

# REPORT ON REGULATORY ACTIVITIES

FOR THE YEAR TO 30 JUNE 2017

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



NEW ZEALAND  
LAW SOCIETY

NZLS EST 1869

# Contents

Foreword .....	3	Inspectorate and trust accounts .....	20
Introduction .....	4	Financial Assurance Scheme and the Inspectorate .....	20
Regulating the legal profession: The Law Society's role .....	5	Lawyers Nominee Companies .....	21
Law Society Governance .....	5	Other activities .....	22
Changes to regulations and practice rules .....	6	Competence Assurance and Professional Development .....	22
Oversight of legal practice .....	7	Assisting and Promoting the Reform of the Law .....	22
Admission and Enrolment of Lawyers .....	7	Libraries .....	23
Register of Lawyers .....	9	New Zealand Council of Legal Education .....	23
Practice on own account .....	9	Fidelity Funds .....	24
Practising Fees, Levies and Contributions .....	10	Lawyers and Conveyancers Special Fund .....	25
Complaints and discipline .....	11	Real estate services .....	25
Lawyers Complaints Service .....	11	Summary financial statements .....	26
How the Lawyers Complaints Service works .....	12	New Zealand Law Society – Regulatory .....	26
The Lawyers Complaints Service in 2016/17 .....	12	New Zealand Law Society Lawyers' Fidelity Fund and New Zealand Law Society Solicitors'	
Tracks a complaint can follow .....	13	Fidelity Guarantee Fund .....	29
Lawyers' disciplinary bodies in 2015/16 .....	18	The Lawyers and Conveyancers Special Fund .....	33



## 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

By **Christine Grice**

*Executive Director, New Zealand Law Society*

THE NEW ZEALAND LAW SOCIETY is now into its 10th year as operator of the Lawyers Complaints Service.

The Lawyers and Conveyancers Act 2006 came into force on 1 August 2008. The Act introduced many changes in the regulation of legal services. Perhaps the most significant was the requirement of the Law Society to establish an accessible, fair and efficient lawyers complaints service.

This was a fundamental shift in the process for managing complaints against lawyers. The national complaints service replaced the complaints handling previously undertaken by independent, geographically-based district law societies under the former Law Practitioners Act 1982, a system which had substantial limitations.

For complaints to be actionable, the conduct was required to reach a high threshold. From 2008, the governing legislation's focus shifted from lawyers' fitness to practise to include and prioritise consumer protection. The Law Society was required to ensure the consistency and quality of the new complaints service throughout New Zealand. A new threshold of unsatisfactory conduct with a statutory definition was introduced. Non-lawyers were required for the first time to serve on lawyers standards committees. The power and jurisdiction of standards committees were significantly expanded. And the Law Society was required to report to the Ministry of Justice on the exercise of its regulatory functions and powers.

A lot has happened since 1 August 2008. The Law Society and legal profession have embraced the greater responsibility. The focus has been one of continuous improvement and development to ensure that all parties involved in legal services complaints benefit from an expeditious, impartial and accessible process. A complaints feedback system was introduced to assist with enhancements. The Early



Resolution Service introduced in 2013 has made significant improvements in the time taken to handle complaints and in the experience of users.

As you'll see in this report, in the year to June 30, complaints closed by the Early Resolution Service took an average of 28 days, compared to the average time to conclude standard track complaints of 231 days. Overall, the average time to conclude all complaints in the year was 148 days, down from an average of 160 days the previous year.

Around 17% of complaints closed by the Lawyers Complaints Service go on review to the Legal Complaints Review Officer (LCRO), which is funded by a levy on all lawyers, but administered by the Ministry of Justice. The LCRO's role is to review decisions made by Law Society and Society of Conveyancers standards committees on complaints against lawyers and conveyancers. The problem is that LCRO has a backlog of over 500 unresolved cases. It can take three years for a decision to come from the LCRO. The LCRO and the Law Society are anxious to remedy that situation. There is light on the horizon.

The Law Society is proud of the progress it has made in introducing innovative processes in the Lawyers Complaints Service. However, it is clear that the backlog of cases filed for review by the LCRO must be dealt with before we can go any further. NZLS obviously has a big stake in helping resolve this. Each lawyer pays to fund the LCRO. The worry and stress caused by waiting for years for an LCRO decision is unfair on everyone. What could be a world-leading professional system is let down by these problems. The LCRO has introduced some measures, notably the appointment of delegates to assist in dealing with the backlog.

We are also hopeful that the Tribunals Powers and

Procedures Legislation Bill, recently introduced to Parliament, will help improve the process. Subpart 10 of the bill amends the Lawyers and Conveyancers Act 2006, with the aim of assisting the LCRO to reduce its significant backlog of cases. It would give the LCRO new powers to hear appropriate matters on the papers and strike out meritless complaints.

The Law Society is aware of the responsibility it has in providing the frontline regulation of the profession. A modern regulator balances the need for innovation with its consumer protection objectives.

**CHRISTINE GRICE**

*Executive Director, New Zealand Law Society*

# Introduction

By **Mary Ollivier**

*General Manager, Regulatory*

2017 WAS A MILESTONE YEAR FOR the Lawyers Complaints Service in that many longstanding committee members served their maximum statutory terms of nine years' service and retired. The commitment and expertise that lay and lawyer members brought to the table was extraordinary.

While the numbers of practising certificates continues to grow, it is interesting to see that the numbers of complaints received declined over the past three years. We are hopeful that this trend continues and that it indicates an increasing awareness by lawyers

that client complaints should be dealt with early before they reach the complaints service.

The NZLS regulatory division has, during the year, collected and analysed data to assist with the prevention of complaints and other regulatory breaches. While data collection and sharing is not the whole answer it is helpful in identifying areas where more education for the profession is required.

Lawyers are now into their fourth year of CPD and by the end of the CPD year 95.1% of lawyers had completed their declarations. Audits of many lawyers' plans and records showed these have improved significantly over the last three years. Most of those audited displayed clear purposeful planning, appropriate reflections and



demonstrated that a great deal of thought had gone into planning their follow up learning.

Regulation does not have to stifle innovation. With a proliferation of new entities practising in ways to take advantage of new technology, Law Society staff have assisted many lawyers with compliance queries. There is often a way in which new structures can comply while adhering to current rules and we are always available to discuss these.

Lawyers are having to come to terms with a number of new governmental regulations such as

the foreign account tax compliance act (FATCA) and the Automatic Exchange of Information (AEOI) or Common Reporting Systems (CRS).

In addition, phase 2 of the anti-money laundering and countering financing of terrorism (AML) legislation will affect lawyers from 1 July 2018 when they become reporting entities. NZLS is not the front-line regulator for AML, but is working closely with the supervisor for the legal profession, the Department of Internal Affairs, to assist lawyers to prepare to become reporting entities. NZLS will be providing guidance to the profession to make compliance as painless as possible.

**MARY OLLIVIER**

*General Manager, Regulatory*



# 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.

## 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 at 30 June 2017 were:

President Kathryn Beck *From 15 April 2016*

#### Vice Presidents

Vice President, Central North Island Tiana Epati *From 15 April 2016*  
Vice President, Wellington Nerissa Barber *From 15 April 2016*  
Vice President, Auckland Timothy Jones *From 15 April 2016*  
Vice President, South Island Andrew Logan *From 15 April 2016*

#### Branch Representatives

Auckland David Campbell *From 22 June 2016*  
Canterbury-Westland Craig Ruane *From 1 December 2015*  
Gisborne Alison Bendall *From 31 March 2016*  
Hawke's Bay Maria Hamilton *From 2 May 2017*  
Manawatu Ben Vanderkolk *From 30 October 2015*  
Marlborough Simon Gaines *From 12 March 2014*  
Nelson Gerard Praat *30 March 2016*  
Otago John Farrow *7 June 2017*  
Southland Toni Green *From 27 March 2015*  
Taranaki Alex Laurenson *From 26 June 2016*  
Waikato-BOP Russell Boot *From 21 June 2017*  
Whanganui Mark Bullock *From 17 March 2017*  
Wellington David Dunbar *From 22 June 2016*

#### Sections

In-house Lawyers Association New Zealand – President Erin Judge *From 26 May 2017*  
Family Law Section – Chair Michelle Duggan *From 13 May 2016*  
Property Law Section – Chair Duncan Terris *From 7 May 2015*

#### Other Representatives

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

The Executive Board comprises the President and the four Vice-Presidents. It acts as the executive body of the Law Society, manages its affairs, and implements 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, 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.

### 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.

As noted in the 2016 Annual report, 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 2016 reporting year. 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.

# 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 2017 the Law Society issued 922 certificates of character, and 1,056 candidates were admitted to the High Court of New Zealand. This included 39 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 be admitted in New Zealand.

## ADMISSIONS AND CERTIFICATES OF CHARACTER, YEAR TO 30 JUNE

	2017	2016	2015	2014	2013	2012
Admissions	1,056	970	955	868	906	864
Certificates of character	922	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 2017 there were 13,677 current practising certificates. Of those lawyers, 1,590 were holding barristers' certificates and 12,087 barristers and solicitors' certificates.

Renewal of practising certificates for the full year from 1 July 2017 to 30 June 2018 commenced in May 2017 with 13,503 renewal invoices being created and issued.

## PRACTISING CERTIFICATES HELD AT 30 JUNE

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

## Practice Approval Committees

The Practice Approval Committees have delegated authority from the NZLS Council and Board to consider, investigate and finally decide on 'non-standard' applications relating to practice issues.

For the year to 30 June 2017, the two Committees considered the following applications:

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

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

\* Renewal of practising certificates for the 2016/2017 practising year.

\*\* Two separate applications from the same person.



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

	2017	2016	2015	2014
Declined	9	14	10	21

Of the applications considered by the Committees in the practising year 2016/2017 nine were declined (approximately 11% of total applications considered).

Of those declined, two applications for a practising

certificate were appealed to the Lawyers and Conveyancers Disciplinary Tribunal under s42 of the Lawyers and Conveyancers Act 2006 (“the Act”). One appeal was successful. The other appeal is set down for hearing in the next reporting year.

There was one application to the Tribunal for non-publication of a decision not to employ. That application was dismissed.

There was one application to the High Court for leave to practise on own account under s30(3) of the Act, which was subsequently withdrawn.

## 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.

## 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 2017, 231 lawyers were approved to practise on their own account as a barrister and solicitor and 79 were approved as a barrister sole.

#### LAWYERS PRACTISING ON THEIR OWN ACCOUNT AT 30 JUNE

Type of Practice	2017	2016	2015	2014	2013	2012
Barrister and solicitor	3,883	3,698	3,673	3,581	3,542	3,540
Barrister	1,371	1,339	1,256	1,148	1,104	1,060

### Stepping Up: foundation for practising on own account

Five sessions of *Stepping Up* were held during the reporting year, attended by 310 lawyers. A total

number of 1,500 lawyers have now attended *Stepping Up* since it began in July 2011. This extensive course, held five times a year, involves a minimum of 40-50 hours of self-directed, pre-course preparation,

followed by a two-and-a-half-day workshop. Developed with the aid of a generous grant from the NZ Law Foundation, the course is comprised of three elements: business management, professional conduct and client care, and trust account management. These are further broken down into 13 modules.

The course prescription is set by the NZLS Board and the course itself delivered by NZLS CLE Limited under contract to the Law Society. It is a prerequisite for approval for lawyers to practise on their own account.

Participants hold *Stepping Up* in high regard. In the 28 courses since the first one in July 2011 only a tiny handful (less than 1%) of participants reported

it failed to meet their expectations. In the 2016-17 year, 68.3% of candidates felt the course exceeded their expectations.

The course is under constant review.

In April 2016, NZLS CLE introduced *Topping Up Stepping Up*, a revision course for practitioners who have previously completed *Stepping Up* satisfactorily but who have not commenced practice on their own account within the required two years of the expiry date of *Stepping Up*. This course involves drafting a business plan, completing four reflective exercises and sitting a test on trust accounting (barristers exempt). There have been 25 candidates to the year-end, 30 June 2017.

## 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	2017	2016	2015	2014	2013	2012
Practising fee	\$1,192	\$1,192	\$1,182	\$1,170	\$1,160	\$1,140
NZ Council of Legal Education levy	\$25	\$25	\$25	\$25	\$22	\$20
Legal Complaints Review Officer levy	\$125	\$115	\$75	\$67	\$80	\$80
<b>Total for barristers and employed lawyers</b>	<b>\$1,342</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	\$385
<b>Total for barristers and solicitors practising on their own account without a trust account</b>	<b>\$1,727</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	\$320
<b>Total for barristers and solicitors practising on their own account with a trust account</b>	<b>\$2,047</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 a lawyers standards committee.

## Stage 2

About 84% of all complaints concluded 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. Other reasons for such a finding will be if the complaint has been resolved by negotiation conciliation or mediation or withdrawn/settled.

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.

## The Lawyers Complaints Service in 2016/17

### 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

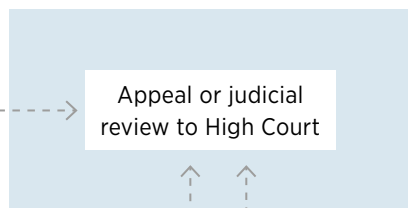
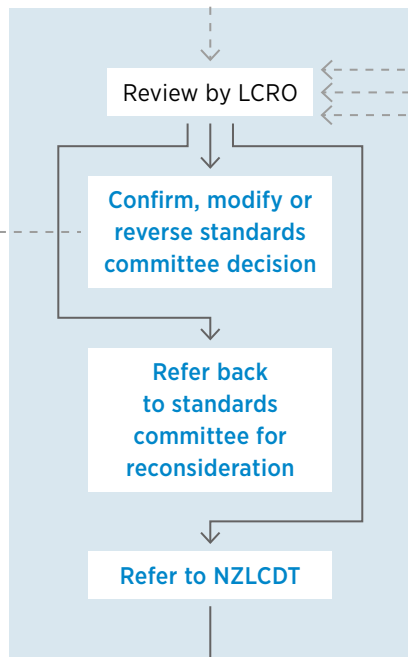
form" available on its website. This can be used by anyone with a concern about a lawyer. Those filling in the form are invited to provide contact details and a Legal Standards Officer will call within five working days at the person's preferred time to discuss the concern. An 0800 number (0800 261 801) can be used by anyone who wants further information, to discuss

# Tracks a complaint can follow

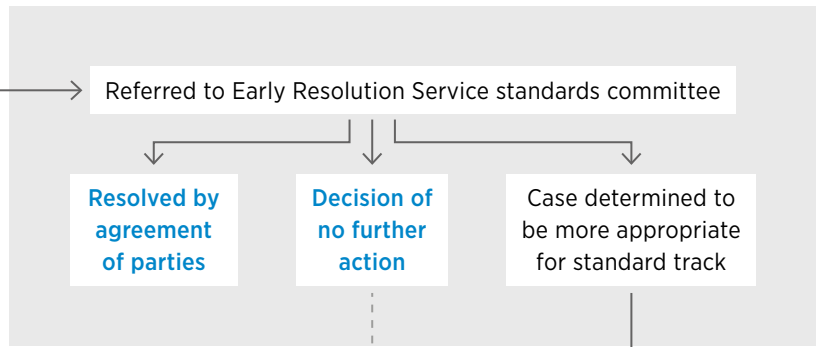
All complaints received by the Lawyers Complaints Service are reviewed by staff for suitability for referral to the Early Resolution Service. Following this, a complaint can follow one of two tracks through to resolution.

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

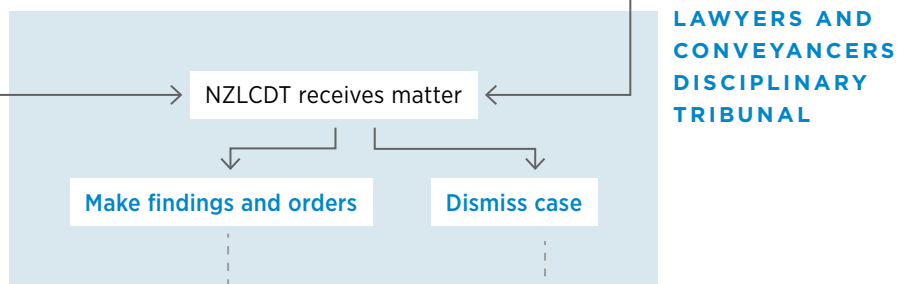
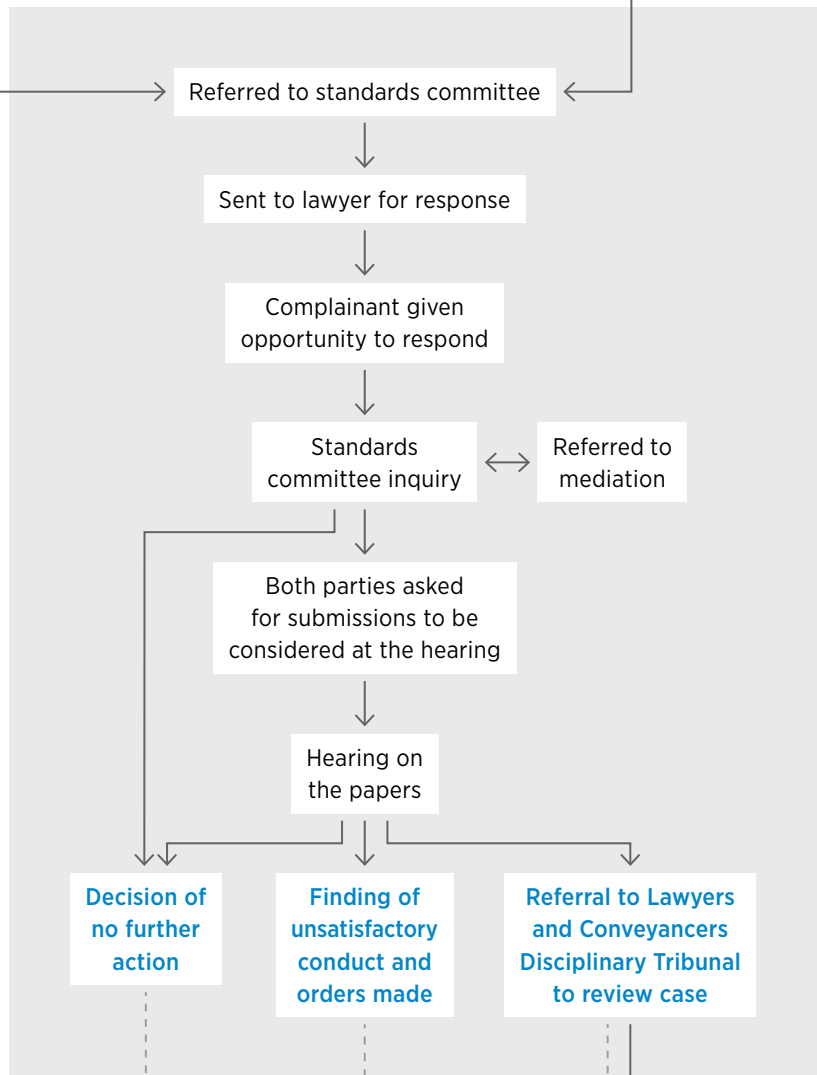
## LEGAL COMPLAINTS REVIEW OFFICER



## EARLY RESOLUTION TRACK



## STANDARD TRACK





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.

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

Concerns	2017	2016	2015	2014
Received	263	317	302	408
Resulting in a formal complaint	35	57	49	49
Proportion	13.3%	18.0%	16.2%	12.1%

Calls to the 0800 Complaints Line cover a wide range of inquiries. The most common in the 2016/2017 year

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

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

Measure	2017	2016	2015	2014	2013	2012
Total calls	4,324	4,269	3,857	3,848	2,880	3,172
Average per week	83	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 93.7% of complaints received in the latest year. Complaints against lawyers were down 2.3% on the previous year, while all complaints were down 2.8%. Of all complaints received, 68% were against men and 32% were against women.

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

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

## Origin of complaints

Clients or former clients of lawyers made up just under half of the complaints (47%) lodged with the Lawyers Complaints Service.

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

Origin	2017	2016	2015	2014	2013	2012
Client/former client	661	769	768	812	979	886
Client – other side	235	289	279	309	262	187
Other	49	99	35	63	29	38
Lawyer	116	87	119	101	161	112
NZLS own motion	100	82	122	97	100	122
Third party	154	75	190	166	184	237
Beneficiary	103	57	90	77	47	38
Regulatory authority	1	1	7	2	4	3
Court	0	0	1	3	0	2
Total	1,419	1,459	1,611	1,630	1,766	1,625

## 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	2017	2016	2015	2014	2013	2012
Negligence / incompetence	436	395	821	571	293	231
Overcharging	375	365	435	348	420	367
Breach of RCCC Rules	522	360	523	318	308	374
Other conduct issues	105	355	391	190	420	474
Other service issues	61	257	152	87	135	183
Inadequate reporting / communications	304	255	495	429	257	289
Discourtesy	187	153	158	119	84	99
Conflict of interest	167	153	191	179	124	126
Delay	152	147	256	174	131	178
Failure to follow instructions	120	128	231	247	175	117
Misleading conduct	175	122	286	225	125	93
Obstructing legal regulatory process	141	101	167	30	50	21
Not complying with LCA Act / Regs	104	61	125	36	71	96
Refusing to hand over documents	68	57	101	59	30	48
Acting without instruction	50	50	86	76	53	59
Breach of confidentiality	33	45	67	42	36	31
Unbecoming conduct	35	41	89	190	138	31
Breach of undertaking	29	38	30	17	41	36
Financial Assurance issues	14	33	86	56	23	23

*Table continued on following page...*

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Type	2017	2016	2015	2014	2013	2012
Improper conduct in court	48	29	81	53	48	32
Failure to comply with an order	23	19	24	11	7	6
Failure to pay instructed third party	10	18	10	10	5	6
Practising outside of practising certificate parameters	9	16	14	2	6	3
Criminal conviction	13	13	1	10	5	8
Misappropriation	16	10	13	24	11	15
Related to nominee company	15	7	12	21	4	0
Lack of supervision	21	6	21	15	18	36
Failure to pay third party	10	6	15	7	10	12

## 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 2016/17 year.

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

Area	2017	2016	2015	2014	2013
Property	23.0%	20.8%	14.4%	17.4%	17.7%
Trusts and estates	17.0%	17.5%	21.0%	18.3%	15.1%
Family	17.8%	15.9%	17.9%	21.5%	17.7%
Civil litigation	9.7%	13.0%	13.2%	9.6%	11.5%
Criminal	7.8%	9.5%	9.1%	9.6%	12.6%
Company/Commercial	7.5%	6.9%	5.8%	7.1%	5.5%
Employment	5.1%	5.1%	3.9%	3.4%	6.2%
Administrative/Public	3.6%	3.6%	1.9%	2.0%	3.7%
Immigration	2.3%	1.7%	1.7%	2.1%	1.7%
Banking and finance	1.2%	1.2%	1.3%	2.3%	1.0%
Other	5.0%	4.8%	9.8%	6.7%	7.3%

## Lawyers Complaints Service resolution of complaints

SINCE 2013, ALL COMPLAINTS WHEN RECEIVED HAVE been assigned to one of two processes: the standard track process or the Early Resolution Service (ERS).

In the year to 30 June 2017, 1467 complaints were closed and 41% of these were concluded through ERS.

Of the complaints closed during 2016/2017, 75% resulted in a decision to take no further action. When complaints which were resolved by negotiation, conciliation or mediation, plus those which were withdrawn are included, 84% of all complaints investigated resulted in no further action being required.

## COMPLAINTS CLOSED, YEAR TO 30 JUNE

Result	2017	2016	2015	2014	2013	2012
Decision to take no further action	1,102	1,253	1,137	1,280	1,325	1,140
Referred to and resolved by negotiation, conciliation or mediation	116	97	143	166	240	119
Withdrawn, discontinued or settled	15	45	64	77	114	67
Orders made by standards committee	183	170	186	181	199	173
Complaints outstanding at 30 June	516	564	702	622	739	914
Complaints closed during year	1,467	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	2017	2016	2015	2014	2013	2012
Publication of facts	50	41	27	42	69	52
Publication of name	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 Lawyers Complaints Service over the last six years. The establishment of the Early Resolution

Service was largely driven by the need to improve the time taken to resolve complaints.

Complaints closed by the Early Resolution Service took an average of 28 days, while the average time to conclude standard track complaints was 231 days. Overall, the average time to conclude all complaints closed in the year to 30 June 2017 was 148 days, down from an average of 160 days the previous year.

## PROPORTION OF COMPLAINTS CLOSED, YEAR TO 30 JUNE

Measure	2017	2016	2015	2014	2013
Within 1 month	32%	29%	27%	25%	15%
Within 3 months	47%	44%	48%	42%	38%
Within 6 months	71%	66%	73%	69%	64%
Within 9 months	85%	82%	87%	84%	80%
Within 1 year	92%	91%	91%	91%	91%
More than 1 year	8%	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.

#### EARLY RESOLUTION SERVICE, YEAR TO 30 JUNE

Measure	2017	2016	2015	2014
Complaints accepted*	644	679	686	774
Complaints where a decision to take no action	488	495	452	476
Complaints resolved	110	120	186	220
Complaints closed during year	598	615	638	696
Complaints outstanding at end of year	14	20	43	68
Complaints not resolved and returned to standard process	52	76	65	82
Proportion of all complaints received	44.0%	46.5%	42.6%	47.5%
Proportion of all complaints closed	41.0%	38.6%	41.7%	39.8%

*\*Regardless of when opened.*

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	2017	2016	2015	2014
To conclude all complaints within ERS*	28	30	34	30
To conclude complaints where decision to take no action	23	25	29	23
To conclude complaints that were resolved	48	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 2017, the Law Society's Board had declared 24 operational standards committees: 19 regional, one national and four reserve committees.

Members of standards committees are appointed by the Law Society Board, and during the year to 30 June 2017 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 2016/17 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	2017	2016	2015	2014	2013	2012
Levy per lawyer	\$125	\$115	\$75	\$67	\$80	\$80
Total paid to Ministry of Justice*	\$1,321,590	\$1,440,129	\$1,279,500	\$1,050,783	\$574,609	\$701,217

\* 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 2016/17 year, there was one resignation and one new appointment 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. A 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	2017	2016	2015
Referrals	47	37	38
Struck off	4	1	12*
Suspended	10	6	14

\* The Court of Appeal also made two striking

*off orders using its inherent jurisdiction.*

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 PAYMENTS FOR COSTS OF TRIBUNAL HEARINGS, YEAR TO 30 JUNE (GST EXCLUSIVE)

	2017	2016	2015
Reimbursement	\$168,962	\$119,350	\$247,645

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:

- › 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. At the end of the 2016/17 year there were 1425 law practices operating trust accounts. The inspectorate conducted reviews of almost 30% 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	2017	2016	2015	2014
General	2	14	16	44
Limited	359	379	334	265
Focus	6	15	18	36
Exit	14	10	11	11
New practice	40	37	48	33
Section 109 investigation (no trust account)	0	0	3	0
Revisits	1	0	2	0
Total	422	455	432	389

In the year to 30 June 2017, the Law Society Inspectorate:

- › Referred 17 reports from the above reviews to the Lawyers Complaints Service;
- › Investigated the affairs of eight law firms or lawyers/employees under s 144 of the Act resulting in:
  - › 1 finding by a Standards Committee of no further action
  - › 5 referrals to the Disciplinary Tribunal
  - › 2 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

Since the expiry of the Securities Act (Contributory Mortgage) (Solicitors) Exemption Notice 1996 on 30 September 2016, law firms running contributory mortgage schemes are regulated by the Financial Markets Authority (FMA). Those firms had previously been regulated by the Law Society under the Lawyers and Conveyancers Act (Lawyers: Nominee Company) Rules 2008. A Memorandum of Understanding has been signed between the two organisations which provides for information sharing and regular meetings as appropriate.

# Other activities

## Competence Assurance and Professional Development

PROFESSIONAL DEVELOPMENT PROGRAMMES ASSIST in the maintenance of public confidence and the protection of consumers as well as the status of the legal profession.

In 2014, following extensive research and consultation, the Law Society introduced a requirement for all lawyers to complete 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.

CPD 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.

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 submissions. The CPD year ends on 31 March 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 and maintained a CPD Plan and Record. CPD has now completed its third cycle since introduction.

On 31 March 2017, 95.1% of lawyers completed declarations by the required time. A follow up programme resulted in 99.9% of lawyers completing declarations by 30 June 2017. This is an increase on the previous two years.

An annual audit is carried out and in the current reporting year 10% of lawyers were asked to submit their CPD Plan and Record.

## Assisting and Promoting the Reform of the Law

ONE OF THE LAW SOCIETY'S REGULATORY FUNCTIONS in the Lawyers and Conveyancers Act is the requirement to assist and promote law reform, for the purposes of upholding the rule of law and facilitating the administration of justice.

To fulfill 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 2017 the Law Society's committees examined all Bills introduced to Parliament and made submissions on 34 Bills. Law Society representatives appeared before select committees on 14 of those Bills. The committees also considered and analysed a large number of discussion documents from government departments and statutory bodies, preparing 60 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's 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.

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, and this assists the profession in meeting its fundamental obligation to uphold the rule of law (as set out in s 4(a) of the Lawyers and Conveyancers Act).

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.

## 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 enable online access to a significant range of publications through 38 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 2017 was \$2.868 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>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Levy per lawyer	\$25	\$25	\$25	\$25	\$22
Total paid to fund budget for next practising year	\$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 2017 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 forms the opinion 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

2006 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 PAYMENTS, YEAR ENDING 30 JUNE**

<b>Measure</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Value of claims settled	\$119,000	\$232,000	\$200,000	\$547,000	\$14,000
Amount set aside*	\$100,000	\$120,000	\$358,000	\$133,000	\$398,000
Value of funds recovered	\$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 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 2016/17 year the Law Society had not formed the opinion that this should happen.

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

Measure	2017	2016	2015	2014	2013
Value of claims settled	\$0	\$0	\$567,000	\$8,000	\$121,000
Amount set aside*	\$150,000	\$0	\$250,000	\$835,000	\$197,000
Value of funds recovered	\$0	\$5,000	\$0	\$2,000	\$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 the 40%, 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

Measure	2017	2016	2015	2014	2013
Interest received by Fund	\$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	\$28,028

## 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 2017, 83 lawyers had notified the Law Society.

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

2017	2016	2015	2014	2013
83	84	70	62	50

# 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 2017:

- ▶ 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 2017, of NZLS Regulatory, approved for issue on 6 September 2017 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 2017.

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 2017

	2017 \$000	2016 \$000
<b>REVENUE</b>		
Practising and other service fees, interest	22,640	21,647
<b>EXPENSES</b>		
Administration and library	19,228	19,242
<b>Surplus before income tax</b>	<b>3,412</b>	<b>2,405</b>
Income tax expense	250	230
<b>Net surplus for the year</b>	<b>3,162</b>	<b>2,175</b>
<b>Total comprehensive revenue and expense for the year</b>	<b>3,162</b>	<b>2,175</b>

## SUMMARY STATEMENT OF CHANGES IN NET ASSETS/EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$000	2016 \$000
<b>Equity at beginning of year</b>	<b>9,384</b>	<b>7,209</b>
Total comprehensive revenue and expense for the year	3,162	2,175
<b>Equity at end of year</b>	<b>12,546</b>	<b>9,384</b>

## SUMMARY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	2017 \$000	2016 \$000
<b>ASSETS</b>		
Current assets	28,343	29,562
Non-current assets	8,302	5,099
<b>Total assets</b>	<b>36,645</b>	<b>34,661</b>
<b>EQUITY AND LIABILITIES</b>		
Current liabilities	24,099	25,277
Equity	12,546	9,384
<b>Total equity and liabilities</b>	<b>36,645</b>	<b>34,661</b>

## SUMMARY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$000	2016 \$000
Net cash flows from operating activities	2,820	3,072
Net cash flows used in investing activities	6,225	1,018
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(3,405)</b>	<b>2,054</b>
Cash and cash equivalents at beginning of year	10,130	8,076
<b>Cash and cash equivalents at end of year</b>	<b>6,725</b>	<b>10,130</b>

The full financial statements were approved for issue on 6 September 2017 by the Board of the New Zealand Law Society.

## Independent Auditor's Report on the Summary Financial Statements of the New Zealand Law Society Regulatory

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 2017, 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 2017.

In our opinion, the accompanying summary financial statements, on pages 26 to 27, 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 2017.

### 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

5 November 2017

# New Zealand Law Society Lawyers' Fidelity Fund and New Zealand Law Society Solicitors' Fidelity Guarantee Fund

## 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 financial statements have been extracted from the full performance reports for the year ended 30 June 2017, 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 6 September 2017 by the Board of the New Zealand Law Society.

The full financial statements for the Lawyers' Fidelity Fund and 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 Lawyers' Fidelity Fund and the Fidelity Guarantee Fund are public benefit not for profit entities and are eligible to apply Tier 2 PBE Standards on

the basis that they do not have public accountability and are not defined as large.

The Lawyers' Fidelity Fund and the Fidelity Guarantee Fund previously reported in accordance with PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit). There were no material financial adjustments required for the comparative figures presented for the year ended 30 June 2016 as a result of adopting Tier 2 PBE Standards.

Unmodified audit opinions were issued on the full financial statements for the Lawyers' Fidelity Fund and the Fidelity Guarantee Fund on 6 September 2017.

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

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



## New Zealand Law Society Lawyers' Fidelity Fund

### SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2017

	<b>2017</b> \$000	<b>2016</b> \$000
<b>REVENUE</b>		
Annual contributions, recoveries and interest	1,336	1,262
<b>EXPENSES</b>		
Claims and other	245	191
<b>Surplus before tax</b>	<b>1,091</b>	<b>1,071</b>
Income tax expense	89	86
<b>Net surplus for the year</b>	<b>1,002</b>	<b>985</b>
<b>Total comprehensive revenue and expense for the year</b>	<b>1,002</b>	<b>985</b>

### SUMMARY STATEMENT OF CHANGES IN NET ASSETS/EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	<b>2017</b> \$000	<b>2016</b> \$000
Equity at beginning of year	6,393	5,408
Total comprehensive revenue and expense for the year	1,002	985
<b>Equity at end of year</b>	<b>7,395</b>	<b>6,393</b>

### SUMMARY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	<b>2017</b> \$000	<b>2016</b> \$000
<b>ASSETS</b>		
Current assets	5,145	5,180
Non-current assets	3,393	2,377
<b>Total assets</b>	<b>8,538</b>	<b>7,557</b>
<b>EQUITY AND LIABILITIES</b>		
Current liabilities	1,143	1,164
Equity	7,395	6,393
<b>Total equity and liabilities</b>	<b>8,538</b>	<b>7,557</b>

### SUMMARY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	<b>2017</b> \$000	<b>2016</b> \$000
Net cash flows from operating activities	1,404	392
Net cash flows used in investing activities	1,341	1,278
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>63</b>	<b>(886)</b>
Cash and cash equivalents at beginning of year	170	1,056
<b>Cash and cash equivalents at end of year</b>	<b>233</b>	<b>170</b>

The full financial statements were approved for issue on 6 September 2017 by the Board of the New Zealand Law Society.

# New Zealand Law Society Solicitors' Fidelity Guarantee Fund

## SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2017

	<b>2017</b> \$000	<b>2016</b> \$000
<b>REVENUE</b>		
Interest	511	567
<b>EXPENSES</b>		
Claims and other	232	(180)
<b>Surplus before tax</b>	<b>279</b>	<b>747</b>
Income tax expense	167	183
<b>Net surplus for the year</b>	<b>112</b>	<b>564</b>
<b>Total comprehensive revenue and expense for the year</b>	<b>112</b>	<b>564</b>

## SUMMARY STATEMENT OF CHANGES IN NET ASSETS/EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	<b>2017</b> \$000	<b>2016</b> \$000
<b>Equity at beginning of year</b>	<b>12,926</b>	<b>12,362</b>
Total comprehensive revenue and expense for the year	112	564
<b>Equity at end of year</b>	<b>13,038</b>	<b>12,926</b>

## SUMMARY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	<b>2017</b> \$000	<b>2016</b> \$000
<b>ASSETS</b>		
Current assets	3,998	9,327
Non-current assets	9,226	3,647
<b>Total assets</b>	<b>13,224</b>	<b>12,974</b>
<b>EQUITY AND LIABILITIES</b>		
Current liabilities	186	48
Equity	13,038	12,926
<b>Total equity and liabilities</b>	<b>13,224</b>	<b>12,974</b>

## SUMMARY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$000	2016 \$000
Net cash flows from operating activities	237	312
Net cash flows used in investing activities	208	177
<b>Net increase in cash and cash equivalents</b>	<b>29</b>	<b>135</b>
Cash and cash equivalents at beginning of year	173	38
<b>Cash and cash equivalents at end of year</b>	<b>202</b>	<b>173</b>

The full financial statements were approved for issue on 6 September 2017 by the Board of the New Zealand Law Society.

## Independent Auditor's Report on the Summary Financial Statements of the New Zealand Society Lawyers' Fidelity Fund and the New Zealand Law Society Solicitors' Fidelity Guarantee Fund

*To the Members of the New Zealand Society Lawyers' Fidelity Fund and the New Zealand Law Society Solicitors' Fidelity Guarantee Fund.*

### OPINION

The summary financial statements 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'), which comprise the summary statements of financial position as at 30 June 2017, 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 Funds for the year ended 30 June 2017.

In our opinion, the accompanying summary financial statements, on pages 29 to 31, 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 2017.

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

The Board is responsible on behalf of each 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 Funds. These services have not impaired our independence as auditor of each Fund.

### RESTRICTION ON USE

This report is made solely to each Fund's Members, as a body. 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 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.

*Deloitte Limited*

Wellington, New Zealand

5 November 2017

# 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 2017, of the Special Fund, approved for issue on 12 October 2017 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 12 October 2017.

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 2017

	2017	2016
	\$000	\$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 2017

There were no changes in equity for the year ended 30 June 2017 (2016 – Nil).

## SUMMARY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	<b>2017</b> \$000	<b>2016</b> \$000
<b>ASSETS</b>		
Current Assets	585	660
<b>Total assets</b>	<b>585</b>	<b>660</b>
<b>EQUITY AND LIABILITIES</b>		
Current liabilities	585	660
Equity	-	-
<b>Total equity and liabilities</b>	<b>585</b>	<b>660</b>

## SUMMARY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	<b>2017</b> \$000	<b>2016</b> \$000
Cash received from interest on nominated trust bank accounts	6,998	7,333
Cash paid to Ministry of Justice, and suppliers of services	6,998	7,333
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 12 October 2017 by the Management Committee established under section 292 of the LCA.

## Independent Auditor's Report on the Summary Financial Statements of the Lawyers and Conveyancers Special Fund

To the Members of the 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 2017, 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 2017.

In our opinion, the accompanying summary financial statements, on pages 33 to 34, 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 12 October 2017.

### 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

5 November 2017

