

# REPORT ON REGULATORY ACTIVITIES

FOR THE YEAR TO 30 JUNE 2016

Presented to the House of Representatives  
pursuant to section 76 of the Lawyers and  
Conveyancers Act 2006



NEW ZEALAND  
LAW SOCIETY

NZLS EST 1869

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# Report on regulatory activities

FOR THE YEAR TO 30 JUNE 2016

Presented to the House of Representatives pursuant to section 76 of the Lawyers and Conveyancers Act 2006

THE NEW ZEALAND LAW SOCIETY is pleased to present this report on its regulatory activities.

The Law Society's Regulatory Division is continually aiming to refine and benchmark its processes to deliver seamless regulation of lawyers in New Zealand.

In carrying out its regulatory functions the protection of the consumer of legal services is paramount.

The number of practising lawyers has increased by 24% over the eight years since the Lawyers and Conveyancers Act 2006 has been in place.

Complaints against lawyers are an integral and visible part of the Law Society's regulation. Over eight years these have remained relatively steady. In 2012, 1,536 complaints were received. In 2016 these had reduced to 1,363.

This welcome reduction may be due to a number of factors, including:

- › Education of lawyers provided through regular publication of summaries of decisions of Lawyers Standards Committees;
- › Initial assistance provided to complainants by way of an 0800 complaints line;
- › The ability to lodge a concern which may be resolved informally if there is no concerning



conduct involved; and

- › Lawyers having better internal complaints handling processes within their firms.

The Lawyers Complaints Service's Early Resolution Service closes almost 40% of all complaints received and this year did so within an average of 30 days. This significantly reduces the stress involved in complaints and adds to the satisfaction level reported by both lawyers and complainants.

The Law Society's Inspectorate team has been working pursuant to a risk based assurance

methodology which is aligned to the Australia and NZ Standard (AS/NZS/ISO 31000 (2009)) since 2013. A review of this methodology is planned for the coming year to ensure that reviews of trust accounts are carried out in accordance with established best practices.

Phase 2 of the Anti-Money Laundering and Countering the Financing of Terrorism legislation is likely to affect lawyers in the coming years and this will pose an additional challenge for lawyers in setting up appropriate processes within their firms.

**MARY OLLIVIER**  
*General Manager, Regulatory*



### 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*



# Foreword

LAWYERS OCCUPY A PRIVILEGED and essential place in New Zealand. They have a key role in the administration of justice and the smooth workings of government. One commentator summarised this as lawyers having a specific responsibility to promote the wellbeing of the law. This responsibility is translated into law and every lawyer is subject to the fundamental obligations now set out in section 4 of the Lawyers and Conveyancers Act 2006:



- (a) the obligation to uphold the rule of law and to facilitate the administration of justice in New Zealand:
- (b) the obligation to be independent in providing regulated services to his or her clients:
- (c) the obligation to act in accordance with all fiduciary duties and duties of care owed by lawyers to their clients:
- (d) the obligation to protect, subject to his or her overriding duties as an officer of the High Court and to his or her duties under any enactment, the interests of his or her clients.

Judges rely on lawyers to conduct cases properly. Lawyers assist their clients and guide them through the court processes. On a daily basis, well away from the courts, lawyers are in positions of trust advising clients on contracts, land dealings and every aspect of commercial matters.

Therefore there is a significant risk of harm to consumers when a lawyer does not meet these obligations. There are direct consequences impacting on access to justice and the administration of our whole justice system if lawyers are not well regulated.

The model for the regulation of lawyers is set out by Parliament in the Act. It is a co-regulatory model. The frontline regulation is undertaken by the New Zealand Law Society's Regulatory Division.

However, the Government also has a significant involvement. For instance, the detailed provisions bringing the fundamental obligations into effect are contained in the Rules of Conduct and Client Care. These Rules and any changes must be approved by the Minister of Justice. The Lawyers and Conveyancers Review Officer and the Disciplinary Tribunal are also independent tribunals administered by the Ministry of Justice. They have an important role in the review of complaints decisions and of the hearing of

more serious disciplinary charges respectively.

The Law Society takes its regulatory responsibilities seriously. This means that not only must it ensure that complaints against lawyers are dealt with appropriately, but that it keeps up with technology and is responsive to the different ways in which legal services are being delivered. Monitoring the changing needs and circumstances of all New Zealanders who use legal services is also important.

This report is the Law Society's eighth annual Regulatory Report. The first, which followed implementation of the Act on 1 August 2008, was for the eleven months to 30 June 2009. Significant changes in a number of areas are apparent. In particular, the handling of complaints has been streamlined and the Lawyers Complaints Service has increased its focus on accessibility and the timely and proportionate handling of complaints. A new shared services framework has been introduced for in-house lawyers and barristers now may accept direct instructions from clients rather than through an instructing solicitor, subject to certain conditions.

**CHRISTINE GRICE**

*Executive Director, New Zealand Law Society*

# Regulating the legal profession

## *The Law Society's role*

THE LAWYERS AND CONVEYANCERS ACT 2006 CAME into effect on 1 August 2008, bringing in a 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 in the areas of law reserved for lawyers in New Zealand is required to obtain a practising certificate issued by the New Zealand Law Society and to be regulated in their practice by the Law Society. Lawyers may also choose to become members of the New Zealand Law Society and access a range of membership services. Membership is voluntary and the Law Society's regulatory role is kept separate from the membership services it provides. At 30 June 2016, [97.3%](#) of lawyers holding a practising certificate had opted to be members of the New Zealand Law Society.

## 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 of each Law Society section (In-House

Lawyers' Association, 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 the Auckland branch, one for Central North Island (Waikato Bay of Plenty, Gisborne, Hawke's Bay, Taranaki, Whanganui and Manawatu branches), one for the 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. Members of the Council during the year to 30 June 2016 were:

**President** Chris Moore *Kathryn Beck from 14 April 2016*

#### Vice-Presidents

**Auckland** Kathryn Beck *Tim Jones from 14 April 2016*  
**Central North Island** John Unsworth *Tiana Epati from 14 April 2016*  
**Wellington** Mark Wilton *Nerissa Barber from 14 April 2016*  
**South Island** Allister Davis *Andrew Logan from 14 April 2016*

#### Branch Representatives

**Auckland** Tim Jones *David Campbell from 22 June 2016*  
**Canterbury-Westland** Colin Eason *Pru Robertson from 3 November 2015 and  
Craig Ruane from 1 December 2015  
Alison Bendall from 31 March 2016*  
**Gisborne** Tiana Epati  
**Hawke's Bay** Alison Souness  
**Manawatu** Chris Robertson *Ben Vanderkolk from 30 October 2015*  
**Marlborough** Simon Gaines  
**Nelson** Robert Somerville *Gerard Praat from 30 March 2016*  
**Otago** Frazer Barton  
**Southland** Toni Green  
**Taranaki** Rajan Rai *Alex Laurensen from 26 June 2016*  
**Waikato Bay of Plenty** Kerry Burroughs  
**Whanganui** Mark Bullock *Harry Mallalieu from 29 April 2016*  
**Wellington** Nerissa Barber *David Dunbar from 22 June 2016*

#### Sections

##### In-house Lawyers Association

**New Zealand – President** Katie Elkin  
**Family Law Section – Chair** Allan Cooke *Michelle Duggan from 13 May 2016*  
**Property Law Section – Chair** Duncan Terris

#### Other Representatives

**New Zealand Bar Association – President** Stephen Mills QC *Clive Elliott QC from 12 April 2016*  
**Large Firm Corporation – Representative** Roger Partridge *Laura O’Gorman from 24 August 2015*

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.

Christine Grice is the 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, and the Lawyers Complaints Service.

# Changes to regulations and practice rules

THE LAWYERS AND CONVEYANCERS ACT GIVES THE Law Society the power to make practice rules that are binding on all lawyers or on a specified group of lawyers. There were two changes to the regulations and practice rules in the year to 30 June 2016.

## Intervention rule

A change to Chapter 14 of the Lawyers and Conveyancers Act (Lawyers: Conduct and Client Care) Rules 2008 relating to the intervention rule took effect from 1 July 2015.

This resulted from a requirement under rule 14.5 of the Lawyers and Conveyancers Act (Lawyers: Conduct and Client Care) Rules 2008 for the Law Society to review and determine whether to keep in force the requirement that a barrister sole must accept instructions only from a person who holds a practising certificate as a barrister and solicitor. This is known as the “intervention rule”.

At its meeting on 11 April 2014 the Law Society Council passed a resolution to amend Rules 3.4 to 3.10 and Rules 14.4 to 14.13 of the Lawyers and Conveyancers Act (Lawyers: Conduct and Client Care) Rules 2008. The changes amended the existing intervention and client care rules so that the intervention rule was effectively expanded.

Justice Minister Amy Adams approved the amendments and the implementation date of 1 July 2015. The Law Society Council adopted the new rules on 10 April 2015 and an additional amendment was adopted on 5 June 2015.

The amendments relaxed the rule in relation to various matters. These included certain categories of criminal, family and employment law matters as well as civil matters which are not proceedings before a District Court, High Court, the Court of Appeal or the Supreme Court. Provision of a legal opinion is also exempted.

The amendments provided that any escrow account monies paid in advance of fees for work to be carried out by a barrister for a client with no

instructing solicitor must be held and dealt with in accordance with terms prescribed by the New Zealand Law Society. The Law Society has adopted a prescribed form of escrow agreement for use by barristers and escrow agents.

To take direct instructions barristers must:

- ▶ Be practising on own account as a barrister sole; and
- ▶ have completed the prescribed training requirements (either the NZLS CLE Ltd Intervention Rule Webinar or have done the equivalent module in Stepping Up: Foundation for practising on own account after 1 July 2015); and
- ▶ obtain approval from the New Zealand Law Society.

In the year to 30 June 2016, [233](#) barristers had been approved to take direct instructions.

## In-house lawyers

In-house lawyers are lawyers employed by a government department or agency, corporate body or professional association. There are rules governing who in-house lawyers may provide legal advice to.

An amendment to Rule 15.2.4 of the Lawyers and Conveyancers Act (Lawyers: Conduct and Client Care) Rules 2008 increasing the scope of whom in-house lawyers can advise was passed during the reporting year to take effect on 1 July 2016. The rule was amended to enable in-house lawyers (and their employing organisations) to provide legal services to entities with various degrees of relationship to the employer.

In-house lawyers are now able to advise more than just their employers (or those within the same company group). Among the changes are amendments that allow an in-house lawyer to provide legal advice to another entity where the employer entity owns not less than 50% of the other entity or can exercise at least 50% of the control of that other entity.

Some amendments to other Rules were included at the same time to correct minor errors of drafting.



# 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 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 2016 the Law Society issued 1025 certificates of character, and 970 candidates were admitted to the High Court of New Zealand. This included 26 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

	2016	2015	2014	2013	2012
Admissions	970	955	868	906	864
Certificates of character	1,025	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. As at 30 June 2016 there were 13,121 current practising certificates. Of those lawyers,

1,441 were holding barristers’ certificates and 11,680 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 issued has risen by 24% - an average increase of 367 extra practising certificates each year.

Renewal of practising certificates for the full year from 1 July 2016 to 30 June 2017 commenced in May

2016 with **12,981** renewal invoices being created and issued.

#### PRACTISING CERTIFICATES HELD AT 30 JUNE

	2016	2015	2014	2013	2012	2011	2010	2009
Number	13,121	12,748	12,518	12,133	11,871	11,672	11,223	10,552

### Practice Approval Committees

The Law Society's two Practice Approval Committees consider, investigate and finally decide on applications related to legal practice in New Zealand which do not fulfil the standard criteria. The two

committees operate under delegated authority from the Law Society's Council and Board.

Most of the applications considered by the committees in 2015/16 related to applications for practice on own account and for certificates of character.

#### APPLICATIONS CONSIDERED BY PRACTICE APPROVAL COMMITTEES, YEAR TO 30 JUNE

Application	2016	2015	2014	2013	2012*
Certificates of character for admission	19	23	20	13	5
New practising certificate	16	10	20	8	3
Renewal of practising certificate	12	8	4	3	4
Practice on own account as barrister or barrister and solicitor	25	39	24	14	52
Recommending practice on own account	2**	2	0	0	0
Consent for operation of power of attorney when practitioner suspended	1	5	4	1	0
Consent for operation of power of attorney when practitioner struck off	1	1	5	0	0
Exemption under rule 20 of Trust Account Regulations	1	1	4	0	0
Consent to employ suspended practitioner	0	1	1	0	0
Review of undertakings	3	0	0	2	0
Approval to take direct instructions	2	0	0	0	0
Other miscellaneous practice issues	2	4	5	0	0

\* Fitness for Practice Committee \*\* Two separate applications from the same person.

#### APPLICATIONS DECLINED AFTER CONSIDERATION BY PRACTICE APPROVAL COMMITTEES, YEAR TO 30 JUNE

	2016	2015	2014
Declined	14	10	21

Of the applications which were declined in 2015/16, one application for a practising certificate was appealed to the Lawyers and Conveyancers Disciplinary Tribunal under the Lawyers and Conveyancers Act. The appeal has been stayed pending further

disciplinary charges against the applicant being determined.

There was one application to the Tribunal for authorisation to practise on own account that the Committee consented to subject to undertakings. The application was granted subject to the requested undertakings. There is currently one application before the Tribunal for a practising certificate for authorisation to practise on own account.

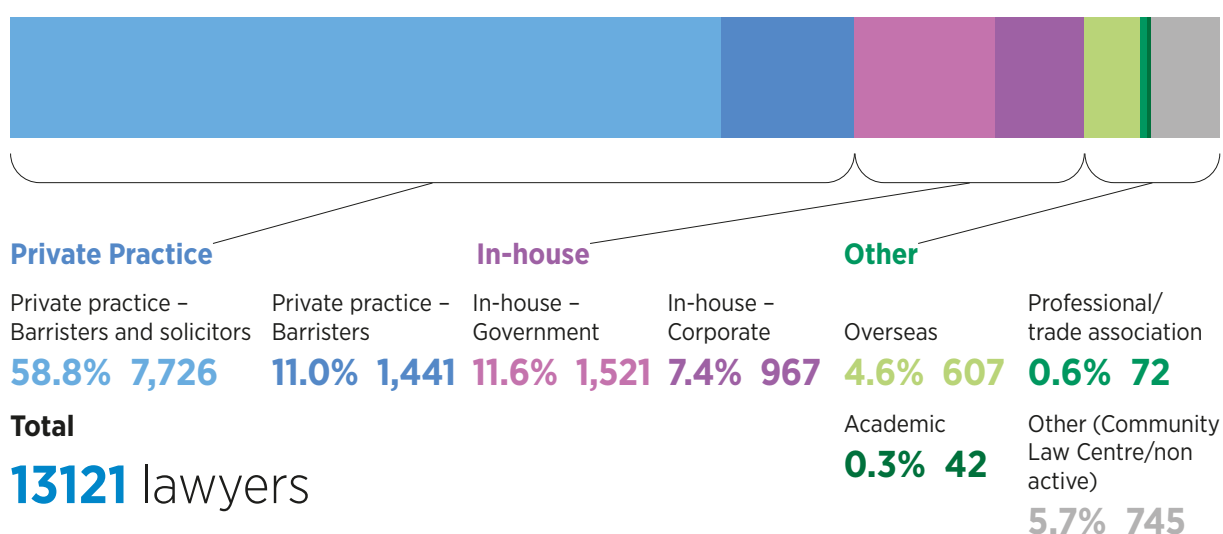
# Register of Lawyers

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 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.

## TYPES OF PRACTICE OF LAWYERS WHO HELD PRACTISING CERTIFICATES AT 30 JUNE



## Practice on own account

LAWYERS WHO WANT TO PRACTISE ON THEIR OWN account must satisfy the Law Society that they are suitably qualified with the right skills and experience to do so. This applies to any lawyer wanting to operate as a sole practitioner, barrister sole, partner, director or voting shareholder, or to provide regulated services through a contract for services.

Applicants must have at least three years' full time legal experience in New Zealand during the last five years, complete a Stepping Up course, 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.

During the year to 30 June 2016, **173** lawyers were approved to practise on their own account as a barrister and solicitor and **68** were approved as a barrister sole.

## LAWYERS PRACTISING ON THEIR OWN ACCOUNT AT 30 JUNE

Type of Practice	2016	2015	2014	2013	2012
Barrister and solicitor	3,698	3,673	3,581	3,542	3,540
Barrister	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 **1,190** lawyers have now attended **23** Stepping Up courses. 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. A formal review of the course in 2014 resulted in some changes which were implemented from July 2015.

In the year to 30 June 2016, five sessions of Stepping Up were held, with **290** lawyers attending. 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 the expiry date of Stepping Up.

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

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

### YEAR ENDED 30 JUNE (GST EXCLUSIVE)

Component	2016	2015	2014	2013	2012
Practising fee	\$1,192	\$1,182	\$1,170	\$1,160	\$1,140
NZ Council of Legal Education levy	\$25	\$25	\$25	\$22	\$20
Legal Complaints Review Officer levy	\$115	\$75	\$67	\$80	\$80
<b>Total for barristers and employed lawyers</b>	<b>\$1,332</b>	<b>\$1,282</b>	<b>\$1,262</b>	<b>\$1,262</b>	<b>\$1,240</b>
Inspectorate fee	\$385	\$385	\$385	\$385	\$385
<b>Total for barristers and solicitors practising on their own account without a trust account</b>	<b>\$1,717</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
<b>Total for barristers and solicitors practising on their own account with a trust account</b>	<b>\$2,037</b>	<b>\$1,987</b>	<b>\$1,967</b>	<b>\$1,967</b>	<b>\$1,945</b>

# Complaints and Discipline

THE LAWYERS AND CONVEYANCERS ACT ESTABLISHES a framework for complaints and discipline of providers of 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.

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, he or she 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 to assist resolution.

## Lawyers Complaints Service

The Lawyers Complaints Service is operated by the Law Society. Trained Legal Standards Officers are available during working hours. The focus is on providing an accessible, fair and equitable process for all parties. Full information about the Lawyers

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.



# 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 Lawyers Complaints Service staff, then either accepted for Early Resolution or channelled onto the standard track. On the standard track 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 determined by where the lawyer practises).

## Stage 2

About 87% of all complaints result in a decision to take "no further action". 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 may decide to inquire further. 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 to take no further action or may refer the matter to the Lawyers and Conveyancers Disciplinary Tribunal. Or a Committee may 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.

## Review

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

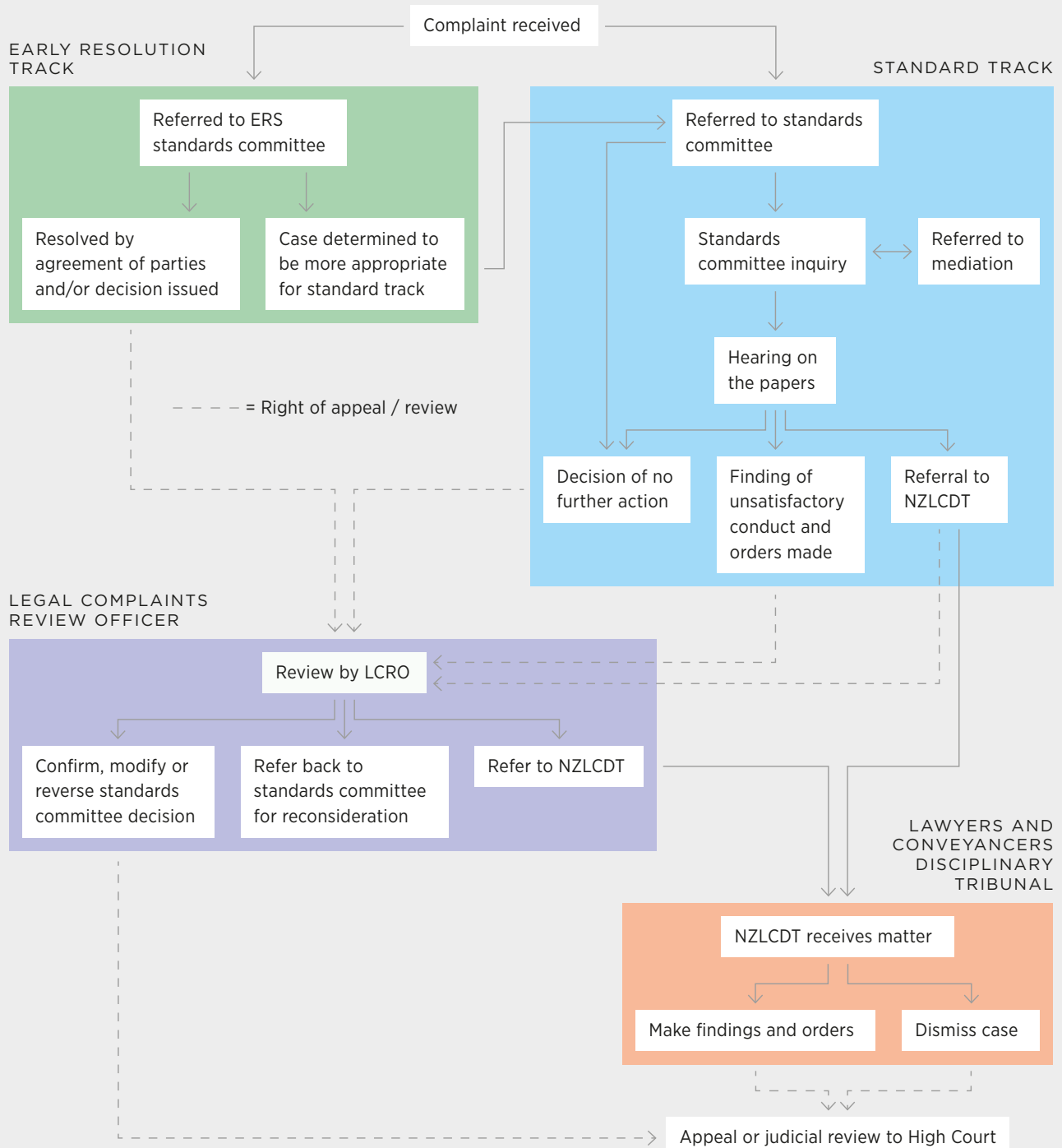
## Accessing the Lawyers Complaints Service

THE LAW SOCIETY WEBSITE HAS INFORMATION ABOUT how to lodge a complaint and provides an email address for direct access to the service. There is a brochure and complaint form available to download. Since 2013 the Law Society has made a "concerns

form" available on its website. This can be used by anyone with a concern about a lawyer. 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

## Tracks a complaint can follow

Below is a flowchart of the tracks a complaint about a lawyer can follow. There are two main tracks – the early resolution track and the standard track. 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.



concern. An 0800 number (0800 261 801) can be used by anyone who wants further information, to discuss a particular matter, or assistance with 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.

## The Lawyers Complaints Service in 2015/16

During 2015/16 there was variation in the areas of law to which concerns related. The areas with the

most concerns were trusts and estates, family law, and property law.

### USE OF CONCERNS FORM, YEAR TO 30 JUNE

Concerns	2016	2015	2014	2013*
Received	317	302	408	152
Resulting in a formal complaint	57	49	49	
Proportion	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. The most common in the 2015/16 year

were costs, estate matters, family law, property and commercial law and a lack of communication.

### CALLS TO 0800 NUMBER, YEAR ENDED 30 JUNE

Measure	2016	2015	2014	2013	2012
Total calls	4,269	3,857	3,848	2,880	3,172
Average per week	82	74	74	55	61

## Direction of complaints

Complaints against 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 **93.4%** of complaints received in the latest year.

### DIRECTION OF COMPLAINTS RECEIVED, YEAR TO 30 JUNE

Direction of complaint	2016	2015	2014	2013	2012
Against lawyers	1,363	1,528	1,498	1,675	1,536
Against non-lawyer employees	48	29	32	33	41
Against former lawyers	25	34	36	36	30
Against incorporated law firms	23	20	61	21	17
Against former non-lawyer employees	0	0	3	1	1
Against former incorporated law firms	0	0	0	0	0
<b>Total</b>	<b>1,459</b>	<b>1,611</b>	<b>1,630</b>	<b>1,766</b>	<b>1,625</b>

## Origin of complaints

Clients or former clients of lawyers made just over half of the complaints (52.7%) lodged with the

Lawyers Complaints Service. There has been a slight decline in the proportion of complaints from clients in the last five years.

### ORIGIN OF COMPLAINTS TO LAWYERS COMPLAINTS SERVICE, YEAR TO 30 JUNE

Origin	2016	2015	2014	2013	2012
Client/former client	769	768	812	979	886
Client – other side	289	279	309	262	187
Other	99	35	63	29	38
Lawyer	87	119	101	161	112
NZLS own motion	82	122	97	100	122
Third party	75	190	166	184	237
Beneficiary	57	90	77	47	38
Regulatory authority	1	7	2	4	3
Court	0	1	3	0	2
<b>Total</b>	<b>1,459</b>	<b>1,611</b>	<b>1,630</b>	<b>1,766</b>	<b>1,625</b>

## Type of complaints

Complaints of negligence/incompetence, overcharging and breach of the Rules of Conduct and Client Care (“RCCC”) 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.

### TYPE OF COMPLAINT MADE, YEAR TO 30 JUNE

Type	2016	2015	2014	2013	2012
Negligence / incompetence	395	821	571	293	231
Overcharging	365	435	348	420	367
Breach of RCCC Rules	360	523	318	308	374
Other conduct issues	355	391	190	420	474
Other service issues	257	152	87	135	183
Inadequate reporting / communications	255	495	429	257	289
Discourtesy	153	158	119	84	99
Conflict of interest	153	191	179	124	126
Delay	147	256	174	131	178
Failure to follow instructions	128	231	247	175	117
Misleading conduct	122	286	225	125	93
Obstructing legal regulatory process	101	167	30	50	21
Not complying with LCA Act / Regs	61	125	36	71	96
Refusing to hand over documents	57	101	59	30	48
Acting without instruction	50	86	76	53	59
Breach of confidentiality	45	67	42	36	31
Unbecoming conduct	41	89	190	138	31
Breach of undertaking	38	30	17	41	36
Financial Assurance issues	33	86	56	23	23
Improper conduct in court	29	81	53	48	32

*Table continued on following page...*

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Type	2016	2015	2014	2013	2012
Failure to comply with an order	19	24	11	7	6
Failure to pay instructed third party	18	10	10	5	6
Practising outside of practising certificate parameters	16	14	2	6	3
Criminal conviction	13	1	10	5	8
Misappropriation	10	13	24	11	15
Related to nominee company	7	12	21	4	0
Lack of supervision	6	21	15	18	36
Failure to pay third party	6	15	7	10	12
Not admitted to practice	1	16	1	10	0

## Areas of law

The areas of law most relevant to personal circumstances are those where most complaints arise. Trusts and estates, property and family law are

consistently the areas with the most complaints. There was an increase in the proportion of property-related complaints in the 2015/16 year.

### AREAS OF LAW IN WHICH COMPLAINTS AROSE, YEAR TO 30 JUNE

Area	2016	2015	2014	2013
Property	20.8%	14.4%	17.4%	17.7%
Trusts and estates	17.5%	21.0%	18.3%	15.1%
Family	15.9%	17.9%	21.5%	17.7%
Civil litigation	13.0%	13.2%	9.6%	11.5%
Criminal	9.5%	9.1%	9.6%	12.6%
Company/Commercial	6.9%	5.8%	7.1%	5.5%
Employment	5.1%	3.9%	3.4%	6.2%
Administrative/Public	3.6%	1.9%	2.0%	3.7%
Immigration	1.7%	1.7%	2.1%	1.7%
Banking and finance	1.2%	1.3%	2.3%	1.0%
Other	4.8%	9.8%	6.7%	7.3%

## 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 track 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 seen as necessary. Where a complaint is assigned to the Early Resolution Service, the parties will be invited to explore resolution by negotiation or the committee may make a finding of no further action.

For a very high proportion of the complaints investigated there is a decision to take no further action. This occurred in **78.6%** of complaints in 2015/16, with a further **2.8%** of complaints withdrawn, discontinued or settled, and another **6.1%** referred to and resolved by negotiation, conciliation or mediation. The result was that in **87.0%** of complaints which were investigated and resolved in 2015/16, the final decision was that no action was required.

The time taken for resolution of complaints has been a key focus of Law Society efforts over the last few years.



## COMPLAINTS CLOSED, YEAR TO 30 JUNE

Result	2016	2015	2014	2013	2012
Decision to take no action	1,253	1,137	1,280	1,325	1,140
Referred to and resolved by negotiation, conciliation or mediation	97	143	166	240	119
Withdrawn, discontinued or settled	45	64	77	114	67
Orders made by standards committee	170	186	181	199	173
Complaints outstanding at 30 June	564	702	622	739	914
Complaints closed during year	1,595	1,529	1,747	1,947	1,540

## 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 usually published in the Law Society's magazine *LawTalk* and on the New Zealand Law Society website. The identity of a lawyer may not be published unless a censure order has been made and the Law Society's Board approves publication.

## ORDERS BY STANDARDS COMMITTEES FOR PUBLICATION

Order	2016	2015	2014	2013	2012
Publication of facts	41	27	42	69	52
Publication of name	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 five years, and establishment of the Early Resolution Service was largely driven by the need to improve the time taken to

resolve complaints.

The average time taken for all complaints to be closed in the year to 30 June 2016 was **160** days. When complaints closed by the Early Resolution process are excluded, the average length of time was 242 days. Over **91%** of complaints were closed within 12 months.

## PROPORTION OF COMPLAINTS CLOSED, YEAR TO 30 JUNE

Measure	2016	2015	2014	2013
Within 1 month	29%	27%	25%	15%
Within 3 months	44%	48%	42%	38%
Within 6 months	66%	73%	69%	64%
Within 9 months	82%	87%	84%	80%
Within 1 year	91%	91%	91%	91%
More than 1 year	9%	9%	9%	9%

## Early Resolution Service

The Early Resolution Service (ERS) was introduced on 1 February 2013 as an initiative to promote timely resolution of complaints where appropriate. Its success means there have been significant improvements in the handling time of complaints and users' perception of the service.

All new complaints are assessed by an initial triage panel for suitability for early resolution. Suitable complaints are then referred to one of two specialist ERS lawyers standards committees. Where

appropriate these committees either direct the parties in these complaints to explore the possibility of resolution of the complaint by negotiation or resolve to take no further action.

In the 2015/16 year, **38%** of all complaints closed by the Lawyers Complaints Service were concluded through ERS. The average time to conclude all complaints within the ERS was **30** calendar days. This compares to an average of **124** days to conclude all complaints in the 2011/12 year, just before introduction of the ERS.

### EARLY RESOLUTION SERVICE, YEAR TO 30 JUNE

Measure	2016	2015	2014
Complaints accepted	679	686	774
Complaints where a decision to take no action	495	452	476
Complaints resolved	120	186	220
Complaints closed during year	615	638	696
Complaints outstanding at end of year	20	43	68
Complaints not resolved and returned to standard process	76	65	82
Proportion of all complaints received	46.5%	42.6%	47.5%
Proportion of all complaints closed	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 ERS, YEAR TO 30 JUNE

Average time	2016	2015	2014
To conclude all complaints within ERS*	30	34	30
To conclude complaints where decision to take no action	25	29	23
To conclude complaints that were resolved	51	46	45

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

## Lawyers' disciplinary bodies in 2015/16

### Lawyers standards committees

A large proportion of the Lawyers Complaints Service work is carried out by lawyers standards committees around New Zealand. Each standards committee is made up of lawyer members, who volunteer their time, and non-lawyer members. At 30 June 2016 the Law Society's Board had declared 24 operational standards committees: 18 regional, one national and five reserve committees.

Members of standards committees are appointed by the Law Society Board, and during the year to 30 June 2016 the Board made a number of appointments of lawyer and non-lawyer members and also appointed Convenors and Deputy Convenors following resignations and expiry of terms.

Training for standards committee members was provided by the Law Society on a national and regional basis over the year.

## Legal Complaints Review Officer (LCRO)

The LCRO reviews decisions of New Zealand Law Society 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 determination 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. As required by the Lawyers and Conveyancers Act, the LCRO consulted the Law Society on the rate of levy for the 2015/16 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	2016	2015	2014	2013	2012
Levy per lawyer	\$115	\$75	\$67	\$80	\$80
Total paid to Ministry of Justice (GST exclusive)	\$1,440,129	\$1,279,500	\$1,050,783	\$574,609	\$701,217

## 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 2015/16 year, three

lawyer members were reappointed by the Board for further terms, expiring on 30 June 2018.

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 Roll of Barristers and Solicitors.

Since early 2012 the Law Society has appointed a National Prosecutions Manager to manage all prosecutions on behalf of the standards committees before the Tribunal on a national basis.

### REFERRALS TO TRIBUNAL FROM LAW SOCIETY STANDARDS COMMITTEES, YEAR TO 30 JUNE

Matter	2016	2015	2014	2013
Referrals	37	38	42	25
Hearings	25	38	35	25
Struck off	1	12*	10	6
Suspended	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 2006 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 REIMBURSEMENTS FOR COSTS OF TRIBUNAL HEARINGS, YEAR TO 30 JUNE  
(GST EXCLUSIVE)

	2016	2015	2014	2013	2012
Reimbursement	\$119,350	\$247,645	\$258,974	\$155,738	\$64,208

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

# Inspectorate and Trust Accounts

## Financial Assurance Scheme and the Inspectorate

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:

- 1 Protecting client monies held in lawyers' trust accounts.
- 2 Ensuring that lawyers meet the requirements of the Act and regulations in their handling of client funds.
- 3 Uncovering situations where lawyers are not complying with the requirements.
- 4 Discouraging lawyers from handling client funds inappropriately.
- 5 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. At the end of the 2015/16 year there were **1,408** law practices operating trust accounts. The inspectorate conducted reviews of **32%** of these during the year.

An Inspectorate team is at the forefront of operating the Financial Assurance Scheme. There are eight inspectors based in Auckland (3), 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 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	2016	2015	2014
General	14	16	44
Limited	379	334	265
Focus	15	18	36
Exit	10	11	11
New practice	37	48	33
Section 109 investigation (no trust account)	0	3	0
Revisits	0	2	0
<b>Total</b>	<b>455</b>	<b>432</b>	<b>389</b>

In the year to 30 June 2016, the Law Society Inspectorate:

- › Referred **18** reports from the above reviews to the Lawyers Complaints Service and **2** further matters resulting from public inquiries.
- › Referred **2** firms to the Lawyers Complaints Service for failing to file certificates as required by Regulation 17 of the Trust Account Regulations.
- › Investigated the affairs of 10 law firms under s 144 of the Act resulting in:
  - › **1** lawyer being struck off (**1** further matter related to an investigation into a lawyer previously struck off)
  - › **1** finding by a Standards Committee of no further action
  - › **2** referrals to the Disciplinary Tribunal
  - › **1** finding of unsatisfactory conduct
  - › **4** remain open
- › Assisted with the development, preparation and delivery of educational courses during the year including 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.

## Lawyers Nominee Companies

After the expiry of the Securities Act (Contributory Mortgage) (Solicitors) Exemption Notice 1996 on 30 September 2016, law firms running contributory mortgage schemes will be regulated by the Financial Markets Authority (FMA). The firms had previously been regulated by the Law Society under the Lawyers and Conveyancers Act (Lawyers: Nominee Company) Rules 2008. The changeover has been in progress since 2014, with law firms which were running contributory mortgage schemes required to register on the Register of Financial Service Providers and join

a dispute resolution scheme by 1 July 2014.

The Law Society and FMA have regularly consulted in relation to the expiry. A Memorandum of Understanding in this regard between the two organisations is under consideration. This provides for information sharing and regular meetings as appropriate.

In the year to 30 June 2016, the Law Society has not been requested to give written consent to the formation of any lawyers nominee company under rule 4.1 of the lawyers and Conveyancers Act (Lawyers: Nominee Company) Rules 2008.



# Other activities

## Competence Assurance and Professional Development

Development programmes assist in the maintenance of public confidence and protection of consumers as well as recognising the status of the legal profession. Following extensive research and consultation, 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 which was introduced from 1 April 2014 after an introductory six-month period, drew upon best practice and had the objective of providing a collaborative and open system which encouraged and assisted lawyers in their development plans. The initiative 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 in each year, and all lawyers are required to declare within five working days of the year-end that they have completed the required development activities. In the first full CPD year, which ended on 31 March 2015, 90.2% of lawyers completed declarations by the required time. The Law Society's followup programme resulted in 99.6% of lawyers completing declarations by 30 June 2015.

In the second full CPD year ended on 31 March 2016, 96.7% of lawyers completed declarations by the required time. The followup programme again resulted in 99.6% of lawyers completing declarations by 30 June 2016.

Lawyers are required to prove that they have participated in each CPD activity through an attendance record, certificate, receipt, letter, firm record or other means. An annual audit is carried out, with 12% of lawyers (selected either randomly, cause-driven or risk-assessed) asked to submit their CPD Plan and Record.

A CPD survey was carried out in May 2016 with a participation rate of 26% (some 3,400 lawyers). Participants were asked about their understanding and views of CPD. The results of the survey are pending.

## Assisting and Promoting the Reform of the Law

Among 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.

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 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 2016 the Law Society's committees examined all Bills introduced to Parliament and made submissions on 27 Bills. Law Society representatives appeared before select committees on 8 of those Bills. The committees also considered

and analysed a large number of discussion documents from government departments and statutory bodies, preparing 63 submissions on these and one Law Commission paper.

The Law Society has two representatives on the Rules Committee (a statutory body established by section 51B of the Judicature Act 1908). The NZLS 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 Courts.

The Law Society Rule of Law Committee monitors instances of threats to the rule of law.

The Law Society, assisted by the committees and Sections, also liaised during the year with Ministers and government departments about a range of law reform and administration of justice issues.

The Courthouse Committee monitors operation of the courts and courthouses across New Zealand, and keeps a watching brief on issues affecting the profession and the community – including courthouse design and security; introduction of technology in courts; and court closures, courts management restructuring, and reduced services.

## Libraries

Library assets, which were transferred from District Law Societies in February 2009 pursuant to sections 373 and 374 of the Act, continue to be held for the purposes of Law Society regulatory functions. The libraries are funded from practising fees under section 73 of the Act and from charges for services.

Contracts with the three main publishers, CCH, Thomson Reuters and LexisNexis now enable online access to a significant range of publications through 35 kiosks for lawyers at Law Society locations and

in the courts around New Zealand. Hard copy books and other reference material purchases continue to be updated and rationalised, with the core resource now concentrated in the three main research libraries in Auckland, Wellington and Christchurch. A research and document delivery service is provided by the libraries to ensure that lawyers have ready access to a significant legal information resource.

The net cost of operating the libraries in the year to 30 June 2016 was \$2.971 million.

## 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 the 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 the consultation.

**NEW ZEALAND COUNCIL OF LEGAL EDUCATION LEVY AND PAYMENTS, YEAR TO 30 JUNE  
(GST EXCLUSIVE)**

<b>Measure</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Levy per lawyer	\$25	\$25	\$25	\$22	\$20
Total paid to fund budget for next practising year	\$275,000	\$272,000	\$269,000	\$283,000	\$271,500

The Council has a membership of 17, of whom five are nominated by the Law Society Council. During the year to 30 June 2016 there was one new appointment

following a resignation and one member was reappointed. Both were for the maximum term of three years.

## 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.

Act. 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.

### Lawyers Fidelity Fund

The Law Society established and maintains the Lawyers Fidelity Fund to meet requirements of the 2006

**LAWYERS FIDELITY FUND PAYMENTS, YEAR ENDING 30 JUNE**

<b>Measure</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Value of claims settled	\$232,000	\$200,000	\$547,000	\$14,000	\$113,000
Amount set aside*	\$120,000	\$358,000	\$133,000	\$398,000	\$608,000
Value of funds recovered	\$13,000	\$0	\$5,000	\$5,000	\$0

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

### Solicitors' Fidelity Guarantee Fund

Established under Part IX of the 1982 Act, 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 2015/16 year the Law Society had not formed the opinion that this should happen.

## SOLICITORS' FIDELITY GUARANTEE PAYMENTS, YEAR ENDING 30 JUNE

Measure	2016	2015	2014	2013	2012
Value of claims settled	\$0	\$567,000	\$8,000	\$121,000	\$76,000
Amount set aside*	\$0	\$250,000	\$835,000	\$197,000	\$490,000
Value of funds recovered	\$5,000	\$0	\$2,000	\$0	\$0

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

## 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

	2016	2015	2014	2013	2012
Interest received by Fund	\$7,336,000	\$6,862,000	\$5,894,000	\$5,466,000	\$4,807,000
Administration expenses	\$28,000	\$28,000	\$28,000	\$28,028	\$28,072

## 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 2016, 84 lawyers had notified the Law Society.

## NUMBER OF LAWYERS INTENDING TO PROVIDE REAL ESTATE SERVICES, YEAR TO 30 JUNE

2016	2015	2014	2013	2012	2011
84	70	62	50	45	41

# Summary Financial Statements

THE SUMMARY FINANCIAL STATEMENTS FOR THE year ended 30 June 2016, which relate to the exercise of regulatory functions and powers, are provided in accordance with section 76(2) of the Act. The summary financial statements are presented in two

groups, to reflect the particular reporting requirements of each group, as set out below.

- ▶ New Zealand Law Society – Regulatory
- ▶ 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 2016, of NZLS Regulatory, approved for issue on 9 September 2016 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.

The full financial statements are the first set of financial statements of NZLS Regulatory that is presented in accordance with PBE Standards. NZLS Regulatory previously reported in accordance with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”). NZLS Regulatory applied the transitional provisions of PBE Financial Reporting Standard 46 – ‘First-Time Adoption of PBE Standards by Entities Previously Applying NZ IFRS’. There were no material financial adjustments required for the comparative figures presented for the year ended 30 June 2015 as a result of adopting Tier 2 PBE IPSAS.

An unmodified audit opinion was issued on the full financial statements for NZLS Regulatory on 9 September 2016.

The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements of comprehensive revenue and expense, financial position,



changes in net assets/equity and cash flows of the above entity.

The presentation currency is New Zealand dollars

rounded to the nearest 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 2016

	<b>2016</b> \$000	<b>2015</b> \$000
<b>REVENUE</b>		
Practising and other service fees, interest	21,647	20,301
<b>EXPENSES</b>		
Administration and library	19,242	19,786
<b>Surplus before income tax</b>	<b>2,405</b>	<b>515</b>
Income tax expense	230	182
<b>Net surplus for the year</b>	<b>2,175</b>	<b>333</b>
<b>Total comprehensive revenue and expense for the year</b>	<b>2,175</b>	<b>333</b>

## SUMMARY STATEMENT OF CHANGES IN NET ASSETS/EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	<b>2016</b> \$000	<b>2015</b> \$000
<b>Equity at beginning of year</b>	<b>7,209</b>	<b>6,876</b>
Total comprehensive revenue and expense for the year	2,175	333
<b>Equity at end of year</b>	<b>9,384</b>	<b>7,209</b>

## SUMMARY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	<b>2016</b> \$000	<b>2015</b> \$000
<b>ASSETS</b>		
Current assets	29,562	23,988
Non-current assets	5,099	7,682
<b>Total assets</b>	<b>34,661</b>	<b>31,670</b>
<b>EQUITY AND LIABILITIES</b>		
Current liabilities	25,277	24,461
Equity	9,384	7,209
<b>Total equity and liabilities</b>	<b>34,661</b>	<b>31,670</b>

## SUMMARY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	<b>2016</b> \$000	<b>2015</b> \$000
Net cash flows from operating activities	3,072	3,713
Net cash flows from/(used in) investing activities	1,930	(5,572)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,002</b>	<b>(1,859)</b>
Cash and cash equivalents at beginning of year	23,644	25,503
<b>Cash and cash equivalents at end of year</b>	<b>28,646</b>	<b>23,644</b>

The full financial statements were approved for issue on 9 September 2016 by the Board of the New Zealand Law Society.

## Report of the independent auditor on the summary financial statements to the members of New Zealand Law Society Regulatory

The accompanying summary financial statements of New Zealand Law Society Regulatory (the 'Society') on pages 28 to 29, which comprise the summary statement of financial position as at 30 June 2016, 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 New Zealand Law Society Regulatory for the year ended 30 June 2016. We expressed an unmodified audit opinion on those financial statements in our report dated 9 September 2016.

The summary financial statements do not contain all the disclosures required for full financial statements under Public Benefit Entity Standards Reduced Disclosure Regime. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the New Zealand Law Society Regulatory.

This report is made solely to the Society's members, as a body, for the purpose of expressing an opinion on the summary financial statements for the year ended 30 June 2016. Our audit has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report on summary financial statements and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

### BOARD'S RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

The Board is responsible for the preparation of a summary of the audited financial statements, in accordance with PBE FRS-43: *Summary Financial Statements*.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810: *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 New Zealand Law Society Regulatory. These services have not impaired our independence as auditor of the Society.

### OPINION

In our opinion, the summary financial statements derived from the audited financial statements of the New Zealand Law Society Regulatory for the year ended 30 June 2016 are consistent, in all material respects, with those financial statements, in accordance with PBE FRS-43: *Summary Financial Statements*.



**CHARTERED ACCOUNTANTS**

9 September 2016

Wellington, New Zealand

# 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 2016, of the Special Fund, approved for issue on 29 September 2016 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”). 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.

The full financial statements are the first set of financial statements of the Special Fund that is presented in accordance with PBE Standards. The Special Fund previously reported in accordance with Old New Zealand Generally Accepted Accounting Practice (“old NZ GAAP”) Financial Reporting Standards under the Framework for Differential Reporting. The Special Fund applied the transitional provisions of PBE Financial Reporting Standard 47 – ‘First-Time Adoption of PBE Standards by Entities other than those previously applying NZ IFRS’. There were no material financial adjustments required for the comparative figures presented for the year ended 30 June 2015 as a result of adopting Tier 2 PBE Standards.

An unmodified audit opinion was issued on the full financial statements for the Special Fund on 29 September 2016.

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

The presentation currency is New Zealand dollars rounded to the nearest 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 2016

	2016 \$000	2015 \$000
<b>REVENUE</b>		
Interest on trust accounts and bank deposits	7,336	6,862
<b>EXPENSES</b>		
Ministry of Justice	7,308	6,834
Administration and other	28	28
<b>Total expenses</b>	<b>7,336</b>	<b>6,862</b>
<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 2016**

There were no changes in equity for the year ended 30 June 2016 (2015 – Nil).

**SUMMARY STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2016**

	<b>2016</b> \$000	<b>2015</b> \$000
<b>ASSETS</b>		
Current Assets	660	657
<b>Total assets</b>	<b>660</b>	<b>657</b>
<b>EQUITY AND LIABILITIES</b>		
Current liabilities	660	657
Equity	-	-
<b>Total equity and liabilities</b>	<b>660</b>	<b>657</b>

**SUMMARY STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b> \$000	<b>2015</b> \$000
Net cash flows from (used in) operating activities	-	(5)
Net cash flows from investing activities	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-</b>	<b>(5)</b>
Cash and cash equivalents at beginning of year	1	6
<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 29 September 2016 by the Management Committee established under section 292 of the LCA.

## Report of the independent auditor on the summary financial statements to the members of the Lawyers and Conveyancers Special Fund

The accompanying summary financial statements of the Lawyers and Conveyancers Special Fund (the 'Fund') on pages 31 to 32, which comprise the summary statement of financial position as at 30 June 2016, 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 2016. We expressed an unmodified audit opinion on those financial statements in our report dated 29 September 2016.

The summary financial statements do not contain all the disclosures required for full financial statements under Public Benefit Entity Standards Reduced Disclosure Regime. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Lawyers and Conveyancers Special Fund.

This report is made solely to the Fund's members, as a body, for the purpose of expressing an opinion on the summary financial statements for the year ended 30 June 2016. 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 on summary financial statements 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.

### MANAGEMENT COMMITTEE'S RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

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

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810: *Engagements to Report on Summary Financial Statements*.

Other than in our capacity as auditor, we have no relationship with or interests in the Lawyers and Conveyancers Special Fund.

### OPINION

In our opinion, the summary financial statements derived from the audited financial statements of the Lawyers and Conveyancers Special Fund for the year ended 30 June 2016 are consistent, in all material respects, with those financial statements, in accordance with PBE FRS-43: *Summary Financial Statements*.



**CHARTERED ACCOUNTANTS**

29 September 2016

Wellington, New Zealand

# Summary Performance Reports

THE SUMMARY PERFORMANCE REPORTS FOR THE year ended 30 June 2016, which relate to the exercise of regulatory functions and powers, are provided in accordance with section 76(2) of the Act. The summary performance reports for the New Zealand Law

Society Lawyers' Fidelity Fund and the New Zealand Law Society Solicitors' Guarantee Fund, which reflect the particular reporting requirements of these entities, are set out below.

## 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.

## 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 performance report has been extracted from the full performance reports for the year ended 30 June 2016, of the New Zealand Law Society

Lawyers' Fidelity Fund (the "Lawyers Fidelity Fund"), and the New Zealand Law Society Solicitors' Fidelity Guarantee Fund (the "Fidelity Guarantee Fund"),



approved for issue on 9 September 2016 by the Board of the New Zealand Law Society.

The full performance reports for the Lawyers Fidelity Fund and the Fidelity Guarantee Fund have been prepared in accordance with PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) on the basis that the entities do not have public accountability and each entity has total annual expenses of equal to or less than \$2,000,000. All transactions in the performance reports are reported using the accrual basis of accounting and are prepared under the assumption that the entities will continue to operate in the foreseeable future.

The full performance reports are the first set of performance reports for the Lawyers Fidelity Fund and the Fidelity Guarantee Fund that are presented in accordance with PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit). The adoption has not resulted in any material disclosure adjustments to the full performance reports relative to the prior year other than the requirement for the Lawyers’ Fidelity Fund and the

Fidelity Guarantee Fund to prepare and present a statement of service performance and a statement of cash flows for both the current and previous financial year.

Unmodified audit opinions were issued on the financial information in the full performance reports for each of the above entities on 9 September 2016. The audit opinions each included an explanatory paragraph that the entity information and statement of service performance are not audited.

The summary performance report was approved for issue on 9 September 2016 by the Board of the New Zealand Law Society.

The summary performance report does not include all the disclosures provided in the full performance reports and cannot be expected to provide as complete an understanding as provided by the full performance reports of service performance, financial performance, financial position, and cash flows for the above entities.

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

## New Zealand Law Society Lawyers’ Fidelity Fund

### SUMMARY STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
Number of claims received	7	7
Average time taken to investigate, decide on the claim and advise the claimants	2.9 months	6.6 months

### SUMMARY STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$000	2015 \$000
<b>REVENUE</b>		
Annual contributions, recoveries and interest	1,262	1,234
<b>EXPENSES</b>		
Claims and other	191	540
<b>Surplus before tax</b>	<b>1,071</b>	<b>694</b>
Income tax expense	86	83
<b>Net surplus for the year</b>	<b>985</b>	<b>611</b>

## SUMMARY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	<b>2016</b> \$000	<b>2015</b> \$000
Balance at beginning of year	5,408	4,797
Net surplus for the year	985	611
<b>Balance at end of year</b>	<b>6,393</b>	<b>5,408</b>

## SUMMARY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	<b>2016</b> \$000	<b>2015</b> \$000
<b>ASSETS</b>		
Current assets	5,180	3,864
Non-current assets	2,377	2,928
<b>Total assets</b>	<b>7,557</b>	<b>6,792</b>
<b>EQUITY AND LIABILITIES</b>		
Current liabilities	1,164	1,384
Equity	6,393	5,408
<b>Total equity and liabilities</b>	<b>7,557</b>	<b>6,792</b>

## SUMMARY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	<b>2016</b> \$000	<b>2015</b> \$000
Net cash flows from operating activities	392	897
Net cash flows from (used in) investing activities	551	(2,928)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>943</b>	<b>(2,031)</b>
Cash and cash equivalents at beginning of year	2,906	4,937
<b>Cash and cash equivalents at end of year</b>	<b>3,849</b>	<b>2,906</b>

These statements should be read in conjunction with the information on pages 34 and 35.

# New Zealand Law Society Solicitors' Fidelity Guarantee Fund

## SUMMARY STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2016

	<b>2016</b>	<b>2015</b>
Number of claims received	2	3
Average time taken to investigate, decide on the claim and advise the claimants	1.5 months	6.4 months

## SUMMARY STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2016

	<b>2016</b> \$000	<b>2015</b> \$000
<b>REVENUE</b>		
Interest and recoveries	567	584
<b>EXPENSES</b>		
Claims and other	(180)	116
<b>Surplus before tax</b>	<b>747</b>	<b>468</b>
Income tax expense	183	190
<b>Net surplus for the year</b>	<b>564</b>	<b>278</b>

## SUMMARY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	<b>2016</b> \$000	<b>2015</b> \$000
<b>Balance at beginning of year</b>	<b>12,362</b>	<b>12,084</b>
Net surplus for the year	564	278
<b>Balance at end of year</b>	<b>12,926</b>	<b>12,362</b>

## SUMMARY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	<b>2016</b> \$000	<b>2015</b> \$000
<b>ASSETS</b>		
Current assets	9,327	5,300
Non-current assets	3,647	7,373
<b>Total assets</b>	<b>12,974</b>	<b>12,673</b>
<b>EQUITY AND LIABILITIES</b>		
Current liabilities	48	311
Equity	12,926	12,362
<b>Total equity and liabilities</b>	<b>12,974</b>	<b>12,673</b>

## SUMMARY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	<b>2016</b> \$000	<b>2015</b> \$000
Net cash flows from (used in) operating activities	312	(358)
Net cash flows from (used in) investing activities	3,726	(5,547)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,038</b>	<b>(5,905)</b>
Cash and cash equivalents at beginning of year	5,284	11,189
<b>Cash and cash equivalents at end of year</b>	<b>9,322</b>	<b>5,284</b>

These statements should be read in conjunction with the information on page 34 and 35.

## **Report of the independent auditor on the financial information in the summary performance report to the members of the New Zealand Law Society Lawyers' Fidelity Fund and the New Zealand Law Society Solicitors' Fidelity Guarantee Fund**

The financial information in the accompanying summary performance report of the New Zealand Law Society Lawyers' Fidelity Fund and the New Zealand Law Society Solicitors' Fidelity Guarantee Fund (together referred to as the Funds) on pages 34 to 37, which comprise the summary statements of financial position as at 30 June 2016, and the summary statements of financial performance, summary statements of changes in equity and summary statements of cash flows for the year then ended, and related notes to the summary performance report are derived from the audited financial information in the performance reports of the Funds for the year ended 30 June 2016. We expressed unmodified audit opinions on the financial information in the performance reports in our reports dated 9 September 2016, however our audit opinions included an 'other matter' paragraph in relation to the unaudited entity information and statements of service performance.

The financial information in the summary performance report does not contain all the disclosures required for financial information in full performance reports under Public Benefit Entity Simple Format Reporting - Accrual (Not-for-Profit) issued in New Zealand by the New Zealand Accounting Standards Board. Reading the financial information in the summary performance report, therefore, is not a substitute for reading the financial information in the performance reports of the Funds.

This report is made solely to each Fund's members, as a body, for the purpose of expressing an opinion on the financial information in the summary performance report for the year ended 30 June 2016. Our audit has been undertaken so that we might state to each Fund's members those matters we are required to state to them in an auditor's report on financial information in summary performance reports and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than each Fund's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **BOARDS' RESPONSIBILITY FOR THE SUMMARY PERFORMANCE REPORT**

The Board is responsible on behalf of each Fund for the preparation of a summary of the audited financial information in the performance reports and a summary of the unaudited entity information and statements of service performance.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the financial information in the summary performance report based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810: *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 New Zealand Law Society Lawyers' Fidelity Fund or the New Zealand Law Society Solicitors' Fidelity Guarantee Fund. These services have not impaired our independence as auditor of each Fund.

### **OPINION**

In our opinion, the financial information in the summary performance report derived from the audited financial information in the performance reports of the New Zealand Law Society Lawyers' Fidelity Fund and the New Zealand Law Society Solicitors' Fidelity Guarantee Fund for the year ended 30 June 2016 is consistent, in all material respects, with the financial information in the performance reports, in accordance with the basis described on page 1.

### **OTHER MATTER / UNAUDITED INFORMATION**

The following 'other matter' paragraph was included in each of our audit opinions on the financial information in the performance reports:

Without modifying our opinion, we note that the performance report also includes entity information on page 1 and a statement of service performance on page 2 which we have not audited.



**CHARTERED ACCOUNTANTS**

9 September 2016

Wellington, New Zealand



