Executive Summary

Courts in figures 2013

PODER JUDICIÁRIO

CNJ CONSELHO NACIONAL DE JUSTIÇA

Poder Judiciário

CONSELHO NACIONAL DE JUSTIÇA | Departamento de Pesquisas Judiciárias

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The base year 2012

Brasília, 2013

CONSELHO NACIONAL DE JUSTIÇA

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1. Introduction

Courts in Figures (Justiça em Números), a report governed by Resolution N. 76, issued by the National Council of Justice, integrates the National System of Statistics of the Judicial Branch – SIESPJ. Such set of data provides for the consistent debate on the indicators of public spending, structure and litigation level of Brazil´s Judicial Branch.

All data handled by SIESPJ is reported by Court Presidencies, in compliance with principles of publicity, efficiency, transparency, mandatory disclosure of statistical data and presumption of truthfulness. The Presidency of a Court is the body responsible for the accuracy of all information that has been reported to the CNJ, and it may delegate powers to a judge or a specialized civil servant who integrates the Statistical Division the attributions to generate, check and transmit statistical data.

This document summarizes the most relevant data addressed in the **Courts in Figures** report that covered the fiscal year of **2012**, adding relevant information to this time series that was initiated in 2009. Such data refer to consolidated information disclosed by agencies and offices of the Judicial Branch, except the Federal Supreme Court (STF) and the councils. It encompasses, thus, information released by State Appellate Courts, Regional Federal Appellate Courts, Regional Appellate Labor Courts, State Courts of Military Appeals, Regional Electoral Courts, the Military Justice of the Federal Government (military audits and the Military Court of Appeals – STM), the Superior Court of Justice (STJ), the Superior Labor Court (TST) and the Superior Electoral Court (TSE)[1]. The disclosed information comprises figures that refer to the 2nd instance, 1st instance, small-claims courts, appellate panels, regional harmonizing panels[2], and superior courts. The used indicators as well as in-depth assessments that individually address different court systems are available for consultation in the full report.

2. Financial Resources

The total expenditures of the Judicial Branch totaled approximately BRL 57.2 billion, an increase of 7.2% in relation to 2011[3]. This expenditure accounts for 1.3% in relation to the national GDP, 3.2% of the total expenditures of the Federal Government, States and Municipalities in 2012 and BRL 300.48 per inhabitant. The State Courts account for the largest share of expenditures, approximately 55% of the total amount spent by the Judicial Branch. The Labor Courts are responsible for the second largest expenditure (21% of the expenses made by the Judicial Branch), followed by the Federal Courts (13% of the total). It is worth noting that the increase of 26% in the total spent during the four-year period is

[1] The fiscal years of 2009 and 2010 only feature information on the State Justice, Labor Justice, Federal Justice and the Superior Labor Court - TST.
[2] Small-Claims Courts and Appellate Panels integrate both the State and the Federal Court Systems. Regional Harmonizing Panels integrate only the Federal Court System.
[3] The monetary values referred to in this report, related to 2009 - 2011, are deflated by the Broad Consumer Price Index of December, 2012 (IPCA/DEC 2012).

influenced by the insertion of data reported by superior courts (TSE, STJ and STM), by the Electoral Court System and by State Courts of Military Appeals in the Courts in Figures reports only as of 2011 onwards.

The largest sum, BRL 50.75 billion or approximately 88.7% of the total expenditures is spent in Human Resources. It is worth noting that although these figures have gradually increased since 2009, the variation was smaller than the increase in the total expenditures and that is the reason why the percentage spent in human resources has decreased over the years, from 90.8% in 2009 to 88.7% in 2012 (Graph 1). Labor and Federal Court Systems feature the largest percentages spent in human resources, 92.2% and 90.7%, respectively, whereas the Electoral and the Military Court Systems account for the smallest shares, 82.5% and 83.4%, respectively (Table 2).

Information technology (IT) accounted for expenditures of BRL 2.6 billion, noting that although such amount is equivalent to only 4.5% of all expenditures made by Brazilian courts, it has been accounting for an increasingly larger share of the total budget, featuring an increase of 33.9% in the past year. In proportion to their total expenditures, the superior courts are the instances that most invest in information technology, a 25.6% share of the budget. However, such significant percentage reflected the expenditures reported by the Superior Electoral Court, which amounted to BRL 480 million. The Electoral Court System comes next, with 7% of total expenditures allocated in information technology.

It is worth noting that the Judicial Branch collected approximately BRL 23.4 billion from miscellaneous revenues, which amounts to 46.5% of total expenditures, featuring a reduction in relation to 2011, when the revenues totaled BRL 24.7 billion, or 50.8% of total expenditures.

Table 1 – Expenditures of the Judicial Branch

Expenditure Description	2009	2010	2011	2012	*2011x12 Var.*
DPJ – Total Expenditures of Brazilian Courts	45,401,461,256	47,030,977,344	53,341,906,557	57,188,283,617	*7.2%*
% in relation to GDP	1.17%	1.11%	1.24%	1.32%	*0.08 p.p.*
Expenditures on HR	40,917,076,645	42,076,086,454	47,796,922,772	50,750,489,583	*6.2%*
% in relation to DPJ	90.8%	89.5%	89.6%	88.7%	*-0.9 p.p.*
Expenditures on Goods and Services	4,287,156,955	4,867,663,304	5,528,121,924	6,435,185,285	*16.4%*
% in relation to DPJ	9.4%	10.3%	10.4%	11.3%	*0.9 p.p.*
Expenditures on IT	1,366,419,205	1,474,808,529	1,936,487,676	2,592,572,008	*33.9%*
% in relation to the Total	3.1%	3.2%	3.5%	4.5%	*1 p.p.*

Source: Courts in Figures 2012

[1] p.p.: percentage points. When handling indexes, variations are preferably analyzed in absolute terms, in percentage points.

[2] All monetary values of 2009 - 2011 deflated by IPCA/DEC 2012.

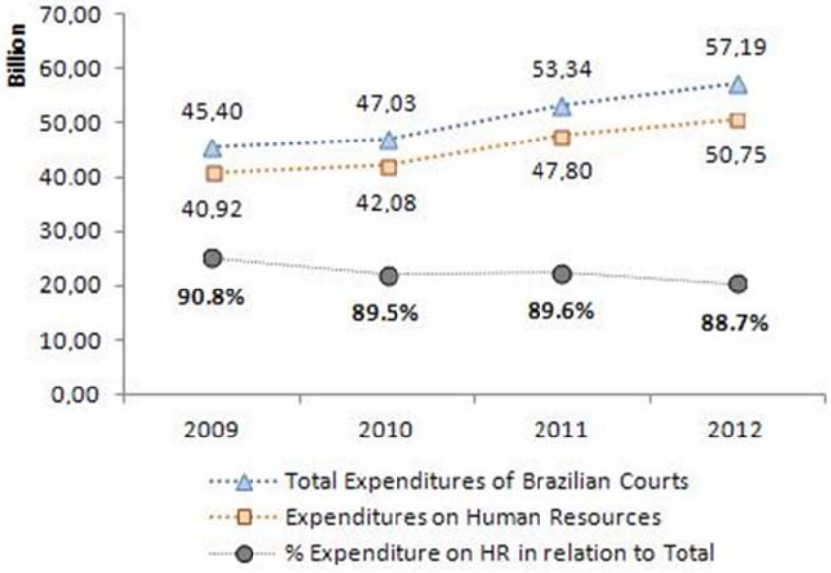
[3] STJ, STM, TSE, the Electoral Court System and the State Military Court System were included in the report as of 2011 onwards.

Table 2 – Expenditures of the Judicial Branch in 2012 by Court System

Court System	Total Expenditures of Brazilian Courts (DPJ)		Expenditures on Human Resources (DRH)		Expenditures on IT (Dinf)	
	Expenditure (BRL)	DPJ/GDP	Expenditure (BRL)	DRH/DPJ	Expenditure (BRL)	Dinf/DPJ
State Courts	31,365,533,886	0.71%	27,564,637,455	87.9%	1,135,252,436	3.6%
Federal Courts	7,156,129,887	0.16%	6,489,203,922	90.7%	259,238,666	3.6%
Labor Courts	12,006,580,102	0.27%	11,065,304,383	92.2%	281,142,415	2.3%
Electoral Courts	4,053,155,381	0.09%	3,342,414,652	82.5%	273,541,339	7.0%
State Military Courts	107,514,552	0.00%	89,625,705	83.4%	3,768,257	3.5%
Superior Courts	2,499,369,808	0.06%	2,199,303,467	88.0%	639,628,896	25.6%
Judicial Branch Total	**57,188,283,617**	**1.32%**	**50,750,489,583**	**88.7%**	**2,592,572,008**	**4.5%**

Source: Courts in Figures 2012

Graph 1 – Time Series of the Expenditures of the Judicial Branch



3. Human Resources

The Judicial Branch has 17,077 judges, noting that 14,410 of them (84%) serve in the first instance, which comprises the first degree of jurisdiction and the small-claims courts, and 2,379 of them are appellate judges. In addition to these judges, there are 82 ministers serving in the 4 superior courts (STJ, TST, TSE and STM), besides the judges of the appellate panels and regional harmonizing panels. The number of judges has been gradually increasing, rising by 5.8% during the four-year period[4] (Table 3).

Brazilian Courts count on a workforce of 390 thousand employees, of which 269 thousand (69%) are civil servants, servants requested from other government agencies or entities and employees without formal affiliation to public service, and 121 thousand

[4] Such increase is also influenced by the inclusion of new courts in the report as of 2011 onwards.

occupy auxiliary positions as outsourced workforce, interns, lay judges and hearing officers[5]. Although both hiring models feature a rising trend as of 2009, the number of auxiliary positions increased more significantly, displaying a positive variation of 17.3% in the past year. The share of positions filled by interns, outsourced workforce, lay judges and hearing officers rose from 28.1% in 2011 to 31% of the total number of employees in 2012. Additionally, civil servants that work in the judicial area, that is, those that perform activities within the core field of the court, represent 78% of the total number of employees (excluding the auxiliary workforce).

A broader assessment indicated an average number of 9 judges and 205 employees per every 100,000 inhabitants.

Table 3 – Number of Judges and Employees serving the Judicial Branch

Civil Servants and Judges	2009	2010	2011	2012	*2011x12 Var.*	*4-year period var.*
Total Number of Judges	16,146	16,591	16,544	17,077	*3.2%*	*5.8%*
Number of Judges per every 100,000 inhabitants	8.4	8.7	8.6	8.8	*2.4%*	*4.4%*
Total Number of Employees	314,531	325,567	367,058	390,338	*6.3%*	*24.1%*
Number of Employees per every 100,000 inhabitants	164	171	191	205	*7.5%*	*24.8%*
Civil servants, servants requested from other government agencies or entities and employees without formal affiliation to public service [1]	227,428	231,333	264,201	268,909	*1.8%*	*18.2%*
Auxiliary workforce[2]	87,103	94,234	103,183	121,039	*17.3%*	*39.0%*
% of auxiliary workforce	27.7%	28.9%	28.1%	31.0%	*2.9 p.p.*	*3.3 p.p.*
Civil servants that work in the judicial area[3]	180,206	187,422	206,913	210,428	*1.7%*	*16.8%*
% of civil servants that work in the judicial area	79.2%	81.0%	78.3%	78.3%	*-0.1 p.p.*	*-1 p.p.*

Source: Courts in Figures 2012

[1] Excluded civil servants assigned to other government agencies or entities.

[2] The auxiliary workforce includes outsourced staff, interns, lay judges and hearing officers.

[3] The numbers of the auxiliary workforce are included in the assessment of servants that work in the judicial area.

[4] p.p.: percentage points. When handling indexes, variations are preferably analyzed in absolute terms, in percentage points.

[5] STJ, STM, TSE, the Electoral Court System and the State Military Court System were included in the report as of 2011 onwards.

The State Courts feature the highest number of cases and the largest expenditure amounts. Their staff numbers are also the largest ones, accounting for 70% of judges and 66% of employees. Labor Courts come next, with 19% of judges and 13% of employees, followed by the Federal Courts, with 10% of the workforce.

The Superior Courts made the most significant use of the auxiliary workforce (interns and outsourced staff) to form their staff in 2012, and 40% of their personnel were hired under this model, exception made to the STM, which registered only 16%. The share

[5] Only State Courts have lay judges and hearing officers.

of outsourced staff and interns was also low in State Military Courts and Military Audits (17% and 18%, respectively).

Table 4 – Judges and Employees serving the Judicial Branch per Court System

Court System	Judges	Employees			
		Total	Civil servants, servants requested from other government agencies or entities and employees without formal affiliation to public service	Auxiliary Workforce	Share of the Auxiliary Workforce
State Courts	11,960	258,731	173,638	85,093	33%
Federal Courts	1,714	39,679	27,121	12,558	32%
Labor Courts	3,250	51,843	39,966	11,877	23%
Electoral Courts	3,178	28,155	21,146	6,288	22%
State Military Courts	39	548	455	93	17%
Superior Courts	82	11,382	6,252	5,130	45%
Military Audits	32	403	331	72	18%
Judicial Branch Total	**17,077**	**390,338**	**268,909**	**121,039**	**31%**

Source: Courts in Figures 2012

4. General Litigation Data

There were 64 million pending lawsuits in early 2012, and other 28.2 million suits were filed during that year, totaling 92.2 million cases pending to be reviewed by the Judicial Branch, an increase of 4.3% in relation to the previous year and 10.6% in relation to the four-year period. In relative terms, the filing of new lawsuits accounted for the most significant increase that year (8.4%), whereas remanded/dismissed cases featured an increase of 7.5% and the number of judgments, 4.7%.

Collected data indicates a significant increase in the number of new lawsuits, which rose 14.8% during the four-year period. The major bottleneck of the Judicial Branch, however, lies in the dismissal of pending lawsuits. Although the courts have entered judgments and remanded/dismissed almost as many cases as the filing of new ones, the amount of pending lawsuits was not reduced, instead, it has been gradually increasing overtime.

Table 5 – Case flow in 2009 - 2012

Case flow	2009	2010	2011	2012	*2011x12 Var.*	*4-year period var.*
New Lawsuits	24,580,166	23,965,266	26,029,332	28,215,812	*8.4%*	*14.8%*
Pending Lawsuits[1]	58,810,147	60,457,501	62,408,702	64,018,470	*2.6%*	*8.9%*
Remanded/Dismissed Cases	25,274,490	24,161,706	25,868,258	27,805,789	*7.5%*	*10.0%*
Judgments and Rulings	23,643,418	23,084,886	23,657,313	24,762,048	*4.7%*	*4.7%*
Cases being processed[2]	83,390,313	84,422,767	88,438,034	92,234,282	*4.3%*	*10.6%*

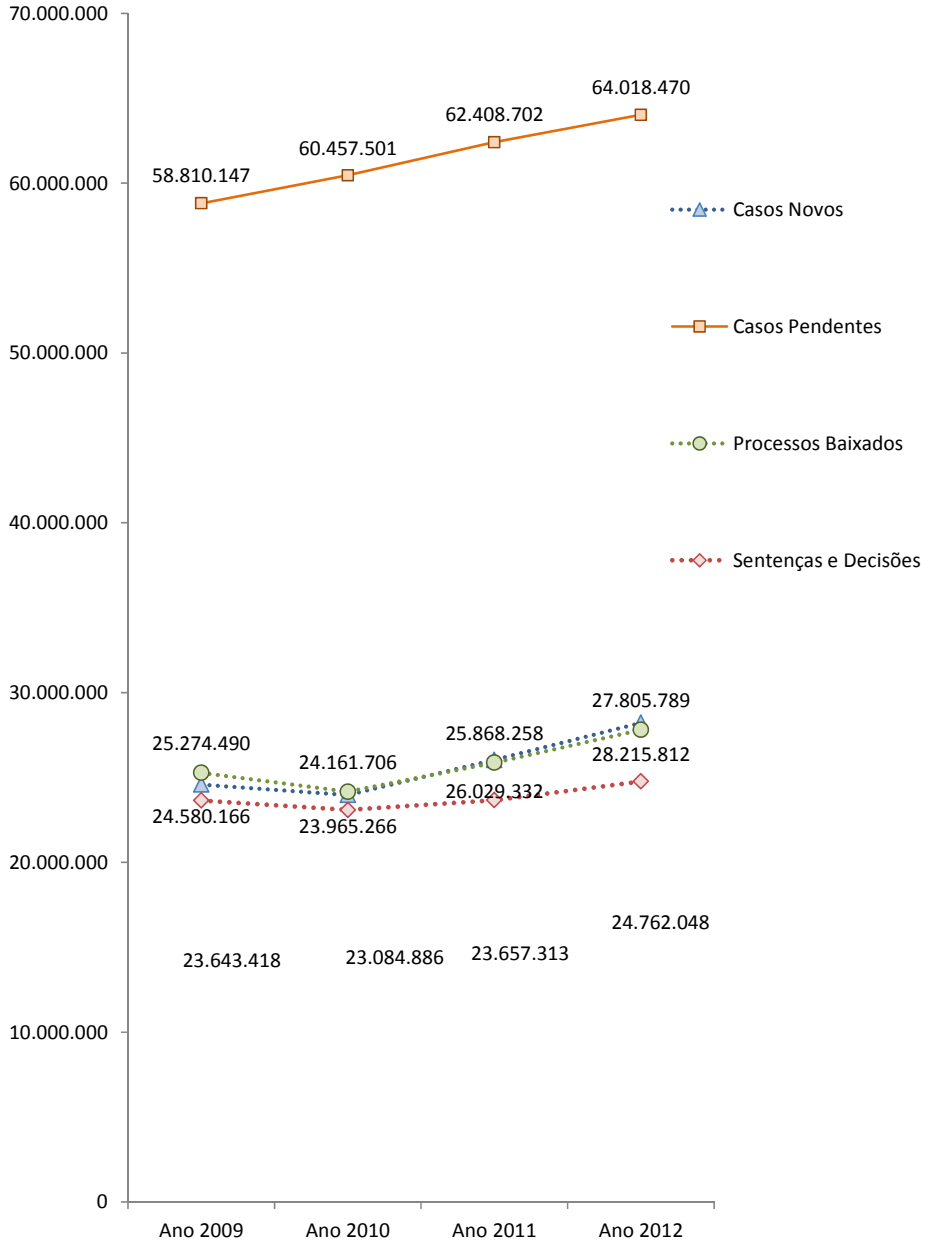
Source: Courts in Figures 2012

[1] Pending lawsuits in the beginning of each fiscal year

[2] The total number of cases being processed is calculated by the sum of new and pending lawsuits.

[3] STJ, STM, TSE, the Electoral Court System and the State Military Court System were included in the report as of 2011 onwards.

Graph 2 – Case flow in 2009 - 2012



The State Courts feature the largest litigation volume, accounting for 71% of the filing of new lawsuits. This Court System encompasses a relative lack of proportionality between resources and litigation volume, as it is responsible for 55% of the expenditures of the Judicial Branch and 66% of the total workforce, but in charge of 78% of the cases being processed. Although the Labor Court ranks 2nd in the number of new lawsuits (3.9 million), with regard to the number of cases being processed, the Federal Court accounts for a larger share (11.2 million), because of the big number of pending cases that represent 72% of all cases being processed before this Court (Table 6).

Tabela 6 – Case flow by Court System in 2012

Court System	New Lawsuits	Pending Lawsuits	Remanded/Dismissed Cases	Judgments and Rulings	Cases being processed
State Courts	20,040,039	52,018,720	19,268,625	17,021,163	72,058,759
Federal Courts	3,114,670	8,122,273	3,894,522	3,001,036	11,236,943
Labor Courts	3,859,621	3,253,098	3,784,286	3,747,326	7,112,719
Electoral Courts	734,912	84,723	380,135	424,434	819,635
State Military Courts	6,582	6,414	7,545	7,226	12,996
Superior Courts	458,290	531,333	468,995	559,030	989,623
Military Audits	1,698	1,909	1,681	1,833	3,607
Judicial Branch Total	**28,215,812**	**64,018,470**	**27,805,789**	**24,762,048**	**92,234,282**

Source: Courts in Figures 2012

[1] Pending lawsuits in the beginning of each fiscal year

[2] The total of cases being processed is calculated by the sum of new and pending lawsuits.

[3] STJ, STM, TSE, the Electoral Court System and the State Military Court System were included in the report as of 2011 onwards.

Despite the increase in the number of rendered judgments and remanded/dismissed cases during the four-year period (4.7% and 10%, respectively), there was a small decrease in the index of judgment productivity per judge (around -1%) and in the number of cases remanded/dismissed by civil servants that work in the judicial area (-5.8%) if such figures are compared with the number of judges and employees of the Judicial Branch. However, a comparative analysis of the number of cases remanded/dismissed by judges registered an increase of 4%. The demand for the services rendered by the Judicial Branch is a factor of concern as it grows more significantly (14.8%) than the termination of cases, both in number of remanded/dismissed cases (10%) and in number of rendered judgments (4.7%). As a result, in addition to regular increases in the number of pending cases, there was a drop of 4.3 percentage points in the ratio of cases remanded/dismissed by each new lawsuit that is filed, which indicated that the courts were not even capable of reducing the number of lawsuits that were filed during the assessed period. After a few oscillations, the backlog rate reached 69.9% in 2012, a performance similar to the one registered in 2009.

Table 7 – Litigation Indicators

Indicators	2009	2010	2011	2012	*2011x12 Var.*	*4-year period var.*
Backlog Rate[1]	69.7%	71.4%	70.9%	69.9%	*-1 p.p.*	*0.2 p.p.*
Remanded/Dismissed Cases per New Lawsuit[2]	102.8%	100.8%	99.4%	98.5%	*-0.8 p.p.*	*-4.3 p.p.*
Number of Judgments Rendered per Judge[2]	1,464	1,391	1,430	1,450	*1.4%*	*-1.0%*
Number of Cases Remanded/Dismissed per Judge[4]	1,565	1,456	1,564	1,628	*4.1%*	*4.0%*
Number of Cases Remanded/Dismissed per Civil Servant[5]	140	129	125	132	*5.7%*	*-5.8%*

Source: Courts in Figures 2012

p.p.: percentage points. When handling indexes, variations are preferably analyzed in absolute terms, in percentage points.

[1] Measures the percentage of cases being processed that were not remanded/dismissed during the year
Backlog Rate = 1 – Total of Remanded/Dismissed Cases / (New Lawsuit + Pending Lawsuit).

[2] Measures the case flow índex, in case it is not possible to reduce the number of cases being processed in comparison to the filing of new lawsuits.
Remanded/Dismissed Cases per New Lawsuit = Total of Remanded or Dismissed Cases / Total of New Lawsuits.

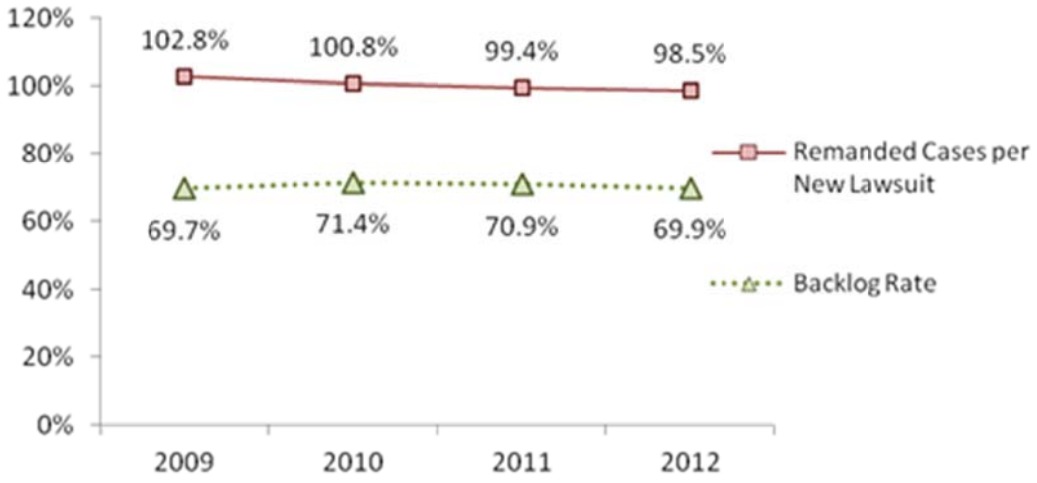
[3] Judge Productivity Index: (Judgments + Rulings) / Judge.

[4] Judge Productivity Index: Total of Remanded or Dismissed Cases / Judges.

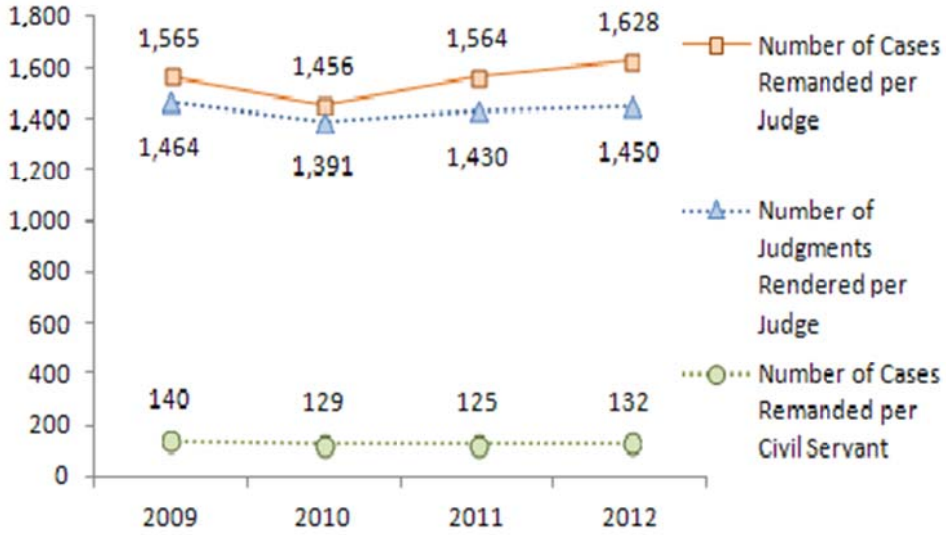
[5] Employees Productivity Index: Total of Remanded or Dismissed Cases / Civil Servants working in the judicial area.

[6] STJ, STM, TSE, the Electoral Court System and the State Military Court System were included in the report as of 2011 onwards.

Graph 3 – Time Series of Performance Indicators



Graph 4 – Time Series of Productivity Indicators



5. Impact of Tax Foreclosure Proceedings

Tax foreclosure accounts for 32% of all cases being processed in the Judicial Branch; 40% of the pending cases, but only 13% of new cases. Thus, the major bottleneck with regard to tax foreclosure is the termination of existing cases (pending cases) which, just as other types of cases, features consistent growth rates year after year. As of 2011, despite the efforts to increase the number of remanded/dismissed cases (26% increase in 2011 and 7.5% in 2012), the number of pending cases keeps growing, as the number of remanded/dismissed cases, with respect to tax foreclosure proceedings, accounts for only 85.1% of the new cases. The backlog rate reaches 89% in tax foreclosure proceedings, which means that only 11 cases out of 100 are annually remanded or dismissed. With regard to judgments, the prospects are not promising either, and only 8% of the cases being processed were judged in 2012.

Table 8 – Case flow in Tax Foreclosure Proceedings

Tax Foreclosure	2009	2010	2011	2012	*2011x12 Var.*	*4-year period var.*
New Lawsuits	3,461,609	3,131,752	3,797,117	3,720,068	*-2.0%*	*7.5%*
Pending Lawsuits[1]	23,720,808	23,894,163	24,641,562	25,553,495	*3.7%*	*7.7%*
Remanded/Dismissed Cases	3,644,970	2,337,296	2,945,311	3,167,401	*7.5%*	*-13.1%*
Judgments and Rulings	3,420,602	2,472,590	2,281,525	2,247,354	*-1.5%*	*-34.3%*
Cases being processed[2]	27,182,417	27,025,915	28,438,679	29,273,563	*2.9%*	*7.7%*

Source: Courts in Figures 2012

[1] Pending lawsuits in the beginning of each fiscal year

[2] The total of cases being processed is calculated by the sum of new and pending lawsuits.

[3] The Electoral Court System was included in the report as of 2011 onwards.

Table 9 – Percentage Share of Tax Foreclosure Proceedings

Case Flow	Percentage share of Tax Foreclosure Proceedings in relation to the total of cases in the Judicial Branch			
	2009	2010	2011	2012
New Lawsuits	14%	13%	15%	13%
Pending Lawsuits[1]	40%	40%	39%	40%
Remanded/Dismissed Cases	14%	10%	11%	11%
Judgments and Rulings	14%	11%	10%	9%
Cases being processed[2]	33%	32%	32%	32%

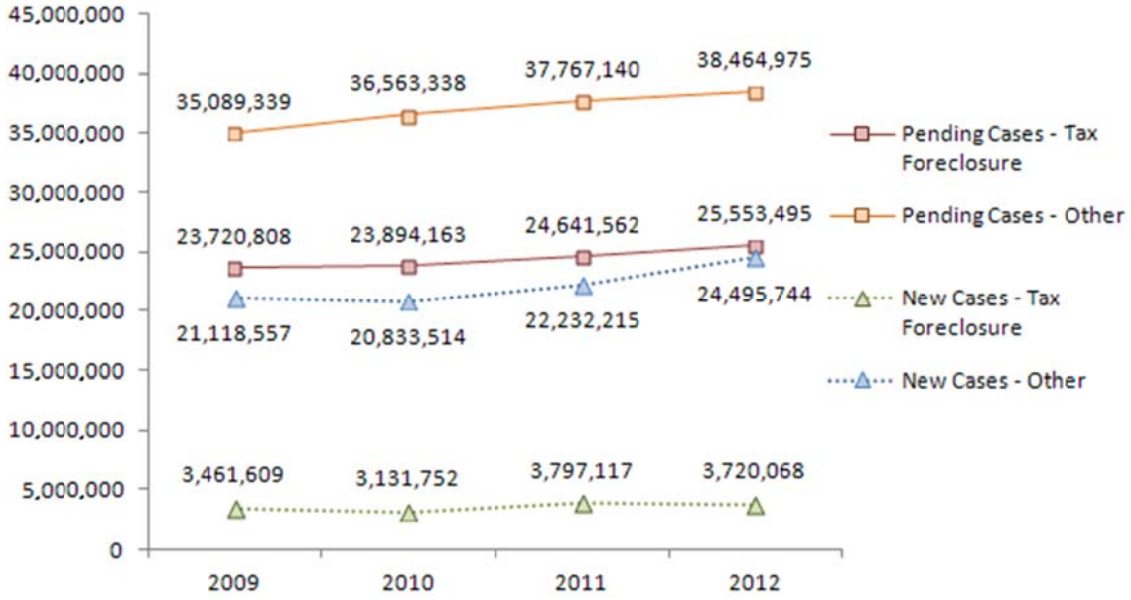
Source: Courts in Figures 2012

[1] Pending lawsuits in the beginning of each fiscal year

[2] The total of cases being processed is calculated by the sum of new and pending lawsuits.

[3] The Electoral Court System was included in the report as of 2011 onwards.

Graph 5 – Time Series of Tax Foreclosure Proceedings in Relation to Other Cases



It is worth noting that out of the 29.3 million tax foreclosure proceedings being processed, 87.2% (25.5 million) run before the State Courts; 12.2% (3.6 million), before the Federal Courts; and only 0.6% before the Labor Courts (165 thousand). The number of pending cases grew both before the State Courts and the Federal Courts, rising by 7% and 13.4%, respectively.

Table 10 – Case flow of Tax Foreclosure Proceedings per Court System

Court System	New Lawsuits	Pending Lawsuits[1]	Remanded / Dismissed Cases	Judgments and Rulings	Cases being processed[2]
State Courts	3,291,979	22,242,937	2,753,806	1,947,848	25,534,916
Federal Courts	375,689	3,194,958	361,037	289,042	3,570,647
Labor Courts	51,715	113,624	52,153	10,048	165,339
Electoral Courts	685	1,976	405	416	2,661
Judicial Branch Total	**3,720,068**	**25,553,495**	**3,167,401**	**2,247,354**	**29,273,563**

Source: Courts in Figures 2012

[1] Pending lawsuits in the beginning of each fiscal year

[2] The total of cases being processed is calculated by the sum of new and pending lawsuits.

To illustrate the above-depicted scenario, if all tax foreclosure proceedings were withdrawn from the Judicial Branch, the backlog rate, which reached 69.9% in 2012, would fall 9 percentage points to 60.9%. The index of remanded/dismissed cases per new case would also feature significant improvements, surpassing the level of 100%, which is the minimum desirable level in order to avoid judicial backlog. The number of cases being processed, which amounted to 92.2 million in 2012, would be reduced to 63 million (Table 11).

Provided the same context, the backlog rate would fall from 73.3% to 64.5% in the State Courts (a reduction of 8.8 percentage points), noting that the Federal Courts would experience an even more significant drop, 11.4 percentage points (falling from 65.3% to 53.9%). The number of cases being processed would be reduced to 35.4% in the State Courts and to 31.8% in the Federal Courts.

Table 11 – Impact of Tax Foreclosure Proceedings on Performance Indicators

Performance Indicators		2009	2010	2011	2012
Tax Foreclosure	Backlog Rate	86.6%	91.4%	89.6%	89.2%
	Share of Remanded/Dismissed cases per new case	105.3%	74.6%	77.8%	85.1%
Other Cases	Backlog Rate	61.5%	62.0%	61.8%	60.9%
	Share of Remanded/Dismissed cases per new case	102.4%	104.8%	103.1%	100.6%
Total	Backlog Rate	69.7%	71.4%	70.9%	69.9%
	Share of Remanded/Dismissed cases per new case	102.8%	100.8%	99.4%	98.5%

Source: Courts in Figures 2012

6. Compared Court Productivity Index (IPC- Jus)

The Compared Court Productivity Index (IPC- Jus) was established based on the Data Envelopment Analysis (DEA) methodology. The DEA method is a multivariate analysis technique, that is, a technique targeted at cases whose results need to be summarized based on two or more variables or indicators. The method is aimed at measuring the output in relation to the available resources in each court (input). This is an efficiency evaluation method that compares the results of each court in relation to their respective productivity. Thus, it is possible to release data on the improvements to be implemented by each court in order to reach the production frontier, considering their available resources and establishing

an evaluation indicator for each unit[6].

It is worth noting that the model brings an índex of relative efficiency as a result, which means that it identifies the courts that have reached the maximum production capacity in relation to other courts, given the available resources. It does not mean that courts that operate at 100% efficiency have already reached their maximum efficiency rates. Instead, it indicates that these courts stood out positively in relation to similar institutions.

The model is applied per court system, or, more specifically, in the State Courts and the Labor Courts. The method is not applied to the Federal Courts or to the State Military Courts because of the low number of courts that integrate these systems, which prevents the implementation of an appropriate statistical analysis[7]. The performance methodology may not be properly applied to other court systems because of their specified jurisdiction features.

The productivity index was calculated based on these considerations and according to the number of cases the court managed to remand or dismiss in one year in relation to its caseload and available financial and human resources. The following variables were used in the modeling process:

- Inputs: court expenditures (except expenses with retired staff), number of civil servants, servants requested from other government agencies or entities and employees without formal affiliation to public service, number of judges and total of cases being processed .
- Output: total of remanded/dismissed cases.

To ensure a better understanding of this methodology, frontier graphs are inserted below, featuring the assessment of only two indicators. The following graphs were jointly prepared with quadrant graphs, which divide data into four groups, featuring dotted lines that represent the average result for each indicator. These graphs provide for the identification of the courts that reached an optimum productivity level (frontier line), which are displayed in the most favorable quadrant, featuring good results in both indicators. They also provide for the identification of the underperformers, which delivered the worst results in both indicators, based on the application of the selected methodology.

6.1 Efficiency Frontier and Quadrant Graphs

The indicators that address the backlog rate and the number of remanded/dismissed cases per judge are analyzed next, covering the results presented by the State Courts, Federal Courts and Labor Courts. The purpose is to check whether there is a correlation between the average number of remanded/dismissed cases per judge and the backlog rate.

The graph features a line that crosses courts which are considered efficient in

[6] Further details on the DEA analysis technique are listed in the 2012 edition of the Courts in Figures report, in the methodology section.

[7] The method could be applied to the Federal Courts if there was available data per judicial district (States).

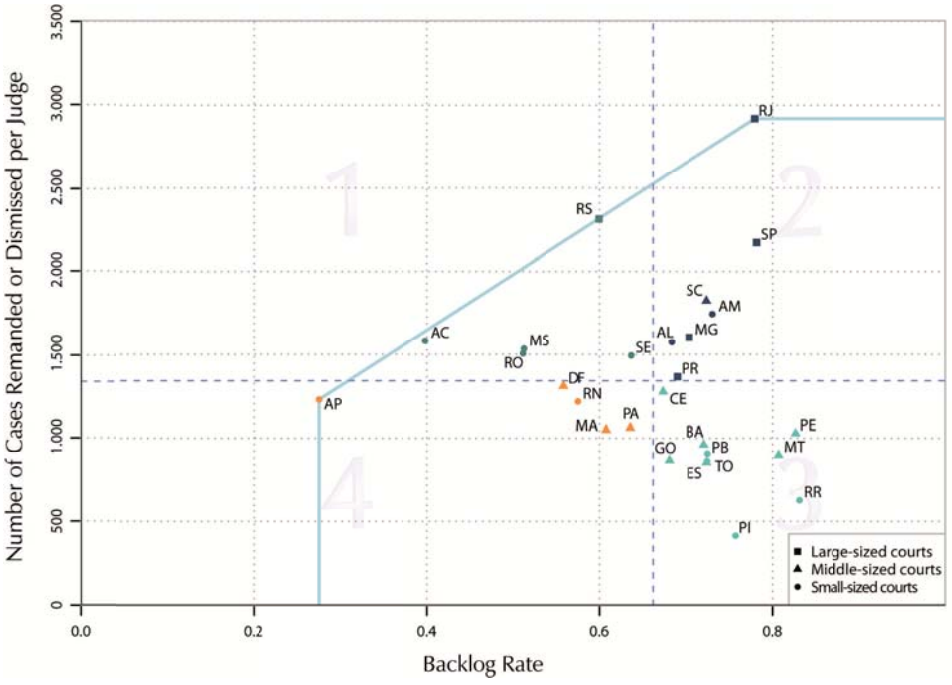
relation to the applied indicators so as to highlight the courts that jointly presented the lowest backlog rates and the highest average numbers of remanded/dismissed cases per judge.

The analysis of the State Courts graph (Graph 6) indicates that the Courts of Appeals of the States of Rio de Janeiro (TJRJ), Rio Grande do Sul (TJRS) and Amapá (TJAP) are placed in the efficiency frontier. The said Courts also operated at 100% efficiency, according to DEA assessments. The proximity of the Court of Appeals of the State of Acre (TJAC) to the efficiency frontier should be also taken into account, as it helps explain the efficiency rate of this court.

The Courts of Appeals of the States of Mato Grosso do Sul (TJMS), Rondônia (TJRO) and Sergipe (TJSE) are also placed in quadrant 1, together with TJRS and TJAC, because of their enhanced efficiency rates. It is worth noting that TJSE is close to the average results of both indicators (backlog rate and judge productivity).

However, ten courts were located in the worst performance quadrant of both indicators, featuring low judge productivity and high backlog rates (quadrant 3), which raises concerns when analyzing this graph. The Court of Appeals of the State of Ceará (TJCE) is placed in a less uncomfortable zone, though, and should it deliver small productivity increases, it could improve the indicators that address judge productivity and backlog rates. The Courts of Appeals of the States of Goías (TJGO), Bahia (TJBA), Paraíba (TJPB), Tocantins (TJTO), Espírito Santo (TJES), Piauí (TJPI), Pernambuco (TJPE), Mato Grosso (TJMT) and Roraima (TJRR) need to concentrate efforts to improve their productivity results, notably the latter three courts which feature backlog rates of over 80% (the three highest rates among State Courts, even higher than the ones delivered by bigger courts, such as the Court of Appeals of São Paulo – TJSP and the Court of Appeals of Rio de Janeiro – TJRJ).

Graph 6 – Backlog Rate x Number of Remanded/Dismissed Cases per Judge – State Courts

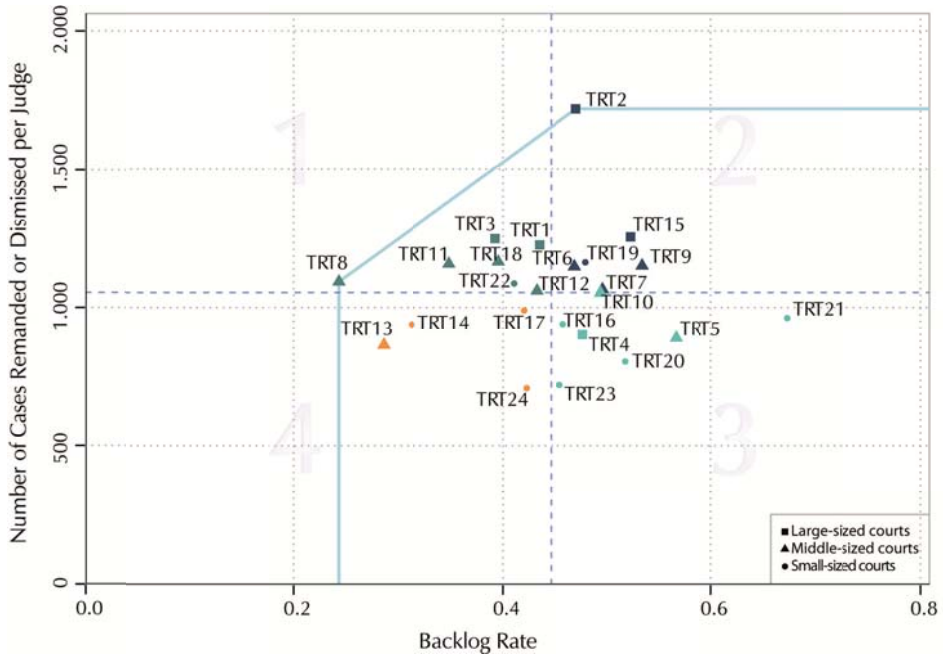


With respect to the Labor Courts (graph 7), the Regional Labor Courts of the 8th Circuit (TRT 8 - Pará/Amapá) and of the 2nd Circuit (TRT 2 - São Paulo) are placed in the efficiency frontier. These courts were the only ones to operate at 100% efficiency in the DEA modeling that will be introduced next.

The Regional Labor Courts of the 11th (TRT 11 – AM/RR), 3rd (TRT 3 – MG), 18th (TRT 18 – GO), 1st (TRT 1 – RJ), 22nd (TRT 22 – PI) and 12th (TRT 12 – SC) Circuits are placed along with TRT 8 in the quadrant that features the highest efficiency rates (quadrant 1). The only small-sized court to be placed in this quadrant was TRT 22 (PI), noting, however, that if its productivity decreased in 6% it would then reach the average rate for the said indicator. TRT 12 (SC) was other court which ranked very close to the average of both indicators, featuring productivity figures equal to the average rate for that indicator and a backlog rate slightly below average (only 1.3 percentage points)[8].

Quadrant 3 is home for the highest backlog rates associated with the lowest productivity outcomes. The Regional Labor Courts of the 21st (TRT 21 – RN), 5th (TRT 5 – BA), 20th (TRT 20 – SE), 23rd (TRT 23 – MT), 4th (TRT 4 – RS), 16th (TRT 16 – MA) and 10th (TRT 10 – DF/TO) Circuits are placed in this quadrant. TRT 10 practically touches the average productivity line, delivering slightly better results. The same applies to TRT 23 in relation to backlog rates. The backlog rate of TRT 21 stands out from the rate presented by other courts, as the result of 67.3% differs widely from the ones delivered by other courts and is 10 percentage points above the second highest backlog rate (TRT 5 – 56.7%) and 20 percentage points above the average for this indicator (44.6%).

Graph 7 – Backlog Rate X Number of Remanded/Dismissed Cases per Judge – Labor Courts

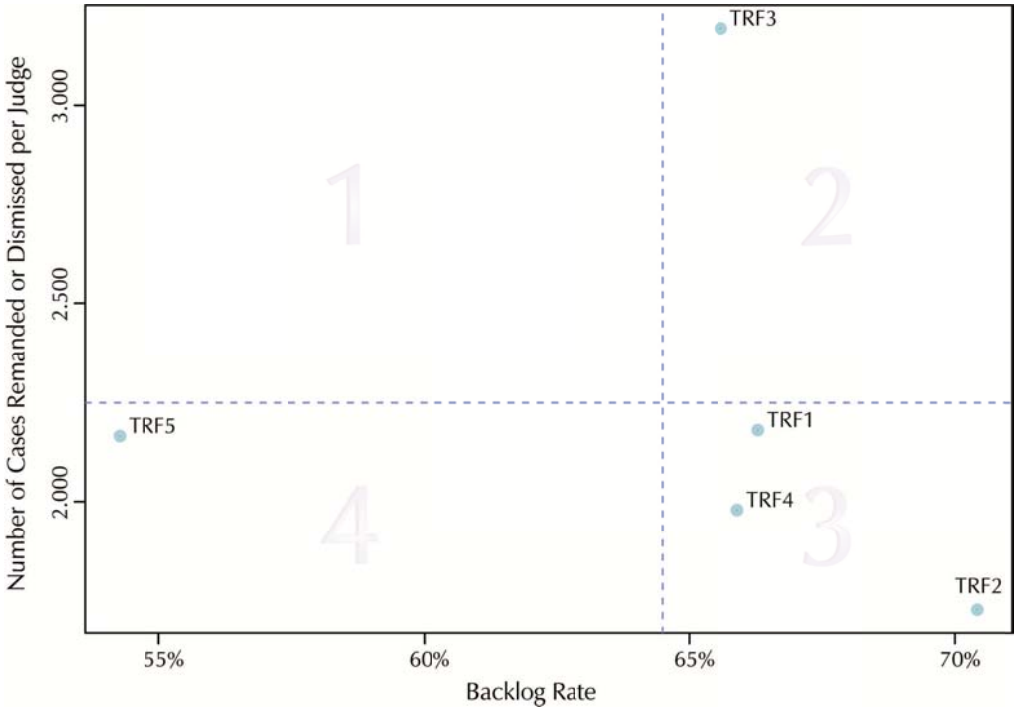


The following graph depicts the performance of the Federal Courts. Hopefully the courts that present the highest shares of remanded/dismissed cases per judge also get to

[8] When handling indexes, variations are preferably analyzed in absolute terms, in percentage points.

present the lowest backlog rates. Despite featuring the highest judge productivity rate (3,192), the backlog rate (65.6%) of the Regional Federal Appellate Court of the 3rd Circuit (TRF 3) is close to the rates of TRF 1 and TRF 4 (66.3% and 65.9%, respectively), and above the average rates of other TRFs. TRF 5 features the lowest backlog rate (54.3%), with a productivity indicator of 2,165 remanded/dismissed cases per judge, a number close to the Federal Courts average (2,272 remanded/dismissed cases per judge). The Regional Federal Appellate Court of the 2nd Circuit (TRF 2) presented the lowest average ratio of remanded/dismissed cases per judge (1,726) and the highest backlog rate (70.4%).

Graph 8 – Backlog Rate X Number of Remanded/Dismissed Cases per Judge – Federal Courts



6.2 Results of the Compared Productivity Index – IPC Jus

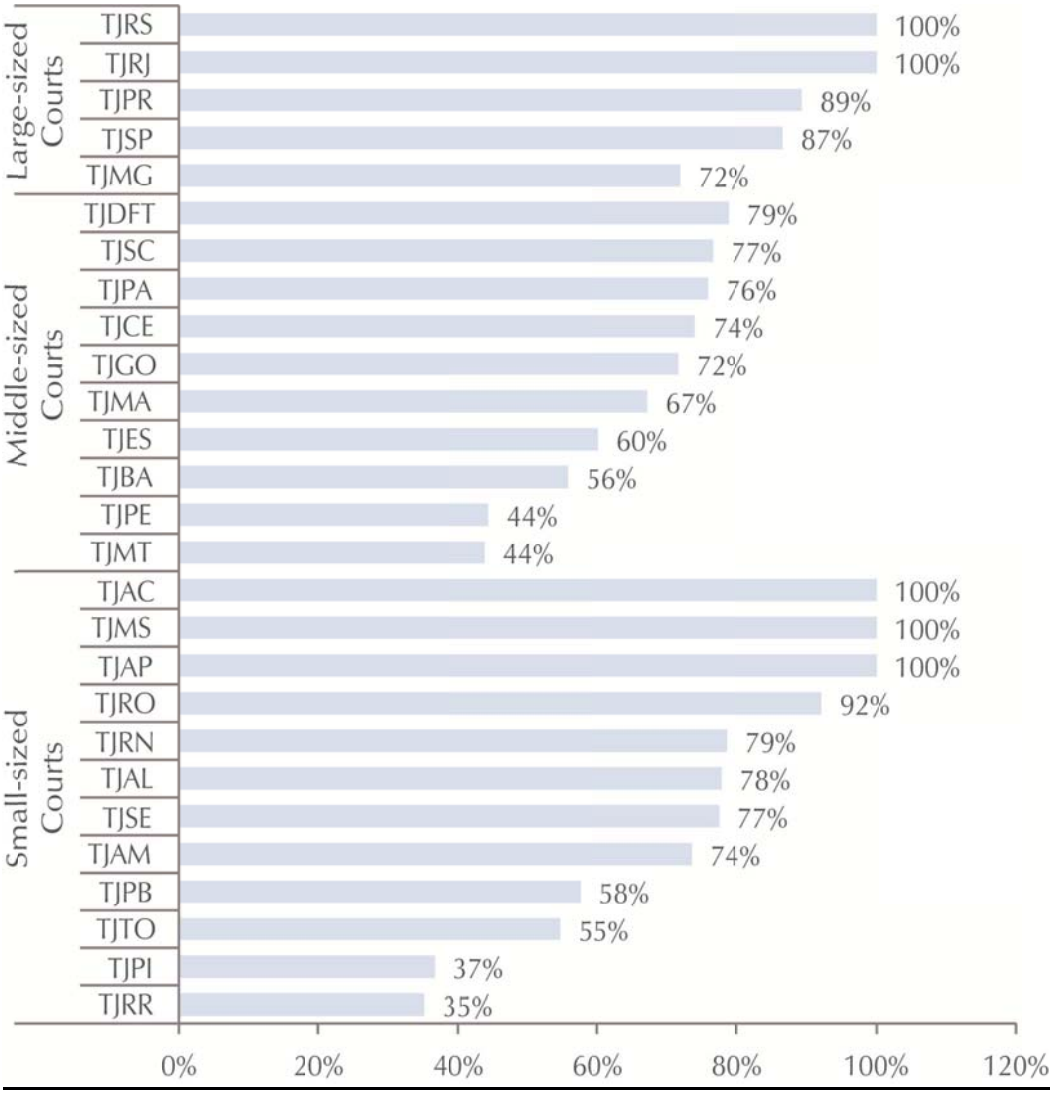
The results of the IPC Jus, which go detailed next, were obtained through the application of the DEA method, a technique that provides for the calculation of efficiency based on the simultaneous assessment of all variables, i.e. using as inputs the total of cases being processed, the number of judges, the number of employees (except outsourced staff and interns) and the total expenditure of the court (except retired staff), and, as outputs, the total of remanded/dismissed cases. It is worth noting that previous graphs apply the DEA modeling to a context in which only 2 variables are used. The full Courts in Figures report brings other graphs that supplement the concluding remarks and explanations on the results achieved through the application of the aforementioned model.

The average efficiency rate of State Courts amounted to 73% in 2012, and Labor Courts accounted for 85%, according to the application of DEA techniques. There are more significant differences among courts in the State Court System, including examples like the Courts of Appeals of Roraima (TJRR) and Piauí (TJPI), which featured relative efficiency rates of only 35% and 37%, respectively; and the examples of other five state appellate courts

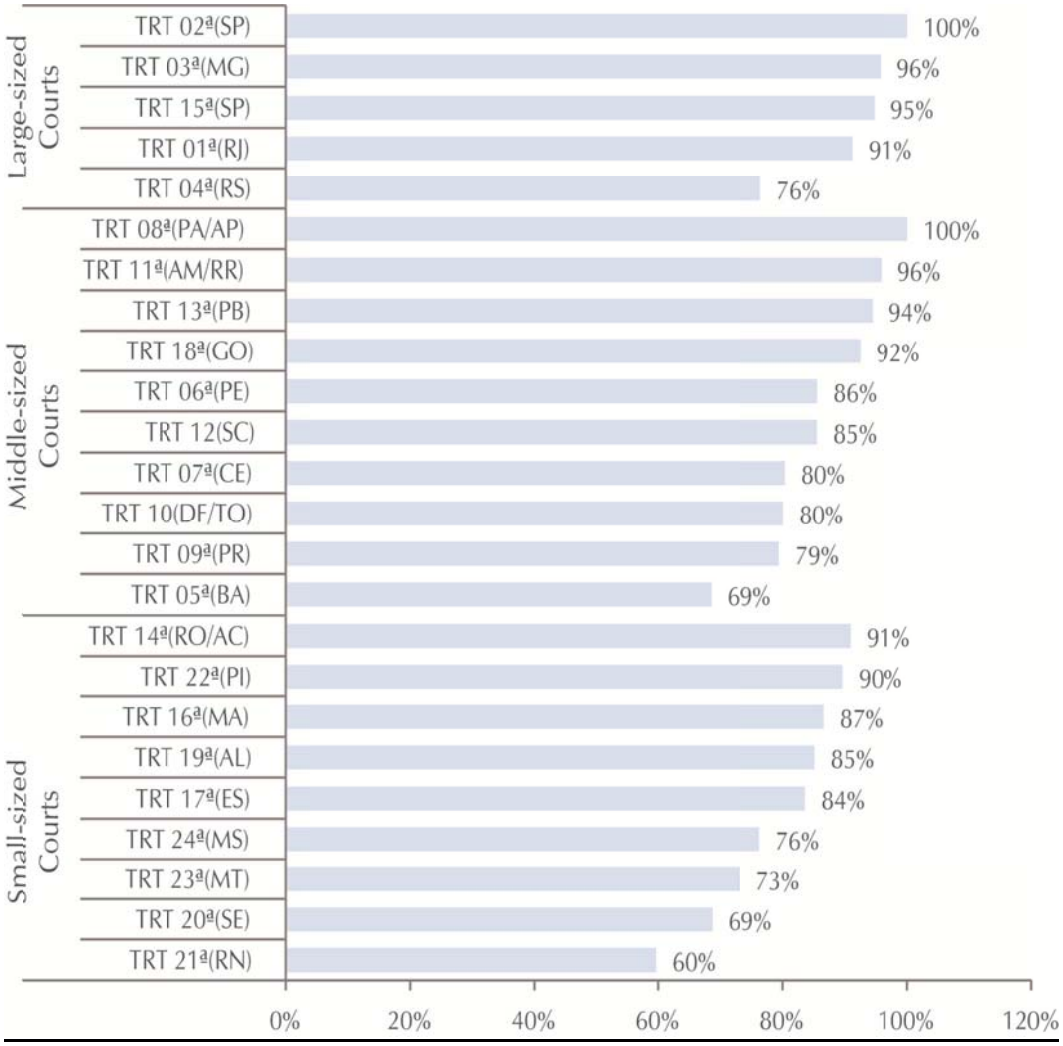
that delivered sound results, operating at maximum efficiency. Such positive examples include: the Courts of Appeals of Rio Grande do Sul (TJRS), Rio de Janeiro (TJRJ), Acre (TJAC), Mato Grosso do Sul (TJMS) and Amapá (TJAP), noting that the two first examples are large-sized courts whereas the three last ones are small-sized institutions. No middle-sized court managed to operate at 100% efficiency.

Data is more uniform in Labor Courts and that is why index range is smaller, with Regional Appellate Labor Court of the 21st Circuit (TRT 21 – RN) occupying the lowest position, featuring an efficiency rate of 60%. However, only two courts reached maximum efficiency, the Regional Appellate Labor Court of the 2nd Circuit (TRT 2 – SP), representing the group of large-sized courts, and the Regional Appellate Labor Court of the 8th Circuit (TRT 8 – PA/AP), representing the group of middle-sized courts.

Graph 9 – Compared Productivity Index - IPC Jus – State Courts



Graph 10 – Compared Productivity Index - IPC Jus – Labor Courts



7. Concluding Remarks

The figures presented in this report provide for the self-assessment of the services delivered by the Judicial Branch. The major roadblock points to the difficulties to dismiss existing cases, as the efforts to try and remand or dismiss such cases are not sufficient to meet the growing demand. In a more specific approach, upon the assessment of the growing number of new lawsuits and the performance indicators of judges and servants, it was possible to notice that the courts cannot ensure the smooth flow of new cases in relation to the cases which are already being processed, as the number of incoming cases grow more significantly than the number of entered judgments and remanded/dismissed cases. Such performance led to a drop of 4.3 percentage points in the indicator of the number of remanded/dismissed cases per new lawsuit in the last four-year period, which has been registering indicators below 100% as of 2011 onwards, a sign that the courts are not even succeeding in reducing the number of new lawsuits.

In this context, it is worth pointing to significant role played by tax foreclosure proceedings, which account for 40% of the number of pending cases and only 13% of the number of new lawsuits. The major difficulty consists in reducing the number of cases being processed, as despite the efforts made during 2011 and 2012 to increase the number of remanded/dismissed cases, the number of cases being processed continues to grow. The backlog rate of tax foreclosure proceedings reaches 89%, i.e. of every 100 cases being processed; only 11 are annually remanded or dismissed. Additionally, 8% of tax foreclosure proceedings that were being processed were adjudicated in 2012.

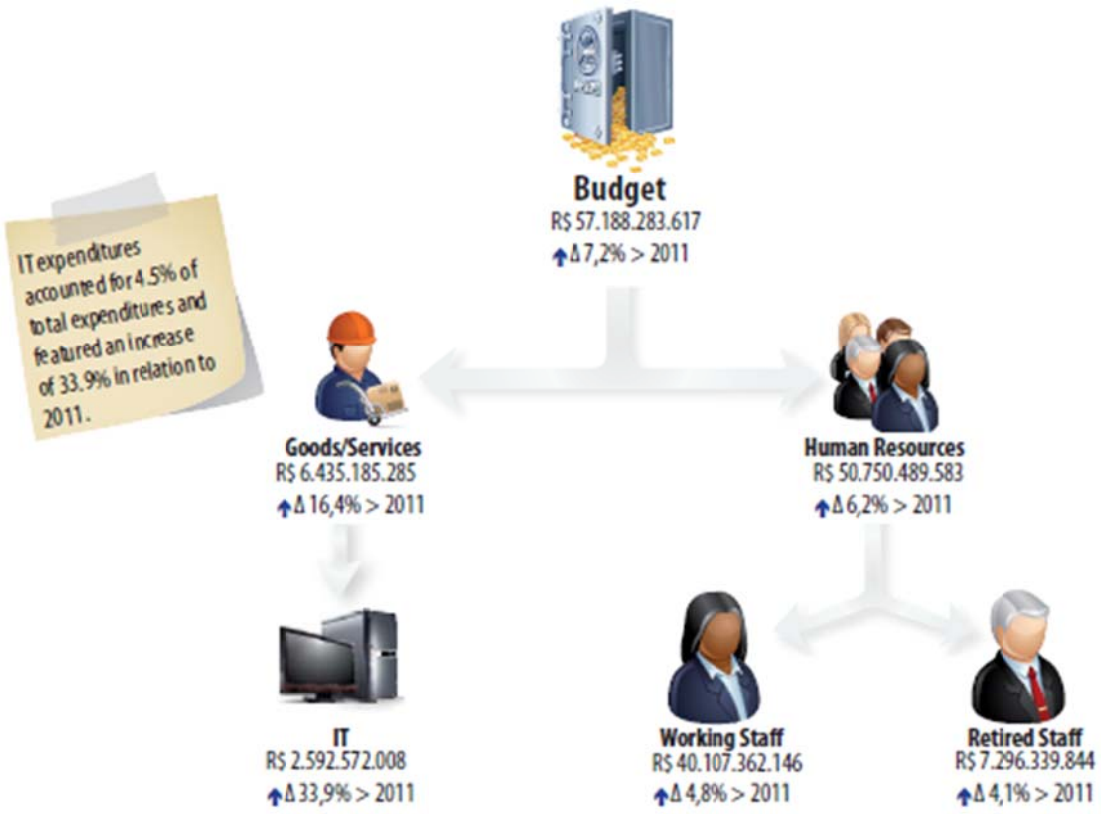
With regard to the application of the Compared Productivity Index – IPC Jus, it is relevant to note that the use of the DEA method weighs caseload, workforce and expenditures in relation to the delivered productivity results. Such weighting provides for the quantitative identification of courts that have conditions to improve their performance in relation to other courts that delivered increased productivity results using similar inputs. It is then possible to measure the performance context of the courts that succeed in remanding or dismissing a bigger number of cases and in keeping their respective backlog rates at lower levels. The example of model-courts – those that reach increased efficiency levels – may contribute to productivity improvements in other courts that did not yet succeed in achieving similar results.

In parallel with the initiatives to address the problems presented by tax foreclosure proceedings, combined with projects to modernize judicial management, the compared court productivity assessment may be a viable alternative to enhance the global performance of the Judicial Branch in a context of ever growing litigation.

Finally, it is worth noting that the reported data represents an effort to better understand the context of Brazil´s Judicial Branch. Efforts towards a more accurate understanding of the reality are still needed in order to have all information comprised in the Courts in Figures report supporting the adoption of judicial policies aimed at the continuous enhancement of judicial services in Brazil.

8. Annex - Infographics

8.1 Judicial Branch Total (excluding STF and Councils)



Workforce

Judges	Quantity	Δ(+/-)
Second Instance	2.379	3,3%
First Instance	13.040	3,4%
Appellate Panels	1.556	-8,7%
Small-claims Courts	3.046	3,5%
Judges Total	17.077	3,2%

The increase in the number of employees was especially influenced by the hiring of outsourced staff.

Employees	Quantity	Δ(+/-)
Civil Servants	235.402	1,1%
Assigned	4.392	6,3%
Requested	23.898	5,4%
Without formal affiliation to public service	14.001	10,0%
Outsourced	59.949	22,1%
Interns	50.476	17,3%
Lay Judges	2.024	-11,2%
Hearing Officers	8.662	-2,0%
Requisitados para Pleito Eleitoral	721	35950,0%
Employees Total	390.338	6,3%

Indicators per Judge

	Caseload	Δ (+/-)	Number of Adjudicated Cases	Δ (+/-)	Number of Remanded or Dismissed Cases	Δ (+/-)
Superiores	13.697	↑ 60,2%	6.817	↑ 36,8%	5.719	↑ 26,9%
Second Instance	3.065	↑ 1,3%	1.507	↑ 1,4%	1.403	↑ 7,6%
First Instance	5.652	↑ 1,0%	1.093	↑ 0,3%	1.344	↑ 5,9%
Appellate Panels	1.490	↑ 25,0%	560	↑ 22,0%	553	↑ 33,0%
Small-claims Courts	3.626	↑ 1,8%	1.841	↑ 3,1%	1.762	↓ -4,4%
Turma Uniformização	65	↑ 39,0%			31	↑ 60,9%
Judicial Branch	**5.618**	**↑ 1,8%**	**1.450**	**↑ 1,4%**	**1.628**	**↑ 4,1%**

Productivity Indicators

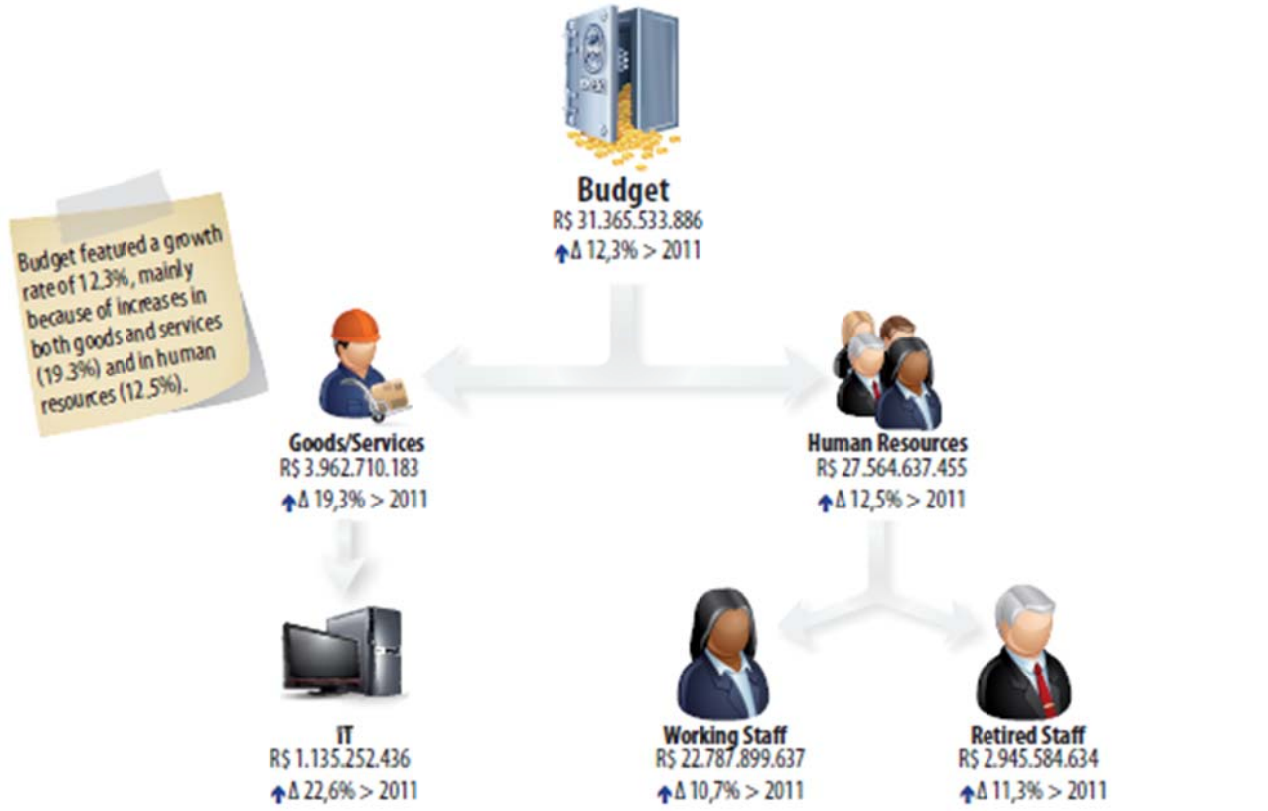
	Remanded or Dismissed / New Lawsuits	Δ (+/-)	Backlog Rate	Δ (+/-)	Backlog Rate	
					Cognizance Proceedings	Execution Proceedings
Superiores	52,6%	↓ Δ -4,17	102,3%	↑ Δ 23,57	0,0%	0,0%
Second Instance	99,9%	↑ Δ 1,69	46,3%	↓ Δ -3,33	not applicable	
First Instance	97,3%	↓ Δ -1,39	75,6%	↓ Δ -1,18	63,4%	85,8%
Appellate Panels	88,3%	↑ Δ 8,57	60,2%	↓ Δ -1,78	not applicable	
Small-claims Courts	100,6%	↓ Δ -4,80	50,0%	↑ Δ 1,90	49,2%	57,4%
Turma Uniformização	76,9%	↓ Δ-3,67	52,1%	↓ Δ-6,52	not applicable	
Judicial Branch	**98,5%**	**↓ Δ -0,83**	**69,9%**	**↓ Δ -1,03**	**60,0%**	**84,8%**

Reduction of backlog rates in all instances and courts, except for Small-claims Courts.

Case flow

	Cases being processed	Δ (+/-)	New Lawsuits	Δ (+/-)	Adjudicated	Δ (+/-)	Remanded or Dismissed	Δ (+/-)	Estimated Balance
Superiores	531.333	↑ 156,0%	458.290	↓ -2,4%	559.030	↑ 36,8%	468.995	↑ 26,9%	520.628
Second Instance	2.878.874	↓ -0,9%	3.341.368	↑ 9,3%	3.585.334	↑ 5,4%	3.337.208	↑ 11,1%	2.883.034
First Instance	53.602.212	↑ 1,9%	18.015.579	↑ 11,0%	14.256.768	↑ 3,7%	17.520.169	↑ 9,5%	54.084.299
Appellate Panels	1.185.069	↑ 22,8%	974.621	↑ 9,6%	870.589	↑ 11,4%	860.345	↑ 21,4%	1.299.345
Small-claims Courts	5.819.414	↑ 1,7%	5.423.366	↑ 0,7%	5.490.327	↑ 3,4%	5.617.083	↓ -2,8%	5.625.697
Turma Uniformização	1.568	↑ 7,8%	2.588	↑ 68,6%			1.989	↑ 60,9%	1.294
Total	**64.018.470**	**↑ 2,6%**	**28.215.812**	**↑ 8,4%**	**24.762.048**	**↑ 4,7%**	**27.805.789**	**↑ 7,5%**	**64.428.493**

8.2 Infographic of State Courts Total



Judges	Quantity	Δ (+/-)
Second Instance	1.715	3,1%
First Instance	9.111	5,5%
Appellate Panels	1.422	-5,2%
Small-claims Courts	2.539	2,2%
Judges Total	**11.960**	**4,4%**

The hiring of outsourced staff was the factor that most contributed to the expansion of existing workforce, with the admission of 12,562 new employees (30.8%) in relation to 2011.

Employees	Quantity	Δ (+/-)
Civil Servants	151.134	0,5%
Assigned	1.435	9,0%
Requested	10.618	13,9%
Without formal affiliation to public service	13.321	10,9%
Outsourced	36.843	30,8%
Interns	37.564	18,2%
Lay Judges	2.024	-11,2%
Hearing Officers	8.662	-2,0%
Employees Total	**258.731**	**7,1%**

Indicators per Judge

	Caseload	Δ (+/-)	Number of Adjudicated Cases	Δ (+/-)	Number of Remanded or Dismissed Cases	Δ (+/-)
Second Instance	2.533	↑ 3,2%	1.292	↑ 3,4%	1.193	↑ 9,2%
First Instance	6.606	↓ -1,5%	1.090	↓ -4,0%	1.384	↑ 2,4%
Appellate Panels	638	↑ 24,6%	297	↑ 28,8%	328	↑ 27,2%
Small-claims Courts	3.472	↑ 2,5%	1.754	↑ 4,6%	1.634	↓ -5,9%
State Courts	**6.208**	**↑ 0,0%**	**1.423**	**↓ -0,5%**	**1.611**	**↑ 1,5%**

Productivity Indicators

	Remanded or Dismissed / New Lawsuits	Δ (+/-)	Backlog Rate	Δ (+/-)	Backlog Rate	
					Cognizance Proceedings	Execution Proceedings
Second Instance	96,6%	↑ Δ 1,36	45,2%	↓ Δ -3,22	not applicable	
First Instance	95,8%	↓ Δ -0,93	78,6%	↓ Δ -0,93	67,9%	87,7%
Appellate Panels	90,4%	↑ Δ 3,95	44,4%	↓ Δ -0,43	not applicable	
Small-claims Courts	97,7%	↓ Δ -6,30	52,0%	↑ Δ 3,73	51,0%	59,0%
State Courts	**96,2%**	**↓ Δ -1,80**	**73,3%**	**↓ Δ -0,55**	**64,2%**	**86,7%**

The number of judgments entered per judge decreased in courts of 1st Instance. Courts of 2nd Instance, Small-claims courts and appellate panels delivered positive results.

Case flow

	Cases being processed	Δ (+/-)	New Lawsuits	Δ (+/-)	Adjudicated	Δ (+/-)	Remanded or Dismissed	Δ (+/-)	Estimated Balance
Second Instance	1.616.374	↑ 0,3%	2.118.193	↑ 11,0%	2.215.198	↑ 7,7%	2.045.435	↑ 12,6%	1.689.132
First Instance	45.680.963	↑ 1,9%	13.161.705	↑ 9,1%	9.929.067	↑ 1,3%	12.609.020	↑ 8,1%	46.233.648
Appellate Panels	322.726	↑ 27,8%	515.577	↑ 15,3%	422.908	↑ 22,1%	466.281	↑ 20,6%	372.022
Small-claims Courts	4.398.657	↑ 5,9%	4.244.564	↑ 2,4%	4.453.990	↑ 6,4%	4.147.889	↓ -3,8%	4.495.332
Total	**52.018.720**	**↑ 2,3%**	**20.040.039**	**↑ 8,0%**	**17.021.163**	**↑ 3,8%**	**19.268.625**	**↑ 6,0%**	**52.790.134**

State Courts: Overall Picture

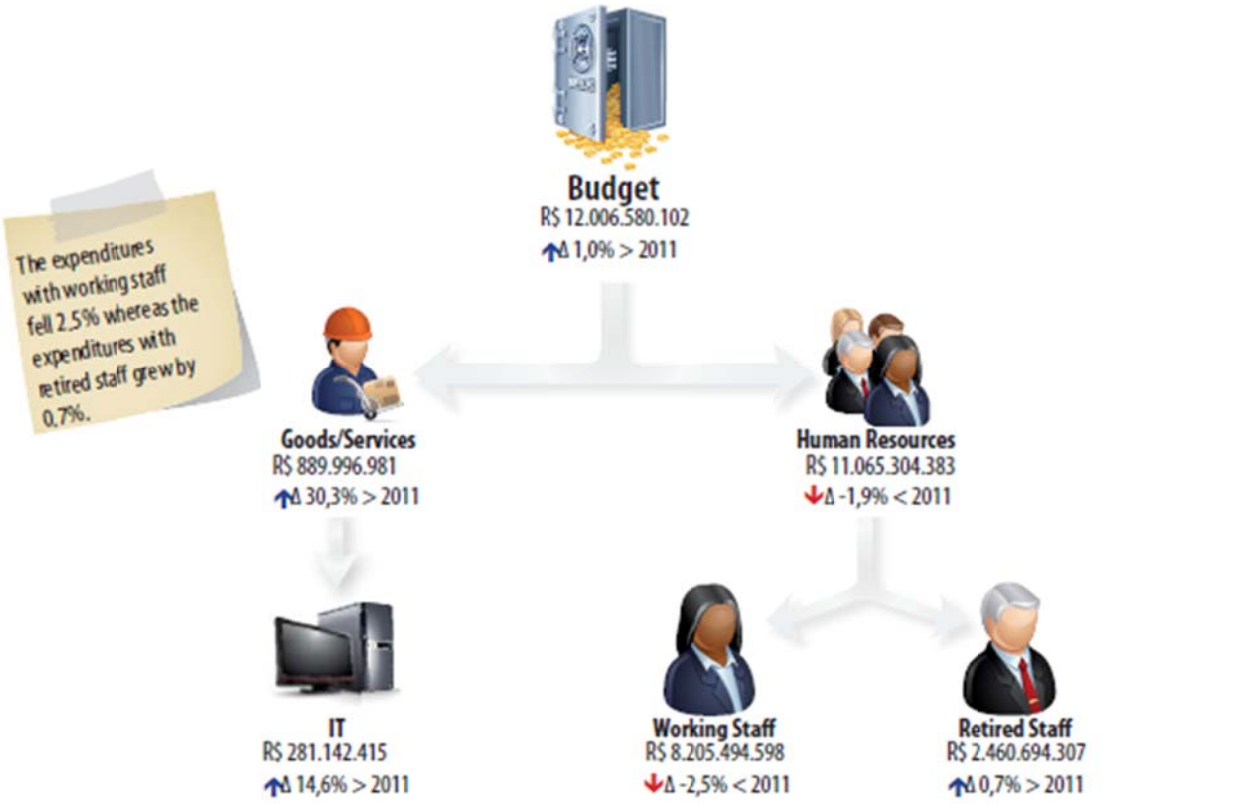
Proportionally speaking, expenditures grew more sharply than human resources and litigation. Expenditures rose 24.7% between 2009 and 2012, whereas workforce grew by 14.8% and the number of judges, by 5.7%. With regard to litigation, the number of new lawsuits grew by 13.1%, whereas the number of remanded or dismissed cases increased 5.8% and the number of entered judgments was reduced in 2.5%. In general, despite the increments in the structure of state appellate courts in terms of human and material resources, these courts did not succeed in adjudicate and remand or dismiss enough cases to justify the amount of resources they received. It is worth noting that human resources

account for most of the expenditures, featuring a growth of BRL 5.4 billion during the assessed period, which represents 88% of the total budget of State Courts.

The workforce amounted to 258,731 employees in 2012. The main reason for the 14.8% increase is quite related to the increase of 72% in the number of employees without formal affiliation to public service, which amounted to almost 24 thousand outsourced staff and interns in the four-year period, representing a growth rate of 52% and 44%, respectively.

The backlog rate remained relatively constant. After a small increase, it fell from 74.3% in 2010 to 73.3% in 2012. The rate reduction was more significant in courts of 2nd instance, which featured a reduction of 5 percentage points (p.p.). Courts of 1st instance featured a reduction of less than 1 p.p. whereas small-claims courts experienced an increase of almost 3 p.p. State Courts have been regularly decreasing the ratio of remanded or dismissed cases in relation to new lawsuits, having achieved a rate of 96.2% in 2012. Such figure indicates that 3.8% of the cases filed in 2012 will contribute to an increase in the number of pending cases for the next year. Such result is mainly owed to the performance of courts of 1st instance and small-claims courts. The overall assessment is positive for courts of 2nd instance and appellate panels, as the ratio of remanded or dismissed cases in relation to new lawsuits is on a rising trend. The productivity, which is measured by the average number of judgments entered per judge, fell almost 8%, amounting to 1,423, which represents an average of minus 120 judgments entered per judge.

8.3 Infographic of Labor Courts Total



Judges	Quantity	Δ (+/-)
Second Instance	514	↑ 5,5%
First Instance	2.736	↑ 1,3%
Judges Total	3.250	↑ 1,9%

Reduction in the number of requested employees and employees without formal affiliation to public service. Priority placed in the hiring of civil servants.

Employees	Quantity	Δ (+/-)
Civil Servants	37.992	↑ 4,0%
Assigned	1.767	↑ 3,6%
Requested	3.554	↓ -3,7%
Without formal affiliation to public service	187	↓ -9,7%
Outsourced	8.115	↑ 11,9%
Interns	3.762	↑ 5,9%
Employees Total	51.843	↑ 4,7%

Indicators per Judge

	Caseload	Δ (+/-)	Number of Adjudicated Cases	Δ (+/-)	Number of Remanded or Dismissed Cases	Δ (+/-)
Second Instance	2.021	↓ -0,8%	1.363	↓ -6,9%	1.232	↓ -3,3%
First Instance	2.507	↑ 2,6%	1.113	↓ -0,6%	1.152	↑ 2,7%
Labor Courts	**2.430**	**↑ 2,0%**	**1.153**	**↓ -1,7%**	**1.164**	**↑ 1,7%**

Productivity Indicators

	Remanded or Dismissed / New Lawsuits	Δ (+/-)	Backlog Rate	Δ (+/-)	Backlog Rate	
					Cognizance Proceedings	Execution Proceedings
Second Instance	97,4%	↓ Δ -5,84	26,6%	↑ Δ 2,09	not applicable	
First Instance	98,2%	↓ Δ -1,76	49,6%	↓ Δ -0,50	34,8%	67,9%
Labor Courts	**98,0%**	**↓ Δ -2,43**	**46,8%**	**↓ Δ -0,24**	**34,8%**	**67,9%**

Despite the accrued increase of 12.6% in court productivity during the assessed four-year period, this indicator registered a reduction of 1.7% during last year.

Case flow

	Cases being processed	Δ (+/-)	New Lawsuits	Δ (+/-)	Adjudicated	Δ (+/-)	Remanded or Dismissed	Δ (+/-)	Estimated Balance
Second Instance	212.187	↓ -3,8%	650.085	↑ 8,2%	700.825	↓ -1,8%	633.257	↑ 2,1%	229.015
First Instance	3.040.911	↑ 0,0%	3.209.536	↑ 5,8%	3.046.501	↑ 0,7%	3.151.029	↑ 3,9%	3.099.418
Total	**3.253.098**	**↓ -0,2%**	**3.859.621**	**↑ 6,2%**	**3.747.326**	**↑ 0,2%**	**3.784.286**	**↑ 3,6%**	**3.328.433**

Labor Courts: Overall Picture

The total expenditure of Labor Courts reached BRL 12 billion. Between 2009 and 2011, expenditures registered a reduction of approximately 1% a year[9], exception made to 2012, when the time series featured the first increase, which achieved 1%. Expenditures with human resources are significant and concentrate 92.2% of the entire budget, a share which remained constant between 2009 and 2011, at around 95%, featuring a fall of 3 percentage points (p.p.) [10] only in 2012. Unlike the expenditures with goods and services (which featured an increase of 49.8%), and IT (an increase of 37.8%), the expenditures with human resources were reduced in 1.5% during the assessed four-year period.

Despite an accrued fall in expenditures with human resources, the number of employees and judges

[9] The monetary values referred to in this report, related to 2009 - 2011, are deflated by the Broad Consumer Price Index of December, 2012 (IPCA/DEC 2012).

[10] As it consists of an index, the variation of the share of expenditures should be preferably handled in absolute terms, in percentage points.

increased. The number of employees grew by 14.7%, totaling 51,843 employees in 2012 filling offices that were mainly occupied by civil servants (73.3%), whereas the auxiliary workforce consisted of only 15.7% of outsourced staff and 7.3% of interns. Labor Courts seek to rely on their own staff, as the number of employees without formal affiliation to public service is rather small (0.4%) and the number of requested employees (6.9%) is equally divided into civil servants and employees without formal affiliation to public service. With regard to the number of judges, there was an increase of 2% (63) in the number of new judges since 2009, encompassing a reduction of 4% (19) in the number of appellate judges and an increase of 3% (82) in the number of judges of first instance. Thus, Labor Courts relied on 3,250 judges by the end of 2012, performing their activities at Regional Federal Appellate Courts (TRFs), in courts of 1st and 2nd instance.

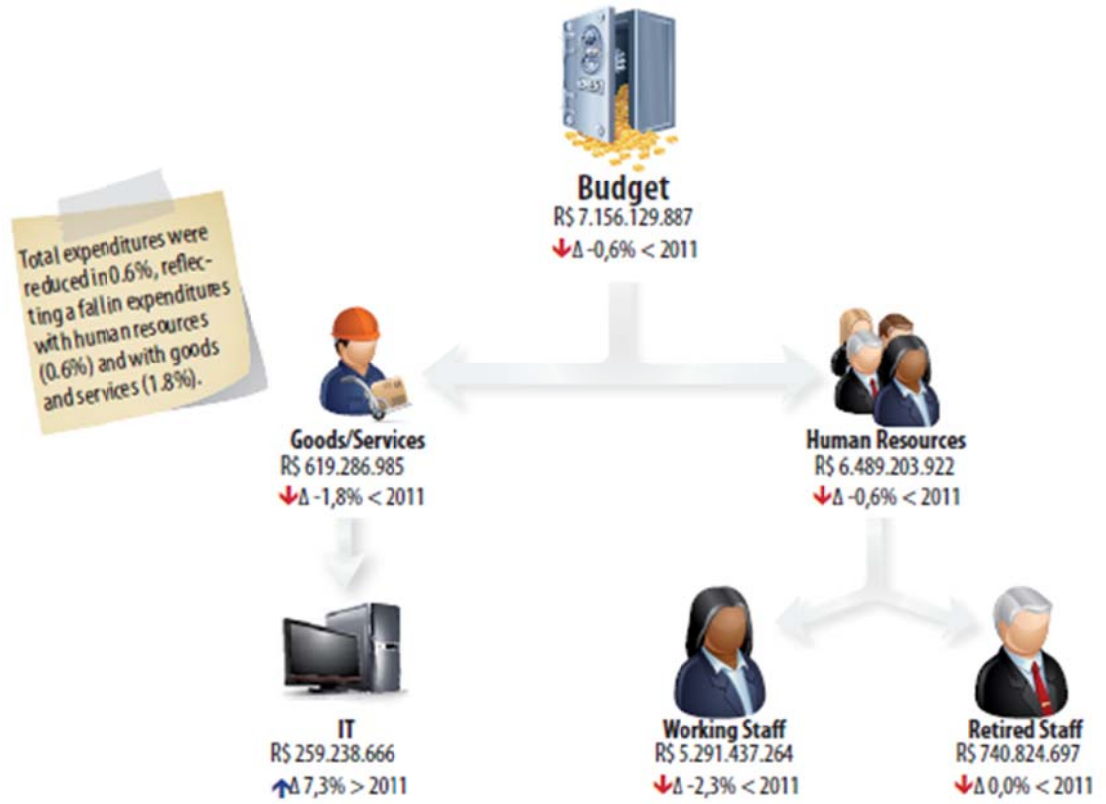
Caseload per judge features small increases as of 2009, amounting to a total variation of 6.6% in the assessed period. Productivity indicators have also improved in courts of 1st and 2nd instance, and consistently grew by 12.6% during the four-year period.

Case flow registered increases both with respect to the number of new lawsuits and to the number of entered judgments and remanded or dismissed cases in both instances of Labor Courts. However, despite such auspicious figures, labor courts remanded or dismissed 98% of new lawsuits, which indicates that measures should be taken to achieve the 100% ratio in order to avoid an increased number of pending cases for the next year.

Backlog rate, which had been falling until 2011, remained practically constant in 2012. The accrued fall of backlog rate achieved 3.1 percentage points (p.p) [11], but only 0.2 p.p. during last year.

[11] As it consists of an index, the variation of the backlog rate should be preferably handled in absolute terms, in percentage points.

8.4 Infographic of Federal Courts Total



Workforce

Judges	Quantity	Δ (+/-)
Second Instance	130	-3,0%
First Instance	1.142	-6,6%
Appellate Panels	134	-34,3%
Small-claims Courts	507	10,9%
Judges Total	**1.714**	**-1,3%**

Small-claims courts featured an increase in the number of judges in 2012, unlike other courts at the federal level, like second and first-instance courts and appellate panels, which all experienced a reduction in the number of such professionals.

Employees	Quantity	Δ (+/-)
Civil Servants	25.772	3,1%
Assigned	514	0,2%
Requested	1.719	6,0%
Without formal affiliation to public service	144	-7,1%
Outsourced	6.796	19,9%
Interns	5.762	27,2%
Employees Total	**39.679**	**8,8%**

Indicators per Judge

	Caseload	Δ (+/-)	Number of Adjudicated Cases	Δ (+/-)	Number of Remanded or Dismissed Cases	Δ (+/-)
Second Instance	13.913	↑ 2,3%	4.565	↑ 4,9%	4.524	↑ 16,5%
First Instance	5.212	↑ 8,1%	809	↑ 14,1%	1.262	↑ 24,6%
Appellate Panels	10.534	↑ 75,7%	3.341	↑ 56,5%	2.941	↑ 86,4%
Small-claims Courts	5.709	↑ 22,3%	3.019	↑ 23,3%	3.498	↑ 37,5%
Turma Uniformização	65	↑ 39,0%			31	↑ 60,9%
Federal Courts	**6.894**	**↑ 1,5%**	**1.751**	**↑ 1,0%**	**2.272**	**↑ 11,1%**

Productivity Indicators

	Remanded or Dismissed / New Lawsuits	Δ (+/-)	Backlog Rate	Δ (+/-)	Backlog Rate	
					Cognizance Proceedings	Execution Proceedings
Second Instance	115,9%	↑ Δ16,83	61,7%	↓ Δ-4,95	not applicable	
First Instance	149,1%	↑ Δ32,59	75,1%	↓ Δ-3,29	48,4%	83,6%
Appellate Panels	85,8%	↑ Δ13,01	70,2%	↓ Δ-1,95	not applicable	
Small-claims Courts	123,3%	↑ Δ11,52	43,5%	↓ Δ-4,26	43,9%	27,8%
Turma Uniformização	76,9%	↓ Δ-3,67	52,1%	↓ Δ-6,52	not applicable	
Federal Courts	**125,0%**	**↑ Δ16,54**	**65,3%**	**↓ Δ-3,09**	**45,5%**	**78,6%**

All performance indicators were improved, both at instance and global levels, featuring an increase in productivity, in the number of cases remanded/dismissed per judge and in the number of cases remanded/dismissed per new lawsuit, all such figures combined with a reduction in backlog rate.

Case flow

	Cases being processed	Δ (+/-)	New Lawsuits	Δ (+/-)	Adjudicated	Δ (+/-)	Remanded or Dismissed	Δ (+/-)	Estimated Balance
Second Instance	1.026.932	↓ -0,7%	507.368	↓ -3,4%	593.452	↑ 1,8%	588.089	↑ 13,0%	946.211
First Instance	4.810.673	↑ 3,3%	966.868	↓ -9,1%	923.566	↑ 6,6%	1.441.186	↑ 16,4%	4.336.355
Appellate Panels	862.343	↑ 21,0%	459.044	↑ 3,9%	447.681	↑ 2,8%	394.064	↑ 22,4%	927.323
Small-claims Courts	1.420.757	↓ -9,5%	1.178.802	↓ -5,0%	1.036.337	↓ -8,0%	1.469.194	↑ 0,0%	1.130.365
Turma Uniformização	1.568	↑ 7,8%	2.588	↑ 68,6%			1.989	↑ 60,9%	
Total	**8.122.273**	**↑ 1,9%**	**3.114.670**	**↓ -4,8%**	**3.001.036**	**↓ -0,4%**	**3.894.522**	**↑ 9,7%**	**7.342.421**

Federal Courts: Overall Picture

The Federal Courts System is the only system within the Judicial Branch that managed to reduce its expenditures duing the assessed time series. Such reduction especially reflects the expenditures with human resources, which have been decreasing on an annual basis, a phenomenon registered in all five Regional Federal Appellate Courts (TRFs)[12]. Regardless of the reduction in total expenditures, spendings

[12] The monetary values referred to in this report, related to 2009 - 2011, are deflated by the Broad Consumer Price Index of December, 2012 (IPCA/DEC 2012).

with goods and services grew by 13% and with IT, by 21%. The number of employees has also decreased, registering a reduction of 759 employees (2%), which encompassed an increase in the number of civil servants (2,600) and a reduction in the number of servants requested from other government agencies or entities (2,032) and outsourced staff (1,329), which suggests that federal courts prioritize the retention of civil servants affiliated to their own staff. Nevertheless, the range of the auxiliary workforce (interns and outsourced staff) is rather significant, accounting for 32% of employees' total. The number of judges decreased for the second consecutive year, falling from 1,853 to 1,714 individuals between 2010 and 2012.

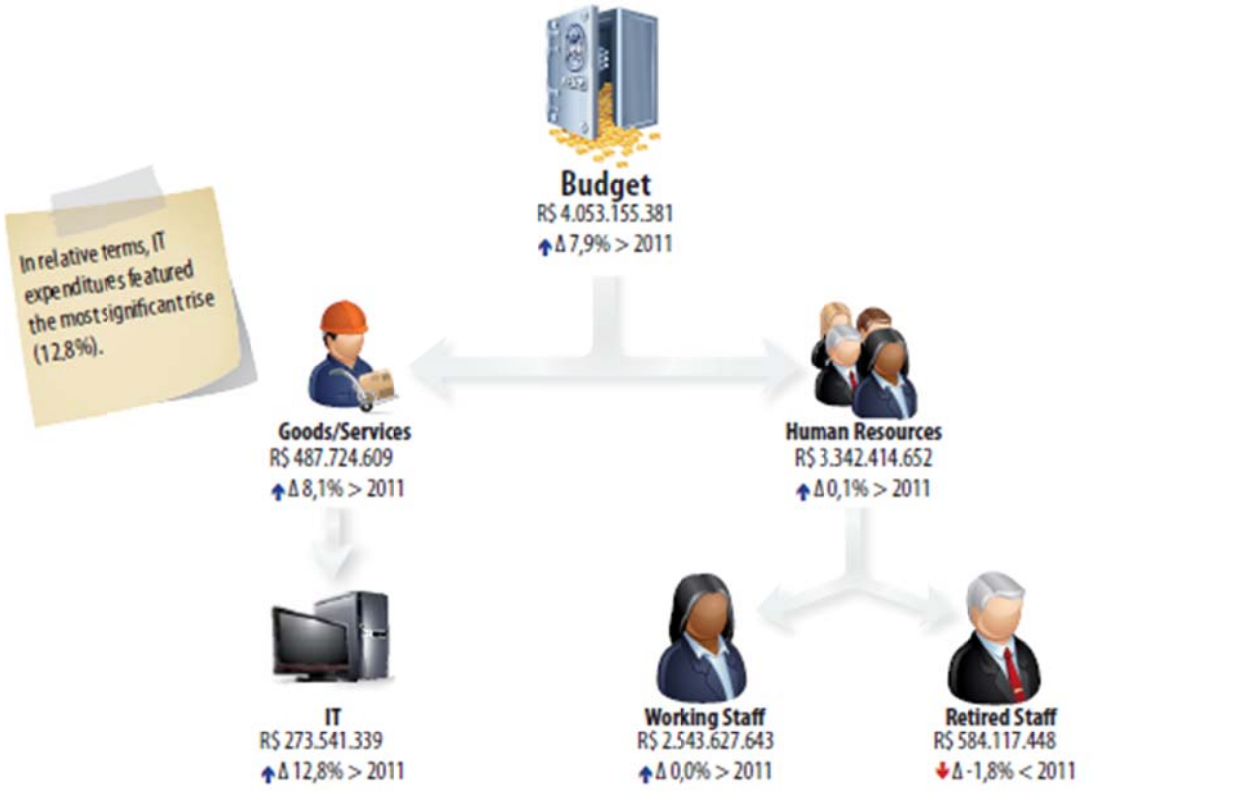
Another interesting aspect associated with Federal Courts refers to their capability of returning financial resources to the public treasury because of their collection system. Federal Courts revenues, which amounted to BRL 9 billion in 2012, exceeded their total expenditures (BRL 7 billion), despite significant variations verified in each individual court and in the Federal Courts System as a whole during 2009 – 2012.

The demand for judicial services, which is associated with cost and workforce reductions, registered a 5% fall in 2012, after relevant variations in 2009 – 2011. Nevertheless, judges delivered higher productivity rates, with an average of 1,751 judgments entered per judge, which resulted in a 5% increase in the number of entered judgments in relation to 2009 and an 11% increase in the number of remanded or dismissed cases.

Given the increase in the number of entered judgments and remanded or dismissed cases, combined with the reduction in the number of new lawsuits, it was just natural that the backlog rate would fall, having stabilized at 65% in all instances in 2012. The number of remanded or dismissed cases per new lawsuit has also delivered a satisfactory performance, featuring a growth of 16.5 p.p. and stabilizing at 125%.

In conclusion, the Federal Courts System delivered a positive performance in 2012, reducing both human and financial resources and improving its level of productivity and performance indicators.

8.5 Infographic of Electoral Courts Total



Judges	Quantity	Δ (+/-)
Second Instance	251	11,1%
First Instance	2.927	-4,7%
Judges Total	3.178	-3,6%

The number of interns has increased 50% in relation to the previous year.

Employees	Quantity	Δ (+/-)
Civil Servants	13.884	-2,1%
Assigned	323	-10,0%
Requested	7.469	-0,9%
Without formal affiliation to public service	116	-7,2%
Outsourced	4.298	-11,8%
Interns	1.990	49,8%
Requested para Pleito Eleitoral	721	35950,0%
Employees Total	28.155	1,7%

Indicators per Judge

	Caseload	Δ (+/-)	Number of Adjudicated Cases	Δ (+/-)	Number of Remanded or Dismissed Cases	Δ (+/-)
Second Instance	384	↑ 42,1%	290	↑ 48,3%	270	↑ 43,5%
First Instance	247	↑ 526,1%	120	↑ 610,5%	107	↑ 438,3%
Electoral Courts	**262**	**↑ 390,5%**	**134**	**↑ 367,5%**	**120**	**↑ 285,6%**

Productivity Indicators

	Remanded or Dismissed / New Lawsuits	Δ (+/-)	Backlog Rate	Δ (+/-)	Backlog Rate	
					Cognizance Proceedings	Execution Proceedings
Second Instance	106,7%	↓ Δ -87,93	20,7%	↓ Δ -6,19	not applicable	
First Instance	46,5%	↓ Δ -54,06	59,4%	↑ Δ 11,07	59,3%	85,1%
Electoral Courts	**51,7%**	**↓ Δ -76,00**	**53,6%**	**↑ Δ 12,72**	**59,3%**	**85,1%**

The number of new lawsuits featured 9-fold increase because of the elections.

Case flow

	Cases being processed	Δ (+/-)	New Lawsuits	Δ (+/-)	Adjudicated	Δ (+/-)	Remanded or Dismissed	Δ (+/-)	Estimated Balance
Second Instance	21.883	↓ -39,6%	63.419	↑ 190,7%	72.850	↑ 64,7%	67.684	↑ 59,4%	17.618
First Instance	62.840	↑ 10,7%	671.493	↑ 1052,3%	351.584	↑ 603,3%	312.451	↑ 422,2%	408.559
Total	**84.723**	**↓ -8,9%**	**734.912**	**↑ 817,6%**	**424.434**	**↑ 350,5%**	**380.135**	**↑ 271,6%**	**439.500**

Electoral Courts: Overall Picture

The total expenditures of Regional Electoral Courts grew by 8% last year[13], amounting to BRL 4 billion in 2012. The rise in 2012 spending was mainly due to the organization of elections, as related expenditures would reach approximately BRL 392 million. IT spending, which featured an increase of BRL 31 million (12.8%), and disbursements with goods and services, which rose by BRL 36 million (8%), contributed to the surge in expenditures.

The organization of elections accounted for approximately 10% of the total budget, or BRL 2.84 per voter, in average. Election spending encompassed the disbursement of BRL 181 million (46%) in overtime pay for employees; BRL 6.7 million (1.7%) in overtime pay for outsourced staff; and BRL 6.3 million (1.62%) in the extraordinary request of 721 civil servants from other government agencies or entities solely to assist in the organization of elections, which generated an average cost of BRL 8.8 thousand per person. Such

[13] The monetary values referred to in this report, related to 2009 - 2011, are deflated by the Broad Consumer Price Index of December, 2012 (IPCA/DEC 2012).

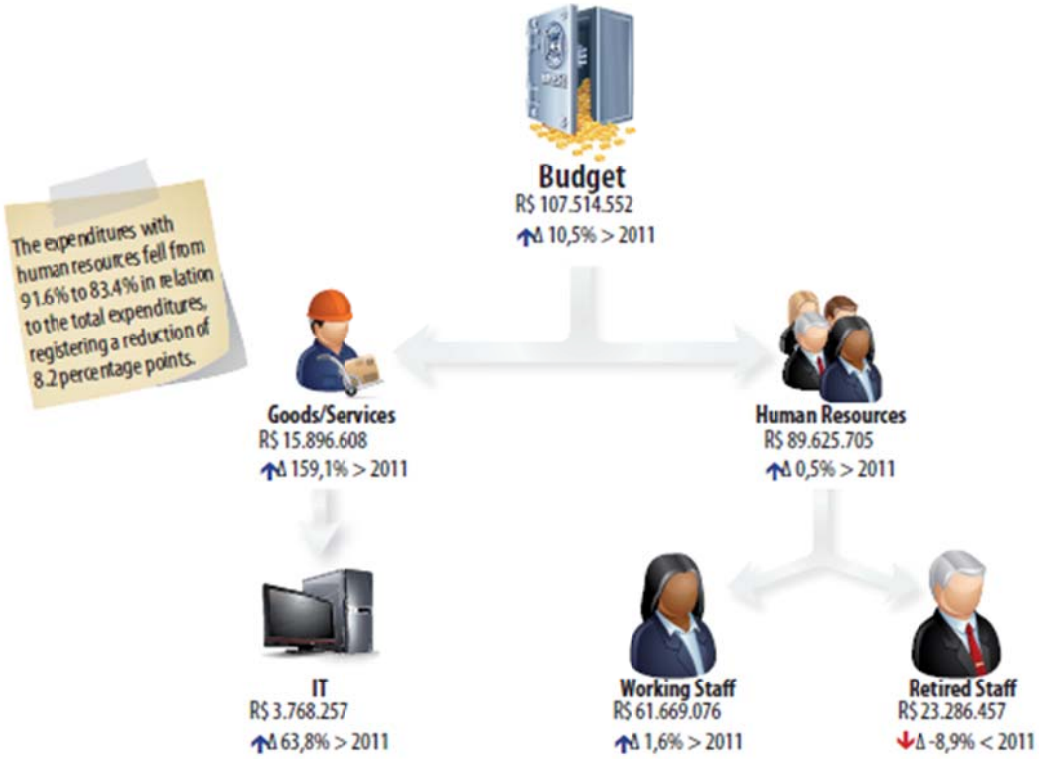
personnel-related expenditures accounted for almost half of the entire amount spent in elections.

The expenditures with human resources, which accounted for 82.5% of the total budget, were necessary to pay a staff of 28,155 employees, of which 49% are civil servants, 27% are servants requested from other government agencies or entities, 15% are outsourced staff, 7% are interns, 0.4% are employees without formal affiliation to public service, and 2.6% are servants requested from other government agencies or entities on a extraordinary basis with the purpose of assisting in the elections. The total workforce grew by only 1.7%, notably because of the extraordinary request of 721 servants from other government agencies or entities to help organize the elections. Electoral Courts count on 3,178 judges distributed in courts of 1st and 2nd instance.

Brazilian voters amount to 138 million individuals, which represents 71% of the country´s population. There are 487,650 electronic voting machines in use in Brazil, an average of one machine for each group of 283 voters.

With regard to litigation, almost 820 thousand cases were processed in Electoral Courts, 90% of which (735 thousand) were filed in 2012. The number of new lawsuits grew 9-fold over 2011 because of the elections. Nevertheless, only 380 thousand cases were either remanded or dismissed, that is, practically half of the number of new lawsuits, which will certainly impact the number of cases being processed next year.

8.6 Infographic of State Military Courts Total



Workforce

Judges	Quantity	Δ (+/-)
Second Instance	20	0,0%
First Instance	19	0,0%
Judges Total	39	0,0%

Employees	Quantity	Δ (+/-)
Civil Servants	342	-2,3%
Assigned	5	
Requested	64	-8,6%
Without formal affiliation to public service	54	10,2%
Outsourced	38	5,6%
Interns	55	1,9%
Employees Total	548	-2,0%

Workforce figures did not oscillate much, but there was a reduction in the number of civil servants and servants requested from other government agencies or entities, with subsequent increase in the number of employees without formal affiliation to public service, outsourced staff and interns.

Indicators per Judge

	Caseload	Δ (+/-)	Number of Adjudicated Cases	Δ (+/-)	Number of Remanded or Dismissed Cases	Δ (+/-)
Second Instance	210	↓ -11,3%	150	↓ -2,4%	137	↓ -6,1%
First Instance	486	↓ -2,2%	222	↓ -3,3%	253	↑ 24,3%
Justiça Militar	**345**	**↓ -5,3%**	**185**	**↓ -2,9%**	**193**	**↑ 11,2%**

Productivity Indicators

	Remanded or Dismissed / New Lawsuits	Δ (+/-)	Backlog Rate	Δ (+/-)	Backlog Rate	
					Cognizance Proceedings	Execution Proceedings
Second Instance	119,1%	↑ Δ 1,24	27,8%	↓ Δ -4,71	not applicable	
First Instance	112,2%	↑ Δ 30,57	47,8%	↓ Δ -11,33	44,3%	54,0%
Justiça Militar	**114,6%**	**↑ Δ 20,52**	**41,9%**	**↓ Δ -8,81**	**44,3%**	**54,0%**

The reduction of 9 percentage points in the backlog rate is owed to performance improvements in all three military courts, as they have all experienced a reduction in their respective backlog rates.

Case flow

	Cases being processed	Δ (+/-)	New Lawsuits	Δ (+/-)	Adjudicated	Δ (+/-)	Remanded or Dismissed	Δ (+/-)	Estimated Balance
Second Instance	1.498	↓ -19,2%	2.303	↓ -7,1%	3.009	↓ -2,4%	2.743	↓ -6,1%	1.058
First Instance	4.916	↑ 4,2%	4.279	↓ -9,6%	4.217	↓ -3,3%	4.802	↑ 24,3%	4.393
Total	**6.414**	**↓ -2,4%**	**6.582**	**↓ -8,7%**	**7.226**	**↓ -2,9%**	**7.545**	**↑ 11,2%**	**5.451**

State Military Courts: Overall Picture

State Military Courts registered a 10.5% increase in total expenditures (BRL 10.2 million), which amounted to BRL 107.5 million, accounting for 0.005% of GDP, 0.063% of public spending and BRL 1.48 per inhabitant in each of the three states that have state military courts (SP, MG and RS). Total expenditures growth was especially influenced by spending with goods and services, which surged by 159%, registering an increase of almost BRL 10 million.

State Military Courts employees amount to 548 individuals, of which 62% are civil servants, 12% are servants requested from other government agencies or entities, 10% are employees without formal affiliation to public service and 17% are outsourced staff and interns. These figures did not oscillate much in relation to 2011, featuring a reduction of only 11 employees. The number of judges (39) is divided in an almost equal manner in courts of 2nd (20) and 1st (19) instances and remained constant between 2011 and 2012. Nevertheless, there was a reduction of 2.9% in productivity figures, which are measured by the average

number of judgments entered per judge, accompanied by a 11.2% rise in the number of cases remanded or dismissed per judge

Almost 13 thousand cases were processed during 2012, of which 6,582 (51%) are new lawsuits, and 6,414 (49%) are cases that had been pending since the year before, accounting for a 5.7% fall in relation to 2011. The reduction in the number of cases being processed combined with the unchanged number of judges resulted in a reduced caseload in courts of both 1st and 2nd instances, with 345 cases per judge.

The backlog rate registered a fall of almost 9 percentage points[14], having stabilized at 42% mainly because of the reduction of 8.7% in the number of new lawsuits, of 2.4% in the number of pending cases associated with a 11.2% increase in the number of remanded or dismissed cases. Despite the increase in the number of remanded or dismissed cases, the number of entered judgments decreased by 3%. The fall in the backlog rate was reflected in the good performance indicators delivered by both courts of 2nd instance, which achieved 28% and reduced the backlog rate by 5 percentage points (p.p.), and courts of 1st instance, either during cognizance or execution proceedings, having stabilized at 44.3% in cognizance proceedings (backlog rate reduced by 9 p.p.) and at 54% in execution proceedings (backlog rate reduced by 18 p.p.).

[14] As it consists of an index, the variation of the backlog rate should be preferably handled in absolute terms, in percentage points.