

# Te Tauāki Koronga mō ngā Mahi kia Tutuki

## Statement of Performance Expectations

---

1 July 2020 – 30 June 2021



---

Presented to the House of Representatives pursuant to  
section 149 of the Crown Entities Act 2004

ISSN: 1178-3435 (Online)

Published as Parliamentary Paper E.31

This Statement of Performance Expectations is also available  
on the internet at the Law Commission's website:  
[www.lawcom.govt.nz](http://www.lawcom.govt.nz)

Copyright © 2020 New Zealand Law Commission.



This work is licensed under the Creative Commons Attribution 4.0 International licence. In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to the Law Commission and abide by other licence terms. To view a copy of this licence, visit <https://creativecommons.org/licenses/by/4.0/>

# Contents

---

Preamble .....	2
The Commission’s output and funding .....	3
Scope of the Commission’s appropriation – Total appropriation.....	3
What is intended to be achieved with this appropriation .....	3
How the Commission’s performance will be measured .....	4
Prospective financial information.....	6

## Preamble

---

This Statement of Performance Expectations by te Aka Matua o te Ture | the Law Commission accords with the requirements of sections 149C, 149E and 149G of the Crown Entities Act 2004.

It aligns with the Commission's 1 July 2020 – 30 June 2024 Statement of Intent and includes performance measures and annual forecast financial statements.

The Statement of Performance Expectations should be read in conjunction with the Statement of Intent.



**Amokura Kawharu**

Tumu Whakarae | President

Te Aka Matua o te Ture | Law Commission

Date: 6 August 2020



**Helen McQueen**

Tumu Whakarae Tuarua | Deputy President

Te Aka Matua o te Ture | Law Commission

Date: 6 August 2020

## The Commission's output and funding

Te Aka Matua o te Ture | the Law Commission is an Independent Crown Entity operating under its own statute, the Law Commission Act 1985. It reports to the Minister Responsible for the Commission.

The Act's purpose is to "promote the systematic review, reform and development of the law of New Zealand" and the Commission has been established to fulfil this purpose. The Commission has one output, which is law reform advice and recommendations.

The Commission receives funding through an appropriation within Vote Justice. The appropriation is within the Non-Departmental Output Expenses: Services from the Law Commission. For the 2020-2021 year, the appropriation amount is \$3.993 million.

## Scope of the Commission's appropriation – Total appropriation

Actual 2019-2020 \$000	Budget 2020-2021 \$000
3,993	3,993

To deliver the work programme confirmed for 2020-21 the Commission will spend more than the \$3.993 million provided.

## What is intended to be achieved with this appropriation

The appropriation is spent to enable the Commission to undertake research, consultation and analysis in respect of law reform issues. The Commission then provides the Government and Parliament with independent advice and recommendations on those issues.

The Commission's mandate is captured in its vision for its future – Kia whanake ngā ture o Aotearoa New Zealand mā te arotake motuhake – Better law for Aotearoa New Zealand through independent review. The Commission intends to achieve the delivery of its law reform output in accordance with this vision. Good law benefits current and future generations and upholds the mana of all people of Aotearoa New Zealand.

Revenue has been static year upon year and will remain so in 2020-2021.

Actual expenditure in 2019-2020 was below budget. This was largely due to the Commission having three not the budgeted four Commissioners for the majority of the year. The absence of a fourth Commissioner resulted in budgeted salary and project costs not being incurred. In 2020-2021, the Commission will have four law reform

projects underway. Project costs for the year are budgeted at a realistic level and in line with the targeted deliverables for the year. Expenditure required to progress the work programme will be at a more normalised level of \$4.385m. Personnel costs and project related expenses will be a significant proportion of all expenditure (80%) for 2020-2021.

## How the Commission's performance will be measured

The Commission seeks to measure its performance through a series of key performance indicators. The key performance indicators are concerned with the quality of the Commission's law reform work and related processes and the long-term influence of its work.

Measure	How	Actual <sup>1</sup> 2018-2019	Expected 2019-2020	Planned 2020-2021
<b>Consideration of substantive legal and policy issues</b>				
High quality evidence-based legal and policy analysis	Survey of independent experts <sup>2</sup>	Agree	Agree	Agree <sup>3</sup>
Recognition of te ao Māori	Survey of Māori Liaison Committee and independent experts			Agree
Clear and understandable consultation papers, reports or other advice	Survey of independent experts	Agree	Agree	Agree
Independent and practicable recommendations	Survey of independent experts	Agree	Agree	Agree

<sup>1</sup> If a measure is new for 2020-2021, the space for indicating performance in 2018-2019 and 2019-2020 will be left blank.

<sup>2</sup> Survey of members of the Expert Advisory Group (EAG) which is established for each reference. Each member of an EAG is chosen for their independence and expertise, amongst other matters, and is appointed on a voluntary basis.

<sup>3</sup> The survey questions (including definitions for measures) will be developed during the 2020-2021 year. Survey respondents will be able to respond to the questions by selecting answers from a sliding scale and by providing comments.

Measure	How	Actual <sup>1</sup> 2018-2019	Expected 2019-2020	Planned 2020-2021
<b>Consultation</b>				
The number of submissions received	The percentage of target submissions per project			100%
The number of consultation meetings held	The percentage of target consultation meetings per project			100%
<b>Timely production of consultation papers, reports and other advice</b>				
The number of consultation or other papers, reports or advice	The number of published consultation or other papers, reports and advice	5	0	3
Reports or advice produced in timeframe agreed with the responsible Minister	The date the report or advice is sent to the Responsible Minister	100%	0%	100%
<b>Long term influence</b>				
The number of community engagements	The number of community engagements (such as presentations, interviews and published articles)			5
References to the Commission's work	The number of references to the Commission's reports or advice in court decisions			60 (judicial)
	The number of references to the Commission's reports or advice in Parliamentary debates and committee reports, academic publications and other media			500 (other)

Measure	How	Actual <sup>1</sup>	Expected	Planned
		2018-2019	2019-2020	2020-2021
Implementation of reports or other advice	The percentage implementation of reports and advice over the previous 10-year period			60%

## Prospective financial information

Under the Crown Entities Act 2004, the Commission must include prospective financial statements in its Statement of Performance Expectations.

These financial statements indicate the likely financial impact of implementing the Law Commission's strategic direction. The information is indicative and may not be appropriate for any other purpose. These financial statements are not audited.

### STATEMENT OF FORECAST COMPREHENSIVE INCOME (GST EXCLUSIVE)

Income	2018-2019 Actual \$	2019-2020 Draft \$	2020-2021 Planned \$
Revenue from Crown	3,993,000	3,993,000	3,993,000
Other Income	99,755	87,699	54,000
<b>Total revenue</b>	<b>4,092,755</b>	<b>4,080,699</b>	<b>4,047,000</b>
<b>Expenditure</b>			
Personnel costs	3,119,312	2,583,442	3,006,412
Occupancy costs	252,165	218,064	253,085
Direct project costs	112,823	24,198	495,000
Library	80,810	85,900	129,688
Audit Fees	31,290	33,000	34,650
Other operating costs	343,170	475,726	382,055
<b>Other costs</b>			
Depreciation	82,905	80,628	84,791
<b>Total expenditure</b>	<b>4,022,475</b>	<b>3,500,958</b>	<b>4,385,681</b>
<b>Operating surplus/(deficit)</b>	<b>70,280</b>	<b>579,741</b>	<b>(338,681)</b>
<b>Cumulative surplus/(deficit)</b>	<b>70,280</b>	<b>579,741</b>	<b>(338,681)</b>



## STATEMENT OF FORECAST CASH FLOW (GST INCLUSIVE)

INCOME	2018-2019 Actual \$	2019-2020 Draft \$	2020-2021 Planned \$
<i>Cash flows from operating activities</i>			
Receipts			
Other Revenue	86,681	87,432	54,267
Revenue from Crown	3,993,000	3,993,000	3,993,000
	<hr/> 4,079,681	<hr/> 4,080,432	<hr/> 4,047,267
Payments			
Payments to Employees	3,114,466	2,501,780	3,006,412
Payments to Suppliers	962,642	907,923	1,277,374
Goods and services tax (net)	14,165	(9,504)	(55,932)
	<hr/> 4,091,273	<hr/> 3,400,199	<hr/> 4,227,853
<i>Net cash flow from operating activities</i>	<hr/> (11,592)	<hr/> 680,233	<hr/> (180,586)
<i>Cash flows from investing activities</i>			
Purchase of property, plant and equipment	(29,551)		(30,000)
<i>Net cash flow from investing activities</i>	<hr/> (29,551)		<hr/> (30,000)
<i>Net (decrease)/increase in cash and cash equivalents</i>	<hr/> (41,143)	<hr/> 680,233	<hr/> (210,586)
Opening bank	<hr/> 1,929,900	<hr/> 1,888,757	<hr/> 2,568,991
Closing bank	<hr/> 1,888,757	<hr/> 2,568,990	<hr/> 2,358,403

## STATEMENT OF FORECAST FINANCIAL POSITION

	2018-2019 Actual \$	2019-2020 Draft \$	2020-2021 Planned \$
<b>Non-current assets</b>	531,560	465,200	410,409
<b>Current assets</b>			
Bank	1,888,757	2,568,990	2,358,403
Receivables	43,466	67,784	43,299
<b>Total Assets</b>	<u>2,463,783</u>	<u>3,101,974</u>	<u>2,812,111</u>
<b>Creditors due within one year</b>			
Accounts payable and accruals	105,582	174,364	223,579
Employee entitlements	196,702	206,767	226,767
	<u>302,284</u>	<u>381,131</u>	<u>450,346</u>
<b>Non-current liabilities</b>	<u>139,385</u>	<u>118,988</u>	<u>98,590</u>
<b>Total net assets</b>	<u>2,022,114</u>	<u>2,601,855</u>	<u>2,263,175</u>
<b>Equity</b>			
Retained Earnings	<u>2,022,114</u>	<u>2,601,855</u>	<u>2,263,175</u>

## STATEMENT OF FORECAST CHANGES IN EQUITY

	2018-2019 Actual \$	2019-2020 Draft \$	2020-2021 Planned \$
Net surplus/(deficit) for period	70,280	579,741	(338,681)
Total comprehensive revenue and expenses for the year	70,280	579,741	(338,681)
Equity at Beginning of Period	<u>1,951,834</u>	<u>2,022,114</u>	<u>2,601,855</u>
<b>Equity at End of Period</b>	<u>2,022,114</u>	<u>2,601,855</u>	<u>2,263,175</u>

## Statement of Underlying Assumptions

Under the Crown Entities Act 2004, te Aka Matua o te Ture | the Law Commission must include prospective financial statements in its Statement of Intent as part of promoting public accountability.

The purpose for which these financial statements have been prepared is to indicate the likely financial impact of the implementation of the Commission's longer-term strategic direction. The information disclosed is indicative only and may not be appropriate for any other purpose. These financial statements are not audited.

The statements have been prepared on the assumption that current Government policies and appropriations and Government funding and financial reserves will be adequate to cover operating costs and capital purchases for the short-medium term. The statements contain the best estimates and assumptions as to future events that are expected to occur. As the statements are prospective, actual results are likely to vary from the information presented. All material variations will be disclosed in the subsequent annual report.

The 2020-2021 estimated actual position is based on the Commission's judgements, estimates and assumptions.

Occupancy and administration costs are based on historical experience and the current lease agreement. All known or reasonably estimated increases or decreases in any expense category have been included.

No allowance for revaluation of fixed assets has been made in these statements. Depreciation and amortisation costs are based on the assumption that the Commission will replace assets, including software, as required.

It is assumed that the Commission will continue with three full time equivalent Commissioners for the foreseeable future.

The Commission has a lease with Robert Jones Holdings Limited for the current office space. This contract extends for the nine years from 24 April 2018 to 23 April 2027 with a right of renewal for a following six years.

## Statement of Accounting Policies

### Reporting Entity

The Law Commission is a Crown Entity under the Crown Entities Act 2004. The Commission was established by the Law Commission Act 1985 and is domiciled in New Zealand. As such, the Commission's ultimate parent is the New Zealand Crown.

The Commission's functions and responsibilities are set out in the Law Commission Act. The Commission's statutory purpose is to undertake the systematic review, reform and development of the law of New Zealand. The Commission undertakes to provide high-quality advice to the Government and Parliament and does not have a specific objective of making a financial return to the Crown. Accordingly, the Commission has designated itself as a public benefit entity for the purposes of New Zealand Generally Accepted Accounting Practice (NZ GAAP).

### Basis of Preparation

The forecast financial statements have been adapted to comply with NZ GAAP. The preparation of forecast financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure.

The prospective financial statements have been prepared on the historical cost basis, modified by the revaluation of library collections, furniture and fittings, and office equipment. The Commission has complied with FRS42 in the preparation of these prospective financial statements.

### Accounting Policies

The following accounting policies, which materially affect the measurement of financial performance and financial position, have been applied. These accounting policies have been applied consistently to all periods presented in these prospective financial statements.

### Revenue

The Commission derives revenue from the provision of outputs to the Crown, the sale of its publications to third parties, provision of specialist services, and income from investments. Government funding is recognised as revenue in the year for which it is appropriated and is recognised on a straight-line basis. Other revenue is recognised in the period in which it is earned.

### *Goods and Services Tax (GST)*

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated with GST included.

### *Taxation*

The Commission is a public authority in terms of the Income Tax Act 2004 and consequently is exempt from income tax.

### *Foreign Currency*

Transactions in foreign currencies are initially translated at the foreign exchange rate at the date of the transaction.

### *Fixed Assets*

All fixed assets are initially recorded at cost. Library collections, furniture and fittings, and office equipment are stated at fair value. Fair value is determined using market-based evidence. Additions between revaluations are recorded at cost.

Changes in revaluation are charged to the asset revaluation account. When such charges result in a debit balance in the revaluation reserve account, the balance is expensed to the prospective statement of comprehensive income.

### *Depreciation*

Depreciation is provided on a straight-line basis on all fixed assets at a rate that will write off the cost (or valuation) of the assets over their useful lives. The useful lives and associated depreciation rates of major classes have been estimated as follows:

<b>Asset Class</b>	<b>Estimated Useful Life (Years)</b>	<b>Rate of Depreciation (%)</b>
Computer Equipment	3	33.3
Furniture and Fittings	10	10
Office Equipment	5	20
Library Collections	5	20

### *Intangible Assets*

Software that is not integral to the operation of the hardware is a finite life intangible and is

recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over a period of three years.

### *Operating Leases*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

### *Cost Allocation Policy*

Direct costs identifiable against specific projects are charged directly to those projects. Indirect costs are recorded against the generic cost and allocated at a later stage against projects on an hours spent basis.

### *Financial Instruments*

The Commission is a party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors and creditors. All financial instruments are recognised in the prospective statement of financial position and all revenue and expenses in relation to financial instruments are recognised in the prospective statement of comprehensive income. All financial instruments are shown at their estimated fair value.

### *Accounts Receivable*

Accounts Receivable are stated at their estimated realisable value after providing for doubtful and un-collectable debts.

### *Employee Entitlements*

Provision is made in respect of employee's annual leave. The provision is calculated on current rates of pay and expected to be settled within 12 months of reporting date (or approval gained to carry forward leave) and is measured at nominal values on an actual entitlement basis at current rate of pay. These amounts are included within accounts payable.

Provision is made for sick leave entitlement in accordance with New Zealand Equivalent to International Accounting Standard 19.11-14. The Commission does not provide long service leave or retirement leave.

---

The office of te Aka Matua o te Ture | the Law Commission is located at:  
Level 9, Solnet House, 70 The Terrace, Wellington

The postal address is:

PO Box 2590, Wellington, 6140 DX SP23534

Telephone: (04) 473 3453

Email: [com@lawcom.govt.nz](mailto:com@lawcom.govt.nz)

Information about the Commission and its work is available from Law Commission's website at [www.lawcom.govt.nz](http://www.lawcom.govt.nz).