

NEW ZEALAND

LOOKIN' GOOD

New Zealand law firms remain optimistic about the rest of 2016, with many of the country's leading law firms reporting a stellar first half of the year. **Hannah Norton** reports



IT HAS been a great start to the year for New Zealand law firms, with a number of the top tiers remaining optimistic with their outlook.

“The firm had a good year in 2015 and has had a very strong start to 2016,” says Chapman Tripp’s chief executive partner Andrew Poole.

“Two highlights so far are winning the IFLR Asia NZ National Law Firm of the Year award for the second consecutive year and being named New Zealand Deal Team of the Year in the Australasian Law Awards.”

His sentiments are echoed by Peter Chemis, national chairman of Buddle Findlay.

“2015 was a very busy and successful year for Buddle Findlay and that has continued into the early part of 2016. We’ve experienced our busiest first five months ever, including the so-called holiday month of January.”

Russell McVeagh has also observed a continuation of a high level of work flowing in.



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“Our observation is there is far more confidence in the market. All of our practice groups continue to be busy,” says CEO Gary McDiarmid.

So what's driving this work?

“The main activity drivers are M&A – where we are leading the market in terms of deal volumes – infrastructure investment and major construction projects, and activity in the commercial property/development sector,” Poole says.

“These include the Auckland City Rail Loop, two Roads of National Significance, the Tauranga social housing transaction and proposed convention centres for Christchurch and Auckland.



“With tourism now the fastest growing sector... there’s increasing visibility of Chinese investors... which will have an ongoing positive impact on business”

Gary McDiarmid, RUSSELL MCVEAGH

“We also advised on the competition and debt financing components for Z’s acquisition of Chevron and we are currently advising NZ Post on its sell-down of KiwiBank to the New Zealand Super Fund and ACC, and on the establishment of the new organisation to oversee the remaining stages of the Christchurch recovery.”

Cathy Quinn, chair of Minter Ellison Rudd Watts, also notes a high volume of work.

“To list some of the work: the Tegel IPO, the Diligent merger with Insight and subsequent delisting, ongoing work to effect completion of the Z Energy Chevron deal, working on the project financing of Auckland Prison, helping Macquarie sell its New Zealand private wealth business to a local consortium, and advising on a key anchor project for the Central Christchurch rebuild, as well as representing major insurance clients.”

McDiarmid sums up Russell McVeagh’s

work as “overall a greater level of corporate activity from our clients”.

“Also, financial and economic regulation remains a key area of focus, with issuers starting to implement the FMCA regulations from last year. In the financial services industry, all participants are facing higher levels of regulation, and with this comes the challenge of keeping abreast of developments and managing their businesses accordingly,” he says.

“We continue to receive instructions on a wide range of disputes involving everything from securities law to health and safety, and construction law to trusts, and have recently been particularly active in some high profile tax litigation. In addition, we are seeing

ongoing activity in the class action and privacy law areas.

“Naturally, clients continue to keep a close eye on the economy, and information technology law has the potential to impact businesses.”

Commercial disputes also remain a key driver of work for Chapman Tripp, with the firm continuing to act on the largest and longest running disputes before the New Zealand courts by both claim size and volume, Poole says.

“One long-running and high-profile representation is the firm’s role acting for the Earthquake Commission in several hundred court proceedings arising from the Canterbury earthquakes.”

The firm’s domestic and international arbitration practices are also having an exceptionally busy year, he says.

“Chapman Tripp is unique among New Zealand firms in offering dedicated

international arbitration expertise and is the only New Zealand firm recognised in the Global Arbitration Review 100 guide to the world’s leading arbitration firms.

“While much of our dispute resolution work must remain out of the public eye, the firm has been involved in some novel cases this year, including successfully representing the Republic of Kazakhstan against Mega Limited in High Court proceedings concerning an alleged hack of the Republic’s Government computer systems.”

Quinn says new laws coming into force in New Zealand in the past couple of years are seeing leading experts developing new market practice, in areas such as equity capital markets, health and safety, investment funds and construction.

“Clients want more value for money from all their advisers and we deliver on this premise. I put our success down to strategy.

“The firm has been clear about where, in terms of sectors and practice areas, it wants to focus, and it’s really paying off. Our clients are very happy with our performance and referring more and more work to us.”

Meanwhile, Buddle Findlay is busy working on some large commercial transactions and infrastructure projects in Auckland and Wellington, while continuing to be heavily involved in post-earthquake recovery work in Christchurch.

“Local government has been another active area for us, all over the country, and our significant central government project work continues,” Chemis says.

“We operate in a broad range of specialist areas with our clients spanning the private, public and local government sectors. It is normal for some of those areas and sectors to be busy while others are quiet, which leaves us on an even keel as a whole. The unusual thing about the last year – particularly the last six months – is that every area of our business has had very strong workflows.”

Key opportunities

Chapman Tripp expects strong activity in the aged care, telecoms, primary products and energy sectors and solid investment interest

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from private equity funds, particularly Australian, and from China, Poole says.

"We are also expecting continued growth in secondary capital raisings after a buoyant year last year and some action around block trades as a number of major shareholders come off escrow."

McDiarmid notes environmental and planning issues are having a significant impact on many of Russell McVeagh's clients at present.

"For example, we are currently advising over 50 clients on the Auckland Unitary Plan process. Property and planning issues will continue to have a major impact, and planning processes currently underway are expected to continue.

"Auckland in particular, is experiencing a real estate boom across all real estate sectors."

In addition, the TPP is going to impact

areas including patents/IP, overseas investment, and possibly disputes, he says.

"With tourism now the fastest growing sector in New Zealand, there's also increasing visibility of Chinese investors and customers in this market, which will have an ongoing positive impact on business," says McDiarmid.

Quinn says Auckland's need to grow is obviously putting intense pressure on infrastructure leading to a large pipeline around construction and project finance.

"We're also seeing a lot of activity in the M&A market – clients are interested in acquisitions and joint ventures with other businesses to meet their objectives. The volatility in the market is creating a lot of opportunity for clients that can move quickly and who need robust advice."

New Zealand is increasingly becoming an attractive place to do business, she says.

"Through our international connections and the reputation we have built over the last three decades, the firm has a number of blue chip international clients – particularly in China, America and Australia – who we are helping to invest in New Zealand businesses or set up here," says Quinn.

Chemis also touches on the corporate/commercial activity and infrastructure developments in Auckland and Wellington.

"Our decades-long presence in Christchurch is another opportunity for us. We are well established and there has been a lot of work for Buddle Findlay in the post-earthquake period. As Christchurch continues its recovery, the nature of the work that is required is changing and we are well placed to adapt to that and help our clients."

The firm has a very strong national

WHAT ARE YOUR EXPECTATIONS/PREDICTIONS FOR THE REST OF THE YEAR?

"In terms of transactions, we are expecting a continuation of the trends which have marked the first half of the year. We are also expecting an intensification of residential development and construction as the uptick in building consents flows through to the next phase. The Government has an ambitious social housing programme, which it is just beginning to roll out so we would expect more activity in that area as well."



Andrew Poole, Chapman Tripp

"We expect the New Zealand legal market to continue to be strong for 2016, underpinned by a strong domestic economy and significant inflows of people and resources from offshore. The slowdown in the dairy sector will have its impact, but it is more than offset by optimism in sectors like tourism, the primary sector generally, infrastructure development and housing. The Auckland market is likely to remain strong, driven by residential and commercial activity and large infrastructure projects. A number of infrastructure projects are also planned or underway in the Wellington region. Central and local government projects will continue. The momentum of the Christchurch rebuild will be evident but slowing, while the primary sector and tourism will continue to grow."



Peter Chemis, Buddle Findlay

"Key influencers on the economy will be the impact of the new TPP agreement, the fluctuating New Zealand dollar affecting business confidence and regulatory change, such as continued implementation of the Financial Markets Conduct Act and the ComCom review on pricing. The New Zealand Government is also reviewing its laws in the telecommunications, IT, media and entertainment sectors, which could have a big impact on businesses. I think we are likely to see continued class action activity (more properly called the 'representative proceeding' in New Zealand).

Gary McDiarmid, Russell McVeagh

presence in advising local government and that continues to gain momentum, he says.

“Central government is another key area of focus and opportunity. We continue to work on a variety of significant projects, for example in economic regulation, social expenditure and reform, and procurement – particularly IT – and this shows no sign of slowing down. We are excited to be involved in some of the Government’s innovative social investment initiatives.”

Key challenges

But opportunity rarely comes without challenges.

“The challenges this year are much as they have been over the last few years – a highly competitive market, which will punish complacency but will reward agility, innovation, sector knowledge, commercial

practicality and a strong customer focus,” Poole says.

“Our effort as a firm is to ensure that we deliver across all of those fronts.”

McDiarmid echoes his sentiments.

“[There is] nothing new in reality – an ongoing competitive market, staying on top of regulations.

“We continue to stay close to our clients, listen to their concerns and focus more on finding ways to add value and continuing to work collaboratively with our skilled and knowledgeable clients.”

New Zealand is facing some challenges with regulatory approval processes, Quinn says.

“Clients need advisers who are well placed to provide strategic and practical advice.

“While we are seeing plenty of opportunity in the New Zealand market, clients

consistently expect more value for money. Our firm’s innovative approach has been very well received in this regard.”

A challenge for any successful Kiwi business is recruiting the best and brightest people that fit the culture, she adds.

“We’ve been in recruitment mode for about a year and we’re finding great new talent, but are always on the lookout for more. This expansion also equals new opportunities for our existing people – it gives them room to grow their careers with us.”

Chemis has similar views.

“It’s always a challenge when you have to replace good people. The number of solicitors heading off on their [overseas experience] is on an upswing again and, while we attract excellent new graduates, we’re beginning to find that it’s getting harder to fill those vacancies as they arise.” **AL**

“Class action lawyers and litigation funders alike are benefiting from increased certainty as the jurisprudence develops, making the decision to invest in a class action easier to make. Further, as the litigation funding market acquires more depth and sophistication (both on and offshore), and as New Zealand investors and consumers develop greater familiarity with this form of litigation, class actions appear set to become an increasingly important feature of the New Zealand litigation landscape. We also expect to see more interplay between civil class actions and the activity of regulators in New Zealand, as we’ve seen overseas. There may be increased litigation activity by regulators more generally in the coming year with a number of relatively new legal standards out there (for example, those dealing with unfair contract terms) and our regulators might be keen to pursue cases in court to increase accountability and certainty in the market.”



“The pipeline of work from clients is strong and it’s shaping up to keep being a busy year. Our market leading experience in areas like equity capital markets, health and safety, investment funds, litigation and construction will continue to position us at the top of the list as trusted advisers to our clients. It’s great to see clients so active – it shows there is a real desire from Kiwi businesses to succeed, do things better and differently. It’s very satisfying to have conversations about how to make the most of opportunities, embrace technological change, grow or change shape. We’re being vocal about what it means to be a great corporate citizen and this is becoming more of a priority for New Zealand business. We have some great leaders in this country who are doing some great things to help others. Champions of Change is one example, and at Minter Ellison Rudd Watts we are keeping up the pace on addressing gender diversity with our own people – we’re leading by example.”



Cathy Quinn, Minter Ellison Rudd Watts