.

We have made significant progress against our Gender Pay Action Plan as follows:

- This year, we negotiated a new remuneration framework with the Public Service Association (PSA), which provides more transparency on our remuneration approach. A Remuneration Working Group was established in April 2020 to develop this step-based remuneration framework for all employees that is transparent, affordable and administratively simple. This work has been complex, being undertaken in an uncertain environment of pay restraints across the public sector, which has an impact on the design of any system. Despite this, a framework was developed and consulted with Crown Law staff in early June 2021 and ratified later in the month. We also reviewed the Remuneration Policy to reflect the proposed new remuneration framework. The new system will help to eliminate bias in starting salaries and help to ensure that people are appointed at the right level based on their level of competence.
- In September 2020, we launched a refreshed Flexible Work policy as a default for all staff. This supports our employees to manage their work and life priorities by providing for a range of working arrangements, while also ensuring that we maintain ways of working that reduce impact on others and encourage a cohesive, supportive and highly engaged culture. Some 97 percent of employees are able to work at least partly from home. All employees are provided with a laptop and mobile phone to enable remote working.
- Work was planned to upgrade our HR Information System to ensure our ability to report and monitor factors including ethnicity, diversity, starting salaries, promotion opportunities and learning and development opportunities. These additional reporting requirements have now been incorporated into our Payroll System Replacement Project, rather than being a separate HRIS project. The project will be included in the 2021/22 Gender Pay Action Plan.
- We are currently reviewing our Gender Pay Action Plan as the basis for developing a new plan for the next year, which is likely to remain focused on analytics, monitoring relativities with the implementation of the new remuneration framework and undertaking work that arises from the new ethnicity pay statistics in line with the wider Inclusion and Diversity work programme.

Crown Law is also a party to the Gender Equitable Engagement and Instruction Policy promoted by the New Zealand Law Society and New Zealand Bar Association. A key objective of the policy is that policy adopters will use reasonable endeavours to have women lawyers with relevant expertise take a lead on at least 30 percent of court proceedings,

arbitral proceedings and major regulatory investigations.

For the year ended 30 June 2021, of matters briefed externally, Crown Law had engaged and instructed women barristers:

- 29 percent of the time compared with their male counterparts (37 percent in 2019/20)
- 63 percent of dollar value compared with their male counterparts (48 percent in 2019/20).

Māori Crown relations capability

As advisors to and representatives of the Crown, we need to be capable and ready to engage with Māori and have a considered and holistic approach to te ao Māori and tikanga Māori across all aspects of our role. Through this capability build, we will ensure we have all of the right skills to support Government in its Tiriti rights and obligations. Core to building our Māori Crown relations capability is the development of our Strategy, He Rautaki Māori, which will provide a more holistic approach to te ao Māori across all aspects of Crown Law's work and will provide the foundation for our ongoing commitment to Whāinga Amorangi. We commenced development of He Rautaki Māori in 2021 and will finalise it by the end of the calendar year. He Rautaki Māori will consider the capability requirements to support what we do (i.e. our professional capabilities) and how we do it (i.e. our culture). It will set out specific kaupapa and actions across a range of capability elements including knowledge and skills, environment, people and projects, and relationships.

During 2020/21, Crown Law, as a member of the Justice Sector Leadership Board (JSLB), worked with Ināia Tonu Nei to develop a Mana Ōrite

agreement.⁴ This relationship agreement was signed in April 2021 between the Ināia Tonu Nei kaitiaki and JSLB Chief Executives, including the Solicitor-General. It signals our intention to work in a Mana Ōrite way to ensure Māori can effectively engage with the Crown and where both parties recognise each other's capability, authority and role in the relationship.

During 2020/21, we remained focused on enhancing our working knowledge of Māoritanga and tikanga across Crown Law. We commenced offering Tiriti interactive workshops to staff that explore the relevance and application of te Tiriti in the modern day, with approximately ten percent of Crown Law staff participating. We support other initiatives such as tikanga support for the Solicitor-General and various legal teams and a staff waiata group. We provided sessions on cultural competency that looks at understanding institutional racism (for example, a Mana Aki pilot with case assistants).

We also carried out a refresh of our letters of briefing to barristers so that, in addition to requiring equitable briefing of legal work, Attorney-General values and Crown Law ways of working, those briefed must introduce themselves in Court in te reo. We have provided support to assist barristers with their introductions.

Māori language planning

Crown Law is committed to developing te reo capability of our people alongside embedding te reo within our organisation. During 2020/21, we developed a Te Reo Māori Plan to strengthen te reo capability. Its focus is for 2021/22, while He Rautaki Māori is developed, and we will review the plan in June 2022 as part of the completion of He Rautaki Māori.

⁴ See <https://www.crownlaw.govt.nz/publications/other-documents/>

Our Te Reo Māori Plan directly relates to our ways of working – that we take pride in all we do, value our differences, look after the mana of other people, recognise our impact on others and care about each other.

The broad objectives of our Te Reo Māori Plan over the next 12 months are based around the language planning elements adapted for Aotearoa New Zealand. We have identified actions that will deliver on critical awareness, status, acquisition, corpus an+d use.

During 2020/21, Crown Law provided access to te reo Māori training for all staff, with weekly classes available that range from support for beginners to advanced speakers. Approximately 40 percent of Crown Law staff currently access on-site classes, with additional classes being scheduled to support greater accessibility to this training.

Workplace health, wellbeing and safety

Crown Law has a strong commitment to the health and safety of staff (including contractors and other service providers) and making sure all staff feel safe and well. Health and safety is one of the strategic risks identified by Crown Law leadership. This year, we continued to focus on our organisation's health and safety maturity.

Crown Law has four identified critical risks:

- psychosocial harm (e.g. burnout) resulting from nature of work
- physical threats and/or violent behaviour towards staff and/or their families in or out of work time in relation to court cases
- risk of serious accident while driving a vehicle for work purposes
- serious physical injury in the workplace resulting from a natural disaster.

We delivered the initiatives and actions below to manage these critical risks:

- A staff pulse survey while transitioning between COVID-19 alert levels, for leaders to check in with staff and understand what additional support may have been needed during that time.
- Resilience training for managers and staff.
- Access to a confidential employee assistance programme, including online resources and learning modules.
- Access to professional supervision, which brings an employee and a skilled supervisor together to reflect on work practice.
- Safety Net – a working group of Crown Law volunteers (trained by RespectEd) who proactively keep our people safe through policy, education, support and growing cultural awareness around sexual misconduct and harassment in the workplace.
- Practical action plans to support and protect staff who have been identified as having a potential increased risk to their safety.
- Government Health and Safety Lead (GHSL) Officer Development Programme – our Deputy Chief Executive Strategy and Corporate is undertaking this programme designed for public service agency senior leaders with officer responsibilities under the Health and Safety at Work Act 2015.

Our health and safety approach is guided by a panel consisting of a cross-section of staff and chaired by our Deputy Chief Executive Strategy and Corporate. The panel facilitates cooperation between Crown Law management and staff in instigating, developing and implementing measures, standards, rules and policies to improve and ensure the health and

safety of all Crown Law employees. The panel met four times during 2020/21.

We are in the process of confirming new reporting arrangements for health and safety in alignment with Crown Law's revised governance framework to ensure appropriate elements of risk, legislative obligations and performance are considered by the relevant bodies.

H&S performance indicators	2019/20 Actual	2020/21 Actual
Worksite injuries	1	3
Lost-time injuries	0	0
Number of employees accessing employee assistance services	28	20
Early report pain or discomfort	0	5

Systems, software and processes

We continue to invest in and enhance systems and infrastructure to ensure efficient and secure functioning of Crown Law. During 2020/21 we completed several systems and software roadmap initiatives including an upgrade of our Microsoft environment, rolling replacement of laptops, VC equipment replacement, a records management system review and upgrade and commencement of a document management system upgrade.

The Legal Matter Management and Financial Management System Review commenced in 2019/20, and based on review recommendations, the Leadership Team has agreed to implement a new legal practice management and financial management system. This new business-critical system is a cloud-based Microsoft solution that will enable us to simplify and streamline our processes, supports increased financial resilience and offers an improved user experience. The new system also integrates with Microsoft 365 and will enable us to deliver better information and

dashboard reports. The decision to implement a new system is a significant milestone that has been an organisational priority over the past 18 months. Procurement has completed, and system design and implementation is now under way. The project is expected to be completed in 2022.

Cyber security

Crown Law takes a multi-layered approach to providing digital security to Crown Law information. Crown Law uses all-of-government and Common Capability ICT contracts to access suppliers procured through DIA-led processes. These suppliers provide perimeter defences, and Crown Law has processes in place to ensure its devices and applications are as secure as possible. Crown Law educates, raises awareness and reminds its staff regularly about their obligations to keep Crown Law information safe. Crown Law responds to and follows the guidance of GSCB, NCSC, GCDO and CERT NZ among others.

Cyber security is a constantly evolving area and Crown Law experienced a partial compromise of its email system in February 2021. Although our information was not accessed, an external IT security organisation reviewed Crown Law's systems and processes, and Crown Law has commenced a project to review and improve its cyber security.

Quality framework

Crown Law is committed to providing high-quality legal services, and we have a range of systems, guidance, knowledge and capability to ensure the quality of our work, enabling us to be confident we are delivering value for New Zealanders. The following are a range of formal mechanisms that make sure we provide high-quality, fit-for-purpose legal services that meet varying needs and expectations.

Continuous professional development

Legal staff must maintain a programme of continuous professional development, as monitored by the New Zealand Law Society. We provide regular and continuous in-house opportunities for all staff to receive professional development and education. Our Education Committee facilitates a seminar series and a range of programmes. Crown Law lawyers also have access, alongside their GLN colleagues, to the various programmes and seminars provided to the GLN by the System Leadership Group. We also encourage staff to attend external training relevant to their role.

All staff at Crown Law must participate in the performance management framework, which establishes goals that directly align to our strategy. We also expect this framework to provide opportunities for feedback to be given.

Professional standards

The Professional Standards Committee is the internal body responsible for reviewing our professional practices and for making sure policies, guidelines, templates and resources are up to date and represent best practice.

All advice provided to clients on behalf of the Solicitor-General, whether written or oral, must be provided per the principles set out in these policies and guidelines.

Peer review and consultation

All written Crown Law advice must be peer reviewed. This process allows our lawyers who are drafting advice to consult with other staff with the relevant and specific legal expertise. In practice, this process means fresh expert eyes consider an issue's complexity. This peer-review mechanism contributes to ensuring we deliver high-quality legal advice.

Litigation management planning

Litigation management planning (LMP) enables us to effectively and efficiently commission and run a case while also increasing our prospects of success. The LMP framework involves robust planning by assigned lead counsel and strong communication with our clients and stakeholders.

As with all our work, we are conscious that the outcome should be consistent with wider Crown interests. The LMP discipline requires, at the conclusion of each case, a debrief to discuss and cement the lessons from the experience for application in how future litigation is handled.

Feedback from other agencies

Our annual satisfaction survey offers an opportunity for other agencies to rate and comment on various quality factors of our service. We collect both quantitative and qualitative information and ask a series of open-ended questions to help us understand what we can do to improve our legal advice and services.

For further information about the results of our annual survey, please refer to page 46.

Environmental impacts

Crown Law recognises the impact that our operations have on the environment and is committed to improving our environmental sustainability.

Our direct impact on the environment is driven primarily from the physical offices we occupy in Wellington and Auckland and the business travel we undertake.

We are now working with Toitū Envirocare to measure and benchmark our carbon emissions for reporting to the Carbon Neutral

Government Programme. We will include this reporting in our Annual Report from 2021/22.

Partners

We work with a wide range of stakeholders to help deliver our outcomes. These stakeholders include:

- ministers of the Crown
- the Law Officers (Attorney-General & Solicitor-General)
- Parliamentary Counsel Office
- state sector agencies that we represent and provide legal advice to
- Government Legal Network
- the network of Crown Solicitors.

Crown Law is one of the six core justice sector agencies along with Ministry of Justice, New Zealand Police, Department of Corrections, Oranga Tamariki – Ministry for Children and the Serious Fraud Office. We are also a member of the Justice Sector Cluster for Treasury’s Budget processes.

We have also been involved in Hāpaitia te Oranga Tangata Safe and Effective Justice, a cross-sector initiative set up to help guide the reform of the criminal justice system and create a safer Aotearoa New Zealand, and we are working with Ināia Tōnu Nei, which has set out its priorities for working with the justice sector.

For more information on how we work with our fellow agencies and networks, refer to the *Performance against our strategic intentions*.

**Ā mātou
whakatutukinga
ā-whakahaere**
Our operational
performance

Appropriations – audited service performance and financial performance

Law Officer Functions – multi-category appropriation (MCA)

The overarching purpose of this appropriation is to provide for the discharge of the Law Officers' constitutional, criminal law and system leadership responsibilities including legal advice and representation. This appropriation is intended to achieve improvement in the management of Crown legal risk and improved criminal justice, maintain strong legal institutions and strengthen the influence of the rule of law.

Performance measure	Actual 2019/20	Target 2020/21	Actual 2020/21	Comment
The Attorney-General is satisfied with the services provided by Crown Law	Yes	Yes	Yes	-

Audited financial performance (MCA summary) (GST exclusive)

Actual 2020 \$000		Actual 2021 \$000	Main Estimates 2021 \$000	Supplementary Estimates 2021 \$000
Revenue				
49,955	Crown	54,643	54,837	54,643
466	Other	26,551	23,724	26,224
50,421	Total revenue	81,194	78,561	80,867
Expenditure				
49,193	Expenditure	79,210	78,561	80,867
1,228	Total annual and permanent appropriations	1,984	-	-

Law Officer Functions (MCA) - Strategic and Operational Legal Advice and Representation

Performance measure	Actual 2019/20	Target 2020/21	Actual 2020/21	Comment
Quantity - new matters				
Advice	378	380-425	316	From year to year, the inflow of new matters may vary significantly. New matters mostly arise from circumstances external to Crown Law but in which Crown Law must subsequently become involved. In each year, as we prepare budget documents, we consider whether there are any factors that could help us anticipate the numbers of new matters in the upcoming financial year. Such factors can include policy changes and recent events.
Litigation	257	250-300	256	
Judicial review	86	80-100	88	
Claims before Waitangi Tribunal	34	50-70	112	<p>The number of claims filed in 2019/20 was unusually low.</p> <p>In 2020/21, a large number of claims were filed in the Oranga Tamariki urgent inquiry, which was heard in this year. A large number of claims were also filed in the Mana Wāhine Kaupapa inquiry because of a deadline for filing. One lawyer filed many almost identical claims in both Mana Wāhine and Oranga Tamariki inquiries on behalf of individuals.</p>
Number of individual CPD-compliant hours delivered to GLN lawyers	3,875	3,500-4,500	4,551	-
Number of reports submitted to the Attorney-General under the GLN Legal Risk Reporting System ⁵	4	4	4	-
Quality				
Responses to the client survey that consider the advice and services received overall are good to excellent	100% ⁶	90%	100%	-
Responses to the client survey that consider the responsiveness, relevance, accuracy and clarity of advice are good to excellent	99%	90%	100%	-

⁵ Now called the Significant Crown Legal Risk Management Process.

⁶ Revision to 2019/20 Annual Report result due to removing 'unable to rate yet' responses from the calculation.

Performance measure	Actual 2019/20	Target 2020/21	Actual 2020/21	Comment
Quality (continued)				
Written opinions and advice that are peer reviewed	69%	80%	68%	Advice was peer reviewed and, in almost all cases, done on time. The result is due to details not being recorded accurately in the data capture system. We will review the process, alongside work to implement a new system, over 2021/22.
Chief Legal Advisors consider GLN team engagement and communications are good to excellent ⁷	100%	90%	100%	-
Lawyers registered on GLN Online consider GLN activities and opportunities for participation are good to excellent	89%	85%	94%	-
The Attorney-General is satisfied with the GLN Legal Risk Reporting System ⁸	Yes	Yes	Yes	-
Timeliness				
Responses to the client survey that consider timeliness in responding to requests is good to excellent	91%	85%	96%	-
Written opinions/advice (final or draft) completed by the due date	79%	85%	76%	In almost all instances, opinions/advice were completed on time. The result is due to details such as extensions, ongoing advice or non-specific deadlines not being recorded accurately in the data capture system. We will review the process, alongside work to implement a new system, over 2021/22.
Litigation management plans completed by due date	71%	80%	74%	Several LMPs were delayed due to capacity issues in 2020/21 or because the client was late in returning their review. In other instances, data was incorrectly recorded. We will review the process, alongside work to implement a new system, over 2021/22.

⁷ The 2019/20 survey was conducted on Crown Law's GLN team via the GLN survey. The 2020/21 survey was conducted on Crown Law's System Leadership Group via the client satisfaction survey.

⁸ Now called the Significant Crown Legal Risk Management Process.

Performance measure	Actual 2019/20	Target 2020/21	Actual 2020/21	Comment
Value for money				
Responses to the client survey that consider the advice and services received overall are good to excellent	96%	95%	95%	-

Audited financial performance (GST exclusive)

Actual 2020 \$000		Actual 2021 \$000	Main Estimates 2021 \$000	Supplementary Estimates 2021 \$000
Revenue				
1,002	Crown	1,029	1,029	1,029
22,209	Other	26,519	23,150	25,650
23,211	Total revenue	27,548	24,179	26,679
Expenditure				
24,625	Expenditure	26,256	24,179	26,679
(1,414)	Total annual and permanent appropriations	1,292	-	-

Law Officer Functions (MCA) - Law Officer Constitutional and Criminal Law Duties

Performance measure	Actual 2019/20	Target 2020/21	Actual 2020/21	Comment
Quantity - new matters				
Applications processed on behalf of the Attorney-General	33	35-55	33	From year to year, the inflow of new matters may vary significantly. New matters mostly arise from circumstances external to Crown Law but in which Crown Law must subsequently become involved. In each year, as we prepare budget documents, we consider whether there are any factors that could help us anticipate the numbers of new matters in the upcoming financial year. Such factors can include policy changes and recent events.
Advice on behalf of the Attorney-General	139	120-160	92	
Litigation on behalf of the Law Officers (Attorney-General and/or Solicitor-General)	6	10-25	18	
Criminal advice	1	5-15	4	
Judicial reviews	6	5-10	14	
Mutual assistance and extraditions	91	100-120	96	

Performance measure	Actual 2019/20	Target 2020/21	Actual 2020/21	Comment
Quantity - new matters (continued)				
Criminal cases (other types)	51	25-40	70	From year to year, the inflow of new matters may vary significantly. New matters mostly arise from circumstances external to Crown Law but in which Crown Law must subsequently become involved. In each year, as we prepare budget documents, we consider whether there are any factors that could help us anticipate the numbers of new matters in the upcoming financial year. Such factors can include policy changes and recent events.
Requests for prosecution appeals and judicial reviews	73	70-110	115	
Timeliness				
Ministerial correspondence on time	97%	100%	97%	61 out of 63 answered on time.
Responses to parliamentary questions on time	100%	100%	100%	54 answered on time.
Official Information Act and Privacy Act responses on time	97%	100%	99%	137 out of 138 answered on time.

Audited financial performance (GST exclusive)

Actual 2020 \$000		Actual 2021 \$000	Main Estimates 2021 \$000	Supplementary Estimates 2021 \$000
Revenue				
5,053	Crown	5,143	5,198	5,143
345	Other	22	504	504
5,398	Total revenue	5,165	5,702	5,647
Expenditure				
3,812	Expenditure	3,958	5,702	5,647
1,586	Total annual and permanent appropriations	1,207	0	0

Law Officer Functions (MCA) - Conduct of Criminal Appeals from Crown Prosecutions

Performance measure	Actual 2019/20	Target 2020/21	Actual 2020/21	Comment
Quantity - new matters				
Crown appeals	22	15-30	27	-
Accused appeals	607	600-650	659	-
Quality				
Percentage of Crown appeals concluded in favour of the Crown	62%	60%	70%	-

Audited financial performance (GST exclusive)

Actual 2020 \$'000		Actual 2021 \$'000	Main Estimates 2021 \$'000	Supplementary Estimates 2021 \$'000
Revenue				
3,807	Crown	3,975	3,944	3,975
-	Other	0	50	50
3,807	Total revenue	3,975	3,994	4,025
Expenditure				
4,110	Expenditure	4,489	3,994	4,025
(303)	Total annual and permanent appropriations	(514)	-	-

Law Officer Functions (MCA) - Public Prosecution Services

Performance measure	Actual 2019/20	Target 2020/21	Actual 2020/21	Comment
Quantity				
New Crown prosecutions including appeals to the High Court from non-Crown prosecutions	6,842	5,200-6,200	7,845	Based on data collected by the Ministry of Justice. This increase in new Crown prosecutions follows the consistently increasing trend seen over previous years.
Crown prosecutions, including appeals to the High Court from non-Crown prosecutions disposed of	5,255	5,500-6,500	5,867	-

Performance measure	Actual 2019/20	Target 2020/21	Actual 2020/21	Comment
Quantity (continued)				
Hours of service provided	235,973	250,000–260,000	272,262	This increase in Crown prosecution hours of service follows the consistently increasing trend seen over previous years due to increasing volume and complexity of Crown prosecutions, including pre-trial events.
Number of quality assurance reviews (full network is reviewed on rotation every 3 years)	4	6	7	The seven reviews consist of six survey-based reviews and an interview-based review.
Quality				
Reviews quality assessed as exceeding or meeting expected standards	4	6	7	All seven reviews referred to above met or exceeded quality standards.
Improvement recommendations implemented within timeframes set greater than:	N/A ⁹	90%	N/A	No significant issues were identified. Warrants were provided with minor suggestions that will be considered as part of the next review cycle.

Audited financial performance (GST exclusive)

Actual 2020 \$000		Actual 2021 \$000	Main Estimates 2021 \$000	Supplementary Estimates 2021 \$000
Revenue				
40,093	Crown	44,496	44,666	44,496
	Other	10	20	20
40,093	Total revenue	44,506	44,686	44,516
Expenditure				
40,095	Expenditure	44,506	44,686	44,516
(2)	Total annual and permanent appropriations	0	0	0

⁹ No significant issues were identified.

Quality service indicators – annual client satisfaction survey

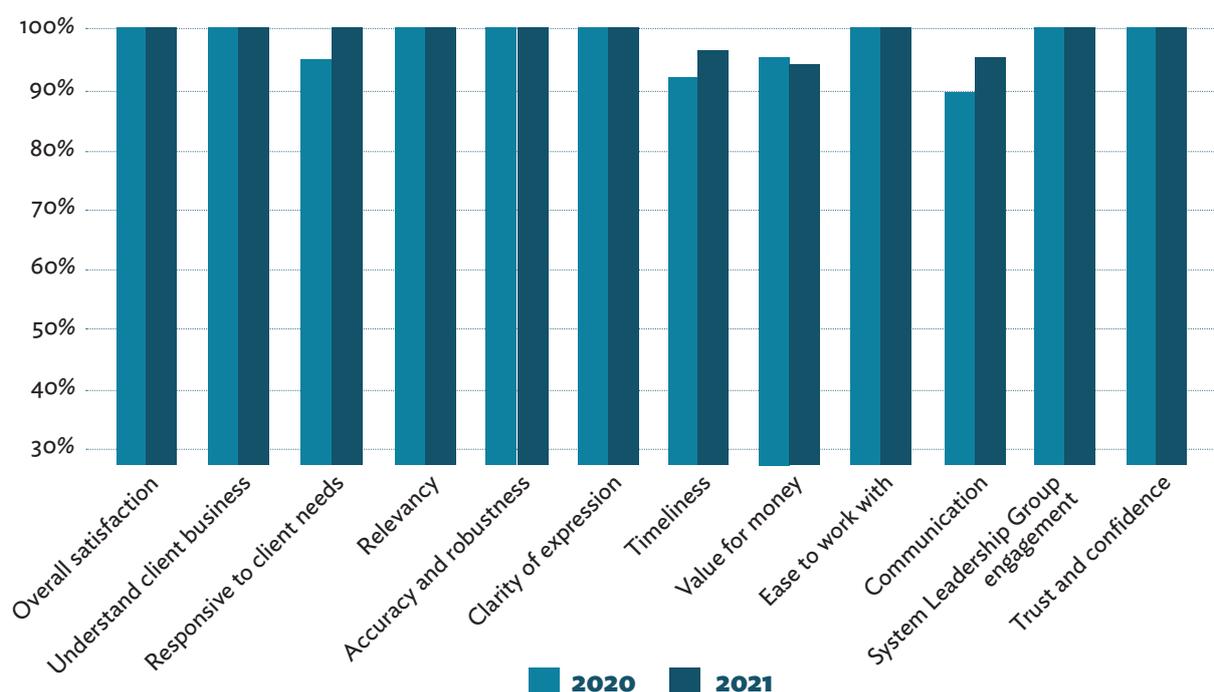
Chief Legal Advisors (CLAs) from 39 organisations and business units that Crown Law provided legal advice and services to during 2020/21 were approached to participate in Crown Law’s annual client satisfaction survey. This is a change of methodology, as previously we invited a smaller set of CLAs from the highest billing organisations and business units to participate.

Of those CLAs invited, 24 participated – a response rate of 62%. The respondents represent \$16.8 million of revenue earned and 76,158 of hours worked during 2020/21.

Overall, respondents rated Crown Law’s legal advice and services highly. 99% of responses in the survey rated Crown Law as ‘good’ to ‘excellent’. 100% of respondents rated Crown Law’s legal advice and services as good to excellent, and 100% of respondents rated the System Leadership Group’s engagement and communication as good to excellent.

The main findings from this year’s survey were an overall improvement in ratings from last year’s survey, particularly in those areas where we had placed focused effort in alignment with our strategic direction. Significant improvements include the area of meaningful and up-to-date communications about work in progress, where the number of ‘very good’ and ‘excellent’ responses increased from 48% to 73%. ‘Timeliness in responding to requests’ increased from 91% to 96% overall, and the number of ‘very good’ responses increased from 39% to 55%. While the overall result for ‘Value for money’ remained relatively static, the number of respondents who rated Crown Law as ‘excellent’ increased from 39% to 55%.

Client survey results: 2020 and 2021



Crown Law Office – Capital expenditure appropriation

Scope: this appropriation is limited to the purchase or development of assets by and for the use of the Crown Law Office, as authorised by section 24(1) of the Public Finance Act 1989.

Output performance measures and standards

The expenditure was in accordance with Crown Law’s capital asset management intentions in order to maintain service levels.

Output statement for the year ending 30 June 2021

Audited financial performance (MCA summary) (GST exclusive)

Actual 2020 \$000		Actual 2021 \$000	Main Estimates 2021 \$000	Supplementary Estimates 2021 \$000
676	Total capital expenditure	417	799	1,060

Ngā tauākī pūtea

Financial statements

Statement of responsibility

I am responsible as Chief Executive of Crown Law for:

- the preparation of Crown Law's financial statements and statements of expenses and capital expenditure and for the judgements expressed in them
- having in place a system of internal control 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 Crown Law is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this Annual Report
- the accuracy of any end-of-year performance information prepared by Crown Law, whether or not that information is included in the Annual Report.

In my opinion:

- the financial statements fairly reflect the financial position of Crown Law as at 30 June 2021 and its operations for the year ended on that date
- the forecast financial statements fairly reflect the forecast financial position of Crown Law as at 30 June 2021 and its operations for the year ending on that date.



Una Jagose

Solicitor-General and Chief Executive

30 September 2021

Independent Auditor's Report

To the readers of the Crown Law Office's annual report for the year ended 30 June 2021

The Auditor-General is the auditor of the Crown Law Office (the Department). The Auditor-General has appointed me, Andrew Clark, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of the Department on pages 54 to 85, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2021, 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 Department for the year ended 30 June 2021 on pages 10 and 11, 16 and 17, 22 and 23, 39 to 45 and 47;
- the statements of expenses and capital expenditure of the Department for the year ended 30 June 2021 on pages 86 to 89; and
- the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on page 86 that comprise the schedule of trust monies for the year ended 30 June 2021.

Opinion

In our opinion:

- the financial statements of the Department on pages 54 to 85:
 - o present fairly, in all material respects:
 - its financial position as at 30 June 2021; and
 - its financial performance and cash flows for the year ended on that date; and
 - o comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the performance information of the Department on pages 10 and 11, 16 and 17, 22 and 23, 39 to 45 and 47:
 - o presents fairly, in all material respects, for the year ended 30 June 2021:
 - 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
 - o complies with generally accepted accounting practice in New Zealand;
- the statements of expenses and capital expenditure of the Department on pages 86 to 89 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 trust monies which are managed by the Department on behalf of the Crown on page 86 present fairly, in all material respects, in accordance with the Treasury Instructions.

Our audit was completed on 30 September 2021. 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 Solicitor-General 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 Solicitor-General for the information to be audited

The Solicitor-General is responsible on behalf of the Department for preparing:

- financial statements that present fairly the Department'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 Department, 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 Department on behalf of the Crown.

The Solicitor-General 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 Solicitor-General is responsible on behalf of the Department for assessing the Department's ability to continue as a going concern. The Solicitor-General 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 Department, or there is no realistic alternative but to do so.

The Solicitor-General'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 Department's Statement of Intent 2018 – 2022, Estimates of Appropriation 2020/21 for Vote Attorney General, and the 2020/21 forecast financial figures included in the Department's 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 Department's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Solicitor-General.
- We evaluate the appropriateness of the reported performance information within the Department's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Solicitor-General and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department'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 Department 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 Solicitor-General 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 Solicitor-General is responsible for the other information. The other information comprises the information included on pages 2 to 90, 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.

Independence

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

Other than in our capacity as auditor, we have no relationship with, or interests, in the Department.



Andrew Clark
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Financial statements

Statement of comprehensive revenue and expense

FOR THE YEAR ENDED 30 JUNE 2021

Actual 2020 \$000		Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000	Unaudited Forecast 2022 \$000
Revenue					
49,955	Revenue Crown	2	54,643	54,837	64,727
22,554	Other Revenue	2	26,553	23,724	25,790
72,509	Total income		81,196	78,561	90,517
Expenses					
23,308	Personnel costs	3	25,368	22,929	25,951
585	Depreciation and amortisation	7,8	520	442	3,523
124	Capital charge	4	103	124	103
38,745	Crown Solicitors' fees		43,377	43,276	52,225
9,880	Other expenses	5	9,842	11,790	8,715
72,642	Total expenses		79,210	78,561	90,517
(133)	Surplus/(deficit)		1,986	0	0
(133)	Total comprehensive revenue and expense		1,986	0	0

The accompanying notes form part of these financial statements.

Explanations for major variances against the original 2020/21 budget are provided in Note 17.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2021

Actual 2020 \$000		Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000	Unaudited Forecast 2022 \$000
3,988	Balance at 1 July		2,642	2,151	2,642
(133)	Total comprehensive revenue and expense		1,986	-	-
(1,213)	Return of operating surplus to the Crown	11	(21)	-	-
(1,346)	Movements for the year		1,966	-	-
2,642	Balance as at 30 June	12	4,608	2,151	2,642

Statement of financial position

AS AT 30 JUNE 2021

Actual 2020 \$000		Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000	Unaudited Forecast 2022 \$000
	Current assets				
7,157	Cash and cash equivalents		11,130	5,875	6,026
336	Prepayments		405	400	400
5,633	Receivables	6	3,131	4,000	6,000
13,126	Total current assets		14,666	10,275	12,426
	Non-current assets				
1,055	Property, plant and equipment	7	937	1,036	825
151	Intangible assets	8	166	552	1,043
1,206	Total non-current assets		1,103	1,588	1,868
14,332	Total assets		15,769	11,863	14,294

Explanations for major variances against the original 2020/21 budget are provided in Note 17.

Statement of financial position (continued)

AS AT 30 JUNE 2021

Actual 2020 \$000		Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000	Unaudited Forecast 2022 \$000
Current liabilities					
8,312	Payables and deferred revenue	9	8,631	8,112	7,952
1,941	Employee entitlements	10	2,277	1,400	1,400
1,213	Return of operating surplus	11	21	-	-
11,466	Total current liabilities		10,928	9,512	9,352
Non-current liabilities					
224	Employee entitlements	10	233	200	200
224	Total non-current liabilities		233	200	200
11,690	Total liabilities		11,161	9,712	9,552
2,642	Net assets		4,608	2,151	4,742
Equity					
2,064	Taxpayers' funds	12	2,064	2,063	2,642
-	Capital contribution		-	-	2,100
578	Memorandum accounts	12	2,544	88	-
2,642	Total equity	12	4,608	2,151	4,742

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2021

Actual 2020 \$000		Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000	Unaudited Forecast 2022 \$000
Cash flows from operating activities					
Cash was provided from:					
49,955	Receipts from revenue Crown		54,643	54,837	64,727

Explanations for major variances against the original 2020/21 budget are provided in Note 17.

Statement of cash flows (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Actual 2020 \$000	Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000	Unaudited Forecast 2022 \$000
21,076	Receipts from other revenue	29,054	23,724	25,790
71,031		83,697	78,561	90,517
	Cash was applied to:			
22,739	Payments to employees	25,023	22,929	26,275
48,808	Payments to suppliers	52,898	55,066	61,514
(84)	Goods and services tax (net)	69	-	-
124	Payment for capital charge	103	124	103
71,587		78,093	78,119	87,892
(556)	Net cash flows from operating activities	5,604	442	2,625
	Cash flows from investing activities			
	Cash was disbursed for:			
608	Purchase of property, plant and equipment	322	274	2,615
68	Purchase of intangible assets	95	525	755
676		417	799	3,370
(676)	Net cash flows from investing activities	(417)	(799)	(3,370)
	Cash flows from financing activities			
	Cash was disbursed for:			
186	Repayment of operating surplus	1,214	-	-
-	Capital contribution	-	-	(2,100)
(186)	Net cash flows from financing activities	(1,214)	-	2,100
(1,418)	Net (decrease)/increase in cash	3,973	(357)	1,355
8,575	Cash at the beginning of the year	7,157	6,232	4,671
7,157	Cash at the end of the year	11,130	5,875	6,026

Explanations for major variances against the original 2020/21 budget are provided in Note 17.

Statement of cash flows (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Reconciliation of net surplus/deficit to net cash flow from operating activities

Actual 2020 \$000		Actual 2021 \$000
(133)	Net surplus/(deficit)	1,986
585	Depreciation and amortisation expense	520
585	Total non-cash items	520
	Add/(less) items classified as investing or financing activities	
-	Net (gain)/loss on disposal of property, plant and equipment	-
	Add/(less) movements in statement of financial position items	
(1,478)	(Increase)/decrease in receivables	2,500
25	(Increase)/decrease in prepayments	(69)
(45)	Increase/(decrease) in payables and deferred revenue	321
-	Increase/(decrease) in provision	-
490	Increase/(decrease) in employee entitlements	345
(1,008)	Total net movement in working capital items	3,097
(556)	Net cash flows from operating activities	5,604

Statement of commitments

AS AT 30 JUNE 2021

Commitments are future expenses and liabilities to be incurred on contracts that have been entered into as at balance date. Information on non-cancellable capital and lease commitments are reported in the statement of commitments.

Crown Law has no cancellable commitments.

Explanations for major variances against the original 2020/21 budget are provided in Note 17.

Non-cancellable operating lease commitments

Crown Law's office lease at 19 Aitken Street, Wellington, is a sub-lease from the Ministry of Justice. The lease started from 1 July 2013, and the minimum term of the lease is for a period of six and a half years expiring on 31 December 2019. This lease has become open from 1 January 2020, with 18 months' notice on both parties.

Crown Law also leases an office with the Serious Fraud Office (SFO) in Auckland. The lease term is from 9 November 2017 to 3 March 2023. The SFO may terminate the lease by giving Crown Law 12 months' prior written notice provided that no such notice can be given before 30 October 2018 and therefore cannot take effect before 1 November 2019. However, Crown Law may terminate the lease at any time by giving not less than 12 months' prior written notice to the SFO. Crown Law may be required to contribute up to \$15,000 should the SFO be required by the landlord to make good the premises at the time of termination of the lease as Crown Law is co-locating with the SFO. Should the lease be terminated by Crown Law before 3 March 2021, Crown law will not be responsible for any make-good provision.

There are no restrictions placed on Crown Law by any of its leasing arrangements.

The amounts disclosed below as future commitments are based on the current rental rates.

Actual 2020 \$000		Actual 2021 \$000
	Capital commitments	
	There were no capital commitments as at 30 June	
	Operating leases as lessee (inter-entity)	
	The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:	
1,172	Not later than 1 year	1,172
652	Later than 1 year and not later than 5 years	598
	Later than 5 years	
1,824	Total non-cancellable operating lease commitments (inter-entity)	1,770
1,824	Total commitments	1,770

Explanations for major variances against the original 2020/21 budget are provided in Note 17.

Statement of contingent liabilities and contingent assets

AS AT 30 JUNE 2021

Quantified contingent liabilities

Crown Law has no quantifiable contingent liabilities at 30 June 2021 (30 June 2020: nil).

Unquantified contingent liabilities

Crown Law has no unquantifiable contingent liabilities at 30 June 2021 (30 June 2020: nil).

Contingent assets

Crown Law has no contingent assets at 30 June 2021 (30 June 2020: nil).

The accompanying notes form part of these financial statements.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1:

Statement of accounting policies

Reporting entity

Crown Law is a government department as defined by section 2 of the Public Finance Act 1989 and is domiciled and operates in New Zealand. The relevant legislation governing Crown Law's operations includes the Public Finance Act. Crown Law's ultimate parent is the New Zealand Crown.

In addition, Crown Law has reported on trust monies that it administers on page 86.

The primary objective of Crown Law is to provide services to the Government of New Zealand. Crown Law does not operate to make a financial return.

Crown Law has designated itself as a public benefit entity (PBE) for the purpose of complying with generally accepted accounting practice.

The financial statements of Crown Law are for the year ended 30 June 2021, and were approved for issue by the Chief Executive of Crown Law on 30 September 2021.

Basis of preparation

The financial statements of Crown Law 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 Crown Law have been prepared in accordance with the requirements of the Public Finance Act, which include the requirement to comply with New Zealand generally accepted accounting practices (NZ GAAP) and Treasury instructions.

These financial statements have been prepared in accordance 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).

Changes in accounting policies

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

Standards issued and not yet effective and not early adopted

Standards and amendments issued but not yet effective that have not been early adopted:

Amendments to PBE IPSAS 2 Statement of Cash Flows

An amendment of PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. Crown Law does not intend to adopt the amendment.

PBE IPSAS 41 Financial Instruments

The XRB issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although Crown Law has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for periods beginning on or after 1 January 2022. Crown Law has not yet determined how application of PBE FRS 48 will affect its statement of service performance.

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.

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 three months or less.

Provisions

A provision is recognised for future expenditure of uncertain amount or 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 net deficits from future operating activities.

Provisions are measured at the present value of the expenditure and are disclosed using market yields on government bonds at balance date with terms to maturity that match, as closely as

possible, the estimated timing of the future cash outflows. The increase in the provision due to the passage of time is recognised as an interest expense and is included in finance costs.

Goods and services tax (GST)

All items in the financial statements and appropriation statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from or payable to the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

Crown Law is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Critical accounting estimates and assumptions

In preparing these financial statements Crown Law has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions 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 amounts of assets and liabilities within the next financial year are discussed below.

Measuring retirement and long-service leave

An analysis of the exposure in relation to estimates and uncertainties surrounding retirement and long service leave liabilities is disclosed in Note 10.

Budget and forecast figures

Basis of the budget and forecast figures

The 2021 budget figures are for the year ended 30 June 2021 and were published in the 2019/20 Annual Report. They are consistent with Crown Law's best estimate financial forecast information submitted to Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ending 2020/21.

The 2022 forecast figures are for the year ending 30 June 2022, which are consistent with the best estimate financial forecast information submitted to Treasury for the BEFU for the year ending 2021/22.

The forecast financial statements have been prepared as required by the Public Finance Act to communicate forecast financial information for accountability purposes.

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

The 30 June 2022 forecast figures have been prepared in accordance with PBE FRS 42 Prospective Financial Statements and comply with PBE FRS 42.

The forecast financial statements were approved for issue by the Chief Executive on 30 September 2021. The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

While Crown Law regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2022 will not be published.

Significant assumptions used in preparing the forecast financials

The forecast figures contained in these financial statements reflect Crown Law's purpose and activities and are based on a number of assumptions on what may occur during the 2021/22 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 were as follows:

- Crown Law'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 220 full-time equivalent staff positions, which takes into account staff turnover. Remuneration rates are based on current wages and salary costs, adjusted for anticipated remuneration changes.
- Operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and are Crown Law's best estimate of future costs that will be incurred.
- Estimated year-end information for 2020/21 was used as the opening position for the 2021/22 forecasts.

The actual financial results achieved for 30 June 2022 are likely to vary from the forecast information presented, and the variations may be material.

Since the approval of the forecasts, there has been no significant change or event that would have a material impact on the forecasts figures.

NOTE 2:

Revenue

Accounting policy

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

Revenue Crown

Revenue from the Crown is measured based on Crown Law'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, Crown Law 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 department and other revenue

Crown Law derives revenue through the provision of legal services to third parties, mainly government agencies. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Breakdown of other revenue and further information

Actual 2020 \$000		Actual 2021 \$000
	Revenue received from:	
22,491	Government departments/other government entities	26,409
43	Other	141
20	Court-awarded costs	3
22,554	Total other revenue	26,553

NOTE 3:

Personnel costs

Accounting policy

Salaries and wages

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

Superannuation schemes

Employee contributions to the State Sector Retirement Savings Scheme, KiwiSaver and the

Government Superannuation Fund are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Breakdown of personnel costs

Actual 2020 \$000		Actual 2021 \$000
21,648	Salaries and wages	23,880
248	Other personnel costs	112
922	Employer contribution to defined contribution plans	1,030
490	Increase/(decrease) in employee entitlements	345
23,308	Total personnel costs	25,368

NOTE 4:

Capital charge

Accounting policy

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

Further information

Crown Law pays a capital charge to the Crown on its equity (adjusted for memorandum accounts) as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2021 was 5.0% (30 June 2020: 6.0%).

NOTE 5:

Other expenses

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.

The amounts disclosed in the statement of commitments as future commitments are based on the current rental rates.

Other expenses

Other expenses are recognised as goods and services when they are received.

Breakdown of other expenses and further information

Actual 2020 \$000		Actual 2021 \$000
74	Fees to Audit New Zealand for audit of financial statements	76
614	Consultancy	725
1,308	Operating lease expenses (rent for office accommodation)	1,334
1,954	IT and library costs	1,874
3,118	External barrister/solicitor fees	2,801
2,812	Other expenses	3,033
9,880	Total other operating expenses	9,842

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 Crown Law will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amounts of the receivable and the present value of the amounts expected to be collected.

Work in progress

Work in progress is determined as unbilled time and disbursements that can be recovered from clients and is measured at the lower of cost or net realisable value. Work in progress is generally invoiced in the following month.

Breakdown of receivables and further information

Actual 2020 \$000		Actual 2021 \$000
2,153	Debtors (gross)	581
(9)	Less: allowance for credit losses	(5)
2,144	Net debtors	577
3,102	Work in progress (gross)	2,528
-	Less: allowance for credit losses	-
3,102	Net work in progress	2,528
387	Sundry debtors	27
5,633	Total receivables	3,131
	Total receivables comprise:	
5,529	Receivables from the sale of legal advice and representation services to other government agencies at cost recovery (exchange transactions)	3,098
104	Receivables from miscellaneous expense recoveries	33

Ageing profile

	2020			2021		
	Gross \$000	Expected credit loss \$000	Net \$000	Gross \$000	Expected credit loss \$000	Net \$000
Current	1,148	(9)	1,139	514	(5)	509
1-2 months	172		172	38		38
2-3 months	210		210	16		16
3-4 months	111		111	-		-
4-6 months	169		169	0		0
6-12 months	292		292	-		-
1-2 years	49		49	13		13
>2 years	2		2	-		-
Total	2,153	(9)	2,144	581	(5)	577

The expected credit loss rates for receivables at 30 June 2021 are based on the payment profile of revenue on credit over the prior 12 months at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the recoverability of receivables. Given the short period of credit risk exposure, the impact of macroeconomic factors is not considered significant.

There have been no changes during the reporting period in the estimation techniques or significant assumptions used in measuring the loss allowance.

The allowance for credit losses at 30 June 2021 was determined as follows:

30 June 2021	Current	1-2 months	2-3 months	3-4 months	4-6 months	6-12 months	1-2 years	2 > years	Total
Expected credit loss rate	0.88%	0.19%	0.06%		0.40%				
Gross carrying amount (\$'000)	514	38	16	0	0	0	13	0	581
Expected credit loss (\$'000)	(5)	-	-	-	-	-	-	-	(5)
Impaired credit loss	-	-	-	-	-	-	-	-	-

The movement in allowance for credit losses is as follows:

Actual 2020 \$'000		Actual 2021 \$'000
86	Allowance for credit losses as at 1 July calculated under PBE IPSAS 29	92
-	PBE IFRS 9 expected credit loss adjustment through opening accumulated surplus/deficit	
86	Opening allowance for credit losses as at 1 July	92
9	Reduction in loss allowance made during the year	(5)
(86)	Receivables written off during the year	(92)
9	Net work in progress	(5)

NOTE 7:**Property, plant and equipment****Accounting policy**

Property, plant and equipment consist of the following asset classes: leasehold improvements, computer hardware, furniture and fittings, office equipment.

Property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses.

Individual assets or groups of assets are capitalised if their cost is greater than \$1,000. The value of an individual asset that is less than \$1,000 and is part of a group of similar assets is capitalised.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to Crown Law 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 recognised at its cost. Where an asset is acquired through a non-exchange transaction or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income. When a revalued asset is sold, the amount included in the property, plant and equipment 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 Crown Law 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 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 assets have been estimated as follows:

Leasehold improvements	Up to 6.5 years	Up to 15.4%
Computer hardware	2 to 5 years	20% to 50%
Furniture and fittings	5 years	20%
Office equipment	5 years	20%

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, and adjusted if applicable at each financial year end.

Impairment

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

Non-cash-generating assets

Property, plant and equipment held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is the present value of the asset's remaining service potential. Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach or service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable service amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

Breakdown of property, plant and equipment and further information

	Leasehold improvements \$000	Office equipment \$000	Furniture and fittings \$000	Computer equipment \$000	Total \$000
Cost					
Balance as at 1 July 2019	1,641	632	1,681	1,680	5,634
Additions	162	-	171	275	608
Disposals	-	-	-	-	-
Balance as at 30 June 2020	1,803	632	1,852	1,955	6,242
Balance as at 1 July 2020	1,803	632	1,852	1,955	6,242
Additions	12	-	22	288	322
Disposals	-	-	(79)	(228)	(307)
Balance as at 30 June 2021	1,815	632	1,795	2,015	6,257
Accumulated depreciation and impairment losses					
Balance as at 1 July 2019	1,482	499	1,543	1,140	4,664
Depreciation expense	164	21	60	278	523
Elimination on disposal	-	-	-	-	-
Balance as at 30 June 2020	1,646	520	1,603	1,418	5,187
Balance as at 1 July 2020	1,646	520	1,603	1,418	5,187
Depreciation expense	63	21	73	283	440
Elimination on disposal	-	-	(79)	(228)	(307)
Balance as at 30 June 2021	1,709	541	1,597	1,473	5,320
Carrying amount					
At 30 June and 1 July 2019	159	133	138	540	970
At 30 June 2020	157	112	249	537	1,055
At 30 June 2021	106	91	198	542	937

There are no restrictions over the title of Crown Law's property, plant and equipment. No property, plant and equipment assets are pledged as security for liabilities.

NOTE 8:**Intangible assets****Accounting policy****Software acquisition and development**

Acquired computer software licences 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 are recognised as an intangible asset. Direct costs include the costs of services, software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs of software updates or upgrades are capitalised only when they increase the usefulness or value of the software.

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

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

Acquired computer software	3 years/33%
Developed computer software	3 years/33%

Impairment

Intangible assets subsequently measured at cost that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment.

For further details, refer to the policy for impairment of property, plant and equipment in Note 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 licences, the

useful life represents management's view of the expected period over which Crown Law will receive benefits from the software but not exceeding the licence term. For internally generated software developed by Crown Law, 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.

Breakdown of intangible assets and further information

Movements in the carrying value for intangible assets are as follows:

	Acquired software \$'000
Cost	
Balance as at 1 July 2019	1,963
Additions	68
Disposals	-
Balance as at 30 June 2020	2,031
Balance as at 1 July 2020	2,031
Additions	95
Disposals	-
Balance as at 30 June 2021	2,126
Accumulated depreciation and impairment losses	
Balance as at 1 July 2019	1,818
Amortisation expense	62
Elimination on disposal	-
Impairment losses	-
Balance as at 30 June 2020	1,880
Balance as at 1 July 2020	1,880
Amortisation expense	80
Elimination on disposal	-
Impairment losses	-
Balance as at 30 June 2021	1,960

Breakdown of intangible assets and further information (continued)

	Acquired software \$000
Carrying amount	
At 30 June and 01 July 2019	145
At 30 June 2020	151
At 30 June 2021	166

There are no restrictions over the title of Crown Law's intangible assets. No intangible assets are pledged as security for liabilities.

NOTE 9:

Payables and deferred revenue

Accounting policy

Short-term payables are recorded at the amount payable.

Breakdown of payables and further information

Actual 2020 \$000		Actual 2021 \$000
	Payables and deferred revenue under exchange transactions	
29	Creditors – Crown Solicitors' fees	70
264	Creditors – other	280
631	Other accrued expenses	297
6,710	Other accrued expenses – unbilled Crown Solicitors' fees	7,374
-	Income in advance for cost recovered services	-
7,634	Total payables and deferred revenue under exchange transactions	8,022
678	GST payable	609
678	Payables and deferred revenue under non-exchange transactions	609
8,312	Total payables and deferred revenue	8,631

NOTE 10:**Employee entitlements****Accounting policy*****Short-term employee entitlements***

Employee entitlements that are due to be settled within 12 months after the end of the reporting period in which the employee renders the related service are measured based on accrued entitlements at current rates of remuneration. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, retirement leave and long-service leave entitlements expected to be settled within 12 months.

Long-term employee entitlements

Employee entitlements 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 retirement 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 entitlement information
- the present value of the estimated future cash flows.

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

Presentation of employee entitlements

Annual leave, vested long-service leave and non-vested long-service leave and retirement leave 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

Annual leave is calculated using the number of days owing as at 30 June 2021.

The collective employment agreement came into effect from 6 December 2019. The collective employment agreement and individual employment contracts provide for 1 week's long-service leave after completing 10 years' service with Crown Law. A small number of employees have grandparented long-service leave arrangements prior to the above agreement.

The retirement and long-service leave from an old expired contract are maintained for three staff as at June 2021 (2020: three).

Long-service leave and retirement gratuities

The measurement of the long-service leave and retirement gratuities obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor.

Any changes in these assumptions will affect 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 rates in year 1 of 0.38% (2020: 0.22%), year 2 of 0.81% (2020: 0.25%) and year 3 and beyond of 3.08% (2020: 1.63%) and a long-term salary inflation factor of 3.08% (2020: 2.72%) were used. The discount rates and the salary inflation factor used are those advised by the Treasury.

Breakdown of employee entitlements

Actual 2020 \$000		Actual 2021 \$000
	Current accruals	
359	Personnel accruals	486
1,528	Annual leave	1,753
54	Retirement and long-service leave	38
1,941	Total current portion	2,277
	Non-current liabilities	
224	Retirement and long-service leave	233
224	Total non-current portion	233
2,165	Total employee entitlements	2,510

NOTE 11:**Return of operating surplus**

Actual 2020 \$000		Actual 2021 \$000
(133)	Net surplus/(deficit)	1,986
1,360	Add (surplus)/deficit of memorandum account: legal advice and representation	(1,945)
(14)	Add (surplus)/deficit of memorandum account: processing of Queen's Counsel applications	(21)
1,213		21

The repayment of surplus to the Crown is required to be paid by 31 October of each year.

NOTE 12:**Equity****Accounting policy**

Equity is the Crown's investment in Crown Law and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified as taxpayers' funds and memorandum accounts.

Memorandum accounts

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

Breakdown of equity and further information

Actual 2020 \$000		Actual 2021 \$000
	Taxpayers' funds	
2,063	Balance at 1 July	2,064
(133)	Net surplus/(deficit)	1,986
1,347	Transfer of memorandum accounts net (surplus)/deficit for the year	(1,966)
-	- Capital injections	-
(1,213)	Return of operating surplus to the Crown	(21)
2,064	Balance at 30 June	2,064
	Memorandum accounts	
1,925	Opening balance at 1 July	578
22,121	Revenue	26,414
(23,468)	Less expenses	(24,448)
(1,347)	Surplus/(deficit) for the year	1,966
578	Closing balance at 30 June	2,544
2,642	Total equity at 30 June	4,608

Breakdown of memorandum accounts

Actual 2020 \$000		Actual 2021 \$000
Legal advice and representation		
1,852	Opening balance at 1 July	491
22,088	Revenue	26,378
(23,449)	Less expenses	(24,433)
(1,361)	Surplus/(deficit) for the year	1,945
491	Closing balance at 30 June	2,436
Processing of Queen's Counsel applications		
73	Opening balance at 1 July	87
33	Revenue	36
(19)	Less expenses	(15)
14	Surplus/(deficit) for the year	21
87	Closing balance at 30 June	108
Memorandum accounts		
1,925	Opening balance at 1 July	578
22,121	Revenue	26,414
(23,468)	Less expenses	(24,448)
(1,347)	Surplus/(deficit) for the year	1,966
578	Closing balance at 30 June	2,544

These accounts summarise financial information relating to the accumulated surpluses and deficits incurred in the provision of legal advice and representation services and processing of Queen's Counsel applications by Crown Law to third parties on a full cost recovery basis.

The balance of each memorandum account is expected to trend towards zero over a reasonable period of time, with any interim deficit being met whether from cash from Crown Law's statement of financial position or by seeking approval for a capital injection from the Crown. Capital injections will be repaid to the Crown by way of cash payments throughout the memorandum account cycle.

The transactions are included as part of Crown Law's operating income and expenses in the net surplus/(deficit). However, effective from 1 July 2011, these transactions have been excluded from the calculation of Crown Law's return of operating surplus (refer Note 11). The cumulative balance of the surplus/(deficit) of the memorandum accounts is recognised as a component of equity.

Action taken to address surpluses and deficits

The fee strategy has been developed and will be regularly reviewed to ensure that the fee structure and associated revenues are in line with the forecast activities.

NOTE 13:

Capital management

Crown Law's capital is its equity, which comprise taxpayers' funds and memorandum accounts. Equity is represented by net assets.

Crown Law manages its revenues, expenses, assets, liabilities and general financial dealings prudently. Crown Law's equity is largely managed as a by-product of managing revenue, expenses, assets and liabilities and compliance with the government budget processes, Treasury instructions and the Public Finance Act 1989.

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

NOTE 14:

Related-party information

Crown Law is a wholly owned entity of the Crown.

Related-party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect Crown Law 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.

Collective but not individually significant transactions with government-related entities

The Cabinet Directions for the Conduct of Crown Legal Business 2016 (Cabinet Manual Appendix C) set out the requirements for chief executives of departments to refer specified legal work to Crown Law. During the year ended 30 June 2021, Crown Law has provided legal services to departments and government entities in the amount of \$26.408 million (2020: \$22.082 million).

Transactions with key management personnel

Key management personnel compensation

Actual 2020 \$000		Actual 2021 \$000
Leadership Team, including the Chief Executive		
2,120	Remuneration	2,180
6	Full-time equivalent staff	6

Key management personnel include the Solicitor-General and the five members of the senior management team.

The Remuneration Authority determines the Solicitor-General's remuneration annually.

Post-employment benefits are employer contributions for the State Sector Retirement Savings Scheme, KiwiSaver and the Government Superannuation Fund.

There are no related-party transactions involving key management personnel (or their close family members).

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

NOTE 15:

Financial instruments

NOTE 15A:

Financial instrument categories

The carrying amounts of financial assets and financial liabilities in each of the financial instrument categories are as follows:

Actual 2020 \$000		Actual 2021 \$000
Cash and receivables		
7,157	Cash and cash equivalents	11,130
5,633	Receivables	3,131
12,790	Total cash and receivables	14,261
Financial liabilities measured at amortised cost		
8,312	Payables	8,631
8,312	Total payables	8,631

NOTE 15B:**Financial instrument risks**

Crown Law's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. Crown Law has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk**Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Crown Law occasionally purchases goods and services from overseas, such as Australia, but contracts are always signed in New Zealand currency. Therefore, Crown Law has no exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate, or the cash flow from a financial instrument will fluctuate due to changes in market interest rates.

Crown Law has no interest-bearing financial instruments and, accordingly, has no exposure to interest rate risk.

Credit risk

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

In the normal course of its business, credit risk arises from receivables, deposits with banks and derivative financial instrument assets.

Crown Law is permitted to deposit funds only with Westpac (Standard & Poor's credit rating of AA), a registered bank with high credit rating.

Crown Law does not enter into foreign exchange forward contracts.

Crown Law's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and receivables (refer 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 Crown Law will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, Crown Law closely monitors its forecast cash requirements with expected cash drawdowns from the New Zealand Debt Management Office. Crown Law maintains a target level of available cash to meet liquidity requirements.

The table below analyses Crown Law's financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Notes	Carrying amount \$000	Contractual cash flows \$000	Less than 6 months	6 months to 1 year	1-5 years	Over 5 years
2021							
Payables	9	8,631	8,631	8,631			
2020							
Payables	9	8,312	8,312	8,312			

Crown Law has no finance leases and derivative financial instrument liabilities.

NOTE 16:**Events after balance date**

There have been no significant events after the balance date.

NOTE 17:**Explanation of major variances against budget****Statement of comprehensive revenue and expense****Other revenue**

An increase in fee rates for legal advice and representation of 9% on 2019/20 fee rates, as well as a larger amount of treaty hearings, have led to an increase in other revenue of \$2.829 million over budget.

Personnel Costs

Personnel costs were greater than budgeted by \$2,439 million mainly due to the increase in FTE numbers and contractors used to cover vacant roles.

Other Expenses

Other expenses were \$2.176 million lower than budgeted due to lower than planned spend on consultants and training.

Statement of Financial Position**Cash and Cash equivalents**

Cash held has increased year on year from \$7.157 million in 2020 to \$11.130 million in 2021. This is largely attributable to a reduction in aged debtors of \$2.5 million and a net operating surplus of \$1.986 million. The net operating surplus has driven an increase in the memorandum accounts and total equity balance from \$2.642 million in 2020 to \$4.608 million in 2021.

Trade Receivables

Improved processes around customer invoicing has expediated customer receipts and consistent debt collection efforts has resulted in trade receivables decreasing year on year from \$5.633 million in 2020 to \$3.131 million in 2021.

Schedule of trust monies

FOR THE YEAR ENDED 30 JUNE 2021

Actual 2020 \$000		Actual 2021 \$000
Crown Law Office Legal Claims Trust Account		
5	Balance at 1 July	5
112	Contributions	42,680
(112)	Distributions	(42,677)
-	- Revenue	-
-	- Expenditure	-
5	Balance 30 June	8

This interest-bearing account is operated to receive and pay legal claims and settlements on behalf of clients of Crown Law. In accordance with the Public Finance Act 1989, the interest income is payable to the Crown.

Statement of departmental unappropriated expenses and capital expenditure

FOR THE YEAR ENDED 30 JUNE 2021

Unappropriated expenditure 2020 \$000		Approved appropriation 2021 \$000	Unappropriated expenditure 2021 \$000
Vote Attorney-General			
Departmental output expenses			
449	Strategic and operational legal advice and representation	26,679	-

Appropriation statements

The following statements report information about the expenses and capital expenditure incurred against each appropriation administered by Crown Law for the year ended 30 June 2021. They are prepared on a GST-exclusive basis.

Statement of cost accounting policies

Crown Law has determined the cost of outputs using the cost allocation system outlined below.

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

Direct costs are charged directly to output expenses. Personnel costs are charged on the basis of actual time incurred. Depreciation, capital charge and other indirect costs are assigned to outputs based on the proportion of direct staff costs for each output.

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

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

FOR THE YEAR ENDED 30 JUNE 2021

Actual 2020 \$000		Actual 2021 \$000	Main Estimates 2021 \$000	Supp. Estimates 2021 \$000	Approp. voted 2021* \$000
	Vote Attorney-General				
	Law Officer Functions MCA				
24,625	Strategic and Operational Legal Advice and Representation	26,256	24,179	26,679	26,679
4,110	Conduct of Criminal Appeals from Crown Prosecutions	4,489	3,994	4,025	4,025
3,812	Law officer constitutional and criminal law duties	3,958	5,702	5,647	5,647
40,095	Public Prosecution Services	44,506	44,686	44,516	44,516
72,642	Total appropriations for output expenses	79,210	78,561	80,867	80,867
	Appropriations for capital expenditure				
676	Capital investment	417	799	1,060	1,060
73,318	Total annual and permanent appropriations	79,627	79,360	81,927	81,927

* This includes adjustments made in the Supplementary Estimates and the additional expenditures incurred under section 26 of the Public Finance Act 1989.

As per section 2 and section 4 of the Public Finance Act 1989, expenditure reported should exclude remeasurements from appropriation.

There have been no remeasurements identified during the 2020/21 financial year, which implies that the actual expenditure incurred was equal to the expenditure after remeasurement.

For 2020/21, the Crown Law appropriations were restructured into four appropriations from the previous five, with the Legal Advice and Representation appropriation and the Government Legal Network appropriation combined to form the Strategic and Operational Legal Advice and Representation appropriation.

The four appropriations were combined to form one multi-category appropriation called Law Officer Functions, which has the single overarching purpose of providing for the discharge of the Law Officers' constitutional, criminal law and system leadership responsibilities including legal advice and representation.

See pages 38–47 for performance information for these appropriations.

Statement of departmental capital injections

FOR THE YEAR ENDED 30 JUNE 2021

Actual capital injections 2020 \$000	Actual capital injections 2021 \$000	Approved appropriation 2021 \$000
Vote Attorney-General		
- Crown Law – capital injection	-	-

Statement of departmental capital injections without or in excess of authority

FOR THE YEAR ENDED 30 JUNE 2021

Crown Law did not receive any capital injections during the year without or in excess of authority (2020: nil).

Our funding

The Crown Law Office administers Vote Attorney-General. The total annual and permanent appropriations sought for Vote Attorney-General in 2020/21 are \$79.4 million. This is 6.8 percent more than the estimated actual expenditure of \$74.3 million in 2019/20. The increased budget for public prosecution services accounts for 80 percent of the increase.

The Vote has been restructured for the 2020/21 financial year and now consists of only two appropriations: Crown Law Office – Capital Expenditure (\$0.799 million) for renewal and replacement of assets in support of our service delivery) and the multi-category appropriation Law Officer Functions (\$78.561 million) to provide for the discharge of the Law Officers' constitutional, criminal law and system leadership responsibilities including legal advice and representation (a combination of the remaining previous appropriations).

The amount of \$78.561 million is provided through a multi-category appropriation (MCA) for the Law Officer Functions, which includes the following categories:

- Leading and developing the collective strength of government lawyers and providing legal advice and representation services to state sector entities (\$24.179 million).
- Conducting appeals arising from Crown prosecutions (\$3.994 million).
- Providing assistance to the Law Officers in the exercise of their functions and providing advice on constitutional, criminal law, mutual assistance and extradition matters (\$5.702 million).
- The provision and supervision of a national Crown prosecution service and oversight of public prosecutions (\$44.686 million).

Other legal advice and representation is generally funded on a cost-recovery basis. Other functions within the MCA are mainly funded by Crown revenue. Crown Law has a permanent legislative authority for capital expenditure.

Crown Law has recently completed a review of the fees it charges government departments in order to recover the costs of legal advice and representation services. The new fees were implemented on 1 July 2020. They reflect an increase in the fees previously charged but remain well below the rates of all-of-government panel members. Prior to implementing this new fee structure, fees had been held since 1 October 2017.

Crown Law also has a permanent legislative authority for forecast capital expenditure, which was \$0.6 million in 2020/21.



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