

Annual report

For the year to 30 June 2020

Presented to the Minister of Justice pursuant to section 76
of the Lawyers and Conveyancers Act 2006



Contents

Our role	3
President's introduction	4
Chief Executive's overview	6
Notable moments of 2019/20	8
Report on activities	12
Entry to the legal profession	13
Maintaining fitness to practise	13
Complaints and discipline	15
Financial assurance scheme	20
Other regulatory activities	21
Healthy, safe and inclusive legal workplaces	23
Law reform	24
Sections	25
Branches	27
Library	28
Legal education	28
Funding	29
Governance	30
Summary financial statements	32
New Zealand Law Society – Regulatory	33
New Zealand Law Society Lawyers' Fidelity Fund	38
New Zealand Law Society Solicitors' Fidelity Guarantee Fund	43
The Lawyers and Conveyancers Special Fund	47
New Zealand Law Society – Representative (Group)	51

Our role

The Lawyers and Conveyancers Act 2006 (the Act) requires the New Zealand Law Society to regulate and represent the legal profession.

The New Zealand Law Society | Te Kāhui Ture o Aotearoa is the professional body for lawyers in New Zealand and is governed by a President, an executive Board and a Council.

Regulatory functions

The primary purposes of the Act are to maintain public confidence in the legal profession and protect the consumers of legal services. The Act gives the Law Society various powers to carry out its regulatory functions, which are to:

- Regulate the practice of law.
- Uphold the fundamental obligations imposed on lawyers.
- Monitor and enforce the provisions of the Act and regulations and rules made under it.
- Assist and promote the reform of the law.

Membership services

The Act also specifies that the Law Society can provide representative services to its members. Currently these services include:

- Professional development.
- Collegial and networking events.
- Support and guidance.

President's introduction

Tēnā koutou katoa

My first full year as President of the New Zealand Law Society | Te Kāhui Ture o Aotearoa has been an unprecedented one as the Law Society, New Zealand and the world have grappled with massive economic and social disruption as a result of a global pandemic.

I look back on the reporting year with an enormous sense of pride at how the governance and management of the Law Society have successfully met the numerous challenges we have encountered with ensuring access to justice could continue. This was due to a close and co-operative working relationship with the judiciary, Government departments and other membership organisations.

I came into the Presidency with a declared focus on improving diversity and inclusion within the legal profession and to advance our work on culture change in the profession in partnership with others. The response to this has been overwhelming; I spoke at and attended 38 events including the New Zealand Asian Leaders Lawyers Launch, the Te Hunga Rōia Hui-ā-Tau, the Pacific Lawyers Association inaugural conference and I have travelled throughout New Zealand, to Australia and beyond representing the Law Society. The extensive public outreach I have achieved over the year in review has been a critical part in raising awareness of the issues facing the profession on our journey to become more representative and balanced in order to become a stronger and healthier cohort.

There has also been a new trend, accelerated by COVID-19, of virtual events, including my hosting and moderation of a historic webinar with all of the Heads of Bench and a subsequent virtual interview I conducted with Chief Justice, the Right Honourable Dame Helen Winkelmann, in the May issue of LawTalk.

In October 2019, the Law Society Board, endorsed by the Society's Council, made the historic decision to commission an independent review of the statutory framework for legal services, including the Law Society's structure and functions. The decision to conduct



an independent review reflected the constraints the current Lawyers and Conveyancers Act 2006 placed on the Law Society's ability to be transparent about its complaints process, and to deal with a broad range of unacceptable behaviour, including complaints of sexual harassment and bullying within the profession. After more than a decade since the current Act took effect in 2008, and the recent effect on public confidence in the complaints process relating to the conduct of lawyers towards other lawyers, it is time to have a wide-ranging review of the current model. The terms of reference for the independent review will be agreed after extensive consultation with the legal profession and other stakeholders.

Work also commenced during the reporting period on proposed changes to lawyers' conduct rules under the Lawyers and Conveyancers Act's Conduct and Client Care Rules 2008 (RCCC) and the Ongoing Legal Education – Continuing Professional Development Rules 2013 (CPD). The proposed RCCC and CPD rules changes are a significant step: for the first time, discrimination, bullying, harassment, sexual harassment and other unacceptable conduct will be clearly defined; the threshold for reporting unacceptable conduct to the Law Society has been made clearer; and there will be rules to make it clear no one who makes a report or complaint should be victimized. Additionally, the proposed changes will require those who manage and operate law practices to provide a report each year, declaring that these issues are being managed appropriately.

The 27th of February 2020 marked a momentous and positive step for the Law Society with the signing of a Memorandum of Understanding (MoU) with Te Hunga Rōia Māori o Aotearoa (the Māori Law Society), an event that was 30 years in the making. The MoU strengthened the existing relationship between our two organisations and formalises a spirit of cooperation and trust.

Almost a month later, New Zealand will record 11.59pm on 25 March 2020 as an historic moment, the exact time our country went into a national lockdown to control the spread of the highly contagious COVID-19 virus that has wreaked havoc globally in 2020.

For the New Zealand legal profession the arrival of COVID-19 was the biggest disruption to our way of working since the Second World War. Lawyers faced significant challenges in delivering services and upholding the law under the various Alert Levels. As President, I worked closely with the judiciary, the justice sector and other representative legal organisations. We worked in a collaborative way that had never previously occurred but was absolutely necessary given the magnitude of the challenges for the profession and the justice sector.

From the free webinars for the legal profession, to our law reform work and the frequent email bulletin

updates to the legal profession, the Law Society responded on a scale unseen before to ensure lawyers were able to discharge their professional responsibilities.

At the same time, we recognised that lawyers also needed support, which is why the roll out of our National Mentoring Programme was brought forward to May 2020 and our Legal Community Counselling Service pilot was extended. The Board also reviewed its pre-COVID decision to increase the annual practising fee and decided to recommend there be no change, which was accepted by the Law Society Council and the Minister for Justice.

Access to justice remained a priority for the Law Society. In May 2020 we released for consultation a draft stocktake report of access to justice initiatives across New Zealand. We made a conscious decision to take a people-centred approach to better understand the issues from a consumer perspective. The stocktake report is the first phase of this work. The next stage will consider where the Law Society is uniquely placed to act, including in partnership with other stakeholders, to have the greatest impact.

As the CEO's report will show, all of these momentous events were happening in the context of an operational team already disrupted and dealing with significant financial and infrastructure legacy issues that will take some years to resolve.

This has been a challenging and disruptive year for all of us and I want to thank my fellow Board members, Law Society staff and volunteers for their dedication and hard work throughout these difficult times.

Last year I called for the Law Society and legal community to come together – *kia kotahi te hoe o te waka* – to literally paddle as one – as we embarked on a period of major change. In the very different COVID-19 world that we now find ourselves in, never has that message been more true or more relevant. May we continue to paddle in unison.

TIANA EPATI

President

Chief Executive's overview

Tēnā koutou katoa

As Law Society President Tiana Epati says in her foreword the year under review has been an historic one.

This year also marked my first full year as Executive Director/CEO of the New Zealand Law Society | Te Kāhui Ture o Aotearoa and it's been an epic journey leading the operational team through unprecedented times.

The historic events of the year outside of the COVID-19 pandemic included commemorating 150 years of the Law Society in September 2019, announcing an independent review of the statutory framework for legal services in October 2019, the signing of a Memorandum of Understanding (MoU) with Te Hunga Rōia Māori o Aotearoa and the launch of the Law Society's Māori name in February 2020. The decision to conduct an independent review and the signing of the MoU underline the Law Society Board's commitment to creating a healthier, more diverse and inclusive profession.

From an operational perspective what has stood out for me has been the potential of these initiatives to create enduring change. At the same time, I have been focused on ensuring the sustainability of the Law Society in the short-term in the face of an almost perfect storm created by the disruption to revenue for the representative entity, the impact of COVID-19 and the recognition that there has been historic underinvestment in the Law Society's infrastructure and personnel over a significant period.

What has also stood out for me has been the commitment of people at all levels of the Law Society's operational team, and the many volunteers from the legal profession who work with us, to step up and commit to delivering high-quality work and services while still progressing key strategic projects in the most challenging of times.

Professional bodies face unprecedented pressures for change globally and locally and the Law Society is not immune to these forces. It became apparent



during the year under review that there has been a significant lag by the Law Society in its response to the forces for change with historic underinvestment in Law Society infrastructure and personnel over a lengthy period. One outcome of this was the need to evacuate the Law Society-owned national office in Waring Taylor Street, Wellington, in July 2020 after it was found to have an NBS rating of less than 20%¹ and the Law Society was issued with an earthquake-prone building notice by Wellington City Council.

The evacuation of Waring Taylor Street resulted in additional costs for temporary office space and related expenses during the reporting year. The Law Society

also explored options for long-term accommodation in Wellington with premises secured prior to COVID-19, although the final decision on this changed after the end of the reporting year when a more cost-effective long-term option was secured. The Waring Taylor Street building was sold with settlement occurring toward the end of the financial year and the funds going into representative reserves.

The evacuation of our national office along with the cost of the ongoing work resulting from the #metoo movement of 2018 and the need to reinvest in core infrastructure, created a permanent uplift in the organisation's costs. Other financial pressures on the regulatory entity were created by the decision to hold the practising fee at its current level due to the uncertainty created by COVID-19 and on the representative entity by the loss of rent from regulatory for the Waring Taylor Street premises, a precipitous drop in interest on reserves and the financial impact of the pandemic on the dividend from NZLS CLE Ltd (a fully-owned subsidiary of the Law Society). These pressures meant that during the second half of the year under review significant work was done to identify and implement cost savings across the organisation with discretionary costs being reduced and several wellbeing initiatives and other projects put on hold.

Despite these operational pressures, the Law Society remained committed to improving the culture of the profession and addressing the issues of unacceptable behaviour that the events of 2018 brought into stark relief. We continue to look for ways to improve this area within the constraints of the current legal framework, constraints which are key drivers for the proposed changes to the conduct and Continuing Professional Development rules and also the commissioning of an independent review of the statutory framework for legal services.

As with other sectors of the economy, COVID-19 had a significant impact on the legal profession in the last quarter of the year under review. From March onward, Law Society staff responded magnificently to support the profession and consumers of legal services.

Our response to COVID-19 was three-fold. First, it was

essential that we continue to provide regulatory services to lawyers and the consumers of legal services. Second, we needed to support the profession through an unprecedented period of disruption and lastly, we needed to ensure staff had the tools to do their jobs and the support to work effectively in the most challenging of times. The Law Society's COVID-related work is described in the notable moments section of this report.

Information technology work and investment made prior to the COVID-19 lockdown meant our business continuity plans were seamless with most staff able to work remotely from day one. This allowed us to fulfil our legal obligations and provide regulatory and other services without significant disruption. In terms of pastoral care, there was an emphasis on channels through which lawyers could seek help, including a free confidential counselling service and the launch of a national mentoring scheme during Alert Level 3 in the first lockdown, which enabled lawyers to help each other through the most trying of times.

The operational team has risen to the challenge of COVID-19 and for the reasons outlined in this report we will need to continue to focus on ensuring that the Law Society continues on the path to becoming a sustainable and modern organisation.

Finally, I would like to thank our many volunteers who sit on Standards Committees, law reform, branch and section committees. Their commitment and hard work have enabled the organisation to continue to deliver its regulatory and representative services throughout an enormously disruptive year. A special thanks also needs to go to the President and Board of the Society who led the organisation through a tumultuous year and provide ongoing support and guidance to the operational team.

Ngā mihi

HELEN MORGAN-BANDA

Chief Executive

1. NBS (National Building Standard). A rating of less than 20% means its risk of collapse in a moderate earthquake was around 25 times the risk of failure for a building that is 100% NBS.

Notable moments of 2019/20

JULY 2019

Moving out of Waring Taylor Street

After 55 years in our purpose-built national office at 26 Waring Taylor Street in Wellington we received a Detailed Seismic Assessment which showed that the building had a NBS rating of less than 20%. The Law Society was issued with an earthquake-prone building notice by Wellington City Council. Wellington-based staff were relocated in several temporary

locations before we were able to secure interim premises on Whitmore Street in January 2020. Our staff did an incredible job of continuing to provide essential services to the profession while working in very strained circumstances. Little did we know that this period of disruption was a taste of what was to come.



▲ 26 Waring Taylor Street building ca 1962–1965. Home to the New Zealand Law Society for 55 years until July 2019.

SEPTEMBER 2019

Commemorating 150 years of the Law Society

On 3 September, the Law Society marked exactly 150 years since it was first organised under the New Zealand Law Society's Act 1869. Several events were held around the country to commemorate the occasion. These included special High Court sittings in Christchurch, Wellington, Hamilton, Auckland and Dunedin and branch events.

It was an occasion to reflect and also look to the future to consider how we can build an inclusive legal profession that reflects the diversity of the community it serves, how we can have a work culture that supports lawyers' mental health needs, a legal system that provides equitable access to justice and how the legal profession can make greater use of the opportunities afforded to us by increasing technological advances.

OCTOBER 2019

Independent review of the statutory framework for legal services

The decision to conduct an independent review reflected the constraints the current Lawyers and Conveyancers Act 2006 (the Act) placed on our ability



▲ The Wellington branch had a special sitting to commemorate the 150 year anniversary at the High Court.

▼ A special sitting to commemorate the 150 year anniversary organised by the Canterbury Westland branch.



to be transparent about the complaints process, and to deal with a broad range of unacceptable behaviour – including complaints of sexual harassment and bullying within the profession.

The review also considers whether the “dual” model for the Law Society – regulating lawyers and providing membership services for them – is the optimal model. The review is expected to draw on local and international experiences to consider possible future models for the provision and regulation of legal services in New Zealand, as well as the best model to provide membership services to practising lawyers.

Terms of reference are being developed by a seven-member steering group appointed by the Board. This work was paused due to COVID-19 and restarted just after the end of the reporting year.

FEBRUARY 2020

Signing of an MOU with Te Hunga Rōia Māori o Aotearoa and the launch of the Law Society's Māori name – Te Kāhui Ture o Aotearoa

The signing of a Memorandum of Understanding (MoU) between the Law Society and with Te Hunga Rōia Māori o Aotearoa (the Māori Law Society) strengthened the existing relationship between our two organisations and formalises the spirit of cooperation and trust.

The MoU does not limit or affect the independence of either organisation. It acknowledges that we each



▲ Te Hunga Rōia Māori o Aotearoa Co-Presidents Glenn Tootill (left) and Marcia Murray (right) with New Zealand Law Society | Te Kāhui Ture o Aotearoa President Tiana Epati (centre) at the MOU signing, February 2020.

have our roles to play but together we can learn from and support each other.

The Law Society is at the beginning of a journey to establish a genuine commitment to Te Ao Māori and create long term cultural change within our organisation. In February we launched our new Māori name: Te Kāhui Ture o Aotearoa. Our name was developed in consultation with a range of experts and was given to us by Te Taura Whiri i te Reo Māori, the Māori Language Commission. “Ture” means the law and “Te Kāhui” in this context means company or organisation. The Law Society’s three Sections have also been given Māori names: the Family Law Section, Ngā Rōia Ture Whānau; the Property Law Section, Ngā Rōia Ture Rawa; and ILANZ, Ngā Rōia ā Roto.

MARCH 2020

COVID-19 lockdown

In March we faced another seismic shift in our working environment as the country went into lockdown. We were able to quickly set up our staff to work from home and continue to deliver our core services. We

shifted our resources to focus on supporting the legal profession, the rule of law and administration of justice. We established new partnerships and worked collaboratively with many other organisations.

Our COVID-related work included:

- establishing a dedicated email address for COVID-related queries, which received more than a thousand emails during the first lockdown period
- creating a dedicated page on our website (which had more than 20,000 visitors during the initial level 4 and 3 lockdown alone)
- sending out daily COVID-19 bulletins with updates for the profession at the peak of lockdown
- providing free webinars (virtually attended by over 14,000 lawyers) on:
 - working effectively from home during the COVID-19 lockdown
 - property matters during the COVID-19 lockdown
 - remote witnessing and signing of documents during COVID-19 lockdown
 - employment law matters during COVID-19 lockdown
 - COVID-19: the operation of the Courts in level 4 and beyond
 - this last webinar was an historic first, as it included the heads of all benches from the Supreme Court to the District Court and it was incredibly well received
- provision of information wherever we could and advice when necessary including:
 - outlining support available to those in legal workplaces
 - publication of an opinion on the administration of oaths and declarations in circumstances of mandatory self-isolation
 - guidance and letters for lawyers who are engaged in “essential business”, which was prioritised court work only



- numerous submissions on various law reform issues, for example in relation to the operation of courts, immigration, police exercise of powers and remote witnessing.

MAY 2020

Release of stocktake report on access to justice for consultation and launch of the National Mentoring Programme

Access to justice

In May we released a draft research report: 'Access to Justice - a stocktake of initiatives' as part of our work to build a picture of the range of access to justice initiatives across New Zealand. We wanted to engage with the many different individuals and organisations involved in the justice system to better understand the broader landscape.

Alongside this, we have also been building a fuller picture of international initiatives.

In introducing the report, Law Society President, Tiana Epati, noted "assisting and promoting the reform of the law for the purpose of upholding the rule of law and the administration of justice is a key function for the Law Society and that remains unchanged. This report, however, illustrates our willingness to explore these issues differently, taking a people-centred approach to better understand the issues from a consumer rather

than a system perspective. We know this may challenge some conventional thinking or preconceptions of our role and I welcome that; fresh thinking can be the catalyst for innovation and new initiatives."

National Mentoring Programme

Our National Mentoring Programme was rolled out after successfully running as a pilot for nine months in Auckland and Christchurch. The national roll out was brought forward due to the disruption that COVID-19 brought to all our lives. Virtual mentoring was an ideal way for lawyers to connect and support each other professionally.

JUNE 2020

Consultation on changes to lawyers' conduct and CPD rules

It was a significant moment when we took proposed changes to the Conduct and Client Care Rules 2008 (RCCC) and the Ongoing Legal Education - Continuing Professional Development Rules 2013 (CPD) under the Act out to the profession and the public for consultation.

The changes would clearly define discrimination, bullying, harassment, sexual harassment and other unacceptable conduct within the legal profession for the first time. They also provide a clear threshold for when unacceptable conduct should be reported to the Law Society; and detail the protections for anyone who makes a report or complaint.

Report on activities



Entry to the legal profession

Certificates of character

The Law Society manages applications for certificates of character from people seeking admission as barristers and solicitors of the High Court of New Zealand.

A certificate of character certifies that someone is a fit and proper person to be admitted as a barrister and solicitor and it can be used to seek admission in any

High Court during its period of validity.

In the year to 30 June 2020, we issued 954 certificates of character. A total of 873 people were admitted. There were 34 admissions under the trans-Tasman mutual recognition scheme.

ADMISSIONS TO THE HIGH COURT, AND CERTIFICATES OF CHARACTER YEAR TO 30 JUNE

Action	2020	2019	2018	2017	2016
Admissions	873	891	1,047	1,056	970
Certificates of character	954	1,096	982	922	1,025

Maintaining fitness to practise

Practising certificates

The Law Society issues a practising certificate after an application is made by any person whose name is on the roll of barristers and solicitors, as long as that person meets the criteria for eligibility.

At 30 June 2020, there were 15,109 current practising certificates, 13,338 as Barristers and Solicitors and 1,771 as Barristers.

Practice approval committees

Decisions on non-standard applications for practising certificates are made by the Law Society's two practice approval committees. These operate under a delegated authority from the Law Society's Board and Council.



APPLICATIONS TO PRACTICE APPROVAL COMMITTEES CONSIDERED

YEAR TO 30 JUNE

Applications Considered	2020	2019	2018	2017	2016
Certificates of Character	4	6	13	10	19
Practising Certificates	10	19	16	24	28
Practice on Own Account	5	5	11	12	14
Special Circumstances	7	18	29	31	25
Miscellaneous	11	14	21	7	12
Total	37	62	90	84	98

APPLICATIONS DECLINED AFTER CONSIDERATION BY COMMITTEES

YEAR TO 30 JUNE

Action	2020	2019	2018	2017	2016
Declined	4	8	11	9	14

Practice on own account

All lawyers wanting to practise as a law firm partner or director, on their own as a sole practitioner, as a barrister sole, or to provide regulated legal services through a contract for services, must satisfy the Law Society that they are suitably qualified with the right skills and experience to do so. During the year to 30 June 2020, 183 lawyers were approved to practise on their own account as a barrister and solicitor and one was approved as a barrister sole. Seventy barristers sole were approved to take direct instructions.

Stepping Up

Five sessions of the Stepping Up course were held during the reporting year, attended by 322 practitioners. The course focuses on how to manage a practice and deal with clients and instructing solicitors in an ethically

responsible manner while, at the same time, running a successful business. A total of 2,426 lawyers have attended Stepping Up since it was introduced in 2012.

NZLS CLE Ltd successfully converted the May session into a fully digital interactive format, so that participants were able to complete the course despite the challenges presented by the nationwide COVID-19 lockdown.

The Stepping Up qualification lapses after two years. For those practitioners who have previously completed Stepping Up but who have not commenced practice on their own account within this period, NZLS CLE Ltd offers Topping Up Stepping Up. In the current reporting year there were 17 registrants. Since the course started in 2016, there have been 88 successful participants.



Complaints and discipline

The Act establishes a co-regulatory framework for complaints and discipline for lawyers and employees of legal practices.

The Law Society administers one aspect of the complaints and disciplinary process, the Lawyers Complaints Service. This involves the establishment of independent standards committees comprising lawyers and lay people to consider complaints or commence own motion investigations. The Act prevents the Law Society from providing information publicly on individual complaints that are made to the Lawyers Complaints Service.

At 30 June 2020, the Law Society had 23 operational standards committees: 16 regional, two national and five reserve committees. Standards committees typically fulfil a defined role and provide expertise in dealing with complaints about costs, harassment and bullying, complaints considered appropriate for early resolution and legal aid complaints. During the

lockdown period in March and April 2020 standards committees continued to determine complaints conducting meetings virtually. The majority of standards committees have continued to operate in this way.

Decisions of standards committees can be reviewed by the Legal Complaints Review Officer (LCRO). The LCRO is an independent body supported by the Ministry of Justice.

For the most serious matters where strike off or suspension are potential outcomes, standards committees can lay charges before the Lawyers and Conveyancers Disciplinary Tribunal. The Tribunal is an independent body supported by the Ministry of Justice. It operates like a court with hearings ordinarily open to the public. When considering matters against lawyers (or legal employees), Tribunal members include the chair, who is a district court judge, the deputy chair, who is a retired district court judge, and other members who are experienced lawyers and lay people.

Focus of complaints

Complaints against individual practising lawyers made up 93% of complaints received in the latest year. This was down 6.1% on the previous year.

FOCUS OF COMPLAINTS

YEAR TO 30 JUNE

Direction of complaint	2020	2019	2018	2017	2016
Lawyers	1,276	1,359	1,470	1,331	1,363
Former lawyers	43	40	49	28	25
Non-lawyer employees	39	57	45	39	48
Former non-lawyer employees	0	1	3	1	0
Incorporated law firms	18	5	14	1	23
Former incorporated law firms	0	0	0	2	0
Total	1,376	1,462	1,581	1,419	1,459

Origin of complaints

The largest proportion of complaints lodged with the Lawyers Complaints Service in the latest year were by clients or former clients of lawyers (46.1%).

ORIGIN OF COMPLAINTS RECEIVED

YEAR TO 30 JUNE

Origin	2020	2019	2018	2017	2016
Client / former client	635	696	662	661	769
Client – other side	216	204	255	235	289
Other	72	69	114	49	99
Lawyer	43	52	74	116	87
Own motion	100	118	115	100	82
Third party	196	211	240	154	75
Beneficiary	113	112	119	103	57
Regulatory authority	0	0	2	1	1
Court	1	0	0	0	0
Total	1,376	1,462	1,581	1,419	1,459

Areas of law

Trusts and estates, family law and property are consistently the areas with the most complaints.

AREAS OF LAW IN WHICH COMPLAINTS AROSE

YEAR TO 30 JUNE

Origin	2020	2019	2018	2017	2016
Trusts and estates	19.0%	20.5%	17.9%	17.0%	17.5%
Family	20.0%	20.0%	17.5%	17.9%	15.9%
Property	17.0%	17.9%	18.1%	23.0%	20.8%

Type of complaints

Complaints about breaches of the RCCC, overcharging and negligence/incompetence are consistently the matters most frequently complained about. Complainants may complain about more than one matter, so the total number of types of complaints shown in the table exceeds the actual number of complaints made.

TYPES OF COMPLAINTS

YEAR TO 30 JUNE

Type	2020	2019	2018	2017	2016
Breach of conduct and client care rules (RCCC)	440	426	581	522	360
Overcharging	357	347	407	375	365
Negligence / Incompetence	373	419	395	436	395
Inadequate reporting / Communications	237	328	346	304	255
Bullying	42	-	-	-	-
Harassment	35	-	-	-	-
Discrimination	7	-	-	-	-

A specialist standards committee hears complaints about harassment, bullying and discrimination. This is the first year that we have reported aggregate figures on complaints about harassment, bullying and discrimination.

Closure of complaints

A very high proportion of complaints investigated by standards committees are not upheld. In other words, the standards committee decides to take no further action. In the year to 30 June 2020, 82% of

complaints were not upheld. When complaints which were resolved by negotiation, conciliation or mediation are included, plus those which were withdrawn, 88% of complaints resulted in no further action.

There was a slight decline in the volume of complaints accepted by the Early Resolution Service (ERS) in the latest year but an overall increase in the numbers closed. The focus over the next reporting year will be increasing the number of complaints that are resolved via mediation.

COMPLAINTS CLOSED

YEAR TO JUNE 30

Result	2020	2019	2018	2017	2016
Decision to take no action (not upheld)	1,255	1,032	1,072	1,102	1,253
Referred to and resolved by negotiation, conciliation or mediation	58	42	42	116	97
Withdrawn, discontinued or settled	22	23	25	15	45
Orders made by standards committee	149	163	183	183	170
Complaints outstanding at 30 June	830	977	779	516	564
Complaints closed during year	1,519	1,272	1,319	1,467	1,595

EARLY RESOLUTION SERVICE

YEAR TO 30 JUNE

Measure	2020	2019	2018	2017	2016
ERS complaints accepted	508	516	565	644	679
ERS complaints outstanding at end of year	60	132	54	14	20
ERS complaints closed during year	562	414	486	598	615
ERS complaints where a decision to take no action	496	373	439	488	495
ERS complaints resolved	66	41	47	110	120
ERS complaints not resolved and returned to standard process	26	29	41	52	76
ERS complaints as proportion of all complaints received	36.3%	32.4%	35.7%	45.4%	46.5%
ERS complaints as proportion of all complaints closed	36.9%	32.6%	36.8%	40.8%	38.6%

Time for closure of complaints

In the year to 30 June 2020 complaints closed by the Early Resolution Service took an average of 110 days. The average time to close complaints on the standard path was 319 days. The average time for all complaints to be closed was 242 days, up from an average of 193 days in the previous year. Over 82% of complaints were closed within 12 months, which is 8% less than the previous year.

This year has seen an increase in time taken to process complaints, particularly in the Early Resolution Service. Reasons for the increase include staff changes, a number of complex complaints being received, for example complaints against all partners / directors of a law firm, as well as the impact of moving premises twice in the reporting year for National Office staff, who make up the bulk of the Lawyers Complaints

Service. This was further exacerbated by the COVID-19 lockdowns which required standards committees to operate virtually.

We recognise that resolving complaints promptly is critical to all involved and we need to do better in

this area. During 2019/20 we did manage to make significant in-roads into the backlog of complaints, so the number of complaints closed has increased compared to the same period for the two previous reporting years.

PROPORTION OF COMPLAINTS CLOSED

YEAR TO 30 JUNE

Measure	2020	2019	2018	2017	2016
Within 1 month	1%	6%	22%	32%	29%
Within 3 months	19%	28%	47%	47%	44%
Within 6 months	52%	57%	70%	71%	66%
Within 9 months	72%	78%	86%	85%	82%
Within 1 year	82%	90%	93%	92%	91%
More than 1 year	18%	10%	7%	8%	9%

TIME TAKEN TO CONCLUDE COMPLAINTS BY EARLY RESOLUTION SERVICE

YEAR TO 30 JUNE, MEASURED AS ORDINARY CALENDAR DAYS, NOT WORKING DAYS

Average number of days	2020	2019	2018	2017	2016
To conclude all complaints within ERS	110	67	34	28	30
To conclude complaints where decision to take no action	113	64	32	23	25
To conclude complaints that were resolved	93	91	49	48	51

TIME TAKEN TO CONCLUDE STANDARD TRACK COMPLAINTS

YEAR TO 30 JUNE, MEASURED AS ORDINARY CALENDAR DAYS, NOT WORKING DAYS

Average number of days	2020	2019	2018	2017	2016
To conclude Standard Track complaints	319	254	222	231	242

Publication Orders

The Act sets strict guidelines on publication of information relating to standards committee decisions. Information on decisions may only be published by direction of a standards committee if it considers it necessary or desirable in the public interest.

Where publication is required, a summary of the decision is published on the Law Society website and in LawPoints. The identity of a lawyer may not be disclosed unless a censure order has been made and the Law Society Board approves publication.

ORDERS BY STANDARDS COMMITTEES FOR PUBLICATION

YEAR TO 30 JUNE

Order	2020	2019	2018	2017	2016
Publication of facts	35	32	35	50	41
Publication of name	0	1	7	5	4

REFERRALS TO THE TRIBUNAL FROM STANDARDS COMMITTEES

YEAR TO 30 JUNE

Matter	2020	2019	2018	2017	2016
Referrals	35	40	33	47	37
Hearings	24	26	33	21	25
Struck off	4	5	5	4	1
Suspended	10	5	10	10	6*

* Two orders of interim suspension were made and one of those lawyers was subsequently struck off.

The Act requires the Law Society to reimburse the Crown for the costs of the hearing where the Tribunal hears a charge against any lawyer, former lawyer,

incorporated law firm or employee or former employee of a lawyer or incorporated law firm. The amount payable is fixed by the chairperson.

LAW SOCIETY PAYMENTS FOR COSTS OF HEARINGS

YEAR TO 30 JUNE, EXCLUDING GST

Action	2020	2019	2018	2017	2016
Reimbursement	\$86,066	\$88,744	\$115,291	\$168,962	\$119,350

Financial assurance scheme

The financial assurance scheme is primarily in place to protect client money held in lawyers' trust accounts. Our inspectorate team works to ensure lawyers are meeting the requirements of the Act and regulations in their handling of client funds.

Historically, their reviews have been conducted onsite at a practitioner's place of business. With the increased use of remote technology and in particular cloud-based systems, alongside improved trust accounting systems, parts of the Inspectorate's work can be

completed remotely. The desktop review allows the Inspectorate to review risks associated with solicitors' trust accounts without needing to visit the practice. The desktop review has not replaced all onsite visits and Inspectors can ask for further information or visit the practice after carrying out a remote review.

Reviews of trust accounts

The Inspectorate completed 475 reviews in the last reporting year, 1 July 2019 to 30 June 2020.

LAW SOCIETY INSPECTORATE REVIEWS OF TRUST ACCOUNTS

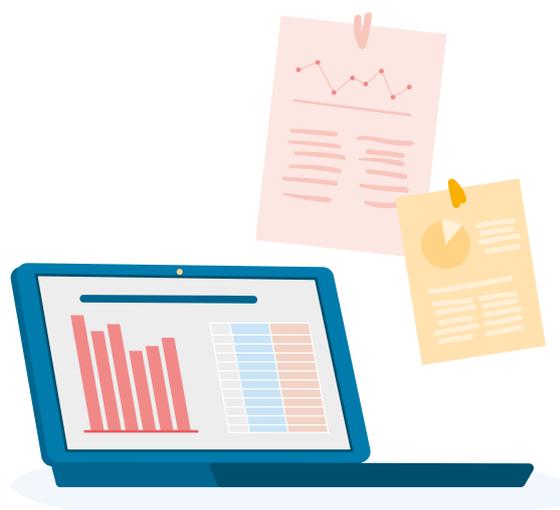
YEAR TO 30 JUNE

Type of review	2020	2019	2018	2017	2016
General	1	0	4	2	14
Limited	296	361	314	359	379
Focus (including Desktop)	105	3	10	6	15
Exit	54	50	30	14	10
New practice	18	41	46	40	37
Revisits	1	0	3	1	0
Total	475	455	407	422	455

Other regulatory activities

Lawyers' Fidelity Fund

The Law Society established and maintains this Fund to meet the requirements of the Act. The purpose of the Fund is to compensate, in whole or in part people who suffer pecuniary loss in circumstances set out in Part 10 of the Act as a result of the actions of a lawyer, incorporated law firm or the agent of a lawyer.



LAWYERS' FIDELITY FUND PAYMENTS

YEAR TO 30 JUNE

Measure	2020	2019	2018	2017	2016
Value of claims settled	\$201,000	\$0	\$100,000	\$119,000	\$232,000
Amount set aside for future payments of claims relating to known or suspected thefts	\$8,000	\$389,000	\$0	\$100,000	\$120,000
Value of funds recovered	\$1,000	\$12,000	\$2,000	\$38,000	\$13,000

Solicitors' Fidelity Guarantee Fund

Established under Part IX of the Law Practitioners Act 1982, the purpose of this Fund is to compensate people in relation to theft by a lawyer which was committed before 1 August 2008. At 30 June 2020, there were no current claims under investigation or awaiting settlement.

SOLICITORS' FIDELITY GUARANTEE FUND PAYMENTS

YEAR TO 30 JUNE

Measure	2020	2019	2018	2017	2016
Value of claims settled	\$44,000	\$0	\$103,000	\$0	\$0
Amount set aside for future payments of claims relating to known or suspected thefts	\$0	\$44,000	\$0	\$150,000	\$0
Value of funds recovered	\$0	\$5,000	\$0	\$0	\$5,000

Lawyers and Conveyancers Special Fund

New Zealand's 24 community law centres receive a large proportion of their funding from the Special Fund. The Fund collects interest from banks on solicitors' and licensed conveyancers' nominated trust accounts.

LAWYERS AND CONVEYANCERS SPECIAL FUND

YEAR TO 30 JUNE

Measure	2020	2019	2018	2017	2016
Interest received	\$7,187,000	\$10,935,000	\$9,346,000	\$6,998,000	\$7,333,000
Administration	\$29,000	\$28,000	\$28,000	\$28,000	\$28,000



Healthy, safe and inclusive legal workplaces

Counselling service

In February 2020 the Law Society Board agreed to the extension to the trial of a free and confidential Legal Community Counselling Service until May 2021. The trial was launched in May 2019 and is available to anyone in a legal workplace, lawyers and non-lawyers.

External provider Vitae was engaged to provide solution-focused counselling by trained and accredited clinicians. Over the reporting year, 543 individual counselling sessions were delivered to members of the legal community.

National Mentoring Programme

In May 2020 we rolled out our National Mentoring Programme, after successfully running it as a pilot for nine months in Auckland and Christchurch. The national rollout was brought forward due to the disruption that COVID-19 brought to all our lives. Virtual mentoring was an ideal way for lawyers to connect and support each other professionally.

An online platform, MentorLoop is used to match mentors and mentees. Within a month after launch 258 people had signed up as either mentors or mentees and the programme continues to go from strength to strength. As at 18 June there were 547 participants registered in the programme and 307 mentoring matches had been made.

Changes to lawyers' conduct and professional development rules

In June 2020 we took proposed changes to the RCCC and CPD rules under the Act out to the profession and public for consultation.

The changes would mean that for the first time discrimination, bullying, harassment, sexual harassment and other unacceptable conduct within the legal profession will be clearly defined; there will be a clear threshold for when unacceptable conduct should be reported to the Law Society; and there will be protection for anyone who makes a report or complaint. The proposed changes also require law practices to provide a report each year, declaring that these issues are being managed appropriately.

Changing our conduct and CPD rules is one of the ways the Law Society is playing a leadership role in targeting and eliminating the culture of bullying and harassment which exists in some parts of the legal community.

Independent review of the statutory framework for legal services

In October 2019 we announced an independent review of the statutory framework for lawyers, including the Law Society's structure and functions. The decision to conduct an independent review reflected the constraints the current Act places on the Law Society's ability to be transparent about its complaints process, and to deal with a broad range of unacceptable behaviour, including complaints of sexual harassment and bullying within the profession.

A steering group of experts is currently in the process of consulting and drafting the Terms of Reference and making recommendations as to who should conduct the independent review. The steering group was appointed at the start of 2020 but the project was paused due to COVID-19. It restarted shortly after the reporting period.

Gender equality initiatives

The Law Society has continued with two gender equality initiatives.

The Gender Equality Charter was launched in April 2018. The charter is a set of commitments aimed at improving the retention and advancement of women lawyers. By signing up to the charter, signatories commit to lead from the top, make a plan and take action, and measure progress. The specific commitments include tackling unconscious bias, encouraging flexible working, closing the gender pay gap and promoting equitable instructions. Charter signatories are asked to meet these commitments over a two-year period and to report on progress to the Law Society.

At the end of June 2020, 147 legal workplaces had signed up to the Gender Equality Charter. Our original plan was to survey signatories during the reporting year and report on progress. This work was deferred due to COVID-19.

The Gender Equitable Engagement and Instruction Policy was launched at the end of 2017 as a joint initiative of the Law Society and the New Zealand Bar Association. It requires lawyers and their clients to commit to increasing the proportion of women lawyers leading court proceedings and other contentious matters. The policy recognises that under-representation at the top of the profession is a visible barrier to women advancing in the law.

At the end of June 2020, there were 48 adopters of the Gender Equitable Engagement and Instruction Policy, consisting of both clients and supporting law firms, barristers' chambers and lawyers. The Law Society continued to work with early adopters to capture their experiences to further promote adoption of the policy. We are also planning to review the policy at the same time as we revisit the Gender Equality Charter.

Law reform

The Law Society advocates to create better and more workable legislation by providing reasoned and impartial submissions on law reform proposals. Law Society submissions also represent the public interest on matters such as access to justice, the administration of justice, constitutional protections and the rule of law.

This work relies on the voluntary contributions of lawyers on 16 specialist committees and the Family Law Section and Property Law Section, providing expert advice relating to law reform and advocacy, with overall co-ordination by the the Law Reform Committee.

During the year to 30 June 2020, the Law Society made submissions on 34 bills to parliamentary select committees and appeared at 16 select committee hearings. The Law Society also made 77 other submissions, to government departments, the Law Commission, the judiciary and statutory bodies such as the Rules Committee.

During COVID-19 the Law Society worked closely with judges and officials, particularly in the Level 4



lockdown period, on urgent changes to court rules, legislation and justice sector operations.

Significant submissions during 2019/20 included:

- comments to assist Parliament's Epidemic Response Committee scrutiny of the emergency legislation response to the COVID-19 pandemic
- intervenor submissions to assist the High Court, in a judicial review of the legality of the government's COVID-19 lockdown restrictions
- class actions and litigation funding - intervenor submissions to assist the Supreme Court in relation to procedures for efficient and fair conduct of representative proceedings
- intervenor submissions in an appeal to the Court of Appeal in relation to the Police Detention Legal Assistance scheme and New Zealand Bill of Rights Act 1990
- comments on the Terrorism Suppression Control Orders Bill regime, which enables serious restrictions to be imposed on people coming into New Zealand suspected of participating in terrorism-related activities overseas
- a submission supporting reforms enabling the Government and Parliament to consider and respond to declarations of inconsistency made by the senior Courts, under the New Zealand Bill of Rights Act 1990 or Human Rights Act 1993

Sections

The Law Society sections are specialist representative groups for lawyers who practise in family law, property law or practise in-house. Law Society staff support elected committees of lawyers for each section to provide collegial and professional support and contribute to and/or drive the development work in their area of interest.

Property Law Section

COVID-19

The year started optimistically for the Property Law Section (PLS) with preparations to celebrate its 20th anniversary. Unfortunately, this was upended with the arrival of COVID-19.

PLS responded by developing and providing bespoke guidance and information to all property lawyers on the property-related issues that arose during the different Alert Levels. Over the lockdown, PLS was in daily contact with government officials on a wide range of property-related topics, including property settlements under Alert Levels 4 and 3, commercial leases and the witnessing of legal documents via audio visual link.

A free COVID-19 Property Matters webinar led by the



Chair of PLS and the Registrar-General of Land was live streamed to more than 3,000 participants.

PLS Guidelines

Another major item of work for the year was the release of the updated *Property Transactions and E-dealing Practice Guidelines* in November 2019. After two years of intensive review work, the new guidelines were endorsed by the Law Society Board in October 2019.



Family Law Section

COVID-19

The nationwide lockdown led to significant disruption in the area of family law. In response the Family Law Section (FLS) established task forces around the country who liaised with local family judges and registries to keep members informed about latest developments. They provided information via daily email bulletins to family law professionals and worked closely with Principal Family Court Judge Jackie Moran to ensure reliable information was sent as quickly as possible.

Contribution to law reform

Throughout 2019/20 FLS prepared submissions on the Family Court Rules; Mental Health (Compulsory Assessment and Treatment) Act, Child Support Amendment Bill and proposed changes to RCCC and CPD rules.

Intervention in judicial review proceedings

In August 2019 the High Court granted leave for the Law Society to intervene in judicial review proceedings involving an issue in respect of the role of a lawyer for the child. This was a matter that FLS had advocated for. The judicial review was partly heard in December when a decision was given on one of the causes of action. The subsequent causes of action, which addressed wider principles of a lawyer for child's obligations and their role was heard in May 2020. A decision is pending.

ILANZ – In-house Lawyers Association of New Zealand

COVID-19

The pandemic meant that the largest annual event for ILANZ, its conference, had to be cancelled.

Despite this disruption the team continued to deliver a range of webinars to members during lockdown with support from partners. This included COVID-19 specific topics such as health and safety and contract review and evaluation in response to COVID-19 as well as upskilling on ways to use webinars to build the in-house legal brand.

Skills Development for in-house lawyers

In late 2019, ILANZ piloted the first level of a bespoke development course for in-house counsel – *the in-house mindset*. This focussed on skills to enable lawyers to successfully transition into in-house roles and covered topics ranging from organisational culture, getting organisation “savvy”, ethics, risk management and building effectiveness.

Ethics for In-house Lawyers

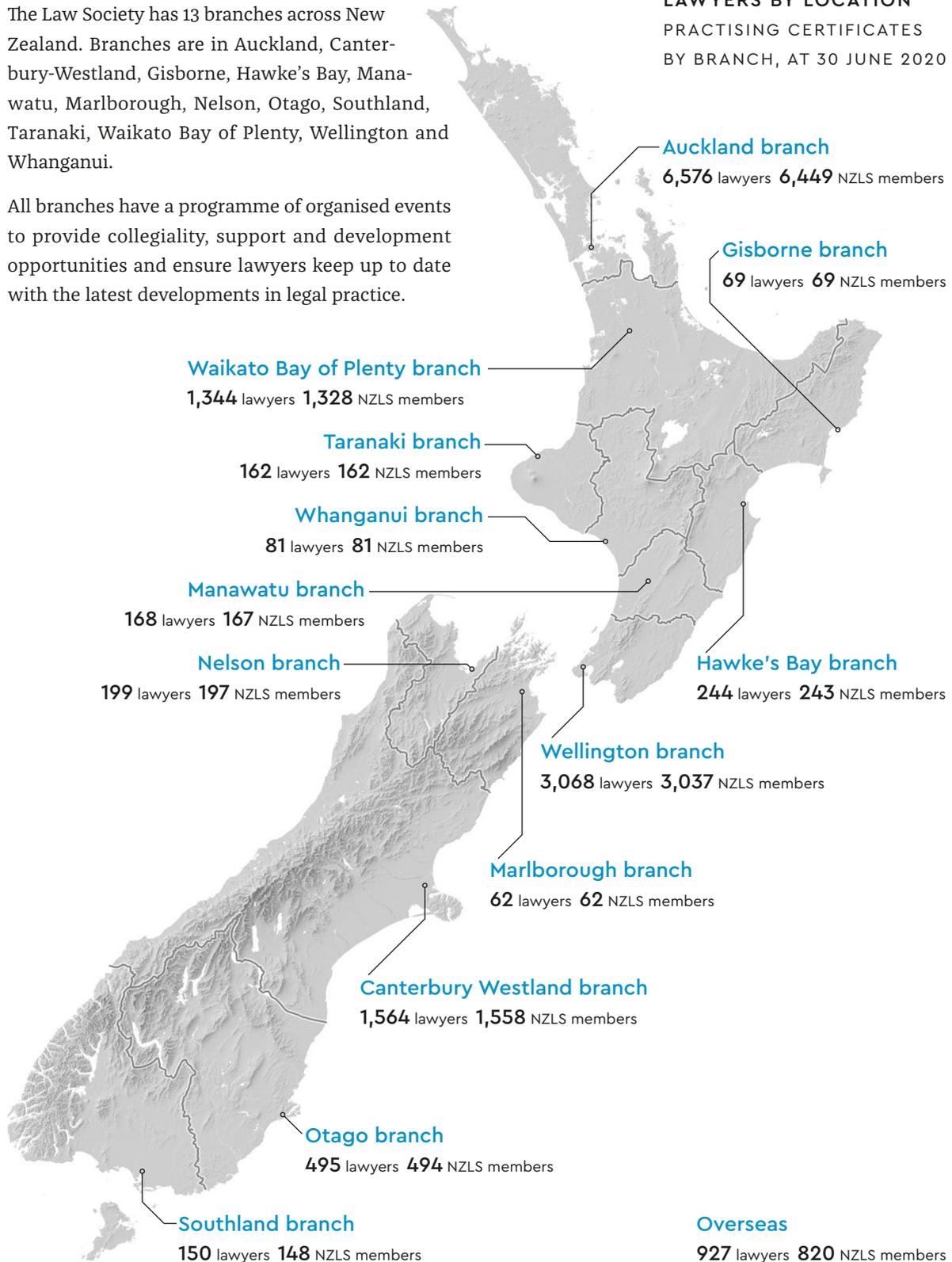
ILANZ also participated in the Victoria University summer scholarship programme in late 2019/early 2020 and commissioned research into the ethical challenges facing in-house lawyers. The resulting report will inform future work on the delivery of ethical guidance.

Branches

The Law Society has 13 branches across New Zealand. Branches are in Auckland, Canterbury-Westland, Gisborne, Hawke's Bay, Manawatu, Marlborough, Nelson, Otago, Southland, Taranaki, Waikato Bay of Plenty, Wellington and Whanganui.

All branches have a programme of organised events to provide collegiality, support and development opportunities and ensure lawyers keep up to date with the latest developments in legal practice.

LAWYERS BY LOCATION PRACTISING CERTIFICATES BY BRANCH, AT 30 JUNE 2020



Branches also play a role in the regulation of the legal profession. They are responsible for issuing certificates of character to those wishing to be admitted to the legal profession and assessing applications from lawyers who want to practise on their own account. They also manage enquiries received from the legal community and members of the public.

All our branches had to quickly adapt to new ways of working during COVID-19, using digital tools and technology to continue to deliver services. During the lockdown period between 25 March and 5 June

branches administered over 250 virtual events and communications using videoconferencing and electronic communication tools.

Branches also adapted quickly to the changing requirements of the certificate of character application process and rescheduling of admission ceremonies. Scanned documents were allowed, electronic signatures were in some centres able to be used on certificates and contactless 'clinics' were trialled for issuing certificate of character certificates so graduates could still file documents in the High Court.

Library

The library is made up of three main research libraries located in the Auckland and Wellington High Court building and the Christchurch Justice and Emergency Services Precinct, and a smaller library in the Otago branch.

The library also maintains 47 kiosks for lawyers at 34 library and courthouse locations around New Zealand.

Contracts with the three main legal publishers, LexisNexis, Thomson Reuters and Wolters Kluwer, provide lawyers with online access to a comprehensive range of legal publications through the kiosks. The library also offers a research service that lawyers can pay for.

- Approximately 20% of lawyers use the library services.



- An average 734 document delivery requests are received each month.
- Just under 300 hours of research are billed out monthly.

Legal education

NZLS CLE Ltd delivers a wide range of professional development training. It is a fully-owned subsidiary of the New Zealand Law Society. NZLS CLE Ltd has its own Board, which comprises Tim Mullins (Chair), Dr Allan Cooke, Dick Edwards, Peter Fanning, Bob Hollyman QC and Helen Morgan-Banda. The Chief Executive is Hellen Papadopoulos.

In the year to 30 June 2020, NZLS CLE Ltd delivered

109 professional development programmes comprising 215 sessions nationwide. As part of the COVID-19 response, CLE delivered five free webinars for the profession which were commissioned by the Law Society. These webinars were accessed by 14,200 lawyers. In addition, where possible, scheduled programmes were converted to an online format to ensure lawyers' career plans were not disrupted.

Funding

Regulation of legal services

Lawyers are required to fund all costs associated with the regulation of legal services. The profession is also levied to contribute to the costs of operating the New Zealand Council of Legal Education and the LCRO. The Council of Legal Education is an independent statutory body responsible for the quality and provision of legal training for a person to be admitted as a barrister and solicitor of the High Court of New Zealand. The LCRO is an independent body administered by the Ministry of Justice and its role is to review the decisions of standards committees if requested by the parties to complaints.

Barristers and solicitors who practise on their own

account are required to fund the costs of the Law Society Inspectorate and, if they operate a trust account, to contribute to the Fidelity Fund.

The costs of regulation of the legal profession are met by an annual payment in advance of each practising year, from 1 July to 30 June.

Payment of this practising fee is required before the Law Society issues a practising certificate. The amount payable is set by the Law Society's Council. The approval of the Minister of Justice is required for the practising fee and the Fidelity Fund contribution.

The following fees, levies and contributions were set by the Law Society Council:

FEES, LEVIES AND CONTRIBUTIONS

YEAR TO 30 JUNE, EXCLUDING GST

Component	2020	2019	2018	2017	2016
Practising fee	\$1,040	\$1,040	\$1,140	\$1,192	\$1,192
Council of Legal Education Levy	\$22	\$22	\$22	\$25	\$25
LCRO levy	\$130	\$130	\$125	\$125	\$125
Total for barristers and employed lawyers	\$1,192	\$1,192	\$1,287	\$1,342	\$1,342
Inspectorate fee	\$380	\$380	\$380	\$385	\$385
Total for barristers and solicitors practising on their own account without a trust account	\$1,572	\$1,572	\$1,667	\$1,727	\$1,727
Fidelity Fund contribution	\$320	\$320	\$320	\$320	\$320
Total for barristers and solicitors practising on their own account with a trust account	\$1,892	\$1,892	\$1,987	\$2,047	\$2,047

Member services

Membership of the Law Society is voluntary and currently there is no membership fee. Member services are funded from interest on representative reserves, dividends from NZLS CLE Ltd and, up until July 2019, rent from the regulatory entity for office space at the Law Society's national office building in Wellington

(which, as noted earlier was found to be earthquake prone and was sold during the reporting year) and revenue from events. There are membership fees for those wishing join the Family and Property Law Sections.

Governance



The Act requires the Law Society to have a constitution. This provides for a Council, Board, Officers, and Executive Director. Approved and adopted by the Council on 10 July 2008, the Constitution has remained unchanged. Under rule 6.3 of the Constitution, the Council may amend the Constitution in such manner as it determines, subject only to the provisions of the Act. Any amendment must be registered at the Companies Office.

Board

The Board comprises the President and the four vice-presidents. Its main functions are to act as the executive body of the Law Society, to manage its affairs, and to implement its functions. In December 2018 the Law Society created a role of non-lawyer independent observer. Because of provisions in the Constitution, the role is non-voting, but there is a commitment to make all information accessible to the independent observer, who is also able to speak on any matter.

Council

The Law Society Council consists of the President, four vice-presidents, a representative of each branch, the chair/president of each Law Society section (ILANZ, Family Law and Property Law), the President of the New Zealand Bar Association and a representative of the Large Law Firms Corporation. The Council meets twice a year, in October and April.

As provided in Rule 7.11 of the Constitution, the President or any vice-president may invite a person to attend any Council meetings as an observer. With the leave of the meeting, the observer may be given the right to speak. New Zealand Institute of Legal Executives representatives have attended as observers for a number of years. In October 2018 a representative of Te Hunga Rōia Māori o Aotearoa was invited to be an independent observer and in April 2020 the Pacific Lawyers' Association was invited to be an independent observer.

All members of the Council are elected by lawyers in the manner required by the Constitution. The President holds office for a term of one year, with the incumbent eligible for re-election for two further consecutive years.

Vice-presidents are each elected for two-year terms, with the incumbents eligible for re-election for a further consecutive two-year term. Vice-presidents are appointed by the Law Society branches, with one appointed by Auckland branch, one for central North Island (Waikato Bay of Plenty, Hawke's Bay, Gisborne, Taranaki, Whanganui and Manawatu branches), one for Wellington branch, and one for the South Island (Marlborough, Nelson, Canterbury-Westland, Otago and Southland branches). Each of the Law Society branches is represented on the Council, usually by its President.

Summary financial statements

Summary financial statements for the following entities, which relate to the exercise of regulatory functions and powers, are provided in accordance with section 76(2) of the Act for the year ended 30 June 2020:

- New Zealand Law Society Regulatory
- New Zealand Law Society Lawyers' Fidelity Fund
- New Zealand Law Society Solicitors' Fidelity Guarantee Fund
- The Lawyers and Conveyancers Special Fund

The summary financial statements also include the summary financial statements for New Zealand Law Society Representative (Group).

COVID-19

The ongoing Covid-19 pandemic is likely to continue to impact the entity due to continued low interest offered by banks in the market resulting in lower bank term deposit rates being earned. Despite this reduction management are satisfied that the entities will be able to maintain their capital base and continue as a going concern.



New Zealand Law Society – Regulatory

Reporting entity

The New Zealand Law Society (“NZLS”) is governed by the Lawyers and Conveyancers Act 2006 (the “LCA”). The LCA came into effect on 1 August 2008, replacing the Law Practitioners Act 1982 (the “LPA”). The LCA requires that the representative and regulatory functions of the NZLS are maintained separately and that separate financial statements are prepared for each category. These financial statements have been prepared for the NZLS regulatory function (“NZLS Regulatory”).

NZLS Regulatory’s functions are set out in section 65 of the LCA. The primary functions are to regulate practice by lawyers, uphold the fundamental obligations imposed on lawyers, to monitor and enforce the provisions of the LCA and to assist and promote the reform of the law.

NZLS Regulatory incorporates lawyer registration, professional standards functions, including the Complaints Service, the Inspectorate, the law libraries, and support of law reform.

Basis of preparation and statement of compliance

The summary financial statements have been extracted from the full audited financial statements of NZLS Regulatory for the year ended 30 June 2020, approved for issue on 25 February 2021 by the Board of the New Zealand Law Society.

The full financial statements for NZLS Regulatory have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with Public Benefit Entity Standards (“PBE Standards”) and Public Benefit Entity International Public Sector Accounting Standards (“PBE IPSAS”) that have been authorised for use by the External Reporting Board for Not-For-Profit entities. The full financial statements have been prepared in accordance with Tier 2 PBE Standards and disclosure concessions have been applied (“Reduced Disclosure Regime”). NZLS Regulatory is a public benefit not for profit entity and is eligible to apply Tier 2 PBE Standards on the basis that it does not have public accountability and is not defined as large.

An unmodified audit opinion was issued on the full financial statements for NZLS Regulatory on 25 February 2021.

The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements of comprehensive revenue and expense, financial position, changes in net assets/equity and cash flows of the above entity.

The presentation currency is New Zealand dollars rounded to the nearest thousand. The following summary financial statements comply with PBE FRS-43: *Summary Financial Statements*.

Summary Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
REVENUE		
Practising, other service fees and interest	21,962	21,838
EXPENSES		
Administration and library	24,808	21,066
(Deficit) / surplus before income tax	(2,846)	772
Income tax expense	196	262
Net (deficit) / surplus for the year	(3,042)	510
Total comprehensive revenue and expense for the year	(3,042)	510

Summary Statement of Changes in Net Assets / Equity

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
Equity at beginning of year	15,872	15,362
Total comprehensive revenue and expense for the year	(3,042)	510
Equity at end of year	12,830	15,872

Summary Statement of Financial Position

AS AT 30 JUNE 2020

	2020 \$000	2019 \$000
ASSETS		
Current assets	35,710	34,071
Non-current assets	297	4,156
Total assets	36,007	38,227
EQUITY AND LIABILITIES		
Current liabilities	23,177	22,355
Equity	12,830	15,872
Total equity and liabilities	36,007	38,227

Summary Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
Net cash flows (used in) operating activities	(2,497)	(838)
Net cash flows (used in) / from investing activities	(229)	718
Net decrease in cash and cash equivalents	(2,726)	(120)
Cash and cash equivalents at beginning of year	7,410	7,530
Cash and cash equivalents at end of year	4,684	7,410

Related party disclosures

Related parties are considered to be those entities which the Board or key management personnel have the ability to exert significant influence or control over. During the year NZLS Regulatory has undertaken transactions with related parties which comprise the recovery of costs relating to the direct salaries and general administration expenses paid by NZLS Regulatory. As these transactions are not comparable to transactions that would occur through the course of a normal client/supplier relationship all transactions have been disclosed below along with any amounts receivable and payable to related parties at balance date.

Related party disclosures

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
ALLOCATION OF COSTS TO		
NZLS Representative	2,155	1,938
NZLS CLE Limited	271	260
NZLS Solicitors' Fidelity Guarantee Fund	40	40
NZLS Lawyers' Fidelity Fund	40	40
The Lawyers and Conveyancers Special Fund	24	24
	2,530	2,302
DEPRECIATION/AMORTISATION COSTS PAID FOR USE OF ASSETS		
NZLS Representative	278	251
RENTAL EXPENSE PAID TO		
NZLS Representative	-	444

Related party disclosures (continued)

	2020 \$000	2019 \$000
NZLS RELATED ENTITY RECEIVABLES/(PAYABLES) AT END OF YEAR		
NZLS Representative	(27)	(185)
NZLS CLE Limited	125	43
NZLS Lawyers Fidelity Fund	(949)	(1,001)
NZLS Solicitors' Fidelity Guarantee Fund	7	1
The Lawyers and Conveyancers Special Fund	2	2
	(842)	(1,140)

No amounts owed by related parties have been written off or forgiven during the year (2019 – nil).

Key management personnel

The remuneration of key management personnel during the year was as follows:

Compensation of key management personnel

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
Short Term Employee Benefits	1,874	1,450

The full financial statements were approved for issue on 25 February 2021 by the Board of the New Zealand Law Society. These summary financial statements were approved for issue on behalf of the Board:



TIANA EPATI
President

25 February 2021



HELEN MORGAN-BANDA
Executive Director

25 February 2021

Independent Auditor's Report on the Summary Financial Statements

To the Members of the New Zealand Law Society Regulatory

Opinion	<p>The summary financial statements of the New Zealand Law Society Regulatory (the 'Society'), which comprise the summary statement of financial position as at 30 June 2020, and the summary statement of comprehensive revenue and expense, summary statement of changes in net assets/equity and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of the Society for the year ended 30 June 2020.</p> <p>In our opinion, the accompanying summary financial statements, on pages 33 to 36, are consistent, in all material respects, with the audited financial statements, in accordance with PBE FRS 43: <i>Summary Financial Statements</i> issued by the New Zealand Accounting Standards Board.</p>
Summary financial statements	<p>The summary financial statements do not contain all the disclosures required by Public Benefit Entity Standards Reduced Disclosure Regime. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.</p>
The audited financial statements and our report thereon	<p>We expressed an unmodified audit opinion on the audited financial statements in our report dated 25 February 2021.</p>
Board's responsibilities for the summary financial statements	<p>The Board is responsible on behalf of the Society for the preparation of the summary financial statements in accordance with PBE FRS 43: <i>Summary Financial Statements</i>.</p>
Auditor's responsibilities	<p>Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810 (Revised): <i>Engagements to Report on Summary Financial Statements</i> ('ISA (NZ) 810').</p> <p>Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in the Society, except that partners and employees of our firm deal with the Society on normal terms within the ordinary course of trading activities of the business of the Society. These services have not impaired our independence as auditor of the Society.</p>
Restriction on use	<p>This report is made solely to the Members, as a body, in accordance with section 19 of the Constitution of the New Zealand Law Society. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members as a body, for our audit work, for this report, or for the opinions we have formed.</p>

Deloitte Limited

Wellington, New Zealand
25 February 2021

This audit report relates to the summary financial statements of New Zealand Law Society Regulatory (the 'Society') for the year ended 30 June 2020 included on the Society's website. The Board of Directors are responsible for the maintenance and integrity of the Society's website. We have not been engaged to report on the integrity of the Society's website. We accept no responsibility for any changes that may have occurred to the summary financial statements since they were initially presented on the website. The audit report refers only to the summary financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these summary financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the summary financial statements and related audit report dated 25 February 2021 to confirm the information included in the summary financial statements presented on this website.

New Zealand Law Society Lawyers' Fidelity Fund

Reporting entity

The New Zealand Law Society Lawyers' Fidelity Fund (the "Lawyers Fidelity Fund") is the property of the New Zealand Law Society and is held in trust for the purpose of reimbursing persons who have, since 1 August 2008, suffered pecuniary loss arising from theft, as is defined in the Crimes Act, committed by lawyers in public practice.

Basis of preparation and statement of compliance

The summary financial statements have been extracted from the full audited financial statements of the New Zealand Law Society Lawyers' Fidelity Fund (the "Lawyers' Fidelity Fund") for the year ended 30 June 2020, approved for issue on 25 February 2021 by the Board of the New Zealand Law Society.

The full financial statements for the Lawyers' Fidelity Fund have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity Standards ("PBE Standards") and Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") that have been authorised for use by the External Reporting Board for Not-For-Profit entities. The full financial statements have been prepared in accordance with Tier 2 PBE Standards and disclosure concessions have been applied ("Reduced Disclosure Regime"). The Lawyers' Fidelity Fund is a public benefit not-for-profit entity and is eligible to apply Tier 2 PBE Standards on the basis that it does not have public accountability and is not defined as large.

An unmodified audit opinion was issued on the full financial statements for the Lawyers' Fidelity Fund on 25 February 2021.

The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements of comprehensive revenue and expense, financial position, changes in net assets/equity and cash flows of the above entities.

The presentation currency is New Zealand dollars rounded to the nearest thousand. The following summary financial statements comply with PBE FRS-43: *Summary Financial Statements*.

Summary Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
REVENUE		
Annual contributions, recoveries and interest	1,321	1,368
EXPENSES		
Claims and other	(85)	464
Surplus before income tax	1,406	904
Income tax expense	105	114
Net surplus for the year	1,301	790
Total comprehensive revenue and expense for the year	1,301	790

Summary Statement of Changes in Net Assets / Equity

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
Equity at beginning of year	9,337	8,547
Total comprehensive revenue and expense for the year	1,301	790
Equity at end of year	10,638	9,337

Summary Statement of Financial Position

AS AT 30 JUNE 2020

	2020 \$000	2019 \$000
ASSETS		
Current assets	11,669	8,158
Non-current assets	-	2,617
Total assets	11,669	10,775
EQUITY AND LIABILITIES		
Current liabilities	1,031	1,438
Equity	10,638	9,337
Total equity and liabilities	11,669	10,775

Summary Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
Net cash flows from operating activities	564	1,154
Net cash flows from (used in) investing activities	281	(1,158)
Net increase / (decrease) in cash and cash equivalents	845	(4)
Cash and cash equivalents at beginning of year	214	218
Cash and cash equivalents at end of year	1,059	214

Claims provision

The Lawyers' Fidelity Fund is available to meet claims of theft committed from 1 August 2008 onwards. A provision is made for claims which have been notified and quantified through investigation at year end, and are expected to be settled in the next financial year. No provision has been made for claims which have not been notified, or having been notified are unable to be quantified pending further investigation, at year end.

Current assets includes a balance of \$379,000 in 2020 relates to a prior year claim which is being recovered from the lawyer involved. This has occurred through the release of the provision and recognition of the receivable balance.

Related party disclosures

Related parties are considered to be those entities which the Board or key management personnel have the ability to exert significant influence or control over. During the year the Lawyers' Fidelity Fund has a related party relationship with NZLS Regulatory and NZLS Solicitors' Fidelity Guarantee Fund. The transactions with NZLS Regulatory comprise:

- the collection of levies from practicing lawyers who operate trust accounts by NZLS Regulatory which are passed onto the Lawyers Fidelity Fund; and
- a share of costs charged by NZLS Regulatory to cover administrative and accounting services provided to the Lawyers' Fidelity Fund.

The transactions with NZLS Regulatory and and NZLS Solicitors' Fidelity Guarantee Fund are not comparable to transactions that would occur through the course of a normal client/supplier relationship and have been disclosed below along with any amounts receivable and payable to related parties at balance all transactions.

Related party disclosures

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
ALLOCATION OF ADMINISTRATIVE AND ACCOUNTING SERVICE COSTS FROM		
NZLS Regulatory	40	40
NZLS RELATED ENTITY RECEIVABLES AT END OF YEAR		
NZLS Regulatory	949	1,001
NZLS RELATED ENTITY PAYABLES AT END OF YEAR		
NZLS Solicitors' Fidelity Guarantee Fund	-	11

The full financial statements were approved for issue on 25 February 2021 by the Board of the New Zealand Law Society. These summary financial statements were approved for issue on behalf of the Board:



TIANA EPATI
President

25 February 2021



HELEN MORGAN-BANDA
Executive Director

25 February 2021

Independent Auditor's Report on the Summary Financial Statements

To the Members of the New Zealand Society Lawyers' Fidelity Fund

Opinion	<p>The summary financial statements of the New Zealand Society Lawyers' Fidelity Fund (the 'Fund'), which comprise the summary statement of financial position as at 30 June 2020, and the summary statement of comprehensive revenue and expense, summary statement of changes in net assets/equity and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of the Fund for the year ended 30 June 2020.</p> <p>In our opinion, the accompanying summary financial statements, on pages 38 to 41, are consistent, in all material respects, with the audited financial statements, in accordance with PBE FRS 43: <i>Summary Financial Statements</i> issued by the New Zealand Accounting Standards Board.</p>
Summary financial statements	<p>The summary financial statements do not contain all the disclosures required by Public Benefit Entity Standards Reduced Disclosure Regime. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.</p>
The audited financial statements and our report thereon	<p>We expressed an unmodified audit opinion on the audited financial statements in our report dated 25 February 2021.</p>
Board's responsibilities for the summary financial statements	<p>The Board is responsible on behalf of the Fund for the preparation of the summary financial statements in accordance with PBE FRS 43: <i>Summary Financial Statements</i>.</p>
Auditor's responsibilities	<p>Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810 (Revised): <i>Engagements to Report on Summary Financial Statements</i> ('ISA (NZ) 810').</p> <p>Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in the Fund. These services have not impaired our independence as auditor of the Fund.</p>
Restriction on use	<p>This report is made solely to the Fund's Members, as a body. Our audit has been undertaken so that we might state to the Fund's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Members as a body, for our audit work, for this report, or for the opinions we have formed.</p>

Deloitte Limited

Wellington, New Zealand
25 February 2021

This audit report relates to the summary financial statements of New Zealand Society Lawyers' Fidelity Fund (the 'Fund') for the year ended 30 June 2020 included on the Fund's website. The Board of Directors are responsible for the maintenance and integrity of the Fund's website. We have not been engaged to report on the integrity of the Fund's website. We accept no responsibility for any changes that may have occurred to the summary financial statements since they were initially presented on the website. The audit report refers only to the summary financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these summary financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the summary financial statements and related audit report dated 25 February 2021 to confirm the information included in the summary financial statements presented on this website.

New Zealand Law Society Solicitors' Fidelity Guarantee Fund

Reporting entity

The New Zealand Law Society Solicitors' Fidelity Guarantee Fund (the "Fidelity Guarantee Fund") is the property of the New Zealand Law Society and is held in trust for the purpose of reimbursing persons who have, prior to 1 August 2008, suffered pecuniary loss arising from theft, as is defined in the Crimes Act, committed by lawyers in public practice.

Basis of preparation and statement of compliance

The summary financial statements have been extracted from the full audited financial statements of the New Zealand Law Society Solicitors' Fidelity Guarantee Fund (the "Fidelity Guarantee Fund") for the year ended 30 June 2020, approved for issue on 25 February 2021 by the Board of the New Zealand Law Society.

The full financial statements for the Fidelity Guarantee Fund have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity Standards ("PBE Standards") and Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") that have been authorised for use by the External Reporting Board for Not-For-Profit entities. The full financial statements have been prepared in accordance with Tier 2 PBE Standards and disclosure concessions have been applied ("Reduced Disclosure Regime"). The Fidelity Guarantee Fund is a public benefit not-for-profit entity and is eligible to apply Tier 2 PBE Standards on the basis that they it does not have public accountability and is not defined as large.

An unmodified audit opinion was issued on the full financial statements for the Fidelity Guarantee Fund on 25 February 2021.

The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements of comprehensive revenue and expense, financial position, changes in net assets/equity and cash flows of the above entities.

The presentation currency is New Zealand dollars rounded to the nearest thousand. The following summary financial statements comply with PBE FRS-43: *Summary Financial Statements*.

Summary Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
REVENUE		
Interest and other	364	487
EXPENSES		
Claims and other	11	101
Surplus before income tax	353	386
Income tax expense	120	157
Net surplus for the year	233	229
Total comprehensive revenue and expense for the year	233	229

Summary Statement of Changes in Net Assets / Equity

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
Equity at beginning of year	13,571	13,342
Total comprehensive revenue and expense for the year	233	229
Equity at end of year	13,804	13,571

Summary Statement of Financial Position

AS AT 30 JUNE 2020

	2020 \$000	2019 \$000
ASSETS		
Current assets	13,820	13,666
Non-current assets	-	-
Total assets	13,820	13,666
EQUITY AND LIABILITIES		
Current liabilities	16	95
Equity	13,804	13,571
Total equity and liabilities	13,820	13,666

Summary Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
Net cash flows from operating activities	164	293
Net cash flows from / (used in) investing activities	155	(1,198)
Net increase / (decrease) in cash and cash equivalents	319	(905)
Cash and cash equivalents at beginning of year	32	937
Cash and cash equivalents at end of year	351	32

Related party transactions

Related parties are considered to be those entities which the Board or key management personnel have the ability to exert significant influence or control over. During the year the Fidelity Guarantee Fund had a related party relationship with New Zealand Law Society Regulatory (Regulatory) and New Zealand Law Society Lawyers' Fidelity Fund (Lawyers' Fidelity Fund). The transactions with Regulatory comprise a share of costs charged by Regulatory to cover administrative and accounting services provided to the Fidelity Guarantee Fund.

The transactions with Regulatory and the Fidelity Fund are not comparable to transactions that would occur through the course of a normal client/supplier relationship and have been disclosed below along with any amounts receivable and payable to related parties at balance all transactions.

Related party transactions

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
ALLOCATION OF ADMINISTRATIVE AND ACCOUNTING SERVICE COSTS FROM		
NZLS Regulatory	40	40
NZLS RELATED ENTITY RECEIVABLES AT END OF YEAR		
NZLS Lawyers' Fidelity Fund	-	11
NZLS RELATED ENTITY PAYABLES AT END OF YEAR		
NZLS Regulatory	7	1

The full financial statements were approved for issue on 25 February 2021 by the Board of the New Zealand Law Society. These summary financial statements were approved for issue on behalf of the Board:



TIANA EPATI
President

25 February 2021



HELEN MORGAN-BANDA
Executive Director

25 February 2021

Independent Auditor's Report on the Summary Financial Statements

To the Members of the New Zealand Law Society Solicitors' Fidelity Guarantee Fund

Opinion	<p>The summary financial statements of the New Zealand Law Society Solicitors' Fidelity Guarantee Fund (the 'Fund'), which comprise the summary statement of financial position as at 30 June 2020, and the summary statement of comprehensive revenue and expense, summary statement of changes in net assets/equity and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of the entity for the year ended 30 June 2020.</p> <p>In our opinion, the accompanying summary financial statements, on pages 43 to 45, are consistent, in all material respects, with the audited financial statements, in accordance with PBE FRS 43: <i>Summary Financial Statements</i> issued by the New Zealand Accounting Standards Board.</p>
Summary financial statements	<p>The summary financial statements do not contain all the disclosures required by Public Benefit Entity Standards Reduced Disclosure Regime. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.</p>
The audited financial statements and our report thereon	<p>We expressed an unmodified audit opinion on the audited financial statements in our report dated 25 February 2021.</p>
Board's responsibilities for the summary financial statements	<p>The Board is responsible on behalf of the entity for the preparation of the summary financial statements in accordance with PBE FRS 43: <i>Summary Financial Statements</i>.</p>
Auditor's responsibilities	<p>Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810 (Revised): <i>Engagements to Report on Summary Financial Statements</i> ('ISA (NZ) 810').</p> <p>Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in the entity. These services have not impaired our independence as auditor of the entity.</p>
Restriction on use	<p>This report is made solely to the Fund's Members, as a body. Our audit has been undertaken so that we might state to the Fund's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Members as a body, for our audit work, for this report, or for the opinions we have formed.</p>

Deloitte Limited

Wellington, New Zealand
25 February 2021

This audit report relates to the summary consolidated financial statements of New Zealand Law Society Solicitors' Fidelity Guarantee Fund (the 'Fund') for the year ended 30 June 2020 included on the Fund's website. The Board of Directors are responsible for the maintenance and integrity of the Fund's website. We have not been engaged to report on the integrity of the Fund's website. We accept no responsibility for any changes that may have occurred to the summary financial statements since they were initially presented on the website. The audit report refers only to the summary financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these summary financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the summary financial statements and related audit report dated 25 February 2021 to confirm the information included in the summary financial statements presented on this website.

The Lawyers and Conveyancers Special Fund

Reporting entity

The Lawyers and Conveyancers Special Fund (the “Special Fund”) was originally established as the New Zealand Law Society Special Fund under the Law Practitioners Act 1982 (the “LPA”). The LPA was repealed on 1 August 2008 by the Lawyers and Conveyancers Act 2006 (the “LCA”) and the Special Fund was renamed The Lawyers and Conveyancers Special Fund at that date.

The Special Fund receives income in the form of interest earned on moneys held in lawyers’ and conveyancers’ nominated trust accounts kept at New Zealand registered banks in accordance with the provisions of the LCA. The income, after deduction of allowed expenditure, is distributed to the Ministry of Justice for the purpose of funding Community Law Centres.

Basis of preparation and statement of compliance

The summary financial statements have been extracted from the full audited financial statements of the Special Fund for the year ended 30 June 2020, approved for issue on 23 February 2021 by the Management Committee established under section 292 of the LCA.

The full financial statements for the Special Fund have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with Public Benefit Entity Standards (“PBE Standards”) and Public Benefit Entity International Public Sector Accounting Standards (“PBE IPSAS”) that have been authorised for use by the External Reporting Board for Not-For-Profit entities. The full financial statements have been prepared in accordance with Tier 2 PBE Standards and disclosure concessions have been applied (“Reduced Disclosure Regime”). The Special Fund is a public benefit not-for-profit entity and is eligible to apply Tier 2 PBE Standards on the basis that it does not have public accountability and is not defined as large.

An unmodified audit opinion was issued on the full financial statements for the Special Fund on 23 February 2021.

The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements of comprehensive revenue and expense, financial position, changes in net assets/equity and cash flows of the above entity.

The presentation currency is New Zealand dollars rounded to the nearest thousand. The following summary financial statements comply with PBE FRS-43: *Summary Financial Statements*.

Summary Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
REVENUE		
Fund management	29	28
EXPENSES		
Administration and other	29	28
Net surplus for the year	-	-
Total comprehensive revenue and expense for the year	-	-

Summary Statement of Changes in Net Assets / Equity

FOR THE YEAR ENDED 30 JUNE 2020

There were no changes in equity for the year ended 30 June 2020 (2019 - Nil).

Summary Statement of Financial Position

AS AT 30 JUNE 2020

	2020 \$000	2019 \$000
ASSETS		
Current Assets	525	1,090
Total assets	525	1,090
EQUITY AND LIABILITIES		
Current liabilities	525	1,090
Equity	-	-
Total equity and liabilities	525	1,090

Summary Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
Cash received from interest on nominated trust bank accounts and other interest	7,187	10,935
Cash paid to Ministry of Justice and suppliers of services	7,252	10,604
Net cash (used in) / from operating activities	(65)	331
Net cash used in investing activities	-	-
Net change in cash and cash equivalents	(65)	331
Cash and cash equivalents at beginning of year	332	1
Cash and cash equivalents at end of year	267	332

Related party transactions

Identity of related parties

The Special Fund has a related party relationship with New Zealand Law Society Regulatory (Regulatory). Both entities are governed by the same Board. In accordance with the Lawyers and Conveyancers Act 2006, the Board appoints two representatives to the Management Committee responsible for the managing the Special Fund.

The transactions with Regulatory comprise service fees charged by Regulatory for administrative and accounting services provided to the Special Fund.

Related party transactions

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
ALLOCATION OF COSTS FROM		
New Zealand Law Society Regulatory	24	24
NEW ZEALAND LAW SOCIETY RELATED ENTITY PAYABLES AT END OF YEAR		
New Zealand Law Society Regulatory	2	2

The summary financial statements were approved for issue on 23 February 2021 by the Management Committee established under section 292 of the Lawyers and Conveyancers Act 2006:



COMMITTEE MEMBER

23 February 2021



COMMITTEE MEMBER

23 February 2021

Independent Auditor's Report on the Summary Financial Statements

To the Members of the Lawyers and Conveyancers Special Fund

Opinion	<p>The summary financial statements of the Lawyers and Conveyancers Special Fund (the 'Fund'), which comprise the summary statement of financial position as at 30 June 2020, and the summary statement of comprehensive revenue and expense, summary statement of changes in net assets/equity and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of the Fund for the year ended 30 June 2020.</p> <p>In our opinion, the accompanying summary financial statements, on pages 47 to 49, are consistent, in all material respects, with the audited financial statements, in accordance with PBE FRS 43: <i>Summary Financial Statements</i> issued by the New Zealand Accounting Standards Board.</p>
Summary financial statements	<p>The summary financial statements do not contain all the disclosures required by Public Benefit Entity Standards Reduced Disclosure Regime. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.</p>
The audited financial statements and our report thereon	<p>We expressed an unmodified audit opinion on the audited financial statements in our report dated 23 February 2021.</p>
Management Committee's responsibilities for the summary financial statements	<p>The Management Committee is responsible on behalf of the Fund for the preparation of the summary financial statements in accordance with PBE FRS 43: <i>Summary Financial Statements</i>.</p>
Auditor's responsibilities	<p>Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810 (Revised): <i>Engagements to Report on Summary Financial Statements</i> ('ISA (NZ) 810').</p> <p>Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in the Fund. These services have not impaired our independence as auditor of the Fund.</p>
Restriction on use	<p>This report is made solely to the Members, as a body, in accordance with section 297 of the Lawyers and Conveyancers Act 2006. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members as a body, for our audit work, for this report, or for the opinions we have formed.</p>

Deloitte Limited

Wellington, New Zealand
23 February 2021

This audit report relates to the summary financial statements of Lawyers and Conveyancers Special Fund (the 'Fund') for the year ended 30 June 2020 included on the Fund's website. The Board of Directors are responsible for the maintenance and integrity of the Fund's website. We have not been engaged to report on the integrity of the Fund's website. We accept no responsibility for any changes that may have occurred to the summary financial statements since they were initially presented on the website. The audit report refers only to the summary financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these summary financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the summary financial statements and related audit report dated 23 February 2021 to confirm the information included in the summary financial statements presented on this website.

New Zealand Law Society – Representative (Group)

Reporting entity

The New Zealand Law Society (“NZLS”) is governed by the Lawyers and Conveyancers Act 2006 (the “LCA”). The LCA came into effect on 1 August 2008, replacing the Law Practitioners Act 1982 (the “LPA”). The LCA requires that the representative and regulatory functions of the NZLS are maintained separately and that separate financial statements are prepared for each category. These financial statements have been prepared for the NZLS representative function (“NZLS Representative”).

NZLS Representative’s functions are set out in section 66 of the LCA. The primary functions are to represent members and to serve their interests. NZLS Representative includes the Family Law, Property Law, and In-house Lawyers sections of NZLS.

The NZLS Representative Group (the “Group”) consists of NZLS Representative and its subsidiary, NZLS CLE Limited (“NZLS CLE”).

Basis of preparation and statement of compliance

The summary consolidated financial statements have been extracted from the full audited consolidated financial statements of the Group for the year ended 30 June 2020, approved for issue on 25 February 2021 by the Board of the New Zealand Law Society.

The full consolidated financial statements for the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with Public Benefit Entity Standards (“PBE Standards”) and Public Benefit Entity International Public Sector Accounting Standards (“PBE IPSAS”) that have been authorised for use by the External Reporting Board for Not-For-Profit entities. The full consolidated financial statements have been prepared in accordance with Tier 2 PBE Standards and disclosure concessions have been applied (“Reduced Disclosure Regime”). NZLS Representative is a public benefit not for profit entity and is eligible to apply Tier 2 PBE Standards on the basis that it does not have public accountability and is not defined as large.

An unmodified audit opinion was issued on the full consolidated financial statements of the Group on 25 February 2021.

The summary consolidated financial statements cannot be expected to provide as complete an understanding as provided by the full financial consolidated statements of comprehensive revenue and expense, financial position, changes in net assets/equity and cash flows of the above Group.

The presentation currency is New Zealand dollars rounded to the nearest thousand. The following summary consolidated financial statements comply with PBE FRS-43: *Summary Financial Statements*.

Summary Consolidated Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
REVENUE		
Membership and other service fees	513	552
Course and booklets	4,405	5,009
Interest, rental and other income	871	2,158
Funds ex ILANZ	114	-
Profit on Disposal of Assets	2,200	-
Total revenue	8,103	7,719
EXPENSES		
Administration and occupancy	6,574	7,854
Surplus / (deficit) before income tax	1,529	(135)
Income tax expense	180	401
Net surplus / (deficit) for the year	1,349	(536)
OTHER COMPREHENSIVE REVENUE AND EXPENSE		
Land and building revaluation	-	(2,870)
Total comprehensive revenue and expense for the year	1,349	(3,406)

Summary Consolidated Statement of Changes in Net Assets / Equity

FOR THE YEAR ENDED 30 JUNE 2020

	Revaluation reserve \$000	Retained earnings \$000	Total \$000
Equity at 30 June 2018	3,033	18,261	21,294
Total comprehensive revenue and expense for the year	(2,870)	(536)	(3,406)
Fund Introduced	-	384	384
Equity at 30 June 2019	163	18,109	18,272
Total comprehensive revenue and expense for the year	-	1,349	1,349
Equity at 30 June 2020	163	19,458	19,621

Summary Consolidated Statement of Financial Position

AS AT 30 JUNE 2020

	2020 \$000	2019 \$000
ASSETS		
Current assets	17,820	18,589
Non-current assets	3,225	2,459
Total assets	21,045	21,048
EQUITY AND LIABILITIES		
Current liabilities	1,424	2,776
Equity	19,621	18,272
Total equity and liabilities	21,045	21,048

Summary Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
Net cash flows (used in) / from operating activities	(1,758)	462
Net cash flows from / (used in) investing activities	1,823	(767)
Net cash flows from financing activities	114	384
Net increase (decrease) in cash and cash equivalents	179	79
Cash and cash equivalents at beginning of year	2,081	2,002
Cash and cash equivalents at end of year	2,260	2,081

Related party disclosures

Related parties are considered to be those entities which the Board or key management personnel have the ability to exert significant influence or control over. During the year the Group has undertaken transactions with related parties which comprise a share of direct salaries and general administration expenses paid by NZLS Regulatory and a recovery of depreciation and amortisation costs incurred by NZLS Representative. As these transactions are not comparable to transactions that would occur through the course of a normal client/supplier relationship all transactions have been disclosed below along with any amounts receivable and payable to related parties at balance date.

Related party disclosures

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
ALLOCATION OF COSTS FROM		
NZLS Regulatory	2,426	2,198
RECOVERY OF DEPRECIATION AND AMORTISATION COSTS RECEIVED FOR USE OF ASSETS		
NZLS Regulatory	278	251
RENTAL INCOME FROM		
NZLS Regulatory	-	444
NZLS RELATED ENTITY NET RECEIVABLES/(PAYABLES) AT END OF YEAR		
NZLS Regulatory	27	185

Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

Compensation of key management personnel

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$000	2019 \$000
Short term employee benefits	987	873

Property, plant and equipment

FOR THE YEAR ENDED 30 JUNE 2020

	Land \$000	Buildings \$000	Furniture & equipment \$000	Plant \$000	Computer hardware \$000	Total \$000
GROSS CARRYING AMOUNT						
Balance at 30 June 2018	530	3,450	3,982	786	847	9,595
Revaluations	(230)	(2,640)	-	-	-	(2,870)
Additions	-	-	64	-	93	157
Balance at 30 June 2019	300	810	4,046	786	940	6,882

Property, plant and equipment (continued)

FOR THE YEAR ENDED 30 JUNE 2020

	Land	Buildings	Furniture & equipment	Plant	Computer hardware	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Revaluations	-	-	-	-	-	-
Additions	-	-	119	-	348	467
Balance at 30 June 2020	300	810	4,165	786	1288	7,349
ACCUMULATED DEPRECIATION						
Balance at 30 June 2018	-	-	3,240	721	771	4,732
Depreciation	-	-	152	21	54	227
Balance at 30 June 2019	-	-	3,392	742	825	4,959
Depreciation	-	-	121	14	126	261
Balance at 30 June 2020	-	-	3,513	756	951	5,220
NET BOOK VALUE						
As at 30 June 2019	300	810	654	44	115	1,923
As at 30 June 2020	300	810	652	30	337	2,129

Land and buildings carried at fair value

Wellington, Law Society Building, 26 Waring Taylor Street

Wellington building and leasehold land: Martin Veale, ANZIV; SPINZ; BCom (VPM), Registered Valuer, of Telfer Young, Independent Valuers, valued the Wellington building and leasehold land at \$2,650,000 as at 30 June 2019 – a reduction of \$230,000 on its 2018 value. The valuer utilised the investment approach for the valuation of the Wellington property. This approach involves capitalising the actual or potential net income at an appropriate market derived rate of return of 8.5% (2018 – 8.75%).

A detailed seismic assessment (DSA) determined that part of the building was earthquake prone, and the building was vacated on 5 July 2019. Estimates of the time and costs for the required strengthening and remediation works were obtained, with the result that the asset is expected to have a zero (or negative) remaining value. Accordingly, the current value of the land and building asset (\$2,870,000) was decreased to zero at balance date.

The building was sold for \$2,200,000 in the current financial year.

Provision for onerous lease

A provision for the onerous lease of the land and building asset was established in the prior year representative (Group) financial statements, pending a future decision of their use. The provision recognised unavoidable costs being incurred while the asset was out of use, which came to a total of \$603,000. In the current financial year the building was sold and therefore the unused portion of the provision has been reversed.

Lease Arrangements

As the building was sold in the current financial year this reduced the non cancellable operating lease payments to nil. Prior to this, lease payments were accounted for through the onerous lease provision.

The full financial statements were approved for issue on 25 February 2021 by the Board of the New Zealand Law Society. These summary financial statements were approved for issue on behalf of the Board:



TIANA EPATI
President

25 February 2021



HELEN MORGAN-BANDA
Executive Director

25 February 2021

Independent Auditor's Report on the Summary Consolidated Financial Statements

To the Members of New Zealand Law Society Representative

Opinion	<p>The summary consolidated financial statements of New Zealand Law Society Representative (the 'Society') and its subsidiaries (the 'Group'), which comprise the summary consolidated statement of financial position as at 30 June 2020, and the summary consolidated statement of comprehensive revenue and expense, summary consolidated statement of changes in net assets/equity and summary consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of the Group for the year ended 30 June 2020.</p> <p>In our opinion, the accompanying summary consolidated financial statements, on pages 51 to 56, are consistent, in all material respects, with the audited consolidated financial statements, in accordance with PBE FRS 43: <i>Summary Financial Statements</i> issued by the New Zealand Accounting Standards Board.</p>
Summary consolidated financial statements	<p>The summary consolidated financial statements do not contain all the disclosures required by Public Benefit Entity Standards Reduced Disclosure Regime. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.</p>
The audited consolidated financial statements and our report thereon	<p>We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 25 February 2021.</p>
Board of Directors' responsibilities for the summary consolidated financial statements	<p>The Board of Directors are responsible on behalf of the Group for the preparation of the summary consolidated financial statements in accordance with PBE FRS 43: <i>Summary Financial Statements</i>.</p>
Auditor's responsibilities	<p>Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) ('ISA (NZ)') 810 (Revised): <i>Engagements to Report on Summary Financial Statements</i>.</p> <p>Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in the Society or Group, except that partners and employees of our firm deal with the Society or Group on normal terms within the ordinary course of trading activities of the business of the Society or Group. These services have not impaired our independence as auditor of the Society and Group.</p>
Restriction on use	<p>This report is made solely to the Members, as a body, in accordance with section 19 of the Constitution of the New Zealand Law Society. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members as a body, for our audit work, for this report, or for the opinions we have formed.</p>

Deloitte Limited

Wellington, New Zealand
25 February 2021

This audit report relates to the summary consolidated financial statements of New Zealand Law Society Representative (the 'Society') and its subsidiaries (the 'Group') for the year ended 30 June 2020 included on the Society's website. The Board of Directors are responsible for the maintenance and integrity of the Society's website. We have not been engaged to report on the integrity of the Society's website. We accept no responsibility for any changes that may have occurred to the summary consolidated financial statements since they were initially presented on the website. The audit report refers only to the summary consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these summary consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the summary consolidated financial statements and related audit report dated 25 February 2021 to confirm the information included in the summary consolidated financial statements presented on this website.

