

A photograph of two women in business attire sitting at a conference table, laughing and talking. The woman on the left is wearing a grey blazer and has her hands clasped. The woman on the right is wearing a black blazer and has a name tag. On the table in front of them are a silver water bottle, a glass of water, and two coffee cups. The background is a bright, modern office setting with large windows.

# Transforming for the future

ANNUAL REPORT 2021/2022

# 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



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# Board's message

## Tēnā koutou katoa

**We are living through transformative times, of that there is no doubt, and the New Zealand Law Society Te Kāhui Ture o Aotearoa is not only impacted by societal change but is also in a state of transition itself.**

Jacque Lethbridge became President on 8 April 2022, taking over from Tiana Epati at the end of her three-year term. This report covers nine-months under Tiana Epati's presidency and three-months under Jacque Lethbridge, with Joanna Simon as CEO for the full financial year.

### **Navigating change**

As we prepare to navigate the changes that will ultimately redefine our profession, it is useful to reflect and see how far we've come while acknowledging we've got some distance to go.

It's important to acknowledge that there has been constructive progress on many fronts.

The profession has been clear in feedback to the Law Society that it wants a modernised, nimble, and responsive organisation. One that truly represents the way that we practise and who lawyers are today.

Central to our role as lawyers is the need to protect the public – and that must continue. But as we shift gear, we also need to look at ourselves and ensure that we're engaging with one another in a respectful way.

### **Structural and cultural reform**

As many of you will be aware, events of 2018 and a subsequent Working Group chaired by Dame Silvia Cartwright led to a report which recommended reform to the way the Law Society conducts itself and to the legislation under which we operate – the Lawyers and Conveyancers Act 2006 (the Act).

One of the Law Society's responses was to commission an Independent Review (the Review) of the Statutory Framework for legal services in Aotearoa New Zealand. The Review seeks to examine the regulation and representation of legal services in Aotearoa New Zealand, including the structure and functions of the Law Society.

The Review allows us to put a spotlight on our organisation, to analyse the legislation and rules covering all lawyers and determine whether they are fit-for-purpose.

Another important area that the Review is looking at is the overall culture and structure of the profession. Around 4,000, or a quarter of our registered lawyers have been practising for less than five years. These lawyers are mostly young – between 23 and 28 – and they are the most diverse group that has ever entered the profession; the majority are female and there is a growing proportion of Māori, Pasifika, and Asian lawyers.



**David Campbell**  
VICE-PRESIDENT - AUCKLAND



**Caroline Silk**  
VICE-PRESIDENT - CENTRAL NORTH ISLAND



**Ataga'i Esera**  
VICE-PRESIDENT - WELLINGTON



**Frazer Barton**  
VICE-PRESIDENT - SOUTH ISLAND

Younger professionals are demanding a different way of working, more flexibility, control over their hours of work, and balanced workloads. They are demanding a cultural shift and a greater focus on wellbeing and representation. This is partly a result of COVID-19's impact on law firms and partly a reflection of societal shifts that is impacting all professions.

In the past year, the Law Society appointed a highly experienced panel to conduct the Independent Review – Professor Ron Paterson as Chair and Jane Meares and Professor Jacinta Ruru as members of the Independent Review Panel (the Panel).

In June 2022, the Panel released a Discussion Document to the profession and wider community for consultation. Recommendations from the Panel are expected to be finalised by December 2022. The Panel received 1,835 individual survey responses, 157 written submissions, and 375 people attended their engagement events.

At the same time as the Independent Review was getting underway, the Law Society sought feedback on potential changes to the Act to gauge support across the profession for four key amendments. Three of the proposed amendments were aimed at improving the efficiency and transparency of the lawyers' complaints process while also making it more victim focussed. An unrelated fourth proposed amendment would ensure that conveyancer undertakings are enforceable by a Court in the same manner as undertakings given by lawyers.

The feedback demonstrated that the majority of the responders were supportive of the proposed changes. The changes would

complement the amended Rules of Conduct and Client Care that came into effect on 1 July 2021 and address bullying, harassment and discrimination in the legal profession.

### **Strong and independent voice**

A less-known aspect of the Law Society's role is that it must serve the people of Aotearoa New Zealand by being a strong and independent voice for the rule of law.

A marked shift over the past year is the call from the profession for the Law Society to have a strong representative voice; one that is representative of all parts of the Law Society. Not just a voice for some parts of the profession.

Therefore, the Board has embarked on a process to develop a new representative strategy. The work is well underway. It may not have the same impact as the Independent Review, but what is ahead for the Law Society is quite significant change and transformation to really be able to be that one voice.

Included in the representative scope is work around gender as we need to keep our foot on the accelerator. The New Zealand Bar Association and the Law Society had two different charters that were causing a bit of confusion. We have amalgamated those into one charter, the Gender Equality Charter, and resolved to lift the aspirational target for instruction of female lawyers and barristers from 30 per cent to 50 per cent. Firms and organisations who sign up to the revised charter are agreeing that their aim is to ensure that 50 per cent of the work that they are engaging in or instructing is going to female practitioners.

“ We will continue to work with the profession to make progress in addressing this gap.”

“ Through the content of this report and in further communications from the Law Society, we are confident you will see the progress and results of an organisation that is firmly focused on investing in itself and its people to become a modern, fit-for-purpose Law Society.”

While more than 50 per cent who enter the profession are female, this percentage is not represented by the number of people who eventually go on to hold senior positions. It is still low at the senior level, with only about 20 per cent of females represented as business owners and equity partners.

This is particularly concerning at the top level as the gender balance of senior barristers and KCs is still disproportionate to the number of female lawyers coming into the profession. We will continue to work with the profession to make progress in addressing this gap.

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

Likewise, our Council and Board, Branch and Section Councils and committees are all invested in the future health of the Law Society.

#### **President's resignation**

In July 2022 Mike Heron KC was commissioned to conduct a Culture Review for the Law Society against a backdrop of a breakdown in the relationship between the President and the then Chief Executive of the Law Society. This occurred after the reporting period. Ms Lethbridge resigned in early October.

Mr Heron recommended:

- i. a delegated authority policy which describes the delegations from the Board to the CEO (referred to in the Board Charter) be created and implemented
- ii. a job description for the President be endorsed by the Board and Council.

The Board accepted the Report and will be working with the leadership team to act on the recommendations made by Mr Heron, as an additional part of the wider transformation work plan that is already underway. When a vacancy in the office of the presidency arises, the Law Society's Constitution gives the power to the Law Society Council to appoint a president to serve for the remainder of the current term of office. This current term is due to expire in April 2023.

#### **Transforming for the future**

The theme of this 2022 Annual Report is 'Transforming for the future'. This is more than a slogan. Through the content of this report and in further communications from the Law Society, we are confident you will see the progress and results of an organisation that is firmly focused on investing in itself and its people to become a modern, fit-for-purpose Law Society. We look forward to helping to drive the changes that will emerge from our transformative work.

Ngā manaakitanga  
**Law Society Board**

# Chief Executive's review

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**Joanna Simon**  
CHIEF EXECUTIVE OFFICER

## Tēnā koutou katoa

After one year in the role as Chief Executive, I am proud to report that, despite the operational challenges of working through a pandemic, we are making progress on our strategic objective of modernising the New Zealand Law Society Te Kāhui Ture o Aotearoa to be a fit-for-the-future organisation.

The theme of this year's Annual Report - 'Transforming for the Future' - builds on last year's report and highlights the transformation the organisation has undergone in the last 12 months.

We have made headway on our key strategic priorities and have achieved much change at both governance and operational levels.

When I joined the Law Society in July 2021 my remit from the Council was clear. Transformational change was underway, but much work remained to be done. Much of my focus in the early months - just as the Auckland COVID-19 lockdown began - was to examine the organisation from a holistic perspective.

With the McKinsey 7S framework in mind - Strategy, Structure, Systems, Staff, Style, Skills, and Shared Values - we identified the priority areas for development and investment of time and resources.

A good starting point was to develop and articulate the values at the core of the Law Society and its work. We also needed to strengthen the transformation strategy and commission new work on regulatory and representative strategies.

We continue to focus on the multi-year upgrade of our technology to further drive change in the organisation, undertaking an ambitious digital transformation. The team had gone through a restructure in 2020, and many of the Law Society leadership were still new in their roles and the structure was still bedding down. As a result, we have worked to complete the executive team and create an operational leadership team.

Our staff are with the Law Society because they choose to be. They have big hearts and are here because they believe in the cause. This level of commitment and determination is an important asset, and I'd like to acknowledge the efforts of the staff as we transform.

## An organisation in lockdown

All companies and organisations have adapted to COVID-19 as best they could during the past 30 months, and the Law Society is no different.

A resolution was passed so as CEO I could be based in Auckland and travel to Wellington every week. However, as it turned out, travel to Wellington was restricted for the best part of five months. With the Auckland lockdown in the second half of 2021, leadership by video call from home was required.

I'm proud of our staff who adapted during that COVID-19 period as we navigated the changing landscape of traffic lights, alert levels and requirements. There was much uncertainty that required staff consultation. Like many other organisations, retention and recruitment have been a pressure point for us as we compete in a constricted labour market. With staff illness and turnover, existing staff had to manage additional workloads and we are grateful and appreciative of their efforts and commitment. Our executive team worked well together to deliver a level of comfort to staff while ensuring that we conformed with Government guidelines and requirements.

During this time both the Regulatory and the Representative parts of the Law Society carried on and delivered services to the legal profession and to consumers of legal services. It wasn't easy for everybody, but we did it.

## Strategic resets

To maintain momentum on our transformation mission, we conducted a series of online workshops to review business plans, budgets, and strategies. We wanted to take an aspirational view on how the Law Society could operate in future.

Katie Rusbach, our General Manager of Professional Standards, led the project to develop a new regulatory strategy with the help of Martin Jenkins. This was approved and adopted by the organisation during the year. This strategy will help us to lift our regulatory performance over the next three years. It enables us to consider the purpose of our regulatory role and allows us to take a broader perspective on our approach to regulation and how we focus our regulatory efforts for the benefit of both the profession and consumers of legal services.

The leadership team, staff and external stakeholders all contributed to the development of the Regulatory Strategy. Their thinking led and ultimately shaped the strategy in its final form. There's a lot of hard work ahead, but I have great confidence in our skilled and committed team to make the changes we need to be a modern regulator, promoting public trust and confidence in the legal profession.

On the other side of our organisation, work is underway on a representative strategy with the support of consultants at Deloitte. This project is considering our current representative model and developing an appropriate strategy.

We also looked closely at the way we communicate with lawyers, the media and other external stakeholders. During the year we recruited a new General Manager Marketing and Communications, Amy Knightley, who immediately began by building a team with a fresh approach to communicating with the legal profession and the media.

## Rebuilding the team

In addition to managing and operating a wide range of regulatory and representative services in 2021/2022, we are investing in and creating a Law Society that is fit-for-the-future with a skilled, engaged, and well-resourced workforce.

As always, we are focused on building capability and strength across the organisation to bring diverse thinking and new energy into the organisation and its transformational work.

Many of our new employees are key to the success of projects underway to improve the efficiency and effectiveness of the organisation, such as new employees in our information technology team.

“ We are focused on building capability and strength across the organisation to bring diverse thinking and new energy into the organisation and its transformational work.”

**Joanna Simon**

Chief Executive





### Digital transformation

The digital transformation is critical to moving the organisation forward. It is an underlying piece of work for us to become more modern, customer-focused, and efficient. Around \$1.2 million was invested in our IT systems during the 2021/22 financial year and further ongoing investment is required to modernise and maintain core systems to support modern working practices.

It is a multi-year plan and will improve the 'customer experience' for the 16,000 lawyers registered with us as practising lawyers. The first cab off the rank is to implement a modern Complaints Management System (CMS) with phase one of this project underway.

The Registry database has undergone a major software upgrade this year to ensure the system is supportable, stable and secure, and is now set for the next phase to upgrade the platform on which it resides. Our goal is to have a modern registry that provides the necessary functionality a lawyer working in 2022 requires.

Another major digital transformation project is the implementation of a Human Resources Information System. This will include a database of our 154 people, a learning and development system, performance management, remuneration management and other functionality that human resources management needs.

### A sustainable organisation

For the second time, we have included in this Annual Report our full financial statements as part of our ongoing commitment to transparency.

It is vital that the income and financial reserves of the Law Society are sustained at levels that enable innovation and strategic investment.

Fees collected from issuing practising certificates are, by law, available only to the Regulatory (Professional Standards) side of the Law Society and not to the operations of the Representative (Membership Services) side, which engages the entire profession. Income from Regulatory in the 2021/22 financial year was \$24.7 million, up from \$22.9 million in 2021.

Income to support the Representative work was generated by NZLS CLE Limited, a wholly-owned legal education company, the Property Law Section, the Family Law Section and the In-house Lawyers Association of New Zealand. Despite this income, the net operating result for the Representative group was a deficit of \$3.2 million. This underlines the importance of developing an appropriate and sustainable representative strategy.

### Transforming for the future

The legal profession in New Zealand continues to grow. It is more diverse, culturally and by gender, than ever before. We are focused on ensuring we strongly represent the diverse nature of the profession. We have a growth mindset and are committed to delivering outcome-focused, quality services.

Our work to transform the Law Society to be a modern, fit-for-purpose regulatory and representative body continues. At the same time, we will continue to support the wellbeing of the legal profession, advocate for the rule of law, and focus on access to and administration of justice in Aotearoa New Zealand for all peoples.

Ngā mihi

**Joanna Simon**  
Chief Executive Officer

# 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.

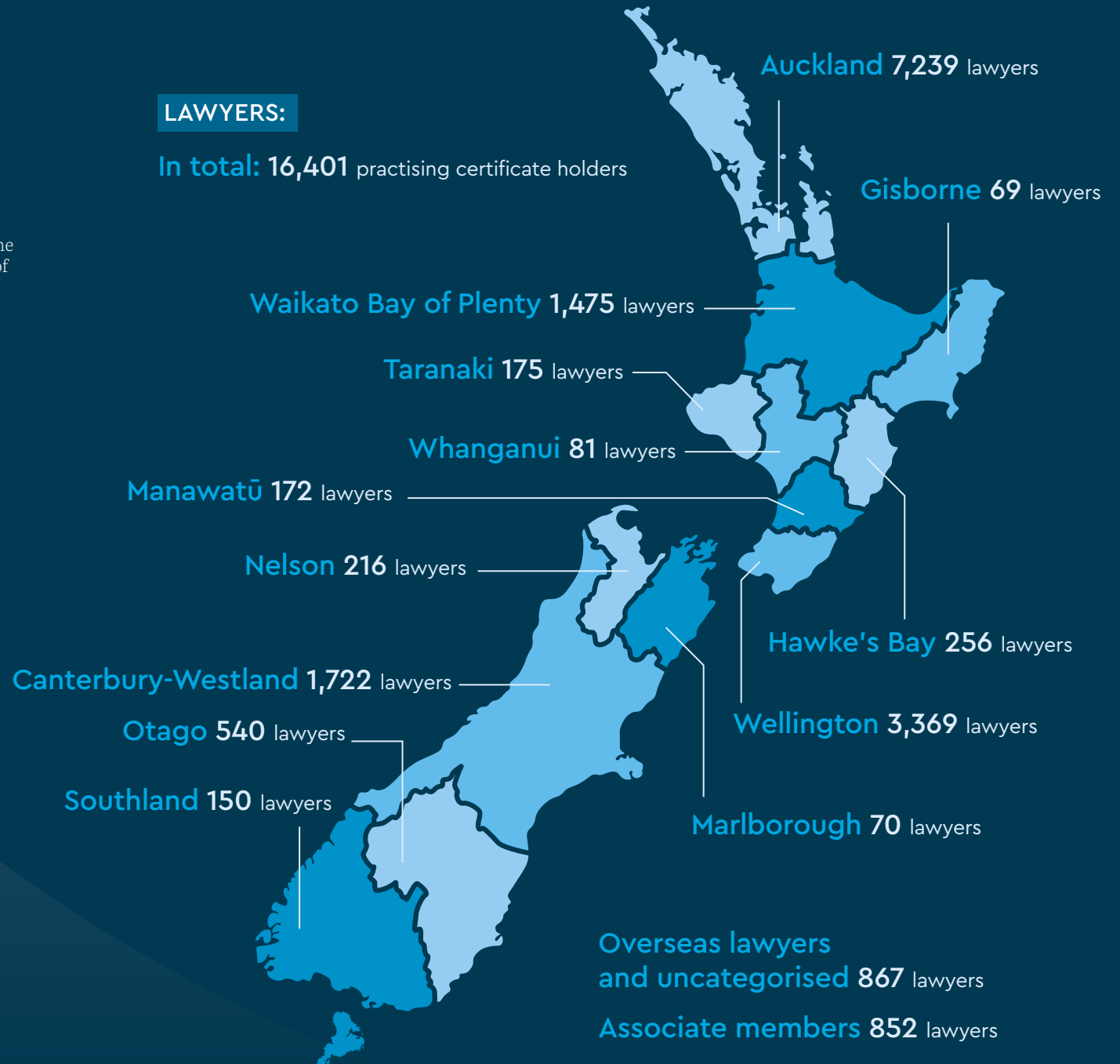
## LAW SOCIETY STAFF:

Office Location	Staff
Auckland	48
Hamilton	5
Gisborne	1
Taranaki	1
Hawke's Bay	1
Manawatū	1
Wellington	79
Nelson	1
Canterbury-Westland	15
Otago	1
Southland	1
Total	154

Includes contractors working in branches.

## LAWYERS:

In total: 16,401 practising certificate holders



# Highlights at a glance

- Appointed Panel and launched consultation for the **Independent Review**

82%

Response rate to survey of eligible Gender Equality Charter signatories

- Supported the Judiciary with urgent **COVID-19 communications**

1,203

Complaints opened (2021: 1,376)

- **LCA Proposed Amendments Consultation** successfully completed

- Implemented changes to **Conduct and Client Care Rules**

1,331

Complaints closed (2021: 1,283)

## Completed

- Regulatory Strategy
- Formation of the National New Lawyers Group

## In progress

- Representative Strategy
- Digital Transformation

## Reviewed

64 Bills and 91 discussion documents

## Farewelled

Outgoing President Tiana Epati

## Welcomed

New President Jacque Lethbridge

## Access to Justice

campaign influenced an increase in legal aid funding of

**\$190m over four years in Budget 2022**

# 16% Growth

in practising lawyers over past 5 years

## Practising Lawyers

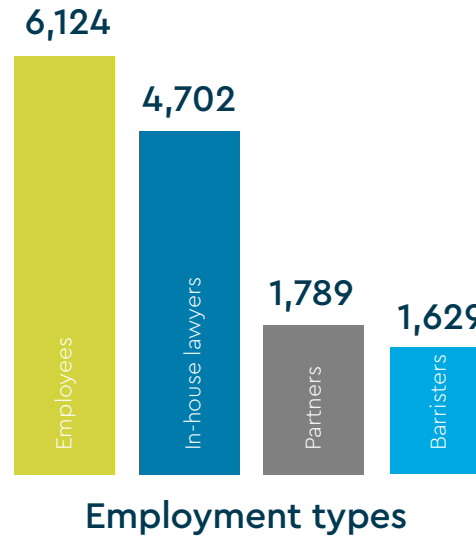
2022	2021	2020	2019	2018
16,401	15,828	15,099	14,662	14,165

## Admissions to the High Court

2022	2021	2020	2019	2018
1,083	1,141	968	1,056	1,146

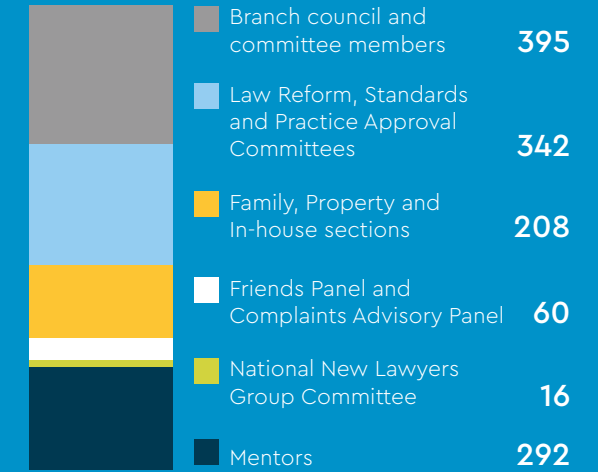
## Practising on Own Account

2022	2021	2020	2019	2018
322	309	296	297	286



1,300+  
Volunteers

## Roles performed by volunteers



## Māori proportion of all lawyers and lawyers 0-7 years PQE

0-7 years post qualified experience



All lawyers

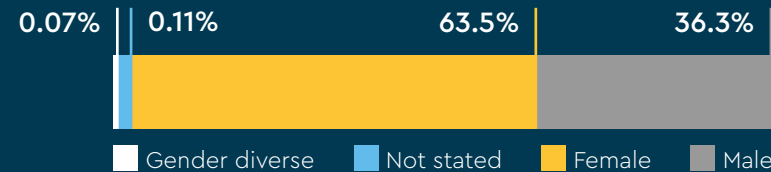


Aotearoa New Zealand Māori population

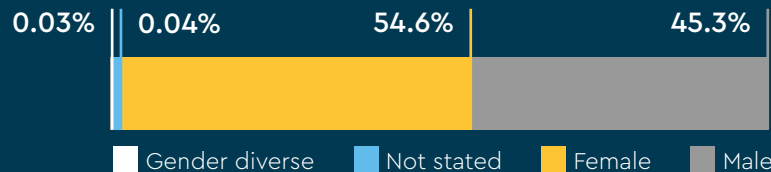


## Gender diversity

New lawyers



All lawyers



Over 80% of the entire legal profession gave legal assistance for free

5,522

lawyers in the profession for seven or less years



# Regulatory

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# Regulatory services

The Law Society's regulatory purpose is upholding professional standards so everyone can have trust and confidence in the legal profession. In the 2021/22 financial year the Law Society continued to evolve and build its regulatory capability and performance.

In 2021 the Law Society developed a regulatory strategy to set the direction for our regulatory and professional standards work.

This regulatory strategy will assist us to lift our regulatory performance over the next three years. It sets out the purpose of our regulatory role and takes a broader perspective on our approach to regulation and how we focus our regulatory efforts for the benefit of both the consumers of legal services and the profession.

It was important that our staff led the thinking and development of this strategy. This involved a series of workshops and input from several key stakeholders.

We are committed to evolving our regulatory capability and performance to become the best regulator we can be. This requires some fundamental 'shifts' in the way we do things.

Our key shifts are to:

- Build regulatory capability
- Work as one regulatory team
- Use our intelligence and evidence
- Use our full suite of tools
- Work collaboratively with others

Being an effective regulator means that we are:

1. **Risk-based:** we focus on the right things – we target our effort where there is the greatest risk and potential harm, especially to consumers of legal services; and
2. **Responsive:** we apply the right approach and select the right tool based on the attitude and motivation of lawyers towards compliance.

We have developed an action plan as part of the strategy, and this guides our business planning for the year.

Our intention is to modernise as a regulator, adopt contemporary regulatory practices and lift our performance. We want to educate and engage with lawyers, to support compliance and achievement of professional standards. We will also be making better use of data, insights and evidence to inform the regulatory choices that we make.

## Improving our complaints system

Over the past five years, complaints have declined while practising lawyer numbers have increased substantially. This may indicate that the profession's standards are showing improvement. It may also reflect the way the Law Society is handling complaints and the information provided to clients may resolve some of these matters before they become formal complaints.

However, while the number of complaints to the Law Society is decreasing, the complaints are becoming increasingly complex. We are also seeing an increase in the volume of supporting material accompanying complaints. Ongoing improvements are required if we are to maintain the public's confidence in the complaints service and foster trust amongst those who may find themselves needing to make a complaint.

We currently operate under highly prescriptive legislation. The Lawyers and Conveyancers Act 2006 (the Act) constrains our ability to be a modern regulator, for example by limiting our ability to triage complaints without referring them to a Lawyers Standards Committee. The Law Society recently consulted the profession on proposed changes to the Act. If implemented, these changes would improve the transparency of the lawyers' complaints process and enable the more efficient use of resources.

In total, we received 740 survey responses, and nine written submissions. Submitters included large law firms, professional and other interest-based groups, and individual practitioners.

Feedback showed support for the proposal to allow the Lawyers Complaints Service (LCS) and the Standards Committees to disclose procedural information about the status of complaints. Almost 60 per cent of submitters agreed with this proposed change, which would allow us, for example, to confirm that we have received a complaint and are taking an appropriate action or let other affected parties know that an investigation is underway.

The almost 60 per cent of submitters who supported this change focused on the need for greater transparency and public trust. It was likened to the justice system, which cannot operate behind closed doors and expect to maintain the public's confidence. Reference was also made to the numerous other regulatory and disciplinary bodies that have similar powers.

Another proposed amendment would allow the Law Society to administratively triage certain types of complaints where no further action is required. The current system where all complaints must be referred to a Standards Committee is burdensome. Unlike other regulators, we are not able to prioritise resources and triage which complaints should be addressed. Some of the complaints we receive are irrelevant or out of our jurisdiction yet must still currently be dealt with by a Lawyers Standards Committee. In being able to prioritise, we are seeking consistency with other regulatory and disciplinary bodies.

Enabling the LCS to use its resources more efficiently, as other regulatory bodies do, will enable a well-functioning complaints service that better serves complainants and lawyers alike. All parties stand to benefit from a more responsive complaints service.

We are also prioritising changes to other areas of the LCS in the coming year, including implementing a new structure and adding resources into our frontline and early resolution service.

This is all part of our work to ensure the Law Society is a fit-for-purpose regulator and can achieve our regulatory purpose.



## Improving the culture of the legal profession

Until relatively recently our professional standards and compliance framework was largely focused on the responsibilities of lawyers towards their clients.

Since the #metoo revelations in the legal profession in 2018, the Law Society has taken a number of steps to broaden that focus to include the culture of the profession, particularly regarding behaviour and conduct towards other lawyers and employees.

The amended Conduct and Client Care Rules came into force on 1 July 2021 and were targeted at addressing and preventing bullying, harassment, and discrimination.

At a similar time, a practitioner was found guilty of six misconduct charges for matters involving non-consensual touching of four summer clerks and consensual sexual activity with a fifth summer clerk.

The High Court on appeal imposed a three-year suspension on the practitioner (the decision was released in early July 2022) and, significantly, acknowledged that this conduct could have resulted in strike-off if the case had been heard closer to the time of misconduct.

In 2021, an interim National Standards Committee specialising in these types of unacceptable conduct was made permanent. A new internal screening process for these types of reports or complaints has been established. Specialist training for staff has been undertaken to support complainants through the complaints system.

The changes to processes also reflect general concerns about lawyer health and wellbeing. Poor health and wellbeing takes a personal toll and can become a regulatory issue if it means lawyers are unable to maintain professional standards.

The matter of gender equitable engagement is an important consideration for Professional Standards. External lawyers are often engaged for litigation and for consultation. Due to the unique role Professional Standards has in the law sector, lawyers engaged are often those with an existing understanding of the regulatory functions of the Law Society. The percentage of women lawyers engaged for Prosecutions in the year ending 30 June 2022 is 49 per cent, and remuneration rates are the same regardless of gender. We are aiming to ensure 50% gender equality across all our regulatory instructions.

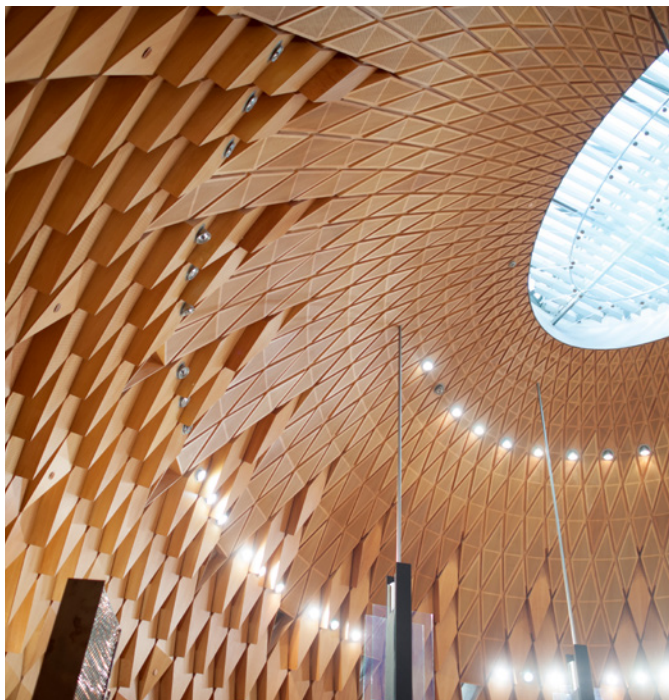
To improve the culture of the legal profession the regulatory environment also needs to adapt to new workforce trends and reflect the diversity of the profession. Flexible and part-time working are here to stay, the next generation of lawyers is more diverse than ever, and we need to keep pace with developments in the provision of legal services.

“ Since the #metoo revelations in the legal profession in 2018, the Law Society has taken a number of steps to broaden our focus to include the culture of the profession, particularly regarding behaviour and conduct towards other lawyers and employees”

**Katie Rusbatch**

General Manager Professional Standards





## Growth in practitioners

The number of practising lawyers continues to grow, reaching 16,401 practising certificate holders at the end of the financial year. The increased number of practising lawyers has knock-on effects for the work of our registry teams. As a result the Registry team are processing more applications, annual renewal declarations and deal with more enquiries. A Registrar has been appointed and more permanent resources have been added to our registry team to support this work.

## In-house investigations team established

In 2021 the Law Society established an in-house investigations unit to support the Professional Standards Committees and reduce reliance on voluntary legal work. Improvement in consistency and processes is already being seen in investigations.

A key skill set of the investigation team is handling sensitive matters. Having this in-house capability will provide investigative support to the Standards Committee. An in-house team will also improve the timeframes of the investigations and allow us to make progress in a more timely manner.

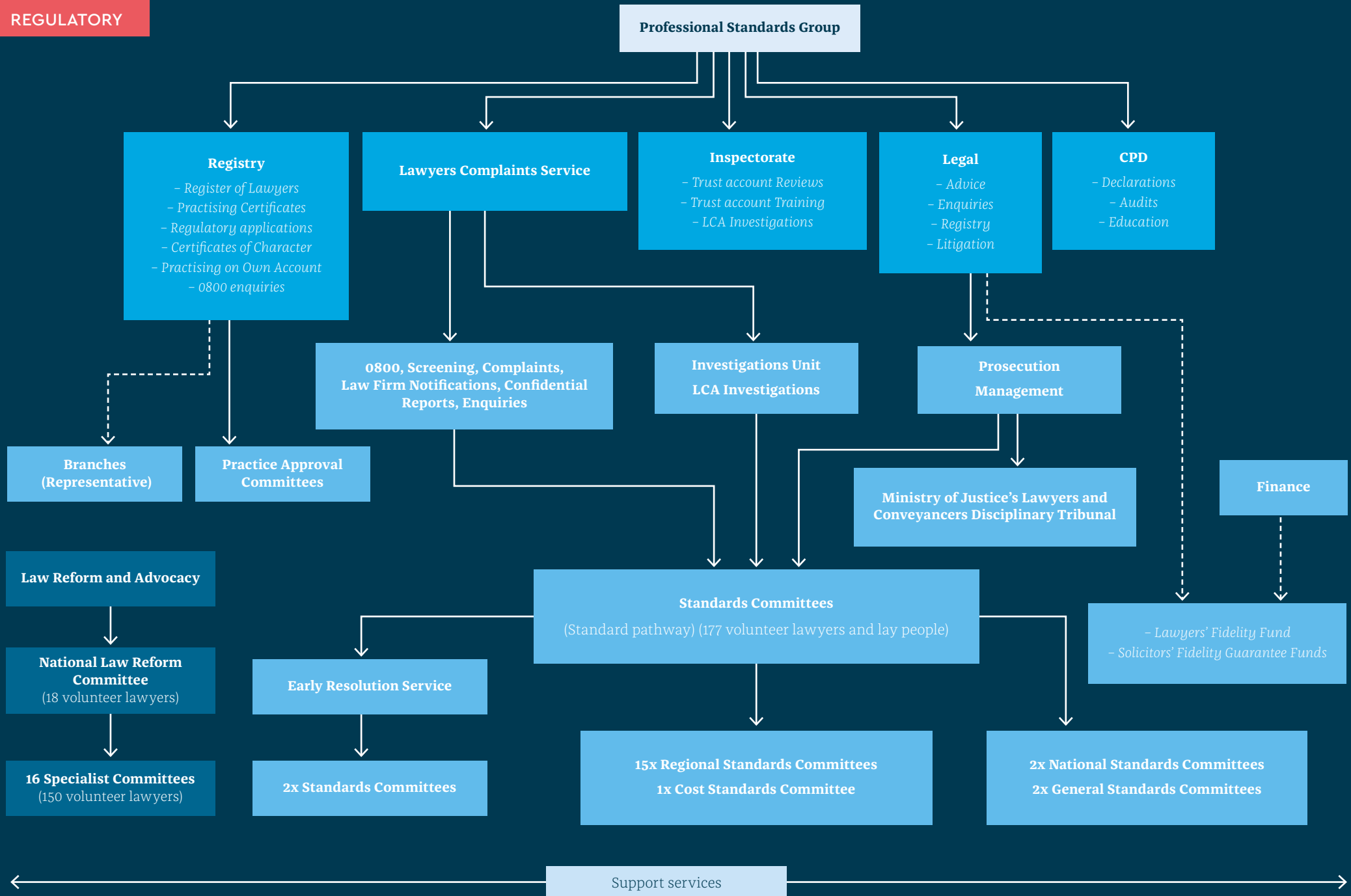
## Improving data analysis

Work is underway to improve our internal performance reporting and analysis in the regulatory and compliance area. The Law Society collects data through the professional standards processes. Our intention is to use the data to better understand our performance trends and help prioritise workflows.

## COVID-19 disrupted the Inspectorate

The Inspectorate team remains an important point of contact between the Law Society and the section of the legal profession administering trust accounts. According to our records, as at 30 June 2022 there were 1,341 firms operating a trust account. This number remains steady compared with the previous four years. The number of reviews has again declined since last year, largely due to the extensive Auckland lockdown in the second half of 2021, resulting in the cessation of firm visits by the team. Even once Auckland was in the orange COVID-19 alert setting, firms were reluctant to allow visitors to their premises.

We are working with the information technology team to implement audit software for our inspectorate team to increase the efficiencies of our review processes.





## Lisa Brown

PROFESSIONAL STANDARDS COMMITTEE

### Upholding public trust in the profession

A career as a Crown prosecutor, with eight years working with the Crown Prosecution Service in the UK and time spent managing the City of London fraud and economic crime team, had a distinct bearing on Dunedin lawyer Lisa Brown joining her local branch Professional Standards Committee.

After serving on the local committee since 2016, Lisa stepped up in June 2022 to be convenor of the National Professional Standards Committee (Number One). Around the same time, she became Acting National Prosecutions Manager for the Ministry for Primary Industries. Lisa's substantive role is as MPI's Regional Prosecutions Manager for the South Island and Central North Island Regions and she has also chaired the Animal Welfare Practice Group for MPI, SPCA and NZVA and served on the Otago Law Society Branch Council.

Life is therefore extremely busy for Lisa from both a professional and voluntary perspective. So why take on so much responsibility?

"Eight years as a Crown Prosecutor motivated me to want to assist with ensuring that our profession is regulated well. It's public service. I see being a lawyer as not merely a vocation, it is a public trust. I was interested in joining the Standards Committee in the first instance to ensure the high standards that the public place upon lawyers and that they rightly expect, are met. The public trust lawyers to provide legal advice and to fulfill and maintain the professional obligations that are placed upon them.

"Going beyond that, I have always believed that we all have an obligation to give back to our communities. And this is just one of the ways in which I do that."



## Debra Angus

LAW REFORM COMMITTEE

### Promoting 'good' law

Wellington barrister Debra Angus specialises in public law and "democratic governance". She has a long history working in the public sector and in Parliament as a lawyer, including the Office of the Clerk, which advises the Speaker and Members of Parliament on procedural issues and the legislative process.

Debra is the convenor of the Public and Administrative Law Committee, which is made up of volunteer lawyers who are keen to use their skills and knowledge to support the development of good quality legislation in New Zealand.

"Why do we do this? As lawyers we are often brought in to advise clients at a point when things have gone wrong. So, wouldn't it be good if we could have impact at an early stage before these problems occur?

"Legislation doesn't stand alone. It involves what we might call the human dimension of interpretation. At the end of the day, no one goes out deliberately to make bad law. But sometimes the law falls short of what it's intended to do or might have unintended consequences."

Occasionally, the Committee is asked to look at legislation that is being rushed through Parliament under urgency. In these cases, the volunteers on the Committee freely give up their time and drop other work to review and provide recommendations on the draft legislation.

But the regular work of the Committee is to review Bills and prepare submissions on behalf of the Law Society to Select Committees. Occasionally, as Convenor, Debra says she faces rigorous questions when appearing before a Select Committee which is "fair as our submission has to stand up to scrutiny" by lawmakers.

# Law reform and advocacy



## Progress for Legal Aid

The Law Society, practitioners and community law centres have long advocated for substantial increases to legal aid remuneration to curb the inequalities in an overburdened system.

In 2021, in a move to gather solid evidence of the issue, we surveyed lawyers on the current state of the legal aid system, their experience with legal aid and barriers to providing legal aid. The Access to Justice survey of almost 3,000 lawyers found the legal aid system was on life support and required urgent treatment.

The survey found people in vulnerable circumstances who could not afford lawyers and needed legal aid. Legal aid lawyers were unable to meet demand, were poorly paid for highly complex cases and had quit the legal aid system. Further, lawyers providing legal aid were facing unmanageable workloads.

The research showed that in the previous 12 months over 20,000 people had been turned away from legal aid lawyers.

With the survey data backing our case, the Law Society called on the government to push legal aid up the agenda and provide more resources. As well as publicising the results of the survey, we met with the Minister of Justice and Ministry officials to walk them through the results and discuss possible remedies.

Budget 2022 included an extra \$190m over four years invested into maintaining and strengthening the legal aid system, including an extra \$32.4m for criminal legal aid in 2022/23 and an extra \$16.6m for family legal aid in 2022/23.

The investment from Budget 2022 was welcomed by many who have advocated for better funding of the legal aid system. However, we are concerned the funding isn't going to address some of the immediate challenges facing the system. A lot of legal aid work is based on fixed fees which have not received an increase. While we remain hopeful, it is not clear yet to what extent this injection of funding will begin to reverse the trends of lawyers reducing their legal aid workload and members of the public being unable to find a lawyer.

An effective legal aid system ensures that every New Zealander has a fair shot when engaged with the justice system. The role of lawyers in representing New Zealanders is essential to accessing justice. This boost in funding will contribute to promoting that goal.

We will continue to advocate for an improved legal aid system, better remuneration for legal aid lawyers and reduction of the administrative burden associated with providing legal aid. Of the lawyers surveyed, 63 per cent said they would get involved if the administrative burden was alleviated and better remuneration was offered.

In the long term, the Law Society will be encouraging more junior lawyers to be involved in the legal aid system, and for the government to ensure the legal aid budget is regularly reviewed and updated.





“ Advocacy for access to justice and the administration of justice is a key function of the Law Society”

**Bronwyn Jones**

General Manager Policy,  
Courts and Government

## Advocacy for justice

Advocacy for access to justice and the administration of justice is a key function of the Law Society. Involvement in the legislative process is one way the Law Society carries out this function.

The Law Reform and Advocacy team within the Law Society also supported Regulatory Services in 2021/2022 with advocacy and consultation with the Ministry of Justice on reform of the Lawyers and Conveyancers Act 2006 (the Act). We are at the beginning of the legislative process to effect reform to the Act and we have constructive agreement from the Minister to embark on a legislative programme (see page 16 in Regulatory section).

The Three Strikes Legislation Repeal Bill was one piece of legislation that the Law Society submitted on during the year. Having long advocated for the repeal of the Three Strikes regime, we strongly supported the Bill. However, in our submission we also expressed disappointment with the Bill's failure to address what happens to those already sentenced under one or more 'strikes'.

The Law Society supports transitional arrangements and considers it is wrong not to re-examine whether there are prisoners currently on sentences which are excessive or disproportionate. The Three Strikes regime was repealed on account of its perceived injustice, and we consider it was wrong not to include provisions to address unjust outcomes that have already been imposed by the regime. The Justice Select Committee has reported that including transitional arrangements would be too complex. This is difficult to accept, given the Ministry of Justice had outlined a range of potential transitional arrangements.

The Justice Select Committee did not recommend changes to adjust or review the sentences of prisoners who have been sentenced under the Three Strikes regime. A Supplementary Order Paper introduced by MP Golriz Ghahraman to address the issue was not successful. As passed, the Bill will not provide any transitional provision for those serving under this now-repealed law.

## Public interest interventions

The Law Society occasionally seeks leave from the Court or is invited by a Court to intervene in a case as an expert opinion. We offer objective and neutral comment on the law. We have an intervention process which involves the Law Reform Committees, and we rely on volunteers from the membership to do the legal work, on a pro bono basis.

Interventions tend to be high public interest cases when issues of the law are being decided and the Court invites the Law Society to make a submission.

In the past year, the Law Society intervened in four cases, including a case relating to the COVID-19 pandemic and the New Zealand Government response.

1. **Borrowdale v Director-General of Health:** The Law Society assisted the court on the issue of whether the COVID-19 'lockdowns' were lawful, whether 'lockdown' restrictions were justifiable limits on the rights afforded by the New Zealand Bill of Rights Act, and whether the Director-General had unlawfully delegated his decision-maker power in respect of determining which businesses had to close.
2. **Deng v Zheng:** The Law Society intervened in this matter as it raised important questions around the interpretation of documents translated from another language, and the relevance of cultural and social settings when interpreting and understanding personal and business relationships.
3. **Newton v Family Court in Auckland:** The Law Society, with the support of its Family Law Section, intervened in this matter as it raised important issues around the Court's process when ordering a report under section 133 of the Care of Children Act 2004, and the reviewability of reports prepared by Lawyer for Child.
4. **R v Hanara:** This ongoing appeal may ultimately reconsider the 'fitness to stand' test, particularly in the context of youth defendants and defendants of different cultural backgrounds. The Law Society supported the court taking a wider contextual inquiry when considering a defendant's fitness, including the existence of any cultural, age-related, or other personal factors that may impact the defendant's ability to effectively participate in proceedings.
5. **Waikato District Health Board:** The Law Society has been granted leave to appeal in this case, in which the Waikato District Health Board is seeking an order to the effect that it is not bound by orders from the court under section 38 of the Criminal Procedure (Mentally Impaired Persons) Act 1908, where addressed to 'the Health Assessor', and that it does not need to locate and commission a person to provide such a report. These proceedings may impact on the provision of reports nationwide, and such reports are necessary to assist in determining fitness to stand trial and appropriate sentences, amongst other matters.

## Climate Change Subcommittee

**Climate change law is fast-developing, and we expect the number of legislative and policy initiatives to continue growing, domestically and internationally.**

Climate law is an area of practice within many large firms, who are advising on governance, risk, and reporting associated with climate change across the spectrum of legal issues involving the regulation and reduction of greenhouse gas emissions in key sectors.

In March 2022, the Board approved the establishment of a Climate Change Law Subcommittee. The Subcommittee will monitor and comment on legislative and regulatory changes in the area of climate change law. A convenor and five members will be appointed early in the 2022/23 year.

The purpose of the Climate Change Law Subcommittee will be to provide advice to the Board of the Law Society and its committees on issues relating to climate change law, monitor and comment on proposals for legislative, regulatory, or other change in climate change law, and work collaboratively with other law reform committees where there are areas of mutual interest and expertise.

It will also monitor the work of the Climate Change Commission in order to identify future initiatives requiring Law Society consideration, and liaise with NZLS CLE to assist it to provide education programmes and to encourage ongoing learning by practitioners on the emerging practice of climate change law.

# Representative

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# Representative (Members') Services

## Introduction

The Law Society plays a crucial role as a representative body for the legal profession in New Zealand with over 16,000 lawyers. This means being recognised and respected by lawyers as the voice of the profession and a leader and facilitator for access to justice. The Law Society achieves this by connecting and engaging with lawyers, enriching their learning and education, enhancing their wellbeing, and advocating for and supporting the profession.

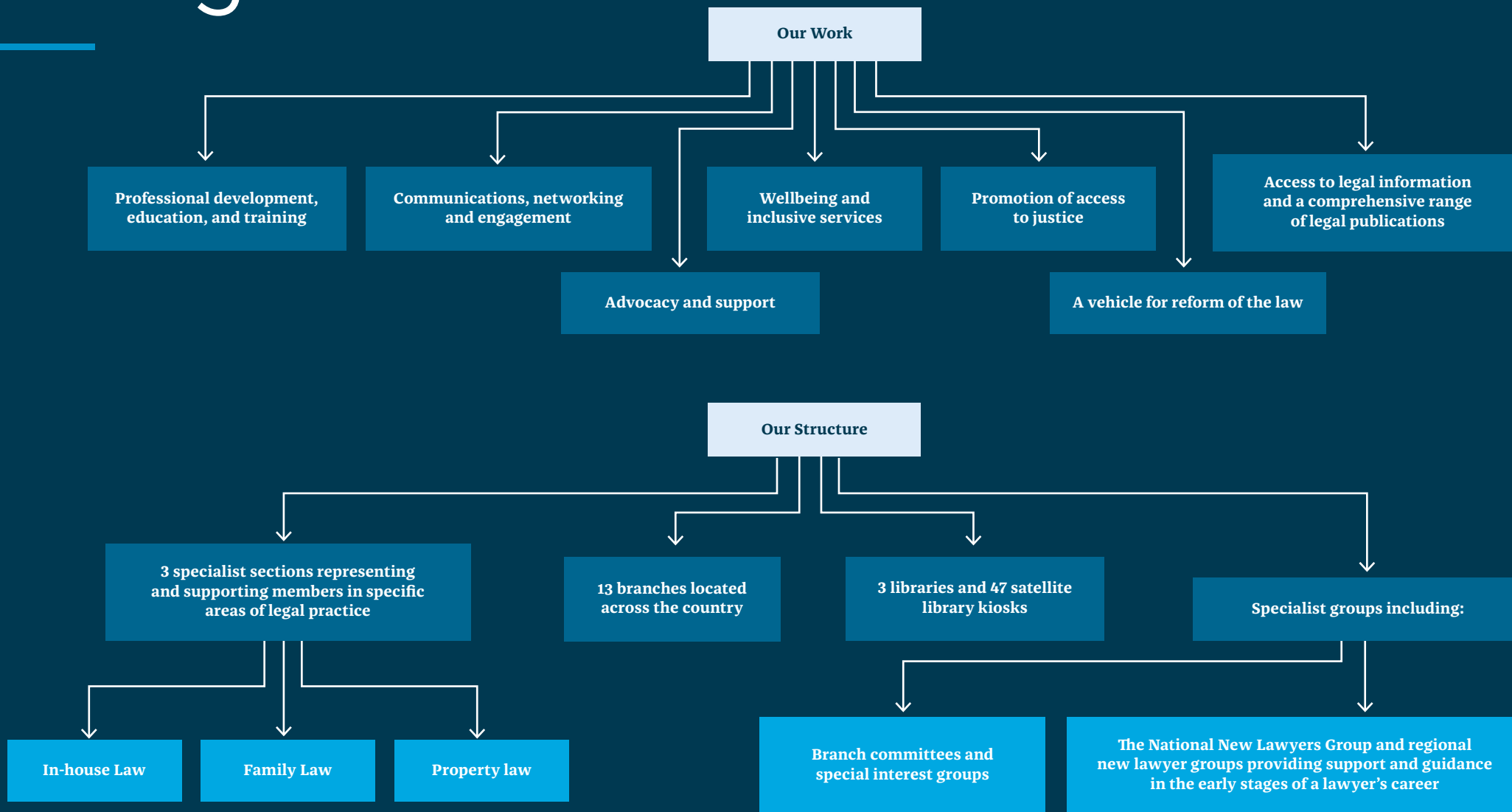
The Law Society is currently reviewing how it delivers all these representative services to ensure it remains fit for the future. Deloitte was engaged to do this work and to develop a representative strategy.

This work also reflects the need to keep pace with the ever-changing demographic of the legal workforce in New Zealand, engage with the profession at all levels, and promote an inclusive culture through our services and activities.

The strategy will serve as a roadmap for change in how we deliver services and benefits to our members. It will optimise the membership model, identify cost efficiencies, and adopt changes that improve the member experience and public perception of lawyers in New Zealand.



# At a glance



## Nurturing the legal leaders of tomorrow

The Law Society recognises the crucial role of its newest members in creating positive change for the profession and their unique professional development needs.

To provide this support and ensure their voices are clearly heard, the National New Lawyers Group was established at the end of 2021. The sixteen members in the group represent a diverse range of locations across New Zealand, as well as ethnicities, genders, types of practice and post-qualified experience. The group is focused on supporting individuals with fewer than seven years' experience as lawyers.

New lawyers make up over a third of the legal workforce and will play a critical role in shaping the future of the profession. The group aims to provide guidance and support to new lawyers in the early stages of their careers, and help them to develop their full potential.

In early July, the Group held its first annual meeting. At this meeting three focus pillars were identified: connectivity, health and wellbeing, and diversity and inclusion. Key projects that will align with the three pillars include:

- Connecting with law students;
- Building stronger relationships with regional new lawyer groups;
- Producing a series of podcasts and blogs for new lawyers;
- Developing a health and wellbeing platform; and
- Engaging with other lawyer groups and collating a new welcome pack for newly admitted lawyers.

These projects take a national approach to build community, advocacy, equity and inclusion, and wellbeing support for new lawyers nationwide.

To read more about the members visit [NZLS | New Zealand Law Society National New Lawyers Group](#)

## Ongoing progress towards gender equality

Adopted in 2019, the Gender Equality Charter continues to be an important mechanism for progressing gender equality across the legal profession. It is designed to improve advancement and retention of women and overall culture, rather than being a tick-box exercise grounded in compliance.

In 2021, the Law Society survey of eligible signatories achieved an encouraging response rate of 82%. The purpose of the survey was to track overall progress against the commitments in the Charter for those who had completed a baseline survey and had been signatories for two or more years.

The Law Society also worked closely with the New Zealand Bar Association on the future direction of the joint Gender Equitable Engagement and Instruction Policy (GEEIP). This work laid the foundations for a review and update of the Charter (which commenced shortly after the reporting period). The Charter update is on track to be completed and communicated to the profession by the end of September 2022.



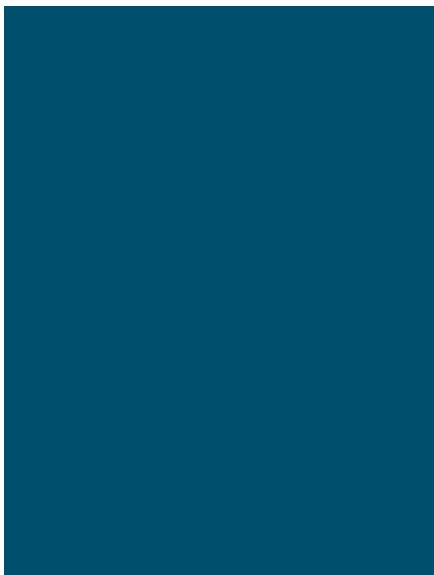
## Highlights from 2022

Three legal specialty areas of practice are featured within the Law Society to provide education, leadership, information and advocacy for lawyers practising in these areas of law. These specialty areas are known as sections. They are: **ILANZ (In-house Lawyers Association of New Zealand); Family Law Section; and Property Law Section.**

The sections invite legal practitioners practising in these areas of law to become members of the sections and in return provide regular collegial and educational events, publications, information, advice and advocacy in that area of law.

In addition, members of the sections help to promote the reform of the law. They are highly active submitters to select committees, the Law Commission and other regulatory bodies. They also promote best practice in their areas of legal specialty. Services the sections offer are provided by hundreds of volunteer hours from the section's executive committees, working groups and wider membership.

Activities for the 2022 membership year are outlined on the next pages.



## ILANZ

The focus of ILANZ is to meet the professional needs of in-house lawyers working in a range of organisation types including the private sector, public sector, and not-for-profit. In-house lawyers have rapidly expanded as an identifiable group over the past 20 years, and now the majority work in commercial business organisations.

Membership of ILANZ has been increasing year-on-year and in 2022 there were 3,496 members who make up 28% of the legal profession. This is up from 3,101 in 2019.

### Key achievements in 2021/22

- The Medical Assurance Society joined as ILANZ's fourth valued partner focusing on three networking and wellbeing events around New Zealand, alongside valued partners Dentons Kensington Swan, Deloitte and Bell Gully.
- Thirty-five events were held through the year, most online.
- Due to COVID-19 uncertainty, the annual 34th ILANZ Conference planned for 5-6 May 2022 had to be postponed to 5-6 October 2022.
- ILANZ continued to develop satellite networks regionally or 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).
- Contribution to two submissions on the Lawyers and Conveyancers (Employed Lawyers Providing Free Legal Services) Amendment Bill and Costs for self-represented litigants second consultation paper.

## Family Law Section

The Family Law Section (FLS) provides a voice and support for family lawyers across the country and plays an important role in promoting best practice and advocating for change in terms of Family Court practice and procedure. The FLS is 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 2021/22

- Provided feedback on the proposed powers of the Family Court Associate, a new role that is being established to free up judge time in order to reduce delay in the Family Court.
- Helped to transform mental health law particularly in regard to adult decision-making capacity.
- Called for significant amendments to the Oranga Tamariki Amendment Bill including the 'subsequent children' and 'special guardianship' provisions and in relation to tamariki Māori and children of other cultures.
- Provided oversight of the Oranga Tamariki system and Children and Young People's Commissioner, including voicing concern of the role of the Ombudsman in the complaint process and the removal of the Children's Commissioner as a figurehead.
- Helped to evaluate changes to the family justice system as part of the Independent Review Panel which included 70 recommendations. The FLS was encouraged to see positive developments in the form of newly established roles of Family Court Associates to reduce delays; and Family Court navigators in Family Courts around the country; the beginning of a wholesale review of the Family Court Rules; a stocktake of children's participation models and an increase in lawyer for child remuneration rates (the first in over 25 years). The FLS is eagerly awaiting further changes over the coming years including a new digitalised information technology platform for the Family Court.
- Attended bimonthly meetings with the Ministry of Justice, Oranga Tamariki and Principal Family Court Judge in order to raise and resolve issues and to drive the necessary change to improve the Family Court for all New Zealanders.

## Property Law Section

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 through the use of a PLS member logo. The section administers a scheme for accredited specialist property law section members, which recognises a high level of currency in both skill and knowledge in property law practice.

In 2022 the section had 1,606 members, which is the highest ever. There were 81 members at the level of 'Accredited Specialists' - a highly experienced subgroup.

### Key achievements in 2021/22

- Worked closely with Toitū te Whenua Land Information New Zealand on the rebuild of Landonline to introduce a new web-based platform, enabling greater automation, improving accuracy and efficiency.
- Addressed property-related issues arising from COVID-19, including assisting the Ministry of Justice with guidelines to support amendments to the Property Law Act concerning commercial leases, and liaising with the Department of Prime Minister and Cabinet concerning questions around personal movement for the purposes of shifting during isolation.
- Worked with Inland Revenue to consult on the government's property tax reforms.
- Partnered with NZLS CLE on a one-day event at Te Papa in Wellington (also livestreamed) in June focused on emerging issues in property law including subdivisions, Resource Management Act reform, property litigation, demystification of second tier finance, and professional indemnity claims against lawyers.
- Contributed to law reform submissions including the Ministry of Justice's review of the AML/CFT Act, the Ministry of Housing and Urban Development's regulatory options for property managers, COVID-19 Response (Management Measures) Legislation Bill, property tax reforms, and Inland Revenue consultation on excusing estates from filing income tax returns.



## Branches of the New Zealand Law Society

The Law Society has 13 branches across Aotearoa New Zealand in Auckland, Canterbury-Westland, Gisborne, Hawke's Bay, Manawatu, 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.

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. There are approximately 900 'volunteers' on branch committees across the organisation. While the uncertainty created by changing alert levels in some centres made planning in-person events difficult, the branches remained positive and hosted events to the extent they were able.

### Key achievements in 2021/22

- During the year a total of 129 branch hosted events were held, this included 49 online, 76 in person and four hybrid events, with a total of 7,113 individual lawyer attendances.
- A series of sessions held across the branches that were very popular included te reo Māori lessons and a wellbeing series hosted by the Red Cross.

## Library

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. Throughout COVID-19, via its dedicated staff, this service has provided uninterrupted research to lawyers nationwide. The LINX (database) offers current, authoritative NZ case law. The library maintains three staffed research libraries (Auckland, Wellington High Court Buildings; and Christchurch Justice and Emergency Services Precinct).

There are also 44 kiosks in 33 locations for online access around the country.

### Key achievements in 2021/22

- Approximately 14,000 units of research and documentation were carried out by library staff
- Income from Library research and document delivery reached approximately \$440,000 in the reporting period
- An average of 560 document delivery requests were received per month
- 168 hours of research are billed out monthly
- 21% of New Zealand lawyers use this service

## Wellbeing Services

### Legal Community Counselling Service

In May 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. This service has helped almost 900 people, of whom 293 were new cases in the 12 months from 1 July 2021 to 30 June 2022. A campaign to promote awareness of the service and how to access it was launched in Law Talk – Issue 950 – Winter 2022.

### Mentoring Programme

Currently 730 people are participating on the virtual platform and 546 matches have been made since we launched the programme almost three years ago, initially as a pilot in two branch centres. The programme continues to attract lawyers and recently admitted law graduates from across the country. Participants rank the quality of their mentoring relationship at 4.3/5, 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/)





## Ella Stolwerk

NEW YOUNG LAWYER

Supporting young lawyers through the National New Lawyers Group and collegial events

Ella Stolwerk originally considered doing public relations or law, but gentle parental pressure pushed her towards law, and she ended up loving law school. She spent two and a half years doing property and construction at Russell McVeagh in Auckland before moving home to Northland and prosecuting criminal cases in Whangarei on behalf of the Crown Solicitor.

Ella joined the National New Lawyers Group to help improve young lawyers' experiences. She also has a passion for collegial events.

"I was very lucky when I started because I was at Russell McVeagh and that came with a network of around 30 graduates. But for people working long hours in smaller workplaces, it can be difficult to meet other young lawyers."

"This is a stressful profession. To deal with that and make the most of the profession it is important to create opportunities for young lawyers to connect with each other. The group is also important for educational and wellbeing functions.

"Collegial events provide an opportunity for people to meet others, swap work stories and discuss issues, such as pay transparency, they have as junior lawyers."



## Vivian-Lee Schaaf

NEW YOUNG LAWYER

Adding a Māori voice to the National New Lawyers Group

Vivian-Lee Schaaf (Ngai Tahu, Ngāti Kahungunu) studied law at Otago University. Moving with her husband to his home city of Auckland, she is now in the Regulatory and Enforcement Team at Auckland Council working on a wide range of cases from resource management breaches to dog control issues.

Growing up in Queenstown as a Māori was challenging for Vivian-Lee. Māori weren't well represented in Queenstown, and she experienced a lot of obstacles being a Māori in a predominantly white town.

She found a different, more diverse and more inclusive environment at Otago University and swiftly became involved in the Student Association. She found a passion for supporting other Māori students and helping building pride and mana with other Māori graduates.

This student experience encouraged Vivian-Lee to get involved in the Law Society and apply to be on the National New Lawyers Group.

"I'm happy to be involved in anything that helps establish a strong culture of diversity and inclusion in the Law Society. It's to everyone's benefit. Different cultures bring different ideas and a different way of thinking.

"It's about having a collective voice for the next generation of lawyers coming through and making sure that we understand, we listen, and we're hearing that voice because they really are the future of the profession."

# Continuing Legal Education

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

**Board members:** Tim Mullins (Chair); Dr Allan Cooke, Dick Edwards, Peter Fanning, Bob Hollyman QC, and Joanna Simon.

- In 2022, NZLS CLE Ltd delivered 96 continuing professional development programmes, comprising 160 sessions nationwide.
  - In addition to this, 172 online modules were also offered with new modules being added on an ongoing basis and, accessible 24/7.
  - Because of COVID-19, several continuing professional development programmes were conducted online for the first time. These programmes were a mixture of online workshops and multi-camera, live streamed AV sessions, with interactivity.
  - 37 webinars and 38 live stream, multi-camera events were delivered; as well as 19 one- and two-day conferences, intensives and forums.
  - Stepping Up is usually held as a three-day face to face workshop five times pa for those wishing to practise on their own account. However, COVID-19 meant that NZLS CLE Ltd could not deliver all of these sessions in person with three sessions required to be held online.
- To help meet the greater demand experienced in 2022, an extra session was held online, with 357 attendees taking part.
- A highlight of the year was three, one-day forums for criminal and family lawyers offered free to the profession and sponsored by the Ministry of Justice. These covered: Communication Assistance and two forums on Family Violence Forums and Family Violence Dynamics. 2,273 people attended both in person, and online.
  - The very popular, annual eight-day residential, litigation skills programme held in Christchurch, was cancelled again in 2022 because of COVID-19. To compensate, and to meet demand, NZLS CLE Ltd arranged three non-residential programmes – two in Auckland, and one in Wellington. Unfortunately, a change in alert levels meant one Auckland workshop was cancelled.
  - NZLS CLE Ltd also produced 48 publications and 21 in short seminar papers in 2022 as training and reference documents for the legal profession.

# Governance

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# 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.

## President

President	Tiana Epati	From 10 April 2019
	Jacque Lethbridge	From 8 April 2022

## Vice-Presidents

Vice-President, Auckland	Jacque Lethbridge	From 22 April 2020
	David Campbell	From 8 April 2022
Vice-President, Central North Island	Herman Visagie	From 10 April 2019
	Caroline Silk	From 8 April 2022
Vice-President, Wellington	Arti Chand	From 22 April 2020
	Ataga'i Esera	From 8 April 2022
Vice-President, South Island	Frazer Barton	From 22 April 2020

## Branch Presidents

Auckland	David Campbell	From 10 April 2019
	Misha Henaghan	From 8 April 2022
Canterbury-Westland	Graeme Riach	From 17 June 2021
Gisborne	Manaaki Terekia	From 15 June 2021
Hawke's Bay	Richard Stone	From 5 May 2021

Manawatū	Clancy Lyon	From 26 September 2019
	Emma Pairman	From 30 September 2021
Nelson	Sandra Heney	From 17 March 2020
	Hamish Fletcher	From 5 May 2022
Otago	Taryn Gudmanz	From 22 December 2020
Southland	Paul Gray	From 25 March 2021
Taranaki	Jo Woodcock	From 30 June 2021
Waikato Bay of Plenty	Johan Niemand	From 24 June 2021
Wellington	Chris Griggs	From 30 June 2021
Whanganui	Rob Goldsbury	From 8 March 2019
	Chris Wilkinson-Smith	From 8 October 2021

## 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
Property Law Section Chair	Mark Sherry	From 27 April 2021

## Other representatives

New Zealand Bar Association President	Paul Radich QC	From 1 October 2020
Large Law Firm Corporation Representative	Martin Thomson	From 28 April 2021
Te Hunga Rōia Māori o Aotearoa Representative	Jamie-Lee Tuuta	From 29 August 2020
	Baden Vertongen	From 5 February 2022
Pacific Lawyers Association Representative	Ataga'i Esera	From 24 June 2021
	Arti Chand	From 28 April 2022

## Observer

Legal Executives New Zealand	Necia Parker	From 17 November 2018
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# Executive Leadership Team



## Joanna Simon

CHIEF EXECUTIVE OFFICER

Jo was appointed CEO of the Law Society to influence change within the legal profession and to create a modern, fit-for-the-future Law Society. Jo was responsible for strategy, operations, budget planning, financial reporting and leadership. She oversaw major projects including managing the Independent Review of the legal profession and facilitating an organisation-wide strategy which includes the Representative Strategy and the Regulatory Strategy. Jo has over 20 years' experience working for professional services organisations in New Zealand and the UK as a COO and in senior marketing and business development roles. She is also a director of the Board of Mercy Healthcare Auckland Limited. (Jo resigned in June 2022 and departed after the end of the financial year).



## Bronwyn Jones

GENERAL MANAGER POLICY, COURTS AND GOVERNMENT

Bronwyn is responsible for the leadership of the Law Society's Policy, Law Reform, 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. Bronwyn has been with the Law Society for nearly 20 years.



## Katie Rusbach

GENERAL MANAGER PROFESSIONAL STANDARDS

Katie joined the Law Society in January 2021 to oversee our regulatory work, including the Lawyers Complaints Service, registry and inspectorate. Katie's focus is to implement the the Regulatory Strategy and increase the efficiency of the Law Society's regulatory functions. Before joining the Law Society, Katie was Head of Competition at the Commerce Commission. Katie started her legal career in New Zealand before working in the United Kingdom and Singapore.



## 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, wellbeing 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 Viviers

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 focused 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.



## Amy Knightley

GENERAL MANAGER MARKETING AND COMMUNICATIONS

Amy joined the Law Society in December 2021 to lead the Marketing and Communications team. Amy's focus has been to develop and deliver an integrated marketing and communication plan that supports the organisation's transformation and modernisation. Amy joined the Law Society from global law firm DLA Piper where she was New Zealand Head of Marketing and Business Development. (Amy resigned after the end of the financial year).



## Peter Bell

GENERAL MANAGER PEOPLE AND CULTURE

Peter manages the Human Resources functions at the Law Society including payroll. Over the past year the People and Culture team have been working on developing and implementing policies and systems to support our people, these include a new performance review system, engagement survey, learning and development programs to support wellbeing and the first stage of identifying a new payroll and HR information system. Peter joined the Law Society in 2019 from senior people leadership roles in the retail and Health and Disability sectors.

# Branches

## Branch Managers/Coordinators

<b>National Branch Manager</b>	Ian Stronach
<b>Auckland</b>	Fiona Driver, Branch Manager
<b>Canterbury-Westland</b>	Malcolm Ellis, Branch Manager
<b>Gisborne</b>	Joanne Ollerenshaw, Branch Manager
<b>Hawke's Bay</b>	Shonagh Matheson, Branch Manager
<b>Manawatū</b>	Jacque Shailer, Branch Coordinator
<b>Marlborough</b>	Leonie Vines, Branch Manager
<b>Nelson</b>	Cathy Knight, Branch Manager
<b>Otago</b>	Charlotte Washington, Branch Manager
<b>Southland</b>	Janine McMurdo, Branch Manager
<b>Taranaki</b>	Rachael Webb, Branch Manager
<b>Waikato Bay of Plenty</b>	Katie Robb, Branch Manager
<b>Wellington</b>	Leonie Vines, Branch Manager
<b>Whanganui</b>	Jacque Shailer, Branch Coordinator



# Regulatory (Professional Standards)

## Funding the regulation of legal services

Lawyers must fund all costs associated with the regulation of legal services, and this is achieved via their annual practising fee. Individual practising fees must be paid before a practising certificate is issued.

Practising fees are set by the Law Society's Council, with the approval of the Minister of Justice.

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 (on request of parties to complaints.)

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 2022, EXCLUDING GST

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

Note: The practising fee was increased to \$1,290 for the 2022/23 year.

## Registry

The Law Society manages applications for certificates of character from people seeking admission as barristers and solicitors of the High Court of New Zealand. A certificate of character certifies that someone is a fit and proper person to be admitted as a barrister or barrister and solicitor and it can be used to seek admission in any High Court during its period of validity.

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

The number of lawyers practising as at 30 June 2022 was 16,401 which is a 3.7% increase on the 30 June 2021 number. Overall, there has been an increase in lawyers each year since records began.

Applications for certificates of character and admissions decreased slightly from the previous year. However, there has been an over 100% increase in admissions (requiring a certificate of character) since 2011.

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 FYE 2018.

### ADMISSIONS TO THE HIGH COURT AND CERTIFICATES OF CHARACTER

YEAR TO 30 JUNE 2022

Action	2022	2021	2020	2019	2018
Admissions	1,083	1,141	968	1,056	1,146
Certificates of character	1,036	1,187	957	1,169	981

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

## Practice Approval Committees

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

In the financial year ending 2022 there was an increase in applications referred to the Practice Approval Committees. This likely reflected the general increase in practising on own account applications.

A consistent issue for the Practice Approval Committees was the number of applicants seeking to practise on their own account as sole practitioners with limited legal experience. In assessing these applicants, the Practice Approval Committees focus on the applicant's overall suitability, considering matters such as the nature and extent of legal experience, and the applicant's business plan.

### APPLICATIONS TO PRACTICE APPROVAL COMMITTEES CONSIDERED

YEAR TO 30 JUNE 2022

Applications Considered	2022*	2021	2020	2019	2018
Certificates of Character	4	4	4	6	13
Practising Certificates	9	10	10	19	16
Practise on Own Account	20	6	5	5	11
Special Circumstances	13	4	7	18	31
Miscellaneous	10	12	11	14	21
Total	56	36	37	62	90

\*Note as at 30 June 2022 there were three pending applications still under review which are not included in this table.

### APPLICATIONS DECLINED AFTER CONSIDERATION BY COMMITTEES

YEAR TO 30 JUNE 2022

Applications Considered	2022	2021	2020	2019	2018
Declined	14	6	4	8	11

## 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.

During the year to 30 June 2022:

- 263 lawyers were approved to practise on their own account
- 88 were approved to practise as a barrister sole
- 88 barristers sole were approved to take direct instructions.

## 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 practise within two years, must then undertake the Topping Up Stepping Up course within three years.

During the year to 30 June 2022:

- 346 practitioners attended Stepping Up courses
- 29 practitioners attended Topping Up Stepping Up.

## Continued Professional Development

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. They must also declare their CPD compliance to the Law Society annually.

COVID-19 continued to affect learning events for lawyers seeking to complete their CPD in FYE 2022. The lengthy Auckland lockdown in the second half of 2021 substantially affected practitioners' ability to attend events and connect with each other over their learnings.

CPD also became an issue for some practitioners, as they focused on managing their mental and financial wellbeing during these periods. Despite the disruption, the compliance rate in 2022 continued to be high at 99.3%.

All non-compliance is individually followed up.

## PERCENTAGE OF PRACTITIONERS WHO HAVE COMPLETED A CPD DECLARATION

YEAR TO 30 JUNE 2022

Applications Considered	2021-22	2020-21	2019-20	2018-19	2017-18
By End of CPD Year	55.4%	69.2%	78.0%	82.6%	86.9%
By 5 Working Day Deadline	90.4%	86.6%	97.8%	96.9%	95.1%
By 30 June	99.3%	99.0%	99.1%	99.9%	99.8%

## DEFERMENTS GRANTED

YEAR TO 30 JUNE 2022

Total Deferments granted	2021-22	2020-21	2019-20	2018-19	2017-18
	38	39	312	24	12



## Complaints and discipline

The Act establishes a co-regulatory framework for complaints and discipline for lawyers and employees of legal practices. The Law Society administers one aspect of the complaints and disciplinary process, the Lawyers Complaints Service. This involves the establishment of independent standards committees comprising volunteer lawyers and lay people to consider complaints or commence own motion investigations. The Act prevents the Law Society from providing information publicly on individual complaints that are made to the Lawyers Complaints Service.

The Lawyers Complaints Service opened 1,203 complaints during the 2021/2022 year and closed 1,332 complaints. Of the 1,203 complaints opened, 72 were own motion investigations.

At 30 June 2022, the Law Society had 22 standards committees comprising 174 volunteers.

- 33 new members joined the standards committees
- Six were laypersons
- Six members completed full nine-year term
- Three new convenors were appointed across all 22 committees.

Standards 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.

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

Where strike off or suspension are potential outcomes, 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. It operates like a court with hearings ordinarily open to the public.

## FOCUS OF COMPLAINTS

YEAR TO 30 JUNE 2022

Direction of Complaint	2022	2021	2020	2019	2018
Lawyers	1,121	1,258	1,269	1,350	1,462
Non-lawyer employees	44	43	40	59	45
Former lawyers	24	69	43	38	48
Incorporated law firms	9	6	18	5	14
Former non-lawyer employees	5	-	-	1	3
<b>Total</b>	<b>1,203</b>	<b>1,376</b>	<b>1,370</b>	<b>1,453</b>	<b>1,572</b>

## ORIGIN OF COMPLAINTS RECEIVED

YEAR TO 30 JUNE 2022

Origin	2022	2021	2020	2019	2018
Client/Former Client	473	599	628	689	656
Client – Other Side	288	191	222	209	251
Third Party	121	267	191	208	241
Beneficiary	95	125	111	110	119
Other	90	56	75	70	114
Own motion	72	90	99	115	114
Lawyer	57	45	43	52	75
Regulatory authority	5	1	-	-	2
Court	2	2	1	-	-
<b>Total</b>	<b>1,203</b>	<b>1,376</b>	<b>1,370</b>	<b>1,453</b>	<b>1,572</b>

## AREAS OF LAW IN WHICH COMPLAINTS AROSE

YEAR TO 30 JUNE 2022

Area	2022	2021	2020	2019	2018
Property	18.8%	23.8%	17.0%	18.0%	18.2%
Trusts and Estates	17.0%	19.5%	19.0%	20.6%	18.3%
Family	21.2%	16.7%	20.5%	20.2%	17.6%
Criminal	9.0%	9.0%	10.7%	9.0%	8.8%

## TYPE OF COMPLAINTS

YEAR TO 30 JUNE 2022

Type	2022	2021	2020	2019	2018
Breach of RCCC Rules	598	606	471	469	617
Overcharging	256	365	358	349	401
Negligence/Incompetence	357	419	387	429	406
Inadequate Reporting/ Communications	178	236	251	337	362
Bullying	84	79	45		
Harassment	53	44	34		
Discrimination	16	11	7		

## Closure of complaints

A high proportion of complaints investigated by standards committees (over 80% in 2022) are not upheld which means that no further action is taken. Most complaints referred to the Early Resolution Service result in no further action.

## COMPLAINTS CLOSED

YEAR TO 30 JUNE 2022

Result	2022	2021	2020	2019	2018
Decision to take no action (not upheld)	1,088	1,007	1,246	1,019	1,059
Referred to and resolved by negotiation, conciliation or mediation	51	47	58	42	42
Withdrawn/Discontinued/Settled	19	20	22	24	26
Orders made by Standards Committee	145	161	148	127	134
Complaints outstanding at 30 June	789	926	830	973	779
Complaints closed during year	1,332	1,279	1,512	1,259	1,303

Notes: The table does not include referrals to the Lawyers and Conveyancers Disciplinary Tribunal. The complaints outstanding at year end also include some matters that were referred back to the Lawyers Complaints Service by the Legal Complaints Review Officer.

## EARLY RESOLUTION SERVICE

YEAR TO 30 JUNE 2022

Measure	2022	2021	2020	2019	2018
ERS complaints accepted	427	530	508	514	566
ERS complaints outstanding at end of year	66	181	77	145	72
ERS complaints closed during year	465	435	561	412	481
ERS complaints where a decision to take no action	429	394	495	371	434
ERS complaints resolved	36	41	66	41	47
ERS complaints not resolved and returned to standard process	33	29	28	43	43
ERS complaints as proportion of all complaints received	35%	39%	37%	35%	36%
ERS complaints as proportion of all complaints closed	35%	34%	37%	33%	37%

## PROPORTION OF COMPLAINTS CLOSED

YEAR TO 30 JUNE 2022

Measure	2022	2021	2020	2019	2018
Within 1 Month	0.45%	0.16%	1.3%	6.5%	22%
Within 3 Months	12%	24%	20%	29%	47%
Within 6 Months	49%	54%	52%	58%	71%
Within 9 Months	72%	71%	73%	79%	86%
Within 1 Year	84%	81%	83%	90%	93%
More than 1 Year	16%	19%	17%	10%	7%

## TIME TAKEN TO CONCLUDE STANDARD TRACK COMPLAINTS

YEAR TO 30 JUNE 2022, MEASURED AS ORDINARY CALENDAR DAYS, NOT WORKING DAYS

Average number of days	2022	2021	2020	2019	2018
To conclude Standard Track complaints	304	308	319	252	222

## Early Resolution Service

## TIME TAKEN TO CONCLUDE COMPLAINTS BY EARLY RESOLUTION SERVICE

YEAR TO 30 JUNE 2022

Average number of days	2022	2021	2020	2019	2018
To conclude all complaints within ERS	137	93	111	68	34
To conclude all complaints where decision to take no action	137	93	113	64	32
To conclude all complaints that were resolved	139	100	93	91	49

Note: Prior to year ending 30 June 2022, the time taken for ERS complaints to be concluded was measured from the ERS acceptance date to the closed date. For the year ending 30 June 2022, and going forward, the time taken is measured from the open date to the closed date to truly reflect the age of the complaint according to the experience of the complainant.

## Publication of information about complaints

The Act 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 may not be disclosed unless a censure order has been made and the Law Society Board approves publication.

## ORDERS BY STANDARDS COMMITTEES FOR PUBLICATION

YEAR TO 30 JUNE 2022

Order	2022	2021	2020	2019	2018
Publication of facts	32	34	35	32	35
Publication of name	0	2	0	1	7

## Referrals to the Lawyers and Conveyancers Disciplinary Tribunal

## REFERRALS TO THE TRIBUNAL FROM STANDARDS COMMITTEES

YEAR TO 30 JUNE 2022

Matter	2022	2021	2020	2019	2018
Referrals	31	38	35	40	33
Hearings	20	29	24	26	33
Struck off	3	2	4	5	5
Suspended*	5	10	10	5	10

\*Note as at 30 June 2022 one charge was dismissed under s 240A: 1, three prosecutions were resolved without a Tribunal decision, and 37 cases remain active.

The Act 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.

## LAW SOCIETY PAYMENTS FOR COSTS OF HEARINGS

YEAR TO 30 JUNE 2022

	2022	2021	2020	2019	2018
Reimbursement	\$92,426	\$97,066	\$86,066	\$88,744	\$115,291



## 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 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 systems, '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 request for further information or require a visit after carrying out a remote review.

### LAW SOCIETY INSPECTORATE REVIEWS OF TRUST ACCOUNTS

YEAR TO 30 JUNE 2022

Type of Review	2022	2021	2020	2019	2018
General	0	0	1	0	5
Limited	82	95	296	344	333
Focus (including desktop)	140	176	91	4	9
Exit	48	54	49	53	36
New	43	49	17	41	46
Revisits	2	0	1	0	3
Investigation	5	6	7	4	2
Total	320	380	462	446	434

# Financial Report

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## Introduction

This is the second year that we 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 are a story of two halves. Because of the Act that we operate under, our organisation's finances are separated into Regulatory and Representative. 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 2021/2022, and although an operating loss was funded from reserves, this related to planned investment in strategic projects. Representative Services also operated at a loss covered by its reserves. Work is underway on a representative strategy, which includes an intention to create a structure that is financially self-sufficient.

## Regulatory Services

The financial statements on pages 48–50 reveal that the Regulatory function remained in a strong financial position despite recent economic uncertainty, with total revenue of \$24.7m (up from \$22.9m in 2021).

Income increased as more lawyers entered the profession and because of a small increase in our practising fee compared to the prior year. The practising fee had not kept up with inflation in the past. We have further addressed this for the 2023 financial year with a recent uplift in fees. This was important at a time where our fixed cost base is increasing and also allows us to continue to move forward with our plans to invest in the organisation's future.

In 2022 we transitioned from investing our reserves for both Regulatory and Representative from term deposits to managed funds. Initially our managed funds performed well but worsening global economic conditions over the last six months of the financial year led to poor returns for the year.

Ongoing disruption due to COVID-19 forced a reduction in discretionary costs to offset the ongoing upward pressure on our fixed costs such as salaries.

The net deficit for the year was \$2m (a decrease on the profit of \$823k in 2021). Aside from a \$641k loss on our managed fund, the loss was primarily attributable to our ongoing focus on investment into the business which we anticipated would be funded from reserves as well as increasing pressure on our cost base which included tight-labour market conditions.

## Representative Services

Representative (Members') Services retained a strong financial position as evidenced by a high level of reserves. However, Representative Services 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 \$5.8m in 2022 (an increase on the loss of \$791k in 2021). This is largely due to COVID-related disruption which meant that our ILANZ conference did not go ahead. Income for Representative Services is also generated through membership fees from the Property Law Section and the Family Law Section.

Representative Services' managed funds incurred a loss this financial year of \$989k due to worsening global economic factors.

For our Representative function, our net loss for the year was \$3.2m (an increase on the loss of \$791k in 2021). This is attributable to the small revenue base, poor managed fund performance and continued upward pressure on our cost base.

## Lawyers' Fidelity Fund

Claims on this Fund were higher than previous years due to a large provision of \$616k being recognised at year end. The Fund's reserves of \$11.5m are invested in term deposits.

## Solicitors' Fidelity Guarantee Fund

Full financial statements have also been included for the Solicitors' Fidelity Guarantee Fund. Given that the fund relates to theft by lawyers prior to 1 August 2008, fund activity is minimal. We have started the process of winding up the Solicitors' Fidelity Guarantee Fund and this is expected to be completed by the end of the 2023 financial year. On wind up, two-thirds of the reserves of \$13.9m (assuming no material claims) will be distributed to NZLS Representative and one-third to the Lawyers' Fidelity Fund.

## Lawyers and Conveyancers Special Fund

We received \$9.592m in interest from nominated trust accounts (a significant increase from the \$4m received last year). This is due to interest rates increasing 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

Financial Statements for the year ended 30 June 2022

## Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>REVENUE</b>			
Revenue from exchange transactions			
Practising and other service fees		24,686	22,627
Interest income		16	277
<b>Total revenue</b>		<b>24,702</b>	22,904
<b>EXPENSES</b>			
Administration and library	2	25,933	22,039
<b>Total expenses</b>		<b>25,933</b>	22,039
Net Investment Expense	3	641	-
<b>(Deficit)/surplus before income tax</b>		<b>(1,872)</b>	865
Income tax expense	4	106	42
<b>Net (deficit)/surplus for the year</b>		<b>(1,978)</b>	823
<b>Total comprehensive revenue and expense for the year</b>		<b>-</b>	-

## Statement of Changes in Net Assets/Equity

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>Equity at beginning of year</b>		<b>13,653</b>	12,830
Total comprehensive revenue and expense for the year		(1,978)	823
<b>Equity at end of year</b>		<b>11,675</b>	13,653

The accompanying notes on pages 50 to 58 form part of and are to be read in conjunction with these financial statements.

## Statement of Financial Position

AS AT 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		20,380	36,667
Bank term deposits		-	2,509
Trade and other receivables	5	3,681	1,868
Other financial assets	6	16,587	-
Tax receivable	4	145	191
<b>Total current assets</b>		<b>40,793</b>	41,235
<b>Non-current assets</b>			
Property, plant and equipment	7	110	128
Capital work in progress		192	-
Intangible assets	8	-	20
<b>Total non-current assets</b>		<b>302</b>	148
<b>Total assets</b>		<b>41,095</b>	41,383

	Notes	2022 \$000	2021 \$000
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other liabilities	9	29,420	27,730
<b>Total current liabilities</b>		<b>29,420</b>	27,730
<b>Equity</b>			
Retained earnings		11,675	13,653
<b>Total equity</b>		<b>11,675</b>	13,653
<b>Total equity and liabilities</b>		<b>41,095</b>	41,353

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



Vice-President  
16 September 2022



Acting Chief Executive  
16 September 2022

The accompanying notes on pages 50 to 58 form part of and are to be read in conjunction with these financial statements.



## Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>Cash flows from operating activities</b>			
Cash was received from:			
Practising and other service fees		26,228	24,517
Interest		16	277
		<b>26,244</b>	24,794
Cash was applied to:			
Payments to suppliers and employees		27,558	19,303
Income tax paid		60	275
		<b>27,613</b>	19,578
<b>Net cash flows (used in)/from operating activities</b>	10	<b>(1,374)</b>	5,216
<b>Cashflows from investing activities</b>			
Cash was received from:			
Investment in bank term deposits		2,509	60,527
Investment in other financial assets		12,773	-
		<b>15,282</b>	60,527
Cash was applied to:			
Investment in bank term deposits		-	33,759
Investment in other financial assets		30,000	-
Payments for property, plant and equipment, and intangible assets		195	1
		<b>30,195</b>	33,760
<b>Net cash (used in)/from investing activities</b>		<b>(14,913)</b>	26,767

	Notes	2022 \$000	2021 \$000
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(16,287)</b>	31,983
Cash and cash equivalents at beginning of year		<b>36,667</b>	4,684
<b>Cash and cash equivalents at end of year</b>		<b>20,380</b>	36,667
<b>Comprising:</b>			
Cash at bank		<b>20,378</b>	5,167
Cash on call account		<b>2</b>	31,500
<b>Total cash and cash equivalents</b>		<b>20,380</b>	36,667

The accompanying notes on pages 50 to 58 form part of and are to be read in conjunction with these financial statements.

# Notes to the Financial Statements

## New Zealand Law Society Regulatory

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

Financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss’, ‘held-to-maturity’ investments, ‘available-for-sale’ financial assets and ‘loans and receivables’. The classification depends on the nature and purpose of the

financial assets and is determined at the time of initial recognition. NZLS Regulatory only holds financial assets classified as held to maturity, loans, receivables and other financial assets.

#### Investments held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates and where there is a positive intent and ability to hold to maturity. The held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

#### Loans and Receivables

Loans and receivables include trade and other receivables including cash and cash equivalents which are initially recorded at fair value and subsequently recorded at amortised cost less any impairment using the effective interest rate method.

#### Other financial assets

Other financial assets include managed fund portfolio investments which are initially measured at cost. After initial recognition, the managed fund is measured at fair value through surplus or deficit.

#### Financial liabilities

Financial liabilities are classified either ‘at fair value through profit or loss’, or ‘other financial liabilities’. NZLS Regulatory only holds other financial liabilities.

#### Other financial liabilities

Other financial liabilities (trade and other payables) are recognised when NZLS Regulatory becomes obliged to make future payments resulting from the purchase of goods and

services. Other financial liabilities are initially measured at fair value and subsequently measured at amortised cost.

### Receivables

Trade and other receivables are recorded at amortised cost less any impairment losses.

### 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.

## 2. Total expenses

	2022 \$000	2021 \$000
Audit fees – audit of the financial statements	26	46
Other fees paid to auditors – taxation and other services	101	23
Depreciation of property, plant and equipment	20	109
Amortisation of intangible assets	20	41
Employee benefit expenses	13,469	12,332
Legal Complaints Review Office	2,181	1853
New Zealand Council of Legal Education	299	312
Lease costs	954	944
Legal opinions and prosecution costs	1,327	1,271
Presidents' honoraria	299	266
Library resource costs	1,979	1,452
IT costs	2,064	1,253
Other administration costs	3,194	2,137
	<b>25,933</b>	<b>22,039</b>

The Presidents' honoraria line includes Branch President honoraria payments.

## 3. Net Investment Expense

	2022 \$000	2021 \$000
Realised and unrealised losses on investments	452	-
Management fees	189	-
	<b>641</b>	<b>-</b>

## 4. Taxation

	2022 \$000	2021 \$000
<b>(A) INCOME TAX RECOGNISED IN SURPLUS OR DEFICIT FOR YEAR</b>		
Tax expense comprises:		
Tax expense for years income	-	78
Adjustments recognised in the current period in relation to tax of prior periods	106	(36)
<b>Total tax expense for the year</b>	<b>106</b>	<b>42</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	(1,872)	865
Income tax (credit)/expense calculated at 28%	(524)	242
Adjustment for tax on non-assessable income and expenditure	524	(164)
Under/(over) provision of tax in previous periods	106	(36)
<b>Income tax expense recognised in surplus or deficit for year</b>	<b>106</b>	<b>42</b>
<b>(C) CURRENT TAX PAYABLE/(RECEIVABLE)</b>		
Balance at beginning of year	(191)	42
Taxation paid	(60)	(275)
Tax expense for years income	-	78
Under/(over) provision of tax in previous periods	106	(36)
<b>Balance at end of the year</b>	<b>(145)</b>	<b>(191)</b>

## 5. Trade and other receivables

	2022 \$000	2021 \$000
Trade receivables from exchange transactions	1,188	1,096
Prepayments and accrued income	599	414
GST receivable	691	170
Related party receivables	1,203	188
<b>Total trade and other receivables</b>	<b>3,681</b>	<b>1,868</b>

Related party receivables of \$1,203,341 (2021: \$188,208) 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 \$1,188,000 includes a fines and cost order receivable amounting to \$865,841 (2021: \$785,509). 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 2022. 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 30% 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

	2022 \$000	2021 \$000
Cash and cash equivalents	4,518	-
Shares	3,722	-
Bonds	8,347	-
<b>Total other financial assets</b>	<b>16,587</b>	<b>-</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>				
Balance at 30 June 2020	320	234	5,883	6,437
Additions	1	-	-	1
Balance at 30 June 2021	321	234	5,883	6,438
Additions	-	2	-	2
Balance at 30 June 2022	321	236	5,883	6,440
<b>ACCUMULATED DEPRECIATION</b>				
Balance at 30 June 2020	313	89	5,799	6,201
Depreciation expense	6	19	84	109
Balance at 30 June 2021	319	108	5,883	6,310
Depreciation expense	2	18	-	20
Balance at 30 June 2022	321	126	5,883	6,330
<b>NET BOOK VALUE</b>				
As at 30 June 2021	2	126	-	128
As at 30 June 2022	-	110	-	110

## 8. Intangible assets

	Computer software \$000
<b>GROSS CARRYING AMOUNT</b>	
Balance at 30 June 2020, 30 June 2021 and 30 June 2022	419
<b>ACCUMULATED DEPRECIATION</b>	
Balance at 30 June 2020	358
Amortisation	41
Balance at 30 June 2021	399
Amortisation	20
Balance at 30 June 2022	419
<b>NET BOOK VALUE</b>	
As at 30 June 2021	20
As at 30 June 2022	-

## 9. Trade payables and other liabilities

	2022 \$000	2021 \$000
Trade payables	1,031	724
Other liabilities and accrued expenses	4,815	6,388
Employee benefits	898	790
Deferred revenue	21,668	18,834
Related party payables	1,008	994
<b>Total trade and other liabilities</b>	<b>29,420</b>	<b>27,730</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

	2022 \$000	2021 \$000
<b>Net (Deficit)/surplus for the year</b>	<b>(1,978)</b>	<b>823</b>
Add non-cash items		
Depreciation	20	109
Amortisation	20	41
Fair value movement in financial assets	641	-
	681	150
Add movements in other working capital items		
Trade & other receivables	(1,813)	(120)
Trade & other payables	1,690	4,596
Tax receivable/(payable)	46	(233)
	(77)	4,243
<b>Net cash inflow from operating activities</b>	<b>(1,374)</b>	<b>5,216</b>

## 11. Leasing arrangements

	2022 \$000	2021 \$000
<b>Non-cancellable operating lease payments</b>		
Not later than 1 year	1,067	1,039
Later than 1 year and not later than 5 years	3,451	3,634
Later than 5 years	1,443	2,105
	<b>5,961</b>	<b>6,778</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:

	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
<b>30 June 2022</b>							
Cash at bank		20,378	-	-	-	-	20,378
Cash on call account	0.45%	2	-	-	-	-	2
Trade/other receivables		1,188	-	-	-	-	1,188
Other financial assets		16,587	-	-	-	-	16,587
<b>Total financial assets</b>		<b>38,155</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,155</b>
Trade/other liabilities (excluding deferred revenue)		6,854	-	-	-	-	6,854
<b>Total financial liabilities</b>		<b>6,854</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,854</b>

	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
<b>30 June 2021</b>							
Cash at bank	1.00%	4,667	-	-	-	-	4,667
Cash on call account	0.08%	31,500	-	-	-	-	31,500
Fixed term bank deposits	0.70%	500	2,510	-	-	-	3,010
Trade/other receivables		1,868	-	-	-	-	1,868
<b>Total financial assets</b>		<b>38,535</b>	<b>2,510</b>	-	-	-	<b>41,045</b>
Trade/other liabilities (excluding deferred revenue)		8,106	-	-	-	-	8,106
<b>Total financial liabilities</b>		<b>8,106</b>	-	-	-	-	<b>8,106</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.

	2022 \$000	2021 \$000
<b>Allocation of costs to:</b>		
NZLS Representative	3,320	2,230
NZLS CLE Limited	356	368
NZLS Solicitors' Fidelity Guarantee Fund	40	40
NZLS Lawyers' Fidelity Fund	40	40
The Lawyers and Conveyancers Special Fund	24	24
	<b>3,780</b>	2,702
<b>Depreciation/amortisation costs paid for use of assets:</b>		
NZLS Representative	469	423

	2022 \$000	2021 \$000
<b>NZLS related entity receivables/(payables) at end of year:</b>		
NZLS Representative	1,112	96
NZLS CLE Limited	86	87
NZLS Lawyers' Fidelity Fund	(1,008)	(994)
NZLS Solicitors' Fidelity Guarantee Fund	3	3
The Lawyers and Conveyancers Special Fund	2	2
	<b>195</b>	(806)

### Key management personnel:

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

	2022 \$000	2021 \$000
Short term employee benefits	1,347	1,775

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 2022 (2021 - 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 2022 (2021 - nil).

### 16. Subsequent events

There are no material non-adjusting events after the reporting date (2021 - 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 financial statements of New Zealand Law Society Regulatory (the 'Society'), which comprise the statement of financial position as at 30 June 2022, and the statement of comprehensive revenue and expense, statement of changes in net assets/equity and 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 financial statements, on pages 47 to 58, present fairly, in all material respects, the financial position of the Society as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.</p>
<b>Basis for opinion</b>	<p>We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Statements</i> section of our report.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</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 the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i>, and we have fulfilled our other ethical responsibilities in accordance with these requirements.</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.</p>
<b>Board's responsibilities for the financial statements</b>	<p>The Board is responsible on behalf of the Society for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial statements, the Board is responsible for assessing the entity'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>
<b>Auditor's responsibilities for the audit of the financial statements</b>	<p>Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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 and ISAs (NZ) 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 these financial statements.</p> <p>A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:</p> <p><a href="https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8">https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8</a></p> <p>This description forms part of our auditor's report.</p>

### 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.

Wellington, New Zealand  
16 September 2022

# New Zealand Law Society Lawyers' Fidelity Fund

Financial Statements for the year ended 30 June 2022

## Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>REVENUE</b>			
Revenue from exchange transactions			
Annual contributions		992	994
Interest		101	145
<b>Total revenue</b>		<b>1,093</b>	1,139
<b>EXPENSES</b>			
Change in claims provision	2	743	249
Investigation and other costs		156	57
Audit fee		5	7
Administration	3	40	40
<b>Total expenses</b>		<b>944</b>	353
<b>Surplus before income tax</b>		<b>149</b>	786
Income tax expense	4	19	47
<b>Net surplus for the year</b>		<b>130</b>	739
<b>Total comprehensive revenue and expense for the year</b>		<b>130</b>	739

## Statement of Changes in Net Assets/Equity

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>Equity at beginning of year</b>		<b>11,377</b>	10,638
Total comprehensive revenue and expense for the year		130	739
<b>Total recognised revenue and expense</b>		<b>130</b>	739
<b>Equity at end of year</b>		<b>11,507</b>	11,377

The accompanying notes on pages 63 to 67 form part of and are to be read in conjunction with these financial statements.

## Statement of Financial Position

AS AT 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at bank		1,519	6,184
Bank deposits		10,247	4,720
Related party receivables	3	1,025	1,102
Income tax receivable	4	2	9
Other debtors		378	375
<b>Total current assets</b>		<b>13,171</b>	12,390
<b>Total assets</b>		<b>13,171</b>	12,390
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Income in advance		1,012	993
Claims provision	2	616	13
Other payables		36	7
<b>Total current liabilities</b>		<b>1,664</b>	1,013
<b>Equity</b>			
Retained earnings		11,507	11,377
<b>Total equity</b>		<b>11,507</b>	11,377
<b>Total equity and liabilities</b>		<b>13,171</b>	12,390

The accompanying notes on pages 63 to 67 form part of and are to be read in conjunction with these financial statements.

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



Vice-President  
16 September 2022



Acting Chief Executive  
16 September 2022

## Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>Cash flows from operating activities</b>			
Cash was received from:			
Contribution		1,085	852
Interest		101	145
		1,186	997
Cash was applied to:			
Claims		140	231
Payments to suppliers		172	111
Income tax paid		12	89
		324	431
<b>Net cash flows from operating activities</b>	5	862	566
<b>Cashflows from investing activities</b>			
Cash was received from:			
Investment in term deposits		16,520	23,679
Cash was applied to:			
Investment in term deposits		22,047	19,120
<b>Net cash (used in)/from investing activities</b>		(5,527)	4,559

	Notes	2022 \$000	2021 \$000
<b>Net (decrease)/increase in cash and cash equivalents</b>		(4,665)	5,125
Cash and cash equivalents at beginning of year		6,184	1,059
<b>Cash and cash equivalents at end of year</b>		1,519	6,184
<b>Comprising:</b>			
Cash at bank		1,117	384
Cash on call		402	5,800
<b>Total cash and cash equivalents</b>		1,519	6,184

The accompanying notes on pages 63 to 67 form part of and are to be read in conjunction with these financial statements.

# Notes to the Financial Statements

## New Zealand Law Society Lawyers' Fidelity Fund

FOR THE YEAR ENDED 30 JUNE 2022

### 1. 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.



## 2. Claims provision

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Opening balance at beginning of year	13	8
Amounts settled during year	(140)	(244)
Amounts recognised through profit or loss during year	743	249
<b>Closing claims provision at end of year</b>	<b>616</b>	<b>13</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 practising 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>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Allocation of administrative and accounting service costs from:		
NZLS Regulatory	40	40
Allocation of net taxation payments to:		
NZLS Solicitors' Fidelity Guarantee Fund	17	108
NZLS related entity receivables at end of year:		
NZLS Regulatory	1,008	994
NZLS Solicitors' Fidelity Guarantee Fund	17	108
	<b>1,025</b>	<b>1,102</b>

#### 4. Taxation

	2022 \$000	2021 \$000
<b>(A) INCOME TAX RECOGNISED IN SURPLUS OR DEFICIT FOR YEAR</b>		
Tax expense comprises:		
Tax expense for years income	33	48
Adjustments recognised in the current period in relation to tax of prior periods	(14)	(1)
<b>Total tax expense for the year</b>	<b>19</b>	<b>47</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 income tax	149	786
Income tax expense calculated at 33%	49	260
Adjustment for tax on non-assessable income and expenditure	(16)	(212)
Prior period tax adjustment	(14)	(1)
<b>Income tax expense recognised in surplus or deficit for year</b>	<b>19</b>	<b>47</b>
<b>(C) CURRENT TAX PAYABLE/(RECEIVABLE)</b>		
Balance at beginning of year	(9)	33
Taxation paid	(12)	(89)
Prior period tax adjustment	(14)	(1)
Tax expense for years income	33	48
<b>Balance at end of the year</b>	<b>(2)</b>	<b>(9)</b>

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

	2022 \$000	2021 \$000
Net surplus for the year	130	739
Add movements in other working capital items:		
Trade and other receivables	74	(149)
Trade payables and other liabilities	651	18
Tax payable/(receivable)	7	(42)
	<b>732</b>	<b>(173)</b>
<b>Net cash flows from operating activities</b>	<b>862</b>	<b>566</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:

	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
<b>30 June 2022</b>							
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>

	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
<b>30 June 2021</b>							
Cash at bank	1%	384	-	-	-	-	384
Call account deposits	0.08%	5,800	-	-	-	-	5,800
Fixed term bank deposits	0.83%	2,519	-	2,208	-	-	4,727
Trade/other receivables		1,477	-	-	-	-	1,477
<b>Total financial assets</b>		<b>10,180</b>	<b>-</b>	<b>2,208</b>	<b>-</b>	<b>-</b>	<b>12,388</b>
Trade/other liabilities (excluding deferred revenue)		7	-	-	-	-	7
<b>Total financial liabilities</b>		<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>

## 7. Contingent liabilities

During the reporting period, three claims were received to the value of \$284,843 (including estimated interest). Management expect the claimants to pursue the Partners of the law firms involved in the first instance under section 18 of the Lawyers and Conveyancers Act (“Liability of lawyer principals in respect of pecuniary loss by reason of theft”). Since it is not probable that payment will materialise, the claims have been disclosed as a contingent liability as at 30 June 2022 (2021 – \$30,000).

## 8. Commitments

There are no capital or operating lease commitments as at 30 June 2022 (2021 – nil).

## 9. Subsequent events

There are no material non-adjusting events after the reporting date (2021 – nil).

## Additional information

### 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 New Zealand Law Society Lawyers' Fidelity Fund

<b>Opinion</b>	<p>We have audited the financial statements of the New Zealand Law Society Lawyers' Fidelity Fund (the 'Fund'), which comprise the statement of financial position as at 30 June 2022, and the statement of comprehensive revenue and expense, statement of changes in net assets/equity and 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 financial statements, on pages 60 to 67, present fairly, in all material respects, the financial position of the Fund as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.</p>
<b>Basis for opinion</b>	<p>We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Statements</i> section of our report.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</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 the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i>, and we have fulfilled our other ethical responsibilities in accordance with these requirements.</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>Board's responsibilities for the financial statements</b>	<p>The Board is responsible on behalf of the Fund for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial statements, 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>
<b>Auditor's responsibilities for the audit of the financial statements</b>	<p>Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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 and ISAs (NZ) 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 these financial statements.</p> <p>A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:</p> <p><a href="https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8">https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8</a></p> <p>This description forms part of our auditor's report.</p>

### 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.

Wellington, New Zealand  
16 September 2022



# New Zealand Law Society Solicitors' Fidelity Guarantee Fund

Financial Statements for the year ended 30 June 2022

## Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>REVENUE</b>			
Revenue from exchange transactions			
Interest		128	190
<b>Total revenue</b>		<b>128</b>	190
<b>EXPENSES</b>			
Investigation and other costs		11	46
Audit fee		5	7
Administration	3	40	40
<b>Total expenses</b>		<b>56</b>	93
<b>Surplus before income tax</b>		<b>72</b>	97
Income tax expense	4	55	61
<b>Net surplus for the year</b>		<b>17</b>	36
<b>Total comprehensive revenue and expense for the year</b>		<b>17</b>	36

## Statement of Changes in Net Assets/Equity

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>Equity at beginning of year</b>		<b>13,840</b>	13,804
Total comprehensive revenue and expense for the year		17	36
<b>Total recognised revenue and expense</b>		<b>17</b>	36
<b>Equity at end of year</b>		<b>13,857</b>	13,840

The accompanying notes on pages 72 to 76 form part of and are to be read in conjunction with these financial statements.

## Statement of Financial Position

AS AT 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at bank		196	13,162
Bank deposits		13,682	751
Income tax receivable	4	4	43
<b>Total current assets</b>		<b>13,882</b>	13,956
<b>Total assets</b>		<b>13,882</b>	13,956
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables		5	5
Related party payables	3	20	111
<b>Total current liabilities</b>		<b>25</b>	116
<b>Equity</b>			
Retained earnings		13,857	13,840
<b>Total equity</b>		<b>13,857</b>	13,840
<b>Total equity and liabilities</b>		<b>13,882</b>	13,956

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



Vice-President  
16 September 2022



Acting Chief Executive  
16 September 2022

The accompanying notes on pages 72 to 76 form part of and are to be read in conjunction with these financial statements.

## Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>Cash flows from operating activities</b>			
Cash was received from:			
Interest		128	190
		128	190
Cash was applied to:			
Payments to suppliers		147	92
Income tax paid		16	4
		163	96
<b>Net cash flows (used in)/from operating activities</b>	5	<b>(35)</b>	94
<b>Cash flows from investing activities</b>			
Cash was received from:			
Investments in term deposits		15,726	38,186
Cash was applied to:			
Investments in term deposits		28,657	25,451
<b>Net cash flows received (used in)/from investing activities</b>		<b>(12,931)</b>	12,717

	Notes	2022 \$000	2021 \$000
<b>Net decrease in cash and cash equivalents</b>		<b>(12,966)</b>	12,811
Cash and cash equivalents at beginning of year		13,162	351
<b>Cash and cash equivalents at end of year</b>		<b>196</b>	13,162
Comprising:			
Cash at bank		168	162
Cash on call		28	13,000
<b>Total cash and cash equivalents at end of year</b>		<b>196</b>	13,162

The accompanying notes on pages 72 to 76 form part of and are to be read in conjunction with these financial statements.

# Notes to the Financial Statements

## New Zealand Law Society Solicitors' Fidelity Guarantee Fund

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 experience 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.

## 2. Claims provision

	2022 \$000	2021 \$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 2021/22.

## 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). 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 Lawyers' 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.

	2022 \$000	2021 \$000
Allocation of administrative and accounting service costs from:		
NZLS Regulatory	40	40
Allocation of net taxation payments to:		
NZLS Lawyers' Fidelity Fund	17	108
NZLS related entity receivables at end of year:		
NZLS Regulatory	3	3
NZLS Lawyers' Fidelity Fund	17	108
	<b>20</b>	<b>111</b>



#### 4. Taxation

	2022 \$000	2021 \$000
<b>(A) INCOME TAX RECOGNISED IN SURPLUS OR DEFICIT FOR YEAR</b>		
Tax expense comprises:		
Tax expense for years income	42	63
Adjustments recognised in the current period in relation to tax of prior periods	13	(2)
<b>Total tax expense for the year</b>	<b>55</b>	61
<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 income tax	72	97
Income tax expense calculated at 33%	24	32
Adjustment for tax on non-assessable income and expenditure	19	32
Non-profit organisation exemption	(1)	(1)
Prior period tax adjustment	13	(2)
<b>Income tax expense recognised in surplus or deficit for year</b>	<b>55</b>	61
<b>(C) CURRENT TAX PAYABLE/(RECEIVABLE)</b>		
Balance at beginning of year	(43)	4
Taxation paid	(87)	(108)
Taxation refunded	71	-
Prior period tax adjustment	13	(2)
Tax expense for years income	42	63
<b>Balance at end of the year</b>	<b>(4)</b>	(43)

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

	2022 \$000	2021 \$000
Net surplus for the year	17	36
Add movements in other working capital items:		
Trade payables and other liabilities	(91)	105
Tax payable	39	(47)
	(52)	58
<b>Net cash flows (used in)/from operating activities</b>	<b>(35)</b>	94

## 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:

	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	Total \$000
<b>30 June 2022</b>						
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>3,627</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>

	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	Total \$000
<b>30 June 2021</b>						
Cash at bank		162	-	-	-	162
Call account deposits	0.08%	13,000	-	-	-	13,000
Fixed term bank deposits	0.75%	-	-	753	-	753
<b>Total financial assets</b>		<b>13,162</b>	<b>-</b>	<b>753</b>	<b>-</b>	<b>13,915</b>
Trade/other liabilities		116	-	-	-	116
<b>Total financial liabilities</b>		<b>116</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116</b>

## 7. Contingent liabilities

There are no contingent liabilities at 30 June 2022 (2021 - nil).

## 8. Commitments

There are no capital or operating lease commitments at 30 June 2022 (2021 - nil).

## 9. Subsequent events

There are no material non-adjusting events after the reporting date (2021 - nil).

## Additional information

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

<b>Opinion</b>	<p>We have audited the financial statements of New Zealand Law Society Solicitors' Fidelity Guarantee Fund (the 'Fund'), which comprise the statement of financial position as at 30 June 2022, and the statement of comprehensive revenue and expense, statement of changes in net assets/equity and 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 financial statements, on pages 69 to 76, present fairly, in all material respects, the financial position of the Fund as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.</p>
<b>Basis for opinion</b>	<p>We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Statements</i> section of our report.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</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 the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i>, and we have fulfilled our other ethical responsibilities in accordance with these requirements.</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>Board's responsibilities for the financial statements</b>	<p>The Board is responsible on behalf of the Fund for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial statements, 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>
<b>Auditor's responsibilities for the audit of the financial statements</b>	<p>Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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 and ISAs (NZ) 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 these financial statements.</p> <p>A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:  <a href="https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8">https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8</a></p> <p>This description forms part of our auditor's report.</p>

### 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.

Wellington, New Zealand  
16 September 2022

# The Lawyers and Conveyancers Special Fund

Financial Statements for the year ended 30 June 2022

## Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>REVENUE</b>			
Revenue from exchange transactions			
Fund management	2	30	31
Total revenue		30	31
<b>EXPENSES</b>			
Audit fees		6	7
Fund management and processing costs	6	24	24
Total expenses		30	31
<b>Net surplus for the year</b>		-	-
<b>Total comprehensive revenue and expense for the year</b>		-	-

## Statement of Changes in Net Assets / Equity

FOR THE YEAR ENDED 30 JUNE 2022

There were no changes in net assets/equity for the year ended 30 June 2022 (2021 - nil)

The accompanying notes on pages 81 to 83 form part of and are to be read in conjunction with these financial statements.

## Statement of Financial Position

AS AT 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>ASSETS</b>			
Current assets			
Cash at bank		-	-
Other receivables	3	1,763	387
Total current assets		1,763	387
<b>Total assets</b>		<b>1,763</b>	<b>387</b>

	Notes	2022 \$000	2021 \$000
<b>EQUITY AND LIABILITIES</b>			
Current liabilities			
Other payables	4	1,761	385
Payable to NZLS	6	2	2
Total current liabilities		1,763	387
<b>Equity</b>			
Retained earnings		-	-
<b>Total equity</b>		<b>-</b>	<b>-</b>
<b>Total equity and liabilities</b>		<b>1,763</b>	<b>387</b>

The financial statements were approved for issue by the Management Committee established under section 292 of the Lawyers and Conveyancers Act 2006 ('LCA'):



Committee Member  
29 August 2022



Committee Member  
29 August 2022

The accompanying notes on pages 81 to 83 form part of and are to be read in conjunction with these financial statements.



## Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>Cash flows from operating activities</b>			
Cash was received from:			
Interest on Nominated Trust Accounts		9,592	4,005
		9,592	4,005
Cash was applied to:			
Payments to Ministry of Justice		9,562	4,241
Payments to suppliers		30	31
		9,592	4,272
<b>Net cash flows used in operating activities</b>	5	-	(267)
<b>Net cash used in investing activities</b>		-	-
<b>Net decrease in cash and cash equivalents</b>		-	(267)
Cash and cash equivalents at beginning of year		-	267
<b>Cash and cash equivalents at end of year</b>		-	-
Comprising:			
<b>Cash at bank</b>		-	-

The accompanying notes on pages 81 to 83 form part of and are to be read in conjunction with these financial statements.

# Notes to the Financial Statements

## The Lawyers and Conveyancers Special Fund

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 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 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.

## 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:

	2022 \$000	2021 \$000
Interest collected from:		
ANZ	3,210	1,313
ASB	2,132	323
BNZ	2,239	1,432
TSB	2	2
Westpac	2,009	1,064
	<b>9,592</b>	4,134
Payment to Ministry of Justice	<b>9,562</b>	4,103
	<b>30</b>	31

## 3. Other receivables

	2022 \$000	2021 \$000
Interest receivable	1,763	387
<b>Total trade payables and other liabilities</b>	<b>1,763</b>	387

## 4. Other payables

	2022 \$000	2021 \$000
Audit fee	6	6
Payment to Ministry of Justice	1,755	379
<b>Total trade payables and other liabilities</b>	<b>1,761</b>	385

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

	2022 \$000	2021 \$000
Net surplus for the year	-	-
Add movements in other working capital items:		
Trade and other receivables	1,376	(129)
Trade payables and other liabilities	(1,376)	(138)
	-	(267)
<b>Net cash flows from operating activities</b>	<b>-</b>	<b>(267)</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 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>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Allocation of costs from:		
New Zealand Law Society Regulatory	<b>24</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 2022 (2021 - nil).

## 8. Commitments

There are no capital or operating lease commitments as at 30 June 2022 (2021 - nil).

## 9. Subsequent events

There are no material non-adjusting events after the reporting date (2021 - nil).

## Additional information

### 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 financial statements of the Lawyers and Conveyancers Special Fund (the 'Fund'), which comprise the Statement of Financial Position as at 30 June 2022, and the Statement of Comprehensive Revenue and Expense, Statement of Changes in Net Assets/Equity, and 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 financial statements, on pages 78 to 83, present fairly, in all material respects, the financial position of the Fund as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.</p>
<b>Basis for opinion</b>	<p>We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Statements</i> section of our report.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p> <p>We are independent of the Company 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 the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i>, and we have fulfilled our other ethical responsibilities in accordance with these requirements.</p> <p>Other than in our capacity as auditor we have no relationship with or interests in the Fund.</p>
<b>Management Committee's responsibilities for the financial statements</b>	<p>The Management Committee is responsible on behalf of the Fund for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial statements, 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 have no realistic alternative but to do so.</p>
<b>Auditor's responsibilities for the audit of the financial statements</b>	<p>Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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 and ISAs (NZ) 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 these financial statements.</p> <p>A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:</p> <p><a href="https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8">https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8</a></p> <p>This description forms part of our auditor's report.</p>

### 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.

Wellington, New Zealand  
29 August 2022

# New Zealand Law Society Representative (Group)

Financial Statements for the year ended 30 June 2022

## Consolidated Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>REVENUE</b>			
Revenue from exchange transactions			
Practising, registration and other service fees		532	464
Interest income		13	179
Other income		426	934
ILANZ funds introduced		-	3
Courses and booklets		4,865	4,579
<b>Total revenue</b>		<b>5,836</b>	<b>6,159</b>
<b>EXPENSES</b>			
Administration and occupancy	2	7,604	6,633
<b>Total expenses</b>		<b>7,604</b>	<b>6,633</b>
Net finance expense	3	989	-
<b>Surplus before income tax</b>		<b>(2,757)</b>	<b>(474)</b>
Income tax expense	4	432	317
<b>Net surplus/(deficit) for the year</b>		<b>(3,189)</b>	<b>(791)</b>
Other comprehensive revenue and expense			
Items that may not be reclassified to surplus/deficit			
Land and building revaluation	6	-	90
<b>Total comprehensive revenue and expense for the year</b>		<b>(3,189)</b>	<b>(701)</b>

The accompanying notes on pages 88 to 97 form part of and are to be read in conjunction with these financial statements.

## Consolidated Statement of Changes in Net Assets/Equity

FOR THE YEAR ENDED 30 JUNE 2022

	Revaluation reserve \$000	Retained earnings \$000	Total \$000
<b>Equity at 1 July 2020</b>	163	19,458	19,621
Total comprehensive revenue and expense for the year	90	(791)	(701)
<b>Equity at 30 June 2021</b>	253	18,667	18,920
Total comprehensive revenue and expense for the year	-	(3,189)	(3,189)
<b>Equity at 30 June 2022</b>	<b>253</b>	<b>15,478</b>	<b>15,731</b>



## Consolidated Statement of Financial Position

AS AT 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		5,770	14,620
Bank term deposits		-	3,224
Financial assets	8	10,084	-
Trade and other receivables	5	399	311
Current tax receivable – Representative	4	90	114
<b>Total current assets</b>		<b>16,343</b>	18,269
<b>Non-current assets</b>			
Property, plant and equipment	6	2,020	2,248
Intangible assets	7	581	702
<b>Total non-current assets</b>		<b>2,601</b>	2,950
<b>Total assets</b>		<b>18,944</b>	21,219

	Notes	2022 \$000	2021 \$000
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and other liabilities	9	2,851	2,115
Current tax payable – CLE	4	362	184
<b>Total liabilities</b>		<b>3,213</b>	2,299
<b>Equity</b>			
Revaluation reserve		253	253
Retained earnings		15,478	18,667
<b>Total equity</b>		<b>15,731</b>	18,920
<b>Total equity and liabilities</b>		<b>18,944</b>	21,219

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



Vice-President  
16 September 2022



Acting Chief Executive  
16 September 2022

## Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
<b>Cash flows from operating activities</b>			
Cash was received from:			
Practising, registration and other service fees		549	592
Courses and booklets		4,561	5,101
Other income		426	934
Interest received		13	179
		<b>5,549</b>	6,806
Cash was applied to:			
Payments to suppliers and employees		6,119	5,959
Income tax paid		230	171
		<b>6,349</b>	6,130
<b>Net cash flows (used in)/from operating activities</b>	10	<b>(800)</b>	676
<b>Cashflows from investing activities</b>			
Cash was received from:			
Redemption of bank term deposits		3,224	35,846
Disposals of intangibles		-	245
Withdrawal from financial assets		1,891	-
		<b>5,115</b>	36,091

	Notes	2022 \$000	2021 \$000
Cash was applied to:			
Investment in bank term deposits		-	24,036
Investment in financial assets		12,965	-
Purchase of property, plant and equipment		200	374
		<b>13,165</b>	24,410
<b>Net cash (used in)/from investing activities</b>		<b>(8,050)</b>	11,681
<b>Cash flows from financing activities</b>			
Cash was received from:			
Funds introduced by section		-	3
<b>Net cash flows from financing activities</b>		-	3
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(8,850)</b>	12,360
Cash and cash equivalents at beginning of year		14,620	2,260
<b>Cash and cash equivalents at end of year</b>		<b>5,770</b>	14,620
<b>Comprising:</b>			
Cash at bank		2,819	2,820
Cash on call		2,951	11,800
<b>Total cash and cash equivalents</b>		<b>5,770</b>	14,620

The accompanying notes on pages 88 to 97 form part of and are to be read in conjunction with these financial statements.

# Notes to the Financial Statements

## New Zealand Law Society Representative (Group)

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

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group only holds financial assets classified as held-to-maturity and loans and receivables.

### Investments held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates and where there is a positive intent and ability to hold to maturity. The held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

### Loans and receivables

Loans and receivables include trade and other receivables including cash and cash equivalents which are initially recorded at fair value and subsequently recorded at amortised cost less any impairment using the effective interest rate method.

### Other financial assets

Other financial assets include managed fund portfolio investments which are initially measured at cost. After initial recognition, the managed fund is measured at fair value through surplus or deficit.

## Financial Liabilities

Financial liabilities are classified either 'at fair value through profit or loss', or 'other financial liabilities'. The Group only holds other financial liabilities.

## Other financial liabilities

Other financial liabilities (trade and other payables) are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Other financial liabilities are initially measured at fair value and subsequently measured at amortised cost.

### Receivables

Trade receivables and other receivables are recorded at amortised cost less any impairment losses.

## 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 5.

## 2. Total expenses

	2022 \$000	2021 \$000
Audit fees – audit of financial statements	40	35
Depreciation	422	345
Disposal of fixed assets	6	-
Amortisation of intangible assets	122	149
Employee benefit expenses	3,394	2,552
Presidents' honoraria	176	138
Courses and booklets	1,427	1,612
Other administration and occupancy costs	2,017	1,802
	<b>7,604</b>	<b>6,633</b>

The Presidents' honoraria line includes Branch President honoraria payments.

## 3. Net finance expense

	2022 \$000	2021 \$000
Realised loss on investments	3	-
Unrealised loss on investments	955	-
Management fees	31	-
	<b>989</b>	<b>-</b>

#### 4. Taxation

	2022 \$000	2021 \$000
<b>(A) INCOME TAX RECOGNISED IN SURPLUS OR DEFICIT FOR YEAR</b>		
Tax expense comprises:		
Tax expense for years income	371	324
Adjustments recognised in the current period in relation to tax of prior periods	61	(7)
<b>Total tax expense for the year</b>	<b>432</b>	317
<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	(2,757)	(474)
Income tax credit calculated at 28%	(772)	-
Adjustment for tax on non-assessable income and non-deductible expenditure	1,144	325
Non-profit organisation exemption	(1)	(1)
Under/(over) provision of tax in previous periods	61	(7)
<b>Income tax expense recognised in surplus for year</b>	<b>432</b>	317
<b>(C) CURRENT TAX PAYABLE/(RECEIVABLE)</b>		
Balance at beginning of year	70	(76)
Taxation paid	(23)	(171)
Tax expense for years income	371	324
(Over)/under provision of tax in previous periods	61	(7)
<b>Balance at end of the year</b>	<b>272</b>	70

#### 5. Trade and other receivables

	2022 \$000	2021 \$000
Trade receivables from exchange transactions	399	309
Interest receivable	-	2
<b>Total trade and other receivables</b>	<b>399</b>	311



## 6. Property, plant and equipment

	Land \$000	Buildings \$000	Furniture & office equipment \$000	Plant \$000	Computer hardware \$000	Total \$000
<b>GROSS CARRYING AMOUNT</b>						
<b>Balance at 30 June 2020</b>	<b>300</b>	<b>810</b>	<b>4,165</b>	<b>786</b>	<b>1,288</b>	<b>7,349</b>
Revaluations	-	90	-	-	-	90
Additions	-	-	98	-	276	374
<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>
Additions	-	-	-	-	200	200
<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>
<b>ACCUMULATED DEPRECIATION</b>						
<b>Balance at 30 June 2020</b>	<b>-</b>	<b>-</b>	<b>3,513</b>	<b>756</b>	<b>951</b>	<b>5,220</b>
Depreciation	-	-	131	5	209	345
<b>Balance at 30 June 2021</b>	<b>-</b>	<b>-</b>	<b>3,644</b>	<b>761</b>	<b>1,160</b>	<b>5,565</b>
Depreciation	-	-	117	3	302	422
Disposals	-	-	6	-	-	6
<b>Balance at 30 June 2022</b>	<b>-</b>	<b>-</b>	<b>3,767</b>	<b>764</b>	<b>1,462</b>	<b>5,993</b>
<b>NET BOOK VALUE</b>						
<b>As at 30 June 2021</b>	<b>300</b>	<b>900</b>	<b>619</b>	<b>25</b>	<b>404</b>	<b>2,248</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>

### 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 \$1,200,000 as at 30 June 2021. Accordingly, the value of the asset and the asset revaluation reserve was increased by \$90,000 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 6.7% was used when the building was last valued as at 30 June 2019.

## 7. Intangible assets

	<b>Computer software</b>
	\$000
<b>GROSS CARRYING AMOUNT</b>	
<b>Balance at 30 June 2020</b>	<b>3,819</b>
Disposals	(245)
<b>Balance at 30 June 2021</b>	<b>3,574</b>
Additions	1
<b>Balance at 30 June 2022</b>	<b>3,575</b>
<b>ACCUMULATED DEPRECIATION</b>	
<b>Balance at 30 June 2020</b>	<b>2,723</b>
Amortisation	149
<b>Balance at 30 June 2021</b>	<b>2,872</b>
Amortisation	122
<b>Balance at 30 June 2022</b>	<b>2,994</b>
<b>NET CARRYING VALUE</b>	
<b>As at 30 June 2021</b>	<b>702</b>
<b>As at 30 June 2022</b>	<b>581</b>

## 8. Other financial assets

	<b>2022</b>	<b>2021</b>
	\$000	\$000
Cash and cash equivalents	1,432	-
Shares	4,820	-
Bonds	3,832	-
<b>Total other financial assets</b>	<b>10,084</b>	-

The investment portfolio was established during the 2022 financial year and is managed by ANZ Investments.

## 9. Trade payables and other liabilities

	<b>2022</b>	<b>2021</b>
	\$000	\$000
Trade payables	266	386
GST payable	120	109
Employee benefits	149	122
Deferred revenue	1,117	1,315
Related party payables	1,199	183
<b>Total</b>	<b>2,851</b>	2,115

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

	2022 \$000	2021 \$000
<b>Net (deficit)/surplus for the year</b>	<b>(3,189)</b>	(791)
Add non-cash items		
Depreciation and amortisation	544	495
Profit/(loss) on disposal of assets	6	-
Fair value movement in financial assets	989	-
	<b>(1,650)</b>	(296)
Add movements in other working capital items		
Trade and other receivables	(88)	139
Trade and other payables	736	690
Current tax payable	202	146
<b>Net movement in working capital</b>	<b>850</b>	975
Remove non-operating cash flows		
Funds ex ILANZ	-	(3)
	-	(3)
<b>Net cash inflow from operating activities</b>	<b>(800)</b>	676

## 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 on the next page 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:

	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	Total \$000
<b>30 June 2022</b>						
Cash at bank		2,819	-	-	-	2,819
Cash on call account	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>

	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	Total \$000
<b>30 June 2021</b>						
Cash at bank	0.97%	2,260	-	-	-	2,260
Fixed term bank deposits	1.88%	3,548	7,354	4,200	-	15,102
Trade/other receivables		487	-	-	-	487
<b>Total financial assets</b>		<b>6,293</b>	<b>7,354</b>	<b>4,200</b>	<b>-</b>	<b>17,847</b>
Trade/other liabilities (excluding deferred revenue)		800	-	-	-	800
<b>Total financial liabilities</b>		<b>800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>800</b>

## 12. Investment in subsidiaries

Entity Name	Country of Incorporation	Ownership Interest		Principal Activity
		2022 %	2021 %	
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.

	2022 \$000	2021 \$000
<b>Allocation of costs from:</b>		
NZLS Regulatory	3,320	2,598
<b>Recovery of depreciation and amortisation costs received for use of assets</b>		
NZLS Regulatory	469	423
<b>NZLS related entity receivables/(payables) at end of year:</b>		
NZLS Regulatory	(1,112)	(183)

Compensation of key management personnel:

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

	2022 \$000	2021 \$000
Short term employee benefits	1,009	1,062

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 2022 (2021: nil)

## 15. Capital commitments

There are no capital or lease commitments for the Parent or Group at 30 June 2022 (2021: nil).

## 16. Subsequent events

There are no material non-adjusting events after the reporting date (2021: 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 Representative

**Opinion** We have audited the financial statements of New Zealand Law Society Representative (the 'Society') and its subsidiary (the 'group'), which comprise the consolidated statement of financial position as at 30 June 2022, 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 consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 85 to 97, present fairly, in all material respects, the consolidated financial position of the group as at 30 June 2022, and its consolidated financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

**Basis for opinion** We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Society in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assignments for the group in the area of taxation advice and consulting services. These services have not impaired our independence as auditor of the group. In addition to this, partners and employees of our firm deal with the Society and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Society and its subsidiaries. The firm has no other relationship with, or interest in, the Society or any of its subsidiaries.

**Board's responsibilities for the consolidated financial statements** The Board is responsible on behalf of the group for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board is responsible 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.

**Auditor's responsibilities for the audit of the consolidated financial statements** Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole 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 and ISAs (NZ) 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 these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7>

This description forms part of our auditor's report.

### Restriction on use

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.

Wellington, New Zealand  
16 September 2022

## Funds

For the year ended 30 June 2022

### Lawyers' Fidelity Fund

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

#### LAWYERS' FIDELITY FUND PAYMENTS

YEAR TO 30 JUNE

Measure	2022	2021	2020	2019	2018
Value of claims settled	\$140,000	\$244,000	\$201,000	-	\$100,000
Amount set aside for future payments of claims relating to known or suspected thefts	\$616,000	\$13,000	\$8,000	\$389,000	-
Value of funds recovered	-	-	\$1,000	\$12,000	\$2,000

### Solicitors' Fidelity Guarantee Fund

This was established under Part IX of the Law Practitioners Act 1982. Its purpose is to compensate people in relation to theft by a lawyer that was committed before 1 August 2008. Claims after this date need to be made to the Lawyers' Fidelity Fund. At 30 June 2022, there was one current claim under investigation.

The Law Society has given notice that it has started the procedures to wind up the Solicitors' Fidelity Guarantee Fund, under s.367 of the Lawyers and Conveyancers Act 2006. The last day to make a claim for compensation from the fund is 7 February 2023.

#### SOLICITORS' FIDELITY GUARANTEE FUND PAYMENTS

YEAR TO 30 JUNE

Measure	2022	2021	2020	2019	2018
Value of claims settled	-	-	\$44,000	-	\$103,000
Amount set aside for future payments of claims relating to known or suspected thefts	-	-	-	\$44,000	-
Value of funds recovered	-	-	-	\$5,000	-

### Lawyers and Conveyancers Special Fund

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

#### LAWYERS AND CONVEYANCERS SPECIAL FUND

YEAR TO 30 JUNE

Measure	2022	2021	2020	2019	2018
Interest received	\$9,592,000	\$4,005,000	\$7,187,000	\$10,935,000	\$9,346,000
Administration	\$30,000	\$31,000	\$29,000	\$28,000	\$28,000

