

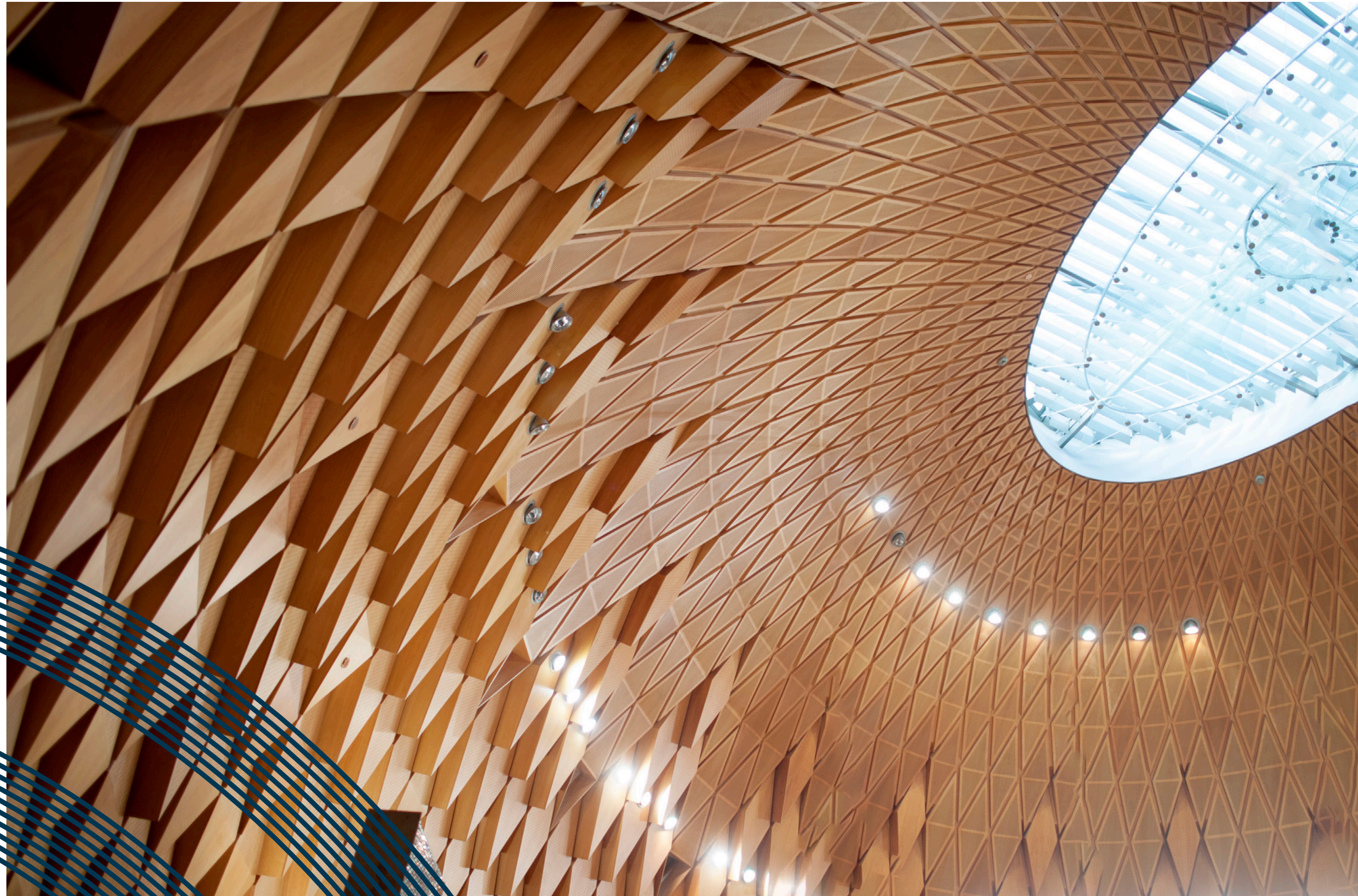


New Zealand  
Law Society  
Te Kāhui Ture o Aotearoa

NAVIGATING INTO THE FUTURE

ANNUAL REPORT 2022/2023

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# PRESIDENT'S MESSAGE

The Law Society's vision is that all people in Aotearoa New Zealand benefit from a strong, progressive and trusted legal profession

FRAZER BARTON – PRESIDENT

**The theme of this Annual Report is Navigating into the Future. Over the past year we have continued to build the framework that will support the desired future state we're steering towards.**

A strong profession will meet the needs of consumers and the justice system. A progressive profession will reflect the country's increasing diversity and support access to justice. A trusted profession will meet high standards of expertise, ethics, and conduct.

Across New Zealand regulators, there has been an increasing focus on the importance of 'effective regulation', which has driven the need for a modern and well-functioning legal framework focussed on risk and the prioritisation of resources.

We're part of a wider regulatory system and operate alongside other key participants involved in regulating the legal profession.

There is no escaping the fact that the New Zealand Law Society Te Kāhui Ture o Aotearoa experienced regrettable disruption in mid-2022. The events of 2022 were unsettling for the Law Society's staff and hugely demanding for the Board to manage and resolve.

However, with the change of leadership and new elections and appointments, I and the Board firmly believe we are back on track with a stable and solid platform to face the challenges of the future.

The Board was delighted to appoint Katie Rusbatch into the role as Chief Executive Officer. In hindsight, we were fortunate to secure Katie's experience, management abilities and reputation.

By the end of the financial year, we had a unified Board and a management team working closely together. This is exactly what was needed.

FRAZER BARTON PRESIDENT



Our next step, as we continue with the modernisation and transformation of the Law Society as a regulator and member organisation fit for the future, is to ensure our members – the legal profession of New Zealand – are engaged and helping shape this tremendously important organisation.

As Katie and I travelled around the country in 2023, talking to members about the future of the Law Society, we received a variety of feedback. Some felt there had been too much consultation, too many reviews and surveys; others that the Law Society represented only certain sectors of the profession.

The Independent Review Panel's report was released in March 2023. The report was commissioned as it had been clear for some time that the legislation, including the complaints process, was no longer fit-for-purpose and was not serving the public or the profession well.

Key recommendations included legislative and structural change to establish a new independent regulator and an overhaul of the system for handling complaints about lawyers. The report found that the current legislative framework is overly prescriptive and inefficient.

In summary, the Independent Review concluded that the dual functions of the Law Society also don't serve the interests of the public or the profession well, with these functions tending to conflict with each other. The report said there was a strong case for a new independent regulator with a fit-for-purpose governance approach.

In addition, the report recommended the legislative framework place more emphasis on our Te Tiriti obligations and highlighted that the Law Society could be doing better at providing consumers with clear information about interacting with the legal profession.



As we think carefully about the future shape of the organisation, how it is governed and how it best represents the interests of all lawyers, I would emphasise that this is your law society. It represents around 16,000 lawyers, of all ages, cultures, and employment types.

This is a pivotal period for the Law Society. We are constructing a framework that will serve our profession well for the coming decades and generations. So, it is important that we offer every opportunity for people's voices to be heard.

At the end of the day, the current structure is not sustainable. Lawyers pay to be regulated and certified. They do not pay to be a member or for representative services.

We hope to receive an indication from the government about whether reform of the Lawyers and Conveyancers Act 2006 will be part of the legislative agenda. But we'll be continuing our transformation and using our time and our resources wisely in the meantime.

I encourage all members to read, at least, the executive summary of the Independent Review and contribute to the discussion on the best way forward. I can assure you that final decisions have not been made and there is no fait accompli.

It will be vital that the regulatory side of the organisation retains true independence and freedom of influence from government and that the representative section is healthy, active, and financially viable.

As a first time President of the Law Society, I have been impressed by the depth and breadth of the work it does behind the scenes. The Law Society does the heavy lifting in the background so that you, our members, can get on with practising your profession and earning a decent living.

I have often heard that the national Law Society shows its true value during times of crisis. This occurred during the Canterbury earthquakes and again this year when Cyclone Gabrielle hit the North Island. It may not have hit the newspapers, but the Law Society and its various constituents – committees, volunteers and staff – worked behind the scenes organising and liaising with local lawyers, the Courts, Ministry of Justice, Thomson Reuters, LexisNexis, and communications providers to keep the wheels of justice lubricated and working.

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As we look towards the future, it's important to acknowledge all the lawyers and lay people who volunteer their time and contribute to the greater good of the legal profession and the wider community. Hundreds of volunteers nationwide contribute to the daily running, governance and kaupapa of the Law Society.

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Voluntary work is as hugely satisfying as it is time consuming. The hours put into submissions on law reform such as the legislation replacing the Resource Management Act are enormous and show the dedication and commitment to ensuring we have good, fit-for-purpose laws in Aotearoa New Zealand.

Equally, I commend those who support their younger colleagues with mentoring, advice and training. I'm regularly a member of the faculty at our Litigation Skills courses – helping to train lawyers during a week-long programme, culminating in mock trials complete with judges, witnesses, and jurors. Run under the auspices of Continuing Legal Education, this work exemplifies the profession at its best, helping our younger colleagues learn and hone their courtroom skills.

To each one of you, thank you for your service. The Law Society could not function in its current form without our volunteer base.

From the perspective of the governance group, the legal profession is in good heart, is looking forward positively and is making progress to build on the trust of all people who interact with it.

A handwritten signature in black ink that reads 'Frazer Barton'.

**Frazer Barton**  
President



# CHIEF EXECUTIVE'S REVIEW



**KATIE RUSBATCH**  
CHIEF EXECUTIVE OFFICER

**“He tawhiti kē tō tātou haerenga ki te kore e haere tonu, he tino nui rawa tā tātou mahi ki te kore e mahi tonu”  
We have come too far not to go further, we have done too much not to do more.**

TĀ JAMES HENARE

**The Law Society continues to evolve to the changing world as it has become clear in recent years that it needs to adapt further to meet the expectations of the public and a growing profession.**

Navigating our way through the increasing complexity of our external social environment, and the needs of lawyers and the public for our services, as well as maintaining the trust of the public, is at the core of our strategic thinking.

The Law Society has a long history of work and engagement with lawyers, the public, and the New Zealand government. It is a strong and trusted voice for the rule of law, administration of justice, law reform, and proficient legal practice and lawyer wellbeing.

We are faced with many challenges; specifically, the issues of access to justice and diversity and inclusion, interaction with the increasing intricacies of compliance, advocacy for lawyers, and reflecting the consumer voice.

The most significant programme of work for the year has been the Independent Review into the regulation of legal services commissioned by the Law Society. This was a large piece of work which the Law Society invested substantial resource and funds into. It was initiated four years ago as a response to criticism of the Law Society and the way it conducts its regulatory functions. As such, it is a significant report for the legal profession in Aotearoa.

The report was released in March with a formal response from the Law Society submitted to the Minister of Justice at the end of August.

The most impactful recommendation of the Review is to split the regulatory function away from the Law Society to create a separate and independent regulator.

Given the regulatory function of the Law Society is established under legislation, it will be up to the next Government to determine if legislative reform is warranted and what form it might take. If it is not a priority, it will be up to the Law Society to achieve, as best it can, outcomes desired by the Review without recourse to legislative reform.

While there have been many opportunities for lawyers to have their say on the Review, the level of engagement has been modest. However, if new draft legislation eventuates, there will be further opportunities for the Law Society and individual lawyers to comment on the Bill through the standard policy and legislative development process.

Whether you agree or not with the Review recommendations, it has started the conversation on the long term approach to regulating lawyers in Aotearoa and what it means to be a practising lawyer today.

## State of the profession

The Legal Workplace Environment Survey, the first of its kind since 2018, was completed in the first half of 2023. The survey found clear evidence that workplace stress for lawyers, and particularly criminal and family court lawyers, is an area of real concern. We've also been in ongoing dialogue with the judiciary about lawyer wellbeing issues.

Both these things show that our mental health and wellbeing programmes are vital for the profession. We continue to provide counselling sessions, mentoring programmes and other support structures for practitioners who need our support.

According to the Workplace Environment Survey, there is evidence that the prevalence of sexual harassment in the legal community has declined over the past five years. This is a welcome outcome and provides further signs that the profession is changing for the better. It shows that recent high profile workplace conduct cases, changes to professional standards rules and clear messaging about zero tolerance of sexual harassment are making a difference.

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We are becoming a more diverse and inclusive profession. This is borne out by recent gender and diversity statistics.

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We are becoming a more diverse and inclusive profession. This is borne out by recent gender and diversity statistics. However, while we are seeing an influx of younger lawyers into the profession, it is also ageing. The average age is 42 and we are seeing a growth in issues related to cognitive decline.

In 2023 the profession totalled 16,736 practising lawyers – the highest in its history. And with 30% now working as in-house lawyers, the shape of the profession is also continuing to change.

The changing demographic and type of lawyer is just one driver of the need to ensure the Law Society is fit-for-purpose and can serve the needs of all lawyers.

#### **A sustainable organisation**

While changes recommended by the Independent Review panel may take some time, the long-term economic viability of the Law Society's representative services needs to be addressed in the immediate term.

The bulk of the Law Society's operating expenses are covered by regulatory income. Regulatory income in 2023 was \$28.0 million, up \$3.3 million from \$24.7 million in 2022. However, practising certificates fees, by law, can only fund the Law Society's regulatory work. This money cannot be used to cross-subsidise the operations of the Law Society's representative services which deliver education, learning and support, including via our branches and sections, for the entire profession.

Income to support the Member Services work is generated by New Zealand Law Society Continuing Legal Education (NZLS CLE) Limited, a wholly owned legal education company, Branch and Section functions and events, Property Law Section and Family Law Section membership fees, and investment income. The operating result for the Member Services in 2023 was a deficit \$2.8 million. While this was an improvement on the previous year, it is clear an appropriate and sustainable representative strategy is required. The Law Society is looking to introduce a subscription or membership fee to support its representative services from 1 July 2024.

#### **Regulatory improvements**

Despite the uncertainty of whether legislative reform is likely to result from the Independent Review, it is important we continue to move forward with improvements we can make to our regulatory work outside of the legislative framework.

In the past year, we have overhauled our early resolution and frontline process for complaints to improve our ability to resolve issues that are brought to our attention before they become complaints and mediate complaints before they are referred into the more complex and lengthy standard complaints track.

The changes to the early resolution process are relatively new and yet to impact the average time it takes to resolve a complaint, which increased in the past year due to a new focus on resolving and closing old complaints.

#### **The internal culture**

2022 was a bumpy year for the Law Society, with unscheduled changes in Board and management team leadership. There has been disruption, with leadership changes and the refurbishment of our Wellington offices.

Also, coming out of the COVID-19 period, we needed to rebuild our culture, reconnect with each other, and improve our internal communications.

As a result, our staff have been clear in their feedback to management – the organisation needed to articulate its purpose, vision, and values.

Early in 2023 we refreshed and presented our purpose, vision and values with our people. This was a staff-led exercise as we wanted to ensure all our people are engaged and share in our vision and purpose. This piece of work has been a focus for me and the senior leadership group over the past year.

The Law Society has 170 employees (excluding vacancies) working around the country in 13 branches, so we need to ensure we all remain connected.



Connecting and educating the profession is a key role for the Law Society, so it was immensely pleasing to be able to return to our Wellington office after a substantial renovation of two floors in the Whitmore Street building.

The refurbishment work means we can return to hosting events and meetings for the profession onsite and provide those essential networking and information-sharing sessions that help glue our profession together.

#### **Technology modernisation**

A programme to ensure the technology and systems that serve as the backbone of the Law Society is fully underway. Much of this work is behind the scenes and not necessarily obvious daily to the profession.

It ranges from implementing a case management system for the Lawyers Complaints Service to installing a modern HR and payroll system and upgrading various digital functions such as the website and data storage.

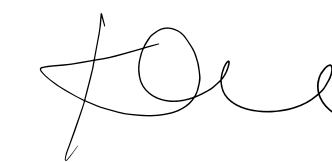
Part of this modernisation programme is driven by compliance and the complex information technology needs of a modern organisation. Other upgrades are to drive efficiency and consistency into our regulatory processes and systems.

This modernisation programme required a significant investment and we have drawn into our financial reserves to fund the work.

#### **Navigating into the future**

Our work to transform the Law Society to be a modern, fit-for-purpose regulatory and representative body is well underway. At the same time, we are focussed on uplifting the wellbeing of the legal profession and improving the access to and administration of justice in Aotearoa New Zealand for all people.

Ngā mihi



**Katie Rusbatch**  
Chief Executive Officer



# INDEPENDENT REVIEW A ONCE-IN-A-GENERATION REVIEW



**In March 2023 the Law Society published the Independent Review Report, which recommended legislative and structural change, the establishment of a new independent regulator and an overhaul of the system for handling complaints about lawyers.**

The report was commissioned by the Law Society in 2021 because over time it had been clear that the legislation, including the complaints process, was no longer fit-for-purpose and was not serving the public or the profession well. This had been highlighted in 2018 with reports of sexual harassment within the legal profession.

The Law Society also wanted to understand the extent of the issues and take the opportunity to shift to a more modern regulatory environment given the changes that have taken place in New Zealand and internationally since the Lawyers and Conveyancers Act was introduced in 2006. Alongside this, the Law Society needed to ensure the legal profession had a strong representative voice that was responsive to the needs of the profession and the public.

The Review Panel's main recommendations included:

- Statutory change is needed so that the Law Society can do more to protect consumers and the public. While the Law Society is working within the current legislative framework, it is overly prescriptive and inefficient – especially the way in which the Lawyers Complaints Service is required to manage complaints about lawyers.
- The dual functions (Regulatory and Representative) of the Law Society don't serve the interests of the public or the profession well, with the functions tending to be in conflict with each other.
- The report states that there is a strong case for a new independent regulator with a fit-for-purpose governance approach. This means that the Law Society would eventually become two separate organisations – an independent regulator, and a national membership body.

- The report also recommends that a new Act places more emphasis on the Law Society's Te Tiriti obligations as a regulator.
- The report highlights that we could be doing better at providing consumers with clear information about interacting with the legal profession.

An Independent Panel conducted the Review and comprised of Professor Ron Paterson as Chair, barrister Jane Meares and Professor Jacinta Ruru as Members. The Review process included the release of a discussion document, a survey of all lawyers, webinars, branch events, meetings with over 250 stakeholders and engagement with regulators and representative bodies overseas.

## Law Society response

After consultation with its Council members and the profession, the Law Society either accepted or accepted in principle most of the recommendations, with some requiring further consideration. No recommendations were rejected.

In August 2023 the Law Society provided its response to the Minister of Justice. The Law Society is now looking to government to indicate whether reform will be a legislative priority. This is so that further work can be undertaken to progress the required changes.

If it is not a priority for government, then the Law Society will continue to work on a number of actions that are aligned with the Review Panel's conclusions. As mentioned in the Professional Standards (Regulatory) chapter, there is a new regulatory strategy in place and this is part of our transformation journey to help the Law Society to become a best practice modern regulator.

The Law Society will also be working on its future strategy as a membership body, and addressing the long-term economic viability of the Member Services (Representative) section of the organisation.

## RECOMMENDATIONS AND THE LAW SOCIETY'S RESPONSE

#	Theme/recommendation	Response
1	<b>Independent regulator</b> Establish a new independent regulator to regulate lawyers in Aotearoa New Zealand.	<b>Accept in principle</b>
2	<b>Institutional arrangements</b> Ensure the independence and effectiveness of the new regulator by institutional arrangements that include:	
	a. Establishing an independent statutory body, which is not a Crown Entity and not subject to direction from Ministers.	<b>Accept in principle</b>
	b. a board of eight members, with an equal split between lawyer and public members, chaired by a public member, and at least two members with strong Te ao Māori insights.	<b>Further consideration required</b>
	c. appointment of board members by the Minister of Justice, following advice from a nominations panel comprising a mix of consumer representatives, governance experts and members of the legal profession.	<b>Further consideration required</b>
3	<b>New statutory objectives and obligations</b> Incorporate Te Tiriti and regulatory objectives in the new Act and update the fundamental obligations of lawyers, by:	
	a. including a Tiriti o Waitangi section, requiring those exercising powers and performing functions and duties to give effect to the principles of Te Tiriti o Waitangi.	<b>Accept in principle</b>
	b. setting out regulatory objectives, with an overarching objective to protect and promote the public interest.	<b>Accept in principle</b>
	c. updating the fundamental obligations of lawyers, requiring lawyers to promote as well as protect their clients' interests and adding a new obligation on lawyers to maintain their competence and fitness to practise.	<b>Accept in principle</b>
4	<b>Scope of regulation</b> Reform the scope of regulation, by:	
	a. maintaining the current focus of the regulatory framework on lawyers and conveyancers, rather than extending it to cover other unregulated legal service providers.	<b>Accept</b>
	b. introducing a new 'freelance' practising model that allows lawyers to provide services to the public in non-reserved areas, without requiring prior approval from the regulator.	<b>Further consideration required</b>
	c. permitting employed lawyers to provide pro bono services to the public in non-reserved areas.	<b>Accept in principle</b>
	d. permitting new business structures, to allow non-lawyers to have an ownership interest in law firms and lawyers to enter into legal partnerships with non-lawyers.	<b>Further consideration required</b>
	e. directly regulating law firms, with new firm-level obligations.	<b>Accept in principle</b>

**Accept:**

The Law Society accepts the intent of the recommendation and the mechanism for delivery.

**Accept in principle, further consideration on mechanism:**

The Law Society accepts the intent of the recommendation, further consideration is required before the Law Society is in a position to determine the best mechanism to deliver it.

**Further consideration required:**

Further consideration is required before the Law Society is in a position to respond to this recommendation.

**Not accepted**



#	Theme/recommendation	Response
5	<b>Quality assurance and care</b> Enable the regulator to better protect consumers, support practitioners and assure competence, by:	
	a. giving the regulator new tools, including powers to suspend practising certificates, require practitioners to undergo a health or competence review, undertake practice reviews and impose bespoke conditions on a practising certificate.	Accept in principle
	b. reviewing CPD requirements including the current 10-hour CPD requirement, and specifying key mandatory components of the CPD to be undertaken every three to five years.	Accept in principle
6	<b>Complaints system</b> Reform the system for handling complaints about lawyers and introduce a model in which:	
	a. complaints will be assessed and determined by in-house specialist staff, rather than by volunteers on Standards Committees.	Further consideration required
	b. formal investigative and disciplinary processes will be reserved for those matters that require a disciplinary response from the regulator. Complaints about 'consumer matters' (eg, fees, delay, poor communication) will instead go through a dispute resolution process.	Accept in principle
	c. the identity of a lawyer who engages in 'unsatisfactory conduct' will not be publicly disclosed other than in exceptional circumstances, with naming reserved for cases where the Lawyers and Conveyancers Disciplinary Tribunal finds the lawyer guilty of 'misconduct'.	Accept in principle
	d. the independent Legal Complaints Review Officer will be replaced by a small review committee convened by the regulator and staffed by external members or an external adjudicator.	Further consideration required
e. lawyers will be subject to a new duty to ensure complaints are dealt with promptly, fairly, and free of charge.	Accept in principle	
7	<b>Cultural challenges</b> Encourage diversity and inclusion in the legal profession, by:	
	a. creating a regulator with a specific objective of "encouraging an independent, strong, diverse and effective legal profession" and a competence-based board that reflects diversity.	Accept in principle
	b. removing regulatory barriers that are having a discriminatory effect.	Accept in principle
	c. giving the regulator new powers to collect diversity data from law firms and publish aggregate data on trends within the profession.	Accept in principle
8	<b>New statutory objectives and obligations</b> The Law Society should continue as the national representative body. It should have a single governance layer, with a board comprising 8–10 members, including public members.	Further consideration required

**Accept:**

The Law Society accepts the intent of the recommendation and the mechanism for delivery.

**Accept in principle, further consideration on mechanism:**

The Law Society accepts the intent of the recommendation, further consideration is required before the Law Society is in a position to determine the best mechanism to deliver it.

**Further consideration required:**

Further consideration is required before the Law Society is in a position to respond to this recommendation.

**Not accepted**



# ABOUT US

The New Zealand Law Society Te Kāhui Ture o Aotearoa is the Regulatory and Representative body of the legal profession of Aotearoa New Zealand.

## LAW SOCIETY STAFF

Office Location	Total	Female	Male	Non-Binary	Prefer not to say
Auckland	55	43	10	1	1
Christchurch	20	17	3	0	0
Gisborne	1	1	0	0	0
Hawke's Bay	2	2	0	0	0
Otago	2	2	0	0	0
Southland	1	1	0	0	0
Waikato	6	4	2	0	0
Wellington	83	59	24	0	0
<b>Totals</b>	<b>170</b>	<b>129</b>	<b>39</b>	<b>1</b>	<b>1</b>

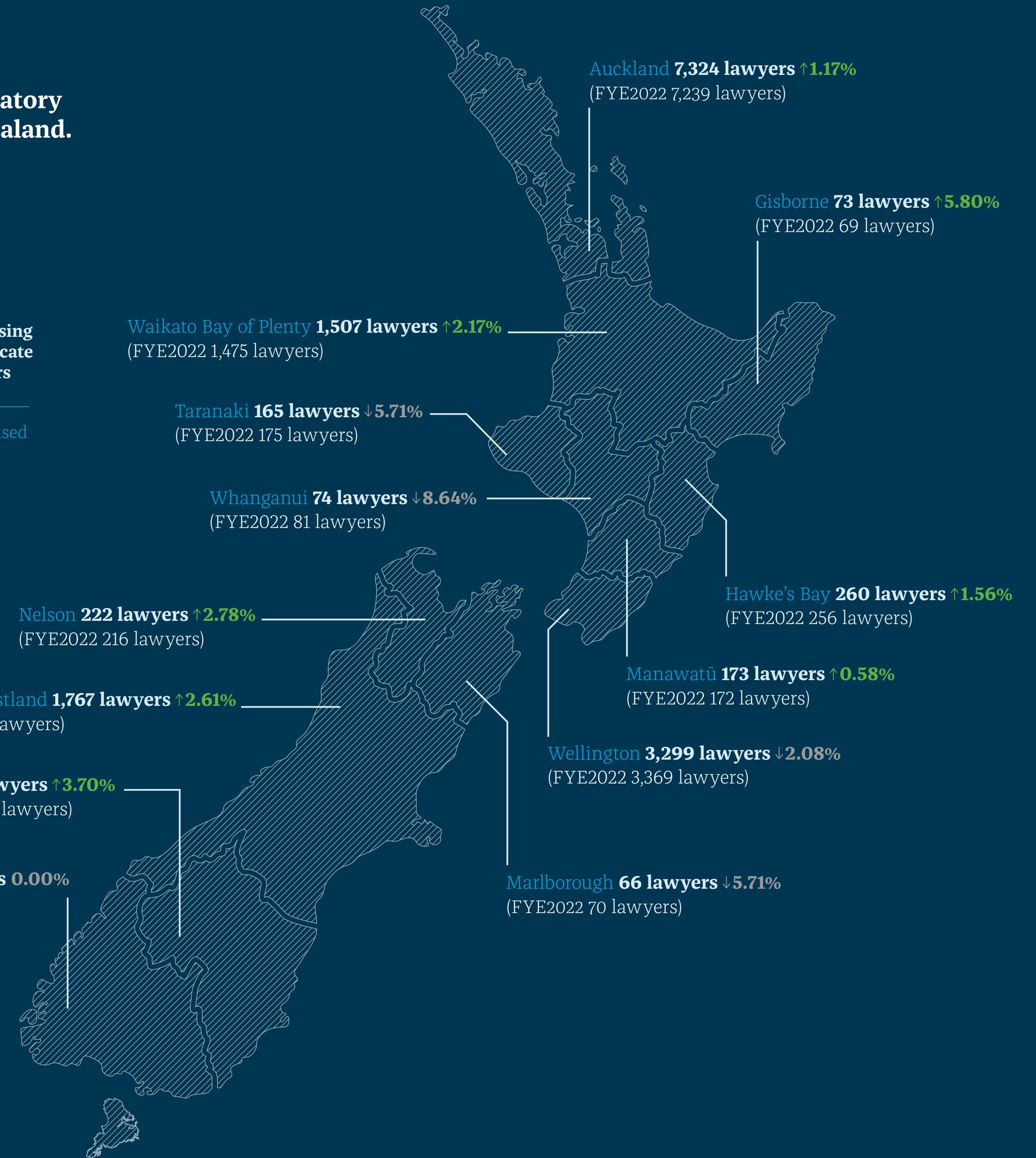
## LAWYERS

In total

**16,736** practising certificate holders

Overseas lawyers and uncategorised

**1,095** **↑26.3%** lawyers  
(FYE2022 867 lawyers)



# HIGHLIGHTS AT A GLANCE

Received Independent Review report

Developed **purpose, vision and values** for Law Society

## PUBLISHED

**Strategy 2023-2026** outlining our responsibilities and strategic goals

## PUBLISHED

**Regulatory Strategy 2022-2025** outlining how we focus our regulatory efforts for the benefit of both the profession and consumers of legal services

Complaints opened

954

Complaints closed

1053

## WELCOMED

new President **Frazer Barton**

## APPOINTED

new Chief Executive **Katie Rusbach**

Progressed work to ensure long-term financial sustainability of Member Services

↑ 17% duty lawyer remuneration

## COMPLETED

73 **law reform submissions** which were longer and more complex, including a 91 page submission on resource management reform

The Family Law Section worked with the Ministry of Justice to facilitate and promote

29 workshops across the country on **Managing Abusive and Threatening behaviour**

The 34th Annual ILANZ Conference held in Christchurch in October 2022, and **attracted a record 420 delegates**

**Successfully completed** project to renovate Whitmore St premises in Wellington to make them a modern fit-for-purpose office space

## IT MODERNISATION

Implemented Human Resources Information system and migrated our website to a more stable platform

## CYCLONE GABRIELLE

Provided support to lawyers in flood-hit regions after Cyclone Gabrielle. Including:

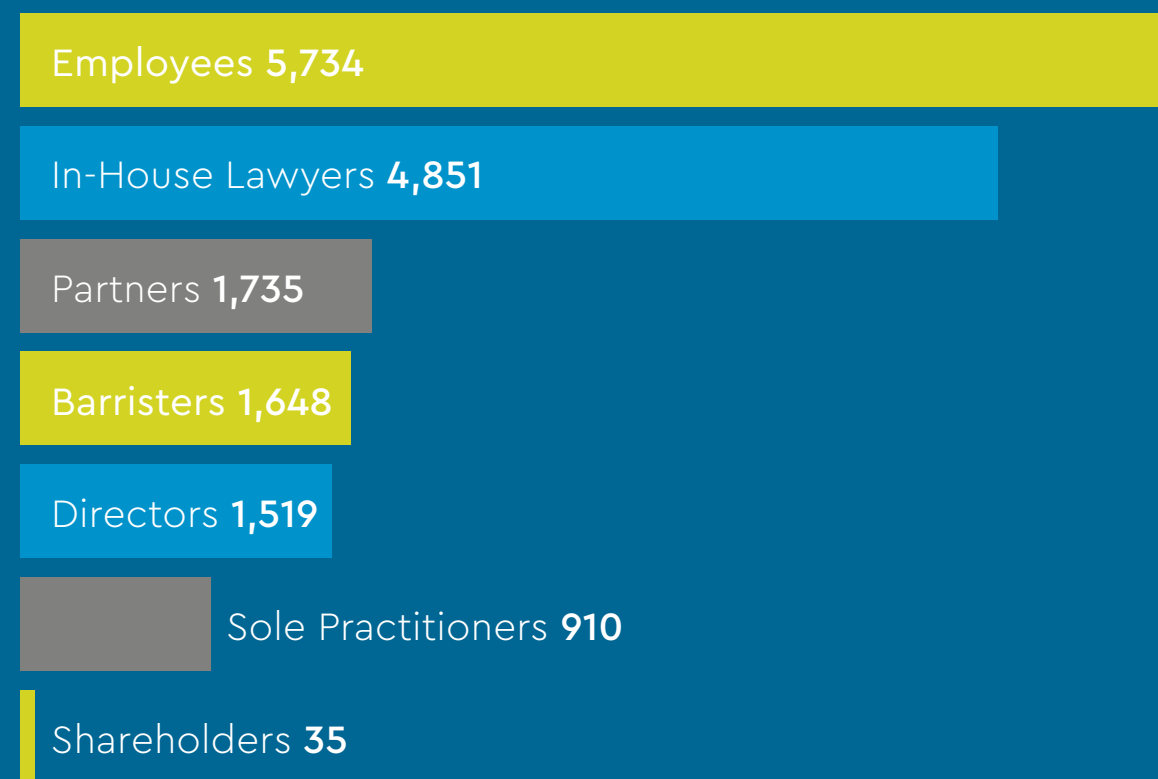
- free database
- library and research services
- wellbeing support.

The Property Law Section hosted a "Property Transactions in the Aftermath of Extreme Weather Events" webinar that was offered to all lawyers and their staff, and attracted 428 registrants.

↑ 16.38%

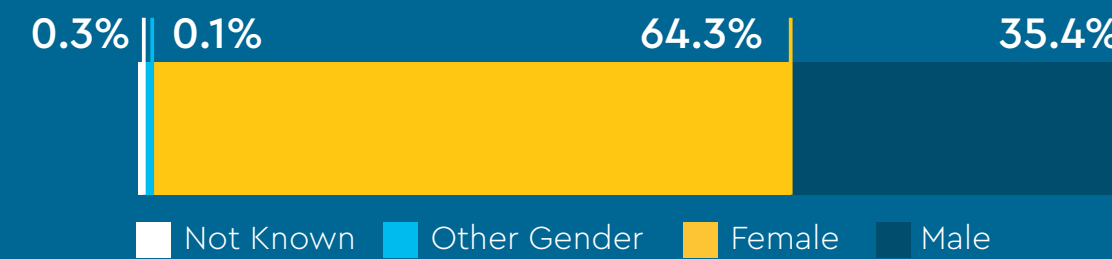
Growth in practising lawyers over past 5 years

### EMPLOYMENT TYPES

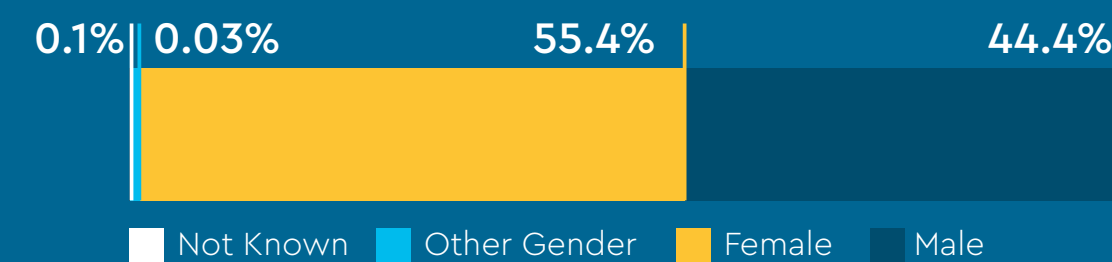


\* difference to PC holders due to # lawyers between jobs

### NEW LAWYERS



### ALL LAWYERS

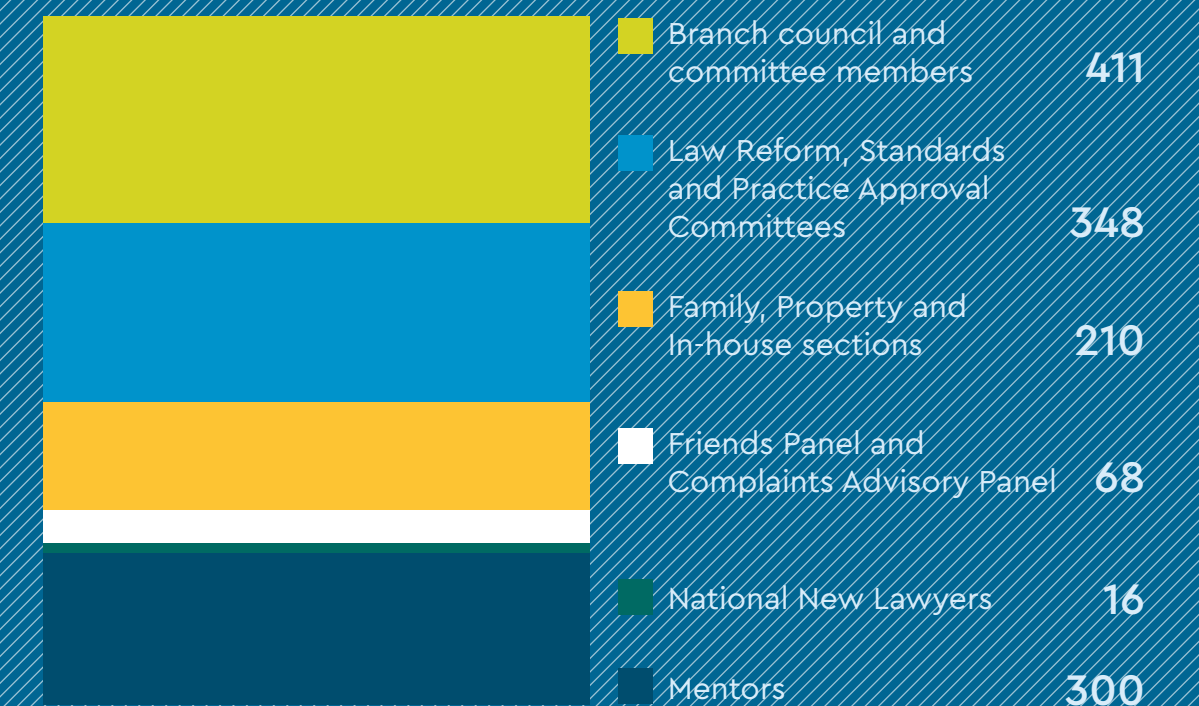


### VOLUNTEERS

1,353+  
Volunteers



### ROLES PERFORMED BY VOLUNTEERS



5,604

Lawyers in the profession for seven or less years

### MĀORI LAWYERS



### PRACTISING LAWYERS

2023	2022	2021	2020	2019
16,736	16,394	15,835	15,103	14,666

### ADMISSIONS TO THE HIGH COURT

2023	2022	2021	2020	2019
859	1,131	1,164	974	1,058

### PRACTISING ON OWN ACCOUNT

2023	2022	2021	2020	2019
206	246	226	226	228



# TE KĀPEHU WHĒTU – OUR PURPOSE, VISION AND VALUES



**Guided by our staff’s feedback in the inaugural annual staff survey in July 2022, we embarked on a journey to better define what we do, who we are and where we are heading through our purpose, vision and values. Since the launch in July 2023, it has not only strengthened our shared identity but is starting to serve as a cornerstone for our decision-making as an organisation.**

The curation process was led by staff and supported by Katie Rusbatch, CEO, and Peter Bell, General Manager, People and Culture.



“We believe that a positive influence stems from the inside. Our staff are at the front line of executing the work, living and breathing the concepts of our purpose, vision and values. Collectively, they hold a wealth of knowledge and are in a great position to positively influence our stakeholders through their work. The staff-led process was extremely valuable and instrumental to the outcome of the work,” says Mr Bell.

The project involved representatives from a wide range of teams. “Less is more” was a common theme in the discussions.

The discussions were thorough, and it was clear that everyone had a shared ambition for who and where we want to be.

“The purpose and vision have concisely captured our role and aspiration to serve our community by nurturing the highest standards of legal practice and to support the profession to deliver services to the people they serve.”

“To achieve that, our values – Kaitiakitanga – tāriatewā, Manaakitanga and Pono – will be imperative in providing standards and expectations that guide our decision-making in our day-to-day work and how we manage work relationships,” says Ms Rusbatch.

As we continue to sail on and progress in our transformation journey, the purpose, vision and values will act as a steady compass that keep us in the right direction.

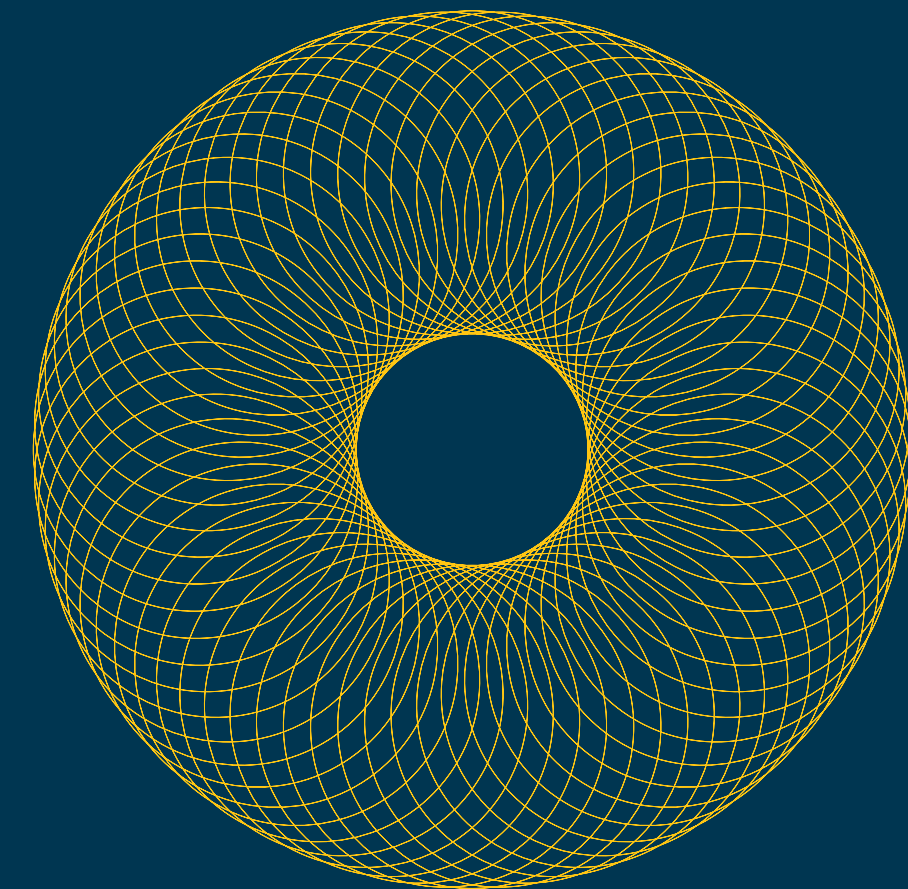
**“The purpose and vision have concisely captured our role and aspiration to serve our community by nurturing the highest standards of legal practice and to support the profession to deliver services to the people they serve.”**

KATIE RUSBATCH – CHIEF EXECUTIVE OFFICER



## Design concept

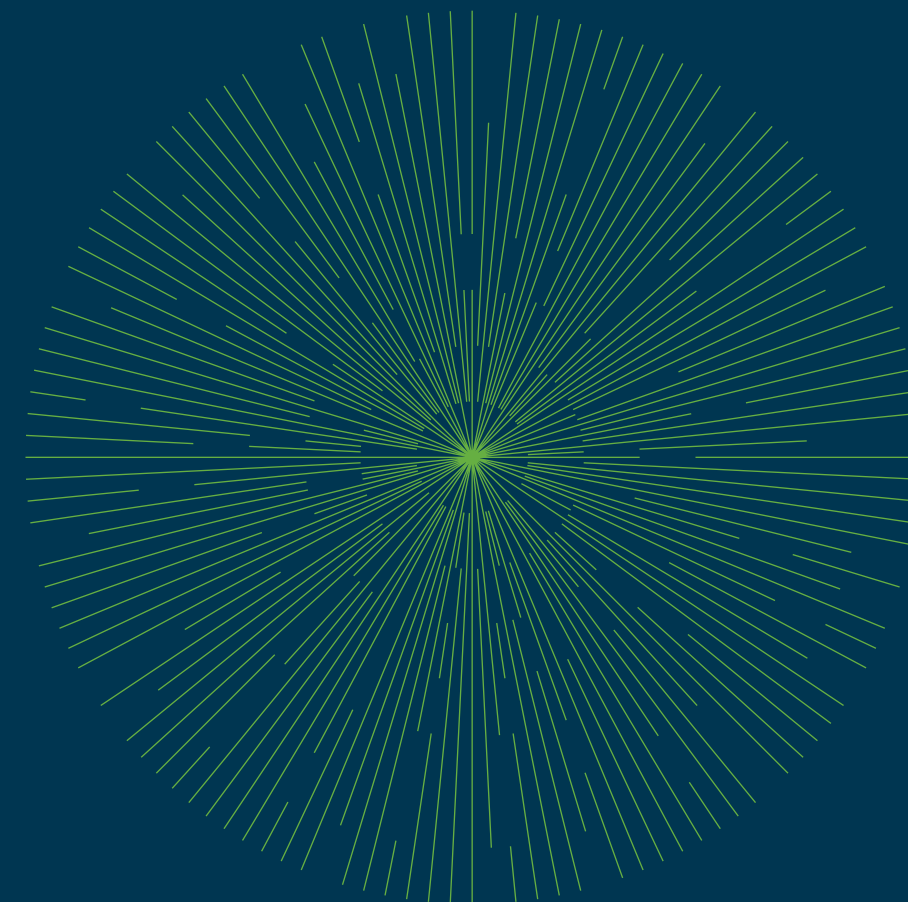
The inspiration of the design was drawn from the circular nature of our brand’s koru symbol to graphically represent the purpose, vision and values.



### OUR PURPOSE

#### Kaitiaki of an exemplary legal profession in Aotearoa

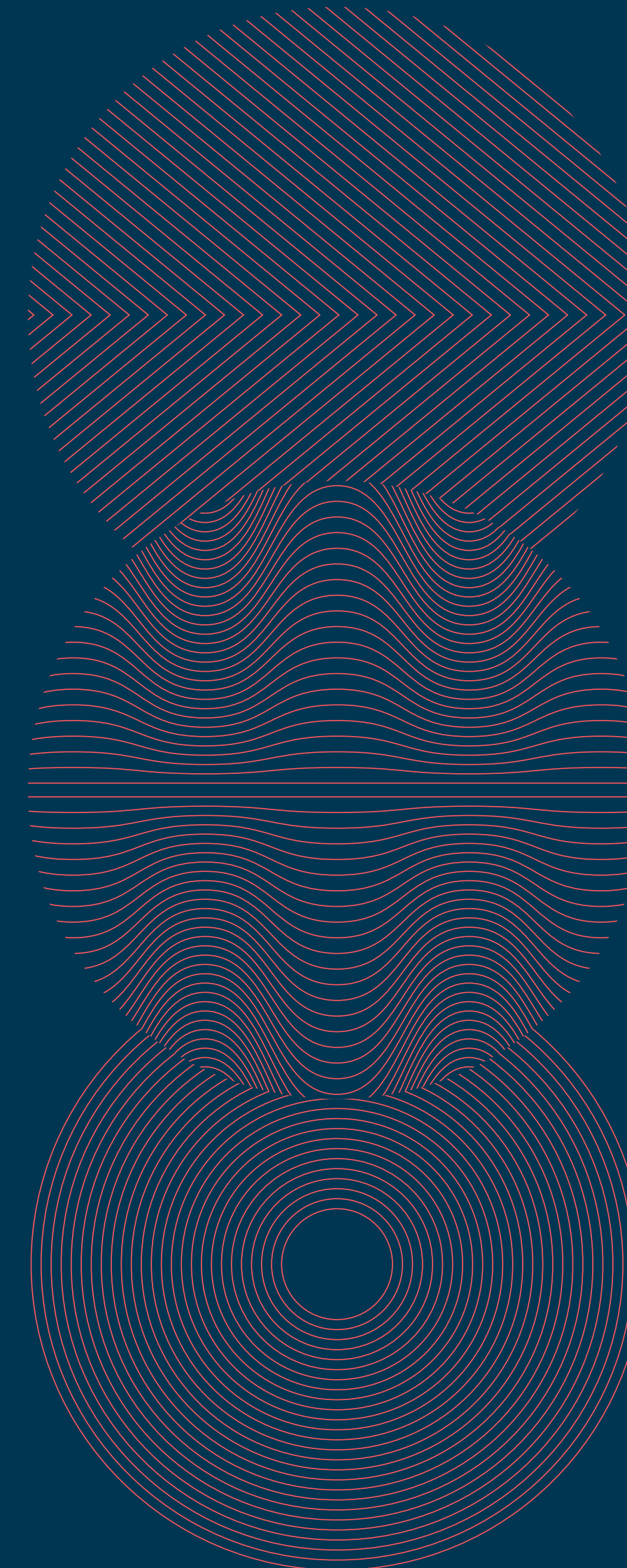
Kaitiaki is the defining concept in this statement. It serves as a pillar that gives meaning to the Law Society’s work, and captures the value the organisation contributes. The multiple circles represent members working together, connecting, guarding and nurturing the legal profession.



### OUR VISION

#### All people in Aotearoa benefit from a strong, progressive and trusted legal profession

The vision statement is highly aspirational as it talks about ‘all people’. It is carefully and deliberately chosen to capture a description of a desired future state that we are striving to achieve. The lines move into the future, representing a unified vision.



## OUR VALUES

### KAITIAKITANGA – TĀRIA TE WĀ

#### Support, nurture, think progressively

Kaitiakitanga – tāria te wā reinforces our commitment to support the profession and consumers responsively and effectively, and to nurture and embed best practice while thinking progressively. The arrows in the design represent the profession and consumers coming together, effectively moving forward and progressing with support.

### PONO

#### Trustworthy, standing strong, doing what’s right

Pono is about being true, honest, genuine, trustworthy and sincere. It means we do what’s right and what we say we will. We take ownership of what we do and stand strong when needed. The straight lines in the middle signal that harmony, trust and clarity is established in the centre of the circle, standing strong and remaining true.

### MANAAKITANGA

#### Generosity, working together, listening well

Manaakitanga means that we work together with a spirit of generosity and respect for all. We listen well and show care for the people and communities we interact with. The design depicts an image of a sense of generosity emanating from the centre of the circle, working in harmony.



# REGULATORY

# REGULATORY NAVIGATING A REGULATORY PATH FOR THE FUTURE

## Introduction

In helping to maintain the legal profession's integrity, we remain committed to ensuring that the Law Society's regulatory services are robust, risk-based and responsive. To achieve this, we are dedicated to applying our regulatory principles of being consistent, evidence-based and outcome focussed.

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Our regulatory strategy is shaped by our determination to consistently evolve and be an effective, modern regulator.

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We aim to enhance our regulatory efficiency to serve the interests of both consumers of legal services and the profession. This includes the consideration of recommendations from the Independent Review Panel, aimed at improving the delivery of our regulatory functions, independent of any legislative changes.

Our regulatory purpose revolves around maintaining professional standards to foster trust and confidence in the legal sector. Our guiding principles of kaitiakitanga (guardianship), whakapono (transparency), and manaakitanga (care and respect) align with our values and intersect with our core principles of effective regulation.

We're also committed to helping the public to understand our regulatory framework and developing our consumer protection role.

## Regulatory Strategy Implementation

The Professional Standards Group continues to focus on modernising our regulatory functions and elevating our performance. Published in December 2022, our Regulatory Strategy provides the necessary direction and momentum.

We have developed a comprehensive action plan aligned with the strategy. We are now progressing toward our objective of steering our regulatory capability and performance into a modern, fit-for-purpose space to be an effective and efficient regulatory body. While acknowledging there is room for further advancement, we are committed to achieving the targets set out in the strategy.

## New complaint processes

A significant advancement in our approach to processing complaints is the prioritisation of changes to our frontline and early resolution service. In 2021, a thorough review of these services was undertaken. The resulting changes were introduced in November 2022, and included implementing a new structure and adding additional resources.

We currently operate under highly prescriptive legislation. The Lawyers and Conveyancers Act 2006 (LCA) limits our ability to triage complaints without referring them to a standards committee.

However, where appropriate, we now attempt to de-escalate complaints when they are received, resulting in a simplified and expedited process. Equipped with formal mediation training, our staff facilitate this process, often achieving resolutions prior to complaints being opened and referred to a standards committee for decision.

This change has not only led to a reduction in the number of complaints referred to our standard track process, but has also empowered our staff and standards committees to focus on complaints that truly require their attention.

As in previous years, the number of complaints opened has declined while the number of lawyers has increased. This may reflect the change to our approach on receipt of complaints (as above). As at 30 June 2023, there were 188 complaints yet to be opened in the new pre-resolution stage of the frontline and early resolution service process. Many of these complaints are likely to be resolved between the parties prior to being opened and referred to a standards committee for decision.

Over the 2022/23 year, our complaints team have focussed on closing complaints that have been open for more than 365 days; 39 of those closed related to one matter and had been open since 2018. The number of older complaints that were determined and closed over the year has impacted our complaints statistics for the year and temporarily inflated the average age of all closed complaints. As we continue to close older complaints, we expect the average age of complaints at the time of closing to remain high. However, the average age of all open complaints should decrease. As at 30 June 2023, the average age of all open complaints had decreased to 232 days.

A feature of many older complaints is their complexity. The complexity of complaints received has continued to increase over the years and can cause considerable delays to the complaints process. The number



of complaints placed on hold, while we wait for external investigations or court proceedings to be finalised, has also increased over time.

The in-house investigations team continues to embed itself as an essential service within the LCS. As at 30 June 2023, the team were appointed to twelve investigations. Of these, two investigations were closed within three months and reports returned to the relevant standards committee. Other investigations continue, with several expected to be finalised in the first quarter of the 2023/24 year.

Resources have also been prioritised to support the transformation of our IT systems. This required many of our complaints processes to be mapped for the development of a case management system. This has placed an additional workload on staff, who have worked closely with contractors to identify system requirements (and possible improvements).

In March 2022, we implemented KPIs in the LCS; we have now had a complete financial year to measure our timeliness for both ERS and standard track complaints. We note that this year none of our KPIs have been met, a contributing factor being the complexity of the complaints received by the LCS. This has continued to increase over the years and can cause considerable delays to the complaints process.



## Our dedication to a robust and valued legal profession continues to drive our efforts to adapt, modernise and uphold the values that define the Law Society.

### Growth in practitioners

The number of lawyers (as defined in s6 of the Lawyers and Conveyancers Act 2006) has continued to increase. As at 30 June 2023, there were 16,736 lawyers, an increase of 2 percent on the previous year's peak of 16,394. The increased number of lawyers has knock-on effects for the workload of our Registry team who must process more applications, annual renewal declarations and payments, and respond to more enquiries.

### Inspectorate reviews increase

The Inspectorate team remains a crucial point of contact between the Law Society and those law practices that administer trust accounts. As at 30 June 2023, 1,314 law practices administered a trust account. This has decreased compared to the previous financial year when 1,341 law practices administered a trust account. The number of trust account reviews (420) has considerably increased compared to the previous year (321) despite delays associated with the Auckland floods and Cyclone Gabrielle in early 2023. This is almost a return to pre COVID-19 levels, and the team aims to build further on this in the 2023/24 year.

The team continue to work with the information technology team to identify and implement review software to increase the efficiencies of our review processes.

### The ability to practise and consumer protection

Our two Practice Approval Committees, operating under delegated authority from the Board, undertake the crucial task of approving, or declining, non-standard applications referred to them by our registry team. A non-standard application is where concerns have been identified in relation to a regulatory application, such as, certificates of character, practising certificates, or practise on own account. This serves an essential consumer

protection function. Each committee comprises experienced lawyers and a lay member (with health expertise) and upholds rigorous standards when considering these applications, with reference to both the LCA and case law.

Over the 2022/23 year, 39 applications were referred to the practice approval committees; a 30% decrease compared with the 2021/22 year. As in previous years, the majority of applications referred were practise on own account applications.

### Upholding the professional standards expected of the legal profession

Our commitment to improving the culture of the legal profession resonates in our action; this year the Law Society conducted our second workplace environment survey for lawyers. Our focus on lawyers' health and wellbeing underscores our concern around the personal toll poor health and wellbeing can have, and how this can become a regulatory issue if lawyers are subsequently unable to maintain professional standards.

We continue to work to address issues such as sexual harassment and bullying within the legal profession, supported by our amendments in July 2021 to the Lawyers and Conveyancers Act (Lawyers: Conduct and Client Care) Rules 2008 (RCCC). The case law in relation to sexual harassment in particular has developed significantly over the past 12 months.

Three matters relating to sexual harassment and bullying were heard by the Lawyers and Conveyancers Disciplinary Tribunal over the 2022/23 year. Both cases involving sexual harassment led to suspensions, emotional harm payments and costs awarded. The penalty for the bullying matter remains to be determined.

The review of referral determinations to the Legal Complaints Review Officer remains a consistent trend. This considerably delays the prosecution of these cases, and while it is not a factor the Law Society can influence directly, we intend to continue to advocate for an amendment to the LCA to address this issue. While we await potential legislative amendment, we have requested external counsel to proceed with the preparation of affidavits in support of the charges, notwithstanding the review, when the matter is of considerable importance (for example, when charges relate to unacceptable behaviour).

To be a modern regulator we also need to carry out our regulatory functions in a way that is culturally responsive and increase the diversity of our regulatory decision-makers. This is an area in which we have more work to do.

### Penalty guidelines for standards committees

One of our Regulatory Strategy's key shifts is the use of our intelligence and evidence, particularly to inform our decision-making. Our pursuit of consistent penalties across our 22 standards committees is an ongoing journey to ensure fair and equitable decisions. Penalty guidelines for standards committees have been introduced and the next phase of this work concerns costs and expenses payable to the Law Society, and which are incidental to any inquiry, investigation or hearing undertaken. Historically, there have been wide variations in costs and expenses imposed by standards committees and we are determined to establish a set of standard guidelines.

### Increased understanding of our regulatory functions

It is important to us that both consumers of legal services and the profession understand our regulatory functions. In the 2023/24 year, we aim to improve the public profile of our regulatory work and provide access to information for consumers. This will include the development of a targeted education programme covering what consumers should expect when working with a lawyer, with reference to practical examples and the RCCC.

### Winding up the Solicitors' Fidelity Guarantee Fund

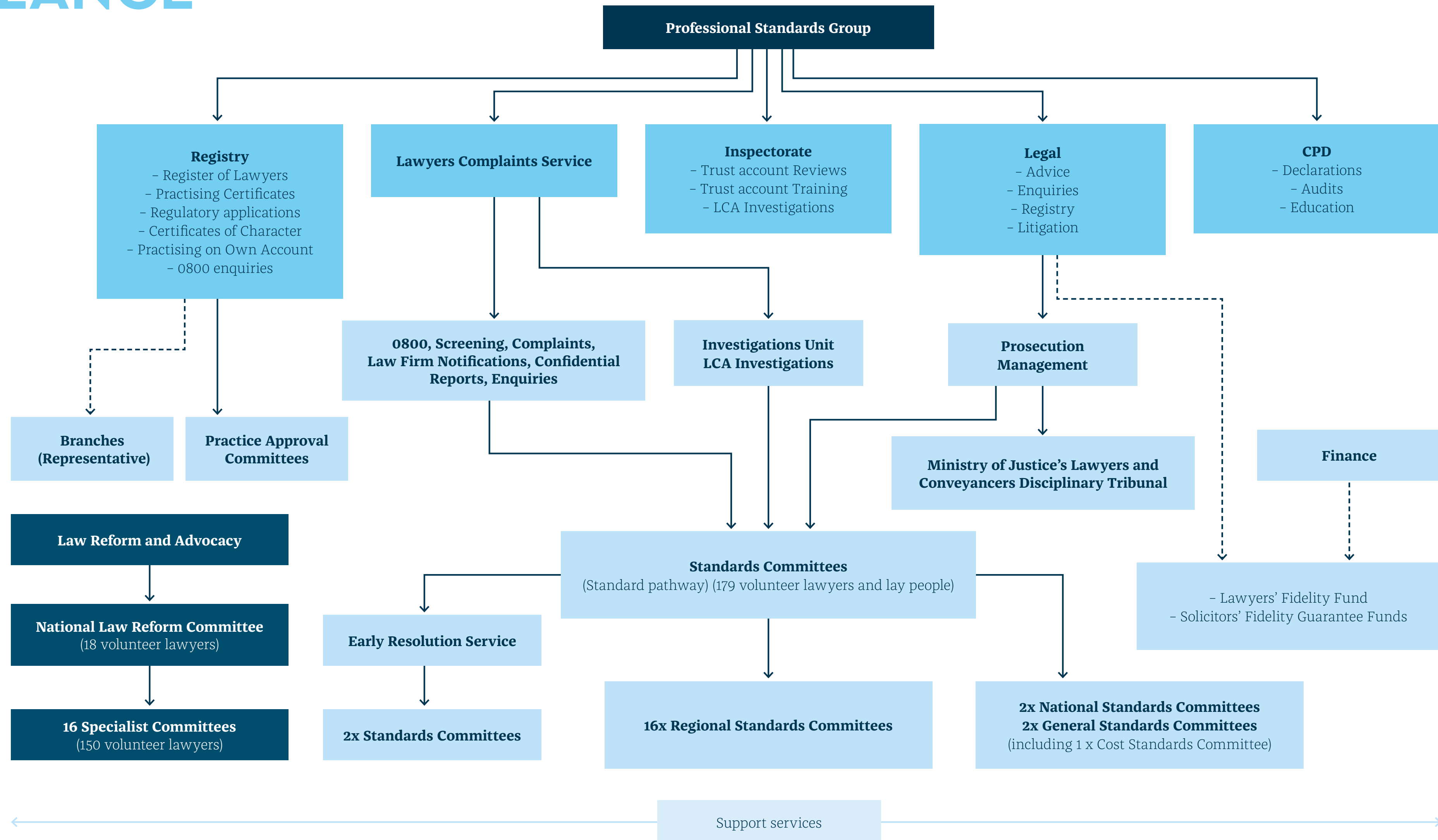
The process for winding up the Solicitors' Fidelity Guarantee Fund (SFGF), which was supplanted by the Lawyers' Fidelity Fund in 2008, commenced in February 2022. As required by s 367 LCA, a 12-month period was required for claims to be made. After the conclusion of this period, two claims remain under consideration. Once these are resolved, the Law Society must provide a final report to the Minister, who may then recommend to the Governor General that the SFGF be declared wound up. From the date on which the SFGF is deemed to be wound up, any assets must be distributed in accordance with s369(2) LCA.

### Summary

The 2022/23 year has seen a strategic evolution of our regulatory approach. Through embracing improved frontline and early resolution processes, implementing our Regulatory Strategy, and developing consistency through penalty guidelines, we have remained steadfast in our commitment to ongoing improvement. Our dedication to a robust and valued legal profession continues to drive our efforts to adapt, modernise and uphold the values that define the Law Society.



# AT A GLANCE





# PROFILES FROM PROFESSION



**TRUMAN WEE**  
REGULATORY

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The old saying, “if you want a job done well, give it to someone who is busy as they have time to do it”, might have been written with Truman Wee in mind.

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Apart from running his own practice with just one legal secretary/practice manager, the Hamilton lawyer somehow finds the time to sit on one of two important Practice Approval Committees, coach representative and club hockey, and take governance roles in sports and community organisation boards.

The Practice Approval Committee alone is a decent amount of work with monthly meetings, in person or video interviews, and hundreds of pages of reading for each meeting. Truman has been on this Committee and its predecessor since 2008. He was admitted in 1988 after studying Law and Commerce at Otago University.

“My wife laughs at me and asks if I haven’t got tired of it yet. Yes, it is a lot of work, but I remind myself that there is someone behind this application, they have worked hard to get where they are, and we are considering their future livelihood. You have got to give the application the care and respect it deserves,” he says.

The Practice Approval Committee generally considers three types of applications: those from lawyers who want to practise on their own account – something in which Truman has more than 22 years’ experience; practising certificate applications and annual renewals from lawyers who have declared a serious issue such as a criminal conviction, insolvency issue, or disciplinary issue; and issuing of certificates of character to candidates applying for admission as a barrister and solicitor of the High Court.

“In a sense we are the gatekeepers of the profession. All applications are triaged so we don’t review them all, just the more challenging and complex applications.”

Truman says for lawyers who want to go out on their own, the Practice Approval Committee needs to both understand their level of competence and appraise their fitness and suitability of doing so.

“We are seeing more applications, particularly from lawyers with minimal legal experience wanting to work solo, which can be very challenging from a compliance and regulatory point of view.”

Regarding challenging applications, Truman says the role of the Practice Approval Committee is to protect the quality and ethical standards of the legal profession.

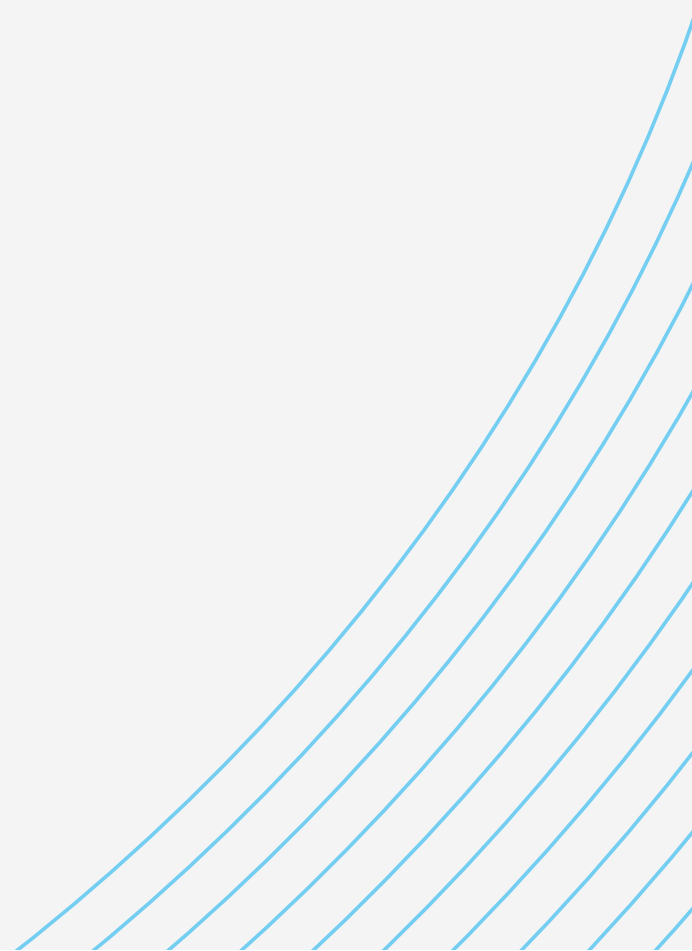
“Lawyers are held to the highest standards for the benefit of their clients and society in general. We need to ensure the public has confidence and trust in our profession.”

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**“Lawyers are held to the highest standards for the benefit of their clients and society in general. We need to ensure the public has confidence and trust in our profession.”**

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TRUMAN WEE – REGULATORY





# LAW REFORM AND ADVOCACY

# POLICY, COURTS AND GOVERNMENT

## ENGAGING WITH GOVERNMENT AND THE JUDICIARY

The Law Society is a trusted adviser to government and the judiciary helping to make good laws and safeguarding access to justice and the rule of law for Aotearoa.

**To deliver high quality, well-reasoned, and objective submissions to the courts and government, the Law Society relies on the support of around 160 volunteers, who are committed to making better laws for New Zealand.**

Our role in law-making is to make sure new legislation achieves what it intends and is workable. We and the many volunteers who work on submissions avoid commenting on policy, except in the areas of access to justice and rule of law, as the Law Society has specific legislative authority to look at policy matters in relation to access to justice or the administration of justice.

The number of submissions in FY23 were longer and more complex, requiring substantial time commitments from our volunteers. For example, the submission on the resource management system reform resulted in a 91-page document. This involved commenting on both the Natural and Built Environments Bill and the Spatial Planning Bill.

Timeframes have often been tight, putting pressure on volunteers and staff. Several matters required urgent consideration; these included severe weather impact on the Courts, water services and the Three Waters proposal, and the Tax Principles Act.

### Three Waters

The Law Society wrote to the Minister of Local Government to express concerns regarding the use of an entrenchment clause in the Water Services Entities Bill. The clause sought to entrench clause 116 of the Bill, which imposes an obligation on water services entities to maintain public ownership and control of water services and significant assets.

The Law Society noted the late inclusion of the entrenchment clause was constitutionally objectionable, and undemocratic, as it proposed to bind the hands of future governments on a contestable policy position. The Law Society also believed it was constitutionally inappropriate to introduce an entrenchment clause under urgency by Supplementary

Order Paper and urged the Government to recommit the Bill to remove the entrenchment clause. The clause was subsequently removed from the Bill before it was passed.

Despite commenting on rule of law issues and not the overall policy or intent of the reform, our view on Three Waters was latched onto from a variety of groups, both opposing and supporting Three Waters.

### Engaging with the judiciary

During the year we focussed on strengthening and growing our stakeholder relationships with the judiciary and decision-makers so that we can influence and engage in Court processes. Our goal regarding the Courts is for continuous improvement. We are engaged in discussion regarding the Courts' digital strategy, lawyer well-being, building design, courthouse use and improvement of Court rules.

We advocate for an adequately resourced, effective and accessible justice system. As part of this work, we have engaged with Corrections on the issue of access to legal representation in prisons as we have received feedback from the profession that access to clients in prisons has been restricted since COVID-19 arrived in this country.

The Court has two significant programmes, run jointly with the judiciary and the Ministry of Justice. These are the criminal process improvement programme and Te Ao Mārama. The criminal process improvement programme, aimed at reducing court delays, has been a major focus of our work with both Law Society staff and volunteers involved. Te Ao Mārama is the work that the Chief Judge is doing to bring about change in the District Court.

### Law Reform committee convenors

The first convenor meeting since COVID-19 was held during FY23, bringing together our committee convenors to discuss how the Law Society can assist with better law making.

### Interventions

During the year we made strategic interventions to represent the profession in promoting access to justice, upholding the rule of law and acting where important legal principles are at stake.

The key intervention concerned a claimant seeking a declaratory judgment in relation to Waikato DHB availability of psychological assessments for people facing trials.

In February 2023, the Law Society, alongside the New Zealand Bar Association, appeared as intervener in *Maaka-Wanahi v Attorney General* [2023] NZHC 187. These proceedings related to applications by Mr Maaka-Wanahi and Health New Zealand as to the proper interpretation of the Criminal Procedure (Mentally Impaired Persons) Act 2003 (CPMIP Act). This included clarifying:

- the time in which a report ordered under s 38 is required to be completed
- the obligations on Health New Zealand to prepare s 38 reports and provide rooms in an inpatient facility when ordered by a court, and
- the status of screening assessments carried out by a forensic nurse.

The Law Society and New Zealand Bar Association | Ngā Ahorangi Motuhake o Aotearoa submissions took no formal position on the declarations sought by the applicants. The submissions addressed the competing obligations on defence counsel where they suspect a client may have mental health issues. The submissions also promoted a rights-consistent interpretation of the CPMIP Act, which was the approach ultimately taken by McQueen J.

Interventions are done by volunteers, not necessarily committee members, but the committees themselves feed into the submissions that are made to the Court. With the interventions, we have volunteer counsel, and material on the submissions is prepared in conjunction with our specialist committees.

## Access to justice

The Law Society has advocated strongly for an increase in duty lawyer remuneration. Our advocacy work, combined with support from other organisations on this issue, has been successful with a government announcement that from 1 August 2023 remuneration would be increased by 17%.

“Ensuring duty lawyers receive adequate remuneration for the work that they do is critical to valuing the role duty lawyers and the duty lawyer scheme plays within our criminal justice system,” Law Society President Frazer Barton says.

The Legal Aid Services Commissioner has also confirmed that a broad-scope review of the duty lawyer scheme will take place between August 2023 and February 2024.

The Law Society has commenced a substantial project with the support of KPMG to research and quantify the true cost of practice work. Our intention is to have clear information about how much it costs to run a legal practice to inform our ongoing advocacy work for improved remuneration for Legal Aid and duty lawyers. For example, if overheads are \$70 per hour, this means duty lawyers are only receiving \$33 an hour. We expect this project to be completed by the end of 2023. We continue to strongly advocate for a substantive Government review of Legal Aid.

## Youth Justice – Schedule 1A offences

In 2022, the Youth Justice Committee began advocating for the inclusion of all 17-year-olds in the Youth Court jurisdiction. Currently, schedule 1A of the Oranga Tamariki Act 1989 requires that 17-year-olds charged with certain offences must be transferred to the District Court or High Court at their first appearance. The Law Society wrote to Oranga Tamariki raising concerns with this, noting that in addition to resulting in poorer outcomes, it may breach the United Nations Convention on the Rights of the Child.

While Schedule 1A applies to serious offending, the Youth Court can still be an appropriate response for those young people. The adult court is not designed for young defendants, and there are important differences in personnel, courtroom design, timetable, communication methods and procedure.

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The Youth Court jurisdiction can improve outcomes for all parties and has established success in reducing reoffending.

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Following the Law Society’s letter, it was invited to appear before the Justice Select Committee on their Briefing into Trends in Youth Crime. At this appearance, the Law Society reiterated its concerns, noting that the United Nations Committee on the Rights of the Child had recently stressed the desirability that New Zealand’s youth justice systems should apply to all persons aged under 18 at the time of the offence, and those who turn 18 during the trial or sentencing process. The Law Society and its Youth Justice Committee continues to advocate for this change.

## Climate change

Our Climate Change Law Committee was established in September 2022, and the Law Society subsequently consulted with the profession on our climate change policy.

In May 2023, a group of climate-concerned lawyers took the Government to court over its New Zealand Emissions Trading Scheme decision. On July 13, the High Court issued a judgment ordering Climate Change Minister James Shaw to reconsider the settings, after he admitted the proper process wasn’t followed.

While the Government had until 30 September 2023 to provide a new decision and the court left open the possibility of following the proper process but arriving at the same result as in December, Cabinet changed its mind and announced at the end of July that it would almost entirely align with the Climate Change Commission’s 2022 and 2023 advice regarding the New Zealand Emissions Trading Scheme going forward.

The Government announcement (to effectively reduce stockpiles of cheap carbon units held by polluters by reducing units in the auction and increase the carbon price floor) is an important step forward in helping New Zealand to meet domestic and international climate targets.

## Contribution to international law

The Law Society represents the legal profession in the international arena. While we maintained close remote contact during the COVID-19 period, we were able to travel internationally again for the first time in 2022/2023. The Law Society is limited in its overseas travel and does not have the human or financial resources of our counterparts. However, we were able to attend the Presidents of Law Associations of Asia conference (Singapore), LawAsia in Sydney and the International Bar Association Bar Leaders Conference in Finland.

Attendance at international legal events enhances New Zealand’s international profile by helping to connect lawyers across the globe, supporting those facing challenges to the rule of law, engaging on current common issues and contributing to the development of international legal practice and policy.

We allocate appropriate resources for our international work and focus on our immediate neighbours around the Pacific Rim. We are a member of several significant international law associations and, through those memberships, protect and promote the interests of New Zealand lawyers.

## Media engagement

We see a clear public benefit in ensuring that commentary on legal issues is accurate, measured and well-informed.

In the past year, we’ve made a concerted effort to try and guide New Zealand media to more appropriate legal spokespeople. We have taken extra care in ensuring that when seeking a legal opinion for publication reporters are linked with lawyers with relevant expertise and credibility.

We’re pleased to facilitate this, and immensely grateful to our volunteers who make themselves available.





# PROFILES FROM PROFESSION



**NATASHA GARVAN**  
LAW REFORM AND  
ADVOCACY

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Climate change and the law have come a long way in the past few years, according to Natasha Garvan, inaugural convenor of the Law Society’s Climate Change Law Committee.

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“From an area of niche interest around a decade ago, climate change law is now all-encompassing and impacts many businesses and organisations.

“Climate change impacts property management, environment and planning, corporate governance requirements, risk management, disclosures, reporting, and, with greenwashing in the spotlight, even marketing. It now touches a very wide range of legal practice areas,” Natasha says.

Admitted in 2009 after studying law and politics at Otago and Auckland Universities, Natasha is now a partner at Bell Gully in Auckland specialising in environment, resource management and climate.

As a junior lawyer, Natasha completed an internship with the United Nations Development Programme in its Adaptation Learning Mechanism section. At that stage the UNDP was already compiling case studies on adaption initiatives.

Then in 2009, Natasha was seconded by Bell Gully to the Environmental Defence Society for several years on a part-time basis.

“In some cases, I was thrown in the deep end, but working with the EDS was a great experience and led me to having a strong interest in environmental law and climate change,” she says.

The focus of the Climate Change Law Committee is to ensure new legislation is clear and workable. Recently the Committee has been working to encourage a greater interface or regard between existing climate change legislation and plans and new laws that are being drafted in the environmental, built environment and spatial planning sectors.

“There will be more legislation regarding the impact of climate change, such as the Climate Change Adaptation Bill. It is critical that Government gets it right and there is a measure of bi-partisan support for this type of legislation.

“Policy settings on adaptation to climate change and environmental planning need to be stable as so many businesses and organisations need a high degree of certainty when making strategic decisions now for the future.”

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**“Working with the EDS was a great experience and led me to having a strong interest in environmental law and climate change.”**

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NATASHA GARVAN – LAW REFORM AND ADVOCACY



# REPRESENTATIVE



# REPRESENTATIVE FOSTERING CONNECTIONS, SUPPORT, LEARNING AND A NATIONAL VOICE FOR LAWYERS

## Introduction

The Member Services (Representative) division of the Law Society plays a crucial role in advocating for all lawyers and promoting their interests through three key focus areas: connection, support, and being a national voice for lawyers.

With our 13 regional branches, and our sections and special interest groups, we provide members across Aotearoa meaningful opportunities for in-person learning, training and connection from the Far North and Tāmaki Makaurau to Southland.



The Law Society’s sections and special interest groups are Family Law, Property Law, In-house Lawyers, the recently launched National New Lawyers Group, plus eight regional new lawyer groups and branch committees and more. These groups provide many members deeper opportunities to connect with members of the profession like them.

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We pride ourselves on being able to provide representative services which all lawyers in Aotearoa New Zealand can access in a meaningful way.

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## Enhancing and fostering connections - strengthening the legal community

A central objective of the Representative Services division is to foster a strong and connected legal profession across New Zealand, through the delivery of high-quality education, learning and connection.

Following the challenges posed by the COVID-19 pandemic, attendance at events has increased significantly. There were over 9,900 individual lawyer attendances at branch events in the current reporting period, compared to 7,352 lawyer attendances in the previous year. The over 280 branch events have served as vital platforms for engaging with our diverse membership across the country.

While we remain committed to offering events in person, we have continued to invest in high quality branch and section webinars. A branch webinar event with Sir John Kirwan on mental health and well-being was extremely successful with over 600 members participating.

The Family Law, Property and In-house (ILANZ) Sections also continue to offer high quality events, supported by technical guidance and support. Membership for each has grown year on year.

- The Property Law Section hosted a webinar earlier this year titled “Property transactions in the aftermath of extreme weather events” that was offered to all lawyers and their staff. The webinar held in April attracted 428 registrants.
- In response to a serious assault at the Whangarei District Court in March, the Family Law Section worked with the Ministry of Justice to facilitate and promote 29 workshops across the country on managing abusive and threatening behaviour.
- The 34th Annual ILANZ conference was held in Christchurch in October 2022. A record number of 420 delegates attended. ILANZ held more than 40 face-to-face or online events throughout the year.

## Financial sustainability and future strategy

However, there are challenges with costs continuing to exceed revenue for the Representative division year on year, with reserves funding the shortfall.

This is the result of a range of issues including the earthquake issues around the Wellington-owned building which provided rent for Representative, which was subsequently sold; weak performance of investment funds; and, on the advice of auditors, a reallocation of costs between the Representative and Regulatory functions of the Law Society.

The development of a new strategy for Representative, including exploring the introduction of a membership subscription, is a priority for the next financial year, to ensure a sustainable future.

This strategy is being informed by the valuable insights obtained from the 2022 New Zealand Lawyer Survey.

## Workplace Environment Survey

The 2023 Workplace Environment Survey<sup>1</sup> was the first of its type since the 2018 survey; the field work was completed between 4 April to 5 May 2023. The survey was provided to 15,573 lawyers and 614 non-lawyers (1000 law firms were contacted to invite participation). The response rate total was 15 per cent overall. This was comprised of a 13 per cent response rate for lawyers, and a 59 per cent response rate for non-lawyers.

According to respondents, incidents of sexual harassment<sup>2</sup> in legal workplaces have dropped. The prevalence of physically intimidating behaviour and some person-related bullying has decreased since 2018, however work-related bullying behaviour remains an issue<sup>3</sup>.

Issues around workplace stress, wellbeing, and employment discrimination remain. And respondents report that bullying<sup>4</sup> continues to be a common experience. While the prevalence of frequent bullying behaviours has reduced, general bullying has not. The message from the survey was that around half of the legal profession has experienced bullying in their lifetime.

We are optimistic that the drop in incidents of sexual harassment provides further signs that the profession is changing for the better. It shows that recent high profile workplace conduct cases, changes to professional standards rules and clear messaging about zero tolerance of sexual harassment are making a difference. We also recognise that there may still be a reluctance to report unacceptable behaviour, which is an ongoing issue.

## Prioritising wellbeing

The Representative team are actively responding to the wellbeing challenges that lawyers have raised, and which were highlighted in both the 2023 Workplace Environment Survey and the 2022 Lawyer Survey. There is a concerted effort to develop a comprehensive strategy to support lawyers.

Recognising the unique needs and preferences of our members, the Law Society offers a range of support services to assist lawyers in their professional lives and personal wellbeing.

The counselling service provided by the Law Society has been a crucial resource for lawyers facing challenges both personally and professionally. Uptake of this service increased to 869 sessions in FY23, up from 758 sessions in FY22.

The mentoring programme continues to be popular and brings together a diverse range of mentors and mentees. The programme's success is evident from the current participation on the platform of 747 lawyers, with a total of 648 matches since it was first piloted in 2019. Positive participant feedback with an average score of 4.3 out of 5 underscores the impact and value of mentoring in fostering professional growth and development.

## Supporting the regions

The changing demographics of Aotearoa New Zealand, combined with the challenge of attracting professionals to rural and regional communities, are just some of the issues facing the profession.

We are supporting the profession by engaging with universities to not only attract diverse talent to the legal field, but also to promote the career and lifestyle benefits of working in regional areas – some of which are very short of mid-level lawyers.

## New Lawyer groups

The National New Lawyers Group and the eight regional New Lawyers Groups provide an important voice to the national discourse on law and the future of the Law Society. The Independent Review panel met with the national group twice to ensure that lawyers with less than seven years' experience – the future of the profession – are heard.

An initiative in development from the National New Lawyers Group is an electronic new lawyer guide for lawyers PQE, zero to seven. Focus groups have helped to determine the content and topics for the guide.

## Gender Equality Charter

The Representative function has prioritised gender equality and inclusivity through initiatives such as the Gender Equality Charter (GEC), which now has garnered 161 signatories committed to advancing gender equity within their firms.

In 2022 the Law Society and the New Zealand Bar Association worked closely on bringing together key components of the Gender Equitable Engagement and Instruction Policy (GEEIP) into the GEC, with a new increased voluntary 50 per cent target of the work that law firms are engaging, or instructing, women practitioners.

Increasing the original target for instructing women lawyers from 30 per cent to 50 per cent is more aspirational and reflects our aim at continuing to set our sights higher. While more than 50 per cent of those who enter the profession are women, this percentage is not represented by the number of people who eventually go on to hold senior positions.

While there are still more gains to be made, the 2022 Gender Equality Charter Survey Report noted that signatories to the GEC have made significant progress across the board. There was a 35 per cent increase in the delivery of unconscious bias training, and a 25 per cent increase in the use of gender pay audits. Gender equality in senior roles was up 11 per cent.

## Assistance following Cyclone Gabrielle

Immediately after Cyclone Gabrielle hit the North Island in February 2023, the Law Society swung into action to provide support to the profession in flood hit areas.

We engaged with Thomson Reuters and LexisNexis to negotiate free services for areas that were impacted by the floods. We also waived the costs of our library and research services to our members in flood-stricken areas.

We actively promoted our free counselling services, and offered lawyers in the cyclone-hit areas connections with lawyers in other parts of New Zealand for peer support. Clinical psychologist Dr Sara Anticich provided tips and resources for managing the mental health consequences of community trauma<sup>5</sup>.

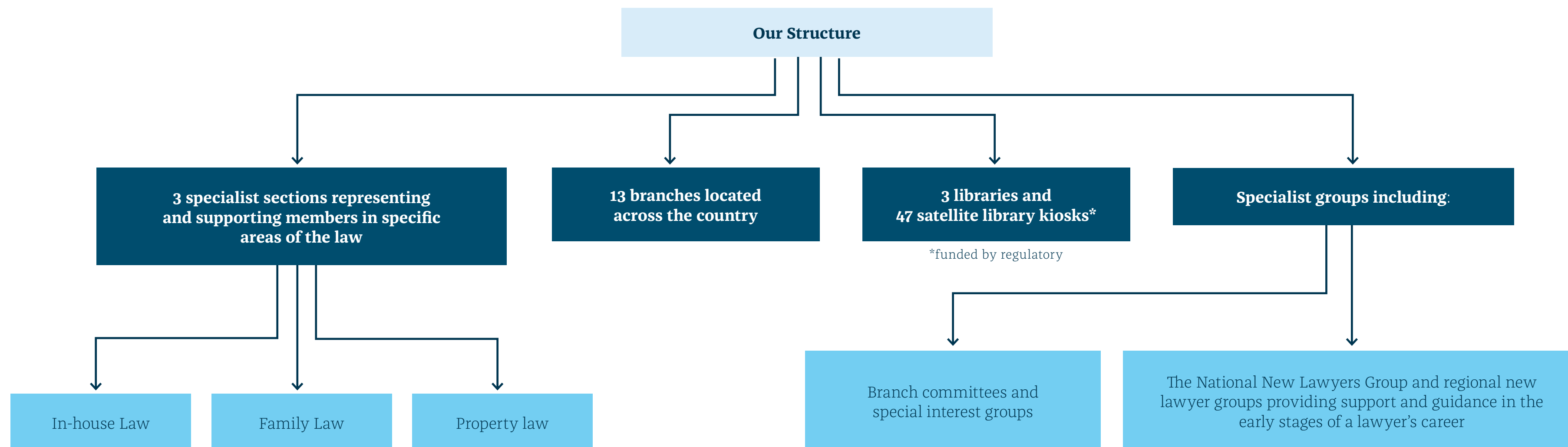
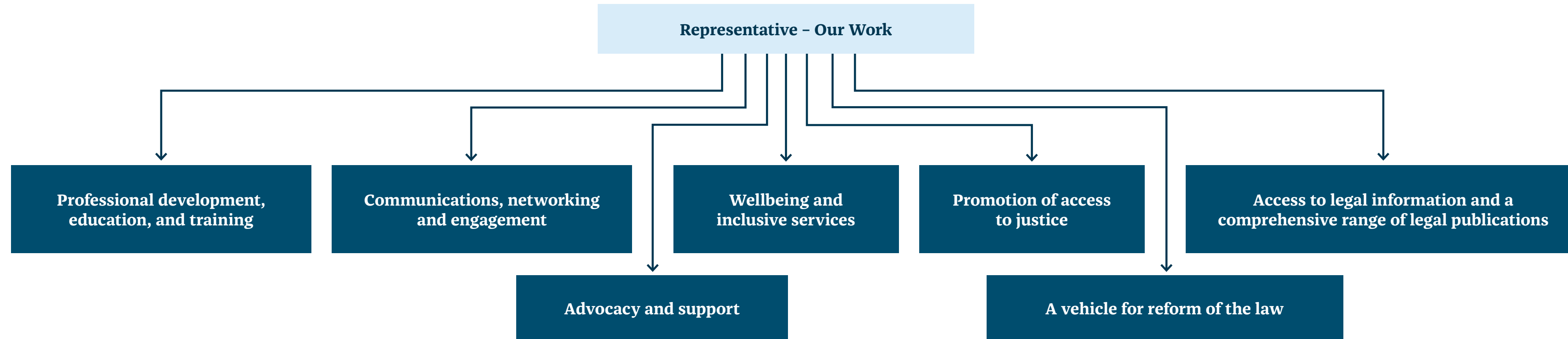
Finally, we contacted members in Canterbury who had experienced the earthquake and had been through the situation of maintaining legal service and advice during a difficult time in the community. A group was put together which, with this experience, was the basis of a wellbeing support service for East Coast lawyers or could provide one-on-one mentoring and advice.

## Summary

The Representative function of the Law Society has played a pivotal role in representing and promoting the interests of all lawyers across the country. The team's commitment to fostering connections, providing essential support, and being a national voice for lawyers is moving the legal profession forward in an ever-changing landscape. As the Representative Services section continues to evolve, it remains dedicated to creating a thriving and inclusive legal community that empowers its members to excel both personally and professionally.

1. Referred to here as the Workplace Environment Survey, the long title is the 2023 Kantar Public and New Zealand Law Society Legal Workplace Environment Survey. This survey was conducted by Kantar Public.
2. Two measures of the prevalence of sexual harassment were used in the 2023 survey. This year the definition from the RCCC was used, rather than the Human Rights Commission definition used in 2018. However respondents were also asked about their personal experience of 15 behaviours such as unwanted sexual attention - so this allows direct comparisons between the 2023 and 2018 results.
3. Please see the 2023 Workplace Environment Survey for detailed explanations of different types of bullying.
4. Bullying is defined by the RCCC and the Negative Acts Questionnaire (NAQ-r). This is a standardised and validated instrument for the measurement of workplace bullying. This widely used tool was developed by Einarsen, Hoel et al. (2009). It asks respondents how often they experience 22 items describing personal bullying, work-related bullying and physically intimidating forms of bullying.
5. Lawyer Up: The power of connection to enhance resilience", Dr Sara Anticich, <https://www.lawsociety.org.nz/professional-practice/cyclone-gabrielle-updates/representative-support-and-key-contacts/>

# AT A GLANCE



## In-house lawyers base grows

ILANZ exists to meet the professional needs of in-house lawyers – connecting, supporting and leading in-house lawyers across Aotearoa New Zealand.

In-house lawyers have rapidly expanded as an identifiable group over the past 20 years, and membership of ILANZ has been increasing year-on-year. In 2023 there were 3,563 members who make up nearly 29% of the legal profession - up from 3,101 in 2019.

### In-house Insights

In FY23, ILANZ worked with Valued Partner, Deloitte on the three-yearly In-house Insights survey to help deepen our understanding of the in-house legal community. The report identified key trends and opportunities – highlighting the evolution of in-house practice to help organisations survive and thrive in an increasingly complex and uncertain environment.

The report identified five top issues and priorities for General Counsels:

- Regulation and compliance
- Capacity and doing more with less
- Knowledge management, knowledge retention and talent retention
- Risk and governance
- Data and privacy

Te Ao Māori did not feature prominently in the 2019 survey results but came in as the sixth top issue in the 2022 survey. Legal teams now express strong interest in understanding Te Ao Māori and are beginning to apply Te Ao Māori concepts in their work.

### ILANZ events

More than 40 face-to-face or online events were held throughout the year.

The 34th Annual Conference was held in Christchurch in October 2022. A record number of delegates attended the conference and award nominations exceeded expectations. The conference was delayed from May 2022 due to the Omicron virus outbreak.

ILANZ continued to develop satellite networks regionally, by location or based on practice type to run networking and educational events. Active satellites include: Bay of Plenty; Waikato; Taranaki; Nelson; Canterbury; Otago; and our Navigate Satellite (for members of global organisations).

ILANZ actively participated in supporting and promoting the interests of in-house lawyers' law reform topics. ILANZ contributed to the Independent Review into the Regulation of Lawyers and the Law Society's response to its final report.

## Family Law

The Family Law Section (FLS) provides a voice and support for family lawyers across the country and plays a vital role in promoting best practice and advocating for change in terms of Family Court practice and procedure.

The FLS is extremely active in law reform and prepares submissions on bills, discussion documents, regulations, rules and other government reviews and/or policy on various areas of family law.

### Key achievements in 2022/23

- Provided extensive feedback on the proposed powers of the Family Court Associate, a new role that has been established to free up judge time to reduce delay in the Family Court.
- Contributed to the Ministry of Justice Mental Health Amendment project.
- Wrote significant submissions to the Law Commission on the review of adult decision-making capacity and section 95 of the Evidence Act.
- Provided feedback to the Ministry of Justice on proposed evidence regulations and legal protections for victims of family and sexual violence.
- Gained agreement from the Ministry of Justice to establish a mechanism for the regular review of court-appointed counsel rates.
- Provided strong advocacy on behalf of family lawyers by regularly meeting with the Ministry of Justice, Oranga Tamariki and the Principal Family Court Judge to raise and resolve issues and to drive the necessary change to improve the Family Court for all New Zealanders.

## Property Law

The Property Law Section (PLS) is the dedicated, expert arm of the law of trusts, wills, land titles and property transactions in the Law Society. Its membership has continued to expand, as the property sector grows in New Zealand's economy, and the law evolves.

PLS members receive support, best practice guidance and resources, and professional branding for individual members using a PLS member logo. The section administers a scheme for accredited specialist PLS members, which recognises a high level of currency in both skill and knowledge in property law practice.

In 2023 the section had 1,723 members, which was a 7.4 per cent increase compared with the previous year. There were 91 members at the level of 'Accredited Specialist' – a highly experienced subgroup.

### Key achievements in 2022/23

- Provided support and information relevant to property lawyers following severe weather events, after first liaising with the banking and insurance industries.
- Hosted a webinar considering various transactional and insurance scenarios with expert panelists, including a representative from Toka Tū Ake EQC.
- Partnered with Toitū Te Whenua Land Information New Zealand (LINZ) to deliver webinars to launch the new, modernised Landonline platform.
- Represented property lawyers at LINZ's quarterly Survey and Titles Enhancement Programme meetings to consider ongoing developments and enhancements to the new Landonline.
- Launched a scheme to encourage new property lawyers with zero to five years post qualified experience to join the PLS.
- Delivered a webinar with Inland Revenue to upskill property lawyers and legal executives on changes to the bright line property tax laws.
- Contributed to law reform submissions including to the Social Services and Community Committee supporting a review of the legal framework governing the Retirement Villages Act; Ministry of Housing and Urban Development's proposals for the regulation of residential property managers; Residential Tenancies Regulations; Local Government and Official Information and Meetings Act Amendment Bill; Natural and Built Environment Bill and the Law Commission's review of adult decision-making capacity.





## Law Society branches

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

Branches undertake events, networking, continuing education, and support. Branches also perform a regulatory function: they issue certificates of character and assess applications from lawyers wishing to practise on their own account.

**“Over the past year, our branch has been working really hard to provide great services for all of our members. We have put a lot of effort into making sure we offer learning, wellbeing and social events that are helpful and positive. We take pride in the positive impact we make to our members. Our success is due to the incredible support the Southland Branch receives from our members and we remain committed to exceeding their expectations and delivering value that reflects the support they show.”**

RICHARD SMITH – BRANCH PRESIDENT SOUTHLAND

Branch committees and special interest groups hold regular meetings to discuss professional matters and specialist topics. Most branches publish a regular local newsletter for members and all send out invitations to events and notices to their members. There are approximately 1,000 ‘volunteers’ on branch committees across the organisation.

### Key achievements in 2022/23

- During the year a total of 280 branch hosted events were held. Of these, 62% were learning events and 38% were social and networking events, with a total of almost 10,000 individual lawyer attendances. Compared to lawyer attendances in the previous reporting period, this represents an increase of over 50% in the number of lawyers attending branch events.

A series of learning sessions held across the branches that attracted high interest and audiences included:

- Te Reo Māori lessons and courses
- in-person and online wellbeing sessions and courses
- webinars on topical and societal issues
- career development for new lawyers
- introduction to the profession panel sessions for new lawyers
- the Otago Southland conference that attracted lawyers from across the country.

The in-person sessions and courses provided networking opportunities, connections with colleagues, professional development, and practical guidance and support.

Various social events were held over the year, including bar dinners, new lawyer balls, quiz nights, and other informal networking and social functions at local venues and branch offices.

## Library Update

Library Services form part of the Regulatory obligations of the Law Society but are administered by Representative Services.

The Law Society Library is an extensive collection of print and online services providing information to legal practitioners. The library maintains three staffed research libraries (in the Auckland and Wellington High Court Buildings, and in the Christchurch Justice and Emergency Services Precinct). There are also 44 kiosks in 33 locations for online access around the country.

The Law Society Library offers research and document delivery services, and creates the LINX database which offers current, authoritative New Zealand case law and journal article references.

### Key achievements in 2022/23

- Free Library research was provided for two months to the cyclone-affected areas of Hawke’s Bay and Gisborne.
- More than 4,600 judgments and 3,000 journal records were added to the LINX database.
- \$508,000 income was generated from Library research and document delivery.
- A national all staff in-person meeting was held, the first since the Law Society Library was formed in 2009.

## Libraries and the Independent Review

The Law Society’s response to the Independent Review has noted that, given the significant costs in running libraries, the suggestion that they become a wholly representative function is unlikely to be a practical option.

Law Society Library services are currently funded from practising certificate fees and income generated from research services and document delivery. Libraries are part of the regulatory functions of the Law Society but are administered by Member Services (Representative), with some user pays services.

There are strong rule of law and administration of justice reasons why the costs of law libraries should not be wholly representative. This does not appear to occur in overseas jurisdictions.

The Law Society received numerous submissions from the profession about the importance of the law libraries and the services that they provide.

In other jurisdictions, significant funding to operate the law libraries comes from government, interest on trust accounts and from regulatory fees and levies. It is also frequently connected with societies or associations that have compulsory lawyer membership.

<https://www.lawsociety.org.nz/professional-practice/law-library/>

## Wellbeing Services

### Legal Community Counselling Service

In 2019 the Law Society began providing to members (and their staff, including non-legal staff) a funded, free at the point of use counselling service.\* A total of 869 counselling sessions were provided during the period 1 July 2022 to 30 June 2023. There were 420 cases managed during this period and an average of two sessions were provided for each person taking up the service.

### Mentoring Programme

Currently 747 people are participating on the virtual platform and 648 people have been matched. The programme continues to attract lawyers and recently admitted law graduates from across the country. Participants rank the quality of their mentoring relationship at 4.1/5, indicating that the programme is tracking well above average. The MQS (Mentoring Quality Score) represents the overall quality and success of the programme. It is determined by participants’ relationship feedback. For more information on our wellbeing services and how to access the services: [www.lawsociety.org.nz/professional-practice/practising-well/](http://www.lawsociety.org.nz/professional-practice/practising-well/)

\* from 23/24 this is fully funded by regulatory, there was partial reg/rep funding in 22/23

# PROFILES FROM PROFESSION



**KAITLYN WHITE**  
REPRESENTATIVE

Growing up and living in Christchurch through the triumvirate earthquakes, mosque attack and COVID-19, has instilled in Kaitlyn White a commitment to give back to society and be an active member of her community and profession.

Kaitlyn was admitted in 2019 and initially worked for Buddle Findlay in Christchurch before taking up an opportunity to follow her passion and join the Public Defence Service in 2020.

“It is not as black and white as many people may think. There are all shades of grey in criminal defence. I see my role as being part of a solution for the community, getting people who need support into rehabilitation, and providing representation so people can get access to the Court and justice,” she says.

A two-month internship working in US Congressman Adam Schiff’s Washington DC office via a NZUS Council Mike Moore Congressional Internship Programme gave Kaitlyn a rare insight to the raw world of US politics.

“We spent a lot of time on the phones dealing with angry constituents. I learnt a lot of skills dealing with people and diffusing situations. It was a fantastic experience.”

As a Public Defence Service lawyer, Kaitlyn has learnt how to empathise with people and different ways of approaching people. She says part of her role is to ensure her clients are engaged in their case, understand Court proceedings, and get their voices heard.

Representation is also a key part of Kaitlyn’s involvement with the National New Lawyers Group.

“It was interesting to me as a lot of my criminal work is about representing young people. The National New Lawyers Group is about making sure voices are heard on issues that really impact young lawyers,” she says.

The transition from university to a full-time job can be daunting for anyone. For young lawyers, the first few months can be isolating and highly pressurised.

“Many young lawyers are Type A people who put a lot of pressure on themselves. It’s important we don’t lose those people early. For my generation, work isn’t everything – we want to be well, look after ourselves and have interests outside of work.

“It’s important that we develop better ways of working and create a more flexible profession that has support structures and wellbeing as a focus. At the end of the day, we can’t be good lawyers and advocates for our clients if we are not supporting each other.”



**JOSH NYIKA**  
REPRESENTATIVE

Joining and getting involved in the National New Lawyers Group was an instinctual move for Hamilton lawyer Josh Nyika, who could see the immediate benefits of national representation for lawyers new to the profession.

Having grown up in Hamilton, Josh studied at Waikato University before being admitted in 2017. After a year of general practice and conveyancing with another firm (now Gurnell Harrison Stanley), he joined Tompkins Wake to work in its Dispute Resolution team (with an emphasis on employment law).

He was attracted to disputes and employment law as he found the human angle of it was easier to relate to than conveyancing.

Not long after starting out as a lawyer, he had joined the regional Waikato New Lawyers Committee. He was involved as a committee member for around five years, including two years as its Chair.

“I’ve pulled back a bit from the Waikato Group now as I don’t feel like a new lawyer so much anymore (and I have three young kids). But the National New Lawyers Group is for people with zero to seven years PQE and is providing a great forum for new lawyers to be heard and to meet each other,” Josh says.

The National New Lawyers Group facilitates connectivity, a voice for new lawyers and is involved in initiatives such as a forthcoming guide for law graduates entering the profession.

“I studied law because I was really attracted to the profession; it felt right for me. But I didn’t really know what a lawyer did daily and what it really involved – I guess I only had a vague idea when I was at law school. This new guide will really help them understand what to expect when joining a law firm for the first time.”

Josh says the welcome guide will also help explain the services that are provided by the Law Society and should lead to understanding why these services need to have an independent and stable funding base.

Meeting his peers from other centres has also been a big part of being involved with the National New Lawyers Group.

“I know my Waikato group well, but without the National Group I would not have met others from Wellington, Christchurch, and Auckland. We have been able to learn from each other’s experiences, hear their stories and ambitions. It was a great initiative from the Law Society.”



# NZLS CLE LTD STRONG RETURN TO IN-PERSON ATTENDANCE



New Zealand Law Society Continuing Legal Education (NZLS CLE Ltd) is a fully owned subsidiary of the Law Society, with its own board and management. It is financially independent of the Law Society and pays a dividend to the Law Society.

The highlight of the year for NZLS CLE Ltd was the biennial Employment Law conference. It was pleasing to hold the conference in Christchurch as we have not been to the city for several years. It was held in Christchurch at the request of employment lawyers and registered near record numbers for the conference.

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With the severe impact of the pandemic behind us, we are seeing a greater demand from the profession for in-person events and a willingness to attend those events after three years of mostly on-line activities.

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NZLS CLE Ltd events range from one-hour duration webinars on highly specific topics such as cell phone data through to an eight-day residential course on litigation and courtroom skills. The latter is in its 38th year of operation and in 2023 due to the pandemic was held as a non-residential course in Wellington and Auckland. We had 80 registrations for the litigation course, and it was supported by a ‘faculty’ of 60 lawyers, all senior practitioners, or members of the judiciary. Attendees must apply for the course and should have at least two years’ working experience.

Highlights of the year were two, one-day forums for criminal lawyers offered free to the profession and sponsored by the Ministry of Justice. These covered Sexual Violence Legislation. A total of 1,794 people attended - both in person, and online.

The biennial Trust Conference was held in Auckland and Wellington in June 2023, with two days in each centre. With new developments in the trust sector, the conferences were also well attended.

A Māori cultural competency course – Introduction to Te Ao Māori and Te Reo for the Legal Profession – is growing in popularity which reflects the growing awareness of Te Ao Māori. The courses were held in Auckland, Wellington, and Christchurch.

Stepping Up, a three-day face to face workshop for those wishing to practise on their own account was held five times during the year with a new Course Director, Niamh McMahon, coming on board in March 2023. The course attracted 329 participants.

We focus on a programme that offers education on black letter law, trends, and developments across the legal sector. Every year we introduce new topics and cover a range of specialised areas. In FY23 we delivered 31 webinars, 38 live stream multi-camera events; as well as 18 one- and two-day in person conferences, intensives, and forums. In addition to this, 194 online modules were also offered with new modules being added on an ongoing basis and accessible 24/7.

Our staff of 16 designed, arranged, managed, and delivered 96 programmes and 178 sessions during the year. Courses ranged from advanced litigation skills through to immigration and protection tribunal appeals. NZLS CLE Ltd also produced 51 publications and 20 In Short seminar papers in 2023 as training and reference documents for the legal profession.

NZLS CLE Ltd enjoyed the contribution of more than 600 members of the profession and judiciary through consultation and planning groups during the year. We have a strong relationship with the profession and appreciate the very generous contribution of time and expertise from our members.

NZLS CLE Ltd Board members: Tim Mullins (Chair), Dr Allan Cooke, Dick Edwards, Peter Fanning, Bob Hollyman KC, and Katie Rusbatch.



# GOVERNANCE



# GOVERNANCE

The Council of the Law Society consists of the president; the four vice-presidents; the president-elect (if any); a representative of each branch; the chair or president of each section or a nominee of that person; the chair or president of the Bar Association or a nominee of that person; a representative of the large firm corporation; a representative of Te Hunga Rōia Māori o Aotearoa (the Māori Law Society); a representative of the Pacific Lawyers Association.

## Presidents

Jacque Lethbridge	From 8 April 2022 to 3 October 2022
Frazer Barton	From 14 October 2022

## Vice-Presidents

Vice-President, Auckland	David Campbell	From 8 April 2022
Vice-President, Central North Island	Caroline Silk	From 8 April 2022
Vice-President, Wellington	Ataga'i Esera	From 8 April 2022
Vice-President, South Island	Frazer Barton	From 22 April 2020
	Taryn Gudmanz	From 14 October 2022

## Board Observer

Herman Visagie	From 8 April 2022 to 27 April 2023
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## Branch Presidents

Auckland	Misha Henaghan	From 8 April 2022
Canterbury-Westland	Graeme Riach	From 17 June 2021
	Lana Paul	From 15 June 2023
Gisborne	Manaaki Terekia	From 15 June 2021
	Michael Gordon	From 4 May 2023
Hawke's Bay	Richard Stone	From 5 May 2021
	Pamela Fairbrother	From 29 June 2023
Manawatū	Emma Pairman	From 30 September 2021
Marlborough	Emma-Jayne Tucker	From 16 March 2022
Nelson	Hamish Fletcher	From 5 May 2022
Otago	Taryn Gudmanz	From 22 December 2020
	Dale Lloyd	From 7 February 2023
Southland	Paul Gray	From 25 March 2021
	Richard Smith	From 23 March 2023

**Branch Presidents** continued

Taranaki	Jo Woodcock	From 30 June 2021
	Sean Maskill	From 16 May 2023
Waikato Bay of Plenty	Johan Niemand	From 24 June 2021
	Jesse Savage	From 29 June 2023
Whanganui	Chris Wilkinson-Smith	From 8 October 2021
	Megan Kennard	From 24 March 2023
Wellington	Chris Griggs	From 30 June 2021
	Julius Maskell	From 21 June 2023

**Section representatives**

In-house Lawyers Association of New Zealand President	Grant Pritchard	From 22 May 2020
Family Law Section Chair	Caroline Hickman	From 15 May 2020
Acting Chair	Lauren Pegg	From 31 March 2023
Chair	Lauren Pegg	From 5 May 2023
Property Law Section Chair	Mark Sherry	From 27 April 2021

**Other representatives**

New Zealand Bar Association President	Paul Radich KC	From 1 October 2020
	Maria Dew KC	From 1 October 2022
Large Law Firm Corporation Representative	Martin Thomson	From 28 April 2021
Te Hunga Rōia Māori o Aotearoa Representative	Baden Vertongen	From 5 February 2022
Pacific Lawyers Association Representative	Arti Chand	From 28 April 2022

**Observer**

Legal Executives New Zealand	Necia Parker	From 17 November 2018
	Carmen Franich	From 19 November 2022

# EXECUTIVE LEADERSHIP TEAM



**Katie Rusbatch**

CHIEF EXECUTIVE OFFICER

Katie was appointed as Chief Executive Officer of the New Zealand Law Society Te Kāhui Ture o Aotearoa in December 2022. Previously she was the Law Society's General Manager Professional Standards (Regulatory) and oversaw regulatory work, including the Lawyers Complaints Service, Registry and the Inspectorate. Before joining the Law Society, Katie was Head of Competition at the Commerce Commission where she led the cartel, merger and abuse of market power investigation teams. Katie started her legal career in New Zealand before working in the United Kingdom and Singapore.



**Bronwyn Jones**

GENERAL MANAGER POLICY, COURTS AND GOVERNMENT

Bronwyn is responsible for the leadership of the Law Society's Policy, Law Reform, and Advocacy functions, and relationships with the Judiciary and government departments. The group is responsible for providing high level strategic advice and submissions on new and existing laws, policies, and protocols. The group is also responsible for the Law Society's rule of law and administration of justice law reform and advocacy. The group supports and advises the Chief Executive, President, and the Law Society in relation to stakeholder relationships and management and oversees the Law Society's international work.



**Gareth Smith**

GENERAL MANAGER PROFESSIONAL STANDARDS

Gareth is responsible for overseeing our regulatory work, including the Lawyers Complaints Service, Legal, Registry and Inspectorate. Gareth's focus is to embed the Regulatory Strategy; increase the efficiency of the Law Society's regulatory functions and the public profile of our regulatory work, including access to information for consumers and the profession; and support the Law Society's response to the Independent Review's recommendations. Gareth has been with the Law Society since 2014, as a Professional Standards Officer, Legal and Registry Services Manager and Chief Legal Counsel (Professional Standards) prior to his current appointment.



**Glenda Macdonald**

GENERAL MANAGER REPRESENTATIVE (MEMBERS') SERVICES

Glenda is responsible for the Law Society's representative functions, including overseeing and contributing to the Law Society's dedicated member services. These services incorporate the Property Law Section, ILANZ, Family Law Section, 13 regional branches, Law Libraries and new lawyer groups. Member services provide professional development, education, networking opportunities for lawyers, well-being services including mentoring and counselling services and gender equality initiatives. Glenda's key focus is to develop and successfully implement the Representative Strategy to provide lawyers with effective and efficient representative services.



**Hellen Papadopoulos**

CHIEF EXECUTIVE, CONTINUING LEGAL EDUCATION

Hellen leads and works with the CLE team to achieve the company's mission of providing relevant, affordable, accessible education, for the profession, with a wide suite of formats and learning solutions tailored to their needs. She provides the strategic direction for the team to work closely with stakeholders and other experts to identify the needs of the profession to help ensure practitioners are cognisant of key recent developments and trends in their areas of practice.



**Maria Hoddinott**

GENERAL MANAGER CORPORATE SERVICES

Maria joined the Law Society in January 2021 and manages the Corporate Services team which is responsible for Information Technology, Finance and Facilities. Across these areas of responsibility, the team is focussed on supporting the development of the Law Society through building corporate functions that are fit-for-the-future. This work includes a significant technology modernisation programme in support of the Law Society's strategy to build capability and effectiveness.



**Belinda Ryan**

GENERAL MANAGER MARKETING AND COMMUNICATIONS

Belinda joined the Law Society in January 2021, and was appointed General Manager of Marketing and Communications in December 2022. Belinda and her team have been supporting the modernisation of the Law Society by streamlining delivery and professionalism of marketing and communications activity, developing the brand, and publishing significant reports such as the Independent Review. Belinda joined the Law Society from sports regulator Drug Free Sport New Zealand, and has previously worked in communications and advertising in the United States and Australia.



**Peter Bell**

GENERAL MANAGER PEOPLE AND CULTURE

Peter is responsible for supporting the people functions at the Law Society. During the past year the People and Culture team have focussed on supporting staff to create a new set of values that reflect our organisation and its future, alongside revised purpose and vision statements. Implementation of our new HR information and payroll system has recently been completed and will serve as a fantastic platform to improve access to information and improve efficiency for several of our people support services.



# BRANCH MANAGERS/ COORDINATORS

National Branch Manager	Ian Stronach	
Auckland	Glenda Macdonald	Acting Branch Manager
Canterbury-Westland	Colin McDougall	Branch Manager
Gisborne	Joanne Ollerenshaw	Branch Manager
Hawke's Bay	Shonagh Matheson	Branch Manager
Manawatū	Jacque Shailer	Branch Manager
Marlborough	Leonie Vines	Branch Manager
Nelson	Cathy Knight	Branch Manager
Otago	Charlotte Washington	Branch Manager
Southland	Janine McMurdo	Branch Manager
Taranaki	Rachael Webb	Branch Manager
Waikato Bay of Plenty	Katie Robb	Branch Manager
Whanganui	Leonie Vines	Branch Manager
Wellington	Jacque Shailer	Branch Coordinator



# REGULATORY – PROFESSIONAL STANDARDS

## Funding the regulation of legal services

Lawyers must fund costs associated with the regulation of legal services, and this is achieved via their annual practising fee. These fees are set by the Law Society’s Council, with the approval of the Minister of Justice and must be paid before a practising certificate is issued.

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. The Council of Legal Education is an independent statutory body responsible for the quality and provision of legal training for a person to be admitted as a barrister and solicitor of the High Court of New Zealand. The Legal Complaints Review Officer is an independent body administered by the Ministry of Justice. Its role is to review decisions of standards committees.

Barristers and solicitors practising on their own account fund the costs of the Law Society Inspectorate. If they operate a trust account, they must contribute to the Fidelity Fund. The levy for this is set by Council, with the Minister of Justice’s approval.

## FEES, LEVIES AND CONTRIBUTIONS

YEAR TO 30 JUNE 2023, EXCLUDING GST

Component	2023	2022	2021	2020	2019	2018
Practising fee	\$1,290	\$1,140	\$1,040	\$1,040	\$1,040	\$1,140
Council of Legal Education Levy	\$19	\$22	\$22	\$22	\$22	\$22
LCRO Levy	\$120	\$130	\$130	\$130	\$130	\$125
Total for barristers and employed lawyers	\$1,429	\$1,292	\$1,192	\$1,192	\$1,192	\$1,287
Inspectorate fee	\$430	\$380	\$380	\$380	\$380	\$380
Total for barristers and solicitors practising on their own account without a trust account	\$1,859	\$1,672	\$1,572	\$1,572	\$1,572	\$1,667
Fidelity Fund contribution	\$320	\$320	\$320	\$320	\$320	\$320
Total for barristers and solicitors practising on their own account with a trust account	\$2,179	\$1,992	\$1,892	\$1,892	\$1,892	\$1,987

Note: The practising fee was increased to \$1290 for the 2022/23 year.

## Registry

The Law Society manages various applications including certificates of character; practising certificates; and lawyers who wish to practise on their own account

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. The number of applications for certificates of character decreased in the 2022/23 year; 17% fewer compared with the 2021/22 year. In line with this trend, the number of admissions also decreased; 27% fewer compared with the previous year.

## ADMISSIONS TO THE HIGH COURT AND CERTIFICATES OF CHARACTER

YEAR TO 30 JUNE 2023

Action	2023	2022	2021	2020	2019
Admissions	859	1131	1164	974	1058
Certificates of Character	1025	1129	1186	956	1169

Note: Past annual reports have previously noted an understatement of Admission numbers. These are actual numbers

The proportion of female admissions is 66% (and 33% male) for the 2022/23 year.

The Law Society issues a practising certificate after an application is made by any person whose name is on the roll of barristers and solicitors, if that person meets the criteria for eligibility. The number of lawyers holding a practising certificate in the 2022/23 year was 16,736; a 2.09% increase from the previous year. Overall, there has been an increase in lawyers each year since records began. The proportion of female lawyers has continued to rise steadily since 2018, when it reached 50% of the profession. There has been almost a 1% increase in the proportion of female lawyers each year since 2017/18. For the 2022/23 year the proportion of female lawyers was 55%.

## Practice Approval Committees

There are two Practice Approval Committees (PAC) which make decisions under delegated authority from the Board and Council on 'non-standard' applications.

There were 39 applications considered by the Practice Approval Committees in the 2022/23 year. This is 30% fewer compared with the 2021/22 year. As in previous years, the majority of applications considered by a PAC were practise on own account applications. However, there was a considerable increase in the number of applications referred to a PAC due to concerns around convictions, and disciplinary or non-compliance issues. The most common concern in previous years has related to the extent of an individual's experience.

## APPLICATIONS TO PRACTICE APPROVAL COMMITTEES CONSIDERED

YEAR TO 30 JUNE 2023

Applications Considered	2023	2022	2021	2020	2019
Certificates of Character	8	4	4	4	6
Practising Certificates	4	9	10	10	19
Practise on Own Account	12	20	6	5	5
Special Circumstances	4	13	4	7	18
Miscellaneous	11	10	12	11	14
<b>Total</b>	<b>39</b>	<b>56</b>	<b>36</b>	<b>37</b>	<b>62</b>

Note: As at 30 June 2023, there were two pending applications still under review. They are not included in this table

## APPLICATIONS DECLINED AFTER CONSIDERATION BY COMMITTEES

YEAR TO 30 JUNE 2023

Applications Considered	2023	2022	2021	2020	2019
Declined	7	14	6	4	8

## Practising on own account

All lawyers wanting to practise as a law firm partner or director, on their own as a sole practitioner, as a barrister sole, or to provide regulated legal services through a contract for services, must satisfy the Law Society that they are suitably qualified with the right skills and experience to do so.

In the 2022/23 year:

- 206 lawyers were approved to practise on their own account
- 80 were approved to practise as a barrister sole
- 78 barristers sole were approved to take direct instructions.

Overall, the number of applications to practise on own account (both Barrister and Solicitor and Barrister Sole) decreased in the 2022/23 year; 11% fewer compared with the 2021/22 year, however, we note that applications to practise as a Barrister sole increased by 4%.

## Stepping Up

The Stepping Up course must be undertaken by all those wanting to practise on their own account. Those practitioners who have previously completed it, but have not commenced practice within two years, must undertake the Topping Up Stepping Up course within three years.

In the 2022/23 year:

- 282 practitioners attended Stepping Up courses
- 17 practitioners attended Topping Up Stepping Up.

## Continuing Professional Development (CPD)

Lawyers are required to complete a minimum of ten hours of professional development under the Lawyers and Conveyancers Act (Lawyers: Ongoing Legal Education – Continuing Professional Development) Rules 2013 (CPD Rules).

All lawyers must also declare their compliance with the CPD Rules to the Law Society annually. All non-compliance is individually followed up.

The compliance rate in 2022/23 continued to be high at 99.5%. Lawyers with outstanding CPD requirements must declare their non-compliance when renewing their practising certificate. Those who declare their non-compliance must provide the Law Society with a plan for addressing their shortfall. While the Law Society supports practitioners to fulfil their requirements, a failure to meet the requirements in a reasonable timeframe may result in the practitioner being referred to the Lawyers Complaints Service (LCS) for investigation under the Lawyers and Conveyancers Act 2006 (Act).

## PERCENTAGE OF PRACTITIONERS WHO HAVE COMPLETED A CPD DECLARATION

YEAR TO 30 JUNE 2023

Applications Considered	2023	2022	2021	2020	2019
By end of CPD year (31 March)	70.5%	55.4%	69.2%	78%	82.6%
By 5 working day deadline	91.8%	90.4%	86.6%	97.8%	96.9%
By end of renewals period (30 June)	99.5%	99.3%	99%	99.2%	99.9%

## DEFERMENTS GRANTED

YEAR TO 30 JUNE 2023

Total Deferments granted	2023	2022	2021	2020	2019
	26	38	39	312	24

## Complaints and discipline

The Act establishes a co-regulatory framework for complaints and discipline for lawyers and employees of legal practices. The Law Society administers one aspect of the complaints and disciplinary process, the LCS. This involves the establishment of independent standards committees comprising volunteer lawyers and lay people to consider complaints or commence own motion investigations. These committees are mostly regional or focus on certain types of complaints by providing expertise in areas such as costs, harassment and bullying, and early resolution.

In the 2022/23 year, the Law Society had 22 standards committees comprising 180 volunteers:

- 32 new members joined the standards committees
- five were lay persons
- seven members completed full nine-year term
- four new convenors were appointed.

Parties unsatisfied with a committee's decision can apply to review the decision to the Legal Complaints Review Officer which is an independent body supported by the Ministry of Justice.

During the 2022/23 year, 954 complaints were opened and 1053 closed by the LCS. This is a decrease of 21% across both opened and closed complaints compared with the previous year. Of the 954 complaints opened, 57 were own motion investigations.

Despite the decreasing number of complaints opened over the last five years, the average age of all closed complaints has increased to 346 days in the 2022/23 year. This is the highest average age in the past five years. This can be partly attributed to the LCS focus on closing older complaints, specifically those over 365 days, of which 61 were closed in the 2022/23 year. Of note, 39 of these complaints were opened in 2018.

Of our current open complaints, 138 are more than 365 days old. As we continue to close these older complaints, the average age of complaints at the time of closing is likely to remain high. However, the average age of open complaints should decrease. During the 2022/23 year, the average age of all open complaints decreased to 232 days; 27% fewer compared with the previous year.

## FOCUS OF COMPLAINTS

YEAR TO 30 JUNE 2023

Direction of Complaint	2023	2022	2021	2020	2019
Lawyers	892	1123	1258	1268	1350
Non-lawyer employees	37	44	43	40	59
Former lawyers	18	24	69	43	38
Incorporated law firms	6	9	6	18	5
Former non-lawyer employees	1	5	0	0	1
<b>Total</b>	<b>954</b>	<b>1205</b>	<b>1375</b>	<b>1369</b>	<b>1453</b>

## ORIGIN OF COMPLAINTS RECEIVED

YEAR TO 30 JUNE 2023

Origin	2023	2022	2021	2020	2019
Client/Former Client	421	475	599	627	689
Client – Other Side	209	288	191	222	209
Third Party	84	121	267	191	208
Beneficiary	88	95	125	111	110
Other	62	90	56	75	70
Own motion	57	72	90	99	115
Lawyer	31	57	45	43	52
Regulatory authority	2	5	1	0	0
Court	0	2	2	1	0
<b>Total</b>	<b>954</b>	<b>1205</b>	<b>1375</b>	<b>1369</b>	<b>1453</b>



## Key Performance Indicators (KPIs)

In March 2022, we implemented KPIs in the LCS; we have now had a complete financial year to measure our timeliness for both ERS and standard track complaints. This year none of the KPIs have been met. The number of complaints closed by the ERS team has decreased; 39% fewer compared with the previous year. This is expected to improve as the team, the majority of whom are new, become more familiar with the processes and systems. In addition, the team are now also focussed on the resolution of complaints (which includes mediation) prior to these being opened, referred to a standards committee, and resolved. This has taken resources away from closing complaints, which includes the drafting of decisions.

## KPI ACHIEVEMENT FOR QUARTERS AND FULL YEAR

YEAR TO 30 JUNE 2023

	KPI	Q1 achieved	Q2 achieved	Q3 achieved	Q4 achieved	Full year achieved
<b>Direction of Complaint</b>						
Complaints closed within 90 days	40%	64%	32%	7%	20%	31%
Complaints closed within 180 days	90%	96%	95%	76%	57%	79%
<b>Standard Track</b>						
Complaints closed within 90 days	40%	16%	21%	21%	11%	18%
Complaints closed within 180 days	60%	33%	43%	51%	39%	42%
Complaints closed within 180 days	80%	56%	56%	71%	58%	61%

Changes are for standard track only:

- Q1 - six cases were completed on 5/7/2022, thus increasing the count of completed cases by six (reducing the achievement rate)
- Q2 - 33 cases were completed on 1/9/2022, thus increasing the count of completed cases by 33
- Full year - increase of 39 completed cases for the year changing total completed cases.

## AREAS OF LAW IN WHICH COMPLAINTS AROSE

YEAR TO 30 JUNE 2023

Area	2023	2022	2021	2020	2019
Property	180	228	328	232	262
Trusts and Estates	175	206	269	261	299
Family	214	256	229	280	293
Criminal	87	108	124	146	131

## TYPE OF COMPLAINTS

YEAR TO 30 JUNE 2023

Type	2023	2022	2021	2020	2019
Breach of RCCC Rules	415	605	608	472	469
Overcharging	221	255	368	358	349
Negligence/Incompetence	298	354	421	386	429
Inadequate Reporting/ Communications	141	180	239	251	337
Bullying	44	81	79	45	
Harassment	31	52	44	34	
Discrimination	7	16	11	7	
Sexual Harassment*	2				

\*Sexual Harassment was broken out into a separate category of complaint in 2023

## COMPLAINTS CLOSED

YEAR TO 30 JUNE 2023

Result	2023	2022	2021	2020	2019
Decision to take no action (not upheld)	833	1087	1004	1246	1018
Referred to and resolved by negotiation, conciliation or mediation	21	51	47	58	42
Withdrawn/Discontinued/Settled	23	19	20	22	24
Orders made by Standards Committee	147	147	161	148	127
Complaints outstanding at 30 June	702	801	929	829	972
Complaints closed during year	1053	1333	1276	1512	1258

## EARLY RESOLUTION SERVICE

YEAR TO 30 JUNE 2023

Measure	2023	2022	2021	2020	2019
ERS complaints accepted	403	427	530	508	514
ERS complaints outstanding at end of year	191	66	181	77	145
ERS complaints closed during year	284	465	435	561	412
ERS complaints where a decision to take no action	266	429	394	495	371
ERS complaints resolved	111	139	100	93	91
ERS complaints not resolved and returned to standard process	25	33	29	28	43
ERS complaints as proportion of all complaints received	38%	35%	39%	37%	35%
ERS complaints as proportion of all complaints closed	27%	35%	34%	37%	33%

## PROPORTION OF COMPLAINTS CLOSED

YEAR TO 30 JUNE 2023

Measure	2023	2022	2021	2020	2019
Within 1 month	1	0.45	0.16	1.3	6.5
Within 3 months	10	12	24	20	29
Within 6 months	35	49	54	52	58
Within 9 months	58	72	71	73	79
Within 1 year	72	84	81	83	90
More than 1 year	28	16	19	17	10

Note: 39 complaints, relating to one firm, from 2018 were closed in September 2022. This affected the timeliness results for the LCS. Not only did those cases take a very long time to close, but the additional resources required to close them affected the service's ability to work through other cases. We anticipate the FYE 2024 KPI result to be an improvement on FYE 2023 results.

## TIME TAKEN TO CONCLUDE STANDARD TRACK COMPLAINTS

YEAR TO 30 JUNE 2023, MEASURED AS ORDINARY CALENDAR DAYS, NOT WORKING DAYS

Average number of days	2023	2022	2021	2020	2019
To conclude Standard Track complaints	427	304	308	319	252

Note: Prior to FYE 2022, the ERS complaints' age was taken from the date the complaint was accepted by an ERS committee. For FYE 2022 and going forward, the complaint age is taken from the date the complaint was opened in order to truly reflect the age of the complaint according to the complainants' experience.

## TIME TAKEN TO CONCLUDE COMPLAINTS BY EARLY RESOLUTION SERVICE

YEAR TO 30 JUNE 2023

Average number of days	2023	2022	2021	2020	2019
To conclude all complaints within ERS	127	137	93	111	68
To conclude all complaints where decision to take no action	128	137	93	113	65
To conclude all complaints that were resolved	111	139	100	93	91

Note: Mediation and Withdrawn are classified as 'resolved'

## Publication of information about complaints

The LCA strictly controls publication of information on standards committee decisions. Information on decisions may only be published if a standards committee considers it necessary or desirable in the public interest.

Where publication is required, a summary of the decision is published on the Law Society website and in LawPoints. The identity of a lawyer is unable to be published unless a censure order has been made by a standards committee and the Law Society Board approves publication.

## ORDERS BY STANDARDS COMMITTEES FOR PUBLICATION

YEAR TO 30 JUNE 2023

Order	2023	2022	2021	2020	2019
Publication of facts	20	32	34	35	32
Publication of name	2	0	2	0	1

## Referrals to the Lawyer and Conveyancing Disciplinary Tribunal

Where more serious cases require consideration, standards committees can lay charges before the Lawyers and Conveyancers Disciplinary Tribunal. Only the Tribunal can make a finding of misconduct. The Tribunal is an independent body supported by the Ministry of Justice.

The LCA requires the Law Society to reimburse the Crown for 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.

### REFERRALS TO THE TRIBUNAL FROM STANDARDS COMMITTEES

YEAR TO 30 JUNE 2023

Matter	2023	2022	2021	2020	2019
Referrals	38	31	38	35	40
Closed	35	20	35	41	27
Hearings	32	20	29	24	26
Struck off	4	4	2	4	5
Suspended	10	4	11	8	7

Note: As at 30 June 2023 no charge was dismissed under s 240A, two prosecutions were resolved without a Tribunal decision, and 44 cases remain active.

### LAW SOCIETY PAYMENTS FOR COSTS OF HEARINGS

YEAR TO 30 JUNE 2023

Average number of days	2023	2022	2021	2020	2019
Reimbursement	\$75,433	\$92,426	\$97,066	\$86,066	\$88,744

## Financial Assurance Scheme

The Financial Assurance Scheme is primarily in place to protect client money held in lawyers' trust accounts. The Law Society Inspectorate's role is to ensure lawyers are meeting the requirements of the Act and the regulations in their handling of client funds.

Historically, reviews have been conducted on-site at a practitioner's place of business. With the increased use of remote technology and in particular cloud-based systems, alongside improved trust accounting programmes, 'desktop' reviews can be completed remotely. A desktop review allows an inspector to review risks associated with solicitors' trust accounts without needing to visit. However, it does not eliminate the need for some on-site visits. Inspectors utilise whichever approach they assess is the most appropriate.

### LAW SOCIETY INSPECTORATE REVIEWS OF TRUST ACCOUNTS

YEAR TO 30 JUNE 2023

Type of Review	2023	2022	2021	2020	2019
General	0	0	0	1	0
Limited	115	82	95	296	344
Focus (including desktop)	87	140	176	91	4
Desktop	83				
Exit	80	48	54	49	53
New	50	43	49	17	41
Revisits	2	2	0	1	0
Investigation	3	5	6	7	4
Total	420	320	380	462	446



# FINANCIAL REPORT

# FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2023

### Introduction

In line with the last two years, we have included our full financial statements in the Annual Report in the interest of transparency and consistency with other regulatory and representative organisations.

Our financial statements continue to be a story of two halves. The Act we operate under requires that our organisation's finances are reported on as separate Regulatory and Representative functions. Income from Regulatory activity – largely Practising Certificate fees – can be expended only on Regulatory work, including a portion of our overheads.

Regulatory income increased again in 2022/2023 largely due to an increase in the practising fee to keep up with inflationary cost pressures. An operating loss was incurred for the year; however, this was related to planned investment in strategic projects which will be outlined further in this report.

Representative Services also operated at a loss covered by its reserves. The extensive work done this year on our Representative strategy will help create a structure that is financially sustainable, and this will include the introduction of a membership fee. The fee will alleviate some of the cost pressures faced by the Representative function and will allow us to deliver superior service to our members going forward.

### Regulatory Services

The financial statements demonstrate that the Regulatory function remains in a strong financial position, with total revenue of \$279m (up from \$24.7m in 2022).

Income has continued to increase due to more lawyers entering the profession and an increase in our practising fee compared to the prior year. The increase in the fee was required to keep up with cost pressures faced because of the high inflationary environment over the last two years. This increase has also allowed us to continue to invest in the organisation by progressing with the transformation and modernisation programmes that are currently underway, and funding the independent review.

This year we have been able to achieve a return of \$778k on our managed fund investment, which represents a recovery on the \$641k loss sustained in 2022 due to harsh economic conditions. The return on our managed fund is also supplemented by increased interest income on our term deposits as deposit interest rates have increased significantly over the last year.

The net deficit for the year was \$618k which is an improvement on the \$2m deficit incurred 2022. The deficit is primarily attributable to our continued focus on investing in the organisation's strategic projects including technology modernisation and the independent review.

### Representative Services

Representative (Members') Services currently remains in a strong financial position, however has a small revenue base in relation to its costs and the current model is not sustainable in the long run. Income from Representative Services, which includes NZLS CLE Limited, a wholly owned company specialising in legal education, was \$6.9m in 2023 (an increase on \$5.8m in 2022). The increase is largely due to our function, event and conference income returning to pre-pandemic levels. COVID-19 resulted in the cancellation of the ILANZ conference and many other branch events in 2022.

Representative Services' managed funds generated a gain of \$139k this financial year which is an improvement on the \$989k loss incurred last year. Our managed fund portfolio was transferred to Milford Asset Management in December 2021.

The net loss for the year was \$2.9m (an improvement on the loss of \$3.2m in 2022). The loss is attributable to the small revenue base, poor performance on managed funds and continued upward pressure on our cost base. The work that is currently underway on our Representative strategy, which includes the introduction of a membership subscription fee, will reduce these deficits going forward.

### Lawyers' Fidelity Fund

Income for the Fund has increased due to high interest rates being achieved on term deposits. The majority of the Fund's reserves (\$12m) are routinely invested in term deposits to maximise returns, with a small amount left in cash to cover any claims. Claims for the year were slightly lower than in 2022 and this number can vary considerably year-to-year.

### Solicitors' Fidelity Guarantee Fund

The Solicitors' Fidelity Guarantee Fund covers theft by lawyers prior to 1 August 2008 which is why activity in the Fund for the year is minimal. Management intend to carry out wind up procedures once all outstanding claims have been resolved. The actual date of wind up is uncertain at this stage and depends on ministerial approval.

### Lawyers and Conveyancers Special Fund

We received \$38.1m in interest from nominated trust accounts (a significant increase from the \$9.6m received last year). This is due to the significant increase in interest rates over the course of the year. These funds are paid to the Ministry of Justice to help fund community law centres around the country.

# NEW ZEALAND LAW SOCIETY REGULATORY

## PERFORMANCE REPORT FOR THE YEAR ENDED 30 JUNE 2023

### STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2023

#### Purpose and vision

The purpose and vision statements of all Law Society entities are consistent as each entity forms part of the overall operation of the Law Society. These are as follows:

- Our **purpose** is to be the kaitiaki of an exemplary legal profession in Aotearoa.
- Our **vision** is that all people in Aotearoa benefit from a strong, progressive and trusted legal profession.

#### Why do we exist?

The New Zealand Law Society Regulatory function exists to uphold professional standards so everyone can have trust and confidence in the legal profession.

#### Objectives and Performance Measures

Our Regulatory entity looks to achieve its purpose through the following objectives and associated measures:

##### Objective 1: Control and regulate the practice of law in New Zealand by barristers and solicitors

	2023	2022 (unaudited)
Number of practising lawyers as at 30 June	16,736	16,394
Number of practising certificates issued during year	17,239	17,096
Number of practising certificates declined during the year	Nil	Nil

A practising certificate certifies that the holder is a fit and proper person to practise law and allows them to describe themselves as 'a lawyer'. It is an offence for someone without a practising certificate to describe themselves as a lawyer. The Law Society maintains a public register of lawyers so the public can determine whether a person is a lawyer.

##### Objective 2: Uphold the fundamental obligations imposed on lawyers who provide regulated services in NZ

	2023	2022 (unaudited)
CPD declaration rate	91.8%	90.4%

Lawyers are required to undertake 10 CPD hours annually and declare that CPD has been completed. Audits are also conducted on the number of CPD hours declared and a performance measure will be introduced for this in the future. Lawyers that are not compliant work with our CPD Manager until compliance is achieved. Lawyers who fail to comply may be referred to the Lawyers Complaints Service.

	2023	2022 (unaudited)
Number of trust account reviews completed	420	321
Number of overdue reviews	564	563

Trust accounts are reviewed by the Inspectorate team. Regular reviews assure the public that their funds are safe.

The nature under which the Inspectorate operate the risk framework means there are always overdue reviews. The Inspectorate completed 420 reviews in FYE 2023; however risk ratings expire on a daily basis. The number of overdue reviews will include some that are one day overdue versus many days overdue. The Inspectorate's focus is on those firms considered to pose a higher risk to consumers of legal services. These higher risk firms are reviewed more frequently than those considered a low risk. Therefore, high risk firms often expire within a 12 monthly basis. Our staffing capacity during the year allowed us to maintain the number of overdue reviews (so there was not an increase). Additional funding for the upcoming year has allowed for additional resource, which will help address the number of overdue reviews. In addition, we are looking at other ways to manage risk and overdue reviews.

	2023	2022 (unaudited)
ERS: % of complaints closed within 90 days	31%	18%
ERS: % of complaints closed within 180 days	79%	79%
Standard track: % of complaints closed within 180 days	18%	31%
Standard track: % of complaints closed within 270 days	42%	56%
Standard track: % of claims closed within 365 days	61%	76%

Having an effective and efficient complaints management process assures the public that there is a mechanism for holding non-compliant lawyers and employees of law practices to account. All complaints are assessed by a screening panel which determines if a complaint should go to the Early Resolution Service (ERS) or via Standard Track process. ERS handles all complaints that are likely to be resolved quickly. Standard Track is for all other complaints, which may require further inquiry into the matter before providing an outcome. All complaints must go to a Standards Committee for decision. Standards Committee are made up of external lawyers and lay persons.

The Law Society aims to achieve the following:

- ERS: that 40% and 90% of complaints are closed within 90 and 180 days, respectively.
- Standard Track: that 40%, 60% and 80% of complaints are closed within 180, 270, and 365 days, respectively.

**Objective 3: Assist and promote law reform matters in NZ**

	<b>2023</b>	<b>2022 (unaudited)</b>
Number of formal submissions made	<b>73</b>	73
Number of interventions	<b>3</b>	4

The formal submissions made by the Law Reform team typically involves written submissions on either a Bill or consultation document. This does not include email feedback or feedback provided during meetings and working groups. The Law Reform team has 17 specialist committees made up of external lawyers.

The Law Reform team also intervenes in cases of public interest. This is where the Law Society intervenes in a legal proceeding as a neutral third party to assist the court, typically to offer expertise or submissions beyond those provided by the parties.

**Objective 4: Ensure lawyers have wellbeing support available to them**

	<b>2023</b>	<b>2022 (unaudited)</b>
Number of counselling sessions provided	<b>869</b>	758
Number of participants in mentoring programme	<b>749</b>	729
Mentoring Quality Score	<b>4.1</b>	4.3

The Law Society provides lawyers with a counselling service to ensure they are provided with health and wellbeing support. Our mentoring programme aims to ensure lawyers feel well supported by those within the profession. Participants in the mentoring programme rank the quality of their mentoring relationship out of 5.

**Key judgements applied when choosing which information to report**

Complaints KPIs were introduced mid-way through the 2022 financial year so prior year comparatives were not used to measure performance of the complaints function prior to this.

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
<b>REVENUE</b>			
Revenue from exchange transactions			
Practising and other service fees		27,798	24,686
Interest income		194	16
<b>Total revenue</b>		<b>27,992</b>	<b>24,702</b>
<b>EXPENSES</b>			
Administration and library	2	29,207	25,933
<b>Total expenses</b>		<b>29,207</b>	<b>25,933</b>
Net Investment Income /(Expense)	3	778	(641)
<b>(Deficit)/surplus before income tax</b>		<b>(437)</b>	<b>(1,872)</b>
Income tax expense	4	181	106
<b>Net (deficit)/surplus for the year</b>		<b>(618)</b>	<b>(1,978)</b>
<b>Total comprehensive revenue and expense for the year</b>		<b>(618)</b>	<b>(1,978)</b>

## STATEMENT OF CHANGES IN NET ASSETS/EQUITY

For the year ended 30 June 2023

	2023 \$000	2022 \$000
<b>Equity at beginning of year</b>	<b>11,675</b>	<b>13,653</b>
Total comprehensive revenue and expense for the year	(618)	(1,978)
<b>Equity at end of year</b>	<b>11,057</b>	<b>11,675</b>

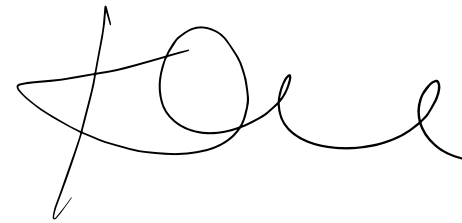
## STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023 \$000	2022 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		15,474	20,380
Bank term deposits		8,000	-
Trade and other receivables	5	3,770	3,681
Other financial assets	6	13,825	16,587
Tax receivable	4	24	145
<b>Total current assets</b>		<b>41,093</b>	<b>40,793</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	165	110
Capital work in progress		2,700	192
Intangible assets	8	-	-
<b>Total non-current assets</b>		<b>2,865</b>	<b>302</b>
<b>Total assets</b>		<b>43,958</b>	<b>41,095</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other liabilities	9	32,901	29,420
<b>Total current liabilities</b>		<b>32,901</b>	<b>29,420</b>
<b>Equity</b>			
Retained earnings		11,057	11,675
<b>Total equity</b>		<b>11,057</b>	<b>11,675</b>
<b>Total equity and liabilities</b>		<b>43,958</b>	<b>41,095</b>



These financial statements were approved for issue on behalf of the Board:

President

Chief Executive

2 October 2023

2 October 2023

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
<b>Cash flows from operating activities</b>			
Cash was received from:			
Practising and other service fees		30,503	26,228
Interest		174	16
		30,677	26,244
Cash was applied to:			
Payments to suppliers and employees		28,022	27,558
Income tax paid		60	60
		28,082	27,618
<b>Net cash flows (used in)/from operating activities</b>	<b>10</b>	<b>2,594</b>	<b>(1,374)</b>
<b>Cash flows from investing activities</b>			
Cash was received from:			
Investment in bank term deposits		8,200	2,509
Investment in other financial assets		3,540	12,773
		11,740	15,282

	Note	2023 \$000	2022 \$000
Cash was applied to:			
Investment in bank term deposits		16,200	-
Investment in other financial assets		-	30,000
Payments for property, plant and equipment, and intangible assets		3,040	195
		19,240	30,195
<b>Net cash (used in)/from investing activities</b>		<b>(7,500)</b>	<b>(14,913)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4,906)</b>	<b>(16,287)</b>
Cash and cash equivalents at beginning of year		20,380	36,667
<b>Cash and cash equivalents at end of year</b>		<b>15,474</b>	<b>20,380</b>
<b>Comprising:</b>			
Cash at bank		15,472	20,378
Cash on call account		2	2
<b>Total cash and cash equivalents</b>		<b>15,474</b>	<b>20,380</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 1. Significant accounting policies

#### 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.

#### Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand as applied for a Tier 2 entity (“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 financial statements have been prepared in accordance with Tier 2 PBE Standards and disclosure concessions have been applied (“RDR”).

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.

#### Basis of preparation

The financial statements are presented in New Zealand dollars (“NZD”) which is the functional and presentation currency, rounded to the nearest thousand. The financial statements are prepared on the historical cost basis.

The accounting policies have been applied consistently to all periods in these financial statements.

The preparation of financial statements in conformity with PBE Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgements made by management in the application of PBE Standards that have significant effect on the financial statements include the assessment of impairment of assets, determination of deferred revenue and the collectability of aged fines and cost debts as detailed in note 5. The particular accounting policies record the basis of judgements made.

#### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to NZLS Regulatory and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, taking into account contractually defined terms of payment, net of discounts and GST.

The specific recognition criteria described below must also be met before revenue is recognised:

Revenue from exchange transactions:

- **Practicing and other service fees** – Revenue from a transaction to provide services is recognised by reference to the stage of completion of the transaction at balance date.
- **Interest** – Interest income is recognised on an accruals basis using the effective interest method.

#### Financial instruments

Financial instruments are those contracts entered into by NZLS Regulatory which result in the creation of either a financial asset or liability for both NZLS Regulatory and the other contracting entity or individual. Financial instruments result in the recognition of financial assets and liabilities for NZLS Regulatory at the

point where NZLS Regulatory becomes party to the contractual provisions of the instrument.

#### Financial assets

NZLS Regulatory only holds financial assets classified as short-term receivables, term deposits and managed funds.

##### Short-term receivables

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). This allowance is calculated based on lifetime ECL. In measuring ECL, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on days past due. Short-term receivables are written off when there is no reasonable expectation of recovery.

##### Term deposits

Term deposits are initially measured at the amount invested, as this reflects fair value for these market-based transactions. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

##### Managed fund

The managed fund is a portfolio of financial assets that are actively traded with the intention of making profits. Therefore, the managed fund is measured at fair value through surplus/deficit. After initial recognition, the managed fund is measured at fair value, with gains and losses recognised in the surplus or deficit.

#### Financial liabilities

Financial liabilities are classified either ‘at fair value through surplus or deficit’, or ‘at amortised cost’. NZLS Regulatory only holds financial liabilities at amortised cost which is comprised of trade and other payables. These are initially recognised at fair value less transaction costs and are thereafter carried at amortised cost using the effective interest method.

#### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and subsequent impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

#### Depreciation

Depreciation of property, plant and equipment, other than land, is calculated on a straight-line (“SL”) basis so as to write off the cost or fair value amount of each asset, less any residual value, over its estimated remaining useful life. Management have used judgement to determine the depreciation rates that best approximate the remaining useful lives and residual values and reviews the depreciation rates and residual values at the end of each annual reporting period.

The following estimated rates are used in the calculation of depreciation:

Class	Method	Rate
Computer hardware	SL	20–36%
Furniture and office equipment	SL	6–48%
Library Books	SL	7 years

#### Intangible assets

Intangible assets, which comprise software applications, are stated at cost less accumulated amortisation and subsequent impairment losses. The assets are amortised using the straight-line method over their estimated useful life of 2-7 years.

#### Impairment of assets

NZLS Regulatory’s assets are considered to be non-cash generating as they are not held for the primary purpose of generating a commercial return.

At each reporting date, a review is undertaken of the carrying amounts of the tangible and intangible assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable service amount of the asset (as defined in PBE IPSAS 21: Impairment of non-cash generating assets) is estimated in order to determine the extent of the loss (if any).

The recoverable service amount is calculated as the higher of the assets fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset’s ability to generate net cash inflows

and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If the recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. Any impairment loss is recognised immediately in profit or loss.

A reversal of an impairment loss in subsequent periods is recognised immediately in profit or loss. However, any reversal must not result in the carrying amount of the asset exceeding its carrying amount had no impairment losses been recognised in prior years.

#### Deferred revenue

Deferred revenue comprises practising and other service fees which have been received but relate to services that have not yet been delivered. If revenue is received before services are rendered, then it is recorded as a liability and recognised as revenue over the period for which the services are delivered.

#### Accounts payable

Accounts payable are recognised where there is an obligation to make future payments for purchases of goods and services. They are recognised at fair value initially then subsequently at amortised cost.

#### Employee benefits

Provision is made for accrued salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made for employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at time of settlement.

#### Goods and services tax

The statement of comprehensive income has been prepared on a goods and services tax (“GST”) exclusive basis. All items in the statement of financial position are stated net of GST with the exception of receivables and payables, which include GST invoiced.

#### Income tax

Income tax in the statement of financial performance is current

tax. Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets and liabilities are offset only when NZLS Regulatory has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis.

#### Leasing

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

#### Statement of cash flows

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, and investments in bank term deposits maturing within one month. The following terms are used in the statement of cash flows:

- *Operating activities* are the principal revenue producing activities and other activities that are not investing or financing activities.
- *Investing activities* are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.
- *Financing activities* are the activities that result in changes in the size and composition of the contributed equity and borrowings.

#### Changes in accounting policies

During the period, NZLS Regulatory applied the following new standards for the first time:

- PBE IPSAS 41 – Financial Instruments
- PBE FRS 48 – Service Performance Reporting

There was no material effect on the current or prior periods from the adoption of PBE IPSAS 41 – Financial Instruments.

The application of PBE FRS 48 – Service Performance Reporting has resulted in the inclusion of a Statement of Service Performance which can be found on page 45.

## 2. Total expenses

	<b>2023</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>
Audit fees – audit of the financial statements	19	26
Other fees paid to auditors – taxation and other services	90	101
Depreciation of property, plant and equipment	477	20
Amortisation of intangible assets	-	20
Employee benefit expenses	15,699	13,469
Legal Complaints Review Office	1,946	2,181
New Zealand Council of Legal Education	299	299
Lease costs	761	954
Legal opinions and prosecution costs	1,482	1,327
Presidents' honoraria*	231	299
Library resource costs	1,835	1,979
IT costs	2,456	2,064
Other administration costs	3,912	3,194
	<b>29,207</b>	<b>25,933</b>

\*The Presidents' honoraria line includes Branch President honoraria payments.

## 3. Net Investment Gain/(Expense)

	<b>2023</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>
Realised and unrealised gains/(losses) on investments	882	(452)
Management fees	(104)	(189)
	<b>778</b>	<b>(641)</b>

#### 4. Taxation

	2023 \$000	2022 \$000
<b>(a) Income tax recognised in surplus or deficit for year</b>		
Tax expense comprises:		
Tax expense on current year income	181	-
Adjustments recognised in the current period in relation to tax of prior periods	-	106
<b>Total tax expense for the year</b>	<b>181</b>	<b>106</b>
<b>(b) The prima facie income tax expense on pre-tax accounting surplus from operations reconciles to the income tax expense in the financial statements as follows:</b>		
(Deficit)/Surplus from operations and investment before income tax	(437)	(1,872)
Income tax (credit)/expense calculated at 28%	(122)	(524)
Adjustment for tax on non-assessable income and expenditure	303	524
Under/(over) provision of tax in previous periods	-	106
<b>Income tax expense recognised in surplus or deficit for year</b>	<b>181</b>	<b>106</b>
<b>(c) Current tax payable/(receivable)</b>		
Balance at beginning of year	(145)	(191)
Taxation paid	(60)	(60)
Tax expense for years income	181	-
Under/(over) provision of tax in previous periods	-	106
<b>Balance at end of the year</b>	<b>(24)</b>	<b>(145)</b>

#### 5. Trade and other receivables

	2023 \$000	2022 \$000
Trade receivables from exchange transactions	2,556	1,188
Prepayments and accrued income	452	599
GST receivable	552	691
Related party receivables	210	1,203
<b>Total trade and other receivables</b>	<b>3,770</b>	<b>3,681</b>

Related party receivables of \$210,208 (2022: \$1,203,341) are deemed to be fully receivable by management as the receivables have been collected post balance date. The trade receivables from exchange transactions amount of \$2,487,331 includes a fines and cost order receivable amounting to \$686,976 (2022: \$865,841). Given that the majority of our fines and costs receivables are aged, management have applied some assumptions in order to calculate the amount deemed collectible as at 30 June 2023. Accordingly, the following assumptions have been applied:

##### Fines and costs debt on payment plan

If payment plan terms result in the debt being fully recovered within seven years, then entire debt is deemed to be fully recoverable. However, if the debt takes longer than seven years to recover, recoverability rate is decreased to 40% of the outstanding balance.

##### Non payment plan fines and costs debt

The collectible amount is determined by the age of the debt in accordance with the table below.

Age profile	Probability of collection
0–30 days	99%
31–60 days	95%
61–90 days	85%
91–150 days	65%
151–365 days	50%
+ 365 days	15%

Management sees these assumptions as reasonable as the recovery of this debt is becoming an increasing focus and processes are being put in place to enhance recoverability going forward.

## 6. Other financial assets

	2023 \$000	2022 \$000
Cash and cash equivalents	2,195	4,518
Shares	3,966	3,722
Bonds	7,664	8,347
<b>Total other financial assets</b>	<b>13,825</b>	<b>16,587</b>

The investment portfolio was established during the 2022 financial year and is managed by Milford Asset Management.

## 7. Property, plant and equipment

	Computer hardware \$000	Furniture & office equipment \$000	Library books \$000	Total \$000
<b>GROSS CARRYING AMOUNT</b>				
<b>Balance at 30 June 2021</b>	<b>321</b>	<b>234</b>	<b>5,883</b>	<b>6,437</b>
Additions	-	2	-	2
<b>Balance at 30 June 2022</b>	<b>321</b>	<b>236</b>	<b>5,883</b>	<b>6,859</b>
Additions	80	9	-	89
Disposals	(169)	(7)	-	(176)
<b>Balance at 30 June 2023</b>	<b>232</b>	<b>238</b>	<b>5,883</b>	<b>6,353</b>
<b>ACCUMULATED DEPRECIATION</b>				
<b>Balance at 30 June 2021</b>	<b>(319)</b>	<b>(108)</b>	<b>(5,883)</b>	<b>(6,310)</b>
Depreciation expense	(2)	(18)	-	(20)
<b>Balance at 30 June 2022</b>	<b>(321)</b>	<b>(126)</b>	<b>(5,883)</b>	<b>(6,330)</b>
Depreciation expense	(17)	(17)	-	(34)
Elimination on disposal	169	7	-	176
<b>Balance at 30 June 2023</b>	<b>(169)</b>	<b>(136)</b>	<b>(5,883)</b>	<b>(6,188)</b>
<b>NET BOOK VALUE</b>				
<b>As at 30 June 2022</b>	<b>-</b>	<b>110</b>	<b>-</b>	<b>110</b>
<b>As at 30 June 2023</b>	<b>63</b>	<b>102</b>	<b>-</b>	<b>165</b>

## 8. Intangible assets

	Computer Software \$000
<b>GROSS CARRYING AMOUNT</b>	
Balance at 30 June 2022	419
Disposals	(354)
<b>Balance at 30 June 2023</b>	<b>65</b>
<b>ACCUMULATED AMORTISATION</b>	
Balance at 30 June 2021	399
Amortisation	20
<b>Balance at 30 June 2022</b>	<b>419</b>
Amortisation	-
Elimination on disposal	(354)
<b>Balance at 30 June 2023</b>	<b>65</b>
<b>NET CARRYING VALUE</b>	
As at 30 June 2022	-
As at 30 June 2023	-

## 9. Trade payables and other liabilities

	2023 \$000	2022 \$000
Trade payables	2,015	1,031
Other liabilities and accrued expenses	4,720	4,815
Employee benefits	1,028	898
Deferred revenue	24,511	21,668
Related party payables	627	1,008
<b>Total trade and other liabilities</b>	<b>32,901</b>	<b>29,420</b>

The average credit period on purchases of certain goods and services is 30 days. Financial risk management policies are in place to ensure that all payables are paid within the credit timeframe. All trade payables have short term contractual maturities and therefore no interest is charged over a term.

## 10. Reconciliation of cash flows from operating activities with net surplus for the year

	2023 \$000	2022 \$000
<b>Net (Deficit)/surplus for the year</b>	<b>(618)</b>	<b>(1,978)</b>
Add non-cash items:		
Depreciation	476	20
Amortisation	-	20
Fair value movement in financial assets	(778)	641
	<b>(302)</b>	681
Add movements in other working capital items:		
Trade & other receivables	(19)	(1,813)
Trade & other payables	3,411	1,690
Tax receivable/(payable)	121	46
	<b>3,513</b>	<b>(77)</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>2,594</b>	<b>(1,374)</b>

## 11. Leasing arrangements

	2023 \$000	2022 \$000
<b>Non-cancellable operating lease payments</b>		
Not later than 1 year	1,154	1,067
Later than 1 year and not later than 5 years	3,364	3,451
Later than 5 years	1,036	1,443
	<b>5,554</b>	<b>5,961</b>

The operating lease payments comprise leased premises for the Auckland and Waikato-Bay of Plenty Branches and the National Office in Wellington. There is no option to purchase the leased assets at the expiry of the lease period.

## 12. Financial instruments

The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk without taking account of the value of any collateral obtained.

### Fair value of financial instruments

The fair value of the financial instruments, financial assets and financial liabilities does not differ materially from the carrying value as reflected in the statement of financial position.

### Interest rate risk

NZLS Regulatory is exposed to interest rate risk in that future interest rate movements will affect cash flows and the market value of fixed interest investment assets. NZLS Regulatory does not use any derivative products to manage interest rate risk.

### Credit risk

The maximum credit risk associated with the financial instruments held is considered to be the carrying value reflected in the statement of financial position. The risk of non-recovery of these amounts is considered to be minimal given that the investments are made with a variety of NZ registered banks. NZLS Regulatory does not require collateral or other security to support financial instruments with credit risk.

Our trade and other receivables includes aged fines and costs receivables. Management have applied several assumptions to calculate the amount deemed collectable as mentioned in note 5.

### Maturity analysis

The maturity tables below provide a breakdown of cash and the contractual non-discounted cashflows relating to financial assets and financial liabilities for the reporting period.

The table includes both interest and principal cashflows:

<b>30 June 2023</b>	<b>Weighted average effective interest rate</b>	<b>Within 1 month \$000</b>	<b>1 to 3 months \$000</b>	<b>3 Months to 1 year \$000</b>	<b>1 to 2 years \$000</b>	<b>Over 2 years \$000</b>	<b>Total \$000</b>
Cash at bank	1.00%	15,472	-	-	-	-	15,472
Cash on call account	2.70%	2	-	-	-	-	2
Fixed term bank deposits	5.81%	-	2,535	5,649	-	-	8,184
Trade/other receivables		-	-	3,770	-	-	3,770
Other financial assets		-	-	13,825	-	-	13,825
<b>Total financial assets</b>		<b>15,474</b>	<b>2,535</b>	<b>23,244</b>	<b>-</b>	<b>-</b>	<b>41,253</b>
Trade/other liabilities (excluding deferred revenue)		8,390	-	-	-	-	8,390
<b>Total financial liabilities</b>		<b>8,390</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,390</b>
<b>30 June 2022</b>	<b>Weighted average effective interest rate</b>	<b>Within 1 month \$000</b>	<b>1 to 3 months \$000</b>	<b>3 Months to 1 year \$000</b>	<b>1 to 2 years \$000</b>	<b>Over 2 years \$000</b>	<b>Total \$000</b>
Cash at bank	1.00%	20,378	-	-	-	-	20,378
Cash on call	0.08%	2	-	-	-	-	2
Fixed term bank deposits	0.70%	1,188	-	-	-	-	1,188
Trade/other receivables		-	-	3,681	-	-	3,681
Other financial assets		-	-	16,587	-	-	16,587
<b>Total financial assets</b>		<b>21,568</b>	<b>-</b>	<b>20,268</b>	<b>-</b>	<b>-</b>	<b>41,836</b>
Trade/other liabilities (excluding deferred revenue)		7,752	-	-	-	-	7,752
<b>Total financial liabilities</b>		<b>7,752</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,752</b>



### 13. Related party disclosures

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

	2023 \$000	2022 \$000
<b>Allocation of costs to:</b>		
NZLS Representative	3,884	3,320
NZLS CLE Limited	547	356
NZLS Solicitors' Fidelity Guarantee Fund	33	40
NZLS Lawyers' Fidelity Fund	41	40
The Lawyers and Conveyancers Special Fund	25	24
	<b>4,431</b>	3,780
<b>Depreciation/amortisation costs paid for use of assets:</b>		
NZLS Representative	507	469
<b>NZLS related entity receivables/(payables) at end of year:</b>		
NZLS Representative	99	1,112
NZLS CLE Limited	106	86
NZLS Lawyers' Fidelity Fund	(627)	(1,008)
NZLS Solicitors' Fidelity Guarantee Fund	3	3
The Lawyers and Conveyancers Special Fund	2	2
	<b>(417)</b>	195

#### Key management personnel:

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

	2023 \$000	2022 \$000
Short term employee benefits	1,454	1,347

Short term employee benefits comprise salary and bonus payments attributable to key management personnel during the period.

### 14. Contingent liabilities

There are no contingent liabilities at 30 June 2023 (2022 – nil). In the ordinary course of business NZLS Regulatory is exposed to legal claims against decisions made by the Legal Complaints Review Officer or the Standards Committee. No provision is made in these financial statements in relation to the possible legal costs and disbursements which may be incurred in defending these decisions.

### 15. Capital commitments

There are no capital commitments at 30 June 2023 (2022 – nil).

### 16. Subsequent events

There are no material non-adjusting events after the reporting date (2022 – nil).

### Additional information

**Registered office /  
Principal place of operations:**  
Accuro House  
17-21 Whitmore St  
Wellington

**Auditor:**  
Deloitte Limited  
Level 12  
20 Customhouse Quay  
Wellington

**Bankers:**  
ASB Bank



## Independent Auditor’s Report

### To the Members of New Zealand Law Society Regulatory

<b>Opinion</b>	<p>We have audited the performance report of New Zealand Law Society Regulatory (the ‘Society’), which comprise the financial statements on pages 47 to 56, and the statement of service performance on pages 45 to 46. The complete set of financial statements comprise the statement of financial position as at 30 June 2023, and the statement of comprehensive revenue and expense, the statement of changes in net assets/equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.</p> <p>In our opinion the accompanying performance report presents fairly, in all material respects:</p> <ul style="list-style-type: none"> <li>the financial position of the Society as at 30 June 2023, and its financial performance and cash flows for the year then ended; and</li> <li>the service performance for the year ended 30 June 2023 in accordance with the Society’s service performance criteria</li> </ul> <p>in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (‘PBE Standards RDR’) issued by the New Zealand Accounting Standards Board.</p>
<b>Basis for opinion</b>	<p>We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (‘ISAs (NZ)’), and the audit of the service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard NZ AS 1 <i>The Audit of Service Performance Information</i> (‘NZ AS 1’). Our responsibilities under those standards are further described in the <i>Auditor’s responsibilities for the audit of the performance report</i> section of our report.</p> <p>We are independent of the Society in accordance with Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p> <p>Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in the Society. These services have not impaired our independence as auditor of the Society.</p>
<b>Other matter</b>	<p>The corresponding service performance information in the statement of service performance for the year ended 30 June 2022 is unaudited.</p>
<b>Other information</b>	<p>The Board is responsible on behalf of the Society for the other information. The other information comprises the information in the Annual Report that accompanies the performance report and the audit report.</p> <p>Our opinion on the performance report does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>Our responsibility is to read the other information and consider whether it is materially inconsistent with the performance report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.</p>
<b>Board’s responsibilities for the performance report</b>	<p>The Board is responsible on behalf of the Society for:</p> <ul style="list-style-type: none"> <li>the preparation and fair presentation of the financial statements and the statement of service performance in accordance with PBE Standards RDR;</li> <li>service performance criteria that are suitable in order to prepare service performance information in accordance with PBE Standards RDR; and</li> <li>such internal control as the Board determines is necessary to enable the preparation of financial statements and the statement of service performance that are free from material misstatement, whether due to fraud or error.</li> </ul>



<b>Auditor’s responsibilities for the audit of the performance report</b>	<p>In preparing the performance report, the Board is responsible for assessing the Society’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.</p> <p>Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the statement of service performance are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.</p> <p>A further description of our responsibilities for the audit of the performance report is located on the External Reporting Board’s website at:  <a href="https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-14/">https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-14/</a></p> <p>This description forms part of our auditor’s report.</p>
<b>Restriction on use</b>	<p>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.</p>

*Deloitte Limited*

Wellington, New Zealand  
2 October 2023

# NEW ZEALAND LAW SOCIETY LAWYERS' FIDELITY FUND

## PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

### STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2023

#### Purpose and vision

The purpose and vision statements of all Law Society entities are consistent as each entity forms part of the overall operation of the Law Society. These are as follows:

- Our **purpose** is to be the kaitiaki of an exemplary legal profession in Aotearoa.
- Our **vision** is that all people in Aotearoa benefit from a strong, progressive and trusted legal profession.

#### Why does the entity exist?

The New Zealand Law Society Lawyers' Fidelity Fund (the "Lawyers Fidelity Fund") is a statutory entity established under Part 10 of the Lawyers and Conveyancers Act 2006. The Fund was established for the purpose of reimbursing persons who have suffered a pecuniary loss arising from theft by lawyers in public practice after 1 August 2008. The Fund protects members of the public in instances of practitioner theft via a self-insurance mechanism that is operated by the Law Society.

#### Objectives and performance measures

The Lawyers Fidelity Fund looks to achieve this purpose through the following objectives and associated measures:

##### Objective 1: Ensure there are sufficient funds on hand to pay potential claims

	2023	2022 (unaudited)
% of contributions collected from applicable lawyers	100%	100%
Minimum fund size requirement met	Yes	Yes

The percentage of contributions received show how effective the Law Society has been at collecting contributions from relevant practitioners. Lawyers' Fidelity Fund regulations state that the minimum amount of funds to be maintained in any financial year is to be the less of 10% of the contributions received over the past five years or \$250,000. Both measures ensure that there are sufficient funds on hand to provide protection for members of the public.

##### Objective 2: Reimburse those that have suffered a pecuniary loss due to theft or misappropriation

	2023	2022 (unaudited)
Total number of claims received	4	15
Total number of successful claims	1	11
Number of claims under investigation at balance date	5	12

These measures outline the number of claims received and successful claims made during the reporting period. Providing a pathway for lodging claims ensures that members of the public feel they have a course of action to take in instances of practitioner theft.

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
<b>REVENUE</b>			
Revenue from exchange transactions			
Annual contributions		1,021	992
Claim Recoveries		(93)	-
Interest		408	101
<b>Total revenue</b>		<b>1,336</b>	<b>1,093</b>
<b>EXPENSES</b>			
Change in claims provision	2	575	743
Investigation and other costs		99	156
Audit fee		9	5
Administration	3	41	40
<b>Total expenses</b>		<b>724</b>	<b>944</b>
<b>Surplus before income tax</b>		<b>612</b>	<b>149</b>
Income tax expense	4	133	19
<b>Net surplus for the year</b>		<b>479</b>	<b>130</b>
<b>Total comprehensive revenue and expense for the year</b>		<b>479</b>	<b>130</b>

## STATEMENT OF CHANGES IN NET ASSETS/EQUITY

For the year ended 30 June 2023

	2023 \$000	2022 \$000
<b>Equity at beginning of year</b>	<b>11,507</b>	11,377
Total comprehensive revenue and expense for the year	479	130
<b>Total recognised revenue and expense</b>	<b>479</b>	<b>130</b>
<b>Equity at end of year</b>	<b>11,986</b>	<b>11,507</b>

## STATEMENT OF FINANCIAL POSITION

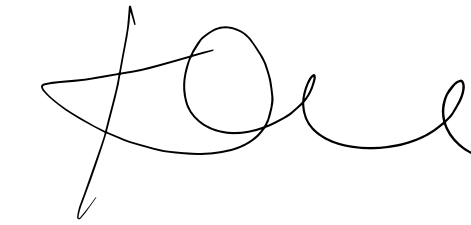
As at 30 June 2023

	Note	2023 \$000	2022 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at bank		6,287	1,519
Bank deposits		6,064	10,247
Related party receivables	3	669	1,025
Income tax receivable	4	-	2
Other debtors		-	378
<b>Total current assets</b>		<b>13,020</b>	<b>13,171</b>
<b>Total assets</b>		<b>13,020</b>	<b>13,171</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Income in advance		631	1,012
Claims provision	2	290	616
Income Tax Payable	4	100	-
Trade and Other payables		13	36
<b>Total current liabilities</b>		<b>1,034</b>	<b>1,664</b>
<b>Equity</b>			
Retained earnings		11,986	11,507
<b>Total equity</b>		<b>11,986</b>	<b>11,507</b>
<b>Total equity and liabilities</b>		<b>13,020</b>	<b>13,171</b>

These financial statements were approved for issue on behalf of the Board:



President  
2 October 2023



Chief Executive  
2 October 2023

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
<b>Cash flows from operating activities</b>			
Cash was received from:			
Contributions		996	1,085
Interest		408	101
Claim Recoveries		285	-
		<b>1,689</b>	1,186
Cash was applied to:			
Claims		901	140
Payments to suppliers		172	172
Income tax paid		31	12
		<b>1,104</b>	324
<b>Net cash flows from operating activities</b>	<b>5</b>	<b>585</b>	<b>862</b>
<b>Cash flows from investing activities</b>			
Cash was received from:			
Investments in term deposits		15,754	16,520
		<b>15,754</b>	16,520
Cash was applied to:			
Investments in term deposits		11,571	22,047
		<b>11,571</b>	22,047
<b>Net cash flows from/(used in) investing activities</b>		<b>4,183</b>	<b>(5,527)</b>

	Note	2023 \$000	2022 \$000
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,768</b>	<b>(4,665)</b>
Cash and cash equivalents at beginning of year		1,519	6,184
<b>Cash and cash equivalents at end of year</b>		<b>6,287</b>	<b>1,519</b>
<b>Comprising:</b>			
Cash at bank		5,880	1,117
Cash on call		407	402
<b>Total cash and cash equivalents</b>		<b>6,287</b>	<b>1,519</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### Significant accounting policies

#### 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 suffered pecuniary loss arising from theft, as is defined in the Crimes Act, by lawyers in public practice.

#### Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand as applied for a Tier 2 entity ("NZ GAAP"). They comply with Public Benefit Entity Standards ("PBE Standards"). The financial statements have been prepared in accordance with Tier 2 PBE Standards and disclosure concessions have been applied ("RDR").

The Lawyers Fidelity Fund is a public benefit not for profit entity and has elected to apply Tier 2 PBE Standards on the basis that it does not have public accountability and is not defined as large.

#### Basis of preparation

The financial statements are presented in New Zealand dollars ("NZD") which is the functional and presentation currency, rounded to the nearest thousand. The financial statements are prepared on the historical cost basis.

The accounting policies have been applied consistently to all periods in these financial statements.

#### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Lawyers Fidelity Fund and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, taking into account contractually defined terms of payment, net of discounts and GST.

The specific recognition criteria described below must also be met before revenue is recognised:

Revenue from exchange transactions:

- **Annual contributions** – Revenue from contributions is recognised on a straight-line basis over the period to which the annual contributions relate.
- **Interest** – Interest revenue is recognised on an accruals basis using the effective interest method.

#### Receivables

Other receivables are recognised at their estimated realisable value.

#### Payables

Claims payable are recognised at the best estimate of the expenditure expected to be required to settle the claims and costs notified to the Lawyers Fidelity Fund.

Other payables are measured at amortised cost.

#### Goods and services tax

The statement of comprehensive revenue and expense has been prepared on a goods and services tax (GST) exclusive basis. All items in the statement of financial position are stated net of GST with the exception of receivables and payables, which include GST invoiced.

#### Income tax

Income tax in the statement of comprehensive revenue and expense comprises current tax on interest income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at balance date, and any adjustment to tax payable for previous years.

#### Income in advance

Income in advance comprises annual contributions that are received for the next financial reporting period. The contributions are recorded as a liability and recognised as revenue on a straight line basis over the period to which the annual contributions relate.

#### Claims Provision

The claims provision comprises claims that are expected to be paid post balance date. A provision is recognised where a claim has been admitted that is likely to result in payment and the amount can be estimated reliably.

#### Statement of cash flows

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, and investments in bank term deposits maturing within one month. The following terms are used in the statement of cash flows:

- **Operating activities** are the principal revenue producing activities and other activities that are not investing or financing activities.
- **Investing activities** are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.
- **Financing activities** are the activities that result in changes in the size and composition of the contributed equity and borrowings.

#### Critical accounting estimates and assumptions

In preparing these financial statements the Board have made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions made are reviewed on an on-going basis. Revisions to accounting estimates or material judgements are recognised in the period in which the estimate or judgement is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Changes in accounting policies

During the period, the Lawyers' Fidelity Fund applied the following new standards for the first time:

- PBE IPSAS 41 – Financial Instruments
- PBE FRS 48 – Service Performance Reporting

There was no material effect on the current or prior periods from the adoption of PBE IPSAS 41 – Financial Instruments.

The application of PBE FRS 48 – Service Performance Reporting has resulted in the inclusion of a Statement of Service Performance which can be found on page 58.

## 2. Claims provision

	<b>2023</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>
Opening balance at beginning of year	<b>616</b>	13
Amounts settled during year	<b>(285)</b>	(140)
Amounts released during year	<b>(616)</b>	-
Amounts recognised through profit or loss during year	<b>575</b>	743
<b>Closing claims provision at end of year</b>	<b>290</b>	<b>616</b>

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

## 3. Related party disclosures

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

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

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

	<b>2023</b>	2022
	<b>\$000</b>	<b>\$000</b>
<b>Allocation of administrative and accounting service costs from:</b>		
NZLS Regulatory	<b>41</b>	40
<b>Allocation of net taxation payments to:</b>		
NZLS Solicitors' Fidelity Guarantee Fund	<b>42</b>	17
<b>NZLS related entity receivables at end of year:</b>		
NZLS Regulatory	<b>627</b>	1,008
NZLS Solicitors' Fidelity Guarantee Fund	<b>42</b>	17
	<b>669</b>	<b>1,025</b>



#### 4. Taxation

	2023 \$000	2022 \$000
<b>(a) Income tax recognised in surplus or deficit for year</b>		
Tax expense comprises:		
Tax expense for years income	134	33
Adjustments recognised in the current period in relation to tax of prior periods	(1)	(14)
<b>Total tax expense for the year</b>	<b>133</b>	<b>19</b>
<b>(b) The prima facie income tax expense on pre-tax accounting surplus from operations reconciles to the income tax expense in the financial statements as follows:</b>		
Surplus from operations before income tax	612	149
Income tax expense calculated at 33%	202	49
Adjustment for tax on non-assessable income and expenditure	(68)	(16)
Prior period tax adjustment	(1)	(14)
<b>Income tax expense recognised in surplus or deficit for year</b>	<b>133</b>	<b>19</b>
<b>(c) Current tax payable/(receivable)</b>		
Balance at beginning of year	(2)	(9)
Taxation paid	(31)	(12)
Prior period tax adjustment	(1)	(14)
Tax expense for years income	134	33
<b>Balance at end of the year</b>	<b>100</b>	<b>(2)</b>

#### 5. Reconciliation of cash flows from operating activities with net surplus for the year

	2023 \$000	2022 \$000
Net surplus for the year	479	130
Add movements in other working capital items:		
Trade and other receivables	734	74
Trade payables and other liabilities	(730)	651
Tax payable/(receivable)	102	7
	106	732
<b>Net cash flows from operating activities</b>	<b>585</b>	<b>862</b>

## 6. Financial instruments

The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk without taking account of the value of any collateral obtained.

### Fair value of financial instruments

The fair value of the financial instruments, financial assets and financial liabilities does not differ materially from the carrying value as reflected in the statement of financial position.

### Interest rate risk

NZLS Regulatory is exposed to interest rate risk in that future interest rate movements will affect cash flows and the market value of fixed interest investment assets. The Lawyers' Fidelity Fund does not use any derivative products to manage interest rate risk.

### Credit risk

The maximum credit risk associated with the financial instruments held is considered to be the carrying value reflected in the statement of financial position. The risk of non-recovery of these amounts is considered to be minimal given that the investments are made with a variety of NZ registered banks. The Lawyers' Fidelity Fund does not require collateral or other security to support financial instruments with credit risk.

### Maturity analysis

The maturity tables below provide a breakdown of cash and the contractual non-discounted cashflows relating to financial assets and financial liabilities for the reporting period.

The table includes both interest and principal cashflows:

30 June 2023	Average effective interest rate	Within 1 month \$000	1 to 3 months \$000	3 months to 1 year \$000	1 to 2 years \$000	Over 2 years \$000	Total \$000
Cash at bank	2.61%	5,878	-	-	-	-	5,878
Call account deposits	2.70%	409	-	-	-	-	409
Fixed term bank deposits	5.00%	-	-	6,064	-	-	6,064
Trade/other receivables		669	-	-	-	-	669
<b>Total financial assets</b>		<b>6,956</b>	<b>-</b>	<b>6,064</b>	<b>-</b>	<b>-</b>	<b>13,020</b>
Trade/other liabilities (excluding deferred revenue)		13	-	-	-	-	13
<b>Total financial liabilities</b>		<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>

30 June 2022	Weighted average effective interest rate	Within 1 month \$000	1 to 3 months \$000	3 months to 1 year \$000	1 to 2 years \$000	Over 2 years \$000	Total \$000
Cash at bank	-	1,117	-	-	-	-	1,117
Call account deposits	0.30%	402	-	-	-	-	402
Fixed term bank deposits	1.77%	-	3,138	7,172	-	-	10,310
Trade/other receivables		1,403	-	-	-	-	1,403
<b>Total financial assets</b>		<b>2,922</b>	<b>3,138</b>	<b>7,172</b>	<b>-</b>	<b>-</b>	<b>13,232</b>
Trade/other liabilities (excluding deferred revenue)		36	-	-	-	-	36
<b>Total financial liabilities</b>		<b>36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36</b>

## 7. Contingent liabilities

During the reporting period, one claim was received to the value of \$100,000. This claim is currently under investigation and is likely to be a possible duplication of a previous claim. Since it is not probable that payment will materialise, the claims have been disclosed as a contingent liability as at 30 June 2023 (2022 – \$284,843).

## 8. Commitments

There are no capital or operating lease commitments as at 30 June 2023 (2022 – nil).

## 9. Subsequent events

There are no material non-adjusting events after the reporting date (2022 – nil).

## Additional Information

**Registered office /**

**Principal place of operations:**

Accuro House  
17-21 Whitmore St  
Wellington

**Auditor:**

Deloitte Limited  
Level 12  
20 Customhouse Quay  
Wellington

**Bankers:**

ASB Bank



## Independent Auditor’s Report

### To the Members of New Zealand Law Society Lawyers’ Fidelity Fund

<b>Opinion</b>	<p>We have audited the performance report of New Zealand Law Society Lawyers’ Fidelity Fund (the ‘Fund’), which comprise the financial statements on pages 59 to 66, and the statement of service performance on page 58. The complete set of financial statements comprise the statement of financial position as at 30 June 2023, and the statement of comprehensive revenue and expense, the statement of changes in net assets/equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.</p> <p>In our opinion the accompanying performance report presents fairly, in all material respects:</p> <ul style="list-style-type: none"> <li>the financial position of the Fund as at 30 June 2023, and its financial performance and cash flows for the year then ended; and</li> <li>the service performance for the year ended 30 June 2023 in accordance with the Fund’s service performance criteria</li> </ul> <p>in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (‘PBE Standards RDR’) issued by the New Zealand Accounting Standards Board.</p>
<b>Basis for opinion</b>	<p>We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (‘ISAs (NZ)’), and the audit of the service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard NZ AS 1 <i>The Audit of Service Performance Information</i> (‘NZ AS 1’). Our responsibilities under those standards are further described in the <i>Auditor’s responsibilities for the audit of the performance report</i> section of our report.</p> <p>We are independent of the Fund in accordance with Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p> <p>Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in the Fund. These services have not impaired our independence as auditor of the Fund.</p>
<b>Other matter</b>	<p>The corresponding service performance information in the statement of service performance for the year ended 30 June 2022 is unaudited.</p>
<b>Other information</b>	<p>The Board is responsible on behalf of the Fund for the other information. The other information comprises the information in the Annual Report that accompanies the performance report and the audit report.</p> <p>Our opinion on the performance report does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>Our responsibility is to read the other information and consider whether it is materially inconsistent with the performance report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.</p>
<b>Board’s responsibilities for the performance report</b>	<p>The Board is responsible on behalf of the Fund for:</p> <ul style="list-style-type: none"> <li>the preparation and fair presentation of the financial statements and the statement of service performance in accordance with PBE Standards RDR;</li> <li>service performance criteria that are suitable in order to prepare service performance information in accordance with PBE Standards RDR; and</li> <li>such internal control as the Board determines is necessary to enable the preparation of financial statements and the statement of service performance that are free from material misstatement, whether due to fraud or error.</li> </ul>



### Auditor’s responsibilities for the audit of the performance report

In preparing the performance report, the Board is responsible for assessing the Fund’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the statement of service performance are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.

A further description of our responsibilities for the audit of the performance report is located on the External Reporting Board’s website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-14/>

This description forms part of our auditor’s report.

### 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  
2 October 2023

# NEW ZEALAND LAW SOCIETY SOLICITORS' FIDELITY GUARANTEE FUND

## PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

### STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2023

#### Purpose and vision

The purpose and vision statements of all Law Society entities are consistent as each entity forms part of the overall operation of the Law Society. These are as follows:

- Our **purpose** is to be the kaitiaki of an exemplary legal profession in Aotearoa.
- Our **vision** is that all people in Aotearoa benefit from a strong, progressive and trusted legal profession.

#### Why does the entity exist?

The New Zealand Law Society Solicitors Fidelity Guarantee Fund (the "Solicitors Fidelity Guarantee Fund") is a statutory entity established under Part 9 of the Law Practitioners Act 1982 (LPA), the provisions of which (subject to sections 364 to 369 of the Lawyers and Conveyancers Act 2008 (LCA)) remain in force, despite the repeal of the LPA, until section 370 of the LCA comes into force.

The fund protects members of the public in instances of practitioner theft committed up until 31 July 2008 via a self-insurance mechanism.

#### Objectives and performance measures

The Lawyers Fidelity Fund looks to achieve this purpose through the following objectives and associated measures:

##### Objective 1: Ensure there are sufficient funds on hand to pay potential claims

	2023	2022 (unaudited)
% return on average funds held during the period	3.21%	0.92%

This measure shows how effective the Law Society has been at generating a return on capital during the reporting period. This is important as it ensures that there are sufficient funds on hand to protect members of the public.

##### Objective 2: Reimburse those that have suffered a pecuniary loss due to theft or misappropriation

	2023	2022 (unaudited)
Total number of claims received	8	1
Total number of successful claims	Nil	Nil
Total number of claims under investigation at balance date	1	1

These measures outline the number of claims received and successful claims made during the reporting period. Providing a pathway for lodging claims ensures that members of the public feel they have a course of action to take in instances of practitioner theft.

#### Key judgements applied when choosing which information to report

No key judgements applied as scope of operations are narrow.

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
<b>REVENUE</b>			
Revenue from exchange transactions			
Interest		448	128
<b>Total revenue</b>		<b>448</b>	<b>128</b>
<b>EXPENSES</b>			
Investigation and other costs		87	11
Audit Fee		9	5
Administration	3	33	40
<b>Total expenses</b>		<b>129</b>	<b>56</b>
<b>Surplus before income tax</b>		<b>319</b>	<b>72</b>
Income tax expense	4	148	55
<b>Net surplus for the year</b>		<b>171</b>	<b>17</b>
<b>Total comprehensive revenue and expense for the year</b>		<b>171</b>	<b>17</b>

## STATEMENT OF CHANGES IN NET ASSETS/EQUITY

For the year ended 30 June 2023

	2023 \$000	2021 \$000
<b>Equity at beginning of year</b>	<b>13,857</b>	13,840
Total comprehensive revenue and expense for the year	171	17
<b>Total recognised revenue and expenses</b>	<b>171</b>	<b>17</b>
<b>Equity at end of year</b>	<b>14,028</b>	<b>13,857</b>

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023 \$000	2022 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at bank		2,063	196
Bank deposits		12,130	13,682
Income tax receivable	4	-	4
<b>Total current assets</b>		<b>14,193</b>	<b>13,882</b>
<b>Total assets</b>		<b>14,193</b>	<b>13,882</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Payables		9	-
Other payables		9	5
Income Tax Payable	4	102	-
Related party payables	3	45	20
<b>Total current liabilities</b>		<b>165</b>	<b>25</b>
<b>Equity</b>			
Retained earnings		14,028	13,857
<b>Total equity</b>		<b>14,028</b>	<b>13,857</b>
<b>Total equity and liabilities</b>		<b>14,193</b>	<b>13,882</b>

These financial statements were approved for issue on behalf of the Board:



President  
2 October 2023



Chief Executive  
2 October 2023

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
<b>Cash flows from operating activities</b>			
Cash was received from:			
Interest		448	128
		448	128
Cash was applied to:			
Payments to suppliers		91	147
Income tax paid		42	16
		133	163
<b>Net cash flows from/(used in) operating activities</b>	5	<b>315</b>	<b>(35)</b>
<b>Cash flows from investing activities</b>			
Cash was received from:			
Investments in term deposits		33,187	15,726
Cash was applied to:			
Investments in term deposits		31,635	28,657
<b>Net cash flows received from/(used in) investing activities</b>		<b>1,552</b>	<b>(12,931)</b>

	Note	2023 \$000	2022 \$000
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,867</b>	<b>(12,966)</b>
Cash and cash equivalents at beginning of year		196	13,162
<b>Cash and cash equivalents at end of year</b>		<b>2,063</b>	<b>196</b>
<b>Comprising:</b>			
Cash at bank		2,035	168
Cash on call		28	28
<b>Total cash and cash equivalents at end of year</b>		<b>2,063</b>	<b>196</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 1. Significant accounting policies

#### 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 suffered pecuniary loss arising from theft, as is defined in the Crimes Act 1961, by lawyers in public practice.

#### Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand as applied for a Tier 2 entity ("NZ GAAP"). They comply with Public Benefit Entity Standards ("PBE Standards"). The financial statements have been prepared in accordance with Tier 2 PBE Standards and disclosure concessions have been applied ("RDR").

The Fidelity Guarantee Fund is a public benefit not for profit entity and is eligible to apply Tier 2 PBE Standards on the basis that it does not have public accountability and is not defined as large.

#### Basis of preparation

The financial statements are presented in New Zealand dollars ("NZD") which is the functional and presentation currency, rounded to the nearest thousand. The financial statements are prepared on the historical cost basis.

The accounting policies have been applied consistently to all periods in these financial statements.

#### Going concern

The financial statements have been prepared on a going concern basis as management expect the entity to remain in operation for a period of at least 12 months from the date of signing of the financial statements.

For anyone that has experienced theft by a solicitor on or before 31 July 2008, the last day to make a claim for compensation from the Fidelity Guarantee Fund is 7 February 2023. Subsequent to all claims received before this date being fully dealt with, management intend to carry out the wind up procedures for the entity under s.367 of the Lawyers and Conveyancers Act 2006. The actual date of wind up is uncertain at this stage and depends on ministerial approval and the volume of claims received.

#### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Fidelity Guarantee Fund and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, taking into account contractually defined terms of payment, net of discounts and GST.

The specific recognition criteria described below must also be met before revenue is recognised:

Revenue from exchange transactions:

- **Interest** – Interest revenue is recognised on an accruals basis using the effective interest method.

#### Receivables

Other receivables are recognised at their estimated realisable value.

#### Payables

Claims payable are recognised at the best estimate of the expenditure expected to be required to settle the claims and costs notified to the Fidelity Guarantee Fund.

Other payables are recognised at fair value and subsequently measured at amortised cost.

#### Goods and services tax

The statement of comprehensive revenue and expense has been prepared on a goods and services tax (GST) basis. All items in the statement of financial position are stated net of GST with the exception of receivables and payables, which include GST invoiced.

#### Income tax

Income tax in the statement of comprehensive revenue and expense comprises current tax on interest income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at balance date, and any adjustment to tax payable for previous years.

#### Statement of cash flows

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, and investments in bank term deposits maturing within one month. The following terms are used in the statement of cash flows:

- **Operating activities** are the principal revenue producing activities and other activities that are not investing or financing activities.
- **Investing activities** are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.
- **Financing activities** are the activities that result in changes in the size and composition of the contributed equity and borrowings.

#### Critical accounting estimates and assumptions

In preparing these financial statements the Board has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In this entity, estimates may be made in relation to provisioning for claims that have been received but not yet determined as at balance date. This may result in a claims expense in the subsequent financial year which is either less than or more than the claims provision expense. Any over or under provisioning is recognised against the change in claims provision in the Statement of Comprehensive Revenue and Expense.

#### Changes in accounting policies

During the period, the Fidelity Guarantee Fund applied the following new standards for the first time:

- PBE IPSAS 41 – Financial Instruments
- PBE FRS 48 – Service Performance Reporting

There was no material effect on the current or prior periods from the adoption of PBE IPSAS 41 – Financial Instruments.

The application of PBE FRS 48 – Service Performance Reporting has resulted in the inclusion of a Statement of Service Performance which can be found on page 68.

## 2. Claims provision

	2023 \$000	2022 \$000
Opening balance at beginning of year	-	-
Amounts released through profit or loss during year	-	-
Amounts recognised through profit or loss during year	-	-
<b>Closing claims provision at end of year</b>	<b>-</b>	<b>-</b>

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

There were no claims of enough certainty to require provisioning in 2022-23.

## 3. Related party transactions

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

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

	2023 \$000	2022 \$000
<b>Allocation of administrative and accounting service costs from:</b>		
NZLS Regulatory	<b>33</b>	40
<b>Allocation of net taxation payments from:</b>		
NZLS Lawyers' Fidelity Fund	<b>42</b>	17
<b>NZLS related entity payables at end of year:</b>		
NZLS Regulatory	<b>3</b>	3
NZLS Lawyers' Fidelity Fund	<b>42</b>	17
	<b>45</b>	<b>20</b>

#### 4. Taxation

	2023 \$000	2022 \$000
<b>(a) Income tax recognised in surplus or deficit for year</b>		
Tax expense comprises:		
Tax expense for year's income	148	42
Adjustments recognised in the current period in relation to tax of prior periods	-	13
<b>Total tax expense for the year</b>	<b>148</b>	<b>55</b>
<b>(b) The prima facie income tax expense on pre-tax accounting surplus from operations reconciles to the income tax expense in the financial statements as follows:</b>		
Surplus from operations before income tax	320	72
Income tax expense calculated at 33%	106	24
Adjustment for tax on non-assessable income and expenditure	43	19
Nonprofit organisation exemption	(1)	(1)
Prior period tax adjustment	-	13
<b>Income tax expense recognised in surplus or deficit for year</b>	<b>148</b>	<b>55</b>
<b>(c) Current tax payable/(receivable)</b>		
Balance at beginning of year	(4)	(43)
Taxation paid	(42)	(87)
Taxation refunded	-	71
Prior period tax adjustment	-	13
Tax expense for year's income	148	42
<b>Balance at end of the year</b>	<b>102</b>	<b>(4)</b>

#### 5. Reconciliation of net cash flows from operating activities with net surplus for the year

	2023 \$000	2022 \$000
Net surplus for the year	171	17
Add movements in other working capital items:		
Trade payables and other liabilities	38	(91)
Tax payable	106	39
	144	(52)
<b>Net cash flows (used in)/from operating activities</b>	<b>315</b>	<b>(35)</b>

## 6. Financial instruments

The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk without taking account of the value of any collateral obtained.

### Fair value of financial instruments

The fair value of the financial instruments, financial assets and financial liabilities does not differ materially from the carrying value as reflected in the statement of financial position.

### Interest rate risk

The Fidelity Guarantee Fund is exposed to interest rate risk in that future interest rate movements will affect cash flows and the market value of fixed interest investment assets. The Solicitors' Fidelity Guarantee Fund does not use any derivative products to manage interest rate risk.

### Credit risk

The maximum credit risk associated with the financial instruments held is considered to be the carrying value reflected in the statement of financial position. The risk of non-recovery of these amounts is considered to be minimal given that the investments are made with a variety of NZ registered banks. The Solicitors' Fidelity Guarantee Fund does not require collateral or other security to support financial instruments with credit risk.

### Maturity analysis

The maturity tables below provide a breakdown of cash and the contractual non-discounted cashflows relating to financial assets and financial liabilities for the reporting period.

The table includes both interest and principal cashflows:

30 June 2023	Average effective interest rate	Within 1 month \$000	1 to 3 months \$000	3 Months to 1 year \$000	1 to 2 years \$000	Total \$000
Cash at bank	2.61%	2,036	-	-	-	2,036
Call account deposits	2.70%	28	-	-	-	28
Fixed term bank deposits	5.31%	-	12,162	-	-	12,162
<b>Total financial assets</b>		<b>2,064</b>	<b>12,162</b>	<b>-</b>	<b>-</b>	<b>14,226</b>
Trade/other liabilities		63				63
<b>Total financial liabilities</b>		<b>63</b>				<b>63</b>

30 June 2022	Average effective interest rate	Within 1 month \$000	1 to 3 months \$000	3 Months to 1 year \$000	1 to 2 years \$000	Total \$000
Cash at bank	-	168	-	-	-	168
Call account deposits	0.45%	28	-	-	-	28
Fixed term bank deposits	1.37%	-	10,097	3,627	-	13,724
<b>Total financial assets</b>		<b>196</b>	<b>10,097</b>	<b>3,697</b>	<b>-</b>	<b>13,920</b>
Trade/other liabilities		25	-	-	-	25
<b>Total financial liabilities</b>		<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>

## 7. Contingent liabilities

During the period one claim was received which is currently unquantified but is likely in the range of \$600,000 – \$1,000,000. Recent investigation has revealed the claim was previously admitted in the past. Since it is not probably payment will materialise, the claim has been disclosed as a contingent liability as at 30 June 2023 (2022 – nil).

## 8. Commitments

There are no capital or operating lease commitments at 30 June 2023 (2022 – nil).

## 9. Subsequent events

There are no material non-adjusting events after the reporting date (2022 – nil).

## Additional Information

**Registered office /  
Principal place of operations:**

Accuro House  
17-21 Whitmore St  
Wellington

**Auditor:**

Deloitte Limited  
Level 12  
20 Customhouse Quay  
Wellington

**Bankers:**

ASB Bank



## Independent Auditor’s Report

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

<b>Opinion</b>	<p>We have audited the performance report of New Zealand Law Society Solicitors’ Fidelity Guarantee Fund (the ‘Fund’), which comprise the financial statements on pages 69 to 76, and the statement of service performance on page 68. The complete set of financial statements comprise the statement of financial position as at 30 June 2023, and the statement of comprehensive revenue and expense, the statement of changes in net assets/equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.</p> <p>In our opinion the accompanying performance report presents fairly, in all material respects:</p> <ul style="list-style-type: none"> <li>• the financial position of the Fund as at 30 June 2023, and its financial performance and cash flows for the year then ended; and</li> <li>• the service performance for the year ended 30 June 2023 in accordance with the Fund’s service performance criteria</li> </ul> <p>in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (‘PBE Standards RDR’) issued by the New Zealand Accounting Standards Board.</p>
<b>Basis for opinion</b>	<p>We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (‘ISAs (NZ)’), and the audit of the service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard NZ AS 1 <i>The Audit of Service Performance Information</i> (‘NZ AS 1’). Our responsibilities under those standards are further described in the <i>Auditor’s responsibilities for the audit of the performance report</i> section of our report.</p> <p>We are independent of the Fund in accordance with Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p> <p>Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in the Fund. These services have not impaired our independence as auditor of the Fund.</p>
<b>Other matter</b>	<p>The corresponding service performance information in the statement of service performance for the year ended 30 June 2022 is unaudited.</p>
<b>Other information</b>	<p>The Board is responsible on behalf of the Fund for the other information. The other information comprises the information in the Annual Report that accompanies the performance report and the audit report.</p> <p>Our opinion on the performance report does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>Our responsibility is to read the other information and consider whether it is materially inconsistent with the performance report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.</p>
<b>Board’s responsibilities for the performance report</b>	<p>The Board is responsible on behalf of the Fund for:</p> <ul style="list-style-type: none"> <li>• the preparation and fair presentation of the financial statements and the statement of service performance in accordance with PBE Standards RDR;</li> <li>• service performance criteria that are suitable in order to prepare service performance information in accordance with PBE Standards RDR; and</li> <li>• such internal control as the Board determines is necessary to enable the preparation of financial statements and the statement of service performance that are free from material misstatement, whether due to fraud or error.</li> </ul>



<b>Auditor’s responsibilities for the audit of the performance report</b>	<p>In preparing the performance report, the Board is responsible for assessing the Fund’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.</p> <p>Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the statement of service performance are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.</p> <p>A further description of our responsibilities for the audit of the performance report is located on the External Reporting Board’s website at:  <a href="https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-14/">https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-14/</a></p> <p>This description forms part of our auditor’s report.</p>
<b>Restriction on use</b>	<p>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.</p>

*Deloitte Limited*

Wellington, New Zealand  
2 October 2023

# THE LAWYERS AND CONVEYANCERS SPECIAL FUND

## PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

### STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2023

#### Purpose and vision

The purpose and vision statements of all Law Society entities are consistent as each entity forms part of the overall operation of the Law Society. These are as follows:

- Our **purpose** is to be the kaitiaki of an exemplary legal profession in Aotearoa.
- Our **vision** is that all people in Aotearoa benefit from a strong, progressive and trusted legal profession.

#### Why do we exist?

The New Zealand Law Society Lawyers' and Conveyancers Special Fund ("the Special Fund") is a statutory entity established under Part 9 of the Lawyers and Conveyancers Act 2006. The Special Fund collects interest from banks who have received interest from practitioners nominated trust accounts. All money collected by the Special Fund (net of administration and audit fees) is paid over to the Ministry of Justice (MoJ) for the purpose of funding community law centres to assist the public with receiving access to quality legal services.

#### Objectives and Performance Measures

The Special Fund looks to achieve this purpose through the following objectives and associated measures:

##### Objective 1: Ensure funds are received from banks in a timely manner

	2023	2022 (unaudited)
% of interest payments collected within 30 days of month end	100%	93%

This measure demonstrates how effective the Special Fund is at monitoring interest receipts to ensure that they are received in a timely manner. This then in turn ensures that funds are subsequently passed on to the Ministry of Justice in a timely manner.

	2023	2022 (unaudited)
% of payments made to MoJ in time	92%	67%

Section 298 requires that all money collected by the Special Fund net of any administration fees must be paid to the Ministry of Justice on the last working day of each month following the month that the interest is accrued. This ensures that funds are received by the Ministry of Justice for distribution to Community Law Centres (CLCs) in a timely manner.

#### Key judgements applied when choosing which information to report

No key judgements applied as scope of operations is narrow and the entity exists for the sole purpose of collecting such funds and passing them on to the MoJ.

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
<b>REVENUE</b>			
Revenue from exchange transactions			
Fund management	2	35	30
<b>Total revenue</b>		<b>35</b>	<b>30</b>
<b>EXPENSES</b>			
Audit fees		10	6
Fund management and processing costs	6	25	24
<b>Total expenses</b>		<b>35</b>	<b>30</b>
<b>Net surplus for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive revenue and expense for the year</b>		<b>-</b>	<b>-</b>

## STATEMENT OF CHANGES IN NET ASSETS/EQUITY

For the year ended 30 June 2023

There were no changes in net assets/equity for the year ended 30 June 2023 (2022 – nil).

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023 \$000	2022 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at bank		7	-
Other receivables	3	4,150	1,763
<b>Total current assets</b>		<b>4,157</b>	<b>1,763</b>
<b>Total assets</b>		<b>4,157</b>	<b>1,763</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	4	4,155	1,761
Payable to NZLS	6	2	2
<b>Total current liabilities</b>		<b>4,157</b>	<b>1,763</b>
<b>Equity</b>			
Retained earnings		-	-
<b>Total equity</b>		<b>-</b>	<b>-</b>
<b>Total equity and liabilities</b>		<b>4,157</b>	<b>1,763</b>



The performance report was approved for issue by the Management Committee established under section 292 of the Lawyers and Conveyancers Act 2006 ('LCA'):



Committee Member  
14 August 2023



Committee Member  
14 August 2023

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
<b>Cash flows from operating activities</b>			
Cash was received from:			
Interest on Nominated Trust Accounts		38,133	9,592
		<b>38,133</b>	9,592
Cash was applied to:			
Payments to Ministry of Justice		38,100	9,562
Payments to suppliers		26	30
		<b>38,126</b>	9,592
<b>Net cash flows from operating activities</b>	<b>5</b>	<b>7</b>	-
<b>Net cash used in investing activities</b>			
		-	-
<b>Net increase in cash and cash equivalents</b>			
		<b>7</b>	-
Cash and cash equivalents at beginning of year		-	-
<b>Cash and cash equivalents at end of year</b>		<b>7</b>	-
Comprising:			
<b>Cash at bank</b>		<b>7</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 1. Significant accounting policies

#### 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.

#### Statement of compliance

The financial statements 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 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.

#### Basis of preparation

The financial statements are presented in New Zealand dollars (“NZD”) which is the functional and presentation currency, rounded to the nearest thousand. The financial statements are prepared on the historical cost basis.

The accounting policies have been applied consistently to all periods in these financial statements.

#### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Special Fund and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, taking into account contractually defined terms of payment, net of discounts and GST.

The specific recognition criteria described below must also be met before revenue is recognised

Revenue from exchange transactions:

- **Fund Management** – Revenue from the fund management fee is recognised once the services have been rendered, taking into account contractually defined terms of payment, net of discounts and GST, and when the amount of revenue can be reliably measured.

#### Receivables

Other receivables are recognised at their estimated realisable value.

#### Payables

Other payables are recognised at cost.

#### Goods and services tax

The Special Fund is not registered for goods and services tax (GST) and therefore the financial statements are prepared on a GST inclusive basis.

#### Income tax

The Special Fund is not liable for income tax as it is a trustee and agent of beneficiaries who are not liable for income tax.

#### Statement of cash flows

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, and investments in bank term deposits maturing with original maturity of less than three months. The following terms are used in the statement of cash flows:

- **Operating activities** are the principal revenue producing activities and other activities that are not investing or financing activities.
- **Investing activities** are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- **Financing activities** are the activities that result in changes in the size and composition of the contributed equity and borrowings.

#### Critical accounting estimates and assumptions

In preparing these financial statements the Management Committee have made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions made are reviewed on an on-going basis. Revisions to accounting estimates or material judgements are recognised in the period in which the estimate or judgement is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Changes in accounting policies

During the period, the Special Fund applied the following new standards for the first time:

- PBE IPSAS 41 – Financial Instruments
- PBE FRS 48 – Service Performance Reporting

There was no material effect on the current or prior periods from the adoption of PBE IPSAS 41 – Financial Instruments.

The application of PBE FRS 48 – Service Performance Reporting has resulted in the inclusion of a Statement of Service Performance which can be found on page 78.

## 2. Fund management

The Special Fund is required to collect interest earned on nominated trust accounts held by lawyers and conveyancers at the major trading banks and pass these funds to the Ministry of Justice. A deduction is made from the interest received to reimburse the Special Fund for the cost of managing the fund and administering the monthly collection and payment process.

The reimbursement of the Special Fund has been calculated as follows:

	2023 \$000	2022 \$000
Interest collected from:		
ANZ	13,478	3,210
ASB	16,440	2,132
BNZ	4,274	2,239
TSB	1	2
Westpac	6,327	2,009
	<b>40,520</b>	<b>9,592</b>
Payments to Ministry of Justice	40,485	9,562
	<b>35</b>	<b>30</b>

## 3. Other receivables

	2023 \$000	2022 \$000
Interest receivable	4,150	1,763
<b>Total other receivables</b>	<b>4,150</b>	<b>1,763</b>

## 4. Other payables

	2023 \$000	2022 \$000
Audit fee	9	6
Payment to Ministry of Justice	4,146	1,755
<b>Total other payables</b>	<b>4,155</b>	<b>1,761</b>

## 5. Reconciliation of cash flows from operating activities with net surplus for the year

	2023 \$000	2022 \$000
Net surplus for the year	-	-
Add movements in other working capital items:		
Other receivables	(2,387)	1,376
Other payables	2,394	(1,376)
	<b>7</b>	<b>-</b>
<b>Net cash flows from operating activities</b>	<b>7</b>	<b>-</b>

## 6. Related party transactions

### Identity of related parties

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

### Related party transactions

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

	<b>2023</b> <b>\$000</b>	<b>2022</b> <b>\$000</b>
Allocation of costs from:		
New Zealand Law Society Regulatory	<b>25</b>	24
New Zealand Law Society related entity payables at end of year:		
New Zealand Law Society Regulatory	<b>2</b>	2

## 7. Contingent liabilities

There are no contingent liabilities as at 30 June 2023 (2022 – nil).

## 8. Commitments

There are no capital or operating lease commitments as at 30 June 2023 (2022 – nil).

## 9. Subsequent events

There are no events after the reporting date (2022 – nil).

## Additional information

### Registered office / Principal place of operations:

Accuro House  
17-21 Whitmore St  
Wellington

### Auditor:

Deloitte Limited  
Level 12  
20 Customhouse Quay  
Wellington

### Bankers:

ASB Bank



## Independent Auditor’s Report

### To the Members of The Lawyers and Conveyancers Special Fund

<b>Opinion</b>	<p>We have audited the performance report of The Lawyers and Conveyancers Special Fund (the ‘Fund’), which comprise the financial statements on pages 79 to 83, and the statement of service performance on page 78. The complete set of financial statements comprise the statement of financial position as at 30 June 2023, and the statement of comprehensive revenue and expense, the statement of changes in net assets/equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.</p> <p>In our opinion the accompanying performance report presents fairly, in all material respects:</p> <ul style="list-style-type: none"> <li>the financial position of the Fund as at 30 June 2023, and its financial performance and cash flows for the year then ended; and</li> <li>the service performance for the year ended 30 June 2023 in accordance with the Fund’s service performance criteria</li> </ul> <p>in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (‘PBE Standards RDR’) issued by the New Zealand Accounting Standards Board.</p>
<b>Basis for opinion</b>	<p>We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (‘ISAs (NZ)’), and the audit of the service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard NZ AS 1 <i>The Audit of Service Performance Information</i> (‘NZ AS 1’). Our responsibilities under those standards are further described in the <i>Auditor’s responsibilities for the audit of the performance report</i> section of our report.</p> <p>We are independent of the Fund in accordance with Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards)</i> (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p> <p>Other than in our capacity as auditor, we have no relationship with, or interests in, the Fund.</p>
<b>Other matter</b>	<p>The corresponding service performance information in the statement of service performance for the year ended 30 June 2022 is unaudited.</p>
<b>Other information</b>	<p>The Management Committee is responsible on behalf of the Fund for the other information. The other information comprises the information in the Annual Report that accompanies the performance report and the audit report.</p> <p>Our opinion on the performance report does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>Our responsibility is to read the other information and consider whether it is materially inconsistent with the performance report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.</p>
<b>Management Committee’s responsibilities for the performance report</b>	<p>The Management Committee is responsible on behalf of the Fund for:</p> <ul style="list-style-type: none"> <li>the preparation and fair presentation of the financial statements and the statement of service performance in accordance with PBE Standards RDR;</li> <li>service performance criteria that are suitable in order to prepare service performance information in accordance with PBE Standards RDR; and</li> <li>such internal control as the Management Committee determines is necessary to enable the preparation of financial statements and the statement of service performance that are free from material misstatement, whether due to fraud or error.</li> </ul>



In preparing the performance report, the Management Committee is responsible for assessing the Fund’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

**Auditor’s responsibilities for the audit of the performance report**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the statement of service performance are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.

A further description of our responsibilities for the audit of the performance report is located on the External Reporting Board’s website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-14/>

This description forms part of our auditor’s report.

**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  
14 August 2023

# NEW ZEALAND LAW SOCIETY REPRESENTATIVE (GROUP)

## PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

### STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2023

#### Purpose and vision

The purpose and vision statements of all Law Society entities are consistent as each entity forms part of the overall operation of the Law Society. These are as follows:

- Our **purpose** is to be the kaitiaki of an exemplary legal profession in Aotearoa.
- Our **vision** is that all people in Aotearoa benefit from a strong, progressive and trusted legal profession.

#### Why do we exist?

The New Zealand Law Society Representative function exists to promote the profession, represent its members and serve their interests.

#### Objectives and Performance Measures

The Representative function looks to achieve this purpose through the following objectives and associated measures:

##### Objective 1: Provide member services and support for lawyers

	2023	2022 (Unaudited)
Number of members	16,470	16,119
Number of associate members	701	732
Number of special interest group members	6,505	6,253
Number of branch events held	261	154

The Law Society provides education, networking and support and wellbeing events and opportunities for lawyers. Special interest groups provide opportunities for education and networking for lawyers practising in the same area.

##### Objective 2: Provide education, training and networking opportunities for lawyers via NZLS CLE

	2023	2022 (Unaudited)
Number of educational events held	178	160
Number of learning on demand courses	194	172
Number of publications and seminar papers produced	71	69

NZLS CLE is a fully-owned subsidiary of the Law Society which specialises in providing continuing legal education and professional development opportunities for lawyers.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
<b>REVENUE</b>			
Revenue from exchange transactions			
Practising, registration and other service fees		541	532
Interest income		126	13
Other income		1,362	426
Courses and booklets		4,840	4,865
<b>Total revenue</b>		<b>6,869</b>	<b>5,836</b>
<b>EXPENSES</b>			
Administration and occupancy	2	9,723	7,604
<b>Total expenses</b>		<b>9,723</b>	<b>7,604</b>
<b>Net finance income/(expense)</b>	3	<b>139</b>	<b>(989)</b>
<b>Surplus/(deficit) before income tax</b>		<b>(2,715)</b>	<b>(2,757)</b>
Income tax expense	4	212	432
<b>Net surplus/(deficit) for the year</b>		<b>(2,927)</b>	<b>(3,189)</b>
Other comprehensive revenue and expense			
Items that may not be reclassified to surplus/deficit:			
Land and building revaluation	6	175	-
<b>Total comprehensive revenue and expense for the year</b>		<b>(2,752)</b>	<b>(3,189)</b>

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS/EQUITY

For the year ended 30 June 2023

	Revaluation reserve \$000	Retained earnings \$000	Total \$000
<b>Equity at 1 July 2021</b>	<b>253</b>	<b>18,667</b>	<b>18,920</b>
Total comprehensive revenue and expense for the year	-	(3,189)	<b>(3,189)</b>
<b>Equity at 30 June 2022</b>	<b>253</b>	<b>15,478</b>	<b>15,731</b>
Total comprehensive revenue and expense for the year	175	(2,927)	<b>(2,752)</b>
<b>Equity at 30 June 2023</b>	<b>428</b>	<b>12,551</b>	<b>12,979</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

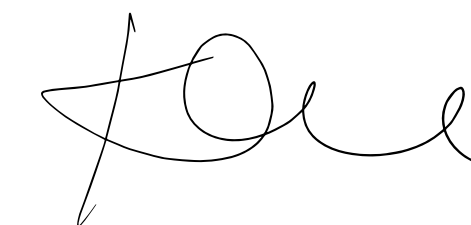
	Note	2023 \$000	2022 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,761	5,770
Bank term deposits		3,267	-
Financial assets	8	6,864	10,084
Trade and other receivables	5	1,025	399
Current tax receivable	4	9	90
<b>Total current assets</b>		<b>13,926</b>	<b>16,343</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	1,890	2,020
Intangible assets	7	300	581
<b>Total non-current assets</b>		<b>2,190</b>	<b>2,601</b>
<b>Total assets</b>		<b>16,116</b>	<b>18,944</b>

	Note	2023 \$000	2022 \$000
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and other liabilities	9	3,137	2,851
Current tax payable	4	-	362
<b>Total liabilities</b>		<b>3,137</b>	<b>3,213</b>
<b>Equity</b>			
Revaluation reserve		428	253
Retained earnings		12,551	15,478
<b>Total equity</b>		<b>12,979</b>	<b>15,731</b>
<b>Total equity and liabilities</b>		<b>16,116</b>	<b>18,944</b>

These financial statements were approved for issue on behalf of the Board:



President  
2 October 2023



Chief Executive  
2 October 2023



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
<b>Cash flows from operating activities</b>			
Cash was received from:			
Practising, registration and other service fees		585	549
Courses and booklets		5,077	4,561
Other income		1,362	426
Interest received		126	13
		<b>7,150</b>	<b>5,549</b>
Cash was applied to:			
Payments to suppliers and employees		9,740	6,119
Income tax paid		493	230
		<b>10,233</b>	<b>6,349</b>
<b>Net cash flows (used in)/from operating activities</b>	<b>10</b>	<b>(3,083)</b>	<b>(800)</b>
<b>Cash flows from investing activities</b>			
Cash was received from:			
Redemption of bank term deposits		3,750	3,224
Disposals of intangibles		2	-
Withdrawal from financial assets		3,359	1,891
		<b>7,111</b>	<b>5,115</b>
Cash was applied for:			
Investment in bank term deposits		7,017	-
Investment in financial assets		-	12,965
Purchase of property, plant and equipment		20	200
		<b>7,037</b>	<b>13,165</b>
<b>Net cash (used in)/from investing activities</b>		<b>74</b>	<b>(8,050)</b>

	Note	2023 \$000	2022 \$000
<b>Cash flows from financing activities</b>			
Cash was received from:			
Funds introduced by section		-	3
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>3</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(3,009)</b>	<b>(8,850)</b>
Cash and cash equivalents at beginning of year		5,770	14,620
<b>Cash and cash equivalents at end of year</b>		<b>2,761</b>	<b>5,770</b>
<b>Comprising:</b>			
Cash at bank		2,613	2,819
Cash on call		148	2,951
<b>Total cash and cash equivalents</b>		<b>2,761</b>	<b>5,770</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

### 1. Significant accounting policies

#### Reporting entity

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

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

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

#### Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand as applied for a Tier 2 entity (“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 financial statements have been prepared in accordance with Tier 2 PBE Standards and disclosure concessions have been applied (“RDR”). NZLS Representative is a public benefit not for profit entity and is eligible to apply Tier 2 PBE Standards on the basis that it does not have public accountability and is not defined as large.

#### Basis of preparation

The financial statements are presented in New Zealand dollars (“NZD”) which is the functional and presentation currency, rounded to the nearest thousand. The financial statements are prepared on the historical cost basis modified by the revaluation of the land and buildings as identified in the accounting policy below. The accounting policies have been applied consistently to all periods in these financial statements.

The preparation of financial statements in conformity with PBE Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis.

Judgements made by management in the application of PBE Standards that have a significant effect on the financial statements include the valuation of land and buildings, the assessment of impairment of assets and the determination of deferred revenue. The particular accounting policies record the basis of judgements made.

#### Basis for consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being NZLS Representative (the “Parent”) and its subsidiary NZLS CLE. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the Group are eliminated in full.

NZLS CLE is a for profit entity and has elected to report on a standalone basis in accordance with Tier 2 For-profit Accounting Standards on the basis it does not have public accountability and is not defined as large. On a standalone basis, NZLS CLE has elected to apply New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (“NZ IFRS (RDR)”).

For the purpose of the consolidated financial statements under PBE Standards, consistent accounting policies have been employed. There are no material adjustments required on consolidation of the financial statements of NZLS CLE.

#### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, taking into account contractually defined terms of payment, net of discounts and GST.

The specific recognition criteria described below must also be met before revenue is recognised:

Revenue from exchange transactions:

- **Courses and booklets** – Revenue from the provision of products or services in the normal course of business is recognised once the services have been rendered or the products have been sold, taking into account contractually defined terms of payment, net of discounts and GST. The Group recognises revenue when the amount of revenue can be reliably measured.
- **Practising, registration and other service fees** – Revenue from a transaction to provide services is recognised by reference to the stage of completion of the transaction at balance date.
- **Interest** – Interest income is recognised on an accruals basis using the effective interest method.
- **Other income** – Other income includes event and advertising related income. This income is recognised once the services have been rendered or the event has been held, and the amount of revenue can be reliably measured.

#### Financial instruments

Financial instruments are those contracts entered into by the Group which result in the creation of either a financial asset or liability for both the Group and the other contracting entity or individual. Financial instruments result in the recognition of financial assets and liabilities for the Group at the point where the Group becomes party to the contractual provisions of the instrument.

#### Financial assets

The Group only holds financial assets classified as short-term receivables, term deposits and managed funds.

##### Short-term receivables

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). This allowance is calculated based on lifetime ECL. In measuring ECL, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on days past due. Short-term receivables are written off when there is no reasonable expectation of recovery.

##### Term deposits

Term deposits are initially measured at the amount invested, as this reflects fair value for these market-based transactions. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

##### Managed fund

The managed fund is a portfolio of financial assets that are actively traded with the intention of making profits. Therefore, the managed fund is measured at fair value through surplus/deficit. After initial recognition, the managed fund is measured at fair value, with gains and losses recognised in the surplus or deficit.

#### Financial liabilities

Financial liabilities are classified either ‘at fair value through surplus or deficit’, or ‘at amortised cost’. The Group only holds financial liabilities at amortised cost which is comprised of trade and other payables. These are initially recognised at fair value less transaction costs and are thereafter carried at amortised cost using the effective interest method.

#### Property, plant and equipment

Land and buildings are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent impairment losses. The building revaluations are performed by an independent valuer with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. The buildings are not depreciated between the two yearly valuations.

Gains and losses on revaluation are recognised in other comprehensive revenue and expense and presented in the revaluation reserve within net assets/equity. Gains or losses relating to individual items are offset against those from other items in the same class of property, plant and equipment, however gains or losses between classes of property, plant and equipment are not offset.

Any revaluation losses in excess of credit balance of the revaluation reserve for that class of property, plant and equipment are recognised in surplus or loss as an impairment.

All other property, plant and equipment are stated at cost less accumulated depreciation and any subsequent impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

### Depreciation

Depreciation of property, plant and equipment, other than land, is calculated on a straight-line (“SL”) basis so as to write off the cost or fair value amount of each asset, less any residual value, over its estimated remaining useful life. Management have used judgement to determine the depreciation rates that best approximate the remaining useful lives and residual values and reviews the depreciation rates and residual values at the end of each annual reporting period.

The following estimated rates are used in the calculation of depreciation:

Class	Method	Rate
Computer hardware	SL	20–36%
Furniture and equipment	SL	6–48%
Plant	SL	5–20%

### Intangible assets

Intangible assets comprise computer software applications and capitalised developer time that have a finite useful life and are recorded at cost less accumulated amortisation and subsequent impairment losses. The assets are amortised on a straight-line basis from the date they are in the location and condition for use over their useful lives of 2 years.

### Impairment of assets

The Group’s assets are considered to be non-cash generating as they are not held for the primary purpose of generating a commercial return.

At each reporting date, a review is undertaken of the carrying amounts of the tangible and intangible assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable service amount of the asset (as defined in PBE IPSAS 21: Impairment of non-cash generating assets) is estimated in order to determine the extent of the loss (if any).

The recoverable service amount is calculated as the higher of the assets fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset’s ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If the recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. Any impairment loss is recognised immediately in profit or loss.

A reversal of an impairment loss in subsequent periods is recognised immediately in profit or loss. However, any reversal must not result in the carrying amount of the asset exceeding its carrying amount had no impairment losses been recognised in prior years.

### Deferred revenue

Deferred revenue comprises membership and other service fees which have been received but relate to services that have not yet been delivered. If revenue is received before services are rendered, then it is recorded as a liability and recognised as revenue over the period for which the services are delivered.

### Accounts payable

Accounts payable are recognised where there is an obligation to make payments for purchases of goods and services. They are recognised at fair value initially then subsequently at amortised cost.

### Employee benefits

Provision is made for accrued salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made for employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at time of settlement.

### Goods and services tax

The statement of comprehensive revenue and expense has been prepared on a goods and services tax (“GST”) exclusive basis. All items in the statement of financial position are stated net of GST with the exception of receivables and payables, which include GST invoiced.

### Income tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets and liabilities are offset only when the Group has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis.

### Leasing

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

### Statement of cash flows

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in bank term deposits maturing within one month.

The following terms are used in the statement of cash flows:

- **Operating activities** are the principal revenue producing activities and other activities that are not investing or financing activities.
- **Investing activities** are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.
- **Financing activities** are the activities that result in changes in the size and composition of the contributed equity and borrowings.

### Critical accounting estimates and assumptions

#### Valuation of land and buildings:

Land and buildings owned by the Group are held at fair value. Revaluations are carried out, by independent valuers, with sufficient regularity to ensure that the carrying amount does not differ from the fair value at balance date. The determination of fair value at the time of the revaluation requires estimates and assumptions based on market conditions at that time, these assumptions have been discussed further within note 6.

#### Changes in accounting policies

During the period, the Group applied the following new standards for the first time:

- PBE IPSAS 41 – Financial Instruments
- PBE FRS 48 – Service Performance Reporting

There was no material effect on the current or prior periods from the adoption of PBE IPSAS 41 – Financial Instruments.

The application of PBE FRS 48 – Service Performance Reporting has resulted in the inclusion of a Statement of Service Performance which can be found on page 85.

## 2. Total expenses

	2023 \$000	2022 \$000
Audit fees – audit of financial statements	40	40
Depreciation	319	422
Disposal of fixed assets	6	6
Amortisation of intangible assets	278	122
Employee benefit expenses	3,739	3,394
Presidents' honoraria*	201	176
Courses and booklets	1,833	1,427
Other administration and occupancy costs	3,307	2,017
	<b>9,723</b>	<b>7,604</b>

\*The Presidents' honoraria line includes Branch President honoraria payments.

## 3. Net finance expense

	2023 \$000	2022 \$000
Managed fund gain/(loss) on investments	193	(958)
Management fee	(54)	(31)
	<b>139</b>	<b>(989)</b>

## 4. Taxation

	2023 \$000	2022 \$000
<b>(a) Income tax recognised in surplus or deficit for year</b>		
Tax expense comprises:		
Tax expense for years income	205	371
Adjustments recognised in the current period in relation to the current tax of prior periods	7	61
<b>Total tax expense for the year</b>	<b>212</b>	<b>432</b>
<b>(b) The prima facie income tax expense on pre-tax accounting surplus from operations reconciles to the income tax expense in the financial statements as follows:</b>		
Deficit from operations and investment before income tax	(2,715)	(2,757)
Income tax credit calculated at 28%	(760)	(772)
Adjustment for tax on non-assessable income and non-deductible expenditure	965	1,144
Non-profit organisation exemption	-	(1)
Under/(over) provision of tax in previous periods	7	61
<b>Income tax expense recognised in surplus for year</b>	<b>212</b>	<b>432</b>
<b>(c) Current tax (receivable)/payable</b>		
Balance at beginning of year	272	70
Taxation paid	(492)	(230)
Tax expense for years income	205	371
(Over)/under provision of tax in previous periods	7	61
<b>Balance at end of the year</b>	<b>(8)</b>	<b>272</b>

## 5. Trade and other receivables

	2023 \$000	2022 \$000
Trade receivables from exchange transactions	1,025	399
<b>Total trade and other receivables</b>	<b>1,025</b>	<b>399</b>

## 6. Property, plant and equipment

	Land \$000	Buildings \$000	Furniture and equipment \$000	Plant \$000	Computer hardware \$000	Total \$000
<b>GROSS CARRYING AMOUNT</b>						
<b>Balance at 30 June 2021</b>	<b>300</b>	<b>900</b>	<b>4,263</b>	<b>786</b>	<b>1,564</b>	<b>7,813</b>
Revaluations	-	-	-	-	-	-
Additions	-	-	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>300</b>	<b>900</b>	<b>4,263</b>	<b>786</b>	<b>1,764</b>	<b>8,013</b>
Additions	-	-	2	-	17	19
Revaluations	-	175	-	-	-	175
Disposals	-	-	(2,593)	(744)	(713)	(4,052)
<b>Balance at 30 June 2023</b>	<b>300</b>	<b>1,075</b>	<b>1,672</b>	<b>42</b>	<b>1,068</b>	<b>4,157</b>
<b>ACCUMULATED DEPRECIATION</b>						
<b>Balance at 30 June 2021</b>	<b>-</b>	<b>-</b>	<b>3,646</b>	<b>761</b>	<b>1,160</b>	<b>5,565</b>
Depreciation	-	-	118	3	301	424
<b>Balance at 30 June 2022</b>	<b>-</b>	<b>-</b>	<b>3,770</b>	<b>764</b>	<b>1,461</b>	<b>5,995</b>
Depreciation	-	-	106	3	210	319
Disposals	-	-	(2,587)	(744)	(714)	(4,047)
<b>Balance at 30 June 2023</b>	<b>-</b>	<b>-</b>	<b>1,287</b>	<b>23</b>	<b>957</b>	<b>2,267</b>
<b>NET BOOK VALUE</b>						
<b>As at 30 June 2022</b>	<b>300</b>	<b>900</b>	<b>496</b>	<b>22</b>	<b>302</b>	<b>2,020</b>
<b>As at 30 June 2023</b>	<b>300</b>	<b>1,075</b>	<b>385</b>	<b>19</b>	<b>111</b>	<b>1,890</b>

### Land and buildings carried at fair value

*Christchurch, Level 1, 307 Durham Street:*

Christchurch land and building (share): Hayden Doody, ANZIV; SPINZ; BCom (VPM), Registered Valuer, of Telfer Young, Independent Valuers, valued the Law Society share of the Christchurch land and building at \$1,375,000 as at 30 June 2023. Accordingly, the value of the asset and the asset revaluation reserve was increased by \$175,000 at that date. The valuer utilised the capitalised income approach for the valuation of the Christchurch property. This approach involves capitalising the actual or potential net income at an appropriate market derived rate of return of 6.0%. A rate of return of 6.0% was used when the building was last valued as at 30 June 2021.

## 7. Intangible assets

	Computer software \$000
<b>GROSS CARRYING AMOUNT</b>	
<b>Balance at 30 June 2021</b>	<b>3,574</b>
Disposals	-
<b>Balance at 30 June 2022</b>	<b>3,574</b>
Additions	-
Disposals	(2,220)
<b>Balance at 30 June 2023</b>	<b>1,354</b>
<b>ACCUMULATED AMORTISATION</b>	
<b>Balance at 30 June 2021</b>	<b>2,872</b>
Amortisation	122
<b>Balance at 30 June 2022</b>	<b>2,994</b>
Amortisation	278
Elimination on disposal	(2,218)
<b>Balance at 30 June 2023</b>	<b>1,054</b>
<b>NET CARRYING VALUE</b>	
<b>As at 30 June 2022</b>	<b>581</b>
<b>As at 30 June 2023</b>	<b>300</b>

## 8. Other financial assets

	2023 \$000	2022 \$000
Cash and cash equivalents	1,090	1,432
Shares	1,969	4,820
Bonds	3,805	3,832
<b>Total other financial assets</b>	<b>6,864</b>	<b>10,084</b>

The investment portfolio was transferred from ANZ to Milford Asset Management in December 2022.

## 9. Trade payables and other liabilities

	2023 \$000	2022 \$000
Trade payables	572	266
GST payable	189	120
Employee benefits	146	149
Deferred revenue	2,025	1,117
Related party payables	205	1,199
<b>Total</b>	<b>3,137</b>	<b>2,851</b>

The average credit period on purchases of certain goods and services is 30 days. Financial risk management policies are in place to ensure that all payables are paid within the credit timeframe. All trade payables have short term contractual maturities and therefore no interest is charged over a term.

## 10. Reconciliation of cash flows from operating activities with net surplus for the year

	2023 \$000	2022 \$000
<b>Net (deficit)/surplus for the year</b>	<b>(2,752)</b>	<b>(3,189)</b>
Add non-cash items:		
Depreciation and amortisation	597	544
Profit/(loss) on disposal of assets	6	6
Fair value movement in PPE	175	-
Fair value movement in financial assets	(139)	989
	<b>(2,463)</b>	<b>(1,650)</b>
Add movements in other working capital items:		
Trade and other receivables	(626)	(88)
Trade and other payables	287	736
Current tax payable	(281)	202
<b>Net movement in working capital</b>	<b>(620)</b>	<b>850</b>
<b>Net cash flows (used in)/from operating activities</b>	<b>(3,083)</b>	<b>(800)</b>

## 11. Financial instruments

The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk without taking account of the value of any collateral obtained.

### Fair value of financial instruments

The fair value of the financial instruments, financial assets and financial liabilities does not differ materially from the value as reflected in the statement of financial position.

### Interest rate risk

The Group is exposed to interest rate risk in that future interest rate movements will affect cash flows and the market value of fixed interest and investment assets. The Group does not use any derivative products to manage interest rate risk.

### Credit risk

The maximum credit risk associated with the financial instruments held by Group is considered to be the carrying value reflected in the statement of financial position. The risk of non-recovery of these amounts is considered to be minimal given that the investments are made with a variety of NZ registered banks. The Group does not require collateral or other security to support financial instruments with credit risk.

### Maturity analysis

The maturity tables below provide a breakdown of cash and the contractual non-discounted cashflows relating to financial assets and financial liabilities for the reporting period.

The table includes both interest and principal cashflows:

<b>30 June 2023</b>	<b>Weighted average effective interest rate</b>	<b>Within 1 month \$000</b>	<b>1 to 3 months \$000</b>	<b>3 Months to 1 year \$000</b>	<b>1 to 2 years \$000</b>	<b>Total \$000</b>
Cash at bank	-	2,613	-	-	-	2,613
Cash on call account	2.70%	148	-	-	-	148
Fixed term bank deposits	5.60%	-	1,002	2,265	-	3,267
Other Financial Assets		6,864	-	-	-	6,864
Trade/other receivables		1,025	-	-	-	1,025
<b>Total financial assets</b>		<b>10,650</b>	<b>1,002</b>	<b>2,265</b>	<b>-</b>	<b>13,917</b>
Trade/other liabilities (excluding deferred revenue)		1,112	-	-	-	1,112
<b>Total financial liabilities</b>		<b>1,112</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,112</b>

<b>30 June 2022</b>	<b>Weighted average effective interest rate</b>	<b>Within 1 month \$000</b>	<b>1 to 3 months \$000</b>	<b>3 Months to 1 year \$000</b>	<b>1 to 2 years \$000</b>	<b>Total \$000</b>
Cash at bank	-	2,819	-	-	-	2,819
Fixed term bank deposits	0.30%	2,951	-	-	-	2,951
Other financial assets		10,084	-	-	-	10,084
Trade/other receivables		399	-	-	-	399
<b>Total financial assets</b>		<b>16,253</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,253</b>
Trade/other liabilities (excluding deferred revenue)		1,734	-	-	-	1,734
<b>Total financial liabilities</b>		<b>1,734</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,734</b>



## 12. Investment in subsidiaries

Entity Name	Country of Incorporation	Ownership Interest		Principal Activity
		2023 %	2022 %	
NZLS CLE Limited	NZ	100	100	Development and provision of legal education services to members of NZLS

All entities within the group have 30 June balance dates.

There are no significant restrictions on the ability of subsidiaries to transfer funds to the Parent in the form of cash distributions or to repay loans or advances.

## 13. Related party disclosures

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

	2023 \$000	2022 \$000
<b>Allocation of costs from:</b>		
NZLS Regulatory	3,884	3,320
<b>Recovery of depreciation and amortisation costs received for use of assets:</b>		
NZLS Regulatory	507	469
<b>NZLS related entity net receivables/(payables) at end of year:</b>		
NZLS Regulatory	(205)	(1,112)

## Compensation of key management personnel

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

	2023 \$000	2022 \$000
Short term employee benefits	1,364	1,009

Short term employee benefits comprise salary and bonus payments attributable to key management personnel during the period.

## 14. Contingent liabilities

There are no contingent liabilities for the Parent or Group at 30 June 2023 (2022: nil)

## 15. Capital commitments

There are no capital or lease commitments for the Parent or Group at 30 June 2023 (2022: nil).

## 16. Subsequent events

There are no material non-adjusting events after the reporting date (2022: nil).

## Additional Information

**Registered office /  
Principal place of operations:**  
Accuro House  
17-21 Whitmore St  
Wellington

**Auditor:**  
Deloitte Limited  
Level 12  
20 Customhouse Quay  
Wellington

**Bankers:**  
ASB Bank

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## Independent Auditor’s Report

### To the Members of New Zealand Law Society Representative

<b>Opinion</b>	<p>We have audited the consolidated performance report of New Zealand Law Society Representative (the ‘Society’) and its subsidiary (‘the group’), which comprise the consolidated financial statements on pages 86 to 96, and the statement of service performance on page 85. The complete set of consolidated financial statements comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.</p> <p>In our opinion, the accompanying consolidated performance report presents fairly, in all material respects:</p> <ul style="list-style-type: none"> <li>the consolidated financial position of the group as at 30 June 2023, and its consolidated financial performance and cash flows for the year then ended; and</li> <li>the consolidated service performance for the year ended 30 June 2023 in accordance with the group’s service performance criteria</li> </ul> <p>in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (‘PBE Standards RDR’) issued by the New Zealand Accounting Standards Board.</p>
<b>Basis for opinion</b>	<p>We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (‘ISAs’), and the audit of the consolidated service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard 1 <i>The Audit of Service Performance Information</i> (‘NZ AS 1’). Our responsibilities under those standards are further described in the <i>Auditor’s Responsibilities for the Audit of the Consolidated Performance Report</i> section of our report.</p> <p>We are independent of the group in accordance with Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p> <p>Our firm carries out other assignments for the group in the area of taxation advice, consulting services and sponsorship agreement. These services have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the Society or any of its subsidiaries.</p>
<b>Other matter</b>	<p>The corresponding service performance information in the statement of service performance for the year ended 30 June 2022 is unaudited.</p>
<b>Other information</b>	<p>The Board is responsible on behalf of the group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated performance report and the audit report.</p> <p>Our opinion on the consolidated performance report does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated performance report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.</p>
<b>Board’s responsibilities for the consolidated performance report</b>	<p>The Board is responsible on behalf of the group for:</p> <ul style="list-style-type: none"> <li>the preparation and fair presentation of the consolidated financial statements and consolidated statement of service performance in accordance with PBE Standards RDR;</li> <li>service performance criteria that are suitable in order to prepare service performance information in accordance with PBE Standards RDR; and</li> </ul>

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<b>Auditor’s responsibilities for the audit of the consolidated performance report</b>	<ul style="list-style-type: none"> <li>such internal control as the Board determines is necessary to enable the preparation of a consolidated performance report that is free from material misstatement, whether due to fraud or error.</li> </ul> <p>In preparing the consolidated performance report, the Board is responsible on behalf of the group for assessing the group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.</p> <p>Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the consolidated statement of service performance are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated performance report.</p> <p>A further description of our responsibilities for the audit of the consolidated performance report is located on at the External Reporting Board’s website at: <a href="https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-13/">https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-13/</a></p> <p>This description forms part of our auditor’s report.</p>
<b>Restriction on use</b>	<p>This report is made solely to the Members, as a body, in accordance with section 19 of the Constitution of the New Zealand Law Society. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members as a body, for our audit work, for this report, or for the opinions we have formed.</p>

*Deloitte Limited*

Wellington, New Zealand  
2 October 2023



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