

## CONTENTS

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	PAGE
<b>LETTER TO THE MINISTER</b>	3
<b>INTRODUCING THE LEGAL SERVICES AGENCY</b>	
Statement of Purpose	4
Guiding Principles	4
The Function and Role of the Legal Services Agency	5
<b>FROM THE CHAIRMAN</b>	6
<b>FROM THE CHIEF EXECUTIVE</b>	10
<b>YEAR IN REVIEW</b>	
Legal Services Agency, 1 July 2001 – 30 June 2002	12
<b>LEGAL AID AND RELATED SCHEMES</b>	
• Legal Aid Scheme	13
• Reconsiderations and Reviews	14
• Legal Aid Trends	16
• Listed Providers	19
• Legal Aid Recoveries	20
• Duty Solicitor Scheme	21
• Police Detention Legal Assistance Scheme	22
<b>COMMUNITY LEGAL SERVICES</b>	
• Community Law Centres	23
• Legal Information and Law-Related Education	26
<b>RESEARCH INTO MEETING UNMET LEGAL NEEDS</b>	30
<b>CORPORATE SUPPORT</b>	32
<b>PUBLIC ADVISORY COMMITTEE</b>	35
<b>GOVERNANCE AND ACCOUNTABILITY STATEMENT</b>	37
<b>STATEMENT OF RESPONSIBILITY</b>	41
<b>REPORT OF THE AUDITOR-GENERAL</b>	42
<b>STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE</b>	44
<b>FINANCIAL STATEMENTS</b>	
Statement of Accounting Policies	47
Statement of Financial Performance	51
Statement of Movements in Equity	52
Statement of Financial Position	53
Statement of Cash Flows	54
Statement of Commitments	55
Statement of Contingent Liabilities	56
Notes to the Financial Statements	57

# CONTENTS

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	PAGE
<b>APPENDIX A</b>	
<b>LEGAL SERVICES NATIONAL AND DISTRICTS</b>	
<b>GRANTING AND EXPENDITURE INFORMATION</b>	
National	69
North Auckland	70
Auckland	71
Hamilton	72
Rotorua	73
Bay of Plenty	74
Gisborne	75
Hawkes Bay	76
Taranaki	77
Whanganui	78
Manawatu	79
Wairarapa	80
Wellington	81
Marlborough	82
Nelson	83
Westland	84
Canterbury	85
Timaru	86
Otago	87
Southland	88
<b>APPENDIX B</b>	
<b>LISTED PROVIDER ACTIVITY</b>	89
<b>APPENDIX C</b>	
<b>LEGAL SERVICES AGENCY DIRECTORY</b>	90

The Honourable Phil Goff  
Minister of Justice  
Parliament Buildings  
WELLINGTON

On behalf of the Legal Services Agency, I present the annual report on the operations of the Legal Services Agency for the year ended 30 June 2002, in accordance with section 102 of the Legal Services Act 2000 and section 44A of the Public Finance Act 1989.

With regard to section 91(1) of the Legal Services Act 2000, this report provides financial statements for the Legal Services Agency from 1 July 2001 to 30 June 2002.

*Stephen O'Driscoll*  
Chairman

## THE LEGAL SERVICES AGENCY

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*(Pokapū Ratonga Ture)*

The Legal Services Agency is a Crown entity established under section 91 of the Legal Services Act 2000.

The Agency is governed by a six member Board which has appointed a Chief Executive. The Chief Executive has authority for the management of approximately 100 full-time equivalent positions.

### STATEMENT OF PURPOSE

Based on the provisions of the Legal Services Act 2000, the Agency is committed to the following:

#### *Mission:*

- Promoting access to justice

#### *Vision:*

- To be recognised for our expertise and respected for the quality and effectiveness of our work in meeting the differing needs of all communities in Aotearoa New Zealand

#### *Values:*

- Fairness
- Integrity
- Responsiveness
- Respect

### GUIDING PRINCIPLES

In developing and delivering effective services to promote access to justice we are committed to:

- Equality before the law
- Delivering effective services on the basis of need
- Recognising the need for choice in responding to the diversity of peoples and communities
- Working collaboratively with government agencies, community organisations and key stakeholders
- Being innovative and progressive
- Robust and expert analysis and decision making
- Consistency, transparency and accountability
- Efficient, quality services at an economic cost

#### *Treaty of Waitangi*

The Agency operates its Treaty of Waitangi policy which is appropriate to its purpose and operations.

## THE LEGAL SERVICES AGENCY

*(Pokapū Ratonga Ture)*

### THE FUNCTION AND ROLE OF THE LEGAL SERVICES AGENCY

#### The Agency's functions<sup>1</sup>

1. To administer schemes in as consistent, accountable, inexpensive, efficient a manner as is consistent with the purpose of the Act.

2. To fund, provide, and support community legal services for the public or any section of the public, as provided for in Part 5 of the Act.

3. To investigate and advise on any matter that is referred to it by the Minister that relates to schemes or community legal services, and to carry out any other functions conferred on it by this Act or any other enactment.

#### The Agency's role<sup>2</sup>

- To promote and manage:
  - i. the civil legal aid scheme (which includes family legal aid)
  - ii. the criminal legal aid scheme (amendment and payment processing only until 1 November 2001 when full management of the scheme was transferred from the Department for Courts)
  - iii. the Duty Solicitor Scheme
  - iv. the Police Detention Legal Assistance Scheme, and
  - v. any other scheme or service provided for in the Act
- Receive advice from the Public Advisory Committee on:
  - i. Community concerns about, and responses to the schemes
- List approved providers according to specific criteria.

- Set up, contract with, and fund community law centres
- Provide or fund law-related education and legal information
- Receive advice from the Public Advisory Committee on:
  - i. community concerns about, and responses to community legal services
  - ii. funding for individual community law centres, and community law centres in general
  - iii. research, legal education programmes, information and forms
- Undertake or fund research into:
  - i. existing or proposed schemes and community legal services
  - ii. the unmet legal needs of communities and how they may be met.

<sup>1</sup> As defined in s. 92 of the Legal Services Act 2000. The Legal Services Act 2000 replaced the Legal Services Act 1991.

<sup>2</sup> These roles have provided the foundation for developing the specific and more detailed role of the Agency

## FROM THE CHAIRMAN

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This report covers the operation of the Legal Services Agency (LSA) for a full financial period. It covers the challenges and achievements of an organisation keen to make a difference in promoting access to justice.

While we have been assessing options for future development, the Agency continued to deal with demands of matters arising from the regime of the former Legal Services Board, transferring the decision-making process for applications for criminal legal aid from the Department for Courts, and putting in place a number of policies and procedures to ensure a sound future platform.

### *Successfully getting the Agency on track*

In the Agency's 2000/2001 Annual Report I said I was grateful for the commitment of management and staff in dealing with most of the backlog that was the result of a large amount of incomplete business carried over from the Legal Services Board. It took several more months to diminish the backlog and it has been gratifying to see performance with regard to the timeliness of processing legal aid applications and claims for remuneration reaching acceptable levels.

I now welcome the Agency's focus on quality and consistency of decision making. This will result in a very effective and efficient system of processing decisions relating to legal aid.

In addition, the Board has been progressively considering policies to improve operations. These policies include:

- Conditions on a grant of legal aid (contributions and charges)
- Assignment policy for all legal aid assignments
- Reasonable grounds and prospects of success - the merits tests for civil and family legal aid

The introduction of new policies has resulted in a progressive development with a view to ensuring that matters arising from the Legal Services Act 2000 are consistent, fair and transparent. This includes instances where decisions by the Legal Aid Review Panel, or consultation with the New Zealand Law Society may identify the need for new or improved policies.

Similarly, there may be areas of significance that require improved procedures. The current review of the Waitangi Tribunal legal aid process is an example of that. The aim of the Agency is to make the process more efficient and cost-effective. The Agency is involved in a consultation process to ensure that all parties contribute to any new procedures.

## FROM THE CHAIRMAN

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### *The transition complete – criminal legal aid applications*

The transfer of granting criminal legal aid from the Department for Courts on 1 November 2001 completed the establishment of the new Agency. This exercise should not be underestimated. Just over 50,000 applications dispersed around 77 courts are dealt with each year.

The transfer of granting criminal legal aid provided the opportunity to introduce a new assignment policy which has the principle of fairness as its foundation. In essence the policy allows an eligible defendant to nominate a “preferred lawyer” who is appropriately listed with the Agency for the type of case that the defendant is facing. Where good reasons are demonstrated, the preferred lawyer will generally be assigned to that defendant.

Eligible defendants who do not have preferred lawyers are assigned lawyers in rotation off a list that is comprised, apart from the most senior practitioners, of those lawyers involved in the Duty Solicitor Scheme. Introducing the new assignment policy has been an important initiative for us. On average, assignments are made to preferred lawyers at around 60%. However, the rates do vary around the country.

With the support of the Department for Courts, the Agency set up 11 offices within Courts’ buildings throughout New Zealand. The Agency is supported by Duty Solicitors and Courts staff in getting the applications completed and made available to us. The smooth and successful transition is in no small way attributable to their support. We appreciate their cooperation.

### *Community legal services*

There are a number of interrelated initiatives that have been planned to make a difference to promoting access to justice.

The first is a research programme looking at unmet legal need. There are several layers. This includes mapping just where the priority areas for unmet legal need are, focussing on what particular legal needs require addressing, and determining what services should be put in place in light of what might already be available.

The second is a legal information and law-related education strategy that focuses on the Agency taking responsibility for arranging the development of top-class resource materials and then enabling and supporting a range of persons and organisations to get information to the right people in the right way.

## FROM THE CHAIRMAN

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Providing legal information and law-related education is now one of the core services of community law centres (CLCs) with whom the Agency has a particular relationship. The Board appreciates the services and efforts that CLCs provide for their respective communities.

The third initiative is the Agency entering into contracts with the 24 CLCs. This enables both parties to clarify the nature of their services and will lead to a greater ability to prioritise in meeting legal needs.

These are all positive developments and will continue in the coming years. This will be assisted by the Government's decision to appropriate a further \$300,000 (GST inclusive) to CLCs, in addition to those funds derived from the Special Fund which are made available from the interest on nominated solicitors' trust accounts.

### *The Board*

The Agency's Board is made up of six members. Three of the former Legal Services Board members were appointed to the Board along with three new members. The current Board has worked as a team for around two years as it moved through the establishment phase prior to 1 February 2001, and then on to the operations of the Agency.

The diversity of the Board members' backgrounds has enriched the governance role.

### *Moving forward*

The main focus of the past year has been to continue to establish the operations of the Agency and to provide firm foundations for the future.

While important initiatives have already started in community legal services, an important question for the future is whether the current legal aid scheme is being delivered in the best possible way. We have started work on listing criteria and issues of standards for listed providers. These will then be considered in the revised contracts with providers which are due for renewal on 1 February 2003. This will provide a good basis should other models or pilots of service delivery be adopted. We will be carefully considering whether there are advantages in different ways of contracting for services or delivering them by way of salaried staff.

## FROM THE CHAIRMAN

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### *Overview*

Much has been achieved and developed for the future since the LSA began operations on 1 February 2001.

None of this happens or will happen in a vacuum. Legal services are integral to the justice sector and we share many issues in common with that sector. We are keen to work with associated and related agencies and organisations. We also look forward to making our contribution to reviews which are currently taking place, whether they be over the structure of courts or other areas that impact on the personal and family issues of people.

The journey continues. It is rewarding and worthwhile and will result in improved access to justice to those in greatest need. I take this opportunity to thank everyone for their support along the way.



A handwritten signature in dark ink, which appears to read "S O'Driscoll". The signature is fluid and cursive.

*Stephen O'Driscoll*

CHAIRMAN

## FROM THE CHIEF EXECUTIVE

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While this is my second report as Chief Executive of the Legal Services Agency, it is useful to have some perspective from 1 February 2001 when the Agency began operations.

From day one we published high performance standards but were faced with large carry-over volumes, new policies and procedures, and a new organisation requiring development of staff and infrastructure.

Looking back to just 12 months ago, progress has been significant. For instance, the legacy issues were alleviated in the first quarter with the backlogs minimised and now we have timeliness of applications to an acceptable standard overall. This is primarily due to the dedication of staff.

The transfer from the Department for Courts of granting criminal legal aid was a major step and really closed the chapter on the establishment of the Agency. It was a project that was complex and high risk. It involved the development of new policies and procedures (the most notable being the assignment policy), large numbers of stakeholders (around 1000 criminal lawyers), setting up arrangements for 77 courts, setting up 11 offices in courts, engaging and training all staff in requirements, and putting in the IT wherewithal. The transition was commendably smooth and I want to thank staff, court staff and Duty Solicitors.

For the year, the Agency published a comprehensive business plan and underpinned this with a work programme. Both were ambitious but necessary to position the Agency for top-class operations and major strategic developments. However, the Agency needs to ration and prioritise the amount of its development. There comes a limit to how much development can be done at one time without destabilising our achievements so far.

I am pleased with the progress we have made across a range of fronts such as introducing quality assurance in the grants area, moving towards contracts with community law centres and working with them on integrated solutions to community legal services, developing a legal information and law-related education strategy, developing and modernising corporate policies and procedures, initiating a research programme targeting unmet legal need, and building up relevant management information.

## FROM THE CHIEF EXECUTIVE

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I intend that the Agency continue down a similar track – improving service delivery, and building up the operations so that the Agency can operate with a minimum of fuss and maximum efficiency and put efforts into the major developments underway. All this is necessary, not only to capitalise on progress to date, but to allow us to consider some fundamental questions, such as whether there are different models of service delivery in legal aid and community legal services that enhance the opportunities for those who need access to justice.

Over the past year, I have had the pleasure of meeting with many people and organisations, too numerous to name. I thank them for their very obvious support.

This report sets out in detail the many achievements of the Agency. The progress is really gratifying, but not as much as the commitment and support of staff and many other persons in getting there.



A handwritten signature in dark ink, appearing to read 'Tim Bannatyne'. The signature is fluid and cursive, written over a light background.

*Tim Bannatyne*

CHIEF EXECUTIVE

## YEAR IN REVIEW

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### LEGAL SERVICES AGENCY

*1 July 2001 – 30 June 2002*

*Key activities and outcomes included:*

- Taking over the granting of criminal legal aid from the Department for Courts on 1 November 2001. This was the final stage in the transition of legal aid responsibilities to the Agency.
- Opening two new offices in Manukau and Napier in preparation for the granting of criminal legal aid.
- Developing policies on:
  - Enabling legally-aided persons to have a preferred lawyer in criminal legal aid and the assignment of lawyers
  - “Reasonable grounds” and “prospects of success” in relation to family legal aid
  - Conditions on a grant of legal aid (contributions and charges)
  - Responsibilities for the Treaty of Waitangi, Responsiveness, Translation and Consultation (these were in draft at year end, undergoing consultation with a view to adoption in 2002/2003)
  - Research.
- Introducing a revised legal information/law-related education strategy.
- Developing a new contracting framework for funding community law centres in 2002/2003.
- Developing a three-year research programme for the Agency.
- Drafting for consultation, criteria for approving listed providers and the standards to be met in providing services under legal aid schemes (both the criteria and standards are intended for introduction in 2002/2003).
- Clearing a large backlog of applications and claims for legal aid (caused by a previous backlog arising from the transition from the Legal Services Board).
- A 50% reduction in reliance on external Specialist Advisers on complex legal aid decisions. This was followed by a review of the use of Specialist Advisers and resulted in a plan to reduce external advisers from 130 to 32 and appoint three internal advisers.

## LEGAL AID AND RELATED SCHEMES

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### THE LEGAL AID SCHEME

In general the legal aid scheme involves the granting of legal aid to persons who are eligible for legal representation in proceedings. The matters for which legal aid may be granted include criminal, family and other civil proceedings. Civil legal aid also includes matters relating to mental health, immigration, employment and the Waitangi Tribunal.

#### *Legal aid policy*

Consistency in granting practices by the Agency is reliant on the development and promulgation of sound policy. During the year, the Agency continued the policy development programme initiated during the Agency's first months. Legal aid policy of particular note developed during 2001/2002 included:

- Conditions on a grant (contributions and charges)
- "Reasonable grounds" and "prospects of success" of proceedings
- Assignment, termination of assignment, and reassignment of lawyers.

Other legal aid policy matters initiated during the year, and to be completed in 2002/2003, included policy on the payment of travel costs for providers, and the payment of costs under sections 40 and 41 of the Legal Services Act, as well as the development of policy on the granting of legal aid for Waitangi Tribunal cases.

All policies developed are intended to ensure transparency in how the Agency operates and are designed to be applied fairly and consistently throughout New Zealand.

#### *Service delivery performance*

The Grants division of the Agency consists of 75 staff and is responsible for granting criminal, civil and family legal aid. This has been supported by 130 external Specialist Advisers.

This work is carried out in 11 offices and one Specialist Unit. The 11 offices are in Whangarei, Auckland, Manukau, Rotorua, Hamilton, Napier, New Plymouth, Wellington (including the Specialist Unit), Christchurch, Dunedin and Invercargill. Manukau and Napier were opened in September 2001 to assist with the increase in workload which resulted from taking responsibility for the granting of criminal legal aid on 1 November 2001.

## LEGAL AID AND RELATED SCHEMES

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Staff in the eleven offices are responsible for making decisions on new applications and requests for amendments, and approve payments for family and criminal legal aid. The Specialist Unit in Wellington is responsible for all civil (non-family) legal aid applications, as well as applications for legal aid in the Court of Appeal, Waitangi Tribunal, Employment Tribunal, ACC and other civil areas. The Auckland office has special responsibility for legal aid for refugees.

The Agency has developed “proceedings steps” for family, criminal, and some civil legal aid areas. These provide guidelines to staff making decisions on how much legal aid to grant, and are also available to practitioners. When applications are particularly complex, staff can seek the advice of Specialist Advisers, who are experienced lawyers contracted to the Agency to provide such assistance. The Agency has reduced its reliance on Specialist Advisers by almost 50% as a result of staff gaining expertise in matters that were originally dealt with by Specialist Advisers.

During 2001/2002 the focus for Grants has been on delivering decisions in a timely manner, establishing a quality management system, opening two new offices and the smooth transfer of decisions on granting criminal legal aid from the Department for Courts to the Agency.

The Agency took over the granting of criminal legal aid from the Department for Courts from 1 November 2001. This was a major exercise which also included implementation of the Agency’s assignment protocol (which in Auckland took place on 1 February 2002 as planned). Agency offices were opened in 11 major courts. In the remaining courts, Duty Solicitors or Court staff fax applications to Agency offices for a decision. A major change was the move to allow applicants to nominate a preferred lawyer, creating consistency of approach in both criminal and civil legal aid.

In July 2001 the Agency was still managing a backlog of cases particularly in the Specialist Unit. This was finally cleared by October 2001 and timeliness standards are now maintained in the 11 offices. Over 60% of criminal applications were processed on the same day as they were received, and around 85% of all decisions are now achieving the timeliness standard. Performance in the Specialist Unit has also improved significantly. Some delays occur only in a small percentage of cases.

A peer review programme was put in place in the second half of the year to measure the quality and consistency of decision making. This is the first step in the development of a comprehensive quality management system.

### RECONSIDERATIONS AND REVIEWS

The Legal Services Act 2000 enables applicants who have sought legal aid to seek a reconsideration of the decision by the Agency or a review of the decision by an independent authority, the Legal Aid Review Panel.

## LEGAL AID AND RELATED SCHEMES

The Agency ensures that a request for reconsideration of a legal aid decision is considered by a grants officer different from the one who made the original decision. The Agency has yet to establish a system for measuring reconsiderations.

The Legal Aid Review Panel (LARP) is an independent statutory body presently consisting of 14 panel members throughout New Zealand. While the Agency provides administrative support through its Administration budget, the appointment and decisions of panellists are independent of the Agency. The Convenor of LARP appoints up to three panellists for each review.

To have a successful review the applicant must be able to demonstrate that the Agency's decision was "manifestly unreasonable" or "wrong in law". The review takes place after reviewing the file and written submissions. There is no oral hearing in the review process.

Applications to LARP for a review of an Agency decision averaged 35 per month since July 2001. Applications for review are 0.5% of the total number of legal aid applications made to the Agency. The actual percentage is significantly less, as each case may contain multiple decisions, such as the original grant decision and decisions on amendments and claims for payment which may also be the subject of a review.

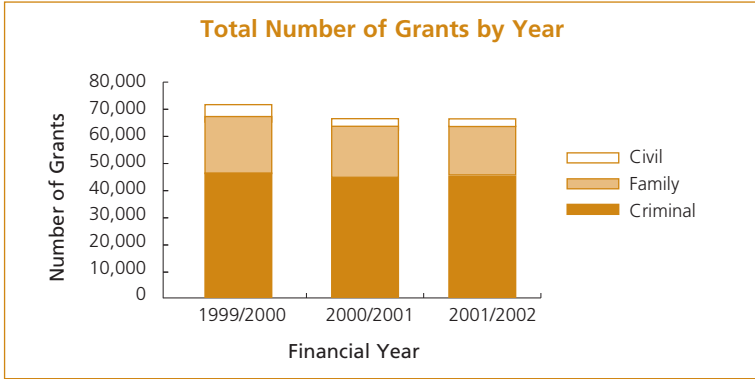
The results of decisions have remained steady throughout the year with 41% of Agency decisions upheld, 27% of decisions reversed and 29% of decisions referred back to the Agency for reconsideration.

LARP Activity	July 2001 to June 2002	%
Applications received	<b>425</b>	-
Applications withdrawn	<b>55</b>	-
Applications pending a decision	<b>61</b>	-
Applications finalised:		-
Agency decision upheld	141	41%
Agency decision modified	4	1%
Agency decision reversed	91	27%
Agency directed to reconsider	98	29%
Other	9	2%
	<b>343*</b>	
Applications for review as a percentage of legal aid applications received		0.5%

\* This total includes applications received prior to 1 July 2001 but finalised after 1 July

## LEGAL AID AND RELATED SCHEMES

### LEGAL AID TRENDS



#### *Grant volumes*

Overall grant volumes were largely unchanged from the 2000/2001 year, with a small increase in the number of criminal grants being offset by a small decrease in family grants, and a 7% increase in civil grants. The civil increase is due to the clearance of the backlog which existed at 30 June 2001.

#### *Expenditure*

Overall legal aid cash expenditure rose by 6.5% on the 2000/2001 year, with increases in criminal, civil and Waitangi Tribunal legal aid, and a decrease in family legal aid.

In assessing the overall legal aid cash expenditure for 2001/2002, it is useful to reflect initially on longer-term trends and to disaggregate those into the different types of legal aid.

As shown in the diagram overleaf, cash expenditure on legal aid rose to its peak in 1998/1999. This followed a steady climb from the early 1990s. In 1998/1999 overall expenditure was \$86.4 million but dropped to \$80.2 million and rose slightly to \$80.9 million in 1999/2000 and 2000/2001 respectively. Cash expenditure in the last year of \$86.1 million is a further increase of 6.5%. While similar to the 1998/1999 result, this includes an estimated \$3.0 million paid out on backlog cases which had come through from 2000/2001.

The cash expenditure has different characteristics depending on the legal aid type. For instance, cash expenditure on total family cases has been steadily declining over the last three years with the reduction for the last year being 4.3%, and the main decreases being cases involving custody and access.

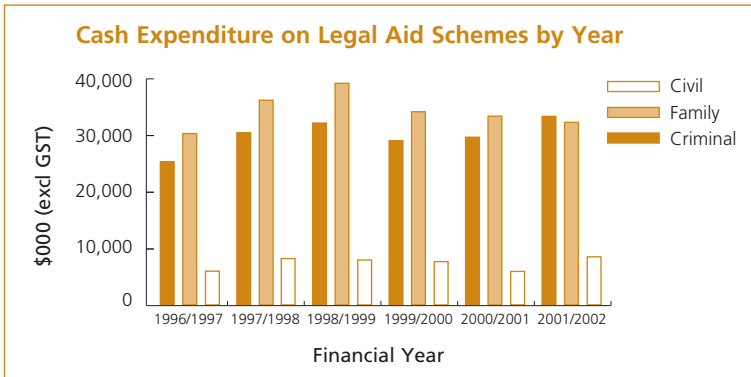
## LEGAL AID AND RELATED SCHEMES

Cash expenditure on criminal matters on the other hand shows a different trend. Following on from what was a significant reduction in 1999/2000 of \$3.1 million from the expenditure in 1998/1999 of \$32.4 million, there has been a growing increase so that in 2001/2002 cash expenditure of \$33.8 million was greater than 1998/1999. Raw volumes do not explain that increase, in that they have remained relatively static overall.

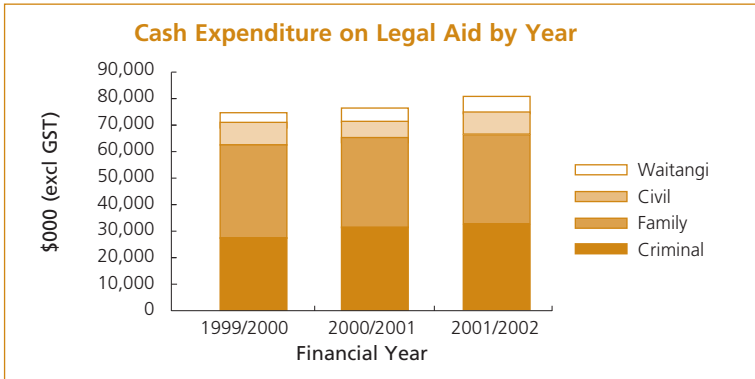
There have, however, been two key factors contributing to last year's increase in criminal expenditure (\$2.8 million). Firstly, there have been increases in criminal legal aid in areas such as offences involving dishonesty, homicide, assaults, and drugs. Secondly, some significantly large and complex cases were dealt with from those categories. They included a well-publicised case involving a number of persons charged with a very large number of burglaries, and a number of murder cases which had large claims processed in the fourth quarter of the year. Such cases can have a significant impact on increased expenditure and what are perceived as average case costs.

The other two categories of cash expenditure are in a different situation again. While general civil legal aid has resulted in a large increase (\$2.5 million), in fact a large proportion of clearing the backlog can be attributed to this.

On the other hand, while expenditure increased by 26% on the 2000/2001 year for Waitangi cases, they are spread over a considerable number of years, and expenditure timing can be quite variable from one year to another.

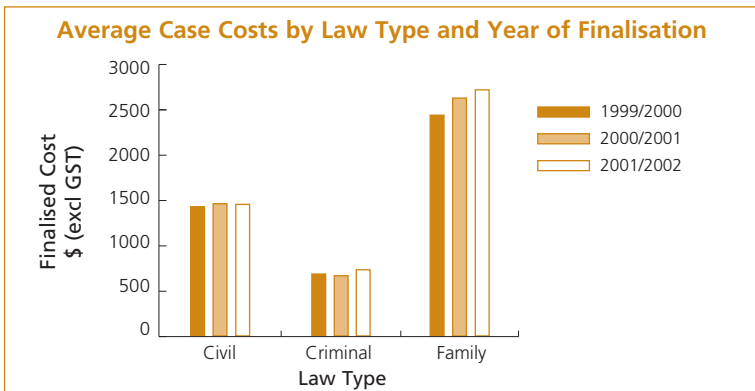


## LEGAL AID AND RELATED SCHEMES



### Average case costs

The cost of completed cases is tracked over time. The average cost of all cases increased this year, which - given that the hourly rates paid to practitioners remained constant - indicates that the average amount of time spent on cases is increasing (either in preparation or appearances before a court). The average cost of criminal cases increased by 9% to \$745 (excl GST), which was largely due to some complex murder cases being completed in the year. The average cost of murder cases rose from just over \$18,000 in 2000/2001 to over \$34,000 in 2001/2002. However, when the two most costly cases are removed, the increase is more modest at \$21,350 or a 19% increase. The average costs for family cases were largely static, while civil cases increased in cost by 5%, and, while a smaller number were completed than in the previous year, this did include some long running and costly cases.



### Regional trends – expenditure and granting

Auckland accounted for 35% of national expenditure totals in the current year (last year 33%), and 30% of national grants (last year 30%). Expenditure on all the law types in Auckland increased.

## LEGAL AID AND RELATED SCHEMES

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Hawkes Bay experienced a decline in grants across all law types, although expenditure increased by 21%. This increase was attributable to a single high profile criminal case, and two significant cases involving drugs, which were transferred to Wellington by virtue of a court order, thereby increasing travel costs.

Manawatu experienced a similar trend, with a 14% decline in grants, but a 17% increase in expenditure. Nearly \$500,000 of this increase was for criminal cases, including one murder case involving high costs.

Other regional trends were less significant, and generally a decline in granting levels was accompanied by a decline in expenditure, except North Auckland, Taranaki and Nelson, where grants declined, but cash expenditure increased, and Marlborough, where grants increased but cash expenditure declined.

Full analysis of regional trends can be found in Appendix A.

### LISTED PROVIDERS

#### *Provider Listing Criteria Project*

The Agency continued to develop revised listing criteria for approval of its listed providers, and a set of performance standards for the delivery of legal services under the Agency's schemes. The New Zealand Law Society and Māori Law Society assisted in the development of these through its nomination of lawyer representatives to the Agency's project working and steering groups.

The standards of performance are intended to make it clear to legally-aided persons what they may expect from their listed provider, and to assist the providers to determine what the Agency defines as an acceptable standard.

#### *Regional trends - listed providers*

The number of listed providers has increased over the reporting year. The Agency's ability to provide effective legal aid is dependent upon sufficient suitably qualified practitioners in each region. Table A in Appendix B shows the number of lawyers listed with the Agency at 30 June 2002, to provide services under the legal aid scheme, by law type. Table B shows the number of practitioners who have been assigned a case for the 12 months to 30 June 2002.

Appendix A shows the numbers of lawyers assigned cases in each region. Generally this shows that the Agency has good coverage across law types and regions, with a higher proportion of lawyers engaged in family cases in Gisborne, and criminal cases in Taranaki, Wairarapa, Marlborough, Westland, Otago and Southland. The number of available lawyers under the Police Detention Legal Assistance scheme is small in some geographical areas, and distribution under all schemes will be monitored to establish that no access issues exist in some communities.

## LEGAL AID AND RELATED SCHEMES

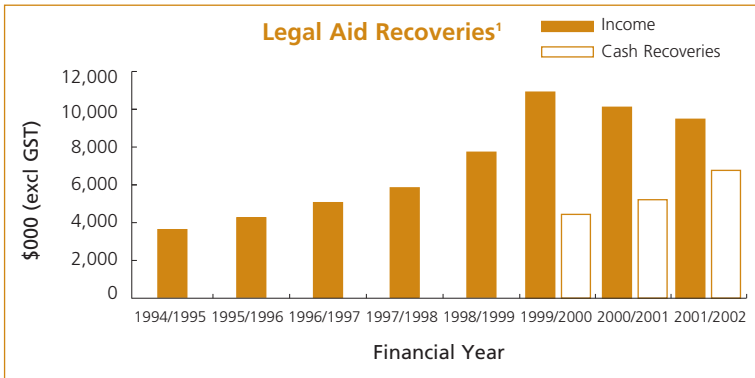
### LEGAL AID RECOVERIES

Income from legal aid recoveries reached \$9.5 million<sup>1</sup> in 2001/2002, reduced from the 2000/2001 level of \$10.3 million<sup>1</sup>.

Recoveries from legally-aided parties are derived from contributions ordered by the Agency as a condition of the grant. Contributions are based on an assessment of the legally-aided person's ability to repay the grant received, either from disposable income or capital. Furthermore the person may be required to make a contribution from the proceeds from legal proceedings.

The majority of contributions are secured by charges over property authorised by the legally-aided person as a condition of the legal aid grant. The majority of the secured debt of the Agency is registered under the Land Transfer Act 1952 and it may be many years before the secured asset is sold and the Agency can recover the original debt.

Cash recoveries were \$6.9 million in 2001/2002, an increase over that achieved in 2000/2001 of \$5.3 million.

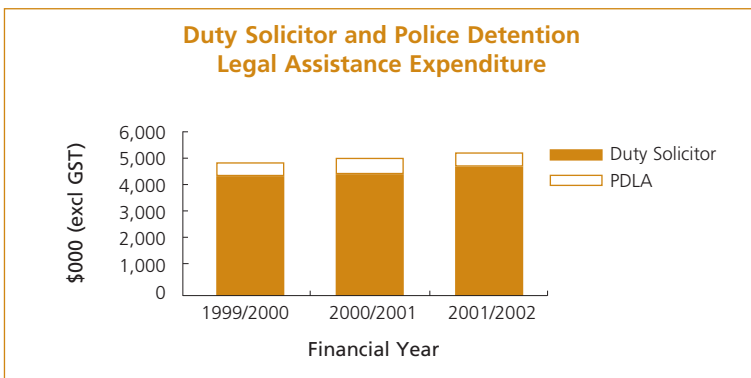


<sup>1</sup>These figures refer to gross recoveries, prior to making an accounting adjustment to recognise the length of time it takes to collect the revenue from debtors - refer Note 2 of the Notes to the Financial Statements (page 57).

## LEGAL AID AND RELATED SCHEMES

### DUTY SOLICITOR SCHEME

The Duty Solicitor scheme ensures all courts have a roster of lawyers to provide initial representation and advice to defendants appearing without representation. There are currently 790 law practitioners providing these services. Expenditure on this scheme rose by 7% this year. This is due in part to the Agency assuming responsibility for criminal legal aid on 1 November, increasing the role of duty solicitors who now perform some work which would previously have resulted in a grant of aid being made. The time spent in Court by Duty Solicitors also increased by 5% on the previous year.



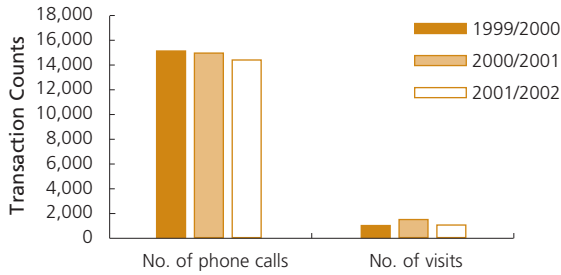
## LEGAL AID AND RELATED SCHEMES

### POLICE DETENTION LEGAL ASSISTANCE SCHEME

This scheme provides access to legal advice under the Bill of Rights to persons detained or questioned by the Police.

The Police Detention Legal Assistance Scheme ensures lawyers are available to give free advice to people cautioned or detained by the Police. This scheme delivered assistance via 14,000 phone calls and 1,200 visits to police stations. This activity cost \$521,000, an 8% drop on the 2001 year.

**Police Detention Legal Assistance Phone Calls and Visits**



## COMMUNITY LEGAL SERVICES

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### COMMUNITY LAW CENTRES

The Legal Services Act 2000 defines community law centres (CLCs) as bodies “whose primary function is, or includes, the provision of community legal services to communities with unmet legal needs, and in particular to people with insufficient means to pay for legal services”. The Act states that a CLC will generally provide:

- Legal advice, assistance and representation
- Legal information and law-related education, as well as
- Law-reform and advocacy work on behalf of the community served.

Under section 6 of the Law Practitioners Act 1982, a District Law Society can grant exemptions to a CLC and impose conditions on that exemption which includes the type of work that a CLC may do. This exemption can determine the level of legal representation provided by a CLC. The capacity of a CLC to deliver legal advice and representation can also depend largely, but not exclusively, on the number of employed or volunteer lawyers supporting it. Some CLCs focus on providing services for a particular group such as youth or Māori, although most provide general services to a geographically defined community.

#### *Funding*

CLCs are funded through the Special Fund derived from interest income from nominated Solicitors’ Trust accounts. During the financial year, CLCs were forecast to face a substantial reduction in funding due to Special Fund income being adversely affected by declining interest rates.

As a result, Cabinet agreed to the Agency releasing capital from the Agency’s Research and Education Fund (R&E Fund) to meet any shortfall until a long-term funding strategy was developed. However, the interest rates remained favourable for the year and the Special Fund was able to meet the Agency’s funding obligations without the need to draw against the R&E Fund.

In its May 2002 Budget, the Government announced a \$266,667 (excluding GST) increase in funding for CLCs. This increase, budgeted as an annual allocation for the next four years and beyond, is to be included in the Agency’s appropriation budget, and is to be applied to CLC support.

Funding of \$5,379,000 (excluding GST) was approved for allocation of core funding among 24 CLCs (including outreach service from one centre into the Hutt Valley). This funding excludes law-related education project funding.

## COMMUNITY LEGAL SERVICES

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### *Purchase relationship with community law centres*

CLCs received funding against a "Letter of Understanding" in 2001/2002, with the intention that a formal contract would be used to define the services to be funded and delivered to communities for 2002/2003. Accordingly CLCs submitted service delivery plans in February 2002 setting out how they would deliver services under the six service definitions adopted by the Agency. A contract was drafted, and is undergoing consultation with CLCs. The contract will be on a three-year basis, and will be implemented from July 2002.

### *Reporting*

To support performance reporting against the new service delivery plans and contracts the Agency developed a new quarterly reporting format. Consultation on the information to be reported is proceeding with CLCs. The implementation of the new report will also be supported by the development and introduction of reporting software to assist CLCs to record the information necessary.

### *Hutt Valley Community Law Centre pilot*

During this year, a pilot service was established for the Hutt Valley. The service was provided initially as an outreach service administered by the Whitireia Community Law Centre. In May 2002 the Whitireia Community Law Centre advised the Agency and the Hutt community that it did not wish to continue managing an outreach service to the Hutt Valley. The Hutt Valley community has now set up a separate entity, Hutt Valley Community Law Centre, and future services will be funded through that organisation.

The Agency and Hutt Valley Community Law Centre have agreed that it be set up as a pilot project for two years. A pilot will give the Agency the opportunity to provide a sustainable level of service to the Hutt Valley and, at the same time, look at further development of services in the Hutt Valley in the context of future service delivery within the greater Wellington region.

## COMMUNITY LEGAL SERVICES



### *Community law centre performance*

There are 24 CLCs funded through the Agency. CLCs are quite diverse in their focus and organisation, providing a range of services to differing communities. All CLCs provide legal information and law-related education. Most CLCs provide some legal assistance and legal advice and some undertake legal representation. Those that provide representation do so using staff lawyers and/or volunteer practitioners. Some CLCs are very involved in law reform, providing a knowledgeable voice in the legislative process.

Generally, centres have reported continuing strong demand for their services. Funding constraints required many to adjust their output, but priority services were maintained.

Some individual law centres suffered performance problems that required some Agency intervention. Those law centres that required particular attention were in Te Tai Tokerau, Hawkes Bay and Otara. Issues were various and centred around governance, management and delivery of services. The Agency has supported the respective boards to implement improvement plans and will continue to do so.

## COMMUNITY LEGAL SERVICES

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### LEGAL INFORMATION AND LAW-RELATED EDUCATION

In the course of the year, as part of an exercise to identify and define the types of legal services covered by the Legal Services Act 2000, the Agency established the following definitions of legal information and law-related education.

#### *Legal information*

Legal information is the delivery of information and/or a simple referral to other services (to another agency or to a lawyer or other professional or specialist).

Legal information is neutral information about rights and responsibilities under a specific law or laws. It can include information on how to access those rights and what to do if they are not protected. Legal information can be provided in a range of ways, such as in person, over the telephone, in electronic form, on radio, video or television, or as brochures, pamphlets and other similar materials. It can be provided in an appropriate format to enhance access and understanding by specific audiences.

A legal information resource could be available on: employment rights and responsibilities, student rights at school, accommodation and tenancy issues, properties, wills, power of attorney, estates and family trusts, debts and repossession, eligibility criteria for legal aid etc. It could involve a range of activities; for example, handing over a brochure, a radio broadcast, or a phone call.

#### *Law-related education*

Law-related education means the (normally) interactive and structured delivery of information on law-related matters, such as courses, seminars or classes for groups and occasionally individuals. This may include the provision of legal information resources about rights and responsibilities, and how a law works and its impact. These may form part of a structured education package. Law-related education may be delivered to groups with specific interests or to the general public on individual rights and responsibilities under a specific law or laws; for example, 'Youth and the Law' seminars for community groups involved with young people, or for young people themselves.

## COMMUNITY LEGAL SERVICES

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### **New strategy for legal information and law-related education in 2001/2002**

In January 2002, the Agency established a new strategy for legal information and law-related education. Under the strategy, the Agency has a new role: it will be a central repository and/or gateway for user-friendly legal information and education resources for all, but prioritising those most at risk with unmet legal needs. The Agency will both produce information and education resources (itself and under contract) as well as facilitate access to resources produced by others.

The objectives of the strategy are:

**a. To provide for the general public in the most cost-effective manner information on:**

- rights and responsibilities under the law
- how to avoid legal problems
- how to address legal problems, and
- solutions to legal issues and problems

**through:**

- access to quality information on rights and responsibilities under specific laws (on priority topics of interest) via a range of media and methods
- access to referral information on lawyers, including information on the role of a lawyer, how to choose a lawyer, and how legal aid works.

**b. To target this service delivery to those most at risk of experiencing unmet legal needs in order to achieve:**

- the early identification of legal problems or the legal component of other problems

**through:**

- legal education programmes targeted at professionals and other workers who have contact with people most likely to have unmet legal needs.

Under the strategy, the Agency will develop its role as part of the overall social services sector. It will develop strategic links with other sectors, organisations, agencies and professions so that new ways are identified for delivering legal information and education for those who are most in need. Part of this development will involve the expansion of the Agency's website. It will also involve the identification of key points of contact with people needing information so that education and information resources can be made available specifically to these groups.

## COMMUNITY LEGAL SERVICES

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Other aspects of the strategy involve the Agency in the development of comprehensive education packages on priority topics. These will support the delivery of education (for example by community law centres) for community agencies providing legal information to end-users, as well as the delivery of education to end-users themselves.

The strategy changes the way the Agency will fund the development and delivery of resources. From 2002/2003, community law centre contracts will specify the provision of information and education, instead of providing for this delivery via project funding.

During 2002/2003, the Agency will pursue the first phase of an implementation plan for the new strategy. This will include the identification of key priority areas for service development for both education and legal information.

### *Law-related education and legal information in 2001/2002*

Under the Legal Services Act 2000, funding from research and education is derived from a reserve known as the Research and Education Fund. At June 2002, the reserve stood at \$7.6 million. This money was built up over a number of years by the Legal Services Board when interest rates were significantly higher than they are now. To ensure education funding would be aligned to the likely interest rate of return for the fund in 2001/2002, the Legal Services Board reduced funding available for education for 2001/2002 to \$300,000 and restricted access to this funding to the community law centres (CLCs) and the (future) Agency for its own ongoing projects.

As noted above, 2001/2002 was the final year that the Agency allocated funding to CLCs on the basis of project applications from centres. In future, centres will still receive funding for community education projects, but this funding will become part of their core funding so that their education activities are treated as core activities.

In August, November and February 2001/2002, the Agency operated three funding rounds, each of \$100,000. Sixty applications from centres were received altogether, seeking a total of \$235,000, out of which 51 applications met the criteria for funding. A total of \$215,000 was allocated to CLCs. It is to be noted that many centres funded aspects of education out of core funding.

## COMMUNITY LEGAL SERVICES

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A selection of significant projects funded by the Agency during 2001/2002 includes:

- Updating of the *Legal Reference Manual* (Wellington Community Law Centre) and the *Family Law Manual* (Christchurch Community Law Centre). Both publications are used extensively by community law centre staff in their delivery of legal services. They are also used by other community service providers such as Citizens Advice Bureaux
- Production, updates, translation and distribution of information sheets and flickcards on different law-related topics for youth (YouthLaw Tino Rangatiratanga Taitamariki)
- Management and delivery of law-related education seminars for West Coast communities in Greymouth, Westport and Hokitika (Christchurch Community Law Centre and Nelson Bays Community Law Service)
- Law-related education for Pacific peoples in Christchurch through community seminars and radio broadcasts (Christchurch Community Law Centre)
- Para-legal training for Māori community workers in the Hutt Valley (Te Ratonga Ture Community Law Centre)
- Law-related education for Māori Youth in Schools in the Hutt Valley (Te Ratonga Ture Community Law Centre)
- Para-legal training and delivery of law-related education seminars on a range of topics by CLC staff to their communities throughout New Zealand.

# RESEARCH INTO MEETING UNMET LEGAL NEEDS

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## RESEARCH PROJECTS

**Research into unmet legal needs<sup>1</sup> is carried out by the Agency to support:**

- the activities and development of community law centres (CLCs)
- the development of comprehensive community legal services by others in the community
- the development of integrated services.

During 2001/2002, the Agency developed a research plan for 2001-2003. This plan covers both unmet legal needs research and other research to support legal aid service delivery (see footnote below).

The main research exercises on unmet legal needs carried out in 2001/2002 were research into unmet legal needs in Auckland and the initiation of a national map of priority unmet legal needs.

### *Auckland unmet legal needs*

The first phase of this research was completed in December 2001. The research involved both a qualitative and a quantitative analysis of unmet legal needs and "communities of interest" (the different groups represented in Auckland who might face specific barriers to accessing justice) in the greater Auckland area.

An assessment tool for unmet legal needs was developed with the help of an external specialist research company. The tool involves quantitative and qualitative aspects. A quantitative survey sample comprised the five CLCs and 33 community organisations in the Auckland area. The survey was followed by three qualitative focus groups.

There was a range of findings from the research in the areas of make-up of communities with highest needs; key geographical areas where there are no services; types of services needed; and service delivery preferences and options.

Following the completion of the research, and discussion with the CLCs in Auckland, the Agency and the centres established a development committee to ensure that the future development of community legal services in Auckland will be strategically geared at meeting the greatest unmet legal needs and will be integrated with other services available. This committee comprises the Auckland CLCs, iwi representation, a contracted coordinator and the Legal Services Agency. An extensive consultation group is to be established to ensure integration of planning with the wider community in Auckland involved in the delivery of community legal services.

<sup>1</sup> Research into unmet legal needs is one area of research for the Agency. This research is funded from interest from the Research and Education Fund. Other research that the Agency undertakes is funded from its administration funding. In 2001/2002 other research included a literature search and bibliography on public (in-house) legal services and preliminary research into a simplified means assessment system for legal aid.

## RESEARCH INTO MEETING UNMET LEGAL NEEDS

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The assessment tool will be adapted for use in other communities to establish priorities for service development for community legal services.

### *National map of unmet legal needs*

This research is ongoing at the end of 2001/2002. The research aims to map the priority geographical areas for community legal service development, and to comment on the most appropriate nature of that service development.

The research will assist the Agency address the factors in section 88 of the Legal Services Act 2000. Under section 88, the Agency must achieve the maximum access to community legal services for communities by considering six issues.

Three of these issues that the national map will address are:

- the relative level of unmet legal need in communities
- the relative capacity of the community to pay
- the range of providers of legal services in the community.

The research exercise is based on the assumption that understanding relative legal need will assist the Agency to identify relative levels of unmet need. It is a demographic exercise that uses proxy indicators. The Agency has assumed that the level of legal need in a community is derived from deprivation and other poverty indicators. The research will also address other factors that mostly affect the type and nature of need, such as ethnicity, age, and other community of interest issues.

The research exercise will be completed during 2002/2003 and will inform future decisions about the funding of community legal services in New Zealand.

## CORPORATE SUPPORT

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The Agency provided corporate support for the functions it carries out through a Corporate Services section, a Finance section and an Internal Audit section. A separate Information Technology section was more recently created. These sections are responsible for monitoring and enhancing the corporate capability of the Agency. The services provided by these areas ensure that outputs from the Agency's strategic development, service contracts and monitoring, and grants work areas are supported by corporate and strategic planning, human resources, communications, information technology, financial services, audit and assurance advice, and administrative services. Legal advice to the Agency and desk top computer services are outsourced.

During 2001/2002 the Agency continued to implement corporate management strategies, policies, procedures and systems to ensure its capability to provide services to promote access to justice.

### • *Planning*

The Agency's planning process is kept in line with the Government's budget cycle and statutory reporting requirements under the Legal Services Act 2000 and the Public Finance Act 1989. A planning adviser was appointed to strengthen the Agency's corporate planning and accountability processes, provide support to management in internal and external reporting and to coordinate the Agency's planning activities with key stakeholders, such as the Ministry of Justice. The key products from the Agency's planning process are: the Memorandum of Understanding (with the Crown), Statement of Intent, Business Plan, and Annual Report. The last three are available on the Agency's website.

### • *Human Resources*

The focus in this area has been on the development of a comprehensive range of policies and procedures which have been incorporated in a Human Resources Manual – the first stage of which has been completed; the establishment of Agency wide competencies for all staff; and the development of a performance management system to be ready for implementation in 2002/2003.

The principles of EEO were taken into account and incorporated in the development of the human resource policies. In 2002/2003 the Agency will develop an explicit EEO policy, programme and monitoring regime.

## CORPORATE SUPPORT

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### • *Communications*

External communications support for the Agency has been enhanced by regular publication of LSA News which keeps the Agency's listed providers of legal services informed of policy and procedural developments. The Agency's website also offers this information on policies and procedures for listed providers, along with the Agency's Provider Manual and legal aid forms. The website also contains general information for the public on legal aid and the Agency. The website is under review to enhance it as a communications tool, especially in relation to the legal information and law-related education strategy. For staff, a newsletter highlighting organisational developments assisted internal communication. A Media Relations Protocol was established to guide staff in their interactions with the media.

### • *Information Technology (IT)*

The Agency relies significantly on information technology. The Legal Aid Office (LAO) system (which was developed and supported in Australia) records and processes information to enable the provision of legal aid. A major effort during the year was to ensure a seamless transition occurred when the contract for support of the LAO system expired in June 2002.

The drafting of the Information Systems Strategic Plan was commissioned to provide the strategic direction of the Agency's technological infrastructure. A review of IT policies and procedures was undertaken (including those relating to IT security) and any amendments will be effective in early 2002/2003. An Information and Technology Steering Committee was established to provide governance for the strategic development of the Agency's IT infrastructure. The recent appointment of an IT Manager will provide the support necessary to guide the enhancement of the Agency's IT systems and processes.

### • *Finance*

The focus for Finance over the year has been to enhance the core financial and accounting practices required to support the Agency. Other areas of work completed during the year included a review of the financial controls governing the granting of legal aid, the resource requirements for implementing criminal legal aid decision making and participating in a review of the Agency policy on the conditions of granting legal aid. The latter involved reviewing the policy settings on the value of legal aid required to be repaid by legal aid recipients, the repayment arrangements and how the amount owed should be secured.

## CORPORATE SUPPORT

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### • *Internal Audit*

A Manager Internal Audit was appointed in 2002 to provide assurance to management and the Board that the Agency's activities are efficiently managed. This was achieved by establishing:

- a Risk Management Committee
- a risk management framework to monitor and report risks on an on-going basis
- the internal audit strategy programme for 2002/2003 and 2003/2004.

### • *Administration Services*

Administration services have been in place since the Agency was established. These services cover property, security, insurance, travel, printing and stationery, and procurement.

## PUBLIC ADVISORY COMMITTEE

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The Legal Services Act 2000 required the Agency to establish a Public Advisory Committee (PAC) to facilitate community feedback to the Agency. It is PAC's role to advise the Agency about the following community matters:

- Feedback and concerns about legal aid schemes and services, and how to provide understandable information about them
- Unmet legal needs
- Funding of community law centres (CLCs)
- Research into schemes and community legal services, and
- Legal education programmes for the public.

During the 2001/2002 year, the Committee met five times. PAC is provided with secretariat support by the Agency.

### Members appointed to the Public Advisory Committee are:

- **Joy Liddicoat**, representing women. Joy chairs the Committee and is a lawyer from Wellington.
- **Tavake Barron Afeaki**, representing Māori. Tavake is an Auckland lawyer and is Co-President of the Māori Law Society.
- **Bill Bevan**, representing CLCs. Bill is Managing Solicitor at Whitireia CLC.
- **Sue Gates**, representing people with disabilities. Sue is from Dunedin and is completing doctoral research on self-determination for people with intellectual disabilities.
- **Paula Masoe**, representing Pacific people. Paula is from Wellington and is a social worker with extensive experience working with children and families.
- **David More**, representing the legal profession. David is a barrister from Dunedin.
- **Kim Morton**, representing consumers. Kim is based in Lyttleton and carries out contract legal work.
- **Shae Ronald**, representing young people. Shae is a lawyer who until recently was Head Solicitor at YouthLaw, a CLC which supports young people throughout the country. Shae now heads Youthline in Auckland.
- **Garth Taylor**, representing the elderly. Garth is Chief Executive of Age Concern New Zealand.

## PUBLIC ADVISORY COMMITTEE

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The Public Advisory Committee provided advice to the Agency on a range of matters in 2001/2002, including on the following issues:

- CLC funding criteria, funding for 2002/2003, quarterly reports from centres, data collection by centres, policies needed by centres
- Research into unmet legal needs: the Agency's research plan and policy, definitions of legal services, the Agency's Auckland research, the Agency's research exercise on a national map of priority unmet legal needs
- Law-related education and legal information: the Agency's strategy for education and information, options for prioritising the development of education and information, the development of legal aid information sheets, publications in the Māori language and Pacific languages
- Legal aid forms.

The advice provided by PAC has contributed towards:

- Service development research and planning for community legal services
- Policies on the Treaty of Waitangi, Responsiveness, Consultation and Translation.

## GOVERNANCE AND ACCOUNTABILITY STATEMENT

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### ROLE OF THE BOARD

The Minister of Justice has appointed a governing Board. The Board's governance responsibilities include:

- Communicating with the Minister and other stakeholders to ensure their views are reflected in the Agency's planning
- Delegating responsibility for achievement of specific objectives to the Chief Executive
- Monitoring organisational performance towards achieving objectives
- Accounting to the Minister on plans and progress against them
- Maintaining effective systems of internal control.

### GOVERNANCE PHILOSOPHY

#### *Board membership*

The Board is composed of not more than six members who have diverse skills and experience in order to bring a wide range of perspectives to bear on policy issues. All members are required to act in the best interests of the Agency. Members acknowledge that the Board must stand united behind their decisions. Individual members have no separate governing role outside the boardroom.

#### **The members appointed to the Agency's Board are:**

- **Stephen O'Driscoll** - Chairperson. Dunedin lawyer and previous Presiding Member of the former Legal Services Board (LSB).
- **Margaret Boyd-Bell** - Auckland accountant. A member of the former LSB Board and was acting Presiding Member of the Auckland District Legal Services Committee.
- **Harete Hipango** - Whanganui lawyer. Iwi affiliations are Whanganui, Ngati Tama Whiti and Ngati Apa. Executive member of the Māori Law Society. Member of Māori Issues Committee, Family Law Section, New Zealand Law Society.
- **Joanne Morris** - Wellington lawyer. Member of the Waitangi Tribunal, and former Law Commissioner.
- **Bob Perry** - Christchurch lawyer. A member of the former LSB Board, and was Presiding Member of the Canterbury District Legal Services Committee.
- **Pauline A Winter** - Auckland consultant. Tribal affiliations are Taranaki and Te Ati Awa, with Samoan and European heritage.

## GOVERNANCE AND ACCOUNTABILITY STATEMENT

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### STRUCTURE OF THE LEGAL SERVICES AGENCY

#### *Agency operations*

The Board has employed a Chief Executive to manage all the Agency's operations. All other employees of the Agency have been appointed by the Chief Executive. The Board directs the Chief Executive by delegating responsibility and authority for the achievement of objectives through setting policy.

#### LEGAL SERVICES AGENCY BOARD AND CHIEF EXECUTIVE



*Standing (left to right): Harete Hipango, Joanne Morris, Tim Bannatyne (Chief Executive), Pauline A Winter, Bob Perry. Seated: Stephen O'Driscoll, Margaret Boyd-Bell.*

#### LEGAL SERVICES AGENCY MANAGEMENT TEAM



*(Left to right) Tim Bannatyne, John Worden, Vicki Morris, Tim Bowron, Frances Blyth, Robyn Nicholas, Barry Holt.*

## GOVERNANCE AND ACCOUNTABILITY STATEMENT

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### *Legal Services Agency senior management team*

- **Tim Bannatyne** - Chief Executive
- **Frances Blyth** - Manager Strategic Development
- **Tim Bowron** - Chief Financial Officer
- **Barry Holt** - Manager Corporate Services
- **Vicki Morris** - Manager Internal Audit
- **Robyn Nicholas** - Manager Grants
- **John Worden** - Manager Service Contracts & Monitoring

### *Connection with stakeholders*

The Board acknowledges its responsibility to consult with stakeholders and, in particular, to remain cognisant of the responsible Minister's expectations as set out in the Statement of Intent.

### *Division of responsibility between the Board and management*

A key to the efficient running of the Agency is that there is a clear division between the roles of the Board and management. The Board concentrates on setting policy and strategy, then monitors progress toward meeting objectives. Management is concerned with implementing policy and strategy. The Board clearly demarcates these roles by ensuring that the delegation of responsibility and authority to the Chief Executive is concise and complete.

### *Accountability*

The Board holds monthly meetings to monitor the progress towards its strategic objectives and to ensure that the affairs of the Agency are being conducted in accordance with the Board's policies. Additional meetings are held as required.

### *Internal control*

While many of the Board's functions have been delegated, the overall responsibility for maintaining effective systems of internal control ultimately rests with the Board. Internal controls include the policies, systems, and procedures established to provide assurance that specific objectives of the Board will be achieved. The Board and management have acknowledged their responsibility by signing the Statement of Responsibility on page 41 of this report.

### *Risk management*

The Board acknowledges that it is ultimately responsible for the management of risks to the Agency. The Board has charged the Chief Executive with establishing and operating a risk management programme.

## GOVERNANCE AND ACCOUNTABILITY STATEMENT

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The Agency has established a Risk Management Committee (RMC). The role of the Committee is to provide oversight of the Agency's risk management framework, internal audit programme, external and internal audit findings, internal control framework and statutory compliance programme.

The Committee seeks assurance on risk identification and mitigation and the development of robust internal controls and compliance requirements.

The Board may refer matters to the Committee for consideration. In turn, the Committee may draw attention of any matter to the Board and all minutes of the Committee are made available to the Board.

The Committee will meet a minimum of four times a year and comprises:

- **Tim Bannatyne**. Chief Executive (Chair)
- **Basil Logan**. Basil is a senior consultant and holds a number of positions on various boards and public sector organisations.
- **June McCabe**. June is a senior manager for a major trading bank and has experience on other committees that oversee risk and assurance in the public sector.
- **Stephen O'Driscoll**. Board Chairman
- **Pauline A Winter**. Board Member.

### *Legislative compliance*

The Board acknowledges its responsibility to ensure the organisation complies with all legislation. The Board has delegated this responsibility to the Chief Executive for the development and operation of a programme to identify systematically any compliance issues and ensure that all staff are aware of legislative compliance requirements that are particularly relevant to them.

### *Ethics*

The Board has implemented a code of ethics. The Agency through its corporate Code of Conduct regularly monitors whether staff maintain high standards of ethical behaviour and practise the principles of "good corporate citizenship".

The Agency monitors compliance with ethical standards in its Code of Conduct through such means as monitoring trends in complaints and disciplinary actions or any reports or indications that show non-conformance with the principles espoused in the Code of Conduct.

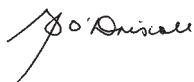
## STATEMENT OF RESPONSIBILITY

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In the financial year ended 30 June 2002, the Board and management of the Legal Services Agency accept responsibility for the preparation of the financial statements and the judgements used therein.

The Board and management of the Legal Services Agency accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board and management of the Legal Services Agency, the financial statements for the financial year reflect fairly the financial position and operations of the Legal Services Agency.



S J O'Driscoll  
Chairman  
25 October 2002



T J Bannatyne  
Chief Executive  
25 October 2002

## REPORT OF THE AUDITOR-GENERAL

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### TO THE READERS OF THE FINANCIAL STATEMENTS OF THE LEGAL SERVICES AGENCY

*For the year ended 30 June 2002*

We have audited the financial statements on pages 44 to 67. The financial statements provide information about the past financial and service performance of the Legal Services Agency and its financial position as at 30 June 2002. This information is stated in accordance with the accounting policies set out on pages 47 to 50.

#### *Responsibilities of the Board*

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

#### *Auditor's responsibilities*

Section 15 of the Public Audit Act 2001 and Section 43(1) of the Public Finance Act 1989 require the Auditor-General to audit the financial statements presented by the Board. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

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

#### *Basis of opinion*

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

- the significant estimates and judgements made by the Board in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Legal Services Agency's circumstances, consistently applied and adequately disclosed.

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

## REPORT OF THE AUDITOR-GENERAL

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

### *Unqualified opinion*

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

In our opinion the financial statements of the Legal Services Agency on pages 44 to 67:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the Legal Services Agency's financial position as at 30 June 2002;
  - the results of its operations and cash flows for the year ended on that date; and
  - its service performance achievements in relation to the performance targets and other measures adopted for the year ended on that date.

Our audit was completed on 25 October 2002 and our unqualified opinion is expressed as at that date.



S B Lucy  
AUDIT NEW ZEALAND  
On behalf of the Auditor-General  
Wellington, New Zealand

# STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE

FOR THE PERIOD 1 JULY 2001 TO 30 JUNE 2002

## Output 1 The administration of legal aid and related schemes

Description:

- Managing the payment of legal aid funds appropriated to the Minister of Justice for the provision of legal aid for persons of insufficient means
- Managing the decision making and processing of applications, amendments, claims and contributions for legal aid
- Provision and administration of schemes such as the Duty Solicitor and Police Detention Legal Assistance schemes
- Approving providers to deliver certain categories of legal representation and advice and auditing their performance

Quantity	Performance (Target) 2001-2002	Performance (Actual) 2001-2002
Number of new civil legal aid applications (estimate)	29,158	24,950
Number of new criminal legal aid applications (estimate)	55,146	50,115
Number of new provider applications (estimate)	750	471
<b>Timeliness<sup>1</sup></b>		
% of applications, amendments and claims that are within turnaround standard:		
• 80% within 5 working days	80%	65.3%
• 100% within 15 working days	100%	86.1%
% of provider applications for which listing decision made within 3 days	95%	85.5%
<b>Quality</b>		
% accuracy for compliance with relevant legislation, regulations and approved standards and guidelines	95% of all applications	91.5%
% accuracy of practitioners listed compliant with criteria	98%	95.5%

(1) System-generated measurements of timeliness standards were introduced by the Agency in September 2001 for applications and amendments, and in December 2001 for claims. Thus the combined measures presented here use different start points. In the first quarter of the year, the Agency was dealing with a backlog. Since then steady improvements have been made throughout the year, with current performance close to target. A number of improvements and changes are required to the recording of data to ensure that timeliness is captured in an accurate and consistent manner. The Agency is presently implementing these improvements.

## STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE

### Output 2 The administration of community legal services

Description:

- Monitoring of the establishment, funding and performance of community law centres (CLCs)
- Management of contracts for service from CLCs

Quantity	Performance (Target) 2001-2002	Performance (Actual) 2001-2002
Number of CLCs	24	24
Number of Public Advisory Committee meetings supported	4	5
<b>Quality</b>		
Number of letters of agreement managed to the terms and conditions of the funding	24	24
<b>Timeliness</b>		
CLCs advised of approved funding levels	100%	100%

### Output 3 The provision of law-related education

Description:

This output involves the development and provision of law-related education (LRE) and legal information either directly by the Legal Services Agency or through contracts with other appropriate individuals or organisations. LRE and legal information assists an audience to better understand a law or body of laws, and promotes access to justice by providing the audience with information required to exercise their legal rights and responsibilities.

Quantity	Performance (Target) 2001-2002	Performance (Actual) 2001-2002
Number of applications from CLCs received	70	55
Number of applications approved	45	51
<b>Quality</b>		
Approved applications meet criteria set by the Legal Services Agency Board	100%	100%
<b>Timeliness</b>		
Applications are processed within one month of receipt of all information	95%	100%

<sup>1</sup> More than one contract can be managed by a Community Law Centre, person or organization.

## STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE

### Output 4 The development of access to justice

Description:

This output arises from the requirements of the Legal Services Act 2000 and involves the provision of information, research, analysis and advice on services. It includes providing the Minister with policy advice on issues related to the provision of legal services including research management and pilot plans.

Quantity	Performance (Target) 2001-2002	Performance (Actual) 2001-2002
Policy advice provided on access to justice and the delivery of legal aid	As needed	As provided
<b>Quality</b>		
Policy advice will conform to the quality criteria set out in the Statement of Intent 2001-2004. Quality criteria include logic, accuracy, options, consultation, practicality and presentation.	90%	100%

### Output 5 The administration of transition/establishment

Description:

This output involves the management of outstanding legal aid cases arising from the operations of the former Legal Services Board, the recruitment and training of staff or engagement of contractors and the development of processes and offices prior to the transfer of applications for criminal legal aid from the Department for Courts.

Quantity	Performance (Target) 2001-2002	Performance (Actual) 2001-2002
Minimum number of process trials for administering applications for criminal legal aid developed	4	7
<b>Quality</b>		
Process trials are established and monitored in accordance with the agreed project plan quality assurance requirements, in agreement with the Department for Courts and legal profession and in a manner to ensure the best outcome	100% of process trials met quality assurance requirements	100%
<b>Timeliness</b>		
Process trials milestones are met in accordance with project plan timetable	90% of milestones were met within agreed timetable	90%
Processing of criminal legal aid is implemented	1 November 2001	1 November 2001

## STATEMENT OF ACCOUNTING POLICIES

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### REPORTING ENTITY

These are the financial statements of the Legal Services Agency (the Agency), a Crown entity in terms of the Public Finance Act 1989. Prior to 1 February 2001, the Agency was named the Legal Services Board. The comparative financial information for 2000/2001 includes the seven month period of the former administration.

These financial statements have been prepared in accordance with section 41 of the Public Finance Act 1989.

### MEASUREMENT BASE

The financial statements have been prepared on an historical cost basis.

### ACCOUNTING POLICIES

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

#### BUDGET FIGURES

The budget figures are those approved by the Agency at the beginning of the financial year, as set out in the Agency's 2001-2004 Statement of Intent.

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

#### REVENUE - GOVERNMENT GRANTS

The Agency derives revenue through the provision of outputs to the Crown and is funded by the Crown for providing legal aid. Funding is by way of annual appropriations from Vote Justice. The Agency records as revenue the amount actually received from Government.

#### REVENUE - INCOME FROM LEGALLY AIDED PARTIES

Revenue from legally aided parties is derived from contributions ordered by the Agency as a condition of the legal aid grant. Contributions are based on an assessment of the legally aided person's ability to repay the grant received, either from disposable income or capital, or from proceeds from legal proceedings. The majority of contributions are secured by charges over property, authorised by the legally aided person as a condition of the legal aid grant. Most of the secured debt of the Agency is registered under the Land Transfer Act 1952 and it may be many years before the secured asset is sold and the Agency can recover the original debt. Contributions secured by charges are recognised as revenue when the charge is registered over the property. The amount recognised as revenue is the present value of the amount receivable.

Contributions ordered by the Agency that are unsecured are recognised as revenue when they are established.

## STATEMENT OF ACCOUNTING POLICIES

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### REVENUE - INCOME FROM THE NEW ZEALAND LAW SOCIETY (NZLS)

Revenue is received from the NZLS Special Fund for the funding of community law centres. The NZLS derives this income from interest earned on solicitors' nominated trust account balances that are held with banks. The Agency records as revenue the amount actually received from the NZLS.

### LEGAL AID EXPENDITURE

The Agency recognises legal aid as a liability and an expense, when contracts are entered into for the payment of lawyers' fees at the time the legal aid application is approved and total remuneration is set. An exception applies for Waitangi Tribunal cases, where the Agency does not account for the expected liability of cases, as it is not practicable to estimate this expenditure with any reliability.

Expenditure is accrued on legal aid cases to the extent that reasonable estimates can be made by the Agency. The amount recognised as expenditure is the present value of the amount payable.

### GOODS AND SERVICES TAX (GST)

All items in the financial statements are exclusive of GST, with the exception of accounts receivable and accounts payable, which are stated with GST included.

### TAXATION

The Agency is a public authority in terms of the Income Tax Act 1994 and consequently is exempt from income tax.

### ACCOUNTS PAYABLE

Accounts payable are stated at the expected value of the Agency's obligation. As a result, legal aid accounts payable are discounted for the length of time that legal aid cases are not settled and obligations to providers are outstanding.

### ACCOUNTS RECEIVABLE

Accounts receivable are stated at their expected realisable value after providing for doubtful and uncollectable debts. Further, those accounts receivable secured by way of a charge over property are discounted for the length of time it is expected to recover the debt. The discount is reversed over the life of the debt having regard to actual and forecast rates of recovery.

### FIXED ASSETS

Fixed assets are capitalised and recorded at historical cost. Any write-down of an item to its recoverable amount is recognised in the Statement of Financial Performance.

## STATEMENT OF ACCOUNTING POLICIES

### DEPRECIATION

Depreciation is provided on a straight line basis on all fixed assets at a rate which will write off the cost of the assets to their estimated residual value over their useful lives.

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

Office Furniture	5 years	20%
Office Equipment	5 years	20%
Computer Hardware	3 years	33%
Computer Software	4 years	25%
Motor vehicles	3 years	33%

### EMPLOYEE ENTITLEMENTS

Provision is made in respect of the Agency's liability for annual leave.

Annual leave is measured at nominal values on an actual entitlement basis at current rates of pay.

### LEASES

The Agency leases office premises and some equipment. As the lessor retains all the risks and benefits of ownership of the leased items, these leases are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

### FINANCIAL INSTRUMENTS

The Agency is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term investments, accounts receivable and accounts payable. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

All financial instruments are shown at their estimated fair value.

### STATEMENT OF CASH FLOWS

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

*Operating activities* include all activities other than investing and financing activities. The cash inflows include all receipts from the Crown, the New Zealand Law Society and other sources of revenue that support the Agency's service delivery. Cash outflows include payments made for legal aid, to Community Law Centres, and to employees, suppliers and for taxes.

## STATEMENT OF ACCOUNTING POLICIES

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

*Financing activities* are those activities relating to changes in equity and the debt capital structure of the Agency.

### CHANGES IN COMPARATIVE FIGURES

Certain comparative figures have been restated to enhance comparability with the current year's disclosures. In particular, *Contributions* revenue has been disclosed inclusive of the discounting of secured receivables - refer Note 2 of the Notes to the Financial Statements.

### CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies with the following exception:

#### Change to discount legal aid accounts payable

The Agency has changed its accounting policy for the measurement of legal aid accounts payable in order to improve compliance with Financial Reporting Standard no.15, Provisions, Contingent Liabilities and Contingent Assets. In this financial year, the Agency has discounted legal aid accounts payable to recognise the length of time it takes to settle legal aid cases and consequently the period over which payment obligations to providers are met. The previous accounting treatment had been to recognise legal aid accounts payable at their undiscounted value.

The effect of this change in the current year is to decrease legal aid payables and expenditure by \$4.014 million.

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

## STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2002

	Notes	Actual 2002 (\$'000)	Budget 2002 (\$'000)	Actual 2001 (\$'000)
<b>Revenue</b>				
Government Grant				
Administration		10,480	9,447	8,820
Legal Aid		78,151	83,660	78,162
Interest Received	1	2,354	1,060	1,422
Contributions	2	7,880	9,778	1,060
New Zealand Law Society Special Fund		5,669	4,415	5,050
Other		-	-	123
<b>Total Revenue</b>		<b>104,534</b>	<b>108,360</b>	<b>94,637</b>
<b>Expenditure</b>				
Administration		10,004	9,567	7,372
Legal Aid	3	81,044	85,080	75,612
Community Law Centres	4	5,379	5,632	4,976
Research & Education	5	307	440	785
<b>Total Expenditure</b>		<b>96,734</b>	<b>100,719</b>	<b>88,745</b>
<b>NET SURPLUS</b>	<b>6</b>	<b>7,800</b>	<b>7,641</b>	<b>5,892</b>

The accompanying accounting policies and notes form an integral part of these financial statements. The comparative financial information for 2001 incorporates the Legal Services Board for the period 1 July 2000 to 31 January 2001 and the Legal Services Agency for the period 1 February 2001 to 30 June 2001.

In reviewing the Statement of Financial Performance there are some aspects that require comment.

Legal Aid revenue of \$78.151 million and expenditure of \$81.044 million did not reach the budgeted levels of \$83.660 million and \$85.080 million respectively. This variance is due to limitations in the forecasting model, which is being refined by the Agency. Further, the budgeted appropriation for legal aid was decreased in the year to fund the Agency's increased responsibility for decision making on criminal legal aid from 1 November 2001. This is similarly reflected in the movements in revenue and expenditure for Administration when compared against budget.

Legal Aid expenditure of \$81.044 million increased from the previous year of \$75.604 million. This includes accounting adjustments that have been made for the change in accounting policy to discount legal aid contracts to account for Payables at fair value and movements in outstanding legal aid commitments to providers.

Legal Aid expenditure is distinguished from cash expenditure (refer Statement of Cash Flows), in which legal aid payments were \$86.197 million in 2001/2002 and \$80.927 million in 2000/2001.

## STATEMENT OF MOVEMENTS IN EQUITY

*for the year ended 30 June 2002*

	Actual 2002 (\$000)	Budget 2002 (\$000)	Actual 2001 (\$000)
Public equity as at 1 July	(17,035)	(10,198)	(22,927)
Net Surplus	7,800	7,641	5,892
Total recognised revenues and expenses for the period	7,800	7,641	5,892
<b>PUBLIC EQUITY AS AT 30 JUNE</b>	<b>(9,235)</b>	<b>(2,557)</b>	<b>(17,035)</b>

The accompanying accounting policies and notes form an integral part of these financial statements. The comparative financial information for 2001 incorporates the Legal Services Board for the period 1 July 2000 to 31 January 2001 and the Legal Services Agency for the period 1 February 2001 to 30 June 2001.

## STATEMENT OF FINANCIAL POSITION

as at 30 June 2002

	Notes	Actual 2002 (\$'000)	Budget 2002 (\$'000)	Actual 2001 (\$'000)
<b>Public Equity</b>				
<b>General Funds</b>				
Administration		3,456	3,988	2,744
Legal Aid		(22,106)	(15,622)	(28,701)
Community Law Centres		1,766	693	722
Research & Education		7,649	8,384	8,200
<b>TOTAL PUBLIC EQUITY</b>	7	<b>(9,235)</b>	<b>(2,557)</b>	<b>(17,035)</b>
Represented by:				
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Bank		-	2,000	-
Short-Term Investments	8	20,000	9,193	19,000
Receivables	9	3,737	6,926	2,566
<b>Total Current Assets</b>		<b>23,737</b>	<b>18,119</b>	<b>21,566</b>
<b>Non-Current Assets</b>				
Receivables	9	11,221	24,287	9,837
Fixed Assets	10	787	1,037	886
<b>Total Non-Current Assets</b>		<b>12,008</b>	<b>25,324</b>	<b>10,723</b>
<b>TOTAL ASSETS</b>		<b>35,745</b>	<b>43,443</b>	<b>32,289</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Bank		2,286	-	2,016
Payables	11	32,485	27,896	28,428
Employee Entitlements	12	172	104	106
<b>Total Current Liabilities</b>		<b>34,943</b>	<b>28,000</b>	<b>30,550</b>
<b>Non-Current Liabilities</b>				
Payables	11	10,037	18,000	18,774
<b>Total Non-Current Liabilities</b>		<b>10,037</b>	<b>18,000</b>	<b>18,774</b>
<b>TOTAL LIABILITIES</b>		<b>44,980</b>	<b>46,000</b>	<b>49,324</b>
<b>NET ASSETS</b>		<b>(9,235)</b>	<b>(2,557)</b>	<b>(17,035)</b>

The accompanying accounting policies and notes form an integral part of these policies and notes.

## STATEMENT OF CASH FLOWS

as at 30 June 2002

	Note	Actual 2002 (\$'000)	Budget 2002 (\$'000)	Actual 2001 (\$'000)
<b>Cash Flows From Operating Activities</b>				
Cash was provided from:				
Supply of Outputs to the Crown		10,505	10,627	8,820
Legal Aid Funding from the Crown		78,151	94,118	78,162
Legal Aid Recoveries		6,911	11,000	5,272
New Zealand Law Society		5,007	4,415	5,050
Other Income		-	-	123
Interest Received		1,262	660	1,664
Net Goods and Service Tax		(113)	-	495
		<b>101,723</b>	<b>120,820</b>	<b>99,586</b>
Cash was applied to:				
Payments for Legal Aid		86,197	104,447	80,927
Payments to Community Law Centres		5,379	5,632	4,976
Payments for Law Related Education		221	495	785
Payments to Employees		4,735	4,111	2,678
Payments to Suppliers		4,130	6,652	4,333
		<b>100,662</b>	<b>121,337</b>	<b>93,699</b>
<b>Net Cash Flows from Operating Activities</b>	<b>13</b>	<b>1,061</b>	<b>(517)</b>	<b>5,887</b>
<b>Cash Flows from Investing Activities</b>				
Cash was applied to:				
Investments (net)		1,000	500	10,000
Purchase of Fixed Assets		331	700	931
		(1,331)	(1,200)	(10,931)
<b>Net Cash Flows from Investing Activities</b>		<b>(1,331)</b>	<b>(1,200)</b>	<b>(10,931)</b>
Net Decrease in Cash Held		(270)	(1,717)	(5,044)
Plus Opening Cash		(2,016)	3,717	3,028
<b>CLOSING CASH BALANCES</b>		<b>(2,286)</b>	<b>2,000</b>	<b>(2,016)</b>

The accompanying accounting policies and notes form an integral part of these policies and notes. The comparative financial information for 2001 incorporates the Legal Services Board for the period 1 July 2000 to 31 January 2001 and the Legal Services Agency for the period 1 February 2001 to 30 June 2001.

## STATEMENT OF COMMITMENTS

as at 30 June 2002

	2002 (\$000)	2001 (\$000)
<b>Non-Cancellable Operating Lease Commitments, Payable:</b>		
The Agency has long-term leases on its premises throughout New Zealand. The annual lease payments are subject to regular reviews. The amounts disclosed below as future commitments are based on the current rental rates.		
Not Later than One Year	397	340
Later than One Year and Not Later than Two Years	367	335
Later than Two Years and Not Later than Five Years	772	510
Later than Five Years	12	140
	<b>1,548</b>	<b>1,325</b>
<b>Other Non-Cancellable Contracts</b>		
At balance date the Legal Services Agency had entered into non-cancellable contracts for the provision of services including information systems facility management and maintenance, software application management and office equipment.		
Commitments under these contracts are as follows:		
Not Later than One Year	310	824
Later than One Year and Not Later than Two Years	297	292
Later than Two Years and Not Later than Five Years	371	676
Later than Five Years	-	-
	<b>978</b>	<b>1,792</b>
<b>TOTAL COMMITMENTS</b>	<b>2,526</b>	<b>3,117</b>

## STATEMENT OF CONTINGENT LIABILITIES

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*as at 30 June 2002*

The Agency accounts for civil, family and criminal legal aid expenditure based on estimates of expected costs. Due to the inherent uncertainty in knowing what the full costs of legal proceedings might be, the recorded expenditure might not represent the full costs to the Agency for the completion of legal proceedings.

This impact may be offset by the possibility of recovery of legal aid expenditure by ordering legally aided persons to make contributions to the cost of their legal proceedings.

For Waitangi Tribunal cases, the Agency does not account for the expected costs of these cases, as it is not practicable to estimate this expenditure with any reliability.

The same contingent liabilities existed as at 30 June 2001.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

<b>Note 1: Interest Received</b>	2002 (\$000)	2001 (\$000)
Interest from short-term investments and bank deposits	1,235	1,422
Interest from the amortisation of the discounting of secured receivables	1,119	-
	<b>2,354</b>	<b>1,422</b>

<b>Note 2: Contributions</b>	2002 (\$000)	2001 (\$000)
Contributions - Civil Legal Aid (unsecured)	2,691	610
Contributions - Criminal Legal Aid (unsecured)	100	140
Contributions (secured)	6,739	9,532
	<b>9,530</b>	<b>10,282</b>
Discounting of secured receivables to recognise the period of time it takes to recover the debt	(1,650)	(9,222)
	<b>7,880</b>	<b>1,060</b>

<b>Note 3: Legal Aid</b>	2002 (\$000)	2001 (\$000)
Duty Solicitor & Police Detention Legal Assistance	5,360	5,060
Legal Aid - Civil Family	31,365	25,245
Legal Aid - Civil Other	6,923	6,248
Legal Aid - Criminal	33,304	34,644
Legal Aid - Waitangi Tribunal	7,383	4,335
	<b>84,335</b>	<b>75,532</b>
Change in provision for doubtful debts	159	(495)
Debts written-off	564	575
Discounting of payables to recognise the period of time legal aid contracts are outstanding	(4,014)	-
	<b>81,044</b>	<b>75,612</b>

## NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 30 June 2002*

<b>Note 4: Community Law Centres</b>	<b>2002</b>	<b>2001</b>
	<b>(\$000)</b>	<b>(\$000)</b>
Christchurch Community Law Centre	300	300
Community Legal Advice Whanganui	205	205
Dunedin Community Law Centre	268	268
Grey Lynn Neighbourhood Law Office	300	270
Hamilton District Community Law Centre	260	250
Hawkes Bay Community Law Centre	265	243
Manawatu Community Law Centre	180	150
Mangere Community Law Centre	300	296
Māori Legal Services - Te Ture Manaaki O Rehua	200	200
Marlborough Community Law Centre Inc	190	175
Maungarongo Ki Otara Law Centre	175	150
Nelson Bays Community Law Service Inc	199	160
Nga Ture Kaitiaki Ki Waikato Community Law Centre	250	260
Ngai Tahu Māori Law Centre	175	160
Rotorua District Community Law Centre	195	189
Southland Community Law Centre	265	274
Tairāwhiti Community Law Centre	192	148
Taranaki Community Law Centre	168	116
Te Ratonga Ture Ki Te Upoko O Te Ika Community Law Centre	180	50
Te Tai Tokerau Community Law Centre	182	180
Wairarapa Community Law Centre	130	99
Wellington Community Law Centre	180	240
Whitireia Community Law Centre	290	229
YouthLaw/Tino Rangatiratanga Taitamariki (Inc)	300	300
Community law centre reviews and support	30	64
	<b>5,379</b>	<b>4,976</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

<b>Note 5: Research and Education</b>	2002	2001
	(\$000)	(\$000)
<b>Law-related education paid to Community Law Centres:</b>		
Christchurch Community Law Centre	44	33
Community Legal Advice Whanganui	2	7
Dunedin Community Law Centre	24	19
Grey Lynn Neighbourhood Law Office	10	63
Hamilton District Community Law Centre	12	8
Hawkes Bay Community Law Centre	4	1
Manawatu Community Law Centre	-	2
Mangere Community Law Centre	12	21
Māori Legal Services - Te Ture Manaaki O Rehua	-	2
Marlborough Community Law Centre Inc	11	7
Nelson Bays Community Law Centre Inc	-	7
Nga Ture Kaitiaki Ki Waikato Community Law Centre	8	-
Ngai Tahu Māori Law Centre	15	-
Rotorua District Community Law Centre	4	9
Southland Community Law Centre	20	34
Tairāwhiti Community Law Centre	14	3
Te Ratonga Ture Ki Te Upoko O Te Ika Community Law Centre	5	-
Wellington Community Law Centre	51	43
Whitireia Community Law Centre	15	8
YouthLaw/Tino Rangatiratanga Taitamariki (Inc)	23	45
Law-related education to the public	33	345
Investigating the need for, and assisting in setting-up community law centres	-	65
The sponsorship and initiation of research into the provision of legal services	-	63
	<b>307</b>	<b>785</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

<b>Note 6: Operating Surplus</b>	2002	2001
	(\$'000)	(\$'000)
The net operating surplus is after charging for:		
Fees paid to auditors		
- external audit	48	52
- other services	-	3
Board members' fees	98	200
District Legal Services Committee fees	-	74
Public Advisory Committee fees	32	6
Legal Aid Review Panel fees	135	11
Depreciation		
Office furniture	30	22
Office equipment	19	13
Computer hardware	262	188
Computer software	111	376
Motor vehicles	8	5
Rental expense on operating leases	471	279
Transition costs of establishing the Legal Services Agency	-	1,184

<b>Note 7: Public Equity</b>	2002	2001
	(\$'000)	(\$'000)
<b>General funds</b>		
Opening balances		
Administration	2,744	1,042
Legal Aid	(28,701)	(32,981)
Community Law Centres	722	605
Research & Education	8,200	8,407
	<b>(17,035)</b>	<b>(22,927)</b>
Net surplus for the year		
Administration	712	1,702
Legal Aid	6,595	4,280
Community Law Centres	344	117
Plus: transfer from Research & Education	700	-
	1,044	117
Research & Education	149	(207)
Less: transfer to Community Law Centres	(700)	-
	(551)	(207)
	<b>7,800</b>	<b>5,892</b>
Closing balances		
Administration	3,456	2,744
Legal Aid*	(22,106)	(28,701)
Community Law Centres	1,766	722
Research & Education	7,649	8,200
	<b>(9,235)</b>	<b>(17,035)</b>

\*The Legal Services Agency recognises as liabilities the contracts entered into for the payment of lawyers fees at the time the legal aid application is approved and total remuneration is set. This gives rise to negative equity, as the Agency is not funded for these obligations until they fall due.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

<b>Note 8: Short-Term Investments</b>	2002 (\$'000)	2001 (\$'000)
<b>Short-term investments</b>		
Legal Aid and Administration	11,321	10,113
Community Law Centres	988	762
Law-Related Research & Education (Research & Education Fund)	7,691	8,125
	<b>20,000</b>	<b>19,000</b>
Weighted average effective interest rates:		
Short-term investments	5.7%	5.8%
Repricing maturities:		
Short-term investments (less than six months)	20,000	19,000

<b>Note 9: Receivables</b>	2002 (\$'000)	2001 (\$'000)
Other receivables	1,142	289
Legal Aid debtors		
current	4,361	3,244
provision for doubtful debts	(1,575)	(780)
discount for the period of time the debts are outstanding	(191)	(187)
<b>Current receivables</b>	<b>3,737</b>	<b>2,566</b>
Legal Aid debtors		
non-current	24,628	23,713
provision for doubtful debts	(497)	(1,134)
discount for the period of time debts are outstanding	(12,910)	(12,742)
<b>Non-current receivables</b>	<b>11,221</b>	<b>9,837</b>

<b>Note 10: Fixed Assets</b>	Cost (\$'000)	Accumulated Depreciation (\$'000)	Net Book Value (\$'000)
<b>2002</b>			
Office furniture	242	129	113
Office equipment	137	87	50
Computer hardware	1,137	688	449
Computer software	1,675	1,510	165
Motor vehicle	22	12	10
	<b>3,213</b>	<b>2,426</b>	<b>787</b>
<b>2001</b>			
Office furniture	230	164	66
Office equipment	126	93	33
Computer hardware	1,262	685	577
Computer software	1,583	1,391	192
Motor vehicle	23	5	18
	<b>3,224</b>	<b>2,338</b>	<b>886</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

<b>Note 11: Payables</b>	2002 (\$000)	2001 (\$000)
Other creditors and accruals	1,590	684
Legal Aid contracts		
current	33,094	27,744
discount for the period of time payables are outstanding	(2,199)	-
<b>Current payables</b>	<b>32,485</b>	<b>28,428</b>
Legal Aid contracts		
non-current	11,852	18,774
discount for the period of time payables are outstanding	(1,815)	-
<b>Non-current payables</b>	<b>10,037</b>	<b>18,774</b>

Other creditors and accruals are expected to be paid in the next twelve months. However, the Agency, Court Registrars (prior to 1 November 2001), and the former Legal Services Board (prior to 1 February 2001) through District Legal Services Committees, have approved total remuneration for legal aid contracts which will be payable in future years, as disclosed below. The legal aid liability figures are based on historical information and could be expended within different time frames from that indicated. The figures may also alter due to improved payment/case processing time and revisions to the amount aided. As at 30 June 2002, the Agency has a liability to pay the following legal aid contracts, which are net of progress claims already made:

<b>Repayment terms: Legal aid contracts</b>	2002 (\$000)	2001 (\$000)
<b>Civil</b>		
Payable no later than 1 year	19,423	18,195
1-2 years	6,486	11,011
2-5 years	2,632	3,409
	<u>28,541</u>	<u>32,615</u>
<b>Criminal</b>		
Payable no later than 1 year	11,472	9,549
1-2 years	811	3,957
2-5 years	108	397
	<u>12,391</u>	<u>13,903</u>
	<u>40,932</u>	<u>46,518</u>

<b>Note 12: Employee Entitlements</b>	2002 (\$000)	2001 (\$000)
Annual leave	172	106

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

### Note 13: Reconciliation of the Net Surplus from Operations with the Net Cash Flows from Operating Activities

	2002 (\$000)	2001 (\$000)
Net surplus from operations	7,800	5,892
<b>Add non-cash items:</b>		
Depreciation	430	604
<b>Total non-cash items</b>	<b>430</b>	<b>604</b>
<b>Add/(less) movements in working capital items:</b>		
(Increase)/decrease in receivables	(2,555)	4,293
Decrease in payables	(4,680)	(5,022)
Increase in employee entitlements	66	29
Decrease in other provisions	-	91
<b>Working capital movements - net</b>	<b>(7,169)</b>	<b>(609)</b>
<b>Net cash flow from operating activities</b>	<b>1,061</b>	<b>5,887</b>

### Note 14: Financial Instruments

The Agency has policies providing risk management for interest rates, operating and capital expenditures denominated in a foreign currency, and the concentration of credit. The Agency is risk averse and seeks to minimise its exposure from its treasury activities. Its policies do not allow any transactions that are speculative in nature to be entered into.

#### CREDIT RISK

Credit risk is the risk that a third party will default on its obligation to the Agency, causing the Agency to incur a loss. Financial instruments, which potentially subject the Agency to risk, consist primarily of cash, short-term investments, legal aid receivables and trade receivables.

The Agency has a minimal credit risk in its holdings of various financial instruments, which include cash, bank and short-term investments. The Agency bears some risk in relation to non-recovery of legal aid receivables. However, the majority of these receivables are secured by charges over property, registered under the Land Transfer Act 1952. Recovery of these receivables occurs when the secured asset is sold which may take many years. As a result, the Agency discounts these receivables for the period of time recovery is expected to take.

The Agency places its investments with institutions that have a high credit rating. It also reduces its exposure to risk by limiting the amount that can be invested in any one institution. The Agency believes that these policies reduce the risk of any loss that could arise from its investment activities. The Agency does not require any collateral or security to support financial instruments.

There is no significant concentration of credit risk.

The maximum amount of credit risk for each class is the carrying amount in the Statement of Financial Position.

## NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 30 June 2002*

### CURRENCY RISK

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Agency has no exposure to currency risk.

### INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. There are no interest rate options or interest rate swap options in place as at 30 June 2002 (2001: nil). The Agency's policy is to hold those financial instruments subject to interest rate fluctuation, such as short-term investments, for a term not exceeding 95 days. The Agency believes that this policy reduces the risk of any loss that could arise from its investment activities. The interest rates on the Agency's investments are shown in Note 8.

The Board does not consider that there is any significant interest exposure on the Agency's investments.

### Note 15: Employees' Remuneration

(\$000)	Number of Employees	
	2002	2001
100 - 110	1	-
170 - 180	1	-

The Chief Executive's remuneration and benefits is in the \$170,000 - \$180,000 band. In 2001, due to changes of executive management, neither the Executive Director of the Legal Services Board, nor the Chief Executive of the Agency, was in receipt of remuneration in excess of \$100,000, as they were not employed for the full year.

## NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 30 June 2002*

### Note 16: Related Party Information

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

The Agency (and the Legal Services Board, prior to 1 February 2001) entered into a number of transactions with government departments and state-owned enterprises on an arm's length basis and where those parties only acted in the course of normal dealings with the Legal Services Agency. These transactions are not considered to be related party transactions.

During the year, the Agency (and the Legal Services Board, prior to 1 February 2001) purchased legal services from the following law firms in which Board members have an interest:

Law Firm	Related Party	Value of Service	
		2002 \$	2001 \$
Duncan Cotterill	Bob Perry - Partner	177,443	143,205
H Hipango – Barrister & Solicitor	H Hipango	8,739	-
O'Driscoll & Marks	Stephen O'Driscoll - Partner	164,816	127,055
Rudd Watts & Stone	Alan MacKenzie - Partner	-	10,036

The services purchased were for the provision of legal aid and related services, including disbursements, and were supplied using standard legal aid rates.

In the period to 31 January 2001, the Department for Courts provided a Court Registrar to act as secretary in most of the nineteen District Legal Service Committees (DLSCs) that operated under the former Legal Services Board. No charge was made for these services as they were provided pursuant to a statutory duty.

Up until 1 November 2001, the Department for Courts also provided Court Registrars to grant criminal legal aid, assign counsel to those granted legal aid, and approve total remuneration to solicitors within certain limits. These functions were also provided pursuant to statutory duty and no charge was made.

One of the former Legal Services Board's functions was to supervise and co-ordinate the work of the former DLSCs. The former Legal Services Board members, who were members of the DLSCs, received attendance fees at both Board meetings and DLSC meetings. Details of these transactions are included in Note 17.

There were no other related party transactions.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

### Note 17: Board/Committee/Panel Members' Fees

Board/Committee/Panel members earned the following fees during the year:

	Fees 2002 \$	Fees 2001 \$
<b>Legal Services Board</b> (1 July 2000 to 31 January 2001)		
Stephen O'Driscoll (Chair)	-	14,000
Margaret Boyd-Bell*	-	9,975
Sharon Gemmell	-	11,025
Janet Hesketh*	-	10,088
Alan McKenzie*	-	5,304
Bill Nathan	-	5,100
Bob Perry*	-	9,150
<b>Transition Committee/Establishment Board</b> (1 July 2000 to 31 January 2001)		
Stephen O'Driscoll (Chair)	-	36,475
Margaret Boyd-Bell*	-	10,856
Harete Hipango	-	13,988
Joanne Morris	-	12,019
Bob Perry	-	15,319
Pauline Winter	-	5,738
<b>Legal Services Agency Board</b> (from 1 February 2001)		
Stephen O'Driscoll (Chair)	28,000	11,667
Margaret Boyd-Bell	14,000	5,833
Harete Hipango	14,000	5,833
Joanne Morris	14,000	5,833
Bob Perry	14,000	5,833
Pauline Winter	14,000	5,833
<b>Legal Aid Review Panel</b>		
Andrew Walter (Convenor)	34,439	5,453
Stephen van Bohemen	4,860	430
Ruth Buddicom	2,604	604
Jennifer Courtney	1,612	532
Sione Fonua	4,500	370
Layne Harvey	1,270	-
Lee Lee Heah	9,492	370
David Howden	306	370
Tony Johns	-	370
Leigh Langridge	10,774	-
Mark MacLennan	2,398	370
Ann Malloch	1,974	370
Margaret Marshall	4,524	-
Sally McMillan	10,990	612
David More	3,738	-
Andrew Ogilvie	15,796	586
Debra Smallholme	5,334	-
Tania Tetitaha	7,598	-
Janette Walker	3,448	-
Gregory Woodcock	3,373	370
Stephen Zindel	5,708	370

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

	Fees 2002	Fees 2001
	\$	\$
<b>Public Advisory Committee</b>		
Joy Liddicoat (Chair)	6,813	1,095
Tavake Afeaki	3,800	810
Bill Bevan	4,125	635
Sue Gates	2,878	530
David More	1,552	530
Kim Morton	4,178	530
Shae Ronald	3,583	653
Garth Taylor	4,299	845
Paula Masoe	500	-

\* Fees include those earned as members of district legal services committees.

### Note 18: Post Balance Date Events

There are no post balance date events.

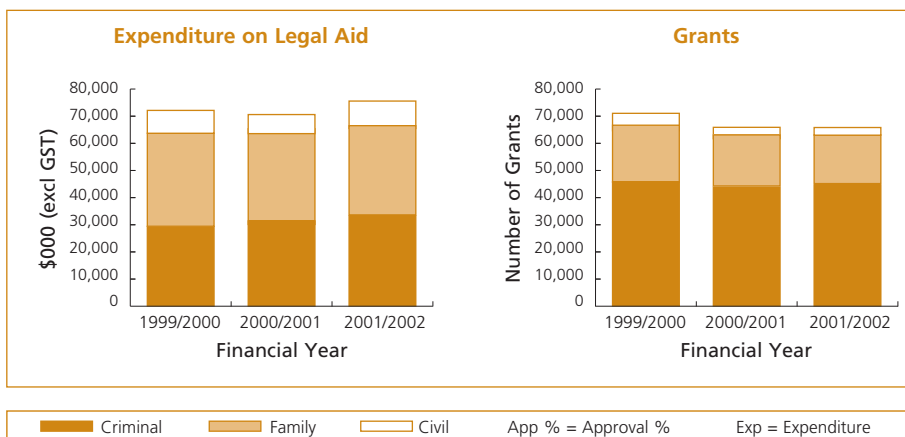


## APPENDIX A

### LEGAL SERVICES NATIONAL AND DISTRICTS GRANTING AND EXPENDITURE INFORMATION<sup>1</sup>

#### National

	1999/2000		2000/2001 <sup>2</sup>		2001/2002	
	Grants	Exp \$000	Grants	Exp \$000	Grants	Exp \$000
Criminal	45,784	29,334	44,404	31,069	44,702	33,845
Family	22,053	34,856	19,977	34,035	19,554	32,573
Civil	2,863	8,077	2,333	6,239	2,505	8,718
Duty Solicitor		4,306		4,508		4,839
PDLA		594		565		521
<b>Total</b>	<b>70,700</b>	<b>77,167</b>	<b>66,714</b>	<b>76,416</b>	<b>66,761</b>	<b>80,496</b>
Waitangi		3,066		4,438		5,581
<b>Grand Total</b>	<b>70,700</b>	<b>80,233</b>	<b>66,714</b>	<b>80,854</b>	<b>66,761</b>	<b>86,077</b>



1. Expenditure information in this section shows actual cash payments to providers of legal services. This differs from the expenditure figures reported in the Statement of Financial Position which are prepared on an accruals basis, and include expected future payments to providers for which no cash has yet been paid out. There is also a minor difference between the legal aid cash expenditure and the Statement of Cash Flows caused by timing differences.

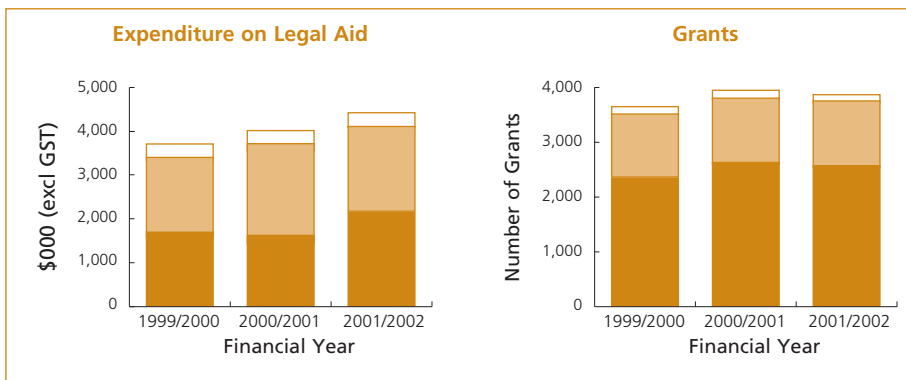
2. The 2000/2001 numbers differ from those reported in last year's Annual Report due to errors being detected in our database, which have now been resolved, and some Waitangi cases being incorrectly recorded as civil other. These errors have now been corrected, and this year's Annual Report contains the amended numbers to enable accurate comparisons to be made to the 2001/2002 year. The net effect of these changes has been to amend the reported overall increase in legal aid cash expenditure in this appendix by \$1.6M for the year ended June 2001. The refinements increase Waitangi expenditure by \$232,000 for that year.

## APPENDIX A

## North Auckland

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	2,396	84%	1,728	2,675	93%	1,663	2,606	91%	2,143
Family	1,186	99%	1,713	1,188	99%	2,122	1,142	96%	1,975
Civil	90	89%	317	98	89%	278	91	83%	351
Duty Solicitor			248			308			300
PDLA			8			9			16
<b>Total</b>	<b>3,672</b>		<b>4,014</b>	<b>3,961</b>		<b>4,380</b>	<b>3,839</b>		<b>4,785</b>

	Regional Provider Information <sup>4</sup>			Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	35	47	74%	6%	6%
Family	56	71	79%	6%	6%
Civil	41	74	55%	4%	4%



Criminal
  Family
  Civil
 App % = Approval %
Exp = Expenditure

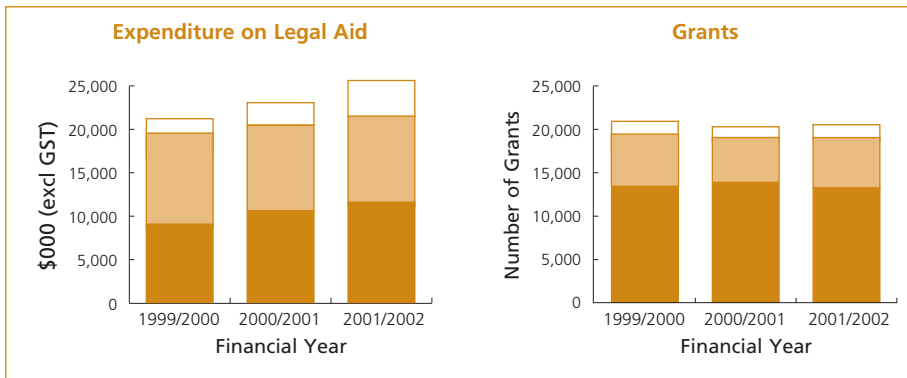
4. No of legal aid lawyers in region represents the number of lawyers listed as approved to provide legal aid of that law type. Thus an individual lawyer could appear against each law type

## APPENDIX A

## Auckland

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	13,307	94%	9,735	13,836	94%	10,731	13,454	94%	11,723
Family	6,561	99%	9,931	5,364	97%	9,779	5,696	96%	10,137
Civil	912	94%	2,828	910	90%	2,569	1,067	91%	4,101
Duty Solicitor			1,712			1,781			1,850
PDLA			193			170			145
<b>Total</b>	<b>20,780</b>		<b>24,399</b>	<b>20,110</b>		<b>25,030</b>	<b>20,217</b>		<b>27,956</b>

Regional Provider Information				Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	197	266	74%	30%	35%
Family	389	765	51%	29%	31%
Civil	325	911	36%	43%	47%



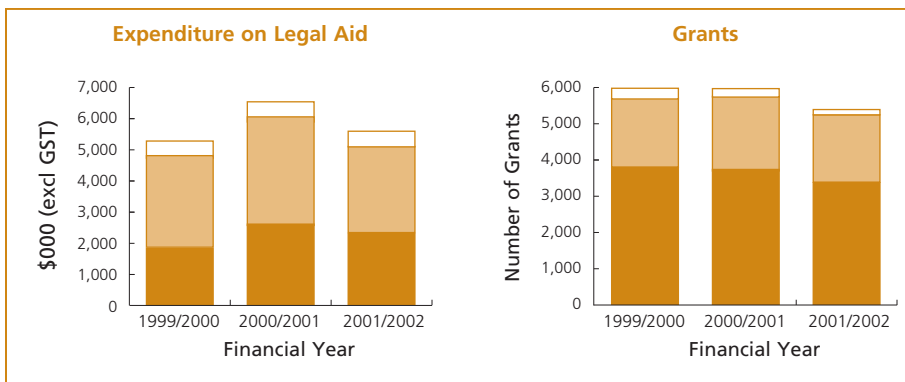
Criminal	Family	Civil	App % = Approval %	Exp = Expenditure
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# APPENDIX A

## Hamilton

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	3,886	88%	1,968	3,774	88%	2,684	3,396	86%	2,319
Family	1,873	98%	2,875	1,983	97%	3,368	1,850	94%	2,784
Civil	234	87%	527	180	90%	501	153	85%	537
Duty Solicitor			348			377			359
PDL			24			23			26
<b>Total</b>	<b>5,993</b>		<b>5,742</b>	<b>5,937</b>		<b>6,953</b>	<b>5,399</b>		<b>6,025</b>

	Regional Provider Information			Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	61	73	84%	8%	7%
Family	110	185	59%	9%	9%
Civil	78	198	39%	6%	6%



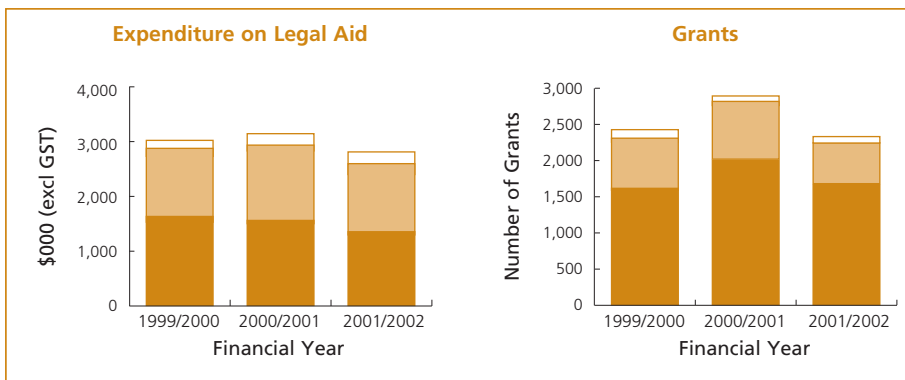
Criminal
  Family
  Civil
 App % = Approval %
Exp = Expenditure

## APPENDIX A

## Rotorua

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	1,636	90%	1,665	2,010	93%	1,576	1,670	90%	1,386
Family	758	98%	1,240	837	97%	1,398	628	96%	1,227
Civil	78	91%	134	53	79%	212	67	92%	234
Duty Solicitor			121			149			164
PDLA			13			15			13
<b>Total</b>	<b>2,472</b>		<b>3,173</b>	<b>2,900</b>		<b>3,350</b>	<b>2,365</b>		<b>3,024</b>

Regional Provider Information				Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	35	38	92%	4%	4%
Family	45	69	65%	3%	4%
Civil	32	74	43%	3%	3%



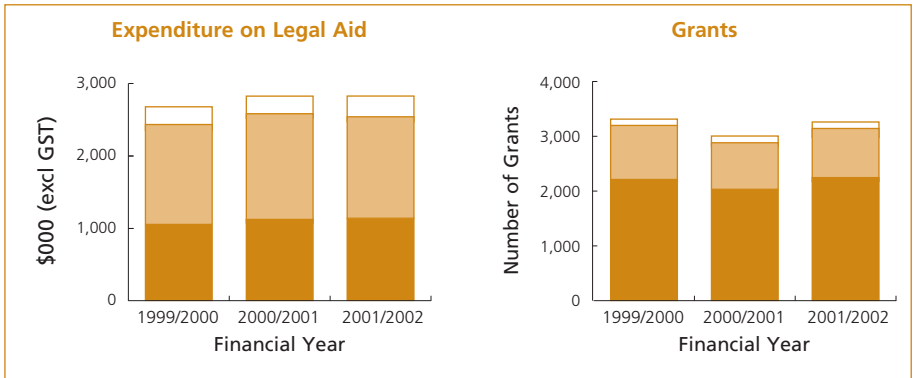
Criminal	Family	Civil	App % = Approval %	Exp = Expenditure
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## APPENDIX A

## Bay of Plenty

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	2,223	88%	1,066	2,037	86%	1,135	2,261	90%	1,134
Family	1,003	99%	1,386	883	98%	1,470	927	96%	1,406
Civil	98	92%	228	81	90%	219	68	93%	306
Duty Solicitor			170			197			205
PDLA			23			19			18
<b>Total</b>	<b>3,324</b>		<b>2,873</b>	<b>3,001</b>		<b>3,040</b>	<b>3,256</b>		<b>3,069</b>

	Regional Provider Information			Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	49	51	96%	5%	3%
Family	69	95	73%	5%	4%
Civil	35	107	33%	3%	4%



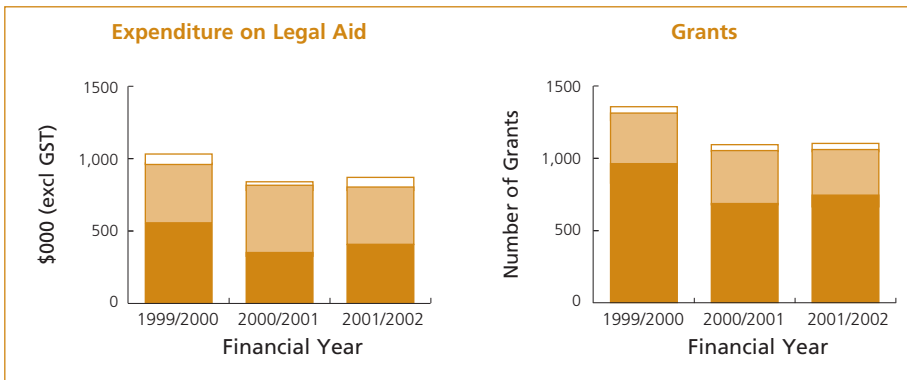
Criminal
  Family
  Civil
 App % = Approval %
Exp = Expenditure

# APPENDIX A

## Gisborne

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	981	91%	572	707	90%	383	758	91%	414
Family	349	97%	409	353	99%	439	316	96%	381
Civil	37	86%	71	21	84%	28	25	93%	58
Duty Solicitor			65			61			64
PDLA			5			6			5
<b>Total</b>	<b>1,367</b>		<b>1,122</b>	<b>1,081</b>		<b>917</b>	<b>1,099</b>		<b>922</b>

Regional Provider Information				Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	9	14	64%	2%	1%
Family	23	23	100%	2%	1%
Civil	17	29	59%	1%	1%



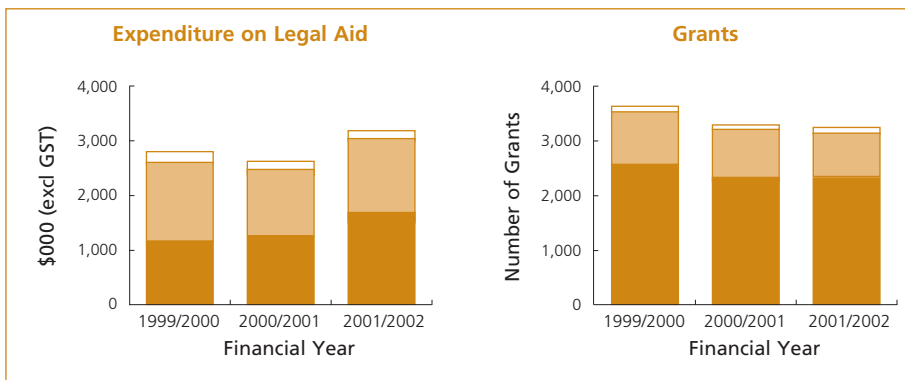
Criminal
  Family
  Civil
 App % = Approval %
Exp = Expenditure

## APPENDIX A

*Hawkes Bay*

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	2,666	90%	1,182	2,416	91%	1,297	2,376	95%	1,715
Family	938	96%	1,438	868	95%	1,201	825	95%	1,316
Civil	96	77%	198	68	84%	127	68	91%	170
Duty Solicitor			108			98			103
PDLA			29			22			19
<b>Total</b>	<b>3,700</b>		<b>2,955</b>	<b>3,352</b>		<b>2,745</b>	<b>3,269</b>		<b>3,323</b>

	Regional Provider Information			Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	31	39	79%	5%	5%
Family	66	86	77%	4%	4%
Civil	40	97	41%	3%	2%



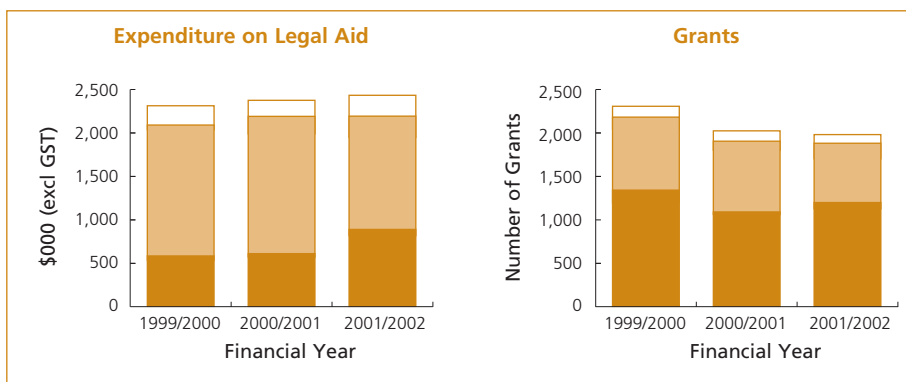
Criminal	Family	Civil	App % = Approval %	Exp = Expenditure
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## APPENDIX A

## Taranaki

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	1,355	80%	615	1,114	88%	632	1,195	88%	857
Family	850	98%	1,513	807	96%	1,601	697	92%	1,372
Civil	102	87%	201	116	91%	171	114	93%	216
Duty Solicitor			77			74			101
PDLA			16			17			18
<b>Total</b>	<b>2,307</b>		<b>2,422</b>	<b>2,037</b>		<b>2,495</b>	<b>2,006</b>		<b>2,564</b>

Regional Provider Information				Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	27	30	90%	3%	3%
Family	53	67	79%	4%	4%
Civil	37	73	51%	5%	2%



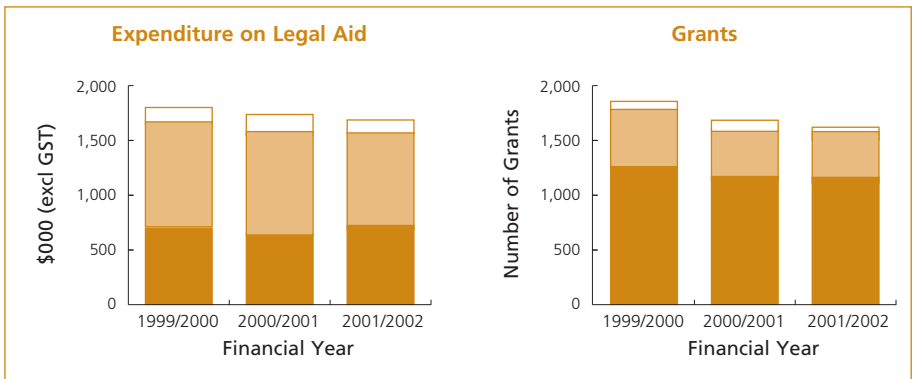
Criminal	Family	Civil	App % = Approval %	Exp = Expenditure
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## APPENDIX A

## Whanganui

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	1,269	88%	720	1,168	95%	646	1,181	88%	741
Family	539	100%	964	466	98%	943	411	95%	841
Civil	55	98%	130	49	96%	152	28	93%	99
Duty Solicitor			116			111			129
PDLA			19			18			18
<b>Total</b>	<b>1,863</b>		<b>1,949</b>	<b>1,683</b>		<b>1,870</b>	<b>1,620</b>		<b>1,828</b>

	Regional Provider Information			Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	23	27	85%	3%	2%
Family	32	42	76%	2%	3%
Civil	26	44	59%	1%	1%



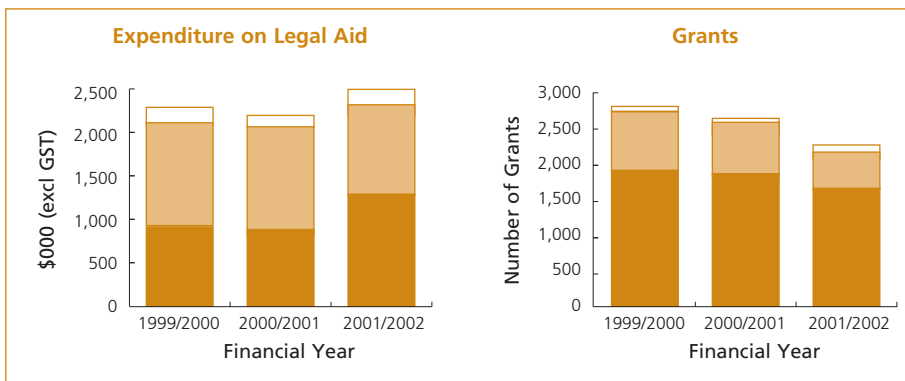
Criminal	Family	Civil	App % = Approval %	Exp = Expenditure
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## APPENDIX A

## Manawatu

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	1,959	91%	943	1,901	92%	858	1,696	85%	1,319
Family	767	97%	1,175	702	95%	1,199	518	91%	1,004
Civil	59	80%	183	57	93%	156	74	88%	203
Duty Solicitor			135			160			246
PDLA			14			17			18
<b>Total</b>	<b>2,785</b>		<b>2,450</b>	<b>2,660</b>		<b>2,390</b>	<b>2,288</b>		<b>2,790</b>

Regional Provider Information				Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	21	24	88%	4%	4%
Family	49	64	77%	3%	3%
Civil	36	54	67%	3%	2%



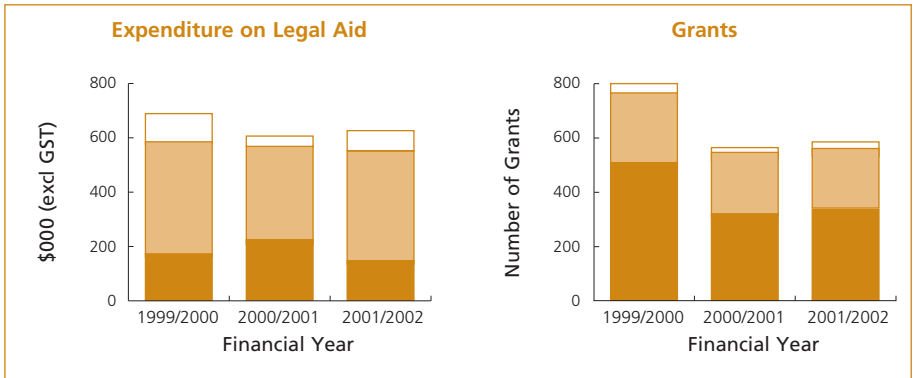
 Criminal	 Family	 Civil	App % = Approval %	Exp = Expenditure
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## APPENDIX A

## Wairarapa

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	509	88%	184	322	79%	232	345	76%	152
Family	264	97%	406	228	95%	341	225	93%	402
Civil	30	87%	95	22	76%	40	20	74%	74
Duty Solicitor			39			33			38
PDLA			5			6			6
<b>Total</b>	<b>803</b>		<b>729</b>	<b>572</b>		<b>652</b>	<b>590</b>		<b>672</b>

Regional Provider Information				Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	6	6	100%	1%	0%
Family	20	24	83%	1%	1%
Civil	14	27	52%	1%	1%



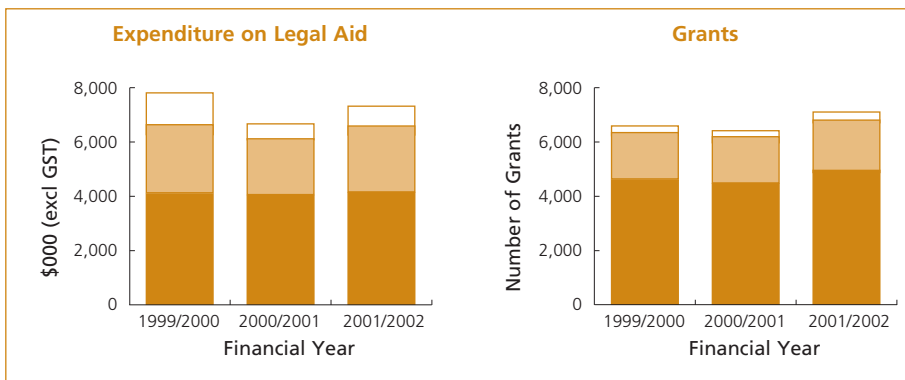
 Criminal	 Family	 Civil	App % = Approval %	Exp = Expenditure
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## APPENDIX A

## Wellington

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	4,720	92%	4,095	4,533	92%	4,058	4,965	91%	4,217
Family	1,659	98%	2,546	1,692	96%	2,022	1,889	94%	2,410
Civil	236	79%	1,234	211	91%	588	234	92%	799
Duty Solicitor PDLA			534 92			548 96			544 81
<b>Total</b>	<b>6,615</b>		<b>8,501</b>	<b>6,436</b>		<b>7,312</b>	<b>7,088</b>		<b>8,051</b>

Regional Provider Information				Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	103	136	76%	11%	12%
Family	151	258	59%	10%	7%
Civil	112	364	31%	9%	9%



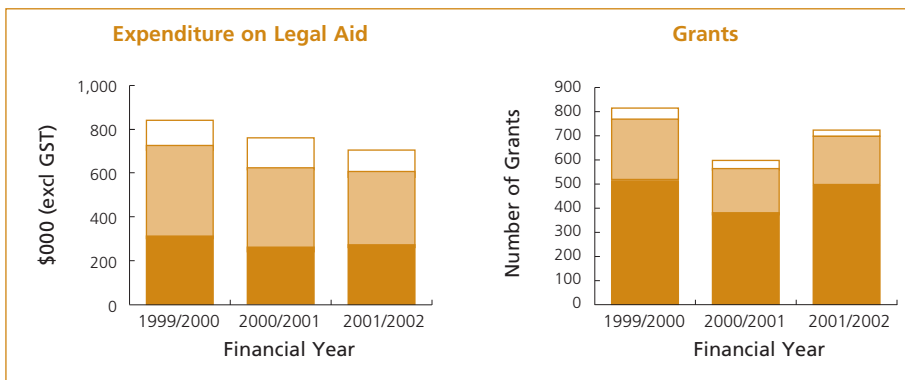
Criminal	Family	Civil	App % = Approval %	Exp = Expenditure
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## APPENDIX A

### Marlborough

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	521	89%	310	385	89%	265	504	89%	283
Family	252	98%	423	186	97%	369	208	95%	329
Civil	56	89%	117	26	84%	150	17	100%	101
Duty Solicitor			65			65			71
PDLA			9			7			5
<b>Total</b>	<b>829</b>		<b>924</b>	<b>597</b>		<b>856</b>	<b>729</b>		<b>789</b>

Regional Provider Information				Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	12	12	100%	1%	1%
Family	24	27	89%	1%	1%
Civil	15	24	63%	1%	1%



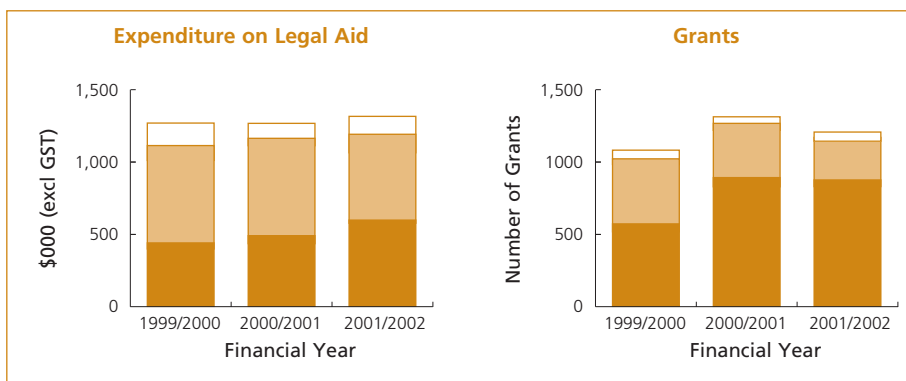
Criminal
  Family
  Civil
 App % = Approval %
Exp = Expenditure

## APPENDIX A

Nelson

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	571	68%	448	886	91%	497	869	90%	597
Family	466	96%	690	376	97%	674	323	97%	596
Civil	57	96%	146	51	89%	100	50	88%	143
Duty Solicitor			72			76			105
PDLA			11			17			16
<b>Total</b>	<b>1,094</b>		<b>1,367</b>	<b>1,313</b>		<b>1,364</b>	<b>1,242</b>		<b>1,457</b>

Regional Provider Information				Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	20	27	74%	2%	2%
Family	43	56	77%	2%	2%
Civil	23	60	38%	2%	2%



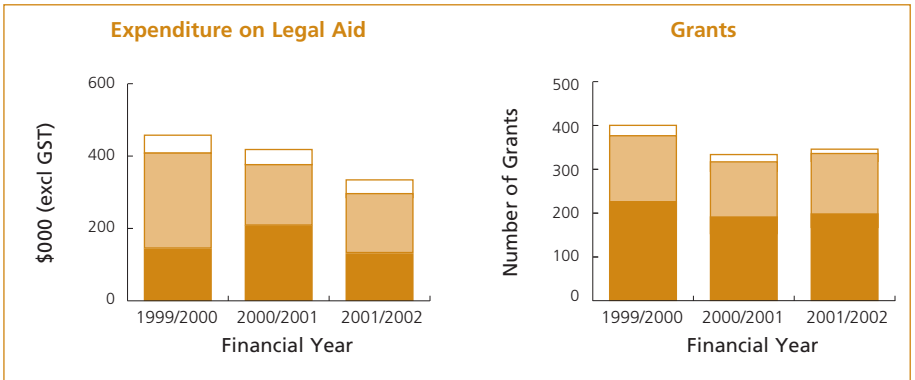
Criminal	Family	Civil	App % = Approval %	Exp = Expenditure
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# APPENDIX A

## Westland

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	227	95%	153	195	84%	207	201	65%	130
Family	152	99%	258	125	100%	171	137	99%	169
Civil	21	95%	50	17	100%	44	9	90%	38
Duty Solicitor			24			22			26
PDLA			9			9			8
<b>Total</b>	<b>400</b>		<b>494</b>	<b>337</b>		<b>453</b>	<b>347</b>		<b>371</b>

	Regional Provider Information			Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	8	9	89%	0%	0%
Family	12	14	86%	1%	1%
Civil	4	14	29%	0%	0%



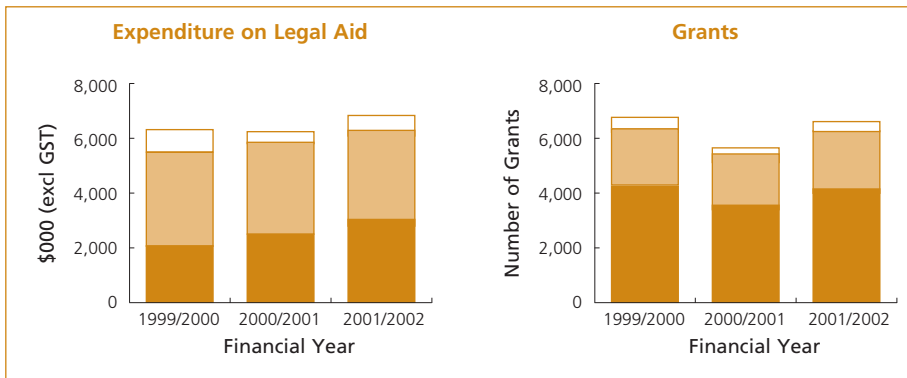
Criminal
  Family
  Civil
 App % = Approval %
Exp = Expenditure

## APPENDIX A

## Canterbury

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	4,280	79%	2,125	3,603	83%	2,555	4,188	85%	3,091
Family	2,152	98%	3,430	1,911	97%	3,352	2,003	95%	3,175
Civil	390	94%	811	159	88%	437	250	94%	697
Duty Solicitor			248			246			299
PDLA			52			47			44
<b>Total</b>	<b>6,822</b>		<b>6,666</b>	<b>5,673</b>		<b>6,637</b>	<b>6,441</b>		<b>7,306</b>

Regional Provider Information				Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	108	141	77%	9%	9%
Family	175	283	62%	10%	10%
Civil	122	335	36%	10%	8%



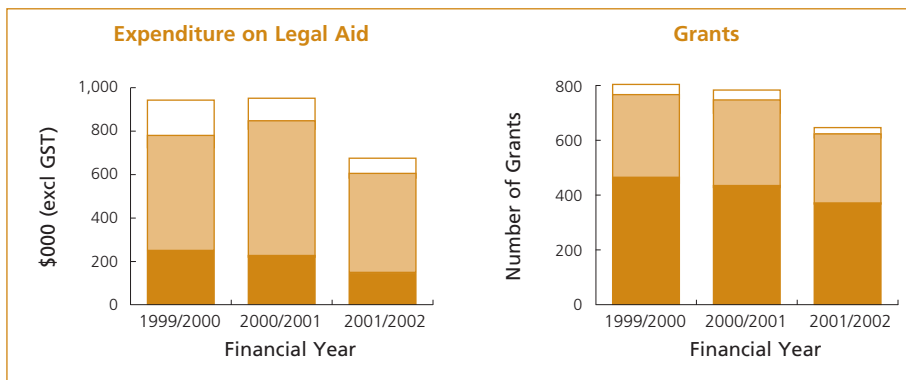
Criminal	Family	Civil	App % = Approval %	Exp = Expenditure
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## APPENDIX A

## Timaru

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	470	87%	249	438	96%	233	377	71%	148
Family	297	97%	535	316	96%	615	256	97%	463
Civil	38	86%	171	41	93%	112	19	79%	71
Duty Solicitor			27			24			25
PDLA			2			3			2
<b>Total</b>	<b>805</b>		<b>984</b>	<b>795</b>		<b>987</b>	<b>652</b>		<b>709</b>

	Regional Provider Information			Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	11	13	85%	1%	0%
Family	19	27	70%	1%	1%
Civil	14	29	48%	1%	1%



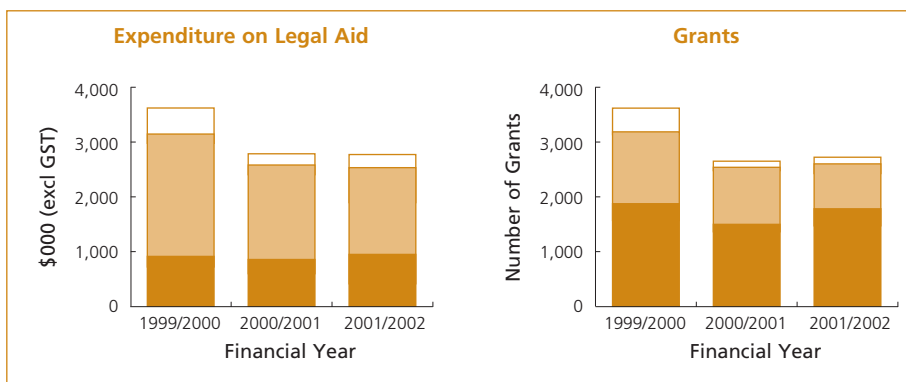
Criminal	Family	Civil	App % = Approval %	Exp = Expenditure
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## APPENDIX A

## Otago

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	1,891	88%	943	1,549	77%	927	1,796	89%	993
Family	1,329	97%	2,375	1,012	96%	1,677	832	94%	1,527
Civil	161	83%	351	90	87%	213	98	93%	271
Duty Solicitor PDLA			149 49			127 42			155 42
<b>Total</b>	<b>3,381</b>		<b>3,867</b>	<b>2,651</b>		<b>2,986</b>	<b>2,726</b>		<b>2,988</b>

Regional Provider Information				Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	58	58	100%	4%	3%
Family	88	151	58%	4%	5%
Civil	43	159	27%	4%	3%



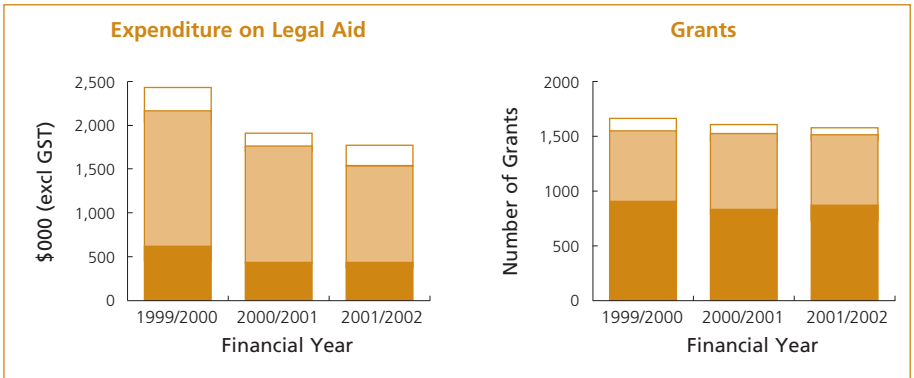
Criminal	Family	Civil	App % = Approval %	Exp = Expenditure
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## APPENDIX A

### Southland

	1999/2000			2000/2001			2001/2002		
	Grants	App %	Exp \$000	Grants	App %	Exp \$000	Grants	App %	Exp \$000
Criminal	917	99%	633	855	71%	490	864	73%	483
Family	658	97%	1,549	680	95%	1,294	671	94%	1,059
Civil	113	92%	285	83	90%	142	53	96%	249
Duty Solicitor			48			51			55
PDLA			21			22			21
<b>Total</b>	<b>1,688</b>		<b>2,536</b>	<b>1,618</b>		<b>1,999</b>	<b>1,588</b>		<b>1,867</b>

Regional Provider Information				Regional grants and expenditure activity as a % of national totals	
	No. of lawyers assigned	No. of legal aid lawyers in region	% assigned cases	Grants	Spend
Criminal	26	26	100%	2%	1%
Family	49	66	74%	3%	3%
Civil	28	72	39%	2%	3%



Criminal
  Family
  Civil
 App % = Approval %
Exp = Expenditure

## APPENDIX B

### LISTED PROVIDER ACTIVITY

**TABLE A**

<b>Provider Information</b>			
	June 2001	June 2002	Change
Criminal	1,031	1,050	19
Family	2,243	2,383	140
Civil	2,560	2,743	183
Mental health	596	600	4
Duty Solicitors	769	790	21
PDLA	488	454	(34)

**TABLE B**

<b>Provider Case Range</b>						
No of cases undertaken	No of providers			% of providers		
	Criminal	Family	Civil	Criminal	Family	Civil
0	72	1,046	1,916	6.8%	43.3%	68.5%
1-5	269	614	816	25.3%	25.4%	29.2%
6-20	180	439	50	16.9%	18.2%	1.8%
21-50	206	253	12	19.4%	10.5%	0.4%
51-100	197	54	4	18.5%	2.2%	0.1%
101-200	116	10		10.9%	0.4%	
>200	22	1		2.1%		

**TABLE C**

<b>Criminal Assignments (from 1 November 2001)</b>			
	Preferred Lawyer	Rotation Off List	Duty Solicitor Preferred
All cases	18,732	9,989	2,729
Approved only	16,825	9,084	2,388

**TABLE D**

<b>Law Firms Total Legal Aid (excludes GST)</b>			
\$ paid	1999/2000	2000/2001	2001/2002
\$0	213	329	267
\$1-10,000	456	497	452
\$10,001-20,000	161	188	184
\$20,001-50,000	329	309	297
\$50,001-100,000	265	238	262
\$100,001- 200,000	166	175	169
\$200,001- 400,000	74	55	61
\$400,001- 600,000	7	6	6
\$600,001- 800,000	4	1	4
\$800,001- 1,000,000	0	0	0
>\$1,000,000	1	1	1

## APPENDIX C

### *Legal Services Agency Directory*

#### HEAD OFFICE

86 – 90 Lambton Quay  
 PO Box 5333  
 DX SP22526  
 WELLINGTON  
 Phone: 04 495 5910  
 Fax: 04 495 5911

#### WHANGAREI LEGAL AID OFFICE

Level 3, Tai Tokerau Building  
 Hunt Street  
 PO Box 183  
 DX AP24532  
 WHANGAREI  
 Phone: 09 430 1080  
 Fax: 09 430 1081

#### AUCKLAND LEGAL AID OFFICE

Ground Floor, 1 Huron Street  
 PO Box 33 702  
 DX BP66014  
 TAKAPUNA  
 Phone: 09 488 5440  
 Fax: 09 488 5441

#### MANUKAU LEGAL AID OFFICE

Level 4, Merial House,  
 Putney Way  
 PO Box 98045,  
 DX: EP 75512  
 South Auckland Mail Centre  
 MANUKAU CITY  
 Phone: 09 262 7750  
 Fax: 09 262 7759

#### HAMILTON LEGAL AID OFFICE

Level 3, NZI House Garden Place  
 PO Box 19-204  
 DX GX10053  
 HAMILTON  
 Phone: 07 834 6124  
 Fax: 07 834 6129

#### ROTORUA LEGAL AID OFFICE

Level 7 Trustbank House  
 154 Hinemoa Street  
 PO Box 1576  
 DX: JP30042  
 ROTORUA  
 Phone: 07 350 1090  
 Fax: 07 350 1080

#### NAPIER LEGAL AID OFFICE

1st Floor, Dunvegan House  
 cnr Hastings and Station Streets  
 PO Box 544  
 DX: MP 70001  
 NAPIER  
 Phone: 06 833 7750  
 Fax: 06 833 7759

#### NEW PLYMOUTH LEGAL AID OFFICE

AMP Building  
 Powderham Business Centre  
 117 Powderham Street  
 PO Box 590  
 DX NP90031  
 NEW PLYMOUTH  
 Phone: 06 759 0451  
 Fax: 06 759 0476

#### WELLINGTON LEGAL AID OFFICE

Level 2, Fulbright New Zealand House  
 120 – 124 Featherston Street  
 PO Box 24-149 Manners Street  
 DX SP20503, Boulcott Street  
 WELLINGTON  
 Phone: 04 472 9040  
 Fax: 04 472 5250

#### CHRISTCHURCH LEGAL AID OFFICE

First Floor, 12 Leslie Hills Drive  
 PO Box 8970  
 DX WX11123  
 CHRISTCHURCH  
 Phone: 03 341 4450  
 Fax: 03 341 4459

## APPENDIX C

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### *Legal Services Agency Directory*

#### **DUNEDIN LEGAL AID OFFICE**

Level 1, Radio Otago House  
248 Cumberland Street  
DX YP80502  
PO Box 5641, Moray Place  
DUNEDIN  
Phone: 03 477 5035  
Fax: 03 479 2517

#### **INVERCARGILL LEGAL AID OFFICE**

35 Don Street  
PO Box 1301  
DX YA90024  
INVERCARGILL  
Phone: 03 214 2680  
Fax: 03 214 2689

## NOTES

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