

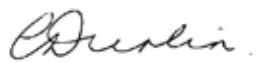
STATEMENT OF INTENT 2006 | 2009

This Statement of Intent is prepared in order to meet the requirements of section 139 of the Crown Entities Act 2004.

It records:

- the overall strategic direction of the Agency
- the nature and scope of the activities undertaken by the Agency
- the objectives and measures by which the Agency's performance may be judged
- the environmental factors that impact on the activities and objectives of the Agency
- capability and ownership information
- forecasted financial information for the financial year 1 July 2006 to 30 June 2007.

This Statement of Intent spans the years 2006 to 2009. It reflects the current position in relation to the strategies and resources required to support the strategic direction of the Agency, and therefore supersedes all previous business plans and Statements of Intent of the Agency.



Carole Durbin
Chair



Joy Liddicoat
Board Member

CONTENTS

Mission, Vision and Values	02	Agency Capability	30
From the Chair and Chief Executive	03	Our people	30
Part One – The Agency	05	Accommodation	31
Role of the Agency	06	Information Technology	31
Governance	07	2006–2009 Strategic Direction	31
Legal Services Agency Board	07	2006/07 Key Priorities	31
Risk Management Committee	07	Funding and Costs of Output Classes	32
Public Advisory Committee	08	Output Class 1 –	
Memorandum of Understanding		Administration of Legal Services	32
with the Crown	08	Output Class 2 – Provision of	
Organisation Chart	09	and Access to Legal Services	33
		Funding of community law centres	33
Part Two – Strategic Overview	11	Part 4 – Forecast Financial Statements	35
Operating Environment	12	Prospective Statement of Financial	
General population trends	12	Performance	36
Legal aid trends	12	Prospective Statement of Movements	
Providers	13	in Equity	36
Community law centres	13	Prospective Statement of Financial Position	37
The Legal Services Amendment		Prospective Statement of Cash Flows	38
Act 2006	14	Statement of Accounting Policies	39
Overview of the Justice Sector	15	Appendices	43
Justice Sector Outcomes	15	Appendix 1	44
The Legal Services Agency		Quality Characteristics –	
Outcome Framework	16	Public Defence Service	44
		Summary of Financial Performance –	
Part 3 – Performance Objectives	19	Public Defence Service	44
Outcome 1 – Legal aid and related schemes	20	Appendix 2	45
Our role	20	Law-Related Education and Information	
2006–2009 Strategic Direction	20	Resources Supported by the Agency	45
2006/07 Key Priorities	21	Quality Criteria	45
Monitoring our progress	22	Appendix 3	46
Public Defence Service pilot	23	Quality Characteristics –	
Outcome 2 – Community legal services	25	Policy Advice and Information	46
Our role	25	Appendix 4	47
2006–2009 Strategic Direction	25	Directory	47
2006/07 Key Priorities	25		
Monitoring our progress	25		
Outcome 3 – Law-related education			
and legal information	27		
Our role	27		
2006–2009 Strategic Direction	27		
2006/07 Key Priorities	27		
Monitoring our progress	28		

MISSION, VISION AND VALUES

Mission

- Helping people access justice.

Vision

- To ensure all eligible people in New Zealand are able to access publicly funded legal services.

Values

- Fairness
- Integrity
- Responsiveness
- Respect

Guiding Principles

In developing and delivering effective services 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
- quality, efficient services at an economic cost.

FROM THE CHAIR AND CHIEF EXECUTIVE

The 2006–2009 Statement of Intent sets out a path that both the Board and Management look forward to.

First and foremost we welcome the introduction of the Legal Services Amendment Act 2006 (the Act). It includes changes that go to the core of any legal aid scheme – the levels of financial eligibility, the merits of a person’s case to receive legal aid, and establishing and managing repayments. Up to 40% more people will be able to access justice through public funding. The increase is significant. There will be a major impact on the Agency’s size, systems, additional functions, infrastructure and information for prospective applicants and providers.

Access to justice through our legal aid and related schemes is predominantly provided through private providers. Clients rely on them to deal with their legal needs. We value them, not only for their contribution in that regard, but in recognition that while the work is no doubt personally rewarding, it may not necessarily be as financially rewarding as private clients.

Given the increased access provided by the Act, the matter of reasonable availability of competent lawyers is of even greater relevance. We have completed our second study on availability of providers across the country in 51 locations. We will continue to do that annually to build up our knowledge of trends.

A particular new function of the Act is the provision requiring the Agency to review the remuneration rates of providers from time to time. We have been aware of the concerns raised by providers about the level of rates. We will report to the Minister of Justice on how the rates could be reviewed. This will help with a prompt review once the Act is implemented. Any increased appropriation will be a decision for the Government.

Over the period of the Statement of Intent we are keen to progressively work through how to simplify and streamline processes and documentation requirements – particularly for high volume standard cases.

We have already started. First, in family legal aid we have started testing a concept called global granting based primarily on standard cases, activities, payments and invoicing. If successful, the underlying concepts may be applicable in other areas of legal aid granting.

Secondly, we will take opportunities to streamline processes alongside those embodied in the Act. Once implemented and bedded down, a review and development programme will resume aimed at further progress in making the scheme cost effective for providers and the Agency alike.

Our sights, however, are not just on improving our operations. We have already started on developments that are aimed at improving the administration of those legal services provided from the time a person is detained by the Police to the time they first appear in Court. We will progress our tests and initiatives in the forthcoming year or so. There are, however, some underpinnings that are worthy of mention.

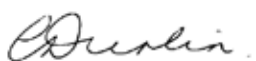
Across all our schemes and community legal services, we are keen to ensure that people have reasonable access to competent providers. In seeking this for initial criminal legal services, our approach has been to assess the way we manage both the duty solicitor and police detention legal assistance schemes. This includes setting out what is expected or required and identifying those providers who will have responsibility for oversight, support of other providers through supervision, training, mentoring and monitoring. We anticipate that our initiatives will bring positive benefits for clients, the Courts and providers.

We will also continue to progress the delivery of community legal services. With the enactment of the Lawyers and Conveyancers Act 2006, there will be increased funding for services from community law centres, due to a change in the level of interest from solicitors trust accounts to the Special Fund. The increase will be dependant on the level of housing market activity. We would like to progress two key areas – expanding services to those communities and communities of interest on the basis of need; and working with community law centres to enhance the effectiveness of their services.

We will continue the Public Defence Service pilot, recognising that within the three-year time frame of this Statement of Intent, a decision will need to be made on its future.

Last year we indicated that the Agency was entering into a major development phase that will have a significant effect on our operations and services. We are underway and wish to acknowledge the great commitment of our staff – some meeting the day to day challenges; some dealing with our developmental work. All will be affected by changes.

We particularly wish to encourage providers and community law centres to continue to work with us to build and develop operations and services that will more effectively help people access justice.



Carole Durbin
Chair



TJ Bannatyne
Chief Executive

PART ONE

THE AGENCY

ROLE OF THE AGENCY

The legislative functions of the Agency are set out in the Legal Services Act 2000. These functions have been used to develop the specific and more detailed role of the Agency, which is aligned to the Agency's outputs.

The Agency administers the legal aid and related schemes by managing the:

- legal aid scheme (which includes criminal, family, Waitangi Tribunal and civil general legal aid, and the Public Defence Service pilot)
- duty solicitor scheme
- police detention legal assistance scheme.

The Agency supports community legal services by assisting to establish, fund and support community law centres, and contracting with them to:

- provide legal advice, assistance and representation
- provide legal information and law-related education
- undertake law-reform advocacy work on behalf of the community served.

The Agency provides and funds law-related education and legal information by providing information on:

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

The Agency investigates and advises on any matter that is referred to it by the Minister that relates to legal aid schemes or community legal services.

The Agency carries out other functions that are conferred on it by the Act or any other enactment including:

- receiving advice from the Public Advisory Committee on:
 - community law centres and, in particular, funding for individual community law centres
 - community concerns about, and responses to, schemes and community legal services
 - research, legal education programmes, information and forms
- registering approved providers according to Agency criteria to enable them to undertake legal services under contracted arrangements.

Review of legal aid decisions

The Legal Services Act 2000 enables applicants who have sought or been granted 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 (LARP). The Agency provides administrative support to LARP.

GOVERNANCE

Legal Services Agency Board

The Board is composed of not more than six members possessing diverse skills and experience to bring a wide range of perspectives to bear on policy and operational issues. All members are required to act in the best interests of the Agency. The Board members are:

CAROLE DURBIN (Chair) – Consultant at the law firm Simpson Grierson. Chair, Mighty River Power. Member of the Earthquake Commission. Fellow of the Institute of Directors. Director, Fidelity Life.

ALISTER JAMES – Christchurch based barrister and youth advocate with extensive local government experience. Member of Canterbury District Health Board.

DR PARE KEIHA – Associate Professor, Dean of Maori Development Faculty, Auckland University of Technology. Iwi affiliations are with the principal tribes of Turanga. Member of the Board of the Foundation for Research, Science and Technology. Member of the Institute of Directors.

ALF KIRK (until 31 July 2006) – Wellington based consultant with management experience in the public sector across a range of strategic, policy, financial and human resource functions.

JOY LIDDICOAT – Wellington based sole practitioner specialising in public law. Human Rights Commissioner.

PAULINE A WINTER – Auckland consultant. Chair Pacific Business Trust, Deputy Commissioner of The Transport Accident Investigation Commission, Board member of the Government Innovation Advisory Board and former Chief Executive of Workbridge Inc.

Risk Management Committee

The Board is responsible for the management of risks to the Agency. The Board has charged the Chief Executive with establishing and operating a risk management programme. The Agency has established a Risk Management Committee chaired by one of three external members, with two Board members (including the Board Chair) and the Chief Executive.

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 Risk Management Committee members are:

- **BASIL LOGAN (CHAIR)** – Chair, Opus International Consultants Ltd. Chair, Government Superannuation Fund Authority.
- **TIM BANNATYNE** – LSA Chief Executive.
- **DAME MARGARET BAZLEY, DNZM** – Chairperson, New Zealand Fire Service Commission. Chairperson, Foundation for Research, Science and Technology. Member, Waitangi Tribunal. Commissioner for the Inquiry into Police Misconduct.
- **CAROLE DURBIN** – LSA Board Chair.
- **ROSS TANNER** – Chair, Crown Health Financing Agency. Director, MedTech Global Ltd. Chair, St Peters (Wellington) Endowment Fund. Chair, Internal Audit Committee, Department for the Prime Minister and Cabinet. Chair, Internal Audit Committee, Education Review Office. Member, Internal Audit Committee, Office of the Controller and Auditor-General.
- **PAULINE A WINTER** – LSA Board member.

Public Advisory Committee

The Public Advisory Committee (PAC), established in accordance with section 104 of the Legal Services Act 2000, is a committee of external advisers to the Agency, representing the interests of a range of community members, including women, Maori, Pacific peoples, youth, older people, people with disabilities, consumers, refugees and migrants, the legal profession and community law centres. PAC provides advice and feedback on:

- the legal aid and other schemes and services funded or delivered by the Agency
- unmet legal needs
- funding of community law centres (CLCs)
- research
- law-related education.

A number of PAC members come with expertise to represent the interests of more than one community. The members of PAC are (with their primary area of representation):

- Lynne Barraclough – Maori
- Deb Christensen – people with disabilities
- Sue Dodds (Co-convenor) – women
- Jim Guest – the legal profession
- John Hancock – youth
- Emily Maea – Pacific peoples
- Penelope Nicholas – consumers
- Dilki Rajapakse – migrants and refugees
- Evan Thomas – older people
- Peter Walker (Co-convenor) – community law centres.

Memorandum of Understanding with the Crown

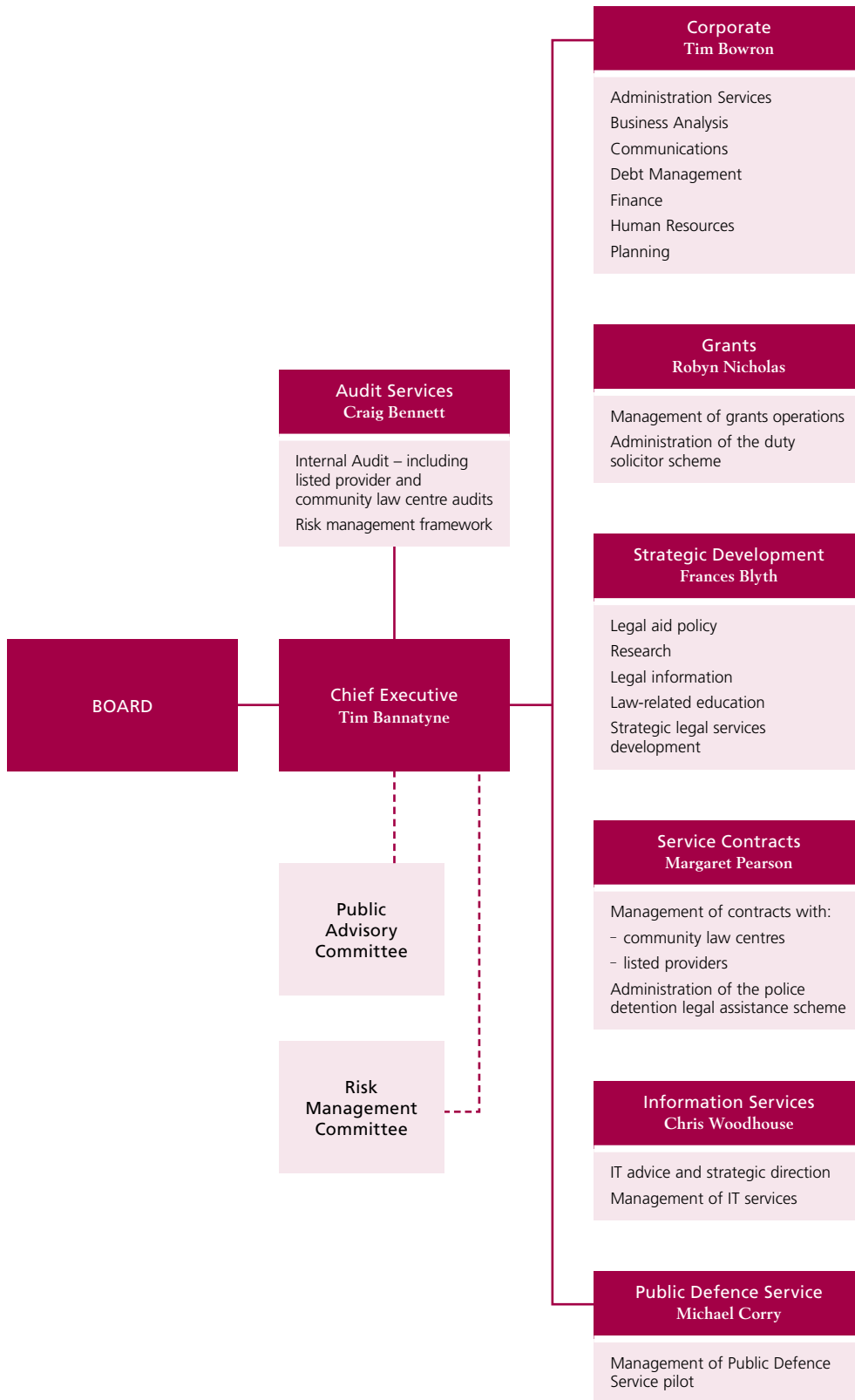
The Agency and the Minister of Justice (on behalf of the Crown) are parties to a Memorandum of Understanding (MOU) which is negotiated on an annual basis. The MOU records the parties' understanding of certain matters that affect the relationship between the Crown and the Agency during the relevant financial year, including:

- the classes of outputs to be produced
- performance expectations relating to the classes of outputs to be produced
- the amount included in the Estimates as an appropriation under Vote Justice to fund the activities of the Agency
- the requirements for the Agency to provide information it holds to the Ministry of Justice in order to enable the Minister and Ministry to meet their responsibilities.

In addition, the MOU records that the Agency will forward quarterly to the Minister a set of reports on its financial and non-financial performance for the financial year. The quarterly reports also contain updates on progress in relation to major projects that occur during the year. In the 2006/07 year, the Agency will provide the Minister with updates on:

- the implementation of the Legal Services Amendment Act 2006
- the Public Defence Service pilot
- the modernisation of the Agency's core IT business application, Legal Aid Office
- the review of initial criminal legal services
- provider remuneration
- the global granting concept
- and any other significant issues that the Agency wishes to draw to the attention of the Minister.

ORGANISATION CHART





PART TWO

STRATEGIC OVERVIEW

OPERATING ENVIRONMENT

General population trends

New Zealand's population has increased steadily over the past decade, from 3.7 million in 1996 to 4.1 million as at 30 September 2005. It is expected to reach 4.5 million by 2021. Rising population has led to increased demands for services from justice sector agencies. Because significant population growth is occurring, in particular in the upper North Island, it also affects where services need to be located.

Overall the population is ageing and this will, in the long term, result in a reduction in the proportion of young people and affect the level and nature of demand on the sector. In the short-term however, the child and youth population will not reduce significantly and this suggests a sustained level of ongoing demand to which the justice sector will need to respond.

Over the past 20 years, New Zealand has had an increasing number of migrants, many from countries where English is not the first language. This has implications for the Agency such as the need for the publication of legal information in languages other than English or Maori. It also means that providers may need to respond differently to a more diverse client base to meet their legal needs.

Family structures are changing with more single parents and more 'blended' families. These changes may require the provision of different or increased service delivery.

Legal aid trends

The make up of each group that receives legal aid differs across the various legal aid schemes – namely criminal, family, Waitangi Tribunal and civil general. In the 2004/05 year, in relation to criminal legal aid: over 80% of recipients were male, approximately 50% of recipients were under 29 years of age, and recipients were disproportionately of Maori or Pacific peoples' ethnicity. In relation to family legal aid: over 75% of recipients were female, over 50% of applicants were aged between 30 and 44 years (with a significant group of females in the 18–29 year age group), and recipients were disproportionately of Maori and Pacific peoples' ethnicity.

Payments for family legal aid cases decreased over the four years from 2000/2001. In 2004/05, payments for family legal aid decreased by \$0.5 million (1.7%) over the preceding year. However, they may have stabilised in 2005/06. In contrast, payments for criminal cases have been gradually increasing. In 2004/05, criminal payments rose \$2.4 million (6.2%) over the previous financial year. In 2004/05, payments for civil legal aid cases increased by \$0.7 million (12.6%) over the preceding year, but there is no apparent trend in this.

Payments for Waitangi legal aid relate to proceedings that take a number of years to finalise. As such, the timing of payments is variable and will differ from year to year depending on the size and complexity of the claims being considered by the Waitangi Tribunal, and the stage that claims are at in the Tribunal process. In 2004/05, payments for Waitangi legal aid cases were \$4.2 million (60.3%) higher than that for the previous year. A number of factors contributed to that significant increase, including the fact that the Agency worked with providers to ensure that invoices for work carried out in previous years were submitted and processed.

Providers

A defining feature of the administration of the legal aid and related schemes is the reliance on the commitment and expertise of private lawyers to enable legally aided persons to access legal services.

There are approximately 3,000 lawyers listed with the Agency as providers to supply legal services. These lawyers may be registered under the Agency's 'listing' process under one or several of the legal aid schemes, and may also provide duty solicitor and police detention legal assistance services.

Lawyers listed with the Agency are not a homogenous group. There is variability in the nature and complexity of work undertaken (i.e. the services provided under individual schemes), the volume of legally aided work undertaken, and the levels of seniority and experience of the lawyers.

Given that the Legal Services Amendment Act 2006 significantly increases the pool of people eligible to receive legal aid (see overleaf), the reasonable availability of competent lawyers to provide legal aid services is of increased importance. The Agency monitors the availability of lawyers through a yearly survey. During 2006/07, the Agency will complete a third survey and, based on the availability and take-up results, undertake a scenario based on volumes forecasted following the implementation of the Legal Services Amendment Act 2006. This will enable the Agency to identify trends and areas of limited availability.

Alongside private sector lawyers, the Agency operates in-house criminal defence services at the Auckland and Manukau Courts. The Public Defence Service (PDS) pilot was launched in May 2004, and its formal objectives are set out in a Statement of Service (available on the Agency's website). The objectives of the PDS are intentionally focused on quality of services and value for money, as well as meeting legal needs, and innovation and the opportunity to develop expertise. In addition, the PDS aims to provide the Agency with information about the effort and resources required to deliver quality services, and about what factors might influence the level of quality of service delivery.

Community law centres

Community law centres (CLCs) are bodies whose primary function is, or includes, the provision of legal services to communities with unmet legal needs, and in particular to people with insufficient means to pay for legal services. Each CLC is either an incorporated society or incorporated charitable trust, with a governance and management structure independent of the Agency.

There are currently 25 CLCs and two pilot CLCs located throughout New Zealand. Some CLCs focus on providing services for a particular group such as youth or Maori, although most provide general services to a geographically defined community.

Annually, each CLC submits to the Agency a service delivery proposal projecting client services to be provided. The Agency then contracts with CLCs to provide:

- legal advice, assistance and representation
- legal information and law-related education
- law reform and advocacy work on behalf of the community.

CLCs are funded from the interest earned on solicitors' nominated trust accounts. The amount earned is dependent upon the principal invested in solicitors' trust accounts on a daily basis and interest rates. Given that these two factors are difficult to forecast, it is important that the Agency manages funding prudently to ensure that CLCs receive reliable and sustainable funding.

Changes contained in the Lawyers and Conveyancers Act 2006 will result in a forecasted 20% increase in the amount the Agency receives to fund CLCs (presuming that current revenue levels continue).

The Legal Services Amendment Act 2006

The Legal Services Amendment Act 2006 (the Act) was passed in April 2006. At the time of writing, an implementation date for the Act had not formally been set, but the Agency is working to the proposed implementation date of 1 March 2007. The actual implementation date for the Act will be set by order in council after the regulations have been finalised.

The Act amends the Legal Services Act 2000 and includes a newly defined interests of justice threshold for criminal cases and the removal of the prospects of success test for some family cases. In addition, the financial eligibility test for family and civil legal aid is changed for the first time since 1987 to be consistent with the financial thresholds of the Community Services Card. The financial eligibility threshold for criminal legal aid remains the test of insufficient means. In all cases the proposed amendments alter the approach to the establishment and repayment of legal aid to the Agency.

The Act will have the effect of increasing the number of New Zealanders who are eligible for legal aid to 1.2 million (from the current eligible pool of 765,000). Correspondingly, once implemented, the changes contained in the Act are expected to result in a 40% increase in the number of grants of legal aid made by the Agency. In addition, under the new Act a higher proportion of legal aid recipients will be required to pay for some or all of their grant of aid. Those in this category will increase from approximately 8,000 to 22,000, with the value of repayments rising from \$10.8 million to \$24.6 million per year.

The Act also includes a new function for the Agency. From time to time we must review the rates of payment in respect of legal services by listed providers on a contract for services.

With the implementation of the Act planned for 1 March 2007, we intend to report to the Minister of Justice prior to that on the process and methodology for reviewing the rates. This will facilitate a prompt review following implementation.

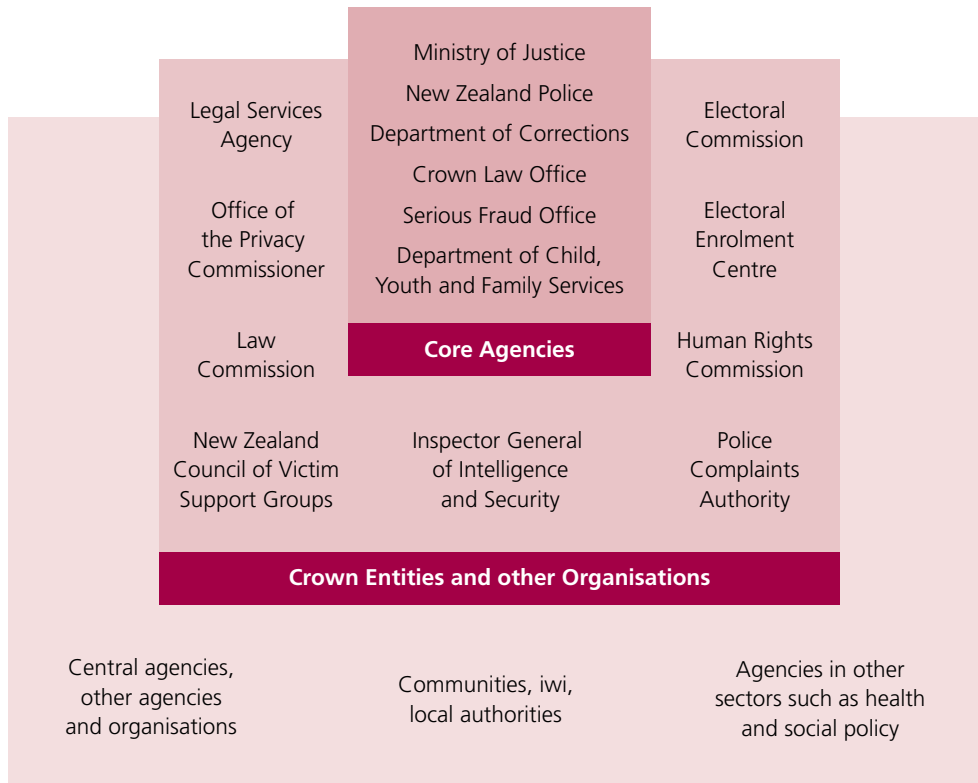
The implementation of the Act is a major change management exercise affecting most aspects of the Agency's business. Specifically, the implications of the Act include:

- an approximately 40% increase in staff numbers
- increased accommodation requirements
- changes to the functionality and capacity of the Agency's core IT system
- revised policies, procedures and manual forms
- the development of communication and training strategies for both providers and staff
- the development of a communication strategy to inform prospective applicants of the changes in eligibility; and
- the development of a system to manage grants of legal aid during the transition from the current Act (the Legal Services Act 2000) to the new Act.

Alongside the implementation of the Act, the Agency will progress independent but complementary changes, to streamline the applications, approvals, claims and debt processes for legal aid. The objective is to reduce the number of transactions necessary between providers and the Agency, while maintaining the integrity and accountability of the Agency's core functions.

OVERVIEW OF THE JUSTICE SECTOR

New Zealand has a robust justice system and a co-ordinated justice sector comprising the Ministry of Justice, the Department of Corrections, the New Zealand Police, Crown Law, the Serious Fraud Office and the Department of Child, Youth and Family Services¹ and their Ministers. The broader sector also includes a number of other agencies, of which the Legal Services Agency is the largest Crown entity.



Justice Sector Outcomes

There are two justice sector end outcomes.

SAFER COMMUNITIES being communities in which there is reduced crime and in which safety and wellbeing is enhanced through partnerships.

Community safety influences the way people engage in social, productive or creative enterprises or activities. People are assured when there are core safety functions, less crime and a police service that meets communities' expectations to lead safe lives. Safety is also enhanced when communities are supported through locally based government agencies and organisations.

¹ As from 1 July 2006 Child, Youth and Family Services will be part of the Ministry of Social Development.

A FAIRER, MORE CREDIBLE AND MORE EFFECTIVE JUSTICE SYSTEM being a system in which people's interactions are underpinned by the rule of law and justice services are more equitable, credible and accessible.

New Zealand's justice system comprises constitutional arrangements and legal frameworks, civil and criminal structures, police investigations, judicial processes and dispute resolution, and offender management. The more effective and efficient each element, the closer the whole system will come to achieving the outcome.

These two outcomes are interdependent: safer communities need to be supported by the rule of law administered by a fair, credible and effective justice system.

The sector is currently reviewing its outcomes. This work, which is being led by the Ministry of Justice, will examine the present outcomes structure to ensure the outcomes remain relevant and enable the sector to continue to make a strong contribution towards the goals of Government.

The focus has been on producing a set of outcomes and associated indicators which are relevant across the sector and which are interpreted in a consistent manner by sector agencies. Consideration is being given to the manner and means by which these outcomes are articulated and the development of indicators which provide clear evidence of performance and progress.

The Legal Services Agency Outcome Framework

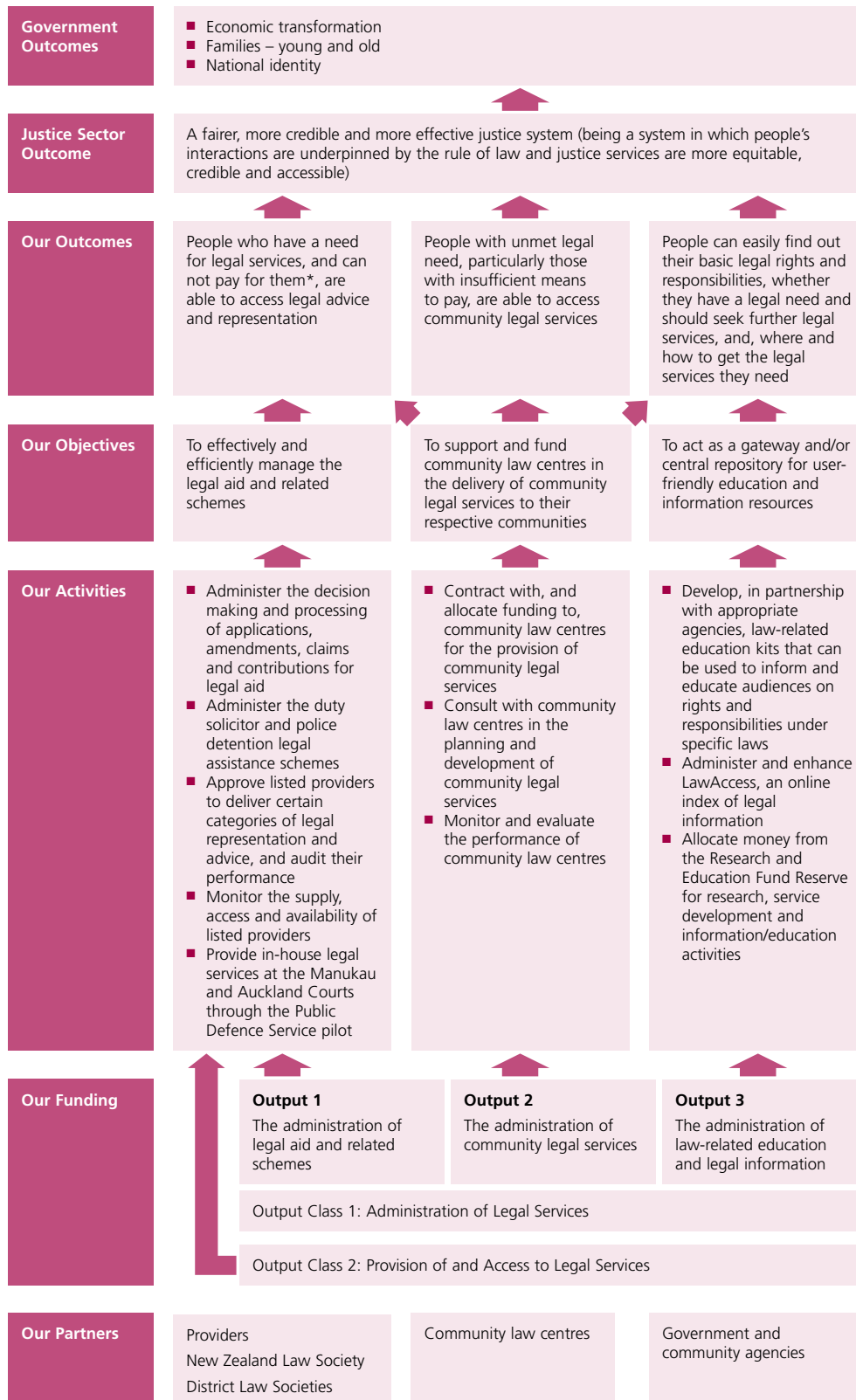
The Agency's outcome framework sets out the key objectives of the Agency and clarifies the links between the funding received, outputs delivered, activities undertaken and key outcomes sought by the Agency. The framework also reflects the key contribution of stakeholders in enabling the Agency to meet the needs of its clients.

The Agency's outcomes support those of the wider justice sector and Government. As the purpose of the Agency's enacting legislation is to "promote access to justice", the Agency strongly identifies with the second justice sector end outcome – A fairer, more credible and more effective justice system (being a system in which people's interactions are underpinned by the rule of law and justice services are more equitable, credible and accessible). As mentioned previously, the justice sector is currently reviewing its outcomes. Consequently, any changes arising as a result of that review process may require the redevelopment of the Agency's framework.

The Agency's outcome framework is depicted on the following page. Part 3 – Performance Objectives outlines for each of the Agency's three outcomes, and also with respect to the Agency's capability, the Agency's role, 2006–2009 strategic direction (3 year goals), 2006/2007 key priorities and performance measures. Strategic direction and key priority items are initiatives that the Agency views as contributing to significant developments, as opposed to activities that will maintain the status quo or provide improvements by increments.

The Agency is currently not in full compliance with section 141 of the Crown Entities Act 2004 which requires disclosure of outcome measures for the term covered by this Statement of Intent.

THE LEGAL SERVICES AGENCY OUTCOME FRAMEWORK



* Only the legal aid scheme is means tested.



PART THREE

PERFORMANCE OBJECTIVES

OUTCOME 1 – LEGAL AID AND RELATED SCHEMES

People who have a need for legal services, and can not pay for them², are able to access legal advice and representation.

Our role

The Agency's fundamental purpose is to help people with unmet legal needs and insufficient means to pay be able to access justice. The principal means of fulfilling this purpose is through the provision of the legal aid and related schemes.

The legal aid scheme provides grants of legal aid that enable eligible applicants to be represented in either criminal and civil (including family and Waitangi Tribunal) legal matters. The Agency's administration of the legal aid scheme involves five key areas of activity:

- deciding whether to grant legal aid to an applicant based on statutory, regulatory and policy criteria
- deciding the appropriate level of payment for work to be, or that has been, completed
- deciding whether the aided person should repay some or most of the grant
- assigning, or confirming assignment of, the listed provider(s) (lawyer) to a case
- managing debt repayment by the legally-aided person, where relevant.

Alongside the legal aid scheme, the Agency also manages the police detention legal assistance (PDLA) scheme and the duty solicitor scheme. The PDLA scheme funds the provision of advice and assistance for people being questioned, arrested or held by the Police. The duty solicitor scheme provides funding for duty solicitors to be present in the district courts to give initial advice and representation, and to help with applying for legal aid.

2006–2009 Strategic Direction

In all aspects of business the Agency continues to be conscious of making improvements that will advance the best interests of applicants and aided persons, listed providers, and the Agency on behalf of the Crown.

The Agency has completed a number of major reviews of the legal aid schemes, including: streamlining of the Agency's documentation, the feasibility of e-lodgement and system-generated assistance for legal aid providers; alternative contracts, and global granting. The Agency has now moved into a major development phase that will have a significant effect on its operations and services.

Over the next three-year period, the Agency will:

- implement the changes arising from the Legal Services Amendment Act 2006 in a manner that will streamline legal aid applications, approvals, claims and debt processes for both providers and the Agency
- develop and implement (as appropriate) alternative arrangements with providers for providing legal advice and representation (such as alternative forms of contracting, contracts for specific legally aided cases and the Public Defence Service pilot)
- review and consider opportunities for the enhancement of initial criminal legal services
- develop the process and methodology for reviewing provider remuneration.

² Only the legal aid scheme is means tested.

2006/07 Key Priorities

In 2006/07, the key focus of the Agency will be the successful implementation of the Legal Services Amendment Act 2006 and associated streamlined initiatives.

In addition, and complementary to the implementation of the Act, the Agency will continue its review of the publicly funded initial criminal legal services that are currently accessible, from the stage that a person is detained and/or charged by the Police, through to an initial or subsequent court appearance/s. The objective of this review is to draw conclusions on how to reduce the gaps in the provision of services and the barriers to access to services.

Specifically, in 2006/07 the Agency will:

- implement the changes arising from the Legal Services Amendment Act 2006 in a manner that will streamline legal aid applications, amendments, claims and debt processes for both providers and the Agency
- report to the Minister of Justice on the process and methodology for reviewing the rates paid to legal aid providers on contracts for services
- continue testing and decide on implementation of streamlining initiatives alongside the implementation of the Legal Services Amendment Act 2006, including:
 - a menu of fixed fee payments in standard family cases, reducing the need for amendment requests by providers and the total transactions between the Agency and providers
 - the Agency issuing a pro forma invoice for the provider to complete as a way of streamlining the Agency's invoicing system
 - streamlining the Agency's documentation requirements
- test changes to the duty solicitor scheme and make decisions about national best practice under the scheme
- develop options for improved administration of the police detention legal assistance scheme
- complete a national survey of unmet legal needs, and consider the implications for the administration of the legal aid scheme, community legal services, and other service delivery options
- consider alternative options for the payment of criminal legal aid
- implement alternative contracts, if required, to ensure that those people eligible for legal aid can access legal services.

Monitoring our progress

In order to assess the Agency's progress towards achieving the intended outcome the following performance measures will be monitored:

Output Class 1 – Administration of Legal Services

Output 1 – The Administration of Legal Aid and Related Schemes

This output involves:

- managing the payment of legal aid funds appropriated to the Minister of Justice for the provision of legal aid for persons of insufficient means to pay for those services
- managing the decision making and processing of applications, amendments, claims and contributions for legal aid
- providing and administering 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 compliance with requirements.

Performance Measures	Performance Standard 1 July 2006 – 30 June 2007	Performance Standard 1 July 2005 – 30 June 2006
Quantity (estimates)		
No. of new criminal legal aid applications administered	48,000 – 55,000	43,000 – 47,000
No. of new civil legal aid (family) applications administered	20,000 – 24,000	16,800 – 20,800
No. of new civil legal aid (other) applications administered	1,800 – 2,400	2,300 – 2,950
No. of provider applications administered (estimate)	550 – 600	600
Timeliness		
% of civil applications, civil and criminal amendments and claims that are processed within the turnaround standard of:		
■ 5 working days	75%	75%
■ 15 working days	95%	95%
% of criminal applications processed within the turnaround standard of:		
■ 1 working day	93%	93%
■ 15 working days	95%	95%
Quality		
% accuracy for compliance with relevant legislation, regulations and Agency policy and standards	95%	95%
% of provider applicants approved that meet Agency listing criteria	100%	100%
Number of provider compliance audits undertaken	114	New Measure

Output Class 2 – Provision of and Access to Legal Services

Under this Output Class the Minister of Justice will secure the discharge by the Legal Services Agency of financial responsibilities mandated under legislation: payments to legal practitioners for services provided in respect of legal aid; the duty solicitor scheme and the police detention legal assistance scheme (which provides legal advice to people being questioned, arrested or detained); and payments to community law centres. The Public Defence Service pilot (PDS) also contributes to output 1.

Performance Measures	Performance Standard 1 July 2006 – 30 June 2007	Performance Standard 1 July 2005 – 30 June 2006
Quantity		
Projected number of criminal cases granted	42,000 – 48,000	38,000 – 42,000
Projected number of family cases granted	19,000 – 22,000	15,800 – 19,800
Projected number of civil (other) cases granted	1,600 – 2,000	2,100 – 2,700
Projected number of police detention legal assistance scheme contacts	13,000 – 17,000	13,000 – 17,000
Projected number of hours delivered under the duty solicitor scheme	89,000 – 98,000	89,000 – 98,000

Public Defence Service pilot

The Public Defence Service (PDS) pilot is an in-house legal service providing criminal legal aid services at the Auckland and Manukau Courts. The PDS pilot is an independent, stand-alone service within the Agency, with a structure wholly separate from the Agency's network of legal aid offices. The pilot was established to operate for 5 years from its establishment in 2004.

The PDS pilot employs 16 lawyers (listed as providers with the Agency) to undertake up to a maximum of 33% of the criminal legal aid caseload for the Auckland and Manukau Courts.

The objectives of the PDS pilot are to:

- provide high quality, consistent, independent, value for money services to legally aided persons
- improve system flexibility and provide opportunities to test different approaches to meeting cultural and other needs of clients
- improve the Agency's understanding of issues facing private practice lawyers when providing legal aid services to the public by collecting benchmark information
- provide opportunities to test new and innovative approaches to the management of legal services, and to encourage the development of areas of expertise.

The Agency has contracted the Victoria University Crime and Justice Research Unit (CJRU) to carry out an independent evaluation of the PDS pilot. That Agency has also established an advisory group, comprising representatives from the Ministry of Justice, Ministry of Pacific Island Affairs, New Zealand Law Society, Ngati Whatua, PDS and Auckland District Law Society and Criminal Bar Association to oversee and provide advice on the evaluation. The PDS pilot evaluation has both implementation and outcome components, including the review and analysis of outcomes for clients, the cost of service provision, the amount of time spent on cases, the approaches taken by PDS pilot lawyers, and the way the pilot operates. The final formal evaluation report is due to be tabled in Parliament in December 2008.

Public Defence Service pilot

Performance Measures	Performance Standard 1 July 2006 – 30 June 2007	Performance Standard 1 July 2005 – 30 June 2006
Quantity³		
Number of criminal legal aid cases assigned to PDS	2,100 – 2,500	2,000 – 2,600
Number of duty solicitor hours provided	1,200 – 1,600	1,800 – 2,200
Quality		
PDS legal services quality meets the terms and conditions of the Statement of Service as set out in Appendix 1	No more than 5% of complaints relating to the quality of legal service delivery are upheld	No more than 5% of complaints relating to the quality of legal service delivery are upheld
Timeliness		
PDS notifies LSA Grants of the lead provider providing services on an individual grant within 5 days of assignment	95%	95%

³ The number of legal aid cases and duty solicitor hours provided are based on current application levels and the current duty solicitor roster. These are subject to the way the Agency assigns cases and changes in demand, either as a result of change in the demand for legal aid or changes in the court process.

OUTCOME 2 – COMMUNITY LEGAL SERVICES

People with unmet legal need, particularly those with insufficient means to pay, are able to access community legal services.

Our role

Section 85 of the Legal Services Act 2000 defines a community law centre as “a body 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”.

Part 5 of the Act provides the mandate for the Agency to:

- investigate the need for community law centres to service particular communities
- assist in the setting up of community law centres
- fund and contract with community law centres for the provision of community legal services.

2006–2009 Strategic Direction

The services delivered by community law centres (CLCs) form an important part in ensuring access to justice for people with the greatest need for legal services but the least capacity to pay.

It is the Agency’s intention to maximise the coverage and availability of services throughout the country. This will be achieved through identifying gaps in service delivery and content, and prioritising developments for those most at risk of experiencing unmet legal need.

Over the next three-year period, the Agency will:

- work to enable the maximum access to community legal services by communities with insufficient means to pay
- increase the availability of relevant and easily understood legal information.

2006/07 Key Priorities

In 2006/07, the Agency will continue to work with stakeholders and those in the community to develop services where gaps or barriers to existing services have been identified.

Specifically, in 2006/07 the Agency will:

- in collaboration with neighbouring regional CLCs, develop services for the communities of South Waikato
- strengthen service delivery throughout the Auckland area with an initial focus on meeting the needs of people with disabilities and new migrants.

Monitoring our progress

In order to assess the Agency’s progress towards achieving the intended outcome the following performance measures will be monitored:

Output 2 – The Administration of Community Legal Services

This output involves:

- establishing new community law centres, supporting and funding community law centres, monitoring performance
- management of contracts for service from community law centres.

Performance Measures	Performance Standard 1 July 2006 – 30 June 2007	Performance Standard 1 July 2005 – 30 June 2006
Quantity Number of community law centres	27 – 28	27 – 28
Quality Number of contracts managed to the terms and conditions of the funding	27 – 28	27 – 28
Timeliness Percentage of community law centres advised of approved funding levels by 15 June 2007	100%	100%

OUTCOME 3 – LAW-RELATED EDUCATION AND LEGAL INFORMATION

People can easily find out their basic legal rights and responsibilities, whether they have a legal need and should seek further legal services, and, where and how to get the legal services they need.

Our role

Section 89 of the Legal Services Act 2000 states that “in order to promote access to justice, the Agency may provide or fund law related education and legal information to the public or any section of the public”.

Legal information is neutral information about rights and responsibilities under a specific law or laws. It can inform the public generally, or targeted communities of interest, how to access specific rights and what to do if they are not protected.

Law-related education encompasses courses, seminars or classes for individuals or groups in the community on law-related matters. This may include a variety of legal information resources that when drawn together form a coherent education package.

The Agency both produces legal information and law-related education resources, as well as facilitating access to the resources produced by other organisations, particularly through the website www.lawaccess.govt.nz.

2006–2009 Strategic Direction

The provision of legal information and law-related education is one of the important elements in the array of publicly funded legal services administered by the Agency.

Over the next three year period, the Agency will continue to identify and develop a range of information resources that address key topics of interest for the general public and specifically for people at most risk of unmet legal needs.

Where the Agency identifies that appropriate legal information and law-related education resources already exist, it will serve to act as a central repository or referral to such resources to enhance their accessibility.

Over the next three-year period the Agency will:

- consider alternative approaches to legal advice and legal information services
- implement the legal information and law-related education strategy.

2006/07 Key Priorities

The Agency will seek to further develop and promote the LawAccess website as a central advisory resource for all forms of legal information and education. The Agency aims to develop a fully interactive website that could lead an enquirer⁴ quickly to specific resources (e.g. brochures, manuals, etc) and/or a range of appropriate services (e.g. contact phone numbers).

⁴ An individual with a legal problem or an agency or advocate working on behalf of this person.

In addition, the Agency will extend its range of education and information materials and resources relating to rights and responsibilities under the law. Correspondingly, the Agency will ensure that targeted communities of interest are aware of and understand the implications of the Legal Services Amendment Act 2006.

Specifically, in 2006/07 the Agency will:

- prioritise the development and distribution of resources related to the Legal Services Amendment Act 2006
- improve the scope, content and accessibility of LawAccess
- initiate the development of an education resource on disability and the law.

Monitoring our progress

In order to assess the Agency's progress towards achieving the intended outcome the following performance measures will be monitored:

Output 3 – The Administration of Law Related Education and Legal Information

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 assist an audience to better understand a law or body of laws, and promote access to justice by providing the audience with information required to exercise their legal rights and responsibilities.

Performance Measures	Performance Standard 1 July 2006 – 30 June 2007	Performance Standard 1 July 2005 – 30 June 2006
Quantity		
Number of law-related education and information resources supported by the Agency	14 ⁵	New Measure
Number of organisations' law-related resources that can be accessed via LawAccess	150	New Measure
Quality		
Percentage of law-related education and information resources supported by the Agency that meet the criteria set out in Appendix 2	100%	New Measure
Percentage of organisations whose resources are accepted for inclusion in LawAccess that meet the criteria set out in Appendix 2	100%	New Measure

⁵ A list of the law-related education and information resources supported by the Agency is included in Appendix 2.

Output 4 – The Development of Access to Justice

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 of Justice with policy advice on issues relating to the provision of legal services, including research management and pilot plans.

Performance Measures	Performance Standard 1 July 2006 – 30 June 2007	Performance Standard 1 July 2005 – 30 June 2006
Quantity Policy advice and information that the Agency provides to the Board and the Minister on strategic developments to improve access to justice and the delivery of legal aid	As needed	As needed
Quality Policy advice will conform to the quality criteria set out in Appendix 3. It will display aims, logic, accuracy, options, consultation, practicality and presentation	95% of reports	95% of reports
Timeliness Policy advice and information will be provided in time to meet the requirements of the Board and Minister	95% of reports	95% of reports

AGENCY CAPABILITY

The Agency's success in achieving its outcomes, and contributing to those of the Government and wider justice sector, depends on maintaining and developing our capability.

Our people

As at 30 June 2005, the Agency employed 154 permanent staff members (141.5 full time equivalents). The Agency's employees are located in 14 offices throughout the country from Whangarei to Invercargill.

The number of staff employed by the Agency increased 37% between the 2002/03 and 2004/05 financial years. Predominantly, this increase was the result of the establishment of the Public Defence Service pilot, and more recently is a reflection of the employment of additional Grants officers and the growth of the PDS pilot.

Within the next three year period, the implementation of the Legal Services Amendment Act 2006 will result in an approximately 40% increase in the number of staff employed by the Agency. In addition, all new and existing staff will require training in amended policies and procedures that will result from the new legislation.

The overall gender ratio of the Agency (as at 30 June 2005) was 74/26 (female/male). There is a significant difference in the gender ratio of the Agency's various business groups. For example, the gender ratio of the PDS pilot is 57/43 (female/male), while the average ratio for regional offices is 81/19 (female/male). This is a reflection of the significant number of staff (81%) of Grants staff who are female.

The Agency's employees are predominantly of New Zealand European/Pakeha ethnicity. The percentage of staff of Maori ethnicity has remained relatively constant over the past three years at around 12% of total Agency employees.

The Agency's net turnover of staff during the 2004/05 year was 17.8%, up 1% on the previous year. With its relatively small staffing base, any staff movement can reflect in high percentages of staff turnover. Based on information provided in exit interviews, career aspirations and remuneration dominate the reasons given by staff for resignation. This issue is predominantly experienced for some specialised head office (Wellington) positions and also in the Auckland region, reflecting the competitive labour markets in these centres.

The Agency's human resources policies and development initiatives are designed to enable us to recruit and retain the people we need to achieve our desired outcomes. In addition, all Agency positions are independently job sized and a market remuneration review of all positions is undertaken annually.

On a wider front, in 2004 the Agency undertook an inaugural 'climate' survey of staff with a significant objective being to increase staff satisfaction in working for the Agency. From the feedback received, an Agency Development Plan (the Plan) was developed to address areas of concern raised by staff. The five key goals of the Plan were to:

- improve training and development
- improve IT systems
- ensure a reasonable workload for Grants staff
- improve internal communications
- improve the overall quality of services within the Agency.

Most of the initiatives arising out of the Plan have been implemented or started, while other more ambitious initiatives are ongoing and will require completion over a longer period.

A further staff climate survey was undertaken at the end of the 2005/06 year. This will enable the Agency to monitor its progress in increasing staff satisfaction in working for the Agency, and to identify areas requiring further development in order to achieve our management objectives.

To help support and proactively manage the Agency's people resource, the Agency has implemented a new payroll and human resource management information system (HRMIS). The new HRMIS system will enable the collection and storage of improved personnel information that will better assist human resource management. It will also improve the efficiency of human resource processes, including greater automation of payroll and staff/Agency human resource transactions.

Accommodation

The increase in staff of approximately 40% resulting from the implementation of the Legal Services Amendment Act 2006 will require the Agency to find new accommodation and, in some places, extend current accommodation arrangements over 2006/07. The Agency leases its accommodation requirements and will continue its strategy of prudently managing its property commitments, conscious of providing a favourable physical working environment for staff.

Information Technology

Information technology is a critical element in enabling the Agency to carry out its functions and meet the needs of its clients.

A key ongoing development is the Agency's investment to modernise its current core operating system, Legal Aid Office (LA Office). LA Office was implemented by the then Legal Services Board in 1998 and is the same system used by a number of Australian Legal Aid Commissions.

The Agency has adopted an incremental approach to migrating from its legacy IT system. This is being undertaken through modular developments that can be transferred to a modern replacement application. This approach will enable the Agency to deliver enhancements to meet change requirements over time and, in particular, those arising from the Legal Services Amendment Act 2006 and the associated streamlined business processes. The Agency will likely be seeking additional funding to progress its modernisation strategy in the 2007/08 Budget.

2006–2009 Strategic Direction

Developing the Agency's capability involves ensuring that we have the systems, structures and processes in place to meet the current and future needs of our clients. This requires a holistic approach to ensure the appropriate infrastructure is in place to achieve our intended outcomes.

Over the next three-year period, the Agency will:

- modernise IT systems to replace the Agency's core business application, and support service improvements and developments
- improve staff satisfaction in working for the Agency
- ensure staff have the resources to undertake their work in a manner which meets quality standards.

2006/07 Key Priorities

In 2006/07, the Agency will endeavour to sustain a positive organisational culture through initiatives designed to increase staff satisfaction. This will be underpinned by initiatives to ensure that staff are equipped with the necessary technology and support to perform their roles in a cost-effective and efficient manner.

Specifically, in 2006/07 the Agency will:

- complete the 2006/07 developments of the Agency Development Plan arising out of the Agency's biannual staff climate survey (undertaken in the 2005/06 financial year)
- progress the modernisation of the Agency's core IT application.

FUNDING AND COSTS OF OUTPUT CLASSES

Output Class 1 – Administration of Legal Services

The administration of legal services will be provided during the next three financial years at the following estimated total costs to be met by money appropriated by Parliament and paid to the Agency in accordance with section 103 of the Legal Services Act 2000.

(All figures stated exclusive of GST)	2005/2006 Estimated \$'000	2006/2007 Forecast \$'000
Appropriation – Administration	15,141	18,632
Interest on Research and Education Fund	625	630
Interest on administration funds	700	300
Total administration income	16,466	19,562
Administration expenses	13,700	18,976
Expenditure on research and education	525	630
Total expenses Output Class 1	14,225	19,606
Surplus/(Deficit)	2,241	(44)

Fiscal risk management associated with Output Class 1

- The actual financial results for 2005/2006 and those forecast for 2006/2007 are estimated and therefore may vary from the information presented.
- The demand-driven nature of legal services is such that the Agency will be subject to fluctuating demand and the attendant difficulties of predicting caseloads.

Output Class 2 – Provision of and Access to Legal Services

Provision of and access to legal services will be provided for during the next financial year at the following level, to be met by money appropriated by Parliament and paid to the Agency in accordance with section 103 of the Legal Services Act 2000.

(All figures stated exclusive of GST)	2005/2006 Estimated \$'000	2006/2007 Forecast \$'000
Appropriation – Legal Aid		
Private providers ⁶	90,501	93,139
Public Defence Service	3,621	3,687
Appropriation – Community Law Centres (CLCs)	267	267
Total Appropriation	94,389	97,093
New Zealand Law Society	8,000	8,815
Interest on legal aid funds	615	100
Interest on CLC reserves	144	135
Recoveries from legally-aided parties	8,000	10,307
Total legal aid income	111,148	116,450
Personnel – Public Defence Service	1,725	2,014
Operating – Public Defence Service	710	826
Payments to private providers	96,723	104,293
Payments to CLCs	8,295	9,561
Total expenditure	107,453	116,694
Surplus/(Deficit)	3,695	(244)

Fiscal risk management associated with Output Class 2

- The actual financial results for 2005/2006 and those forecast for 2006/2007 are estimated and therefore may vary from the information presented.
- The demand-driven nature of legal aid is such that the Agency is required to fund all persons entitled to legal aid under the Legal Services Act 2000, and, once implemented, the Legal Services Amendment Act 2006.
- The projected legal aid expenditure in 2006/2007 is based on forecast increases in the expenditure on legal aid as a result of the implementation of the Legal Services Amendment Act 2006. The forecast does not include any other future legislative changes that may increase or decrease the demand for legal aid or the level of legal aid granted.

Funding of community law centres

The Agency administers the funding of community law centres, which are primarily funded from revenue received from the New Zealand Law Society from interest earned on solicitors' trust accounts. This revenue stream will be affected by the implementation of the Lawyers and Conveyancers Act 2006. As no implementation date has been set for this Act, the financial impact cannot yet be calculated and therefore is not included in the 2006/2007 forecast.

⁶ The Legal Services Agency is funded on a cash basis for legal aid expenditure. As a result, the appropriation is subject to change for the actual costs of legal aid demand (subject to the government's normal appropriation processes).



FORECAST FINANCIAL STATEMENTS

Prospective Statement of Financial Performance

For the twelve months ended 30 June:

	2005/2006 Budget \$'000	2005/2006 Estimated Actual \$'000	2006/2007 Forecast \$'000
Revenue			
Government Appropriation			
Administration	15,141	15,141	18,632
Legal Aid	91,322	94,122	96,826
Community Law Centres	267	267	267
Contributions and Charges	9,500	8,718	13,848
Interest	1,439	2,084	1,165
New Zealand Law Society Special Fund	8,000	8,000	8,815
Total Revenue	125,669	128,332	139,553
Expenses			
Administration	14,019	13,700	18,976
Legal Aid – private providers	96,277	103,364	111,454
Legal Aid – Public Defence Service	2,434	2,435	2,840
Community Law Centres	8,536	8,295	9,561
Research and Education	420	525	630
Total Expenses	121,686	128,319	143,461
Net Surplus/(Deficit)	3,983	13	(3,908)

Prospective Statement of Movements in Equity

For the twelve months ended 30 June:

	2005/2006 Budget \$'000	2005/2006 Estimated Actual \$'000	2006/2007 Forecast \$'000
Net (deficit)/surplus	3,983	13	(3,908)
Total recognised revenues and expenses for the period	3,983	13	(3,908)
Public equity as at 1 July	(10,065)	(10,065)	(10,052)
Public equity as at 30 June	(6,082)	(10,052)	(13,960)

Prospective Statement of Financial Position

As at 30 June:

	2005/2006 Budget \$'000	2005/2006 Estimated Actual \$'000	2006/2007 Forecast \$'000
Public Equity			
General Funds			
Administration	6,078	6,845	6,801
Legal Aid	(24,600)	(29,505)	(33,025)
Community Law Centres	2,949	3,137	2,793
Research and Education	9,491	9,471	9,471
Total Public Equity	(6,082)	(10,052)	(13,960)
Assets			
Current Assets			
Bank	50	50	50
Investments	22,101	21,487	17,884
Receivables	2,530	3,480	5,410
Total Current Assets	24,681	25,017	23,344
Non-Current Assets			
Receivables	9,000	7,715	13,098
Fixed assets	709	3,509	5,906
Total Non-Current Assets	9,709	11,224	19,004
Total Assets	34,390	36,241	42,348
Liabilities			
Current Liabilities			
Payables	32,000	42,446	51,118
Employee entitlements	320	320	450
Total Current Liabilities	32,320	42,766	51,568
Non-Current Liabilities			
Payables	8,152	3,527	4,740
Total Non-Current Liabilities	8,152	3,527	4,740
Total Liabilities	40,472	46,293	56,308
Net Assets	(6,082)	(10,052)	(13,960)

Prospective Statement of Cash Flows

For the year ending 30 June:

	2005/2006 Budget \$'000	2005/2006 Estimated Actual \$'000	2006/2007 Forecast \$'000
Cash Flows from Operating Activities			
Cash was provided from:			
Supply of outputs to the Crown	15,141	15,141	18,632
Legal aid funding from the Crown	91,322	94,122	96,826
Community law centre funding from the Crown	267	267	267
Legal aid recoveries	8,000	8,000	10,307
New Zealand Law Society	8,000	8,000	8,815
Interest received	1,439	2,084	1,165
Net Goods and Services Tax	0	0	0
Cash was applied to:			
Payments for legal aid	96,723	96,723	104,293
Payments to community law centres	8,536	8,295	9,561
Payments for law-related education	420	525	630
Payments to employees	9,411	9,411	11,268
Payments to suppliers	5,318	6,724	10,615
Net Cash Flows from Operating Activities	3,761	5,936	(355)
Cash Flows from Investing Activities			
Cash was provided from:			
Investments	0	0	3,602
Cash was applied to:			
Purchase of Fixed Assets	405	3,206	3,247
Investments	3,344	2,730	0
Net Cash Flows from Investing Activities	(3,749)	(5,936)	355
Net Increase/(Decrease) in Cash Held	12	0	0
Plus opening cash	38	50	50
Closing Cash Balance	50	50	50

Statement of Accounting Policies

Reporting Entity

The Legal Services Agency (the Agency) is a Crown entity in terms of the Crown Entities Act 2004.

These prospective financial statements have been prepared in accordance with section 141 of the Crown Entities Act 2004, and comply with the requirements of the Financial Reporting Standard No. 42: Prospective Financial Statements.

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 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 persons 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 ordered by the Agency are recognised as revenue when they are established. The amount recognised as revenue for contributions secured by charges, is the present value of the amount receivable.

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 accounts. 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.

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 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 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 a fixed asset to its recoverable amount is recognised in the Statement of Prospective Financial Performance.

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:

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

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.

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 Prospective Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Prospective Financial Performance.

All financial instruments are shown at their estimated fair value.

Prospective 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.

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 Accounting Policies

There have been no changes in accounting policies since the date of the last audited financial statements. All policies have been applied on a basis consistent with the previous year.

Adoption of New Zealand International Financial Reporting Standards

The Agency intends first adopting New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) for its financial year beginning 1 July 2007. This is consistent with the timeline for adoption by the New Zealand public sector and requires NZ IFRS comparative information to be collected and reported from 1 July 2006.

The Agency is not expecting significant challenges in adopting NZ IFRS, with most uncertainty likely to be in accounting for financial instruments (NZ IAS 39) and how we calculate the carrying value of long-term legal aid debtors and creditors after their initial recognition. The impact of any changes in our financial reporting, had it been prepared with NZ IFRS, is unknown.

In planning for adoption of NZ IFRS, the Agency has committed to training and development for its accounting staff and is progressing its project planning to ensure it is capable of implementing NZ IFRS from 1 July 2006.



APPENDICES

APPENDIX 1

Quality Characteristics – Public Defence Service

1. Services provided to clients will be to a standard that best meets the legal needs of clients. The culture of clients, and their families/whanau will be acknowledged, respected and maintained and where appropriate, may include the interests of the client's personal and social needs where they are related to the client's legal needs.
2. Operations will be conducted in conformity with the Agency's Code of Conduct, the Rules of Professional Conduct, and the Code of Conduct for PDS Lawyers and Other PDS Employees.
3. Effective working relationships will be established and maintained with key stakeholders of the criminal justice system in Auckland and Manukau.

Summary of Financial Performance – Public Defence Service

(All figures stated exclusive of GST) PDS	2005/2006 Estimated \$'000	2006/2007 Forecast \$'000
Notional Revenue	3,621	3,687
Expenditure	2,435	2,840
(Increase)/reduction in legal aid expenditure	1,186	847

Notional revenue represents the equivalent amount of legal aid that would have been paid to private providers for the cases completed by the PDS and the number of hours of duty solicitor work undertaken. Expenditure represents the cost actually incurred in operating the PDS. The PDS is required to repay the initial investment in establishing the pilot over its lifetime by generating a surplus as indicated.

APPENDIX 2

Law-related education and information resources supported by the Agency

- Law-Related Education Kits:
 - Legal Aid and Other Legal Assistance
 - Domestic Violence and Harassment
 - Enduring Powers of Attorney
 - Immigration
 - ACC
 - Disability Resource
 - Legal Reference Manual
- Legal Aid Guide
 - English
 - Maori
- Criminal Legal Aid Pamphlet (English/Maori)
- Legal Aid Information Sheets
 - Civil
 - Criminal
- Legal Aid Pamphlet and Poster Sets
 - Legal Aid
 - Duty Solicitor Scheme.

Quality criteria

Law-related education and information resources supported by the Agency will:

- be developed by an appropriately experienced person
- be written in a 'plain English' style
- be developed in collaboration with relevant agencies
- be independently assessed for accuracy
- be trialled and tested
- have a distribution plan.

Organisations whose resources can be accessed via LawAccess will:

- be government agencies or incorporated non-profit organisations
- be objective
- be easily accessible to the public
- provide law-related education and/or information resources
- have advised that they have systems for monitoring the quality and accuracy of their resources.

Note: The Agency is a participant in the Justice Sector Information Strategy (JSIS), a major co-operative effort involving key justice sector agencies, users of justice information and others with an interest in information and information management. One objective of JSIS is to develop standards for the delivery of legal information via the Internet. As work on this development evolves, the Agency's quality criteria for law-related resources accessible via LawAccess may be further enhanced.

APPENDIX 3

Quality characteristics – policy advice and information

Purpose: the aim of the advice is clearly stated and it answers the questions posed.

Logic: the rationale and assumptions behind the advice are explicit and the argument is logical and supported by the facts.

Accuracy: the facts and figures in the papers are accurate and all material facts are included.

Options: an adequate range of options is presented with the benefits, costs and consequences of each option assessed.

Consultation: the Agency has consulted with other government agencies and other affected parties, with possible objections to proposals identified and discussed.

Practicality: issues surrounding implementation, technical feasibility, timing and consistency of recommendations have been considered.

Presentation: the format meets Cabinet Office and Ministerial requirements, the material is presented effectively, concisely and clearly, has short sentences in plain English and is free of spelling, grammatical and numerical errors.

Quality management: product quality will be supported by a quality management process including:

- circulation of drafts for critiquing by other parties as appropriate
- internal checking procedures
- adherence to the Agency's policy framework.

APPENDIX 4

DIRECTORY

Northern Region

Whangarei Legal Aid Office
Cnr Grey and Norfolk Streets
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 2, Merial House,
Putney Way
PO Box 98045
South Auckland Mail Centre
DX: EP75512
MANUKAU CITY
Phone: 09 262 7750
Fax: 09 262 7759

Midland Region

Hamilton Legal Aid Office
Level 1, Arcadia Building
Worley Place
PO Box 19-204
DX: GX10053
HAMILTON
Phone: 07 834 6124
Fax: 07 834 6129

Rotorua Legal Aid Office
Level 7, Trustbank House
1154 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 & Station Streets
PO Box 544
DX: MP70001
NAPIER
Phone: 06 833 7750
Fax: 06 833 7759

Central Region

New Plymouth Legal Aid Office
Level 1, Devon Centre
Cnr Liardet & Devon Street East
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

Public Defence Service

Auckland Office
Level 10, Affco House
12–26 Swanson Street
PO Box 90243
Auckland Mail Service Centre
AUCKLAND
Phone: 09 302 1961
Fax: 09 302 1962

Manukau Office
Level 1, Osterley Chambers
6 Osterley Way
PO Box 76715
MANUKAU CITY
Phone: 09 261 2501
Fax: 09 261 2502

Southern Region

Christchurch Legal Aid Office
Level 1, 256 Oxford Terrace
PO Box 130 150
Armagh Street
DX: WX11123
CHRISTCHURCH
Phone: 03 341 4450
Fax: 03 341 4459

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

Head Office

Level 10
Prime Property Tower
86–90 Lambton Quay
PO Box 5333
DX: SP22526
WELLINGTON
Phone: 04 495 5910
Fax: 04 495 5911

COMMUNITY LAW CENTRES

Te Tai Tokerau Community Legal Service

43 Cartwright Street
PO Box 1506
WHANGAREI
Phone: 09 436 1714

Grey Lynn Neighbourhood Law Office

449 Richmond Road
PO Box 78-045
Grey Lynn
AUCKLAND
Phone: 09 378 6085
Fax: 09 378 7796

Youthlaw Tino Rangatiratanga Taitamariki

Level 1, 219 Federal Street
PO Box 7657, Wellesly Street
AUCKLAND CBD
Phone: 09 309 7590
Fax: 09 307 5243

Waitakere Community Law Service

1A Trading Place
PO Box 121104
HENDERSON
Phone: 09 835 2130
Fax: 09 835 2133

Mangere Community Law Centre

Shop 27, Mangere Town Centre
PO Box 43-201
Mangere
AUCKLAND
Phone: 09 275 4310
Fax: 09 275 4693

Otara Community Law Centre

121 Bairds Road
PO Box 61-112
Otara
AUCKLAND
Phone: 09 274 4966

Nga Ture Kaitaki Community Law Centre

1st Floor, 6 Osterley Way
PO Box 76551
Manukau Centre
AUCKLAND
Phone: 09 262 2007
Fax: 09 262 2005

Baywide Community Law Service

38 Hamilton Road
PO Box 13395
TAURANGA
Phone: 07 571 6812
Fax: 07 571 6813

Hamilton District Community Law Centre Trust

2nd Floor, Clayton House
109 Anglesea Street
PO Box 1319
HAMILTON
Phone: 07 839 0770
Fax: 07 839 5158

Rotorua District Community Law Centre

1238 Haupapa Street
PO Box 879
ROTORUA
Phone: 07 348 8060

Tairāwhiti Community Law Centre

137 Derby Street
PO Box 1053
GISBORNE
Phone: 06 868 3392
Fax: 06 868 3394

Hawkes Bay Community Law Centre –

Ture Amo Kura O Heretaunga
204 Karamu Road North
PO Box 789
HASTINGS
Phone: 06 878 4868
Fax: 06 878 4191

Taranaki Community Law Trust

188 Powderham Street
PO Box 216
NEW PLYMOUTH
Phone: 06 759 1453
Fax: 06 759 1475

Community Legal Advice Whanganui

Left Wing, Victoria Court
92–96 Victoria Avenue
PO Box 351
WHANGANUI
Phone: 06 348 8288
Fax: 06 348 8455

Manawatu Community Law Centre

Level 2, 14-18 The Square
PO Box 2088
PALMERSTON NORTH
Phone: 06 357 7974
Fax: 06 356 7952

Wairarapa Community Law Centre

Departmental Building
33–35 Chapel Street
PO Box 271
MASTERTON
Phone: 06 377 4131

Whitireia Community Law Centre

3rd Floor, Pember House
16 Hagley Street
PORIRUA
Phone: 04 237 6811
Fax: 04 237 6816

Hutt Valley Community Law Centre

2nd Floor, Apex House
Cnr Laings Road & Queens Drive
PO Box 31501
LOWER HUTT
Phone: 04 576 8694
Fax: 04 566 0316

Te Ratonga Ture Ki Te Upoko O Te Ika

Community Law Centre
Level 6, Wang House
195–201 Willis Street
PO Box 134
WELLINGTON
Phone: 04 473 1249

Wellington Community Law Centre

2nd Floor, 84 Willis Street
PO Box 24-005
WELLINGTON
Phone: 04 460 4462
Fax: 04 472 2320

Nelson Bays Community Law Service

11 Wakatu Lane
PO Box 1110
NELSON
Phone: 03 548 1288
Fax: 03 548 8142

Marlborough Community Law Centre

Level 3, NZI House
Market Street North
PO Box 584
BLLENHEIM
Phone: 03 577 9919
Fax: 03 577 9910

Community Law Canterbury

281 Madras Street
PO Box 2912
CHRISTCHURCH
Phone: 03 371 3812
Fax: 03 366 6631

Maori Legal Services – Te Ture Manaaki o Rehua

1st Floor, 303 Durham Street
PO Box 303
CHRISTCHURCH
Phone: 03 961 6940
Fax: 03 961 6949

Dunedin Community Law Centre

52 Filleul Street
DUNEDIN
Phone: 03 474 1922
Fax: 03 474 9521

Ngai Tahu Maori Law Centre

Level 4, 258 Stuart Street
PO Box 633
DUNEDIN
Phone: 03 477 0855

Southland Community Law Centre

5 Tay Street
PO Box 552
INVERCARGILL
Phone: 03 214 3180
Fax: 03 214 3170