

New Zealand Law Society

# Annual report

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For the year to 30 June 2018

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



NEW ZEALAND  
LAW SOCIETY

NZLS EST 1869

# Contents

|   |           |   |           |
|---|-----------|---|-----------|
| <b>Contents</b> .....                                 | <b>2</b>  | <i>The Lawyers Complaints Service in 2017/18</i> .....                | <b>20</b> |
| <b>President's introduction</b> .....                 | <b>4</b>  | <i>Lawyers' disciplinary bodies in 2017/18</i> ...                    | <b>28</b> |
| <b>Executive Director's Introduction</b> ...          | <b>6</b>  | <b>Inspectorate and trust accounts</b> ...                            | <b>30</b> |
| <b>The role of the New Zealand Law Society</b> .....  | <b>8</b>  | <b>Healthy, safe, respectful and inclusive legal workplaces</b> ..... | <b>32</b> |
| <i>Regulating the legal profession</i> .....          | <b>8</b>  | <i>Women's Advisory Panel</i> .....                                   | <b>32</b> |
| <i>Representing the legal profession</i> .....        | <b>8</b>  | <i>Gender Equality Charter</i> .....                                  | <b>32</b> |
| <i>Law Society Governance</i> .....                   | <b>9</b>  | <i>Gender Equitable Engagement and Instruction Policy</i> .....       | <b>33</b> |
| <b>Oversight of legal practice</b> .....              | <b>11</b> | <i>Legal Workplace Environment Survey</i> ...                         | <b>33</b> |
| <i>Admission and enrolment of lawyers</i> .....       | <b>11</b> | <i>0800 Law Care phone line for harassment support</i> .....          | <b>34</b> |
| <i>Register of Lawyers</i> .....                      | <b>13</b> | <i>Independent regulatory working group</i> ...                       | <b>34</b> |
| <i>Types of Practice</i> .....                        | <b>14</b> | <i>Culture Change Taskforce development</i> ..                        | <b>34</b> |
| <i>Practice on own account</i> .....                  | <b>14</b> | <i>Online reporting facility</i> .....                                | <b>34</b> |
| <i>Stepping Up</i> .....                              | <b>15</b> | <i>New national lawyers standards committee</i> .....                 | <b>35</b> |
| <i>Practising fees, levies and contributions</i> ..   | <b>15</b> | <i>Preventing harassment webinar</i> .....                            | <b>35</b> |
| <b>Complaints and discipline</b> .....                | <b>17</b> | <i>Stepping Up</i> .....  | <b>35</b> |
| <i>Client obligations</i> .....                       | <b>17</b> | <i>Law student addresses</i> .....                                    | <b>35</b> |
| <i>Lawyer obligations</i> .....                       | <b>18</b> | <i>Online resources</i> .....   | <b>35</b> |
| <i>Lawyers Complaints Service</i> .....               | <b>18</b> |   |           |
| <i>Accessing the Lawyers Complaints Service</i> ..... | <b>18</b> |   |           |
| <i>How the Lawyers Complaints Service works</i> ..... | <b>19</b> |   |           |
| <i>Paths a complaint can follow</i> .....             | <b>20</b> |   |           |

|   |           |  |           |
|---|-----------|--|-----------|
| <b>Competence Assurance and Professional Development</b> .....                  | <b>36</b> | <i>Practising Well</i> .....   | <b>55</b> |
|   |           | <i>NZLS CLE Ltd</i> .....  | <b>56</b> |
| <b>Assisting and promoting the reform of the law</b> .....                      | <b>37</b> | <b>Summary Financial Statements</b> .....                                | <b>58</b> |
|   |           | <i>New Zealand Law Society – Regulatory</i> ..                           | <b>58</b> |
|   |           | <i>New Zealand Law Society Lawyers' Fidelity Fund</i> .....              | <b>62</b> |
| <b>The Law Society Library</b> .....  | <b>41</b> | <i>New Zealand Law Society Solicitors' Fidelity Guarantee Fund</i> ..... | <b>66</b> |
|   |           | <i>The Lawyers and Conveyancers Special Fund</i> .....                   | <b>70</b> |
| <b>Other regulatory activities</b> .....  | <b>42</b> | <i>New Zealand Law Society – Representative</i> .....                    | <b>74</b> |
| <i>New Zealand Council of Legal Education</i> ..                                | <b>42</b> |  |           |
| <i>Fidelity Funds</i> .....   | <b>42</b> |  |           |
| <i>Lawyers and Conveyancers Special Fund</i> ..                                 | <b>44</b> |  |           |
| <i>Real estate services</i> .....   | <b>44</b> |  |           |
| <b>Other matters involving the regulation of the legal profession</b> ..        | <b>45</b> |  |           |
| <i>Anti-Money Laundering and Countering Funding of Terrorism Act 2009</i> ..... | <b>45</b> |  |           |
| <i>AEOI</i> .....   | <b>45</b> |  |           |
| <i>FATCA</i> .....  | <b>45</b> |  |           |
| <i>GDPR</i> .....   | <b>46</b> |  |           |
| <b>Representing the legal profession</b> ..                                     | <b>47</b> |  |           |
| <i>New Zealand Law Society branches</i> .....                                   | <b>47</b> |  |           |
| <i>New Zealand Law Society sections</i> .....                                   | <b>49</b> |  |           |
| <i>New Zealand Law Society Lawyer Services Survey 2018</i> .....                | <b>51</b> |  |           |
| <i>Purpose and functions of the Law Society</i> ..                              | <b>53</b> |  |           |
| <i>Communications</i> .....   | <b>54</b> |  |           |

# President's introduction

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New Zealand's legal profession is currently engaged in an unprecedented examination of the workplace environment and organisational structures from which legal services are delivered. This report covers the year to 30 June 2018. At that stage a number of initiatives had been started by the Law Society and other organisations with the objective of providing resources, practical guidance and support to enable the profession to confront and to change the culture of bullying and harassment in some legal workplaces. These initiatives continue and the Law Society is confident that New Zealand's lawyers are embracing the challenges and will continue to work towards healthy, safe, respectful and inclusive legal workplaces, ensuring a profession where people are able to thrive and diversity and equality of opportunity are a given.



As regulator of the practice of law, the Law Society's role as a change agent and facilitator has been questioned. It is very clear that regulation needs to play its part in addressing cultural issues in the profession, including sexual harassment and bullying. This will not only benefit lawyers and employees who work in the profession, but also the clients they serve and the reputation of the profession as a whole. The Law Society's April 2018 Workplace Environment Survey confirmed what had been widely reported – harassment, bullying and other unacceptable conduct is a problem in the legal profession.

As regulators we put our hands up as having failed to create a climate where people felt able to come to us with confidence that we would address such conduct in a way that would make a difference and provide them with the level of support they should expect. The Law Society is also now adapting

its processes to ensure they do not cause further harm to any victim who comes forward and seeks our assistance, through the mediums of complaint or support. This work is ongoing.

We are also conscious that while the practice of law is deeply rewarding, it can also take its toll on people and so we are looking at ways we can better support the profession through our branches and our Practising Well initiative.

*LawTalk* has published many articles on the Future of the Law, and the Law Society is very conscious that the legal landscape is changing, and it is not just about technology. We are entering a new phase in the way we practise law and deliver services. The way people work is rapidly evolving and as a profession, as a Law Society, we need to evolve with it. We are working to ensure the profession has the resources and information it needs to adapt – this is an ongoing process.

The Lawyers and Conveyancers Act 2006 gives the Law Society the responsibility of maintaining confidence in the provision of legal services and protecting the consumers of those services. We are also required to ensure the status of the legal profession is recognised. In past years a large part of the focus of our report to the Minister of Justice has been on the number of complaints made against lawyers and the timeliness and effectiveness of their resolution. This is still a very important part of what the Law Society does. However, the Law Society also carries out many more activities and delivers a wide range of services, all of which are targeted at meeting our responsibilities. This year our annual report has been expanded to include information on some of the other areas where the Law Society works.

**KATHRYN BECK**

President, New Zealand Law Society

# Executive Director's Introduction

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In years past, the external factors that affect legal services regulation could best be described as a series of known unknowns. We know the role we fulfil will be influenced by technology, globalisation and the economy, yet we can never state with certainty to what extent. In the past twelve months we have seen another external factor: the expectation that regulation must address cultural issues in our workplace and profession, as characterised by the #MeToo movement.

The legal profession and society in general is facing unprecedented change. Technology and social media, in particular, are having an increasing influence on the way we interact with others and the way we obtain services. Artificial intelligence, big data and increasing globalisation, will change the expectations of clients and the way in which lawyers market and deliver their services. Predicting and adapting to change is a key requirement of a nimble, responsive and effective regulator.

Increased globalisation has been a factor in the introduction of FATCA, the Common Reporting Standards and the Anti-Money Laundering and Countering the Financing of Terrorism legislation. The New Zealand Law Society continues to invest time and resources to assist the profession to respond to the obligations and burdens that these schemes impose. Globalisation will also increase the reach of overseas jurisdictions and their desire to engage in our market.

We need to keep pace with technological advances to maintain the standards the profession expects of its regulator. The New Zealand Law Society website redevelopment should provide opportunities to improve the role technology can play in our regulatory functionality.



Increased use of AI and technology – some operated by unregulated legal services providers – will require lawyers to adapt the way they attract and interact with clients. This in turn will require adaptation and changes in regulation. There are already a number of online legal services operators who operate outside of the scope of the New Zealand Law Society with the aim of using technology to deliver legal services to the public and lawyers remotely and at a reduced cost. Some global players offer the use of technology to boost the performance of lawyers or offer an alternative solution.

Law firms and the wider profession will have to adapt to these challenges and opportunities. The Law Society will need to facilitate such adaptation while remaining vigilant of the risks this may pose to clients. We also need to be aware of any impact from the use of blockchain and crypto currency. While it is yet to be a major player in New Zealand the same cannot be said for overseas. We are now also seeing regular reports of law firms being targeted by cybercrime and instances of individual transactions being hacked to divert the proceeds of property transactions. We need to keep pace with these developments to ensure we can effectively regulate and guide lawyers in relation to the risks of cybercrime. A failure to take adequate steps to protect clients' information and monies in this regard by lawyers may become a regulatory issue. This is an area the Law Society will be focusing on in the coming year.

Economics is a factor in lawyers practising beyond their traditional age of retirement – which can have additional impacts for regulators. Research has confirmed older age groups are at increased risk of complaints, including complaints with misconduct outcomes. The average age of a sole practitioner in New Zealand is 57.6 years. Statistics also show that the risk of cognitive impairment from neurological diseases such as dementia increases markedly from age 70 onwards. As a regulator we must know and respond to these factors.

As Law Society President Kathryn Beck notes in her report, regulation needs to play its part in addressing cultural issues in the profession that have been highlighted, including sexual harassment and bullying. This will not only benefit lawyers and employees who work in the profession, but also the clients they serve and the reputation of the profession as a whole.

We know that stress and anxiety is also a large factor in the wellbeing of the profession. The Law Society has promoted its Practising Well initiative in the past. Over the coming year we intend to establish a wellness committee to provide targeted guidance and support. While ours will not be a statutory committee, it is likely to adopt many of the features of other professional bodies who have these committees to provide responsive and compassionate tools to the regulatory kit bag.

**MARY OLLIVIER**

Acting Executive Director, New Zealand Law Society.

# The role of the New Zealand Law Society

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## Regulating the legal profession

It is now a decade since the Lawyers and Conveyancers Act 2006 came into effect on 1 October 2008. This brought in a major new statutory framework for the legal profession and the new profession of conveyancing practitioner. The Act's purposes for the provision of legal services are:

- ▶ to maintain public confidence in the provision of legal services;
- ▶ to protect the consumers of legal services;
- ▶ to recognise the status of the legal profession.

To achieve these, the New Zealand Law Society is required to regulate the legal profession and is given the powers to achieve its regulatory functions:

- ▶ to control and regulate the practice of the profession of law;
- ▶ to uphold the fundamental obligations imposed on lawyers;
- ▶ to monitor and enforce the provisions of the Act and regulations and rules made under it;
- ▶ to assist and promote the reform of the law.

Anyone practising law in New Zealand must obtain a practising certificate issued by the New Zealand Law Society and be regulated in their practice by the Law Society. The Law Society's regulatory role is kept fully separate from the representative services it provides.

## Representing the legal profession

The Lawyers and Conveyancers Act also states that the New Zealand Law Society has the function of representing its members. Membership of the Law Society has been voluntary since 2008, and at 30 June 2018, 97.9% of the holders of a practising certificate had chosen to be members of the New Zealand Law Society.

The representative services provided by the Law Society have the objective of supporting members of the legal profession. Emphasis is placed on providing services and tools that will assist the profession with legal practice in a rapidly changing environment. This includes the challenge of new technology, new legislation and compliance requirements and the pressures of heavy workloads and stress and anxiety. Assisting and motivating lawyers to achieve a health work/life balance is a key objective of Law Society representative services.

## Law Society Governance

### Organisation and structure

The Act requires the Law Society to have a Constitution. This provides for a Council, membership, general meetings, voting, officers, Executive Board and Executive Director. The Constitution was made on 10 July 2008 and registered with the Registrar of Companies. It has remained unchanged.

The Law Society's Council consists of the President, four Vice-Presidents, a representative of each branch, the chair/president of each Law Society section (In-House Lawyers, Family Law and Property Law), the President of the New Zealand Bar Association and a representative of the Large Firm Corporation.

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. The four Vice-Presidents are each elected for two-year terms, with the incumbents eligible for re-election for a further consecutive two-year term. The Vice-Presidents are appointed by the law society branches, with one appointed by Auckland branch, one for Central North Island (Waikato Bay of Plenty, 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 also represented on the Council by its President.



New Zealand Law Society Board

**FRONT ROW (FROM LEFT):**

Nerissa Barber  
Vice-President, Wellington

Kathryn Beck  
President

Tiana Epati  
Vice-President, Central North Island

**BACK ROW (FROM LEFT):**

Tim Jones  
Vice-President, Auckland

Andrew Logan  
Vice-President, South Island

**Members of the Council during the year to 30 June 2018 were:**

|   |                  |                             |
|---|------------------|-----------------------------|
| <b>President</b>  | Kathryn Beck     | <i>From 15 April 2016</i>   |
| <b>Vice Presidents</b>                                  |                  |                             |
| Vice President, Central North Island                    | Tiana Epati      | <i>From 15 April 2016</i>   |
| Vice President, Wellington                              | Nerissa Barber   | <i>From 15 April 2016</i>   |
| Vice President, Auckland                                | Timothy Jones    | <i>From 15 April 2016</i>   |
| Vice President, South Island                            | Andrew Logan     | <i>From 15 April 2016</i>   |
| <b>Branch Representatives</b>                           |                  |                             |
| Auckland  | David Campbell   | <i>From 22 June 2016</i>    |
| Canterbury-Westland                                     | Grant Tyrell     | <i>From 19 June 2018</i>    |
| Gisborne  | David Ure        | <i>From 10 May 2018</i>     |
| Hawke's Bay   | Maria Hamilton   | <i>From 2 May 2017</i>      |
| Manawatu  | Ben Vanderkolk   | <i>From 30 October 2015</i> |
| Marlborough   | Kent Arnott      | <i>From 17 April 2018</i>   |
| Nelson  | Andrew Shaw      | <i>From 24 May 2018</i>     |
| Otago   | John Farrow      | <i>From 7 June 2017</i>     |
| Southland   | Malcolm McKenzie | <i>From 7 April 2017</i>    |
| Taranaki  | Caroline Silk    | <i>From 28 June 2018</i>    |
| Waikato-BOP   | Russell Boot     | <i>From 21 June 2017</i>    |
| Whanganui   | Mark Bullock     | <i>From 17 March 2017</i>   |
| Wellington  | David Dunbar     | <i>From 22 June 2016</i>    |
| <b>Section Representatives</b>                          |                  |                             |
| In-house Lawyers Association<br>New Zealand – President | Sian Wingate     | <i>From 18 May 2018</i>     |
| Family Law Section – Chair                              | Kirsty Swadling  | <i>From 11 August 2017</i>  |
| Property Law Section – Chair                            | Duncan Terris    | <i>From 7 May 2015</i>      |
| <b>Other Representatives</b>                            |                  |                             |
| New Zealand Bar Association – President                 | Clive Elliott QC | <i>From 12 April 2016</i>   |
| Large Firm Corporation – Representative                 | Laura O'Gorman   | <i>From 24 August 2015</i>  |

The Executive 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.

Following the resignation of Christine Grice on her appointment to the High Court bench, Mary Ollivier is the Acting Executive Director and is based at the Law Society's national office in Wellington. The Law Society has full- and part-time staff at its national office and at 13 branch offices around New Zealand, providing services and support for regulatory services including the Registry, law reform, continuing professional development, the Inspectorate, the Lawyers Complaints Service, and the New Zealand Law Society Library

# Oversight of legal practice

## Admission and enrolment of lawyers

### 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.

Applicants for a certificate of character must complete a form and provide information on their academic history, professional training and employment history, as well as provide an employer reference and at least two general character references from people who qualify as “persons of standing”. An agreement between the Law Society and the Ministry of Justice ensures every candidate for admission is subject to a criminal conviction history check under a priority service.

Applicants must also answer questions relating to their past history and make a declaration witnessed by a lawyer or Justice of the Peace that the information they have provided is true and correct. The New Zealand Law Society advertises the names of everyone who applies for a certificate of character to the legal profession. All applications are checked and verified by the Law Society before a certificate of character is issued.

In the year to 30 June 2018 the Law Society issued 982 certificates of character, with 61% to female applicants and 39% to male applications. A total of 1,047 candidates were admitted to the High Court of New Zealand, again with 61% female and 39% male. This included 42 admissions under the Trans-Tasman Mutual Recognition Act 1997 which applies to lawyers holding a current practising certificate in an Australian state or territory who want to practise in New Zealand.

### Admissions and certificates of character

YEAR TO 30 JUNE

| Measure                   | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---------------------------|------|------|------|------|------|------|------|
| Admissions                | 1047 | 1056 | 970  | 955  | 868  | 906  | 864  |
| Certificates of character | 982  | 922  | 1025 | 930  | 833  | 897  | 764  |

## Issue of practising certificates

The Law Society is required to issue 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 2018 there were 14,177 current practising certificates. Of those lawyers, 1,646 were holding barristers' certificates and 12,531 barristers and solicitors' certificates.

Since the Law Society began to regulate the legal profession under the Lawyers and Conveyancers Act, the number of practising certificates on issue has risen by 34% – an average increase of 367 extra practising certificates each year.

Practising certificates are issued for one year and must be renewed annually. The practising year runs from 1 July to 30 June. At renewal every lawyer is required to complete a three-part declaration:

1. An undertaking to comply with the fundamental obligations of lawyers as set out in section 4 of the Lawyers and Conveyancers Act 2006.
2. Disclosure of any matter that does or might affect their fitness to be issued with a practising certificate.
3. A declaration whether the lawyer is complying with any orders of a lawyers standards committee, the Legal Complaints Review Officer or the Lawyers and Conveyancers Disciplinary Tribunal.

The practising certificate renewal process has been carried out since 2017 by email, with lawyers required to complete their declarations online. The declaration and payment must be made on or before 1 July or the practising certificate will lapse and an application for a new practising certificate must be made. Practising certificates are now issued electronically and printing of a hard copy is optional.

### Practising certificates held

AS AT 30 JUNE

| Measure | 2018   | 2017   | 2016   | 2015   | 2014   | 2013   | 2012   | 2011   | 2010   | 2009   |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Number  | 14,177 | 13,677 | 13,121 | 12,748 | 12,518 | 12,133 | 11,871 | 11,672 | 11,223 | 10,552 |

## Practice Approval Committees

Decisions on non-standard applications for practising certificates are made by the Law Society's two Practice Approval Committees. The committees operate under delegated authority from the Law Society's Council and Board. They have replaced a Fitness for Practice committee which operated until the 2012/13 year.

The two committees have a combined total of 10 members, who are appointed by the Law Society Board. The committees determine non-standard practice applications and statutory applications made under the Lawyers and Conveyancers Act to either the High Court or the New Zealand Lawyers and Conveyancers Disciplinary Tribunal. These can include applications for authorisation to practise on own account, consent to employ a suspended or struck off person, and applications for voluntary removal from or restorations to the roll.

In the year to 30 June 2018 the committees determined the Law Society's response to seven statutory applications, including successful authorisations to practise on own account by the Tribunal and two applications for consent for a lawyer's voluntary removal from the roll via the High Court.

### Applications considered by Practice Approval Committees

YEAR TO 30 JUNE

| Application   | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|------|------|------|------|------|------|
| Certificates of character for admission   | 13   | 10   | 19   | 23   | 20   | 13   |
| New practising certificate  | 5    | 18   | 16   | 10   | 20   | 8    |
| Renewal of practising certificate   | 11   | 6    | 12   | 8    | 4    | 3    |
| Practice on own account as barrister or barrister and solicitor (including special circumstances) | 40   | 43   | 25   | 39   | 24   | 14   |
| Recommencing practice on own account  | 1    | 0    | 2*   | 2    | 0    | 0    |
| Consent for operation of power of attorney when practitioner suspended                            | 1    | 1    | 1    | 5    | 4    | 1    |
| Consent for operation of power of attorney when practitioner struck off                           | 0    | 0    | 1    | 1    | 5    | 0    |
| Exemption under rule 20 of Trust Account Regulation   | 1    | 0    | 1    | 1    | 4    | 0    |
| Consent to employ suspended practitioner  | 0    | 0    | 0    | 1    | 1    | 0    |
| Review of undertakings  | 6    | 4    | 3    | 0    | 0    | 2    |
| Approval to take direct instructions  | 1    | 0    | 2    | 0    | 0    | 0    |
| Other miscellaneous practice issues   | 6    | 2    | 2    | 4    | 5    | 0    |

\*Two separate applications from the same person.

The Practice Approval Committees declined 11 of the 85 applications they considered in the year to 30 June 2018 (13%). Two of the declined applications related to applications for a certificate of character which were filed in the High Court. Both decisions to decline were upheld by the Court. One was subsequently appealed to the Court of Appeal.

### Applications declined after consideration by Practice Approval Committees

YEAR TO 30 JUNE

|          | 2018 | 2017 | 2016 | 2015 | 2014 |
|----------|------|------|------|------|------|
| Declined | 11   | 9    | 14   | 10   | 21   |

## Register of Lawyers

The Law Society maintains a Register of Lawyers which provides details of everyone who holds a current practising certificate. The Register is kept updated by the Law Society's Registry, which

**Oversight of legal practice**

administers a central database of all lawyers and matters associated with practice. These include the issuing of practising certificates, collecting fees, levies and subscriptions, handling applications for certificates of character or standing, approving practice on own account applications, and trust account information.

The Register is publicly available as a searchable database on the Law Society's website. Searching by name provides information on the status and contact details of any currently registered New Zealand lawyer. Lawyers are required to inform the Registry whenever there is a change in their workplace or contact details. This ensures the Register is continually up-to-date.

## Types of Practice

### Lawyers who held practising certificates were practising in the following areas

AS AT 30 JUNE 2018

| Type of practice                             | Proportion |
|--|------------|
| Private practice (barristers and solicitors) | 61.0%      |
| Private practice (barristers)                | 11.8%      |
| In-house – Government                        | 9.3%       |
| In-house – Corporate                         | 11.2%      |
| Professional/trade associations              | 0.5%       |
| Academic                                     | 0.3%       |
| Overseas                                     | 5.3%       |
| Other (community law centres, non active)    | 0.6%       |

## 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.

To qualify to “practise on own account” an applicant must have at least three years’ full time legal experience in New Zealand during the last five years, complete a Stepping Up course (see below), provide information on how they will operate their practice, obtain referee reports and complete a Trust Account Supervisor training programme if applicable. Applicants’ names are advertised to the legal profession and an interview conducted by a Law Society branch representative panel. The panel makes a recommendation on the applicant’s suitability and this is referred to the national office for approval.

During the year to 30 June 2018, 220 lawyers were approved to practise on their own account as a barrister and solicitor, 64 were approved as a barrister sole and 75 barristers sole were approved to take direct instructions.

### Lawyers practising on their own account

AS AT 30 JUNE

| Type of Practice        | 2018  | 2017  | 2016  | 2015  | 2014  | 2013  | 2012  |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|
| Barrister and Solicitor | 3,854 | 3,883 | 3,698 | 3,673 | 3,581 | 3,542 | 3,540 |
| Barrister               | 1,469 | 1,371 | 1,339 | 1,256 | 1,148 | 1,104 | 1,060 |

## Stepping Up

The Stepping Up course was introduced by the Law Society in July 2011, to replace the Flying Start programme. Stepping Up was developed with the assistance of a grant from the New Zealand Law Foundation and is made up of three elements: business management, professional conduct and client care, and trust account management. These are further broken down into 13 modules.

A total of 1,793 lawyers have now attended the 33 Stepping Up courses which have been held. The course involves a minimum of 40 to 50 hours of self-directed pre-course preparation, followed by a two-and-a-half day workshop. The course prescription is set by the New Zealand Law Society Board and the course is delivered by NZLS CLE Ltd under contract to the Law Society.

To ensure the course meets all the current requirements of practising law, the course is constantly reviewed and satisfaction levels measured. In the year to 30 June 2018, 61% of participants felt the course exceeded their expectations, and less than 1% have reported it failed to meet their expectations.

In April 2016 “Topping Up Stepping Up” was introduced. This is a revision course for lawyers who have previously completed Stepping Up satisfactorily but who did not commence practice on their own account within the required two years of completing Stepping Up. In the year to 30 June 2018, 27 lawyers completed the Topping Up Stepping Up course.

## Practising fees, levies and contributions

New Zealand’s legal profession is 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 Legal Complaints Review Office. 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 Lawyers’ Fidelity Fund.

The costs of regulation of the legal profession are met by an annual payment in advance for each practising year (which runs from 1 July to 30 June). Payment of this practising fee is required before the New Zealand Law Society issues a practising certificate. The amount payable is set by the Law

## Oversight of legal practice

Society's Council. The approval of the Minister of Justice is required for the practising fee and the Lawyers' Fidelity Fund contribution.

There was a reduction from the previous year of 4.4% in the practising fee for the year to 30 June 2018. This reflected efficiencies from the better use of technology and improved processes.

**Fees, levies and contributions set by the Law Society Council**

YEAR ENDED 30 JUNE (GST EXCLUDED) 2017

| <b>Component</b>   | <b>2018</b>    | <b>2017</b>    | <b>2016</b>    | <b>2015</b>    | <b>2014</b>    | <b>2013</b>    | <b>2012</b>    |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Practising fee   | \$1,140        | \$1,192        | \$1,192        | \$1,182        | \$1,170        | \$1,160        | \$1,140        |
| NZ Council of Legal Education levy   | \$22           | \$25           | \$25           | \$25           | \$25           | \$22           | \$20           |
| Legal Complaints Review Officer levy   | \$125          | \$125          | \$125          | \$75           | \$67           | \$80           | \$80           |
| <b>Total for barristers and employed lawyers</b>   | <b>\$1,287</b> | <b>\$1,342</b> | <b>\$1,342</b> | <b>\$1,282</b> | <b>\$1,262</b> | <b>\$1,262</b> | <b>\$1,240</b> |
| Inspectorate fee   | \$380          | \$385          | \$385          | \$385          | \$385          | \$385          | \$385          |
| <b>Total for barristers and solicitors practising on their own account without a trust account</b> | <b>\$1,667</b> | <b>\$1,727</b> | <b>\$1,727</b> | <b>\$1,667</b> | <b>\$1,647</b> | <b>\$1,647</b> | <b>\$1,625</b> |
| Lawyers' Fidelity Fund contribution  | \$320          | \$320          | \$320          | \$320          | \$320          | \$320          | \$320          |
| <b>Total for barristers and solicitors practising on their own account with a trust account</b>    | <b>\$1,987</b> | <b>\$2,047</b> | <b>\$2,047</b> | <b>\$1,987</b> | <b>\$1,967</b> | <b>\$1,967</b> | <b>\$1,945</b> |

# Complaints and discipline

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The Lawyers and Conveyancers Act establishes a framework for complaints and discipline of people providing regulated legal services. The Law Society is required to ensure that this framework is used to expeditiously process and resolve complaints against:

- ▶ Lawyers and former lawyers;
  - ▶ Incorporated law firms and former incorporated law firms;
  - ▶ Non-lawyers who are employees or former employees of lawyers and incorporated law firms.
- The Law Society is also required to ensure that disciplinary charges against these persons are heard and processed expeditiously.

## Client obligations

Lawyers are required to act at all times in accordance with the Lawyers and Conveyancers Act (Lawyers: Conduct and Client Care) Rules 2008. These outline the obligations lawyers owe to clients. The obligations are subject to other overriding duties, including duties to the courts and to the justice system.

The Rules are binding on all lawyers and provide guidance around the boundaries within which a lawyer may practise. Whatever legal services a lawyer provides, she or he must:

- ▶ Act competently, in a timely way, and in accordance with instructions received and arrangements made.
- ▶ Protect and promote the client's interests and act for them free from compromising influences or loyalties.
- ▶ Discuss with the client their objectives and how they should best be achieved.
- ▶ Give the client information about the work to be done, who will do it, and the way the services will be provided.
- ▶ Charge the client a fee that is fair and reasonable and let the client know how and when they will be billed.
- ▶ Give the client clear information and advice.
- ▶ Protect the client's privacy and ensure appropriate confidentiality.
- ▶ Treat the client fairly, respectfully and without discrimination.
- ▶ Keep the client informed about the work being done and advise them when it is completed.
- ▶ Let the client know how to make a complaint and deal with any complaint promptly and fairly.

If lawyers do not meet these standards, clients can raise the matter directly with them through their internal complaints process. If this does not resolve matters, the Lawyers Complaints Service is available for resolution.

## Lawyer obligations

Lawyers are also required to submit a report to the Law Society if they have reasonable grounds to suspect that another lawyer has engaged in misconduct. They can also report unsatisfactory conduct. This obligation applies whether the lawyer experienced the conduct or became aware of what took place as a supervisor, employer, colleague or bystander.

During 2018 the Law Society improved the resources available for lawyer reporting. This includes an online form on the Law Society website which can be used for submission of a confidential report, along with information on what conduct can be reported and how it is defined in legislation.

## Lawyers Complaints Service

The Lawyers Complaints Service is operated by the Law Society and is focused on providing an accessible, fair and equitable process for all parties. Fully trained Legal Standards Officers are available during working hours. As well as beginning the investigative process, they are available to provide assistance and information in relation to complaints. This includes information about rights and obligations.

Full information about the Complaints Service is available on the Law Society website and in a Lawyers Complaints Service brochure which is available in hardcopy through citizens advice bureaux, community law centres and other service organisations or as a downloadable PDF.

In the decade since it has been operating the Lawyers Complaints Service, the Law Society has made a number of changes to the processes. These have focused on improving the experience of complainants and those complained about, improving the time taken to resolve complaints, and ensuring there is effective communication to all parties throughout the process. A major change occurred with introduction of the “Early Resolution” process.

Much of the Lawyers Complaints Service work is carried out by lawyers standards committees around New Zealand. Standards committees have the power to inquire into a complaint and to decide what should happen. Each standards committee operates and makes its decisions independently.

All standards committees are made up of lawyer and non-lawyer members who volunteer their time. Members of standards committees are appointed by the Law Society Board.

## Accessing the Lawyers Complaints Service

The Law Society website provides information about how to lodge a complaint, with an 0800 number and email address for direct access to the service. A brochure and complaint form can be downloaded.

The Law Society has made a “concerns form” available on the website since 2013. This can be used by anyone with a concern about a lawyer but who is undecided about formally lodging a complaint. Those filling the form in are invited to provide contact details and a Legal Standards Officer will call

within five working days at the person's preferred time to discuss the concern. An 0800 number (0800 261 801) can be used for anyone who wants further information, to discuss a particular matter, or advice on their particular situation. Trained Legal Standards Officers may be able to help resolve an issue informally.

There is no charge for making a complaint. Formal complaints must be in writing and provide certain information. The complaint form is available from the Law Society website, through the 0800 number, or by writing to the Complaints Service. The form outlines all required information, including the outcome the complainant would like to achieve to resolve the complaint.

## How the Lawyers Complaints Service works

### Stage 1

A complaint is received by the Law Society's Lawyers Complaints Service. It is first "triaged" by experienced Lawyers Complaints Service staff, then either accepted for Early Resolution or channelled onto the standard path for resolution. On the standard path the complaint is copied to the lawyer in question, and the lawyer's response copied to the complainant, before it is considered by the appropriate lawyers standards committee (usually chosen by where the lawyer practises).

### Stage 2

A standards committee may decide no further action is warranted in relation to a complaint on the grounds that a complaint has been withdrawn, is about a trivial matter, is frivolous, vexatious, or made in bad faith, if another remedy is readily available, if the complainant has insufficient interest in the matter, or if - having regard to all the circumstances of the case - any further action is unnecessary or inappropriate. A committee has the power to decide to inquire further into particular matters. It can obtain specific information through a Law Society Legal Standards Officer, appoint a costs assessor or an investigator. It may also direct parties to consider mediation, negotiation or conciliation.

### Stage 3

A standards committee may give further consideration to a complaint if it remains unresolved. It can decide to take no further action at any time or continue its inquiry - which may involve setting the matter down for a hearing on the papers.

### Stage 4

The standards committee may decide not to uphold a complaint and to take no further action. In cases of very serious misconduct it may refer the matter to the New Zealand Lawyers and Conveyancers Disciplinary Tribunal.

About 87% of all complaints result in a decision to take "no further action" - meaning the complaint is not upheld. This includes complaints that are resolved with the agreement of the parties.

A committee may also make a finding of “unsatisfactory conduct” and impose orders. “Unsatisfactory conduct” is conduct by a lawyer that falls short of the standard of competence and diligence that can be reasonably expected of competent lawyers, conduct regarded by other lawyers of good standing to be unacceptable, and in contravention of the Lawyers and Conveyancers Act and Rules of Conduct and Client Care. In deciding which penalty to impose by its order, the standards committee will consider any previous matters where findings have been made against the lawyer. Orders may include censure or reprimand, apology to the complainant, a fine, compensation, reduction, refund or cancellation of fees, ongoing training, or payment of costs. After orders are made, the committee must consider publication of the complaint.

### Publication

A standards committee may direct publication of its decisions and determinations if it considers it necessary or desirable in the public interest. A lawyer’s identity may not be disclosed unless a censure order has been made and the Law Society Board approves publication.

The Lawyers and Conveyancers Act establishes strict rules for publication of information about complaints. Section 188 of the Act prevents disclosure of information about any complaint which has been made unless a standards committee allows publication. This includes any comment or information on whether or not the Law Society has received a complaint or whether a complaint is being investigated.

### Review

All interested parties have a 30-working day right of review to the Legal Complaints Review Officer.

### Paths a complaint can follow

The flowchart on the next page shows the paths a complaint about a lawyer can follow. There are two main paths – the early resolution path and the standard path. This flowchart also shows that parties can seek a review of a standards committee decision with the Legal Complaints Review Officer (LCRO), and that a standards committee can refer a matter to the New Zealand Lawyers and Conveyancers Disciplinary Tribunal. Determinations of the LCRO and the Tribunal can also be appealed or judicial review sought.

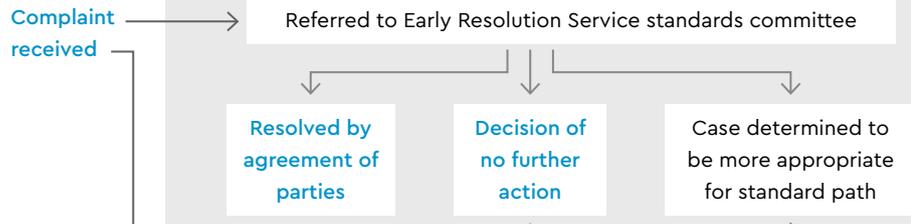
### The Lawyers Complaints Service in 2017/18

To enable tracking of trends, the following information goes back to the year to 30 June 2012 where applicable. The Law Society has reported on its exercise of regulatory functions and powers since the Lawyers and Conveyancers Act came into force on 1 August 2008 and information on the three earlier years may be found in those reports.

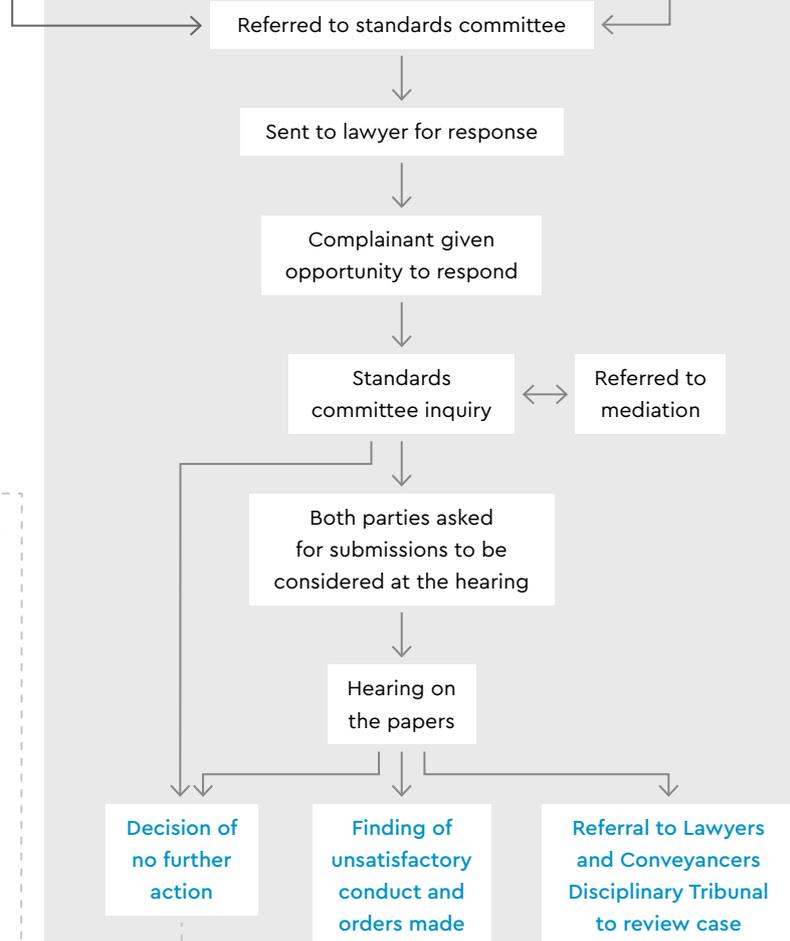
All complaints received by the Lawyers Complaints Service are reviewed by staff for suitability for referral to the Early Resolution Service. Following this, a complaint can follow one of two paths through to resolution.

- Law Society administered
- Externally administered
- Right of appeal / review

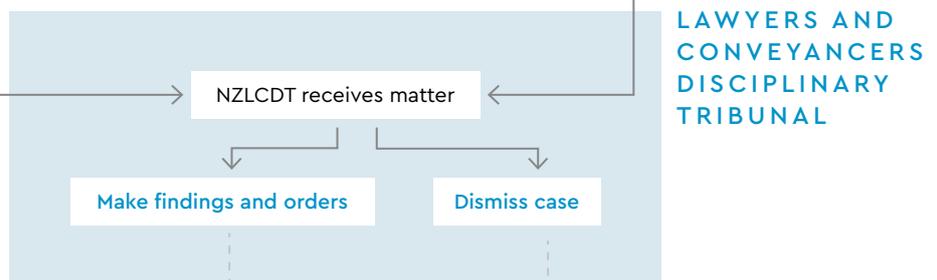
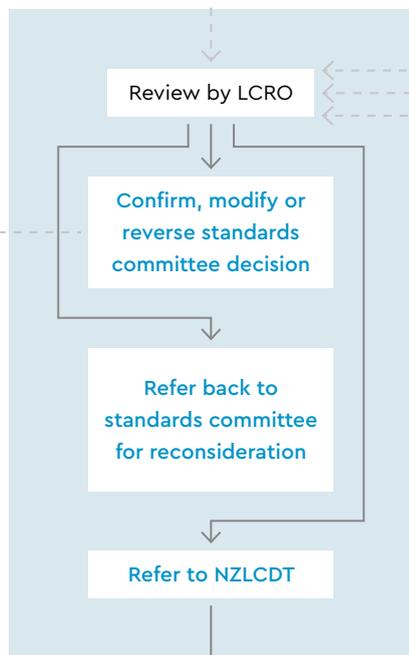
### EARLY RESOLUTION PATH



### STANDARD PATH



### LEGAL COMPLAINTS REVIEW OFFICER



## Complaints and discipline

## Use of Concerns Form

YEAR TO 30 JUNE

| Concerns                        | 2018  | 2017  | 2016  | 2015  | 2014  | 2013* |
|---------------------------------|-------|-------|-------|-------|-------|-------|
| Received                        | 277   | 263   | 317   | 302   | 408   | 152   |
| Resulting in a formal complaint | 36    | 35    | 57    | 49    | 49    |       |
| Proportion                      | 13.0% | 13.3% | 18.0% | 16.2% | 12.1% |       |

\*For the period from 1 February 2013 to 30 June 2013

Calls to the 0800 Complaints Line cover a wide range of inquiries. There was an average of 70 calls a week during 2017/18. The most common subjects were costs, estate matters, family law, property and commercial law and a lack of communication.

## Calls to 0800 number

YEAR TO 30 JUNE

| Measure          | 2018  | 2017  | 2016  | 2015  | 2014  | 2013  | 2012  |
|------------------|-------|-------|-------|-------|-------|-------|-------|
| Total calls      | 3,682 | 4,324 | 4,269 | 3,857 | 3,848 | 2,880 | 3,172 |
| Average per week | 70    | 83    | 82    | 74    | 74    | 55    | 61    |

## Direction of complaints

Lawyers make up the biggest proportion of the groups of people against whom the Lawyers Complaints Service receives complaints. Complaints against practising lawyers made up 92.9% of complaints received in the latest year. This was up 10.4% on the previous year, while all complaints were up by 11.4%. Of all complaints received, 67% were against men and 33% were against women.

## Direction of complaints received

YEAR TO 30 JUNE

| Direction of complaint                | 2018         | 2017         | 2016         | 2015         | 2014         | 2013         | 2012         |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Against lawyers                       | 1,470        | 1,331        | 1,363        | 1,528        | 1,498        | 1,675        | 1,536        |
| Against non-lawyer employees          | 45           | 39           | 48           | 29           | 32           | 33           | 41           |
| Against former lawyers                | 49           | 28           | 25           | 34           | 36           | 36           | 30           |
| Against incorporated law firms        | 14           | 18           | 23           | 20           | 61           | 21           | 17           |
| Against former non-lawyer employees   | 3            | 1            | 0            | 0            | 3            | 1            | 1            |
| Against former incorporated law firms | 0            | 2            | 0            | 0            | 0            | 0            | 0            |
| <b>Total</b>                          | <b>1,581</b> | <b>1,419</b> | <b>1,459</b> | <b>1,611</b> | <b>1,630</b> | <b>1,766</b> | <b>1,625</b> |

## Origin of complaints

The largest proportion of complaints lodged with the Lawyers Complaints Service in 2017/18 were by clients or former clients of lawyers (41.9%). This continued a decline in the proportion of complaints lodged by clients or former clients since 2012.

### Origin of complaints to Lawyers Complaints Service

YEAR TO 30 JUNE

| Origin                 | 2018        | 2017        | 2016        | 2015        | 2014        | 2013        | 2012        |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Client / former client | 662         | 661         | 769         | 768         | 812         | 979         | 886         |
| Client – other side    | 255         | 235         | 289         | 279         | 309         | 262         | 187         |
| Other                  | 114         | 49          | 99          | 35          | 63          | 29          | 38          |
| Lawyer                 | 74          | 116         | 87          | 119         | 101         | 161         | 112         |
| NZLS own motion        | 115         | 100         | 82          | 122         | 97          | 100         | 122         |
| Third party            | 240         | 154         | 75          | 190         | 166         | 184         | 237         |
| Beneficiary            | 119         | 103         | 57          | 90          | 77          | 47          | 38          |
| Regulatory authority   | 2           | 1           | 1           | 7           | 2           | 4           | 3           |
| Court                  | 0           | 0           | 0           | 1           | 3           | 0           | 2           |
| <b>Total</b>           | <b>1581</b> | <b>1419</b> | <b>1459</b> | <b>1611</b> | <b>1630</b> | <b>1766</b> | <b>1625</b> |

## Type of complaints

Complaints of breach of the Rules of Conduct and Client Care, 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.

Between February and 30 June 2018, lawyers standards committees received 14 separate complaints or reports alleging sexual harassment or other unacceptable behaviour by members of the legal profession.

### Type of complaint made

YEAR TO 30 JUNE

| Type                                     | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|------|------|------|------|------|------|------|
| Breach of RCCC Rules                     | 581  | 522  | 360  | 523  | 318  | 308  | 374  |
| Overcharging                             | 407  | 375  | 365  | 435  | 348  | 420  | 367  |
| Negligence / Incompetence                | 395  | 436  | 395  | 821  | 571  | 293  | 231  |
| Inadequate reporting<br>/ Communications | 346  | 304  | 255  | 495  | 429  | 257  | 289  |
| Misleading conduct                       | 197  | 175  | 122  | 286  | 225  | 125  | 93   |

## Complaints and discipline

| Type  | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|------|------|------|------|------|------|------|
| Conflict of interest                                    | 177  | 167  | 153  | 191  | 179  | 124  | 126  |
| Discourtesy   | 166  | 187  | 153  | 158  | 119  | 84   | 99   |
| Delay   | 165  | 152  | 147  | 256  | 174  | 131  | 178  |
| Failure to follow instructions                          | 118  | 120  | 128  | 231  | 247  | 175  | 117  |
| Other conduct issues                                    | 105  | 105  | 355  | 391  | 190  | 420  | 474  |
| Lack of supervision                                     | 94   | 21   | 6    | 21   | 15   | 18   | 36   |
| Unbecoming conduct                                      | 90   | 35   | 41   | 89   | 190  | 138  | 31   |
| Not complying with LC Act / Regs                        | 82   | 104  | 61   | 125  | 36   | 71   | 96   |
| Acting without instruction                              | 56   | 50   | 50   | 86   | 76   | 53   | 59   |
| Obstructing legal regulatory process                    | 50   | 141  | 101  | 167  | 30   | 50   | 21   |
| Refusing to hand over documents                         | 46   | 68   | 57   | 101  | 59   | 30   | 48   |
| Breach of confidentiality                               | 40   | 33   | 45   | 67   | 42   | 36   | 31   |
| Misappropriation  | 27   | 16   | 10   | 13   | 24   | 11   | 15   |
| Improper conduct in court                               | 26   | 48   | 29   | 81   | 53   | 48   | 32   |
| Failure to comply with an order                         | 24   | 23   | 19   | 24   | 11   | 7    | 6    |
| Breach of undertaking                                   | 20   | 29   | 38   | 30   | 17   | 41   | 36   |
| Financial Assurance issues                              | 16   | 14   | 33   | 86   | 56   | 23   | 23   |
| Other service issues                                    | 14   | 61   | 257  | 152  | 87   | 135  | 183  |
| Failure to pay third party                              | 12   | 10   | 6    | 15   | 7    | 10   | 12   |
| Failure to pay instructed third party                   | 10   | 10   | 18   | 10   | 10   | 5    | 6    |
| Practising outside of practising certificate parameters | 4    | 9    | 16   | 14   | 2    | 6    | 3    |
| Criminal conviction                                     | 1    | 13   | 13   | 1    | 10   | 5    | 8    |
| Related to nominee company                              | 1    | 15   | 7    | 12   | 21   | 4    | 0    |
| Not admitted to practice                                | 0    | 0    | 1    | 16   | 1    | 10   | 0    |

## Areas of law

The areas of law most relevant to personal issues are those where most complaints arise. Trusts and estates, property and family law are consistently the areas with the most complaints. There was a noticeable increase in the proportion of employment law-related complaints in the 2017/18 year.

**Areas of law in which complaints arose**

YEAR TO 30 JUNE

| <b>Area</b>           | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> | <b>2013</b> |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Property              | 18.1%       | 23.0%       | 20.8%       | 14.4%       | 17.4%       | 17.7%       |
| Trusts and estates    | 17.9%       | 17.0%       | 17.5%       | 21.0%       | 18.3%       | 15.1%       |
| Family                | 17.5%       | 17.8%       | 15.9%       | 17.9%       | 21.5%       | 17.7%       |
| Employment            | 9.2%        | 5.1%        | 5.1%        | 3.9%        | 3.4%        | 6.2%        |
| Civil litigation      | 9.0%        | 9.7%        | 13.0%       | 13.2%       | 9.6%        | 11.5%       |
| Criminal              | 8.7%        | 7.8%        | 9.5%        | 9.1%        | 9.6%        | 12.6%       |
| Company/Commercial    | 5.1%        | 7.5%        | 6.9%        | 5.8%        | 7.1%        | 5.5%        |
| Administrative/Public | 4.6%        | 3.6%        | 3.6%        | 1.9%        | 2.0%        | 3.7%        |
| Immigration           | 1.8%        | 2.3%        | 1.7%        | 1.7%        | 2.1%        | 1.7%        |
| Other                 | 8.1%        | 6.2%        | 6.0%        | 11.1%       | 9.0%        | 8.3%        |

**Lawyers Complaints Service resolution of complaints**

Since 2013 two processes have been used to assess, investigate and resolve complaints. When received, all complaints are assigned to one of the processes. If a complaint is assigned to the standard path process, it is copied to the lawyer and the lawyer's response is copied to the complainant. The complaint is then considered by a lawyers standards committee, which will make a decision after further investigation if necessary. Where a complaint is assigned to the Early Resolution Service (ERS), the parties may be invited to explore resolution by negotiation or the committee could also make a finding of no further action (not upheld) if appropriate. In the year to 30 June 2018, 1319 complaints were closed and 37% of those were conducted through the Early Resolution Service.

A very high proportion of complaints investigated by standards committees are not upheld (which is a standards committee decision to take no further action). In the year to 30 June 2018, 82% of complaints were not upheld. When complaints which were resolved by negotiation, conciliation or mediation are included, plus those which were withdrawn, 87% of complaints which were investigated and resolved in 2017/18 were not upheld.

There was a slight decline in the volume of complaints accepted by the Early Resolution Service in the latest year and an overall decline in the numbers closed. This decline will be addressed over the next year by focusing resources on ERS and resolving large volume multiple complaints.

**Complaints and discipline****Complaints closed**

YEAR TO 30 JUNE

| <b>Result</b>  | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> | <b>2013</b> | <b>2012</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Decision to take no further action (not upheld)                    | 1072        | 1102        | 1253        | 1137        | 1280        | 1140        | 1144        |
| Referred to and resolved by negotiation, conciliation or mediation | 42          | 116         | 97          | 143         | 166         | 119         | 28          |
| Withdrawn, discontinued or settled                                 | 25          | 15          | 45          | 64          | 77          | 67          | 46          |
| Orders made by standards committee                                 | 183         | 183         | 170         | 186         | 181         | 34          | 35          |
| Complaints outstanding at 30 June                                  | 779         | 516         | 564         | 702         | 622         | 914         | 820         |
| Complaints closed during year                                      | 1319        | 1467        | 1595        | 1529        | 1747        | 1540        | 1403        |

**Publication orders by standards committees**

The Lawyers and Conveyancers 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 New Zealand Law Society website and in the Law Society's magazine *LawTalk*.

**Orders by standards committees for publication**

YEAR TO 30 JUNE

| <b>Order</b>         | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> | <b>2013</b> | <b>2012</b> |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Publication of facts | 35          | 50          | 41          | 27          | 42          | 69          | 52          |
| Publication of name  | 7           | 5           | 4           | 4           | 9           | 25          | 5           |

**Time for closure of complaints**

Prompt resolution of complaints is important for all parties involved, while ensuring that everyone receives a fair hearing and the matter receives full consideration. This has been an important focus for the Law Society over the last seven years, and establishment of the Early Resolution Service was largely driven by the need to improve the time taken to resolve complaints.

In the year to 30 June 2018 complaints closed by the Early Resolution Service took an average of 34 days. The average time to close complaints on the standard path was 222 days. The average time for all complaints to be closed was 153 days, up from an average of 148 days in the previous year. Over 93% of complaints were closed within 12 months.

**Proportion of complaints closed**

YEAR TO 30 JUNE

| <b>Measure</b>   | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> | <b>2013</b> |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Within 1 month   | 22%         | 32%         | 29%         | 27%         | 25%         | 15%         |
| Within 3 months  | 47%         | 47%         | 44%         | 48%         | 42%         | 38%         |
| Within 6 months  | 70%         | 71%         | 66%         | 73%         | 69%         | 64%         |
| Within 9 months  | 86%         | 85%         | 82%         | 87%         | 84%         | 80%         |
| Within 1 year    | 93%         | 92%         | 91%         | 91%         | 91%         | 91%         |
| More than 1 year | 7%          | 8%          | 9%          | 9%          | 9%          | 9%          |

**Early Resolution Service**

YEAR TO 30 JUNE

| <b>Measure</b>   | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Complaints accepted                                      | 565         | 644         | 679         | 686         | 774         |
| Complaints where a decision to take no action            | 439         | 488         | 495         | 452         | 476         |
| Complaints resolved                                      | 47          | 110         | 120         | 186         | 220         |
| Complaints closed during year                            | 486         | 598         | 615         | 638         | 696         |
| Complaints outstanding at end of year                    | 54          | 14          | 20          | 43          | 68          |
| Complaints not resolved and returned to standard process | 41          | 52          | 76          | 65          | 82          |
| Proportion of all complaints received                    | 35.7%       | 45.4%       | 46.5%       | 42.6%       | 47.5%       |
| Proportion of all complaints closed                      | 36.8%       | 40.8%       | 38.6%       | 41.7%       | 39.8%       |

The information in the following table is a subset of the information published for all complaints within the Lawyers Complaints Service over the stated period.

**Time taken to conclude complaints within Early Resolution Service**

YEAR TO 30 JUNE

| <b>Average number of days *</b>                         | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| To conclude all complaints within ERS                   | 34          | 28          | 30          | 34          | 30          |
| To conclude complaints where decision to take no action | 32          | 23          | 25          | 29          | 23          |
| To conclude complaints that were resolved               | 49          | 48          | 51          | 46          | 45          |

\* Number of days measured as ordinary calendar days, not working days.

## Lawyers' disciplinary bodies in 2017/18

### Lawyers standards committees

At 30 June 2018 the Law Society's Board had declared 23 operational standards committees: 19 regional, one national and three reserve committees.

Members of standards committees are appointed by the Law Society Board. At 30 June 2018 there were 164 standards committee members, of whom 38 were non-lawyers.

Training for standards committee members was provided by the Law Society on a national and regional basis over the year. Training focuses on the core functions of standards committees and their processes, together with current trends and issues being raised in complaints.

### Legal Complaints Review Officer (LCRO)

The LCRO reviews decisions of lawyers standards committees. The Office is administered by the Ministry of Justice and the LCRO is someone who is not a practising lawyer and has been appointed to provide an independent review of standards committee decisions. Both lawyers and complainants may ask the LCRO to review a standards committee decision that they disagree with. The LCRO can make any order that a standards committee can make, including confirming or changing a committee's decision. The LCRO can also refer a matter to the New Zealand Lawyers and Conveyancers Disciplinary Tribunal or back to the standards committee.

The LCRO is funded by a levy paid by the legal profession and determined by the Minister of Justice.

As required by the Lawyers and Conveyancers Act, the LCRO consulted the Law Society on the rate of levy for the 2017/18 year. The Law Society and the LCRO also met regularly over the year to discuss general issues relating to the approach and manner in which complaints are received and dealt with.

### Legal Complaints Review Officer Levy and Payments

YEAR TO 30 JUNE

| Measure                             | 2018        | 2017        | 2016        | 2015        | 2014        | 2013      |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-----------|
| Levy per lawyer                     | \$125       | \$125       | \$125       | \$75        | \$67        | \$80      |
| Total paid to Ministry of Justice * | \$1,560,805 | \$1,321,590 | \$1,440,129 | \$1,279,500 | \$1,050,783 | \$574,609 |

\* (GST exclusive)

### New Zealand Lawyers and Conveyancers Disciplinary Tribunal

The Tribunal hears and determines the most serious disciplinary charges and other ancillary matters relating to the legal profession. It is administered by the Ministry of Justice and comprises both lawyers and non-lawyers, with a chairperson and deputy chairperson. The lawyer members are appointed by the Law Society Board. During the 2017/18 year there were 3 resignations and 3 new appointments to the Tribunal.

The Tribunal can make any orders which the LCRO or standards committees can make, but also has the power to suspend lawyers or strike them off the High Court Roll of Barristers and Solicitors. The Law Society's National Prosecutions Manager manages all prosecutions on behalf of the standards committees before the Tribunal.

### Referrals to Tribunal from Law Society standards committees

YEAR TO 30 JUNE

| Matter     | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|------------|------|------|------|------|------|------|
| Referrals  | 33   | 47   | 37   | 38   | 42   | 25   |
| Hearings   | 33   | 21   | 25   | 38   | 35   | 25   |
| Struck off | 5    | 4    | 1    | 12*  | 10   | 6    |
| Suspended  | 10   | 10   | 6†   | 14   | 8    | 7    |

\* The Court of Appeal also made two striking off orders using its inherent jurisdiction.

† 2 orders of interim suspension were made and one lawyer was subsequently struck off.

The Lawyers and Conveyancers 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 of the Tribunal.

### Law Society payments for costs of Tribunal hearings

YEAR TO 30 JUNE (GST NOT INCLUDED)

|               | 2018      | 2017      | 2016      | 2015      | 2014      | 2013      |
|---------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Reimbursement | \$115,291 | \$168,962 | \$119,350 | \$247,645 | \$258,974 | \$155,738 |

The Tribunal is required to report to the Minister of Justice and New Zealand Law Society each year on the number and nature of its determinations.

# Inspectorate and trust accounts

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The Financial Assurance Scheme was established in 1998 with the objective of protecting money entrusted to law practices. The Law Society continued the Scheme after enactment of the Lawyers and Conveyancers Act 2006. It has five objectives:

- ▶ Protecting client monies held in lawyers' trust accounts.
- ▶ Ensuring that lawyers meet the requirements of the Act and regulations in their handling of client funds.
- ▶ Uncovering situations where lawyers are not complying with the requirements.
- ▶ Discouraging lawyers from handling client funds inappropriately.
- ▶ Demonstrating to the legal profession, clients and the public that there is an effective scheme in place.

The Scheme applies to all lawyers except those who do not receive or hold money or other valuable property in trust for anyone, do not invest money for anyone, do not have a trust account, or do not receive fees or disbursements in advance of an invoice being issued.

The Law Society's Inspectorate team is at the forefront of operating the Financial Assurance Scheme. There are nine inspectors based in Auckland (4), Christchurch (1), Hamilton (2) and Wellington (2), with a Wellington-based manager plus one full-time administrator.

To achieve its objectives, the inspectorate performs the following functions:

- ▶ Conducts reviews of lawyers' trust accounts.
- ▶ Ensures that lawyers comply with their obligations in respect of trust accounts.
- ▶ Conducts investigations of law practices and lawyers in accordance with the regulations.
- ▶ Administers the Financial Assurance Scheme.
- ▶ Assists in educating lawyers and incorporated law firms and their staff in matters relating to the regulations.
- ▶ Assists with interviews of lawyers applying for approval to practise on their own account.

The Inspectorate uses a risk management framework to carry out its functions. This has been followed since 2013 and is based on the Australia and New Zealand risk management Standard AS/NZS/ISO 31000 (2009) and reflects the accepted current risk management practice. The framework establishes a criteria for risk assessment and provides a methodology for developing risk-based assurance trust

account review processes. The timing and frequency of trust account reviews is driven primarily by the level of identified risk.

### Law Society Inspectorate reviews of trust accounts

YEAR TO 30 JUNE

| Type of review                               | 2018       | 2017       | 2016       | 2015       | 2014       |
|--|------------|------------|------------|------------|------------|
| General                                      | 4          | 2          | 14         | 16         | 44         |
| Limited                                      | 314        | 359        | 379        | 334        | 265        |
| Focus  | 10         | 6          | 15         | 18         | 36         |
| Exit   | 30         | 14         | 10         | 11         | 11         |
| New practice                                 | 46         | 40         | 37         | 48         | 33         |
| Section 109 investigation (no trust account) | 0          | 0          | 0          | 3          | 0          |
| Revisits                                     | 3          | 1          | 0          | 2          | 0          |
| <b>Total</b>                                 | <b>407</b> | <b>422</b> | <b>455</b> | <b>432</b> | <b>389</b> |

In the year to 30 June 2018, the Law Society Inspectorate:

- ▶ Referred 24 reports from the above reviews to the Lawyers Complaints Service;
- ▶ Investigated the affairs of 11 law firms or lawyers/employees under section 144 of the Act. This resulted in one finding by a standards committee of unsatisfactory conduct which is under appeal to the LCRO. The other 10 investigations remain open;
- ▶ Assisted with the development, preparation and delivery of educational courses during the year. These included Stepping Up, Trust Account Supervisors and Trust Account Administrators courses;
- ▶ Delivered seminars on trust account related issues and wrote articles for publication to lawyers;
- ▶ Assisted Law Society branches in undertaking practice on own account interviews;
- ▶ Assisted lawyers where individual advice was required.

# Healthy, safe, respectful and inclusive legal workplaces

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Revelations by a woman lawyer of her experiences of sexual harassment were published in the December 2017 issue of *LawTalk*. This was followed in February 2018 with extensive media coverage of incidents of sexual harassment in law firms and the legal community. The resulting response from the New Zealand Law Society has included a wide range of initiatives which have the objective of achieving healthy, safe, respectful and inclusive legal workplaces.

## Women's Advisory Panel

The New Zealand Law Society's Women's Advisory Panel was established in November 2015. Its mandate is to find practical solutions to support the retention and advancement of women in the legal profession.

The panel is chaired by the Law Society's Immediate Past President Chris Moore. It is made up of a cross-section of lawyers from different areas of practice and includes influential female and male lawyers.

Women's Advisory Panel members: Chris Moore (Chair); Ann Brennan, David Campbell, Anita Chan QC, Tiana Epati, Stephanie Mann, Phillipa Muir, Liesle Theron.

The panel has been responsible for development of the voluntary Gender Equality Charter. Wide consultation was carried out through the Law Society's branches and sections, women's representative legal groups, large law firms and the wider legal profession. The charter was modified as a result of the feedback and launched in April 2018.

## Gender Equality Charter

The New Zealand Law Society's Gender Equality Charter was launched to the legal profession on 12 April 2018 in the Grand Hall of Parliament. The Charter's primary objective is to contribute to building a profession with a more even distribution of power between women and men. 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;
- ▶ 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.

The Law Society has a goal of signing up charter signatories comprising 30% of the profession by the first anniversary of the launch on 12 April 2019. As an indicator of progress, the 100th signatory was obtained in mid-November 2018, meaning that over 2,700 lawyers – 20% of the profession – are covered.

## Gender Equitable Engagement and Instruction Policy

This policy is a joint initiative between the New Zealand 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.

The policy was launched on 5 December 2017 at the offices of Russell McVeagh. At the launch there were 14 client adopters and 12 supporting law firms, barristers chambers and legal organisations. Since the launch a further seven clients and 12 law firms and barristers chambers have adopted the policy.

## Legal Workplace Environment Survey

The Law Society commissioned research firm Colmar Brunton to carry out a national survey of lawyers. The objective was to explore the safety of lawyers in the workplace with a specific focus on sexual harassment and bullying.

The survey was carried out online between 5 April and 1 May 2018. It was sent to 13,662 lawyers based in New Zealand and 3,516 completed the survey. This was a response rate of 26%, which gave a margin of error of  $\pm 1.7\%$ . The results were released on 30 May.

As the biggest survey of its kind carried out in the New Zealand legal profession, the research has set an important benchmark. The Law Society has committed to repeating the research in one or two years time. Among the key findings:

- ▶ 18% of all participating lawyers – 31% of women and 5% of men – had been sexually harassed during their working life within the terms of the Human Rights Commission definition.
- ▶ When asked if they had been subjected to any of 15 different behaviours which could be regarded as a form of sexual harassment, 27% of participants – 40% of women and 14% of men – said they had experienced at least one of those behaviours within the last five years.
- ▶ The legal workplaces where women experienced the highest prevalence of sexual harassment were sole practices (43% of responding women), barristers sole (49%) and barristers' chambers (42%).
- ▶ When asked if they had sought support or advice, just 27% of lawyers who had been sexually harassed said they had.
- ▶ Formal reporting of sexual harassment was low, with 7% of lawyers who had experienced harassing behaviour during the last five years making a complaint.
- ▶ 51% of respondents said they had been bullied at some time in their working life, with 21% having been bullied in the last six months.
- ▶ 35% of Pacific lawyers and 34% of Māori lawyers had experienced bullying behaviour in the last six months.
- ▶ On 56% of occasions the bullying behaviour was carried out by one specific person. On 52% of occasions the perpetrators were male, followed by females (31%) and equally male and female (17%).

- ▶ Of lawyers who had been bullied, 61% said the experience affected their emotional or mental wellbeing and 24% resigned from their job as a result.
- ▶ 60% of respondents (63% of women and 58% of men) found their job very stressful.
- ▶ 68% of respondents said they regularly worked extended hours, with 72% of lawyers in the 3-5 years' experience group doing so.
- ▶ 29% of respondents (37% of women and 22% of men) felt that major changes were needed to the culture of their workplace.
- ▶ 79% of survey respondents (77% of women and 81% of men) felt their job gave them a great deal of satisfaction.
- ▶ 65% of respondents (60% of women and 69% of men) were satisfied with the balance between their work and other aspects of their life.

## 0800 Law Care phone line for harassment support

A new phone service went live on 3 April 2018 for people in the legal community to discuss sensitive matters such as workplace harassment and the options and support they could access. The Law Care line (0800 0800 28) is staffed by five specially trained Law Society employees. It operates between 9:00am and 7:30pm from Monday to Thursday and from 9:00am to 5:00pm on Fridays.

## Independent regulatory working group

A five-member independent working group was established in April 2018. Chaired by Dame Silvia Cartwright, the working group was asked to consider whether the existing regulatory framework, practices and processes enable adequate reporting of harassment or in appropriate behaviour within the legal profession. The working group was also asked to investigate how better support can be provided to those making reports of sensitive issues, and the adequacy of the regulatory framework to enable effective action to be taken where such conduct is alleged. The working group is due to report to the Law Society in December 2018.

## Culture Change Taskforce development

In April and May 2018 the Law Society organised and facilitated meetings with organised groups across the legal community. These were held in Auckland, Christchurch, Dunedin, Hamilton and Wellington and were attended by representatives from a large number of legal groups and organisations, including law school students and staff. The discussion, ideas and feedback were used to develop and establish a national taskforce to drive cultural change and eliminate sexual harassment and bullying from the legal profession. The 16-member Culture Change Taskforce, chaired by Law Society President Kathryn Beck, has since been established for an initial term of three years. It is required to deliver an initial draft strategy and action plan to the Law Society by 30 November 2019.

## Online reporting facility

A new section on the Law Society's website went live on 3 April 2018, allowing lawyers to submit confidential reports of harassment and other unacceptable behaviour. The section provides information

on what conduct can be reported and what the obligations are for lawyers to report misconduct or unsatisfactory conduct by another lawyer. The reports can be made anonymously.

## New national lawyers standards committee

The Law Society's Board has approved the formation of a dedicated national lawyers standards committee to deal specifically with complaints of harassment and bullying in the legal profession.

## Preventing harassment webinar

A free NZLS CLE Ltd webinar on preventing harassment and bullying in the workplace was delivered to over 2,000 lawyers around the country on 4 April 2018. The webinar remains available for viewing online.

## Stepping Up

In May 2018 the Law Society introduced a requirement that attendees at the Stepping Up course for lawyers wanting to practise on their own watch the webinar on preventing bullying and harassment and another Law Society webinar on unconscious bias.

## Law student addresses

In April 2018 Law Society President Kathryn Beck began a programme of addressing law students in each of New Zealand's six law schools and graduate students completing their Legal Professionals courses. The focus was on providing information on what new lawyers can expect, the support available to lawyers, the measures the profession is putting in place, what it means to be part of a profession with a requirement to conduct yourself with the utmost integrity, and the right of all lawyers to be safe and treated with courtesy and respect. This programme will be repeated annually.

## Online resources

From March 2018 the Law Society began to add and develop a range of online and other resources accessed from a new website section "Bullying and harassment in the legal profession". These include information on the nature of bullying and harassment, how unacceptable conduct is reported to the Law Society, information and suggestions on what anyone who thinks they are being bullied or harassed should do, details of available support and policies for workplaces, and information on all Law Society reports and initiatives.

The Law Society's main national communications vehicles, *LawTalk* and *LawPoints*, have also published a large number of articles and opinion pieces examining the issues around the workplace culture in the legal community.

A special group of National Friends Panel members was established in April 2018, comprising lawyers who are available to discuss sensitive matters such as workplace bullying and harassment.

Development programmes assist in the maintenance of public confidence and protection of consumers as well as recognising the status of the legal profession. On 1 April 2014, after extensive research and

# Competence Assurance and Professional Development

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consultation and an introductory six-month period, the Law Society introduced a requirement for all lawyers to complete at least 10 hours of Continuing Professional Development (CPD) each year. This was seen as a logical step forward for the Law Society in its moves to continually improve the skills and competence of New Zealand lawyers.

The CPD initiative draws upon best practice and has the objective of providing a collaborative and open system which encourages and assists lawyers in their learning plans. It is learner-centred rather than prescriptive and focuses on encouraging reflection on learning needs.

All lawyers who provide regulated services are required to complete and reflect on a minimum of 10 hours of CPD activities each year related to their self-defined learning needs. This is done through preparation and maintenance of a CPD Plan and Record, to identify development plans and to reflect on progress and the results of participation in CPD activities.

CPD activities can include participation in courses, seminars, conferences, training, coaching and study groups, distance learning programmes and webinars, as well as lecturing, teaching or instructing, writing law-related books or articles, or preparing and presenting certain submissions.

The CPD year ends on 31 March. All lawyers are required to declare within five working days of the year-end that they have completed the required development activities and maintained a CPD Plan and Record.

In the latest CPD year, ending on 31 March 2018, 96.8% of lawyers completed declarations by the required time. A follow-up programme resulted in 99.8% of lawyers completing declarations by 30 June 2018.

An annual audit is carried out, with 10% of lawyers (selected either randomly, cause-driven or risk-assessed) asked to submit their CPD Plan and Record. At 30 June 2018, 261 audits had been performed with a compliance rate of 87.3% in relation to submitted plans.

# Assisting and promoting the reform of the law

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One of the Law Society's regulatory functions in the Lawyers and Conveyancers Act is the requirement to assist and promote the reform of the law, for the purposes of upholding the rule of law and facilitating the administration of justice.

To carry out this role, the Law Society maintains 16 specialist committees, with overall co-ordination by the Law Reform Committee. In conjunction with the Law Society's Family Law Section and Property Law Section, the committees are focused on providing expert advice relating to the reform of New Zealand law. Each committee is made up of lawyers from around New Zealand who volunteer their time, with administrative and research support provided by a team of lawyers employed by the Law Society. Over 130 lawyers participate in the Law Society's law reform committees. The specialist committees are as follows:

- ▶ Accident Compensation Committee;
- ▶ Civil Litigation and Tribunals Committee;
- ▶ Commercial and Business Law Committee;
- ▶ Courthouse Committee;
- ▶ Criminal Law Committee;
- ▶ Employment Law Committee;
- ▶ Environmental Law Committee;
- ▶ Health Law Committee;
- ▶ Human Rights and Privacy Committee;
- ▶ Immigration and Refugee Committee;
- ▶ Intellectual Property Law Committee;
- ▶ Legal Services Committee;
- ▶ Public and Administrative Law Committee;
- ▶ Rule of Law Committee;
- ▶ Tax Law Committee;
- ▶ Youth Justice Committee.

The Law Society's law reform objective is to help create better and more workable legislation by providing reasoned and impartial submissions on law reform proposals. Most Law Society submissions focus on matters of legal principle, drafting or technical matters, rather than on policy. The aim is

## Competence Assurance and Professional Development

to ensure the legislation will work in practice. 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.

During the year to 30 June 2018 the Law Society made submissions on 32 bills to parliamentary select committees. Law Society representatives appeared at select committee hearings on 8 of those submissions. The Law Society also made 43 submissions on law reform consultation documents from government departments, the Law Commission and other statutory bodies.

The following submissions were made during the year to 30 June 2018. Copies of all submissions made are available on the Law Society website.

| <b>Date Filed</b> | <b>Organisation</b>             | <b>Subject</b>  |
|-------------------|---------------------------------|---|
| <b>2017</b>       |                                 |   |
| 6 July            | Inland Revenue                  | Tax treatment of feasibility expenditure  |
| 10 July           | Privacy Commissioner            | Information disclosure in privacy codes   |
| 12 July           | Inland Revenue                  | Taxation of trusts  |
| 20 July           | Justice & Electoral Committee   | Marriage (Court Consent to Marriage of Minors) Amendment Bill                         |
| 27 July           | MBIE                            | Commercial legislative reform matters   |
| 3 August          | Ministry of Justice             | Legal Aid Audit Policy proposals  |
| 4 August          | Ministry for Primary Industries | Marine Aquaculture draft NES  |
| 17 August         | Justice & Electoral Committee   | Criminal Records (Expungement of Convictions for Historical Homosexual Offences) Bill |
| 18 August         | Inland Revenue                  | Tax loss offset elections   |
| 29 August         | Law Foundation research         | Integrated Domestic Violence Court model  |
| 12 September      | Independent Review Mechanism    | Improving access to legislation   |
| 13 September      | International Bar Association   | Proposed international legal aid guidelines   |
| 14 September      | Immigration New Zealand         | Draft Refugee Status confidentiality guidelines                                       |
| 28 September      | Inland Revenue                  | Tax partnerships  |
| 6 October         | Inland Revenue                  | Tax treatment of feasibility expenditure  |
| 12 October        | Ministry of Justice             | Family and civil legal aid application form   |
| 18 October        | Immigration New Zealand         | Immigration complaints system   |
| 26 October        | Employment Court Chief Judge    | Employment Court costs guidelines   |
| 31 October        | Ministry of Justice             | AML/CFT phase 2 implementation reporting  |
| 17 November       | Inland Revenue                  | Building fit-out as “improvements”  |
| 30 November       | Inland Revenue                  | Interpretation relating to donee organisations  |
| 9 December        | Environment Committee           | Christ Church Cathedral Reinstatement Bill  |
| 21 December       | Inland Revenue                  | Tax rules for deregistered charities  |

| <b>Date Filed</b> | <b>Organisation</b>                                  | <b>Subject</b>   |
|-------------------|--|--|
| <b>2018</b>       |  |  |
| 24 January        | Finance & Expenditure Committee                      | Overseas Investment Amendment Bill                             |
| 30 January        | Inland Revenue                                       | “Materially different” arrangements                            |
| 1 February        | Ministry of Justice                                  | Mental health legal aid rosters                                |
| 7 February        | Inland Revenue                                       | Corporate trustees and CRS                                     |
| 13 February       | Finance & Expenditure Committee                      | Taxation (Neutralising Base Erosion and Profit Shifting) Bill  |
| 13 February       | Foreign Affairs, Defence & Trade Committee           | Brokering (Weapons and Related Items) Control Bill             |
| 16 February       | Justice Committee                                    | Courts Matters Bill  |
| 16 February       | Justice Committee                                    | Tribunals Powers and Procedures Legislation Bill               |
| 23 February       | Justice Committee                                    | Legislation Bill   |
| 27 February       | Law Commission                                       | Property (Relationships) Act 1976 review, Issues Paper 41      |
| 2 March           | Foreign Affairs, Defence & Trade Committee           | Military Justice Legislation Amendment Bill                    |
| 2 March           | Governance & Administration Committee                | Births, Deaths, Marriages, and Relationships Registration Bill |
| 6 March           | Justice Committee                                    | Trusts Bill  |
| 6 March           | Justice Committee                                    | End of Life Choice Bill  |
| 13 March          | Primary Production Committee                         | Sentencing (Livestock Rustling) Amendment Bill                 |
| 15 March          | Justice Committee                                    | Electoral (Integrity) Amendment Bill                           |
| 23 March          | MBIE   | Immigration advisers licensing regime                          |
| 27 March          | Inland Revenue                                       | Further input on corporate trustees and CRS                    |
| 4 April           | Education & Workforce Committee                      | Employment Relations Amendment Bill                            |
| 5 April           | Environment Committee                                | Conservation (Infringement System) Bill                        |
| 5 April           | Economic Development, Science & Innovation Committee | Commerce (Criminalisation of Cartels) Amendment Bill           |
| 5 April           | Health Committee                                     | Health Practitioners Competence Assurance Amendment Bill       |
| 11 April          | Governance & Administration Committee                | State Sector and Crown Entities Reform Bill                    |
| 12 April          | Immigration & Protection Tribunal                    | Draft practice notes   |
| 12 April          | Ministry of Justice                                  | Legal aid application form                                     |
| 13 April          | Inland Revenue                                       | Taxation of trusts   |
| 27 April          | Ministry of Justice                                  | Hague Convention, NZ implementation                            |
| 1 May             | Ministry of Justice                                  | Legal aid audit policy   |

## Competence Assurance and Professional Development

| <b>Date Filed</b> | <b>Organisation</b>                                  | <b>Subject</b>   |
|-------------------|--|--|
| 3 May             | Rules Committee                                      | Lawyers' daily recovery rates  |
| 10 May            | Oranga Tamariki                                      | State care of children and young people  |
| 15 May            | Education & Workforce Committee                      | Employment Relations (Triangular Employment) Amendment Bill                          |
| 17 May            | Justice Committee                                    | Corrections Amendment Bill   |
| 18 May            | Inland Revenue                                       | Tax treatment of resource consent costs  |
| 21 May            | MBIE   | Financial advice disclosure obligations  |
| 24 May            | Ministry of Justice                                  | Legal aid application form   |
| 24 May            | Justice Committee                                    | Privacy Bill   |
| 29 May            | MBIE   | Application of R&D tax incentive rules   |
| 31 May            | Rules Committee                                      | Court of Appeal vexatious litigant rules   |
| 6 June            | Environment Committee                                | Exclusive Economic Zone and Continental Shelf (Environmental Effects) Amendment Bill |
| 7 June            | Ministry of Justice                                  | Hague Convention, NZ implementation  |
| 11 June           | Inland Revenue                                       | Non-profit body taxable activities   |
| 12 June           | Justice Committee                                    | Administration of Justice (Reform of Contempt of Court) Bill                         |
| 19 June           | Economic Development, Science & Innovation Committee | Crown Minerals Amendment Bill  |
| 21 June           | Justice Committee                                    | Local Electoral Matters Bill   |
| 21 June           | Law Commission                                       | Evidence Act 2006: Second review   |
| 26 June           | Education & Workforce Committee                      | Health and Safety at Work (Volunteer Associations) Amendment Bill                    |
| 29 June           | Education & Workforce Committee                      | Accident Compensation Amendment Bill   |

The Law Society also liaised during the year with Ministers and government departments and agencies about various law reform and administration of justice issues.

The Law Society has two representatives on the Rules Committee (a statutory body established by section 155 of the Senior Courts Act 2016). The representatives contribute to the Rules Committee's consideration of proposed reforms to procedural rules in the Supreme Court, the Court of Appeal, the High Court and District Court.

The Law Society's Rule of Law Committee is actively involved in monitoring and responding to rule of law issues in New Zealand and overseas. Section 4(a) of the Lawyers and Conveyancers Act establishes a fundamental obligation for every member of the legal profession to uphold the rule of law.

# The Law Society Library

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As regulator of the legal profession the Law Society has an obligation to assist in the provision of quality legal information. The Law Society's library assets were transferred from District Law Societies in February 2009 and continue to be held for the purposes of Law Society regulatory functions. The Library is funded from practising fees and from charges for services.

The Law Society's Library comprises the three main research libraries located in the Auckland and Wellington High Court buildings, the Canterbury Justice and Emergency Services Precinct and a smaller library in the Otago branch. The Ministry of Justice provides the space occupied by the research libraries. As part of this arrangement, the research libraries are available to the judiciary. The Library also maintains 46 kiosks for lawyers at 37 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. This comprises over 400 regularly updated legal databases. The distribution of libraries and kiosks across the country is aimed at ensuring that every lawyer has reasonable access to legal information resources and library services.

The research libraries are responsible for maintaining the nationally managed hardcopy and online collection of legal information resources, and for delivering research and document delivery services to lawyers. The Library service has also produced the electronic LINX database since 1989. This is a comprehensive database of New Zealand case law and legal writing and currently consists of over 242,000 records.

Over the past year the Library has experienced a growth in demand for research services. Two of the main libraries experienced disruption to their services along with a reduction in available space. The Canterbury Library moved into the new Justice and Emergency Services Precinct in December 2017. Following severe damage from the Kaikoura earthquake in November 2016, the hard copy reference section in the Wellington library was finally reinstated in December 2017. The reduction in library space over the last three years has been managed through a rationalisation of the collection being held.

Approximately 20% of lawyers currently use the library services. These are mainly barristers, small law firms and in-house lawyers in the practice areas of litigation, civil, commercial, family and trust law. Overall, an average of 780 document delivery requests and 540 research requests are received each month. The most commonly requested research topics are in criminal, family and insurance law.

The net cost of operating the Law Society Library in the year to 30 June 2018 was \$3.004 million. The services are supported by 21 full and part-time staff and headnoters who are contracted to assist with updating the LINX database.

# Other regulatory activities

## New Zealand Council of Legal Education

The Council is an independent statutory body (Crown Entity). It has responsibilities for the quality and provision of legal training required for a person to be admitted as a barrister and solicitor of the High Court of New Zealand.

The Law Society is required to fund the Council by imposing an annual levy on all lawyers. The Law Society and Council are required to consult to prepare the Council's annual budget and the Law Society's Council sets the annual levy as a result of that consultation.

### New Zealand Council of Legal Education Levy and Payments

YEAR TO 30 JUNE (GST EXCLUSIVE)

| Measure  | 2018      | 2017      | 2016      | 2015      | 2014      | 2013      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Levy per lawyer                                    | \$22      | \$25      | \$25      | \$25      | \$25      | \$22      |
| Total paid to fund budget for next practising year | \$278,000 | \$276,000 | \$275,000 | \$272,000 | \$269,000 | \$283,000 |

The Council has a membership of 17, of whom five are nominated by the Law Society Council. During the year to 30 June 2018 there was one new appointment following a resignation and one member was reappointed. One was for the maximum terms of three years and the other appointment was for the balance of the time remaining after the resignation.

## Fidelity Funds

The replacement of the Law Practitioners Act 1982 by the Lawyers and Conveyancers Act 2006 has meant the Law Society administers two fidelity funds, with one established under each Act. While there are now very few claims under the Solicitors' Fidelity Guarantee Fund established in 1982, it will remain available until the Law Society is able to decide that all claims against the fund have been received and fully dealt with.

### Lawyers Fidelity Fund

The Law Society established and maintains the Lawyers Fidelity Fund to meet requirements of the Lawyers and Conveyancers Act 2006. The purpose of the Fund is to compensate, in whole or in part, people who suffer pecuniary loss in the circumstances set out in Part 10 of the Act as a result of the actions of a lawyer or incorporated law firm or the agent of a lawyer. This is mainly theft of money

or property entrusted to a lawyer or agent of a lawyer. It is not an insurance fund, does not cover investments and the maximum amount payable to an individual claimant is \$100,000. Barristers and solicitors who practise on their own account and who operate a trust account are required to contribute annually to the Fund. The annual contribution has been \$320 since 2008.

At 30 June 2018 there were no current claims under investigation or awaiting settlement. When settling claims, the Fund retains a right to recover the claim amount from the lawyer involved. The level of recovery is low because in most cases the lawyer has been made bankrupt, is no longer able to practise, or has no assets left to pursue. The recoveries are usually as a result of court orders.

#### Lawyers Fidelity Fund payments

YEAR ENDING 30 JUNE

| Measure                  | 2018      | 2017      | 2016      | 2015      | 2014      | 2013      |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Value of claims settled  | \$100,000 | \$119,000 | \$232,000 | \$200,000 | \$547,000 | \$14,000  |
| Amount set aside *       | \$0       | \$100,000 | \$120,000 | \$358,000 | \$133,000 | \$398,000 |
| Value of funds recovered | \$2,000   | \$38,000  | \$13,000  | \$0       | \$5,000   | \$5,000   |

\* For future payments of claims relating to known or suspected thefts.

#### Solicitors' Fidelity Guarantee Fund

Established under Part IX of the Law Practitioners Act 1982, the purpose of the Fund is to compensate people in relation to theft by a lawyer which was committed before 1 August 2008. Once the Law Society forms the opinion that all claims against this fund have been received and fully dealt with, the process for winding up the fund and repealing Part IX will occur. At the end of the 2017/18 year the Law Society had not formed the opinion that this should happen.

At 30 June 2018 there were no current claims under investigation or awaiting settlement. The value of claims settled in the year was, after further investigation, a reduction in the amount set aside for claims in 2017.

When settling claims, the Fund retains a right to recover the claim amount from the lawyer involved. The level of recovery is lower than the Lawyers Fidelity Fund, largely because of the timeframe since the theft event, but also for the same reasons - ie, the lawyer has been made bankrupt, is no longer able to practise, or has no assets left to pursue.

#### Solicitors' Fidelity Guarantee payments

YEAR ENDING 30 JUNE

| Measure                  | 2018      | 2017      | 2016    | 2015      | 2014      | 2013      |
|--------------------------|-----------|-----------|---------|-----------|-----------|-----------|
| Value of claims settled  | \$103,000 | \$0       | \$0     | \$567,000 | \$8,000   | \$121,000 |
| Amount set aside *       | \$0       | \$150,000 | \$0     | \$250,000 | \$835,000 | \$197,000 |
| Value of funds recovered | \$0       | \$0       | \$5,000 | \$0       | \$2,000   | \$0       |

\* For future payments of claims relating to known or suspected thefts.

## Other regulatory activities

## Lawyers and Conveyancers Special Fund

New Zealand's 24 community law centres receive a large proportion of their funding from the Lawyers and Conveyancers Special Fund. Established in 1982, the fund collects interest from banks on solicitors' and licensed conveyancers' nominated trust accounts. The fund is vested in the New Zealand Law Society and the New Zealand Society of Conveyancers jointly and is held by them in trust for the purposes specified in the Act.

The Act allows banks to retain 40% of the interest payable on nominated trust accounts. After deduction of that amount, the banks are required to pay the remainder to the Special Fund Management Committee, which comprises two people appointed by the Law Society and one person appointed by the Society of Conveyancers, with one of the Law Society appointees to be chairperson.

After deduction of administration expenses (including an audit fee), the balance in the fund is paid to the Secretary for Justice for the purpose of funding community law centres.

### Lawyers and Conveyancers Special Fund

YEAR ENDED 30 JUNE

| Destination               | 2018        | 2017        | 2016        | 2015        | 2014        | 2013        |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Interest received by Fund | \$9,346,000 | \$6,998,000 | \$7,333,000 | \$6,862,000 | \$5,894,000 | \$5,466,000 |
| Administration expenses   | \$28,000    | \$28,000    | \$28,000    | \$28,000    | \$28,000    | \$28,028    |

## Real estate services

Lawyers who want to commence providing real estate services on a regular or systematic basis are required to notify the New Zealand Law Society. This information is included with the details of the lawyers on the Register of Lawyers. By 30 June 2018, 85 lawyers had notified the Law Society.

### Lawyers intending to provide real estate services

YEAR TO 30 JUNE

| Measure           | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|-------------------|------|------|------|------|------|------|
| Number of lawyers | 85   | 83   | 84   | 70   | 62   | 50   |

# Other matters involving the regulation of the legal profession

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New Zealand's legal profession is required to follow regulatory requirements for a number of other matters where regulation is the responsibility of an agency other than the New Zealand Law Society. Where this occurs the Law Society focuses on providing as much information and practical resources to the profession as possible to ensure the requirements are met.

## Anti-Money Laundering and Countering Funding of Terrorism Act 2009

Phase 2 of the AML/CFT regime was extended to lawyers and conveyancers from 1 July 2018. The supervising agency is the Department of Internal Affairs. Over the 2017/18 year the Law Society assisted lawyers to prepare for implementation of phase 2 by developing and communicating a wide range of information and practical resources. These included seminars and workshops, specimen compliance documents and templates, client information letters and advice and legal opinions and information on a wide range of matters affecting lawyers and their clients.

## AEOI

The OECD's Common Reporting Standard came into force through the Taxation (Business Tax, Exchange of Information, and Remedial Matters) Act 2017 on 1 July 2018 and imposed obligations on law firms for collection and verification of client information. The Law Society worked with the responsible Inland Revenue Department and the New Zealand Banking Association to develop self-certification forms and to communicate information on lawyers' obligations.

## FATCA

Like AEOI, The United States Foreign Account Tax Compliance Act and associated FATCA agreement with New Zealand imposes obligations on law firms with US taxpayers as clients. FATCA compliance is managed by the Inland Revenue Department. During the 2017/18 year the Law Society developed resources and information for lawyers on FATCA requirements. This included interpretation and communication of information developed by IRD, and development of self-certification forms.

## GDPR

The European Union's General Data Protection Rules came into force on 25 May 2018. These introduced new requirements for any international organisation which handles personal data of anyone residing in the European Union. The Law Society provided information and resources to lawyers to enable them to assist their clients to comply with the new rules.

# Representing the legal profession

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## New Zealand Law Society branches

The Law Society branches reflect the historical organisation of the legal profession, and all began as district law societies which were responsible for the regulation and advancement of the legal profession in their district. With the introduction of the Lawyers and Conveyancers Act 2006, district law societies ceased to be statutory bodies on 31 January 2009 and the New Zealand Law Society became solely responsible for the regulation of legal services. With the exception of Auckland, the former districts transferred their assets and liabilities to the New Zealand Law Society, as agreed in the memorandum of understanding signed by all districts in 2007. The New Zealand Law Society's Auckland branch was established in 2009.

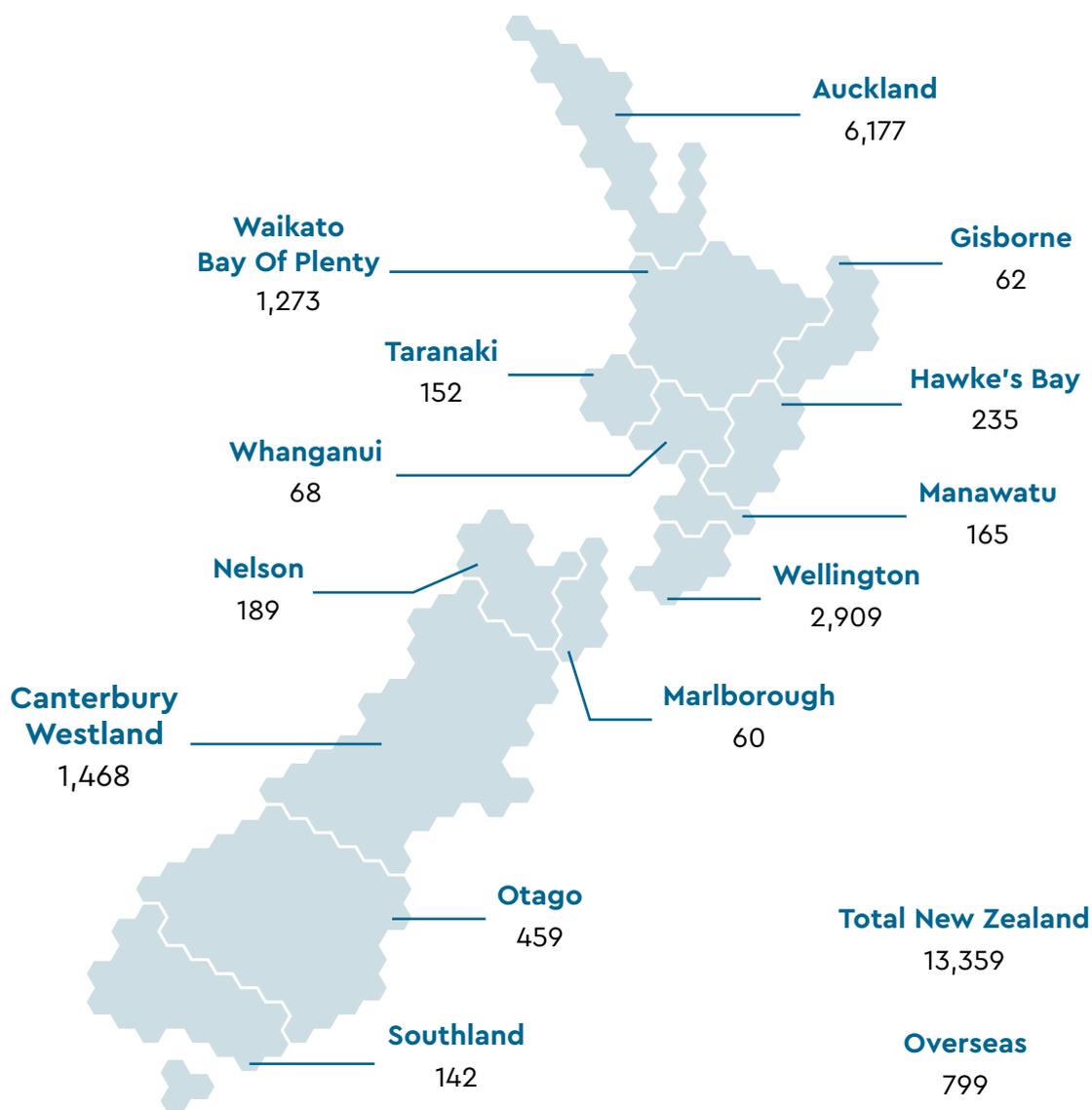
As required under the Law Society Constitution, branches operate in all former districts (Auckland, Canterbury-Westland, Gisborne, Hawke's Bay, Manawatu, Marlborough, Nelson, Otago, Southland, Taranaki, Waikato Bay of Plenty, Wellington and Whanganui).

The 13 branches are key connection points for contact by lawyers with the Law Society. All branches have a programme of organised activities and events. These have the key objectives of bringing lawyers together, providing support and development opportunities, and ensuring members are kept up-to-date with any events or developments which have an impact on legal practice.

The branches play an important role in the regulatory functions of the New Zealand Law Society. Each branch President is a member of the Law Society's governing Council and the branches are also responsible for appointment of the four Vice-Presidents on the Law Society Board. The branches are also responsible for researching and issuing certificates of character as part of the process of admission to the legal profession. Branches are responsible for managing applications from lawyers who want to practise on their own account (a necessity for appointment to a directorship or partnership in a law firm). They are often the first point of contact for inquiries from lawyers and non-lawyers on a wide range of matters. Branch councils and committees meet regularly, providing a voice for lawyers in the branch area on matters affecting legal practice and the justice system

**New Zealand Law Society, practising certificates by branch**

AS AT 30 JUNE 2018



**Branch activities**

Law Society branches organise and carry out a wide range of functions and activities for the lawyers who are based there. These events range from learning-centred events which offer the opportunity to enhance practice skills, to events recognising achievement within the profession and the judiciary, through to opportunities to meet and network with fellow lawyers.

During the year to 30 June 2018 New Zealand Law Society branches held 345 functions and events. Total attendance at these was 13,700.

The Law Society's branch events over 2017/18 have included:

- ▶ Casual learning sessions delivered by experts in their fields.
- ▶ Study groups and discussions.
- ▶ Skills development sessions.
- ▶ Workshops on managing stress and developing resilience.
- ▶ Dinners and formal social occasions.
- ▶ Meet the judiciary events.
- ▶ Career development sessions.
- ▶ Diversity and cultural competence seminars.
- ▶ Sports events.
- ▶ New and young lawyer events.
- ▶ Arts and cultural events.
- ▶ Health and wellbeing initiatives.

## New Zealand Law Society sections

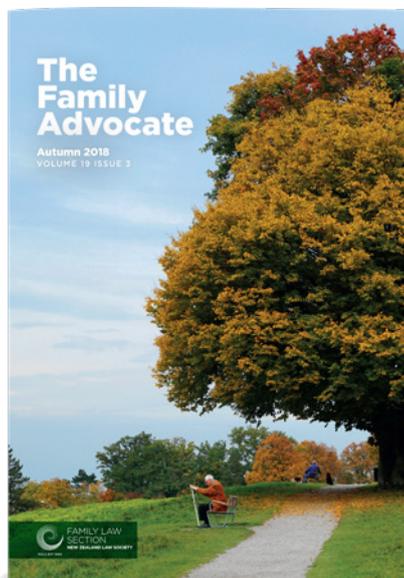
The three Law Society sections are interest groups for lawyers who specialise in family law, property law or practise in-house. An executive committee is elected for each section from the membership and support and administration services are provided by Law Society staff.

### Family Law Section

Established in 1997, the Family Law Section represents the interests of just over 1,000 New Zealand family law practitioners. Membership includes family lawyers, members of the judiciary, legal executives and academics. The section also has a Friends Panel and Immediate Response team to provide support for members, and it publishes a quarterly magazine, *The Family Advocate*, and a regular e-bulletin.

Key activities and initiatives in the year to 30 June 2018 included:

- ▶ Compilation and release on 25 October 2017 of the New Zealand Relationship Property Survey 2017. This was produced in conjunction with Grant Thornton New Zealand. The survey gathered the views of nearly 400 family law practitioners and coincided with launch of the Law Commission's review of relationship property law.
- ▶ Submissions and input into Law Society submissions on a number of bills and discussion documents related to New Zealand's family justice system.
- ▶ Working closely with Legal Aid Services to resolve issues raised by family legal aid practitioners.
- ▶ Review of the Family Law Section best practice guidelines for Lawyer for Child.



## Representing the legal profession

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- ▶ Maintenance of a strong relationship with the Family Court judiciary.
- ▶ Development of a Practising Well initiative for section members called “Our Stories” and presented as a series of videos and articles about family lawyers who have experienced a variety of situations in their practices.
- ▶ Three formal dinners in Auckland, Christchurch and Wellington to celebrate the 20th anniversary of the establishment of the Family Law Section.

### In-house Lawyers Association of New Zealand (ILANZ)

The section was established in 1987 and represents over 2,800 in-house lawyers, who make up around 22% of the legal profession. Its key objective is to connect, support and lead the in-house legal community. The section maintains a website and members receive a monthly e-newsletter, *In-house Insider*.

The major event for the section is its annual conference. The 31st annual conference was held in Hamilton from 16-18 May 2018. The conference theme was “No 8 Wire”, with reflection on the nature of the role of in-house counsel today: improvising and adapting limited resources to produce innovative solutions.

ILANZ also ran a number of member events with its Valued Partner sponsors in Auckland and Wellington, where 80% of New Zealand’s in-house lawyers are located. Some of these events were also livestreamed to regional members.

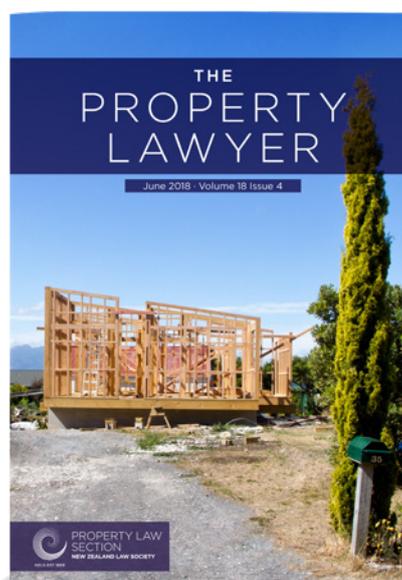
ILANZ operates a number of satellite networks that provide CPD and networking opportunities for members either based on location or interest area. During 2017 ILANZ launched Navigate, a satellite network connecting ILANZ members who have global interests because their organisation has a present or operates in markets in more than one jurisdiction.

A delegation from ILANZ attended the In-house Counsel Worldwide Summit in Toronto, Canada in May. ILANZ will host the summit in Wellington in 2020.

### Property Law Section

The section was established in 2000 and represents approximately 1,500 property law practitioners in a wide range of practice areas. The Executive committee is supported by the Property Transactions and Land Titles subcommittees and a newly-created Property Law Reform Panel. Members receive the quarterly publication *The Property Lawyer*, e-bulletins which provide timely information and guidance, as well as discounts on education events and the e-dealing consultancy service.

Key activities and initiatives in the year to 30 June 2018 included:



- ▶ The section prepared a submission on the Overseas Investment Amendment Bill which pointed out some fundamental workability issues impacting lawyers. It also had substantial input into another submission on the Trusts Bill.
- ▶ The section assisted in developing new Land Transfer Act 2017 regulations.
- ▶ A review of the Property Transactions and E-Dealing Guidelines by the section's Property Transactions Committee began. These were last reviewed and updated in October 2015.
- ▶ The section reviewed and rationalised the number of its standing subcommittees.
- ▶ The Executive committee held regular meetings throughout New Zealand and at each one hosted "Thinking Property", a CPD-compatible collegial and educational session.
- ▶ Following a thorough review, specialist accreditation entry and maintenance criteria were redefined, 'member firms' were discontinued and accredited members are now referred to as "Accredited Specialists".
- ▶ In conjunction with Land Information New Zealand and the New Zealand Institute of Legal Executives, the section organised and ran a series of mini seminars.

## New Zealand Law Society Lawyer Services Survey 2018

To ensure that it offers services and support which meets the needs of New Zealand's legal profession and their clients, the New Zealand Law Society carries out an annual survey of lawyers. This survey is a key consultation initiative for the Law Society and enables it to ascertain awareness levels of Law Society services and obtain feedback on the delivery of services to lawyers.

The confidential online survey of lawyers was carried out in late May 2018. It used a robust research methodology and 3,753 lawyers responded, with 2,748 fully completing all questions (73% of respondents). The maximum margin of error on this sample size is  $\pm 1.9\%$  at a 95% level of confidence.

Compared to past years there was a stronger participation rate with more lawyers taking part in the survey. The number of respondents furnishing verbatim comments showed a dramatic rise and the 2018 survey drew over 80,000 words of direct feedback from lawyers.

### Main Findings from the 2018 Survey

**Awareness of NZLS services:** Movements from year to year in unprompted awareness have been relatively minor, with 'CLE' which includes seminars, learning and training continuing to be the most well-known NZLS service spontaneously recalled by members. In terms of prompted awareness there has been some movement, with branch activity having a higher profile this year than in 2017.

**Key Publications:** *LawTalk* continues to be the cornerstone touchpoint between the Law Society and lawyers. It continues to have high readership and 89% of respondents reported reading it in the past 12 months.

**NZLS CLE Ltd Courses and Programmes:** NZLS CLE Ltd ratings of quality remain high. Key improvements mentioned include more and improved webinars, more live streaming of programmes, and an increasing variety of CPD-related learning/courses.

**Branch services:** Perceptions of NZLS branch services, including communications, collegiality, social and networking events and learning, continued to improve between 2015 and 2018, and with substantial increases in ratings in 2018. Overall, the ratings on accessibility, quality and value for all branch level services improved significantly between 2017 and 2018.

**Website and Find A Lawyer:** Overall, improved ratings have been achieved for accessibility. Find A Lawyer has also achieved stronger results for accessibility and value.

**Sections:** All three Law Society sections achieved improved ratings for accessibility, value and quality in the past 12 months.

**Law Society Young Lawyer Groups and Services:** There was a solid benchmark set of results for reported ratings on accessibility, quality and value for young lawyers groups and services.

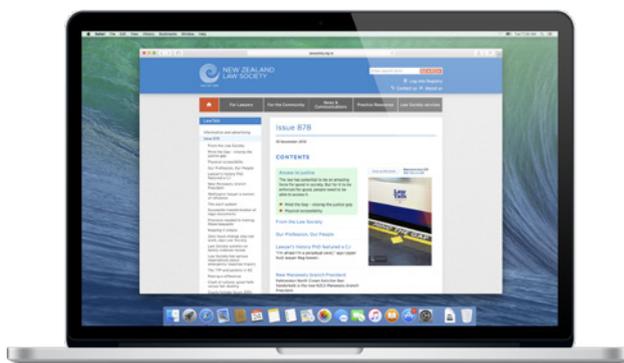
**Law Society Library Services:** The 2018 results reported a slight drop in usage of library services, but the Library continues to record the highest value rating score of any Law Society service and continues to record a high score for quality and access. The libraries continue to be chiefly used for case law, research by practitioners and research undertaken by library staff.

**Practising Well, National Friends Panel and Locum Panel:** Usage of these services remained low. Ratings were based on users only, hence results are indicative.

## Law Society service development

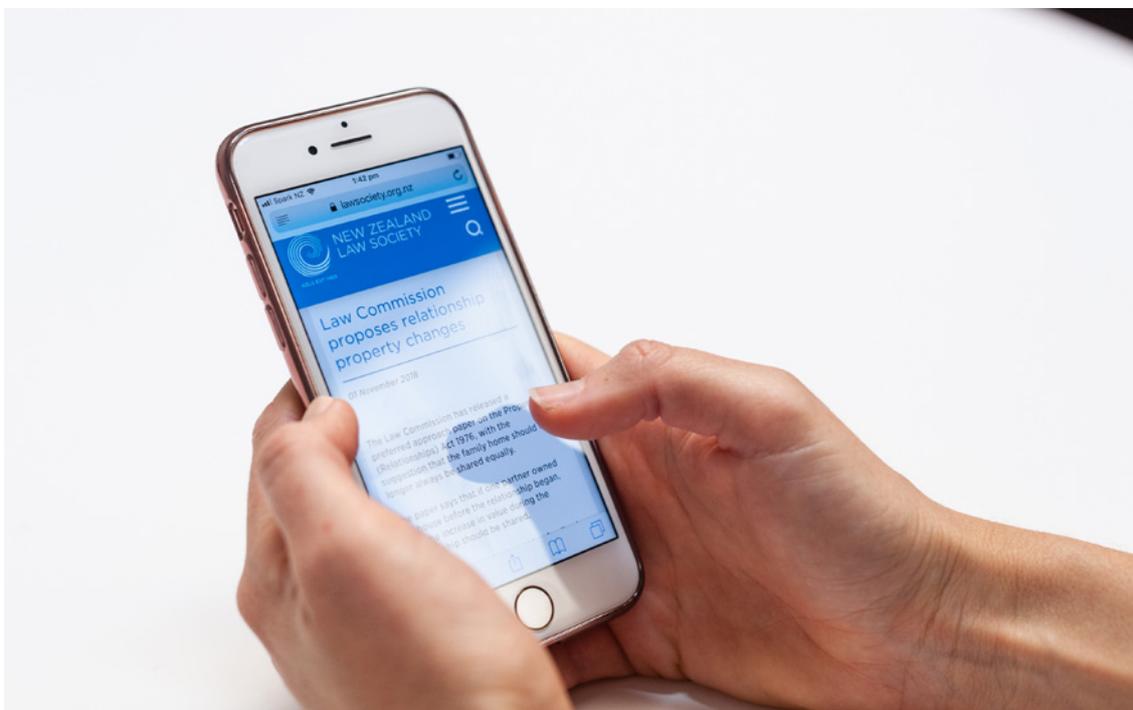
As in previous surveys, lawyers were invited to suggest improvements to Law Society services. Over half of the respondents did not name or suggest any improvements, indicating broad satisfaction with current services. Of those making comments, answers were spread over a wide range of service areas. The main suggestions are listed in decreasing frequency of mention as follows:

- ▶ Branch collegiality, social and networking events (7%),
- ▶ Young lawyer groups and services (5%),
- ▶ Practising Well (4%),
- ▶ NZLS CLE Ltd (4%),
- ▶ Branch learning and education (4%),
- ▶ Main website (3%),
- ▶ *LawTalk* (3%),
- ▶ Law Society Library (3%),
- ▶ Law Awareness pamphlets (3%),
- ▶ Practice Briefings (3%).



## Overall satisfaction with all Law Society services

When asked about overall satisfaction with all Law Society services, the survey responses resulted in a mean score of 7.0 out of 10, with one in five lawyers reporting that they were highly satisfied (giving ratings of 9 or 10 out of 10). Half of lawyers were positive, scoring 7 or 8 out of 10.



Potential services and activities which generated most interest were (in descending order): Keeping up to date with digital technology, Practising Well, Career development, Cyber security, and Communication skills.

## Purpose and functions of the Law Society

Survey participants were presented with a list of Law Society functions, and respondents rated all functions as of high importance. Keeping abreast of legislative change is considered the most important function of the Law Society, followed closely by continuing professional development, and then regulation and representative functions equally. Seen as relatively less important, but still considered very important were submissions and law reform, and supporting lawyers' needs to practise effectively and well. Collegiality was also considered important for at least three-quarters of lawyers.

## Challenges for the profession

Achieving a healthy work-life balance was rated as the most important challenge facing the profession, followed by the pressures of high workloads, and stress and anxiety. Facing the future of legal practice, including the challenge of new technology, was broadly acknowledged by the vast majority of lawyers.

## Other key findings

There were clear gender differences in the expressed needs and rating of Law Society services for female lawyers in contrast to those of males. Lawyers face many challenges but female lawyers rated all but one challenge more importantly than did males. By far the biggest differences were:

## Representing the legal profession

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Stress and anxiety was considered a more important challenge for female lawyers – 82% rated the issue 4 or 5 on the importance scale (the top 2 box score) compared to 67% of males.

Health and safety in the legal workplace were rated a top 2 box score by 82% rated top 2 box score, with a specific focus on managing sexual harassment and bullying. Of males some 51% rated it a top 2 box score compared to 73% of females.

Diversity (all types) and inclusion were rated top 2 box score by 73% of females and 52% of males.

Male lawyers rated only one challenge of the profession higher than did females: being financially sustainable/making a profit (61% top 2 box score for males, 57% of females).

## Communications

To assist the effective practise of law, the Law Society produces a wide range of publications and other communications.

### LawTalk

*LawTalk* is the Law Society's flagship publication and has been in circulation since 1974. It is New Zealand's longest established and most widely circulated legal publication with around 13,500 copies dispatched each month except January to New Zealand-based lawyers and others involved in the legal services industry and legal system. An online version is available. The focus of the magazine is to provide a wide range of commentary and information related to practising law in New Zealand.



### LawPoints

LawPoints is a weekly e-newsletter sent to all lawyers who hold a current New Zealand practising certificate. Launched in November 2009, LawPoints focuses on providing an up-to-date source of news and other information about the New Zealand legal services industry. A version of LawPoints for non-lawyers, NZLS Weekly, is available without charge.

### Social media

Facebook, LinkedIn and Twitter accounts are the main social media communications tools used by the Law Society.

## Law Awareness pamphlets

This longstanding series of pamphlets provides information on important areas of law affecting consumers, such as buying and selling a property, family trusts, wills, powers of attorney, relationship property and family violence. The 14 titles may be downloaded without charge from the Law Society website or purchased in hard copy format.

## Branch communications

Many of the Law Society branches produce regular e-newsletters which are sent to Law Society members practising in the area covered by the branch. Frequency varies but the focus is on providing local and relevant national information.

## Practice Briefings

This is a series of self-contained best practice guides on a wide range of matters which lawyers will encounter in practice. There are currently 38 guides and new titles are added regularly.

## Podcasts and videos

A series of podcasts and videos explaining aspects of the law for consumers is being developed.

## Law Society Website

The Law Society's main website at [www.lawsociety.org.nz](http://www.lawsociety.org.nz) contains a wide range of information. This includes a Find a Lawyer service which has high usage. A website redevelopment project began in early 2018 and this will result in release of a new website during 2019. Key deliverables for the new site are a revised information architecture, a fresh new visual design and a new technical infrastructure that will better support improvements into the future.

## Practising Well

The Law Society's Practising Well programme was established in 2009. It is a starting point for any lawyer who is concerned about their own welfare or that of a colleague, or who wants to enhance their own health and wellbeing. The Legal Workplace Environment Survey which was carried out in April 2018 included 10 questions on stress and wellbeing. More than a third of responding lawyers were dissatisfied with their work-life balance and 60% found their job very stressful. Of all respondents, 29% felt major changes were needed to the culture of their workplace.



Practising Well resources are grouped into three key areas: healthy mind, healthy body and healthy practice. The resources are found in a special section on the Law Society website. Development of

these services has focused on a policy of facilitating access to expert support and resources. Over the last five years the Law Society has formed partnerships with three organisations to develop its Practising Well services for the benefit of the legal profession. These complement other Law Society initiatives under the Practising Well umbrella.

**Lifeline Aotearoa** offers professional counselling services to Law Society members and their families at a discounted rate. This can be accessed face-to-face in Auckland or via Skype throughout New Zealand.

Workplace health provider **Vitality Works** and the Law Society have a memorandum of understanding which gives free access to New Zealand lawyers to the Wellbeing360 online health assessment tool.

**Business Mentors New Zealand** and the Law Society have a relationship which provides Law Society members with access to advisory services for a one-off registration fee. Business Mentors provides guidance to businesses with up to 25 employees, which includes over 90% of New Zealand's law firms.

The Law Society also maintains the **National Friends Panel** service. The panel is made up of New Zealand-based lawyers who are willing to be contacted on a strictly confidential basis by fellow lawyers with questions or concerns relating to practice issues. The purpose of the panel is to provide support to members of the legal profession from other members of the profession. Members are located throughout the country and contact information is provided on the Law Society website. A special group of panel members who are available to discuss sensitive matters such as workplace bullying and harassment was established in April 2018. Currently there are 46 members of the National Friends Panel.

The **New Zealand Law Society Locum Panel** is an online database of lawyers who are available to work as locums, usually for a short term. Locums provide cover in situations such as the absence of staff or where the principal in a small or sole practice may need a break for recreational or health reasons. The Law Society provides a list of names and parties are expected to make their own arrangements. Currently there are 18 lawyers on the Locum Panel.

The **Complaints Advisory Panel** is supplementary to the National Friends Panel service. It comprises lawyers who are available to be contacted on a confidential basis by lawyers who are the subject of a complaint. The objective is to assist lawyers to respond to a complaint appropriately, effectively and in a timely manner. Panel members will provide up to two hours of pro bono assistance.

## NZLS CLE Ltd

NZLS CLE Ltd is a fully owned subsidiary of the New Zealand Law Society. The Law Society has provided professional development since the 1970s and NZLS CLE Ltd was incorporated on 2 May 2008. Implementation of mandatory continuing professional development (CPD) requirements in 2014 has created a competitive environment in the legal professional development market with several providers from New Zealand and overseas now active. This has brought obvious benefits to the legal profession and NZLS CLE Ltd's objectives remain unchanged: to provide high quality and affordable professional development services to the legal profession. Consistently high approval ratings are obtained from participants across all programmes.

Governance of NZLS CLE Ltd is by a Board. This comprises Mary Ollivier (chair), Dr Allan Cooke, Debra Dorrington, Dick Edwards, Bob Hollyman QC and Tim Mullins. The chief executive of NZLS CLE Ltd is Hellen Papadopoulos.

During the year the New Zealand Law Society commissioned three free webinars on subjects of major importance to the legal profession. These were delivered by NZLS CLE Ltd. The webinar “Preventing and Dealing with Workplace Harassment and Bullying” was presented in March 2018. The two other free webinars focused on the Anti-Money Laundering and Countering Funding of Terrorism Act and provided information to lawyers in preparation for their inclusion in phase 2 of the AML/CFT regime from 1 July 2018. The webinars were held in November 2017 and April 2018.

Highlights of the 2017/18 year included:

- ▶ Over the year, NZLS CLE Ltd delivered 111 events in 266 fixtures for a total national delivery of 1,482 hours of CPD.
- ▶ The Easy Reference service was launched. This has made individual conference and intensive papers available electronically.
- ▶ There were 4,752 free webinar registrations provided to the legal profession, which equals 7,445 free CPD hours.
- ▶ NZLS CLE Ltd provided free materials and expertise for a Mediation Workshop in the Cook Islands in July 2017. It also provided free materials and expertise in conjunction with the Ministry of Justice and Crown Law Office for a Pacific Islands Law Officers’ Network (PILON) training course held in November 2017.
- ▶ Over 600 members of the judiciary and legal profession were involved in presenting and facilitating the events.
- ▶ Live web streaming is now offered for all intensives and conferences. This has made previously inaccessible programmes available nationally with location no longer a barrier to participation

# 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 2018:

- ▶ 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

## 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 for the year ended 30 June 2018, of NZLS Regulatory, approved for issue on 6 September 2018 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 6 September 2018.

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. A copy of the full financial statements may be obtained from the New Zealand Law Society.

The presentation currency is New Zealand dollars rounded to the nearest thousands. 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 2018

|   | 2018<br>\$000 | 2017<br>\$000 |
|---|---------------|---------------|
| <b>REVENUE</b>  |               |               |
| Practising, other service fees and interest                 | 22,477        | 22,640        |
| <b>EXPENSES</b>   |               |               |
| Administration and library                                  | 19,548        | 19,228        |
| <b>Surplus before income tax</b>                            | <b>2,929</b>  | <b>3,412</b>  |
| Income tax expense  | 113           | 250           |
| <b>Net surplus for the year</b>                             | <b>2,816</b>  | <b>3,162</b>  |
| <b>Total comprehensive revenue and expense for the year</b> | <b>2,816</b>  | <b>3,162</b>  |

### Summary Statement of Changes in Net Assets/Equity

FOR THE YEAR ENDED 30 JUNE 2018

|  | 2018<br>\$000 | 2017<br>\$000 |
|--|---------------|---------------|
| <b>Equity at beginning of year</b>                   | <b>12,546</b> | <b>9,384</b>  |
| Total comprehensive revenue and expense for the year | 2,816         | 3,162         |
| <b>Equity at end of year</b>                         | <b>15,362</b> | <b>12,546</b> |

## Summary Financial Statements

## Summary Statement of Financial Position

AS AT 30 JUNE 2018

|                                     | 2018<br>\$000 | 2017<br>\$000 |
|-------------------------------------|---------------|---------------|
| <b>ASSETS</b>                       |               |               |
| Current assets                      | 24,576        | 28,343        |
| Non-current assets                  | 14,260        | 8,302         |
| <b>Total assets</b>                 | <b>38,836</b> | <b>36,645</b> |
| <b>EQUITY AND LIABILITIES</b>       |               |               |
| Current liabilities                 | 23,474        | 24,099        |
| Equity                              | 15,362        | 12,546        |
| <b>Total equity and liabilities</b> | <b>38,836</b> | <b>36,645</b> |

## Summary Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018

|   | 2018<br>\$000 | 2017<br>\$000  |
|---|---------------|----------------|
| Net cash flows from operating activities                    | 2,666         | 2,820          |
| Net cash flows (used in) investing activities               | (1,861)       | (6,225)        |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <b>805</b>    | <b>(3,405)</b> |
| Cash and cash equivalents at beginning of year              | 6,725         | 10,130         |
| <b>Cash and cash equivalents at end of year</b>             | <b>7,530</b>  | <b>6,725</b>   |

The full financial statements were approved for issue on 6 September 2018 by the Board of the New Zealand Law Society.



## Independent Auditor's Report on the Summary Financial Statements

To the Members of the New Zealand Law Society Regulatory

### **Opinion**

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 2018, 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 2018.

In our opinion, the accompanying summary financial statements, on pages 58 to 60, are consistent, in all material respects, with the audited financial statements, in accordance with PBE FRS 43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

### **Summary financial statements**

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.

### **The audited financial statements and our report thereon**

We expressed an unmodified audit opinion on the audited financial statements in our report dated 6 September 2018.

### **Board's responsibilities for the summary financial statements**

The Board is responsible on behalf of the Society for the preparation of the summary financial statements in accordance with PBE FRS 43: *Summary Financial Statements*.

### **Auditor's responsibilities**

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): *Engagements to Report on Summary Financial Statements* ('ISA (NZ) 810').

Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in the Society. These services have not impaired our independence as auditor of the Society.

### **Restriction on use**

This report is made solely to the Members, as a body. 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.

*Deloitte Limited*

WELLINGTON, NEW ZEALAND

25 January 2019

## 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 for the year ended 30 June 2018, of the New Zealand Law Society Lawyers' Fidelity Fund (the "Lawyers Fidelity Fund"), approved for issue on 6 September 2018 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 6 September 2018.

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. A copy of the full financial statements may be obtained from the New Zealand Law Society.

The presentation currency is New Zealand dollars rounded to the nearest thousands. 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 2018

|   | 2018<br>\$000 | 2017<br>\$000 |
|---|---------------|---------------|
| <b>REVENUE</b>  |               |               |
| Annual contributions, recoveries and interest               | 1,307         | 1,336         |
| <b>EXPENSES</b>   |               |               |
| Claims and other  | 57            | 245           |
| <b>Surplus before income tax</b>                            | <b>1,250</b>  | <b>1,091</b>  |
| Income tax expense  | 98            | 89            |
| <b>Net surplus for the year</b>                             | <b>1,152</b>  | <b>1,002</b>  |
| <b>Total comprehensive revenue and expense for the year</b> | <b>1,152</b>  | <b>1,002</b>  |

**Summary Statement of Changes in Net Assets/Equity**

FOR THE YEAR ENDED 30 JUNE 2018

|  | 2018<br>\$000 | 2017<br>\$000 |
|--|---------------|---------------|
| <b>Equity at beginning of year</b>                   | <b>7,395</b>  | <b>6,393</b>  |
| Total comprehensive revenue and expense for the year | 1,152         | 1,002         |
| <b>Equity at end of year</b>                         | <b>8,547</b>  | <b>7,395</b>  |

**Summary Statement of Financial Position**

AS AT 30 JUNE 2018

|                                     | 2018<br>\$000 | 2017<br>\$000 |
|-------------------------------------|---------------|---------------|
| <b>ASSETS</b>                       |               |               |
| Current assets                      | 4,420         | 5,145         |
| Non-current assets                  | 5,195         | 3,393         |
| <b>Total assets</b>                 | <b>9,615</b>  | <b>8,538</b>  |
| <b>EQUITY AND LIABILITIES</b>       |               |               |
| Current liabilities                 | 1,068         | 1,143         |
| Equity                              | 8,547         | 7,395         |
| <b>Total equity and liabilities</b> | <b>9,615</b>  | <b>8,538</b>  |

## Summary Financial Statements

## Summary Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018

|   | 2018<br>\$000 | 2017<br>\$000 |
|---|---------------|---------------|
| Net cash flows from operating activities                    | 990           | 1,404         |
| Net cash flows (used in) investing activities               | (1,005)       | (1,341)       |
| <b>Net (decrease)/increase in cash and cash equivalents</b> | <b>(15)</b>   | <b>63</b>     |
| Cash and cash equivalents at beginning of year              | 233           | 170           |
| <b>Cash and cash equivalents at end of year</b>             | <b>218</b>    | <b>233</b>    |

The full financial statements were approved for issue on 6 September 2018 by the Board of the New Zealand Law Society.



## Independent Auditor's Report on the Summary Financial Statements

To the members of the New Zealand Law Society Lawyers Fidelity Fund

### Opinion

The summary financial statements of the New Zealand Law Society Lawyers' Fidelity Fund (the 'Fund'), which comprise the summary statements of financial position as at 30 June 2018, and the summary statements of comprehensive revenue and expense, summary statements of changes in net assets/equity and summary statements 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 2018.

In our opinion, the accompanying summary financial statements, on pages 62 to 64, are consistent, in all material respects, with the audited financial statements, in accordance with PBE FRS 43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

### Summary financial statements

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.

### The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 6 September 2018.

### Board's responsibilities for the summary financial statements

The Board is responsible on behalf of the Fund for the preparation of the summary financial statements

in accordance with PBE FRS 43: *Summary Financial Statements*.

### Auditor's responsibilities

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): *Engagements to Report on Summary Financial Statements* ('ISA (NZ) 810').

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.

### Restriction on use

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.

*Deloitte Limited*

WELLINGTON, NEW ZEALAND

25 January 2019

## 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 for the year ended 30 June 2018, of the New Zealand Law Society Solicitors' Fidelity Guarantee Fund (the "Fidelity Guarantee Fund"), approved for issue on 6 September 2018 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 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 6 September 2018.

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. A copy of the full financial statements may be obtained from the New Zealand Law Society.

The presentation currency is New Zealand dollars rounded to the nearest thousands. 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 2018

|   | 2018<br>\$000 | 2017<br>\$000 |
|---|---------------|---------------|
| <b>REVENUE</b>  |               |               |
| Interest  | 487           | 511           |
| <b>EXPENSES</b>   |               |               |
| Claims and other  | 25            | 232           |
| <b>Surplus before income tax</b>                            | <b>462</b>    | <b>279</b>    |
| Income tax expense  | 158           | 167           |
| <b>Net surplus for the year</b>                             | <b>304</b>    | <b>112</b>    |
| <b>Total comprehensive revenue and expense for the year</b> | <b>304</b>    | <b>112</b>    |

**Summary Statement of Changes in Net Assets/Equity**

FOR THE YEAR ENDED 30 JUNE 2018

|  | 2018<br>\$000 | 2017<br>\$000 |
|--|---------------|---------------|
| <b>Equity at beginning of year</b>                   | <b>13,038</b> | <b>12,926</b> |
| Total comprehensive revenue and expense for the year | 304           | 112           |
| <b>Equity at end of year</b>                         | <b>13,342</b> | <b>13,038</b> |

**Summary Statement of Financial Position**

AS AT 30 JUNE 2018

|                                     | 2018<br>\$000 | 2017<br>\$000 |
|-------------------------------------|---------------|---------------|
| <b>ASSETS</b>                       |               |               |
| Current assets                      | 10,854        | 3,998         |
| Non-current assets                  | 2,544         | 9,226         |
| <b>Total assets</b>                 | <b>13,398</b> | <b>13,224</b> |
| <b>EQUITY AND LIABILITIES</b>       |               |               |
| Current liabilities                 | 56            | 186           |
| Equity                              | 13,342        | 13,038        |
| <b>Total equity and liabilities</b> | <b>13,398</b> | <b>13,224</b> |

Summary Financial Statements

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## Summary Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018

|  | 2018<br>\$000 | 2017<br>\$000 |
|--|---------------|---------------|
| Net cash flows from operating activities           | 156           | 237           |
| Net cash flows from (used in) investing activities | 579           | (208)         |
| <b>Net increase in cash and cash equivalents</b>   | <b>735</b>    | <b>29</b>     |
| Cash and cash equivalents at beginning of year     | 202           | 173           |
| <b>Cash and cash equivalents at end of year</b>    | <b>937</b>    | <b>202</b>    |

The full financial statements were approved for issue on 6 September 2018 by the Board of the New Zealand Law Society.



## Independent Auditor's Report on the Summary Financial Statements

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

### Opinion

The summary financial statements of the New Zealand Law Society Solicitors' Fidelity Guarantee Fund (the 'Fund'), which comprise the summary statements of financial position as at 30 June 2018, and the summary statements of comprehensive revenue and expense, summary statements of changes in net assets/equity and summary statements 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 2018.

In our opinion, the accompanying summary financial statements, on pages 66 to 68, are consistent, in all material respects, with the audited financial statements, in accordance with PBE FRS 43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

### Summary financial statements

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.

### The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 6 September 2018.

### Board's responsibilities for the summary financial statements

The Board is responsible on behalf of the Fund for the preparation of the summary financial statements

in accordance with PBE FRS 43: *Summary Financial Statements*.

### Auditor's responsibilities

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): *Engagements to Report on Summary Financial Statements* ('ISA (NZ) 810').

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.

### Restriction on use

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.

*Deloitte Limited*

WELLINGTON, NEW ZEALAND

25 January 2019

## 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 to 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 for the year ended 30 June 2018, of the Special Fund, approved for issue on 6 September 2018 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 6 September 2018.

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. A copy of the full financial statements may be obtained from the New Zealand Law Society.

The presentation currency is New Zealand dollars rounded to the nearest thousands. 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 2018

|   | 2018<br>\$000 | 2017<br>\$000 |
|---|---------------|---------------|
| <b>REVENUE</b>  |               |               |
| Fund management   | 28            | 28            |
| <b>EXPENSES</b>   |               |               |
| Administration and other                                    | 28            | 28            |
| <b>Net surplus for the year</b>                             | –             | –             |
| <b>Total comprehensive revenue and expense for the year</b> | –             | –             |

**Summary Statement of Changes in Net Assets/Equity**

FOR THE YEAR ENDED 30 JUNE 2018

There were no changes in equity for the year ended 30 June 2018 (2017 – Nil).

**Summary Statement of Financial Position**

AS AT 30 JUNE 2018

|                                     | 2018<br>\$000 | 2017<br>\$000 |
|-------------------------------------|---------------|---------------|
| <b>ASSETS</b>                       |               |               |
| Current Assets                      | 1,014         | 585           |
| <b>Total assets</b>                 | <b>1,014</b>  | <b>585</b>    |
| <b>EQUITY AND LIABILITIES</b>       |               |               |
| Current liabilities                 | 1,014         | 585           |
| Equity                              | –             | –             |
| <b>Total equity and liabilities</b> | <b>1,014</b>  | <b>585</b>    |

## Summary Financial Statements

## Summary Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018

|  | 2018<br>\$000 | 2017<br>\$000 |
|--|---------------|---------------|
| Cash received from interest on nominated trust bank accounts, and other interest | 9,346         | 6,998         |
| Cash paid to Ministry of Justice, and suppliers of services                      | 9,346         | 6,998         |
| Net cash flows used in operating activities                                      | –             | –             |
| Net cash flows used in investing activities                                      | –             | –             |
| <b>Net change in cash and cash equivalents</b>                                   | <b>–</b>      | <b>–</b>      |
| Cash and cash equivalents at beginning of year                                   | 1             | 1             |
| <b>Cash and cash equivalents at end of year</b>                                  | <b>1</b>      | <b>1</b>      |

The full financial statements were approved for issue on 6 September 2018 by the Management Committee established under section 292 of the LCA.



## Independent Auditor's Report on the Summary Financial Statements

To the members of the New Zealand Law Society Lawyers and Conveyancers Special Fund

### Opinion

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 2018, 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 2018.

In our opinion, the accompanying summary financial statements, on pages 70 to 72, are consistent, in all material respects, with the audited financial statements, in accordance with PBE FRS 43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

### Summary financial statements

The summary financial statements do not contain all the disclosures required by Public Benefit Entity Standards. 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.

### The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 6 September 2018.

### Management Committee's responsibilities for the summary financial statements

The Management Committee is responsible on behalf of the Fund for the preparation of the summary financial statements in accordance with PBE FRS 43: *Summary Financial Statements*.

### Auditor's responsibilities

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): *Engagements to Report on Summary Financial Statements* ('ISA (NZ) 810').

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.

### Restriction on use

This report is made solely to the Members, as a body. 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.

*Deloitte Limited*

WELLINGTON, NEW ZEALAND

25 January 2019

## New Zealand Law Society – Representative

### 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 2018, approved for issue on 6 September 2018 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 6 September 2018.

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. A copy of the full financial consolidated statements may be obtained from the New Zealand Law Society.

The presentation currency is New Zealand dollars rounded to the nearest thousands. 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 2018

|   | 2018<br>\$000 | 2017<br>\$000 |
|---|---------------|---------------|
| <b>REVENUE</b>  |               |               |
| Membership and other service fees                           | 529           | 517           |
| Course and booklets   | 5,296         | 5,330         |
| Interest, rental and other income                           | 1,999         | 2,032         |
| <b>Total revenue</b>  | <b>7,824</b>  | <b>7,879</b>  |
| <b>EXPENSES</b>   |               |               |
| Administration and occupancy                                | 7,410         | 7,348         |
| <b>Surplus before income tax</b>                            | <b>414</b>    | <b>531</b>    |
| Income tax expense  | 359           | 370           |
| <b>Net surplus for the year</b>                             | <b>55</b>     | <b>161</b>    |
| Other comprehensive revenue and expense                     |               |               |
| Land and building revaluation                               | 155           | –             |
| <b>Total comprehensive revenue and expense for the year</b> | <b>210</b>    | <b>161</b>    |

**Summary Consolidated Statement of Changes in Net Assets/Equity**

FOR THE YEAR ENDED 30 JUNE 2018

|  | REVALUATION<br>RESERVE<br>\$000 | RETAINED<br>EARNINGS<br>\$000 | TOTAL<br>\$000 |
|--|---------------------------------|-------------------------------|----------------|
| <b>Equity at 1 July 2016</b>                         | <b>2,878</b>                    | <b>18,046</b>                 | <b>20,924</b>  |
| Total comprehensive revenue and expense for the year | –                               | 161                           | 161            |
| <b>Equity at 30 June 2017</b>                        | <b>2,878</b>                    | <b>18,207</b>                 | <b>21,085</b>  |
| Total comprehensive revenue and expense for the year | 155                             | 55                            | 210            |
| <b>Equity at 30 June 2018</b>                        | <b>3,033</b>                    | <b>18,262</b>                 | <b>21,295</b>  |

## Summary Financial Statements

## Summary Consolidated Statement of Financial Position

AS AT 30 JUNE 2018

|                                     | 2018<br>\$000 | 2017<br>\$000 |
|-------------------------------------|---------------|---------------|
| <b>ASSETS</b>                       |               |               |
| Current assets                      | 8,883         | 14,465        |
| Non-current assets*                 | 14,384        | 8,877         |
| <b>Total assets</b>                 | <b>23,267</b> | <b>23,342</b> |
| <b>EQUITY AND LIABILITIES</b>       |               |               |
| Current liabilities                 | 1,972         | 2,257         |
| Equity                              | 21,295        | 21,085        |
| <b>Total equity and liabilities</b> | <b>23,267</b> | <b>23,342</b> |

\*Non-current assets include investment in land and buildings which have a total market value of \$3.980 million (2017 - \$3.825 million).

## Summary Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018

|  | 2018<br>\$000 | 2017<br>\$000 |
|--|---------------|---------------|
| Net cash flows from operating activities           | 47            | 597           |
| Net cash flows (used in) investing activities      | (112)         | (1,430)       |
| <b>Net (decrease) in cash and cash equivalents</b> | <b>(65)</b>   | <b>(833)</b>  |
| Cash and cash equivalents at beginning of year     | 2,067         | 2,900         |
| <b>Cash and cash equivalents at end of year</b>    | <b>2,002</b>  | <b>2,067</b>  |



## Independent Auditor's Report on the Summary Consolidated Financial Statements

To the Members of the New Zealand Law Society Representative

### Opinion

The summary consolidated financial statements of the New Zealand Law Society Representative (the 'Society') and its subsidiary (the 'Group'), which comprise the summary consolidated statement of financial position as at 30 June 2018, 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 2018.

In our opinion, the accompanying summary consolidated financial statements, on pages 74 to 76, are consistent, in all material respects, with the audited consolidated financial statements, in accordance with PBE FRS 43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

### Summary consolidated financial statements

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.

### The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 6 September 2018.

### Board's responsibilities for the summary consolidated financial statements

The Board is responsible on behalf of the Group for the preparation of the summary consolidated financial statements in accordance with PBE FRS 43: *Summary Financial Statements*.

### Auditor's responsibilities

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): *Engagements to Report on Summary Financial Statements*.

Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in the Society or its subsidiary. These services have not impaired our independence as auditor of the Society or Group.

### Restriction on use

This report is made solely to the Members, as a body. 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.

*Deloitte Limited*

WELLINGTON, NEW ZEALAND

25 January 2019





