

THIRTIETH REPORT OF THE

NEW ZEALAND

COUNCIL OF LEGAL EDUCATION

(from 1 January 2020 to 31 December 2020)

L Aid before the House of Representatives
Pursuant to
Section 150 of the Crown Entities Act 2004

STATEMENT OF RESPONSIBILITY

THE NEW ZEALAND COUNCIL OF LEGAL EDUCATION

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020**

The New Zealand Council of Legal Education (the Council) is responsible for preparation of the Financial Statements and Statement of Service Performance, and for the judgments used in the production of these statements.

The Council is also responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and non-financial reporting.

In the Council's opinion, the attached Financial Statements, the Statement of Service Performance, and the notes which should be read in conjunction with those statements, fairly reflect the operations of the Council for the year ended 31 December 2020 and the financial position of the Council at that date.



The Honourable Justice M Cooper
Chairman



Professor M Hickford
Council Member

6 May 2021

NEW ZEALAND COUNCIL OF LEGAL EDUCATION ANNUAL REPORT

REPORT FOR THE YEAR FROM 1 JANUARY 2020 TO 31 DECEMBER 2020

1. BACKGROUND

Between 1841 and 1930 legal education, and the requirements for admission to the profession in New Zealand, were the responsibility of the Judiciary of New Zealand pursuant to a number of Colonial Ordinances and Acts of Parliament, and prescribed in consecutive sets of Judges' Rules. After the establishment of the University of New Zealand in 1870 the practical implementation of the admission requirements was progressively delegated by the Judiciary to the University.

In 1925, a Royal Commission which had been commissioned to examine a number of matters relating to University education in New Zealand, recommended that – ¹

...a Council of Legal Education representative of the Judges, the leaders among practising barristers and solicitors, and the University teachers of law is the most satisfactory method for providing and for watching over a course of legal education which shall comply with the requirements of a good professional education, and at the same time satisfy the demand for a training which is strong enough on the practical side.

Accordingly in 1930 the Council of Legal Education was established.² The original Council consisted of six members: two judges of the Supreme Court, two representatives of the New Zealand Law Society, and two law professors or teachers from the University of New Zealand. The Council was given recommendatory powers for the purpose of enabling the University to discharge its functions, which concurrently with the establishment of the Council had been given the responsibility for prescribing and conducting the necessary legal qualifications and examinations.³

However, in 1961 the University of New Zealand was dissolved and the constituent Colleges established in their own right.

In order to preserve uniformity across law degrees, to maintain standards, and to secure input from representatives of all, rather than one particular category of stakeholder in legal education, the Council of Legal Education was reconstituted in 1961 as an independent statutory body⁴ to take over the role of defining, prescribing and arranging for the provision of courses of study, including practical training, for those persons (from New Zealand and overseas) wishing to be admitted as barristers and solicitors, and generally to supervise legal education in New Zealand.

¹ *University Education in New Zealand* (Royal Commission) (AJHR 1925, E-7A), page 45.

² New Zealand University Amendment Act 1930.

³ Law Practitioners Amendment Act 1930.

⁴ Law Practitioners Amendment Act 1961.

In 1961 the membership of the Council consisted of representatives from the Judiciary, the New Zealand Law Society, and the Law Schools. By 1982 membership had been extended to encompass a District Court Judge and law student representation, and by 1990 a non-lawyer member nominated by the Minister of Justice.

A major change to the operation and funding of the Council occurred in 1990 with the disestablishment of the University Grants Committee, as from 30 June of that year.⁵

The Council's activities had previously been carried out within the framework of the University Grants Committee and it had been a source of funding for the Council which was no longer available, although the Council was subsequently given the power to charge fees for its services, and also began to receive funding from the New Zealand Law Foundation pursuant to section 91F(2)(b)(ii)(B) of the Law Practitioners Act 1982.

The 1990 Amendment Act amended the Law Practitioners Act 1982. Some major consequences for the Council were –

- (a) It expanded the membership of the Council to strengthen the interests of the public without affecting the balance between academic and professional legal interests which had always been a characteristic of the Council.
- (b) It established the Council as a body corporate with perpetual succession, a common seal, and the rights, powers and privileges necessary to carry out its functions.
- (c) It established the basis for the Council to be subject to Part V of the Public Finance Act 1989 as if it were a Crown entity specified in the Fourth and Fifth Schedules to that Act.
- (d) It authorised the charging of fees for work done or services performed by the Council and for entry into the Council's examinations.
- (e) It made requirements of the Council as an employer, including consultation with the State Services Commission.
- (f) It set out the Council's financial responsibilities and exempted it from income tax.
- (g) It set out the Council's duty to report annually to the Minister of Justice.

The Lawyers and Conveyancers Act 2006 was passed in March 2006 and came into force on 1 August 2008.

The Council is covered by Part 8 of the Act. The Council was reconstituted with its current form and membership. Some changes were made to the Council's operations as noted below –

- (a) The Council was renamed the New Zealand Council of Legal Education.

⁵ Education Amendment Act 1990.

- (b) The functions and powers of the Council, whilst remaining essentially the same as in the 1982 Act, were enhanced and modernised to reflect current terminology and practices.
- (c) A new function was introduced into the Council's role namely responsibility for recognition of qualifications for the purposes of the principles set out in section 15 of the Trans-Tasman Mutual Recognition Act 1996.
- (d) The Act makes the Council responsible for making the final decision in respect of the assessment of applications of all overseas graduates and admitted practitioners.
- (e) The Act confirms that the Council may deliver courses itself, or arrange for the delivery of courses by other providers.
- (f) There is a specific power enabling the Council to license other providers of practical legal training.
- (g) The funding mechanism for the Council was changed and secured. Section 277 of the Act requires the New Zealand Law Society to levy practitioners annually to secure the necessary funding for the Council's operations.
- (h) With respect to the Institute of Professional Legal Studies, new provisions were included in the Act. Under these provisions the Council is statutorily required to maintain the Institute in its current form as a committee of Council. An express requirement was imposed on the Council to ensure that the Institute continues to provide practical legal training for candidates for admission as barristers and solicitors of the High Court.

2. MEMBERSHIP OF THE COUNCIL

APPOINTED BY THE GOVERNOR-GENERAL As at 31 December 2020

<u>Member</u>	<u>Nominated By</u>
The Honourable Justice M Cooper (Chair)	Chief Justice
The Honourable Justice van Bohemen	Chief Justice
The Honourable Judge W Hastings	Chief District Court Judge
Ms H Bowie	New Zealand Law Society
Ms N Coates	New Zealand Law Society
Ms K Dalziel	New Zealand Law Society
Mr D Green	New Zealand Law Society
Ms M Wikaira	New Zealand Law Society
Mr T Austen	New Zealand Law Students Assoc
Mr F Boswell	New Zealand Law Students Assoc
Ms J Langley JP	Minister of Justice

EX OFFICIO — DEANS OF LAW FACULTIES/SCHOOLS

Professor P Mathew	Auckland University
Professor C Rickett	Auckland University of Technology
Professor A Roy	Waikato University
Professor M Hickford	Victoria University of Wellington
Professor U Cheer	Canterbury University
Professor J Palmer	Otago University

3. CHIEF EXECUTIVE

The Chief Executive is responsible for discharging all responsibilities and duties required by the role pursuant to the Council's operations under Part 8 of the Lawyers and Conveyancers Act 2006.

The Chief Executive is statutorily responsible for the efficient operation of the organisation, including the Institute of Professional Legal Studies, and must ensure and promote compliance with all statutory obligations imposed on the Council.

The Chief Executive is responsible for ensuring that the Council's operations are conducted in a manner that conveys the highest personal, professional, and ethical standards, and conforms to standards and values expected of a public sector entity.

The Chief Executive of the Council is Rosemary Gordon, MNZM, a Wellington lawyer.

4. MEETINGS

The full Council met once in 2020. The Annual Meeting took place in November 2020. The May meeting was cancelled owing to Covid-19.

5. OVERALL WORK OF THE COUNCIL

Major Tasks

The major tasks of the Council during the year in discharge of its functions in the Lawyers and Conveyancers Act 2006 were –

- maintaining the work of the Council;
- maintaining the work of the Institute (see section 18 on the Institute of Professional Legal Studies);
- meeting the requirements of the legal status of the Council;
- securing funding for the general work of the Council;
- maintaining the servicing arrangements for the Council; and
- ensuring the organisation and oversight of practical legal training in New Zealand.

General Activities

The Council is a regulatory body and is responsible for the regulation, quality and provision of legal training for those wishing to be admitted as barristers and solicitors to the profession in New Zealand.

These activities include –

- setting courses of study for the examination and practical legal training of persons wishing to be admitted as barristers and solicitors in New Zealand;
- providing, or arranging for the provision of, those courses of study;
- arranging for the moderation and assessment of those courses of study;
- assessment of qualifications particularly those of overseas law graduates and legal practitioners wishing to practise in New Zealand;

- arranging for the provision of research as necessary, and tendering advice on legal education;
- administering and conducting certain examinations.

To carry out its tasks in discharge of its functions set out in the Lawyers and Conveyancers Act 2006, the Council maintained its general liaison with the Judiciary, the legal profession, the Universities and law students, and specifically undertook the activities detailed below.

6. PROVISION OF COURSES

Compulsory Law Subjects

The Council prescribes the core curriculum for the Bachelor of Laws (LLB) degree and monitors these subjects through a moderation system.

The five compulsory subjects which are moderated are –

Law of Contracts
 Law of Torts
 Criminal Law
 Public Law
 Property Law (or Land Law, and Equity and Succession where Property Law is not offered.)

In respect of each of the above subjects the examination papers are drafted by course lecturers with the agreement of a moderator appointed by the Council. Moderation is also required for Legal Ethics which is a compulsory course for admission to the profession. A sixth Council prescribed core degree subject (Legal System) is not moderated owing to the introductory nature of the course and variations between courses.

The role of the moderator is threefold. The moderator ensures that the examination paper is of a satisfactory standard, and must be satisfied that there has been adequate coverage of the Council prescription. The moderator also ensures that the standard of examination is comparable between Law Schools.

The moderators are required to report each year to the Council on the moderation process in their subject area. The Reports provide valuable information for the Council on the examinations, and the courses generally in the compulsory subjects of the law degree, and also provide an opportunity for the Council to be informed of any administrative or substantive difficulties, to take action to remedy any problems, and to ensure that the courses are generally taught in a manner which conforms to the Council's requirements.

It is also valuable for the Law Schools to receive an independent outside view on the operation of these courses particularly vis-à-vis other Universities. The moderation procedures also ensure fairness for students in that a uniform system is shown to be operating over all the compulsory subjects.

During 2020 in the course of administering the moderation system the Council, inter alia, approved the appointment of moderators from amongst legal practitioners nominated for their academic ability and legal experience, and members of the Judiciary. The Council received and analysed the moderators' reports. The Council revised the Moderators' and Examiners' Guidelines, and gave advice to the Universities and moderators on matters relating to the compulsory law subjects, and the Council's expectations in these areas.

During 2020 the Council passed a special resolution regarding assessment of core subjects in response to Covid-19.

Subjects Compulsory for Admission

During 1997 the Council introduced a requirement for all law students who completed their Bachelor of Laws, or Bachelor of Laws with Honours degrees after 31 July 2000 to pass a university course in legal ethics as a further requirement for admission. On 1 August 2008 the requirement was extended to all applicants for admission regardless of the completion date of their degree.

The course which is prescribed and moderated by the Council, has as its broad principles –

- an introduction to ethical analysis including an examination of various theories of ethics;
- the applicability of ethical analysis to legal practice;
- the principles of ethical conduct and the role and responsibilities of lawyers;
- the wider responsibilities of lawyers in the community.

The course was introduced in response to a report⁶ which had recommended that courses in legal ethics be required at three levels of legal education: academic, vocational training and continuing education after admission to the profession. In New Zealand this was implemented by the Council by the introduction of the undergraduate university course in legal ethics which, while not a compulsory degree subject, is required for those students wishing to be admitted to the profession. The requirement was further implemented by the introduction of Ethics and Professional Responsibility components into the Professional Legal Studies Course.

The Council also introduced the Legal Ethics requirement into its overseas qualification assessment system in 2001, and since that time it has also been a requirement for overseas law graduates and practitioners.

During 2020 the Council continued to monitor the subject, giving advice as required through the Chief Executive's Office, to Law Schools' administrators and students, on the legal ethics requirement and its implementation.

⁶ WB Cotter QC and C Roper *Report on a Project on Education and Training in Legal Ethics and Professional Responsibility for the Council of Legal Education and the New Zealand Law Society* (Wellington, 1996).

Moderators

Moderators during the year were –

Mr D Kalderimis	-	Law of Contract
The Honourable Justice Gilbert	-	Law of Torts
The Honourable Justice Whata	-	Criminal Law
The Honourable Justice Palmer	-	Public Law
Mr J Greenwood	-	Property Law
The Honourable Justice French	-	Legal Ethics

Law Student Statistics

Each year the Council collects statistics from the University Law Schools. The Statistics relate to the following areas –

Graduates

These statistics detail the number of law students graduating in the following degrees as at 31 December of the relevant year.

- PhD
- Masters
- LLB (Honours)
- LLB

Enrolments

These statistics detail the number of students enrolled in various degrees for the relevant academic year.

The degrees are –

- PhD
- Masters
- LLB (Honours)
- LLB

Figures are also collated relating to numbers of students admitted to the first year and to the second year for the first time.

Summary of Results

These statistics relate to results. The statistics detail the results in the Council's prescribed core law subjects for the relevant academic year.

Figures are gathered as to the number of candidates in each subject at each University, percentages passing and failing, and grades awarded.

The results statistics give a valuable insight into the numbers of students enrolled in the core courses and the distribution of grades. The graduates and enrolments statistics allow the Council to monitor the number of students enrolling in law courses, and also the number who graduate. Overall, the statistics give a picture of current trends as against previous years.

Gender and Ethnicity Statistics

In addition to statistics relating to graduates, enrolments and results, the Council also compiles gender and ethnicity statistics. Overall, the three ethnic groups that occupied the top percentages are Pākehā, Asian and Māori; female students outnumber male students.

Statistics are compiled annually and are considered at Council meetings.

Related Issues

During the year the Council in the course of fulfilling its role in this area also advised Universities as required on a number of Council-related issues, or those relating to legal education.

Other Provision

During the year the Council (through the Institute of Professional Legal Studies) provided onsite and part-distance taught courses, for New Zealand law graduates, and for those overseas law graduates and practitioners required to undertake it (see section 18 on the Institute of Professional Legal Studies). The Council also administered the New Zealand Law and Practice Examination for overseas graduates and practitioners required to undertake it (see section 9 on the New Zealand Law and Practice Examination).

7. ASSESSMENT OF OVERSEAS LAW QUALIFICATIONS

Background

The overseas qualification assessment system prescribed in the Lawyers and Conveyancers Act 2006, and relevant Council Regulations, involves examination of the credentials of overseas law graduates and practitioners through a process of analysis and written assessment, verification of qualifications, notification and liaison with candidates and sometimes overseas universities and institutions, assistance and advice, reviews and appeals. It also involves reporting requirements, and preparation of material for applicants.

Applications are decided by the Council's Credits Committee which operates under delegated authority from the Council, and provides an assessment for each application.

The assessment forms the basis for eligibility for admission of overseas graduates and practitioners to the legal profession in New Zealand, upon completion of the prescribed requirements.

Applications are decided on their merits, after thorough examination of all documents, and following earlier policy and precedents established by the Council.

The assessment process involves a detailed analysis of —

- the applicant's tertiary academic qualifications;
- the nature and extent of the applicant's professional training;
- the nature and extent of the applicant's professional experience; and
- the nature and extent of the applicant's knowledge and experience in the use of the English language.

The examination requires an analysis of the extent to which the applicant's degree, training and experience equate with the admission requirements for New Zealand candidates.

In particular it is necessary to establish –

- That the applicant has completed the equivalent of the New Zealand four year Bachelor of Laws degree (LLB) and that at least three years full-time study of law subjects has been undertaken by the applicant. If, on analysis, it is found that the applicant's degree is not in terms of length or breadth broadly the equivalent of the New Zealand law degree the applicant may be required to sit New Zealand University degree courses to broaden their degree.
- That the applicant has included in their degree and passed courses that broadly cover the principles of the compulsory Council of Legal Education New Zealand LLB subjects. Currently these subjects are Legal System, Contract, Torts, Public, Criminal and Property Law. (The Property Law course includes a land law, and equity and succession law component.) If the applicant has completed a course that is found to adequately correspond with any of the above subjects, the applicant may receive a credit in that subject and be required to sit the New Zealand Law and Practice Examination, otherwise the applicant will usually be required to undertake that course at a New Zealand University.

All New Zealand law graduates who wish to be admitted to the profession must undertake a university course in legal ethics. During the assessment process it is necessary to establish whether an overseas applicant has completed a course in legal ethics and professional responsibility. Any applicant who has not completed such a course may be required to do so.

An assessment is also made of the scope of any courses or practical training that an applicant may have completed, and any related experience. If the combined practical training and experience is insufficient an applicant will be required to complete a skills-based training course.

Applications are processed as expeditiously as possible. A typical application may take sixteen weeks to consider; sometimes it may be more speedy or a longer time may be required depending on the nature of the application, the need to clarify issues with the applicant or others, and the number of cases under consideration.

A reconsideration process is available for applicants who present new material not considered in the earlier assessment.

In late 2014, the Professional Examinations in Law Regulations 2008 were amended to provide for a final review process for overseas applicants. Such applications are decided by the Chair of the Council.

Number of Applicants

The total number of applications received for the year was 99. This is significantly lower than the last four years and has resulted from the Covid-19 pandemic.

Applications were received from the following countries:

Australia, Brazil, China, Chinese Hong Kong, Fiji, France, India, Ireland, Japan, Mauritius, Mexico, Philippines, South Africa, Sweden, UK and USA.

The total number of applications received since 1998 are listed in the table below:

Year	Applications
1998	67
1999	71
2000	85
2001	101
2002	124
2003	123
2004	99
2005	123
2006	109
2007	85
2008	135
2009	117
2010	101
2011	106
2012	117
2013	94
2014	95
2015	95
2016	126
2017	149
2018	123
2019	158
2020	99

Applicant Database

During the year the Chief Executive's Office continued to maintain a comprehensive confidential database of all applicants, together with information on their academic qualifications, and practical training and experience, in order to preserve consistency in the assessments.

Inquiries

During the year the Chief Executive's Office handled numerous inquiries from applicants and potential applicants for assessment of their qualifications, and related general inquiries.

Completion Certificates

The Chief Executive's Office continued during the year to issue certificates of completion to overseas graduates and law practitioners who completed the Council's prescribed requirements. Forty completion certificate applications were received from overseas graduates and practitioners in 2020.

8. INTERNAL CREDITS

Background

This area is specific to overseas undergraduates. When an overseas graduate or admitted practitioner applies to the Council to have an overseas qualification assessed, the Council examines the core law degree subjects undertaken by that person. If that person's degree subject is found to adequately cover the common law principles in the subject, the applicant is given a credit in that particular subject. However the applicant will almost certainly have to undertake the Council's New Zealand Law and Practice Examination in the corresponding Part, which tests understanding of the New Zealand law. It is rare for any exemptions to be granted from the New Zealand Law and Practice Examination.

However, if an applicant has not graduated overseas, but has partially completed an overseas law degree, and wishes to enter the profession in New Zealand, or to obtain a law degree here, the applicant will proceed to a University in New Zealand, enrol in an LLB degree, and seek credit in any relevant subjects, which may include the core law subjects.

Historically, a potential difficulty arose because if the Universities granted credit in the core law subjects without any further requirements being imposed, those undergraduates who commenced their undergraduate degree overseas, but transferred, or wished to transfer to a New Zealand LLB degree, were significantly advantaged over their graduate/admitted compatriots, who would have to undertake the New Zealand Law and Practice Examination prescribed by the Council. From the Council's standpoint there was also a public interest concern in that those undergraduate students had at no stage studied or been assessed in New Zealand law in these core law subjects.

Similar considerations applied to students seeking to undertake core law courses on an exchange programme. In those cases students might obtain passes in the equivalent core law

subjects overseas, but not be required to undertake any further study in the area in New Zealand.

As a result of these potential inconsistencies, a Protocol was drafted in 2002, by the Chief Executive's Office and the Law Deans, as a joint initiative between the Council and the Law Schools. The Protocol, entitled the *Protocol between the Council and the Universities on Internal Credits*, was designed to remedy any inconsistencies in processes, by establishing a standard procedure to be followed in internal credit cases.

The Protocol

The Protocol encourages the Law Schools to seek a recommendation from the Council as to the credit to be given in core law subjects in respect of –

- students presenting with a course from an overseas country or jurisdiction in substitution for any core law course;
- students seeking to undertake a course at an overseas institution and to substitute that course for a core law course through an Exchange Programme.

The Council's recommendation may include requiring the applicant to complete the corresponding Part of the New Zealand Law and Practice Examination.

The Protocol came into effect on 1 April 2003. Since then the Council has regularly provided recommendations for a number of applications from the Law Schools, and to those applicants who have not yet approached a Law School, but have chosen to come directly to the Council.

9. EXAMINATION IN NEW ZEALAND LAW AND PRACTICE

Background

The Council requires almost all overseas applicants who have been given credits for the core law subjects to pass all, or a number of Parts, of an examination on the law of New Zealand – the New Zealand Law and Practice Examination.

The Examination consists of a six-Part written examination following a comprehensive self-taught prescription. It is generally held bi-annually, over a period of four days. The purpose of the Examination is to test the applicant's knowledge of the distinct features of the New Zealand law, and proceeds on the basis that the applicant will already have an understanding of the common law principles in that subject, by virtue of the applicant's overseas law degree.

The Examination covers the areas of Legal System (equivalent to Public Law), Contract Law, Criminal Law, Property Law, Torts, and Equity and Succession. Each Part consists of one written examination of 90 minutes duration.

The examiners are generally Law Faculty professors and lecturers who specialise in the above subjects. The Examination may be sat at any of the six New Zealand University Law Schools.

It may also be sat at a venue in the United Kingdom arranged by the Council. However, in 2020 the United Kingdom was experiencing multiple lockdowns and the venue was closed.

During the reporting period, the Council –

- administered and conducted an Examination in February, and a special sitting of the Examination in November;
- appointed an independent moderator and assessor to report on the Examination;
- operated an appeal system within the confines of the Council's regulations for the conduct of the Examination, which provided for aegrotat, compassionate and compensation passes in appropriate circumstances;
- updated the Prescription for the Examination for use in 2021.

In 2020 the usual July sitting was postponed to November due to uncertainties and travel restrictions caused by Covid-19. The UK venue was cancelled. As noted the United Kingdom was experiencing multiple lockdowns and the venue was closed. It was therefore not possible to have an overseas sitting in November 2020. Instead the Council trialled allowing sittings in the candidates' home countries where appropriate arrangements were able to be made for security and invigilation. The trial was done on a limited basis, but was successful and will be extended into 2021 while the pandemic continues.

Staff

The examiners during the year were –

Part I	Dr Grant Morris, Law Faculty, VUW
Part II	Professor Tony Angelo, Emeritus Professor, Law Faculty, VUW
Part III	Professor Elisabeth McDonald, Law Faculty, Canterbury
Part IV	Dr Mark Bennett, Lecturer, Law Faculty, VUW
Part V	Dr Bevan Marten, Law Faculty, VUW
Part VI	Dr Mark Bennett, Law Faculty, VUW

The moderator/assessor for the course was The Right Honourable Sir Andrew Tipping.

Statistical Data for the Examination

Month	Year	Number of Candidates	Number of Parts
February	1997	20	40
July	1997	47	140
February	1998	51	116
July	1998	49	127
February	1999	54	125
July	1999	61	124
February	2000	46	105
July	2000	46	128
February	2001	43	97
July	2001	51	116
February	2002	48	116
July	2002	47	112
February	2003	72	159
July	2003	68	174
February	2004	74	152
July	2004	81	211
February	2005	79	181
July	2005	72	140
February	2006	82	206
July	2006	101	222
February	2007	86	171
July	2007	89	192
February	2008	78	155
July	2008	80	188
February	2009	99	204
July	2009	99	205
February	2010	100	220
July	2010	87	210
February	2011	103	241
July	2011	87	224
February	2012	74	164
July	2012	90	218
February	2013	78	192
July	2013	86	214
February	2014	86	184
July	2014	77	178
February	2015	72	163
July	2015	80	192
February	2016	81	200
July	2016	91	210
February	2017	90	214
July	2017	101	253
February	2018	98	233
July	2018	113	257
February	2019	119	267
July	2019	123	273
February	2020	119	267
November	2020	97	200

The following tables detail the registration statistics for the February and November Examinations during the year.

February Sitting

Of the prospective candidates who requested information from the Examination Administrator regarding the February 2020 Examination sitting:

- 122 registered for a total of 273 Parts. Four candidates withdrew from a total of 6 parts, 3 of whom withdrew from the exam, which meant that 119 candidates sat 267 Parts.

Table - Candidates by Parts

	Part I	Part II	Part III	Part IV	Part V	Part VI
Candidates	65	57	52	35	34	30

November Sitting

Of the candidates who requested information from the Examination Administrator regarding the November 2020 Examination sitting –

- 101 registered for a total of 217 Parts. Nine candidates withdrew from the sitting with a total of 17 Parts, including 4 withdrew from the exam, which meant that 97 candidates sat 200 Parts.

Table - Candidates by Parts:

	Part I	Part II	Part III	Part IV	Part V	Part VI
Candidates	44	51	40	19	40	23

10. EXEMPTIONS

During the year the Council, through the Chief Executive's Office, implemented systems to deal with applications for exemptions from certain Council requirements on the basis of equivalent training. These include exemptions in relation to the Professional Legal Studies Course in regard to applicants who held equivalent skills-based training qualifications from other countries.

11. ADVICE TO UNIVERSITY COUNCILS

The Council may tender advice to University Councils on any matter relating to legal education.

12. MINISTERIAL ADVICE

The Council may provide advice to the Minister of Justice (if required) on any matter relating to legal education. No advice was required in 2020.

13. INQUIRIES

During the year the Chief Executive's Office continued to respond to numerous inquiries related to its areas of operation. The inquiries emanated from a diverse and large group of bodies and individuals. Such bodies ranged from Government departments requesting information, to general student and applicant inquiries.

14. COMPLETION CERTIFICATE SYSTEM

Background

As from 1 August 2008, the Council became responsible for issuing completion certificates to New Zealand law graduates who have fulfilled the Council's prescribed requirements for admission to the profession.

Certificates Issued

During the year the Council received 1120 completion certificate applications from New Zealand law graduates. All candidates were issued a completion certificate after stringent verification.

15. EXTERNAL LIAISON

The Council continued to liaise externally and as required with the following bodies –

The Judiciary

The Chief Justice

The Chief District Court Judge

Registries of the High Court

The Profession

The New Zealand Law Society
NZLS President
NZLS Executive Director and Senior Staff
NZLS Registry
NZLS Branches
Auckland District Law Society Inc.
Law firms as appropriate

Academia

Law Staff
University Administrators
University Management
University Students
University Bodies (eg CUAP)

Government Departments and Agencies

Audit New Zealand
State Services Commission
Ministry of Justice
Attorney-General's Office
Department of Internal Affairs
Immigration New Zealand
Ministry of Business, Innovation and Employment
Ministry of Education
Crown Law Office
Office of the Controller and Auditor General
New Zealand Qualifications Authority
Tertiary Education Commission

Government Ministers

Minister of Justice
Attorney-General

The Public

Public (applicants, candidates, general inquiries)
News Media

Well Being Services

Vitae Workplace Support Psychotherapists, Counsellors and trauma response team

General

Accountants

Insurance personnel

Legal Advisers

IT Advisers

Verification Authority

College of Law

Australian Law Admissions Consultative Committee

Australian Admission Authorities

Australian Productivity Commission (on TTMRA)

16. FEES

During the year the Council –

- Maintained at \$1375.00 (exclusive of Goods and Services Tax) the fee charged to overseas law graduates for assessment of applications for credits, and maintained at \$1640.00 (exclusive of Goods and Services Tax) the fee charged to overseas practising lawyers.
- In accordance with its user-pays policy set the entry fee for each Part of the New Zealand Law and Practice Examination maintained at \$500.00 but November increased to \$750.00 (exclusive of Goods and Services Tax), and prescribed fees for the various concession (aegrotat, compassionate and compensation) passes.
- Set the fee for the Professional Legal Studies Course offered by the Institute of Professional Legal Studies.
- Maintained the fee for certificates of completion at \$165.00 (exclusive of Goods and Services Tax).

17. PROFESSIONAL LEGAL STUDIES COURSE

Provision

The Council is also responsible for providing practical legal training for New Zealand law graduates, and overseas graduates and practitioners as required.

In 1986 a review commissioned by the Council of Legal Education and the New Zealand Law Society⁷ recommended the establishment of a full-time practical skills-based training course which would complement the experience which a law graduate gained while working in a legal environment, and would replace the fifth professional year at university where students had previously been trained in practically oriented legal subjects.

⁷ N Gold *Report on the Reform of Professional Legal Training in New Zealand for the New Zealand Law Society and the Council of Legal Education* (Wellington, 1987).

In order to provide the course the Council established the Institute of Professional Legal Studies in 1987.

Institute of Professional Legal Studies

The Institute is the Council's provider arm for the delivery of the Professional Legal Studies Course. The Council has a statutory duty to arrange the provision of such a course, and must ensure that it has the ability to do so to ensure that the course is accessible to all students.

The Institute is managed by a National Director, responsible to the Chief Executive of the Council. A Delegation Document has been in place since 2003 under which the National Director operates and reports to the Chief Executive of the Council.⁸

Constitutional Changes

During 2002 and 2003, the Council considered and implemented a number of key constitutional changes relating to the Institute. A major initiative involved clarifying and better defining accountability to the Council. This outcome was achieved partly by dissolving the Administration Committee which had been established in 1987 and replacing it with the Executive Committee of Council. The latter body consists of the Chair and Chief Executive of the Council, and two other Council Members.

Contemporaneously with this step, the Council, through the Chief Executive's Office, drafted a major constitutional document governing the accountability relationship between the Council and the Institute referred to above. The document established certain delegations from the Chief Executive to the National Director of the Institute with reserve powers in the Chief Executive.

The document, which involved consultation with Audit New Zealand and other bodies operating similar systems, defined and clarified the relationship between the Council and the Institute, and incorporated personnel delegations, financial delegations and management guidelines. The overall effect was to strengthen the lines of accountability to the Chief Executive and the Council. The document provides a sound structural base which recognises the special nature of the Institute, and against which the organisation can operate effectively.

Accreditation of Providers

In 2002 the Council drafted two sets of Regulations establishing a process of accreditation and monitoring of providers of professional legal training course.

The first of the two sets of Regulations⁹ set out the aims of the Professional Legal Studies Course and specified the required course content. The Regulations dealt with delivery standards encompassing areas such as the duration of the course, the methods of delivery, and the weighting to be given to components within the course. The Regulations also gave a detailed analysis of the course outcome specifications, namely a description of the skill required and the abilities which a student should have obtained after completion of that particular component of the course.

⁸ *Statement of Accountability Relationship Between the Council of Legal Education and the Institute of Professional Legal Studies* (Wellington, 2002).

⁹ Professional Legal Studies Course Assessment and Standards Regulations 2002.

The second set of Regulations¹⁰ dealt with the accreditation process establishing the system for accreditation, and requiring providers to make detailed and comprehensive applications showing how they complied with the requirements specified by the Council, and to provide evidence as to their financial viability, proposed teaching methods, staff and related matters. The Regulations provided for detailed monitoring requirements to be conducted by the Council. The first monitoring exercise took place in early 2005.

The Regulations provided for the establishment of an Accreditation Committee whose brief is to provide recommendations to the full Council on all provider applications matters, including monitoring, and re-accreditation.

In 2003 the Council also redrafted the regulations governing the Professional Legal Studies Course which allowed for a generic, rather than provider specific, set of regulations¹¹. A major review of these regulations was undertaken in 2004 which resulted in the promulgation of the Professional Legal Studies Course Regulations 2004 which further emphasised the generic nature of the regulations.

In 2003 the Council licensed the Institute of Professional Legal Studies to provide a 13 week face to face, full-time course, and a 19 week part face to face, part distance delivered course. In the same year the Council also licensed the College of Law New Zealand to provide an 18 week part face to face, part distance delivered course. Both organisations were licensed for initial periods of two years. The licensing of a second provider added a significant new dimension to the Council's operations.

In 2013 the Council approved changes to the IPLS full-time course, introducing online components into that course. In 2015, approval was given to the IPLS to again deliver a 13 week onsite course. The new Course was 13 weeks full time, and fully onsite.

At the same time approval was given to the College of Law to deliver a variation to their 18 week blended online and onsite Course. The College's 13 week Course involved 6 weeks onsite and 7 weeks online.

In 2016 the Council approved a further variation to the College's courses enabling it to vary the 13 week Course to 5 weeks onsite and 8 weeks online, and to provide a new 13 week course with 4 weeks onsite, and 9 weeks online.

In 2018 the Council approved a redesign of the PLS course by the College of Law, which restructured the existing content in response to students' learning needs.

Both providers were licensed to deliver wholly online courses in 2020 owing to the Covid-19 pandemic. This has been extended into 2021.

¹⁰ The Professional Legal Studies Course Accreditation Regulations 2002. During 2006 these regulations were comprehensively reviewed, and the Professional Legal Studies Accreditation Regulations 2006 were promulgated.

¹¹ See now Professional Legal Studies Course Regulations 2004.

Re-Accreditation and Monitoring Exercises

Every third year providers must re-apply for accreditation to deliver the course. 2020 was a re-accreditation year. Both providers submitted comprehensive applications in August 2020, and were each re-accredited for further periods of three years.

In the first quarter of every year which does not follow a re-accreditation round, the Council undertakes a monitoring exercise of both providers of the Professional Legal Studies Course in accordance with the provisions of the Professional Legal Studies Course Accreditation Regulations 2006. The exercise involves receipt and consideration of detailed reports from both providers, and discussion and liaison with the provider organisations. No provider monitoring was done in 2020 as it was a re-accreditation year.

Course Content and Delivery: Background

The Professional Legal Studies Course was reviewed in 2001. The reviewers noted that the face to face version taught by the Institute of Professional Legal Studies provided –¹²

a well-structured approach to skills development. Students are provided with sufficient opportunities to practise and improve their skills before assessment tasks are undertaken. The content of the relevant courses appears to be of a high quality and of immediate relevance to legal practice. Supporting instruction and resource materials are of good quality and well-presented.

However in order to further improve the course the reviewers suggested that the transactional base of the course, which the Review stated was relatively under-developed, should be increased.¹³

The Review noted that in many Australian institutions, while skills based training was a key factor, transactionally based learning and the offering of substantive course options to trainees was also an important factor.¹⁴

The Review noted that a transactional approach would use –¹⁵

simulated cases or problems to teach skills and substance in an integrated fashion. This contrasts with a generic approach which focuses on the underlying skills common to a wide range of transactions with little reference to transactional context. Transactional approaches have become increasingly the norm in the common law world, having been adopted in all the jurisdictions of Australia, Hong Kong and the United Kingdom.

The Review noted that in respect of the Professional Legal Studies Course there were few common transactions used as a means to deliver the skills. This had the disadvantage that students were not experiencing a wide variety of common transactions, nor was there an opportunity for the students to acquire practical knowledge of additional areas of specialisation which might be extremely valuable from an employment or interest perspective.¹⁶

¹² CF Finlayson, R Hughes, J Webb *Report of the External Review Group Appointed by the Council of Legal Education to Conduct a Review of the Professional Legal Studies Course* (Wellington, 2002), paragraph 64.

¹³ Paragraph 67.

¹⁴ Paragraph 65.

¹⁵ Paragraph 67.

¹⁶ Paragraph 68.

The Review stressed that to develop an extensive transactional base would lengthen the course. It was noted that transactional courses run in England and Wales consisted of 34 to 36 weeks of full-time study. However some increase in the transactional base could be achieved within about 15 to 16 weeks of full-time study, or its equivalent.¹⁷

As a consequence, the Review commented that the course should not involve less than the equivalent of 15 weeks of full-time study.¹⁸ However a key recommendation of the Review was that the course should involve distance learning for large sections of the course, and possibly teaching the course intensively in weekend or evening sessions. This was felt to be desirable not only because of the educational benefits of distance learning, but because it enabled a reduction in the amount of time which new graduates spent away from their places of employment.

The Report concluded that a course could be structured thus –¹⁹

- (a) Compulsory full time attendance at the IPLS for the existing skills based training could take 8-9 weeks. There is an argument to be made for extending the hours that students attend the course from the present 9.00 a.m. to 3.00 p.m. to 8.30 a.m. to 5.30 p.m (ie., a normal working day).
- (b) Thereafter the students would return to their places of employment (if they had them) but would be required to attend weekend intensive sessions or lectures in the evening on transactional subjects. Such lectures could take place over a seven or eight week period, or even longer if necessary.
- (c) Aspects of the transactional curriculum could also be covered by distance learning.

During 2002 the Council authorised the Institute to investigate the viability of provision of a part-distance course and considerable work was undertaken by the Institute to develop a prototype for a part distance course. Several refinements were undertaken during 2002 and 2003 and the part distance course was offered from January 2004, in addition to the 13 week full time, face to face course. Since that time the distance course has been substantially developed. As noted earlier, the Council also licensed the College of Law (New Zealand) to provide a distance taught course. This course has operated in New Zealand since 1 January 2004.

REVIEW OF THE PROFESSIONAL LEGAL STUDIES COURSE

To ensure the Professional Legal Studies Course is fit for purpose and responsive to the needs of law graduates, graduate employers and users of legal services, the Council undertook a comprehensive review of the Course in 2013. It had been over a decade since the Professional Legal Studies Course had been reviewed.

The review was conducted by the Right Honourable Sir Andrew Tipping. It was composed of three phases: The first phase called for submissions, which were provided from a wide range of law firms, professional bodies and the respective course providers. After consideration of these written submissions, proposed recommendations were drafted for targeted consultation.

¹⁷ Paragraph 70.

¹⁸ Paragraph 81.

¹⁹ Paragraph 82.

Taking into account further submissions, supplied by a number of those who supplied a first submission, the final report to the Council was produced.

The review examined the skills required by the Professional Legal Studies Course and Assessment Standards Regulations 2002 and potential skills that could be included in the Regulations, transactional content and substantive content for the Course, types of teaching and learning, method of delivery, skills that may be developed outside the Course, expected attributes, and professional competence of candidates for admission. The review also took a comparative approach to other Commonwealth jurisdictions in the practical legal training field.

With regard to the content of the Professional Legal Studies Course the reviewer concluded that the conventional skills listed in the Professional Legal Studies Course and Assessment Standards Regulations 2002 remained generally adequate for candidates for admission as barristers and solicitors. Some additions to the way the skills were presented were recommended by the reviewer including a more client orientated focus of the “advising” skill 2, a wider scope of the “management” skill 11, and emphasis on effective and accurate communication.

A change of the existing Professional Legal Studies Course structure from a skills based content to a more transactional emphasis of the skills in order to enhance generic and transferrable skills was not recommended. The reviewer noted that there was nothing to persuade him that a move to more transactional content was necessary, and that such a change would fail to recognise the focus and purpose of the skills-based course. It was recommended that the Course should not deliver substantive content which went beyond the substantive content necessary as background to skills, as it was the primary obligation of the Law Schools to teach substantive subjects. The reviewer addressed the need to review the relationship between Legal Ethics as taught at the University and as addressed in the Course.

The reviewer concluded that, while allowing the providers of the Professional Legal Studies Course certain flexibility, the current method of delivery as a mix of face to face and online learning was adequate, and that the tendency to favour online learning could be balanced by enhancing the focus of the Course on good relationships with clients and interpersonal skills. The reviewer noted that teaching transferrable skills required initial instructions followed by practical application by the trainee and needed to be accompanied by individual feedback. The reviewer also noted that the Regulations should emphasise face to face instructions for certain skills where this was necessary.

The reviewer concluded that the requirement to complete an accredited Course was necessary to ensure a consistency of standards, although skills developed outside the Professional Legal Studies Course (e.g. through employment) may overlap with Course skills, and should be seen as of additional benefit.

The reviewer concluded that articles and training contracts as a pre-condition to admission was not desirable in New Zealand as the benefits of such a system were considerably outweighed by the disadvantages of implementation and administration.

The reviewer also proposed that an external exam be conducted by the Council which trainees would be required to pass.

It was pleasing to note that according to the consensus view of the submissions the Professional Legal Studies Course was providing an adequate and satisfactory transition between University and practice, in content and method of delivery, and the Course was evolving well and reflecting the contemporary needs of the trainees.

During 2014, the Council considered all recommendations in the Report and adopted all but the requirement for an external exam which raised feasibility issues for the Council. The following Regulations were amended to take account of the recommendations –

Professional Legal Studies Course Assessment and Standards Regulations 2002

Professional Legal Studies Course Accreditation Regulations 2006

Professional Examinations in Law Regulations 2008.

18. THE WORK OF THE INSTITUTE OF PROFESSIONAL LEGAL STUDIES IN 2020

The Institute of Professional Legal Studies (IPLS) is a committee of the Council of Legal Education. It has financial and reporting responsibilities as a section of the Council's activities. It is maintained as a separate cost and activity centre within the Council's operations.

National Director of IPLS

The National Director of the Institute is Ms Bernadette Wilson.

Work of IPLS

IPLS, as part of the New Zealand Council of Legal Education, offers the Professional Legal Studies Course (PLSC) in Auckland, Hamilton, Wellington, Christchurch and Dunedin. The course is taken following completion of the LLB degree and is a prerequisite for admission to practice as a barrister and solicitor.

IPLS currently offers four versions of its course:

- 13 weeks fulltime onsite (February start in Auckland & Wellington only)
- 13 weeks blended online and face to face course – 10 weeks online and 3 weeks face to face.
- 18 weeks blended online and face to face course – 14 weeks online and 4 four weeks face to face.
- 18 weeks blended online and evening/weekend face to face course – 14 weeks online and 4 weeks face to face delivered on Saturdays and evenings.

In 2020 with the start of the COVID 19 lockdown, all face-to-face blocks and the remaining 3 weeks of the fulltime onsite course were delivered using ZOOM.

The content of the course complies with Regulation 3(2)(b) of the Professional Examinations in Law Regulations 2008. This Regulation lists Professional Conduct and eleven skills. As

required by the Regulation, these skills are taught in the context of legal transactions commonly undertaken by newly admitted lawyers.

Funding and Accommodation of IPLS

The Institute of Professional Legal Studies (IPLS) is required by the Tertiary Education Commission (TEC) to register with the New Zealand Qualifications Authority (NZQA) as a Private Training Establishment (PTE).

IPLS receives Student Achievement Component (SAC) funding from the TEC. Without SAC funding, IPLS would be ineligible for trainee access to student loans and allowances.

The 2020 course fee (including manual) was \$ \$5,486.75 (GST inclusive) for NZ residents and \$6,300.00 (GST inclusive) for international students.

IPLS Onsite Premises in 2020

Auckland	Level 7, 120 Albert Street, Auckland Central 1010
Hamilton	3/210 Collingwood Street Hamilton Lake, Hamilton 3204
Wellington	Urban Hub serviced offices Level 2, 318 Lambton Quay, Wellington 6011
Christchurch	L1, 86 Moorhouse Avenue, Addington, Christchurch 8011
Dunedin	Otago Branch of the New Zealand Law Society 4th Floor, John Wickliffe House, 265 Princes Street, Dunedin 9016

Compliance Activities in 2020

- Ministry of Education Single Data Returns
- TEC financial viability report; TEC Mix of Provision return for funding purposes
- NZQA Annual Registration Fee Return Form; NZQA Annual Return Statutory Declaration; and NZQA Annual Student Fee Protection Audit report
- NZCLE Annual Report; NZCLE Quarterly Reports; NZCLE Legal Compliance Report; and Marketing Plan
- NZQA Pastoral Care Attestation;
- Student Fee Protection “Fee Protect” onsite audit – Ernst and Young
- Financial Audit – Audit NZ

Liaison with Profession

- IPLS meets with members of the profession to discuss their needs and expectations of new graduates entering the profession and expectations while their law clerks are studying our course
- IPLS works closely with members of the profession to deliver events at universities
- IPLS consults with members of the profession to review course content to ensure our materials remain current and relevant

- IPLS engages members of the profession to serve as external moderators.

Trainee evaluations

IPLS operates an anonymous online survey to evaluate trainee learning experiences. Combined with other information such as grade outcomes, feedback is considered for course improvements, to monitor adjustments, and to guide professional development.

Equal Employment Opportunities Policy

The Council has an equal employment opportunity (“EEO”) policy and programme that extends to IPLS. In 2008, IPLS set up new contracts of employment that are equitable across all instructors and allows greater flexibility of work hours. Instructors opting for a casual contract can work at a distance and are paid per trainee.

This arrangement allows instructors to work hours suitable to their needs enabling a work life balance. For example, instructors with children can work around child care needs. This is also good for the organisation of work, as trainees working online often work in evenings and weekends, so if instructors are working similar hours they can provide greater access to timely feedback and assistance to their trainees.

Additionally, the flexible contracts have given IPLS opportunity to employ instructors who are in practice on a part time basis. This has widened the pool of available instructors. There were no outstanding EEO related issues in 2020.

Course Enrolments in 2020

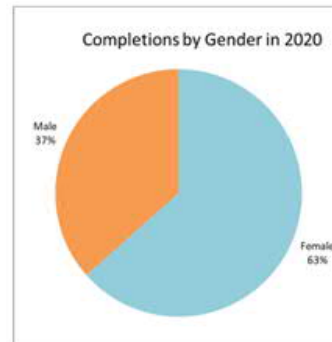
Course enrolments in 2020 was 15% ahead of enrolments in 2019.

Trainee profile

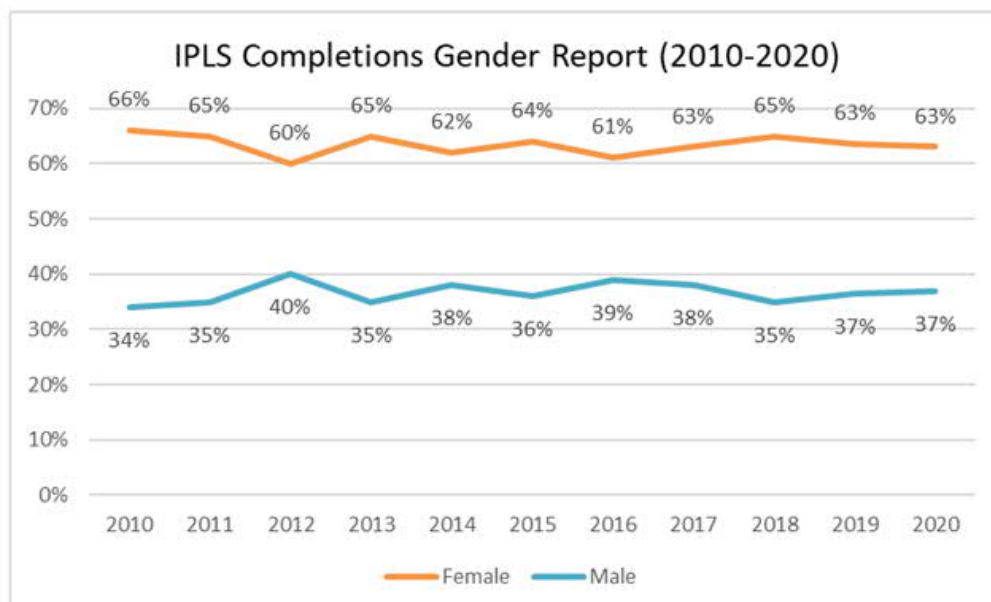
Gender

Of the total number of completions in 2020, 62% (2018: 65%) were female and 38% (2018: 35%) were male.

Female	63%
Male	37%
Total	100%



The graph below displays the percentage of male and female trainees that completed the IPLS Profs course each year, from 2010 to 2020. The 2020 gender proportion remains relatively consistent with previous years.



19. EQUAL EMPLOYMENT OPPORTUNITIES POLICY AND PROGRAMME

In 2005 the Council amended its EEO Policy to accord with current best practice. The Council used as guidance the State Services Commission 'Public Services Commitment to EEO to 2010' policy.

A copy of the Policy is reproduced below.

CLE Policy on Equal Employment Opportunities

1. The Council of Legal Education endorses the principles and practice of Equal Employment Opportunities (EEO) and is committed to ensuring equality of opportunity for all potential and current employees, focusing on merit.
2. In accordance with legislation and EEO principles, the Council recruits, promotes and evaluates all employees without unfair discrimination, (including but not limited to discrimination on grounds of sex, marital status, religious or ethical belief, colour, race, ethnic or national origins, disability, age, political opinion, employment status, family status, sexual orientation) save where any such characteristic is relevant to the qualifications for a particular employment position and is lawful discrimination.
3. The Council is committed, through this Policy, to recognising the aims and aspirations of Maori and the need for greater involvement of Maori as employees of the Council.
4. This Policy will apply to all aspects of employee relations, policies, procedures and practices. The Council's human resource policies, practices and procedures will seek to identify and eliminate any direct, indirect, or institutional, discriminatory barriers to the ability of individual employees to be recognised, rewarded, advanced or supported on their merits.
5. This Policy is a dynamic document and all policies, procedures and practices of the Council, and this Policy itself, will be regularly reviewed to ensure continuing compliance with best EEO employment practice.
6. Consultation and participation are good employment practice and the Council will ensure that employees are consulted in the ongoing development and implementation of this Policy and the Council's EEO Programme.

The policy and EEO programme were adhered to in 2020, with no outstanding issues.

20. HUMAN RESOURCES

The NZCLE sees Human Resources as an essential part of its core function in order to ensure the highest quality work is carried out at all levels of the organisation. The HR strategy includes recruitment, retention and employee engagement plans to enable a positive work environment which encourages employee participation, professional development and job satisfactions. The HR contribution continues to evolve and in 2020 the main focus was on health and safety and wellbeing, change management, employee relations and professional development.

21. **HEALTH AND SAFETY AT WORK**

The Council has developed a robust health and safety policy and procedures in line with the Health and Safety at Work Act 2015 and these are reviewed to ensure compliance at all times. Premises where the Council has responsibility for employees are checked for the purposes of health and safety and procedures are in place to report on the key responsibilities outlined in the policy.

The Council was required to vacate the premises it leased from the law Society at 26 Waring Taylor Street Wellington this year after an engineering report considered the building unsafe in the event of an earthquake. The building was therefore unfit for occupancy for the purposes of work. Council employees were required to work remotely and make alternative arrangements for work, but this resulted in minimal disruption to the work of the Council.

An Employee Wellbeing policy (EAP) is in place for employees and all workers are encouraged to access personal support at any time.

The Council receives Health and Safety at Work reports at its Council meetings and reviews its risk mitigation strategy to address any compliance issues which may be identified from the reports. The primary duties of the Council are detailed in the health and safety policy and an implementation plan is in place for the provision and maintenance of a work environment that is without risk to health and safety.

The Health and Safety at Work Act 2015 required the Council to create a health and safety policy setting out its obligations as a “PCBU” (a person conducting a business or undertaking) under the Act.

The Council is required to ensure so far as “reasonably practicable” the health and safety of workers while at work with the Council and exercise due diligence in order that the Council complies with its obligations. Workers also have an obligation to take reasonable care of their own health and safety while at work and systems and procedures have been introduced to ensure all employees of the Council are aware of these obligations.

The Council considers a Health and Safety at Work report at each Council meeting. This ensures the NZCLE Health and Safety policy and procedures continue to be in line with the Health and Safety at Work Act 2015.

The Council has implemented a robust HSW policy, and procedures are in place to address and report on key responsibilities outlined in the policy. These responsibilities are broadly related to:

- Incidents and accidents and notified events
- Prevention of injury
- Work and non-work related activity causing injury or incapacity
- Risk and hazard
- Physical environment, psychological and stress related issues

The Council has developed a risk mitigation strategy to ensure all compliance issues are identified and addressed.

The Council reviewed its policies and procedures related to sexual harassment, workplace bullying, stress and wellbeing and has provided the opportunity for employees to access professional employee support services where needed. The policy and procedures acknowledge the importance of employee wellbeing and outlines the Council's commitment to ensuring a healthy workplace culture.

The Council operated from various temporary premises in 2020 due to the building it previously occupied being deemed earthquake prone. During the Covid-19 lockdown in 2020, staff worked from their own premises and the Council has developed a good and effective system of remote working and communication.

22. REPORTING REQUIREMENTS

In 2020 the Council met its on-going financial requirements and reporting requirements under the Crown Entities Act 2004 as if it was a Crown entity by having its financial statements, including performance measures, audited by Audit New Zealand, on behalf of the Controller and Auditor General, and by submitting its twenty-ninth report to the Minister of Justice in respect of the approved reporting period of 1 January 2019 to 31 December 2019.

23. GOVERNING LEGISLATION

The Council's governing legislation is the Lawyers and Conveyancers Act 2006 (Part 8), and the Council operates under the following Council Regulations –

- the Professional Examinations in Law Regulations 2008;
- the Conduct of the New Zealand Law and Practice Examination Regulations 1996;
- the Professional Legal Studies Course Accreditation Regulations 2006;
- the Professional Legal Studies Course Assessment and Standards Regulations 2002;
- the Professional Legal Studies Course Regulations 2004;
- the Trans-Tasman Mutual Recognition Regulations 2008.

The first set of Regulations update the earlier Professional Examinations in Law Regulations 1987, to take account of the Council's expanded role under the Lawyers and Conveyancers Act 2006.

The last set of Regulations were made to give effect to the Council's role under the 2006 Act in relation to recognition of qualifications for the purposes of the principles set out in section 15 of the Trans-Tasman Mutual Recognition Act 1996.

24. FUNDING

The Council has continued to maintain, as largely self-funding activities, its functions in relation to the New Zealand Law and Practice Examination, and the assessment of applications from law graduates and practitioners for entry into the New Zealand profession. Funding was

also received pursuant to the statutory levy imposed on practitioners under the Lawyers and Conveyancers Act 2006.

25. COUNCIL COMMITTEES

The following main Committees operated during this year –

EXECUTIVE COMMITTEE

The Chair of the Council (Chair)
Professor M Hickford
The Chief Executive

Key Role

To deal with Council and Institute business arising between Council meetings, or which does not require referral to the full Council.

CREDITS COMMITTEE

The Chair of the Council
The Right Honourable Sir Andrew Tipping
Professor M Henaghan (Auckland University)
Professor Angelo (Victoria University of Wellington)
The Chief Executive

Key Role

To review recommendations relating to applications for assessment, and to advise on matters relating to overseas qualifications.

STATEMENT OF NEW ZEALAND COUNCIL OF LEGAL EDUCATION STAFF RESOURCES FOR YEAR ENDED 2020

The Council	Full time	Part-Time
Chief Executive	1	
EA to CEO and NZLPE Administrator	1	
Project Manager	1	
Overseas Admission Administrators	2	
HR and Health and Safety Manager	1	
Credits Consultant	1	
Academic Adviser Overseas Admissions	1	
Private Investigator	1	
NZLPE Academic Co-ordinator and Academic Adviser	2	
Policy Advisers	4	
University Moderators	6	
New Zealand Law and Practice Examiners	5	
New Zealand Law and Practice Examination Moderator/Assessor	1	

THE INSTITUTE OF PROFESSIONAL LEGAL STUDIES

Role	Full-time	Part-time or Casual
National Director	1	
Communications Manager	1	
Finance Manager	1	
Enrolments Manager	1	
Receptionist/Office Administrator	1	
Marketing Assistant	1	
IT Manager	1 (contract casual)	
Instructors	16 (contract casual)	

New Zealand Council of Legal Education
Statement of Service Performance
For the Year Ended 31 December 2020

1 This Statement of Service Performance sets out the performance of the New Zealand Council of Legal Education (“**Council**”) against the key outputs arising from its functions, as set out in the Council’s Statement of Performance Expectations for the 2020 financial year (“**SPE**”).

2 The Statement forms part of the Council’s Annual Report.

AUTHORITY

3 The Council is an independent statutory body with continued existence established under the Lawyers and Conveyancers Act 2006 (“**the Act**”).

4 Under section 273(5) of the Act, sections 153 to 156 of the Crown Entities Act 2004 apply to the Council as if it were a Crown entity within the meaning of the Crown Entities Act 2004.

5 Accordingly this Statement of Service Performance is prepared by the Council in accordance with the requirements of the Crown Entities Act 2004.

COUNCIL’S FUNCTIONS

6 Under s 274 of the Act the Council has the following functions:

- (a) subject to this Act, to set the qualification and educational requirements for candidates for admission as barristers and solicitors of the High Court:
- (b) subject to this Act, to define, prescribe, and approve, from time to time and as it thinks fit, the courses of study required to be undertaken by candidates for admission as barristers and solicitors:
- (c) to arrange for the delivery of the courses of study referred to in paragraph (b) or to provide those courses where necessary:
- (d) to deliver courses of study in practical legal training for candidates for admission as barristers and solicitors or to license other persons to deliver those courses:
- (e) to arrange for the courses of study referred to in paragraph (b) to be monitored and assessed:
- (f) to prescribe, in relation to the admission of barristers and solicitors, mechanisms and criteria for —
 - (i) the recognition of foreign qualifications, registration, and experience; and
 - (ii) the recognition of qualifications for the purposes of the principle set out in section 15 of the Trans-Tasman Mutual Recognition Act 1997:

- (g) to tender advice to the council of any university on any matter relating to legal education;
- (h) to inquire into, consider, and report to the Minister on any matter relating to legal education as the Minister may, from time to time, require.

OUTPUT CLASS

- 7 The Council has one reportable output class: the regulation of pre-admission legal education in New Zealand.

The three key services involved are:

- The assessment of overseas law qualifications;
 - The provision of a bi-annual New Zealand Law and Practice Examination (“NZLPE”) for overseas law graduates; and
 - The provision of practical legal training for candidates for admission through the Council’s provider arm, the Institute of Professional Legal Studies (“IPLS”).
- 8 The Council’s financial statements set out the revenue earned and expenses incurred for the reportable output.

KEY SERVICES 1 AND 2: ASSESSMENT OF OVERSEAS LAW QUALIFICATIONS AND PROVISION OF NZLPE

- 9 These services refer to the requirement of those who would like to practise law in New Zealand who hold a law degree or a practising certificate from a foreign jurisdiction. This class is intended to ensure that the highest standards of competence are maintained for persons who wish to practise law in New Zealand and do not hold a domestic qualification.

Performance in these services was measured by the extent to which the Council assessed overseas qualifications, and delivered the twice yearly examination.

SERVICE	QUANTITY		QUALITY		TIMELINESS	
	Forecast	Actual	Forecast	Actual	Forecast	Actual
Key Service 1 - Assessment of Overseas Qualifications						
Administration and consideration of applications from overseas law graduates for assessment of their qualifications for the purpose of admission to the profession in New Zealand.	The Council estimated that 107 applications would be received. ¹	The Council received 99 applications.	For all applications the Council will proceed through the designated process as prescribed by the Professional Examinations in Law Regulations 2008.	The Council administered all applications pursuant to the Regulations.	All applications will be determined within 16 working weeks.	100% of successful applicants were provided with determinations on their applications within 16 working weeks. ²

¹ The number was lower than anticipated owing to the Covid-19 pandemic and restrictions on movement and travel. Up until end of March 2020 numbers were tracking as per 2019 but decreased after that event.

² Complete applications does not include applications which have inadequate documentation or are delayed by overseas verification issues. This occurred despite disruptions resulting from the Covid-19 pandemic lockdowns.

SERVICE	QUANTITY		QUALITY		TIMELINESS	
	Forecast	Actual	Forecast	Actual	Forecast	Actual
Key Service 2 - Provision of Bi-annual Examination						
Setting and administering a six-part examination in New Zealand law and practice twice a year for those overseas applicants who are required to take some or all of its parts for the purpose of admission to the profession in New Zealand.	Approximately 200 exam parts were anticipated to be sat at each exam.	267 exam parts were sat at the February 2020 exam, and 200 exam parts were sat at the November 2020 exam. ³	Hold an examination twice yearly in accordance with the Conduct of the New Zealand Law and Practice Examination Regulations 1996. Examination papers are moderated by an independent assessor. Examination is to be fair, secure, rigorous, accurate and up-to-date	Standard 100% per achieved.	Examination results are to be released within 50 working days of the exam.	The February Examination results were released within 61 days after the exam. ⁴ The November Examination results were released within 50 working days of the exam.

³ Numbers of applicants applying to have overseas qualifications assessed has progressively increased since 2016 and this has been reflected in the higher number of parts sat in the exam. The November sitting number decreased significantly, because of the Covid-19 pandemic and the subsequent lockdowns. In addition closure of the overseas venue in the United Kingdom meant that the overseas sitting could not take place.

⁴ The Covid-19 lockdown delayed the release of the results of the February exam.

KEY SERVICE 3: PROVISION OF PRACTICAL LEGAL TRAINING THROUGH IPLS

- 10 The Council regulates the provision of professional legal education prior to admission as a barrister and solicitor for persons in New Zealand. This role includes the provision of a professional legal studies course (“PLSC”) through the Council’s provider arm, the Institute of Professional Legal Studies (“IPLS”).
- 11 The key service is intended to ensure that the highest standards of education are maintained in the provision of professional legal studies for persons who wish to be admitted to the bar.
- 12 Performance of this key service was assessed by the extent to which the Council monitored PLSC providers, re-accredited PLSC providers and monitored IPLS with regulations and in a manner which complied with the forecasts below for timeliness and quality.

SERVICE	QUANTITY		QUALITY		TIMELINES	
	Forecast	Actual	Forecast	Actual	Forecast	Actual
Key service 3 – Provision of Practical Legal Training through IPLS						
Delivering a professional legal studies course through the Council's provider arm, the Institute of Professional Legal Studies.	<p>The Council estimated the following:</p> <p>416 anticipated trainees;</p> <p>1 monitor appointed to review each year that is not a re-accreditation year;</p> <p>12 monthly financial statements to be submitted by IPLS;</p> <p>4 quarterly management reports to be submitted by IPLS;</p> <p>and Completion rates -</p> <p>All students 95%</p> <p>Maori 95%</p> <p>Pasifika 95%</p>	<p>The Council's actual number of trainees was 544 (higher than anticipated)⁵</p> <p>Monitor was appointed.</p> <p>The Council received 12 financial statements and 4 quarterly management reports from IPLS.</p> <p>99%</p> <p>94%</p> <p>100%</p>	<p>The professional Legal Studies Course at IPLS is run in accordance with the Professional Legal Studies Course Accreditation Regulations 2006.⁶</p>	<p>Standard 100% per cent achieved.</p>	<p>Quarterly reports submitted: March, June, September and December.</p> <p>Financial statements submitted by the end of the month following submission of reports.</p>	<p>All reports were submitted by the due date.</p> <p>The financial statements were all submitted by the end of the month following the submission of the reports.</p> <p>Standard 100% achieved.</p>

⁵ Trainee numbers increased significantly during 2020. This was because of the Covid-19 pandemic which imposed travel and movement restrictions meaning that there was a larger cohort of trainees wanting to complete the Course. In addition the Council, in response to the Covid-19 pandemic, licensed the providers to teach wholly online courses. This was highly appealing to a large number of trainees because of the flexibility that was generated. Also, as a wholly online delivered vehicle, the Course became accessible to a number of trainees who would not have been able to undertake the Course because of geographical or other considerations.

⁶ As per the Regulations a re-accreditation exercise is undertaken by the Council on IPLS every 3 years. The reported information is based on the report completed in 2020.

NEW ZEALAND COUNCIL OF LEGAL EDUCATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

NEW ZEALAND COUNCIL OF LEGAL EDUCATION

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2020

REPORTING ENTITY

These financial statements show the performance and financial position of the New Zealand Council of Legal Education ("the Council"), including those of the Institute of Professional Legal Studies ("IPLS"). The Council established IPLS as a committee of the Council to be its provider arm, with the responsibility for delivering a skills based practical training programme for law graduates wishing to be admitted to the profession. The Council is classified as a Public Sector Public Benefit Entity (PBE) for the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP").

The Council is a statutory body constituted under the Lawyers and Conveyancers Act 2006 and was established in 1930. Section 288 of the Lawyers and Conveyancers Act 2006 provides that the financial statements of the Council are to be prepared in accordance with Part 4 of the Crown Entities Act 2004.

MEASUREMENT BASE AND STATEMENT OF COMPLIANCE

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the Council.

These financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004 which includes the requirements to comply with generally accepted accounting practice (NZ GAAP). The financial statements comply with Public Benefit Entity Accounting Standards Reduced Disclosure Regime (PBE Standards RDR).

The Council qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it has had less than \$30m operating expenditure and is not publicly accountable.

The financial statements comprise the combined financial statements of the Council, including IPLS.

The information is presented in New Zealand dollars rounded to the nearest dollar.

NEW ZEALAND COUNCIL OF LEGAL EDUCATION

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2020

ACCOUNTING POLICIES

Revenue

The Council derives revenue through student fees from courses, examinations, applications to assess foreign qualifications, funding from the 'New Zealand Law Society based on the practitioner levy, interest on deposits with New Zealand registered banks and Tertiary Education Commission Funding.

Exchange Transactions:

i. Fees and Recoveries from Overseas Students

Revenue is measured at the fair value of consideration received and is reported in the financial period to which it relates. Where funds have been received but not earned at reporting date a "revenue in advance" liability is recognised.

ii. Interest

Interest is recorded using the effective interest method.

Non Exchange Transactions:

i. Fees and Recoveries from NZ Students

Revenue is received when students apply for a course and is reported in the financial period to which it is received. When courses have not yet started and applicants may request a refund, a "revenue in advance" liability is recognised.

ii. Tertiary Education Commission ("TEC") Funding

The Council receives TEC funding from the Commission, the funding is recognised in the year that it is received and is based on the number of eligible students enrolled in courses provided by the Council.

iii. NZ Law Society Levy

NZ Law Society levy is a statutory requirement which funds some of the Council's operations in accordance with an annual budget. It is funded through a practitioner levy and is recognised when it is received.

Budget Figures

The budget figures are those approved by the Council prior to the beginning of the financial year. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, transactional cash balances, call deposits and term deposits with an original term less than 3 months held with New Zealand registered banks which are highly liquid and are used as part of the Council's day-to-day cash management. Cash and cash equivalents include General Reserve deposits.

Receivables

Receivables are initially recognised at fair value plus directly attributable transaction costs, and subsequently at amortised cost using the effective interest method, less an allowance for impairment losses. Receivables of a short-term duration are not discounted. All known bad debts are charged to surplus or deficit in which they are first identified.

Property, Plant and Equipment

The cost of property, plant and equipment is the value of the consideration given to acquire the asset unless it is acquired through a non-exchange transaction. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition. Property plant and equipment is stated at cost less accumulated depreciation and any impairment loss.

Property, plant, and equipment consists of the following asset classes: leasehold improvements, appliances, audio visual equipment, computer equipment, furniture and fittings and other equipment.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. In most instances, an item of property, plant, and equipment is initially recognised at its cost.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

Depreciation

Property, plant and equipment is depreciated on a straight line basis over the estimated economic lives of the asset classes.

Estimated economic lives for the current and prior year are :

Leasehold Improvements	3-10 Years
Appliances	5-10 Years
Audio Visual	3-5 Years
Computer Equipment	1-5 Years
Furniture & Fittings	5-10 Years
Other Equipment	3-5 Years

Intangible Assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of courses are recognised as an intangible asset. Direct costs include course development employee costs and an appropriate portion of relevant overheads.

Course development and Software are amortised on a straight-line basis over its estimated useful life to a maximum of five years.

NEW ZEALAND COUNCIL OF LEGAL EDUCATION

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2020

Taxation

Taxation has not been provided for in the financial statements because the Council is exempt from paying tax under Section 287, Schedule 5, Clause 16 of the Lawyers and Conveyancers Act 2006.

Goods & Services Tax

The financial statements are prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable, which are stated GST inclusive. Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense.

Financial Assets

The Council classifies its investments in the following categories: financial assets at fair value through surplus or deficit, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. At the reporting date all of the Council's financial assets are classified as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Council provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets.

The Council's loans and receivables comprise cash and cash equivalents, trade debtors and investments (term deposits).

Loans and receivables are recognised when the Council becomes a party to the contractual provisions of the instrument. Loans and receivables are initially recognised at fair value plus directly attributable transaction costs and are thereafter carried at amortised cost using the effective interest method.

The Council assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Payables

Trade and other payables are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Operating Leases

Leases where the Lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases.

Operating Lease expenses are recognised in surplus or deficit on a straight line basis over the lease term.

Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day-to-day management.

Operating activities includes all activities other than investing and financing activities. The cash inflows include all receipts from the sources of revenue that support the Council's operating activities. Cash outflows also include payments made to employees, suppliers and for taxes.

Investing cash flows reflect the payments for property, plant and equipment and intangible asset purchases, proceeds from the sale of property, plant and equipment and the net movement in bank deposits not classified as part of cash and cash equivalents.

Financing activities are those activities relating to changes in equity and debt capital structure of the Council and those activities relating to the cost of servicing the Council's equity capital.

Equity

Equity is the Crown's interest in the Council and is measured as the difference between total assets and total liabilities.

The components of equity are accumulated funds and general reserve (restricted funds). Restricted funds are those reserves subject to specific conditions of use binding on the Council which may not be altered without reference to other counterparties.

The General Reserve is matched by bank deposits included in cash and cash equivalents.

Impairment - Financial Assets

Loans and receivables are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

The Council considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level.

All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Council uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

Individual trade receivables that are known to be uncollectible are written off when identified, along with associated allowances.

NEW ZEALAND COUNCIL OF LEGAL EDUCATION

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2020

Impairment - Non Financial Assets

Impairment is recognised whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in surplus or deficit.

Estimated recoverable amount of assets is the greater of their fair value less costs to sell, and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Employee Entitlements

At reporting date, any unpaid employee entitlements earned by employees for salaries, bonuses and annual leave are recognised as a liability in the Statement of Financial Position and charged to surplus and deficit. Entitlements are calculated on an actual entitlement basis at current rates of remuneration.

Changes in Accounting Policies

There have been no changes in accounting policies since the date of the last audited financial statements.

Critical Judgements in applying accounting policies

Judgements made by management in the application of PBE Standards RDR that have significant effects on the Financial Statements and estimates are disclosed, where applicable, in the relevant notes to the Financial Statements.

NEW ZEALAND COUNCIL OF LEGAL EDUCATION

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 Actual \$	2020 Budget \$	2019 Actual \$
<u>REVENUE</u>				
Fees and Recoveries	1	3,004,318	2,399,584	2,434,555
Tertiary Education Commission "TEC" Funding		1,003,984	876,574	1,001,890
New Zealand Law Society Funding		312,000	312,000	278,000
Interest - Loans and Receivables		50,403	71,521	75,006
Sundry Revenue		199,801	157,380	105,626
Gain on disposal of Property, Plant and Equipment		1,300	-	-
Total Revenue		4,571,806	3,817,059	3,895,077
<u>EXPENDITURE</u>				
Loss on disposal of Property, Plant and Equipment		74	-	274
Council and Staff	2	2,086,300	2,021,201	2,094,943
Office and Administration Costs	3	859,827	970,631	952,620
Other Expenses	3	937,954	815,867	744,239
Total Expenses		3,884,155	3,807,699	3,792,076
Surplus/(Deficit)		687,651	9,360	103,001
Other Comprehensive Revenue/Expenses		-	-	-
Total Comprehensive Revenue/(Expense)		687,651	9,360	103,001

*These Statements should be read in conjunction with the Statement of Accounting Policies & Notes to the Financial Statements.
Explanations of major variances against budget are provided in note 16.*

NEW ZEALAND COUNCIL OF LEGAL EDUCATION

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2020	2019
		Actual \$	Budget \$	Actual \$
Opening Accumulated Funds		2,268,622	2,192,945	2,165,621
Net surplus or (deficit)/total comprehensive revenue and expense		687,651	9,360	103,001
		2,956,273	2,202,305	2,268,622
Opening General Reserve		500,000	500,000	500,000
Closing Accumulated Funds		3,456,273	2,702,305	2,768,622

*These Statements should be read in conjunction with the Statement of Accounting Policies & Notes to the Financial Statements.
Explanations of major variances against budget are provided in note 16.*

NEW ZEALAND COUNCIL OF LEGAL EDUCATION

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 Actual \$	2020 Budget \$	2019 Actual \$
<u>Current Assets</u>				
Cash and Cash Equivalents	6	877,535	384,102	459,780
Investments	7	2,378,066	2,243,283	2,157,610
Trade Debtors		182,854	55,212	123,414
Accrued Revenue		31,430	29,773	71,001
Prepayments		58,384	32,956	60,041
		3,528,269	2,745,326	2,871,846
<u>Non Current Assets</u>				
Property, Plant and Equipment	8	252,848	305,740	344,762
Intangibles	9	768	22,853	3,901
		253,616	328,593	348,663
TOTAL ASSETS		3,781,886	3,073,919	3,220,509
<u>Current Liabilities</u>				
Trade Creditors		189,973	237,700	212,734
Employee Entitlements		70,495	13,204	66,601
Revenue Received in Advance		3,000	89,920	66,041
GST Payable		62,144	30,790	42,444
Return of Overpaid Funding to the TEC		-	-	64,067
Lease Incentive Liability		-	-	-
TOTAL LIABILITIES		325,612	371,614	451,887
NET ASSETS		3,456,273	2,702,305	2,768,622
General Reserves	4	500,000	500,000	500,000
Accumulated Funds		2,956,273	2,202,305	2,268,622
EQUITY		3,456,273	2,702,305	2,768,622

*This statement should be read in conjunction with the Statement of Accounting Policies & Notes to the Financial Statements.
Explanations of major variances against budget are provided in note 16.*

NEW ZEALAND COUNCIL OF LEGAL EDUCATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 Actual \$	2020 Budget \$	2019 Actual \$
<u>Cash Flows From Operating Activities</u>				
<u>Cash Was Provided From:</u>				
Receipts from Course/Examination fees, TEC, New Zealand Law Society and Sundry		4,344,192	3,665,928	3,559,253
Interest Revenue received		67,469	71,329	76,433
Net GST refunds		8,783	-	-
		<u>4,420,444</u>	<u>3,737,257</u>	<u>3,635,686</u>
<u>Cash Was Disbursed To:</u>				
Payments to Suppliers		(1,763,687)	(1,655,165)	(1,712,500)
Payments to Employees		(2,005,347)	(1,995,966)	(1,980,596)
Net GST payments		-	(5,905)	(12,421)
		<u>3,769,034</u>	<u>3,657,035</u>	<u>3,705,517</u>
Operating Activities Net Cash Flows		<u>651,410</u>	<u>80,222</u>	<u>(69,831)</u>
<u>Cash Flows From Investing Activities</u>				
<u>Cash Was Provided From:</u>				
Sale of Property Plant and Equipment		1,350	-	-
<u>Cash Was Applied To:</u>				
Purchase of Property Plant and Equipment		(14,546)	(85,000)	(20,862)
Purchase of Investments		(220,457)	(27,070)	50,054
		<u>(233,653)</u>	<u>(112,070)</u>	<u>29,192</u>
Investing Activities Net Cash Flows		<u>(233,653)</u>	<u>(112,070)</u>	<u>29,192</u>
<u>Net Increase/(Decrease) In Cash and Cash Equivalents Held</u>		<u>417,757</u>	<u>(31,849)</u>	<u>(40,639)</u>
<u>Opening Cash</u>				
Cash at Bank		459,780	415,952	500,419
		<u>459,780</u>	<u>415,952</u>	<u>500,419</u>
<u>Closing Cash</u>				
Cash at Bank		877,537	384,102	459,780
		<u>877,537</u>	<u>384,102</u>	<u>459,780</u>
<u>Net Increase/(Decrease)</u>		<u>417,757</u>	<u>(31,849)</u>	<u>(40,639)</u>

*This statement should be read in conjunction with the Statement of Accounting Policies & Notes to the Financial Statements
Explanations of major variances against budget are provided in note 16*

NEW ZEALAND COUNCIL OF LEGAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Notes

Note 1 - Fees and Recoveries

Non Exchange:

	2020\$	2019\$
Domestic Course Fees (IPLS)	2,348,399	1,784,906

Exchange:

NZ Law and Practice Exam	301,371	294,815
Applications for Credits	175,516	228,572
International Course Fees (IPLS)	101,177	66,164
Other Exchange Revenue	77,855	60,098
	3,004,318	2,434,555

Note 2 - Council and Staff

Council and Staff expenses include:

	2020\$	2019\$
ACC Levies	4,748	4,808
Council Meeting	3,015	7,830
Practising Certificates	4,022	5,967
Professional Development for Staff	1,163	14,038
Salaries	2,073,352	2,062,300
	2,086,300	2,094,943

Note 3 - Other Expenditure

Other Expenditure include:

	2020\$	2019\$
Audit Disbursements	2,053	4,379
Audit Fees	33,601	32,889
Other Audit Expenses	5,267	5,703
Depreciation	100,195	98,587
Amortisation	3,132	19,398
Accounting Fees	110,403	89,092
Legal Fees	37,175	61,255
Insurance	34,614	36,890
Courier, Postage, Telephone and Stationery	39,678	23,079
Qualification Verification	153,475	107,635
Health and Safety Compliance	150	22,438
Consultants	29,092	23,658
Digitisation	9,659	17,075
Other Operating Expenditure	379,460	202,161
	937,954	744,239

Office and Administration Costs include:

	2020\$	2019\$
Rent and other Premises costs under lease	541,063	578,639
Equipment Repairs and Maintenance	2,038	2,498
Library	21,424	21,105
Travel	16,131	28,851
Computer Support and Learning Management Systems	62,088	42,589
Examiners, Moderators, Assessors and Supervisors	28,987	42,674
Rubbish Removal/Cleaning	36,126	40,838
Advertising/Careers Fair	37,265	53,906
Other Office and Administration Expenses	114,705	141,520
	859,827	952,620

Note 4 - General Reserve Fund

The Council has resolved that a Reserve fund should be created for future expenses. The reserve is an attribution of accumulated funds.

The General Reserve is matched by bank deposits.

NEW ZEALAND COUNCIL OF LEGAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Note 5 - Financial Instruments

The carrying amounts of each class of financial assets and liabilities are:

Financial Assets

Loans and Receivables

Cash and Cash Equivalents	877,535	459,780
Trade Debtors	182,854	123,414
Accrued Revenue	31,430	71,001
Term Deposits Held	2,378,066	2,157,610
Total Financial Assets	3,469,886	2,811,805

Financial Liabilities

Financial Liabilities at Amortised Cost

Trade Creditors	189,973	212,734
Return of Overpaid Funding to the TEC	-	64,067
Employee Entitlements	70,495	66,601
Revenue Received in Advance	3,000	66,041

Total Financial Liabilities at Amortised Cost

263,468	409,443
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Note 6 - Cash and Cash Equivalents

<u>Note 6 - Cash and Cash Equivalents</u>		
	2020\$	2019\$
Cash at Bank	297,703	140,947
Short Term Deposits	579,832	318,833
	877,535	459,780

Short-Term Deposits (Less than 3 months)

All short-term deposits are held in New Zealand registered banks.

Registered Bank

	<u>Interest Rate</u>	<u>Term</u>	2020\$	2019\$
Bank of New Zealand - CLE	0.05%	Call	5,401	61,381
Bank of New Zealand - IPLS	0.05%	Call	415,903	187,906
ANZ Bank	0.35%	Call	8,374	8,435
Bank of New Zealand - Maturity 27 January 2020	1.40%	60 days	-	61,111
Bank of New Zealand - Maturity 6 January 2021	0.40%	90 days	75,031	-
Bank of New Zealand - Maturity 4 February 2021	0.40%	90 days	75,123	-
			579,832	318,833

There are no restrictions over any of the cash and cash equivalent balances held by the Council.

Note 7 - Investments

<u>Note 7 - Investments</u>	<u>2020\$</u>	<u>2019\$</u>
Term Deposits - Current	1,878,066	1,657,610
General Reserve Deposit - Current	500,000	500,000
	2,378,066	2,157,610

NEW ZEALAND COUNCIL OF LEGAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Term Deposits - Current (Greater than 3 months)

All term deposits are held in New Zealand registered banks.

				2020\$	2019\$
Registered Bank		Interest Rate	Term	\$	
Bank Of New Zealand	Maturity 18 January 2021	1.50%	182 days	100,000	-
Bank Of New Zealand	Maturity 3 February 2021	1.60%	210 days	100,000	-
Bank Of New Zealand	Maturity 8 March 2021	1.20%	182 days	100,000	-
Bank Of New Zealand	Maturity 8 March 2021	1.20%	182 days	100,000	-
Bank Of New Zealand	Maturity 6 April 2021	2.40%	364 days	100,000	-
ANZ Bank	Maturity 4 May 2021	2.30%	365 days	302,983	-
Bank Of New Zealand	Maturity 24 November 2021	0.90%	365 days	100,000	-
Bank Of New Zealand	Maturity 24 November 2021	0.90%	365 days	100,000	-
Bank Of New Zealand	Maturity 24 November 2021	0.90%	365 days	100,000	-
Bank Of New Zealand	Maturity 24 November 2021	0.90%	365 days	100,000	-
Bank Of New Zealand	Maturity 24 November 2021	0.90%	365 days	100,000	-
Bank Of New Zealand	Maturity 20 January 2020	3.35%	271 days	-	100,000
Bank Of New Zealand	Maturity 3 February 2020	3.35%	278 days	-	100,000
Bank Of New Zealand	Maturity 9 March 2020	3.50%	365 days	-	100,000
Bank Of New Zealand	Maturity 9 March 2020	3.50%	365 days	-	100,000
Bank Of New Zealand	Maturity 7 April 2020	3.35%	364 days	-	100,000
ANZ Bank	Maturity 4 May 2020	3.25%	364 days	-	294,706
Bank Of New Zealand	Maturity 29 May 2020	3.15%	365 days	-	100,000
Bank Of New Zealand	Maturity 8 July 2020	2.75%	210 days	-	100,000
Bank of New Zealand - Term Deposit 3041		1.20%	180 days	300,000	220,000
Bank of New Zealand - Term Deposit 3042		2.72%	210 days	-	182,904
Bank of New Zealand - Term Deposit 3043		3.15%	210 days	-	260,000
Bank of New Zealand - Term Deposit 3047		0.40%	99 days	75,083	-
Bank Of New Zealand	Maturity 3 February 2021	2.88%	366 days	100,000	-
Bank Of New Zealand	Maturity 31 May 2021	2.05%	367 days	100,000	-
				1,878,066	1,657,610

General Reserve Deposits

As at reporting date the following term deposits had been placed with Bank Of New Zealand:

Registered Bank		Interest Rate	Term	2020\$	2019\$
Bank Of New Zealand	Maturity 18 January 2021	1.50%	182 days	250,000	-
Bank Of New Zealand	Maturity 21 May 2021	2.30%	365 days	250,000	-
Bank Of New Zealand	Maturity 20 January 2020	3.35%	271 days	-	250,000
Bank Of New Zealand	Maturity 21 May 2020	3.15%	365 days	-	250,000
				500,000	500,000

Note 8 - Property, Plant and Equipment

Cost	Leasehold	Appliances	Audio Visual	Computer Equipment	Furniture & Fittings	Other Equipment	Library	Total
Balance as at 1 January 2020	489,237	9,720	30,639	119,121	275,699	24,116	18,434	966,966
Additions/Transfers	1,727	-	-	6,677	-	-	-	8,404
Disposals/Transfers	(134,990)	(1,535)	(4,268)	(16,851)	(28,612)	(1,152)	-	(187,408)
Balance as at 31 December 2020	355,974	8,185	26,371	108,947	247,087	22,964	18,434	787,962

Accumulated Depreciation

Balance as at 1 January 2020	255,098	4,660	28,915	99,434	198,935	16,731	18,434	622,205
Depreciation Expense	57,673	1,413	1,556	11,272	23,631	4,650	-	100,195
Accumulated depreciation on disposals	(134,990)	(1,535)	(4,268)	(16,803)	(28,538)	(1,152)	-	(187,286)
Balance as at 31 December 2020	177,781	4,538	26,203	93,903	194,028	20,229	18,434	535,114

Carrying Amounts

At 1 January 2020	234,139	5,060	1,724	19,687	76,764	7,385	-	344,762
At 31 December 2020	178,194	3,647	168	15,044	53,059	2,735	-	252,848

NEW ZEALAND COUNCIL OF LEGAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Note 9 - Intangibles

<u>Cost</u>	Computer Software Course Development		Total
Balance as at 1 January 2020	118,584	61,086	179,670
Balance as at 31 December 2020	118,584	61,086	179,670

Accumulated amortisation

Balance as at 1 January 2020	116,026	59,744	175,770
Amortisation expense	1,790	1,342	3,132
Accumulated amortisation on disposals	-	-	-
Balance as at 31 December 2020	117,816	61,086	178,902

Carrying Amounts

At 1 January 2020	2,558	1,342	3,901
At 31 December 2020	768	0	768

Note 10 - Related Parties

New Zealand Council of Legal Education is controlled by the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier/recipient agreement and that are on terms and conditions that are no more or less favourable than those that New Zealand Council of Legal Education would have adopted with dealing at an arms length basis.

Members of the Council do not receive fees for their involvement, but are reimbursed for expenses incurred at each Council meeting attended.

The aggregate level of remuneration paid and number of persons, measured in 'full-time-equivalents' (FTE), for key management personnel including the Chief Executive Officer are presented below:

Transactions with key management personnel

Key management personnel compensation includes
Short term employee benefits
Contributions to Kiwisaver

2020\$	FTE	2019\$	FTE
397,323	2	395,722	2
5,021	1	4,991	1
402,344		400,713	

Note 11: Employee's Remuneration

Total remuneration and benefits

	2020	2019
\$100,000 - 110,000	2	2
110,000 - 120,000	2	1
120,000 - 130,000	-	-
130,000 - 140,000	-	1
140,000 - 150,000	-	-
150,000 - 160,000	-	-
160,000 - 170,000	-	-
170,000 - 180,000	2	1
180,000 - 190,000	-	-
190,000 - 200,000	-	-
200,000 - 210,000	-	-
210,000 - 220,000	-	1
220,000 - 230,000	1	-

Note 12 - Fee Protection Trust

The Institute of Professional Legal Studies (IPLS) is registered with the New Zealand Qualifications Authority (NZQA) as a Private Training Establishment (PTE) and is required to protect course fees paid in advance by students.

IPLS uses the Public Trust Fee Protect service to provide this protection to students. From 5 September 2011 all course fees are paid into the Trust bank account, and paid to IPLS over the duration of each student's study.

As at 31 December 2020 there was \$552,384 (2019: \$469,992) including GST held in the Trust. Of this, \$27,434 (2019: \$32,920) including GST related to fees received for study scheduled to start after 1 January 2021.

NEW ZEALAND COUNCIL OF LEGAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Note 13 - Operating Lease Commitments

The Council was granted early release from the 23 Waring Taylor Street lease on 31 March 2020. Lease facilities have been set up on a short term basis at the Urban Hub. The Council also entered into an agreement with BDO Wellington to rent office space from 22 February 2021, this agreement requires 60 days notice to terminate.

The Council has leases on the following premises occupied by IPLS:

Branch:	Current lease terms ends on:
Auckland	31 August 2021
Hamilton	31 December 2022
Wellington	31 July 2021
Christchurch	31 July 2023

The premises leases all have rights to renew for further terms.

	2020\$	2019\$
Due not later than one year	305,080	406,604
Due later than one year but not later than two years	101,684	190,726
Due later than two years but not later than five years	43,239	27,560
Total Commitments	450,003	624,890

Note 14 - Contingent Liabilities and Assets

The Council has no contingent liabilities as at 31 December 2020 (2019: nil)

The Council has no contingent assets as at 31 December 2020 (2019: nil)

Note 15 - Events After Reporting Date

There were no significant events after balance date.

Note 16 - Explanations for Major Variances Against Budget

Explanations of major variances from New Zealand Council of Legal Education's budgeted figures are as follows:

Statement of Comprehensive Revenue and Expense

Fees and Recoveries

Fees and Recoveries was budgeted on a basis that IPLS would have 416 trainees throughout the year, however the actual number was 544, which has resulted in the Council generating higher fees than it had initially expected.

Interest income

Interest rates were lower than in 2019 due to interest rates being heavily affected by Covid-19. This has resulted in Council receiving less interest income than expected despite the budgeted income being reduced from 2019.

Other Expenditure

Other expenditure was higher than expected due to a number of additional costs as a result of Covid-19:

- As the Level 4 lockdown restrictions limited the ability to use couriers to get invoices approved and cheques signed, Council incurred additional expenditure in order to adopt the online process of email approval and online banking.
- Council digitised the completion certificate process as posting batches of applications was resulting in significant expenditure on courier expenses.
- Council required increased advice in relation to cash flow forecasting as there was uncertainty with income from exams due to COVID-19.

Staff training and travel expenses

Due to the restrictions of COVID-19, some staff trainings were not held in 2020, which also led to reduced travel expenditure for instructors.

Website updates and branding

Additional branding expenses in 2020 not budgeted for as the work was expected to be completed in 2019.

Statement of Financial Position

Cash and Cash Equivalents

Cash and Cash Equivalents was higher than expected as more cash was held in the bank accounts and short term investments to ensure cash was available if it was needed.

Revenue Received in Advance

Revenue Received in Advance is lower than budgeted, this is due to the first 2021 New Zealand Law and Practice Exam being delayed from February until March.

Statement of Cash Flows

Cash Flows from Operating Activities

Cash provided from operating activities is much higher than budget due to the increase in trainee numbers throughout the year resulting in increased cash generated from fees.

NEW ZEALAND COUNCIL OF LEGAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Note 17 - Impact of COVID-19

As a consequence of the COVID-19 global pandemic, in late March 2020 the New Zealand Government declared a State of National Emergency. This resulted in New Zealand entering a 4-week national lockdown. Restrictions were then gradually relaxed and from early June 2020, New Zealand moved to alert level 1. At alert level 1, there are no significant restrictions within New Zealand however there continue to be significant border controls severely limiting access into New Zealand.

The Council has assessed the impact of the pandemic on the Council. The Council has also reviewed the financial statements on a line by line basis and made any adjustments necessary in accordance with NZ GAAP. Overall, the Council concluded that the impact of the COVID-19 pandemic was not material to the entity's operations or current year financial statements. The main factors contributing to this conclusion are:

- Due to COVID-19, NZCLE had to cancel the July overseas exam and postpone the New Zealand sitting. The November sitting had reduced numbers which impacted revenue
- The pandemic highlighted NZCLE's need to update processes in order to be able to operate digitally, this resulted in increased expenditure
- IPLS had partially online courses prior to the outbreak of COVID-19 in New Zealand. Under the various alert levels, IPLS was able to complete all courses online with no impact on course completion dates
- As IPLS was operating online, there was a reduction in expenditure (e.g. office consumables, travel)
- Due to IPLS offering courses online for the remainder of 2020, the courses have been more accessible and, as a result, there has been an overall increase in the number of trainees
- Overall, the Council experienced minimal financial impact from COVID-19

The Council members will continue to monitor the impact of the pandemic on the results of the entity and manage the business accordingly to best ensure NZCLE continues to meet its financial and other objectives.

Independent Auditor's Report

To the readers of New Zealand Council of Legal Education's financial statements and performance information for the year ended 31 December 2020

The Auditor-General is the auditor of New Zealand Council of Legal Education (the Council). The Auditor-General has appointed me, Stephen Usher, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Council on his behalf.

Opinion

We have audited:

- the financial statements of the Council on pages 46 to 59, that comprise the statement of financial position as at 31 December 2020, the statement of comprehensive revenue and expense, statement of changes in net assets/equity, statement of cash flows and statement of accounting policies for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Council on pages 39 to 44.

In our opinion:

- the financial statements of the Council on pages 46 to 59:
 - present fairly, in all material respects:
 - its financial position as at 31 December 2020; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the performance information on pages 39 to 44:
 - presents fairly, in all material respects, the Council's performance for the year ended 31 December, including for each class of reportable outputs:

- its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 6 May 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw your attention to the impact of Covid-19 on the Council. In addition, we outline the responsibilities of the Council Members and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Council as set out in note 17 on page 59 to the financial statements and on pages 41 to 44 of the performance information.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

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

Responsibilities of the Council Members for the financial statements and the performance information

The Council Members are responsible on behalf of the Council for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Council Members are responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Council Members are responsible on behalf of the Council for assessing the Council's ability to continue as a going concern. The Council Members are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Council Members intend to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

The Council Member's responsibilities arise from the Lawyers and Conveyancers Act 2006.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Council's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council Members.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council Members and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council Members are responsible for the other information. The other information comprises the information included on pages 1 to 38, 45 and 60 to 72, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out an agreed upon procedures engagement in the area of prudential financial standards calculations, which is compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with, or interests, in the Council.

A handwritten signature in blue ink, appearing to read 'S. Usher', with a stylized flourish at the end.

Stephen Usher
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand