

**Legislative Statement
for
Legal Services Amendment Bill
First reading**

Presented to the House of Representatives

In accordance with Standing Order 272

Legislative Statement for the Legal Services Amendment Bill

Introduction

- 1 The Legal Services Amendment Bill (the Bill) repeals sections from the Legal Services Act 2011 that require payment of a user charge and interest on unpaid legal aid debt.
- 2 The Bill is consistent with the Labour Party's 2020 Election manifesto commitment to continue making improvements to the justice system, so everyone has appropriate access to justice.

Background

- 3 The Legal Services Act 2011 promotes access to justice by establishing a system that provides legal services to people of insufficient means and delivers those services in the most effective and efficient manner.
- 4 A 2018 review conducted by the Ministry of Justice, as directed by Cabinet, found that fewer people are eligible for legal aid today than a decade ago, and a greater number must repay their grant of legal aid. The review also found that there can be costs to legally aided people which serve as barriers and deterrents to accessing legal aid. Settings like the user charge and repayment obligations (including potential interest on repayments) can deter people from applying for legal aid in the first place, even if they may be eligible.
- 5 In June 2022, Cabinet agreed to the removal of the user charge and interest repayment requirements in the Legal Services Act.

Provisions of the Legal Services Amendment Bill

- 6 The Bill will repeal sections from the Legal Services Act that require payment of a user charge and interest on unpaid legal aid debt.
- 7 Currently, every grant of civil legal aid is subject to a \$50 user charge. In order to ensure that the policy takes effect as soon as is possible, initially, the user charge will be amended from \$50 to zero in the Legal Services Regulations 2011. This amendment will come into force on 1 January 2023. The provision in the Legal Services Act that prescribes payment of the user charge is repealed through the Bill.
- 8 The Legal Services Regulations prescribe that interest is accrued on unpaid legal aid debt six months after the debt is finally determined at a rate of 5% per annum. The interest rate will be reduced to zero in the Legal Services Regulations, which will come into effect on 1 January 2023. The provision in the Legal Services Act that requires payment of interest on unpaid legal aid debt is repealed through the Bill.

Conclusion

- 9 The Bill will improve access to justice for low-income New Zealanders by removing barriers to accessing legal aid.