For discussion on 18 July 2017

# Legislative Council Panel on Administration of Justice and Legal Services

# Measures to prevent the misuse of the legal aid system in Hong Kong and assignment of lawyers in legal aid cases

#### **INTRODUCTION**

This paper briefs Members on the measures implemented by the Legal Aid Department ("LAD") to prevent the misuse of the legal aid system in Hong Kong and the assignment criteria for assigning lawyers in private practice to handle legal aid cases.

#### PROVISION OF LEGAL AID

2. Legal aid services form an integral part of the legal system and play an important role in contributing towards upholding the rule of law in Hong Kong. The policy objective of legal aid is to ensure that all those who comply with the regulations of the Legal Aid Ordinance ("LAO") (Cap. 91) and have reasonable grounds for pursuing or defending a legal action in the courts of Hong Kong will not be denied access to justice because of a lack of means. To qualify for legal aid, a person is required to satisfy both the means test and merits test as provided by the LAO.

3. At present, a person whose financial resources<sup>1</sup> do not exceed \$290,380 is financially eligible for legal aid under the Ordinary Legal Aid Scheme ("OLAS") which covers civil proceedings in the District Court or higher courts as set out in section 5(1) of the LAO and criminal legal aid under the Legal Aid in Criminal Cases Rules (Cap. 221D). The corresponding upper limit for the

<sup>&</sup>quot;Financial resources" means the aggregate of an applicant's yearly disposable income and disposable capital. A person's disposable income is his/her gross income minus deductible items as allowed under the Legal Aid (Assessment of Resources and Contributions) Regulations ("the Regulations") (Cap. 91B). A person's disposable capital consists of all assets of a capital nature, such as the sum of his/her credit balance, money due to him/her, the value of the person's interest in non-money resources, the value of business or share in a company etc., unless such items should be excluded from calculation under the Regulations.

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Supplementary Legal Aid Scheme ("SLAS") is \$1,451,900 as specified in section 5A(b) of the LAO<sup>2</sup>.

4. For civil cases, it is stipulated in section 5AA of the LAO that the Director of Legal Aid ("DLA") may waive the financial eligibility limit imposed where he is satisfied that a person should be granted legal aid in proceedings in which a breach of the Hong Kong Bill of Rights or an inconsistency with the International Covenant on Civil and Political Rights as applied to Hong Kong is an issue. As for criminal cases, pursuant to rule 15(2) of the Legal Aid in Criminal Cases Rules (Cap. 221D), DLA may exercise his discretion to grant a legal aid certificate or an appeal aid certificate to an applicant (notwithstanding that his financial resources exceed the relevant financial eligibility limit) if he is satisfied that it is desirable in the interests of justice to do so.

#### MEASURES TO PREVENT MISUSE OF LEGAL AID

## **Processing of applications**

5. The merits test for civil cases is stipulated in section 10(3) of the LAO which reads "A person shall not be granted a legal aid certificate in connection with any proceedings unless he shows that he has reasonable grounds for taking, defending, opposing or continuing such proceedings or being a party thereto". To ensure that only those cases with reasonable grounds are granted legal aid, all legal aid applications are processed by Legal Aid Counsel appointed to serve in In conducting the merits test, LAD will consider the background, evidence available and legal principles applicable to the case so as to determine whether legal aid should be granted. Before issuing a legal aid certificate, LAD must, in assessing the merits, be satisfied that there are reasonable grounds or points of law involved for which it is desirable to grant legal aid to enable the matter to be submitted to the court for decision or judgment. If complicated legal issues are involved in the application, LAD may seek independent legal opinion from counsel in private practice on the merits of the application under section 9(d) of the LAO ("section 9 opinion").

We reported to this Panel in June 2017 by way of an information paper that the Government has completed a review of financial eligibility limits ("FELs") of legal aid applicants for the two-year reference period from July 2014 to July 2016 and proposed increasing the FELS under OLAS and SLAS by 4.0% (i.e. from \$290,380 to \$302,000 for OLAS and from \$1,451,900 to \$1,509,980 for SLAS) to reflect the accumulated change in the Consumer Price Index (C) recorded during the reference period. The House Committee decided at its meeting on 30 June 2017 to form a subcommittee to scrutinise the Resolution to increase the FELs. Upon completion of the subcommittee's work, we will move a motion to seek the Legislative Council's approval of the Resolution as soon as possible.

- 6. Section 10(3) of the LAO further sets out the criteria where DLA may refuse legal aid, such as only a trivial advantage would be gained by the applicant from such proceedings, or the applicant has failed to provide relevant documents as required under section 9(b) of the LAO to LAD. According to section 26 of the LAO, if an application for legal aid is refused, the applicant may appeal to the Registrar of the High Court in chambers whose decision is final.
- 7. The number of legal aid applications, certificates granted, applications refused and appeals made in the past three years are as follows –

	2014	2015	2016
Civil legal aid			
No. of applications received	16 288	15 165	14 733
No. of certificates granted	7 526	7 058	6 878
Applications refused			
- on means	912	814	786
- on merits	5 583	5 227	5 294
Appeals against DLA's decisions			
- appeals heard	809	705	750
- appeals allowed	32	38	28
Criminal legal aid			
No. of applications received	3 717	3 630	3 567
No. of certificates granted	2 690	2 521	2 641
Applications refused			
- on means	38	47	25
- on merits	823	921	817
Certificates granted by the Judge	8	4	10

Note: Certificates may not be granted in the same year as the applications were received.

# Monitoring of approved applications

8. To ensure the continuance of legal aid is justified in terms of the merits of the case, LAD would issue legal aid certificates that are limited to certain scope of work or specific steps in the proceedings for approved applications. Extension of certificate will be subject to an ongoing review on the merits of the case when more information and evidence are unfolded or obtained. Cases will be discharged if they are no longer considered to have reasonable grounds to continue the proceedings, e.g. there is factual or medical evidence which is unfavourable to the aided person's claim, or the costs to be incurred in the proceedings are disproportionate to the estimated amount of damages to be recovered.

9. The LAO and its subsidiary legislation provides for mechanisms and penalties against misuse of legal aid. Under section 23 of the LAO, any person seeking or receiving legal aid who knowingly makes any false statement or false representation in furnishing the information required shall be guilty of an offence and liable on summary conviction to a fine at level 3 (i.e. \$10,000) and to imprisonment for 6 months. Anyone who believes that an applicant or aided person has furnished false information on the merits or means may provide relevant details to LAD. Pursuant to section 11 of the LAO and regulation 8 of the Legal Aid Regulations ("LAR") (Cap. 91A), DLA may revoke a legal aid certificate if he is satisfied that the aided person has, in respect of his case, knowingly made a false statement concerning any information furnished by him/her; or has wilfully failed to disclose his financial resources or any material fact concerning his financial resources etc. Under regulation 9 of LAR, LAD may recover from the person all costs paid or payable. LAD may also refer the case to the Police for follow-up actions. According to section 17 of the LAO, the court or judge may also order the aided person to pay the costs of DLA. remind applicants of the relevant regulations of the LAO, LAD would provide an "Important Notice" to all applicants drawing their attention to the above. Follow-up actions taken by LAD regarding misuse of legal aid in the past three years are as follows –

	2014	2015	2016
Revocation of legal aid certificate	27	24	33
Referrals to the Police after	26	25	20
discharging or revoking certificate			
Convictions	4	2	2

Note: Referrals to the Police and convictions may not be made in the same year as the discharge or revocation of certificate.

# **Abuse of Legal Aid**

10. Furthermore, pursuant to Regulation 11 of the LAR, if anyone has repeatedly applied for legal aid after being refused, DLA may order that no consideration shall be given to any future application by that person for up to a period of three years if it appears to DLA that his/her conduct has amounted to an abuse of the services provided by the LAO. In considering whether the conduct has amounted to an abuse of legal aid, LAD will examine the applicant's previously refused applications, the merits of those applications as well as the outcomes of legal aid appeals. A legal aid applicant who is aggrieved by any order or decision made under Regulation 11 of the LAR may, pursuant to section 26 of the LAO, appeal to the Registrar of the High Court whose decision will be final.

#### Legally-aided cases involving judicial review

11. The criteria for conducting the merits test for legal aid applications involving judicial review ("JR") are the same as those for other civil legal aid applications. That is, according to section 10(3) of the LAO, legal aid would only be granted to applicants who can show that their cases have reasonable grounds for conducting JR proceedings. The number of legal aid applications involving JR received by LAD, the number of legal aid certificates granted and the total contribution paid by applicants in the past three years are tabulated below –

Year	(A) No. of legal aid applications involving JR received#	(B) No. of legal aid certificates granted for cases involving JR <sup>#</sup>	Total contribution paid by applicants
	(i) No. of applications related to	(i) No. of certificates related to	
	non-refoulement	non-refoulement	
	claims* (ii) JR cases other than (i)	claims* (ii) JR cases other than (i)	
2014	266	74	\$57,523
	(i) 98	(i) 52	
	(ii) 168	(ii) 22	
2015	500	107	$$1,539,114^3$
	(i) 248	(i) 62	
	(ii) 252	(ii) 45	
2016	437	27	\$78,752
	(i) 144	(i) 9	
	(ii) 293	(ii) 18	

Notes

<sup>#</sup> Legal aid certificates may not be granted in the same year as the applications were received.

<sup>\*</sup> The provision of publicly-funded legal assistance for non-refoulement claims is not within the scope of legal aid provided by LAD. However, if claimants are aggrieved by the Immigration Department or Torture Claims Appeal Board's decisions and wish to challenge them by way of judicial review, they may apply for legal aid in accordance with the LAO. They may also apply for legal aid for applying for release from the detention by relevant authorities and recovering damages for unlawful detention.

In 2015, three legal aid applicants who lodged JR were granted legal aid at the discretion of DLA under section 5AA. The contribution paid by the three applicants amounted to \$1,327,873, resulting in a substantial increase in the contribution received in 2015.

The total legal expenditure on legally-aided cases involving JR in the past three financial years are tabulated below –

Financial year	Total legal expenditure on cases involving JR (\$ million)	Percentage of total legal aid costs of the year
2014-15	22.7	4.00%
2015-16	29.4	5.17%
2016-17	36.3	5.02%

Note: The total legal expenditure on cases involving JR was the total expenditure for legally-aided cases involving JR in the year, including the expenditure for cases where the legal aid certificates were granted not within that year.

## Success rate of legally-aided cases

12. The overall success rate for civil cases (i.e. judgments in favour of the legally-aided persons) has been maintained at a relatively high level in the past three years. The success rates of the major case types in the past three year are set out below –

Success rates for civil cases closed in a specific year			
Case types	2014	2015	2016
Personal Injuries	95%	95%	94%
Claims			
Medical/Dental/	76%	79%	59%
Professional			
Negligence			
Miscellaneous	60%	52%	56%
Overall	91%	90%	88%

13. For criminal cases, it would not be appropriate to conclude whether a case is successful given the variety of outcomes, such as suspended sentence instead of immediate imprisonment, conviction of some but not all of the charges against the defendant.

#### ASSIGNMENT CRITERIA OF LAWYERS

## **Assignment of lawyers to aided persons**

14. Section 13 of the LAO provides that where a legal aid certificate is granted, the DLA may act for the aided person through Legal Aid Counsel or

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assign any lawyers in private practice who are on the Legal Aid Panel<sup>4</sup> ("the Panel") selected by either the aided person if he so desires, or the DLA. To this end, LAD has devised a set of criteria on the assignment of legal aid cases which have been endorsed by the Legal Aid Services Council<sup>5</sup> ("LASC") and uploaded onto LAD's website (copied at **Annex A**).

- LAD has also issued a Manual for Legal Aid Practitioners setting out the guidelines for conducting legal aid cases. The guidelines stipulate that it is the duty of assigned lawyers to conduct the proceedings and to decide on what steps to take in the interests of the aided person. Therefore, they should familiarise themselves with the provisions of the LAO and the related regulations relevant to the conduct of legal aid cases. Assigned lawyers are required to check, among other things, the scope of the legal aid certificate as they will be remunerated only for their work done within the ambit of the certificate. In case there is a need to incur unusual and large expenditure in the proceedings, assigned lawyers would need to obtain prior approval from LAD. Assigned lawyers are also under a duty to report to LAD progress of the cases and suspected misuse of legal aid service by the aided persons. In addition, it is important that they understand their responsibility to the legal aid funding and they are reminded of the relevant provisions of the LAD concerning the operation of DLA's first charge.
- In assigning legal aid cases to lawyers on the Panel, LAD adheres to the 16. fundamental principle that an aided person's interest is of paramount importance. In light of legal advice and precedent cases, when an aided person nominates by himself/herself lawyer pursuant to section 13 of the LAO, LAD takes the view that the nomination should be given due weight and should not be rejected compelling reasons. Compelling reasons include are unsatisfactory past performance of the nominated lawyer, disciplinary action taken against the nominated lawyer by regulatory body, or language requirements of the proceedings which are likely to undermine the aided person's interest in the proceedings and/or to jeopardise the legal aid fund; or the aided person has made repeated or late requests for change of lawyer without reasonable grounds. When processing the nomination of lawyers, LAD will base on the assignment criteria to determine whether the choice of lawyer is appropriate. If the nominated lawyer is considered not appropriate or the number of assignment handled by the nominated lawyer exceeds the limit (please see paragraph 18 below), LAD will ask the aided person to nominate

<sup>4</sup> As at end June 2017, 982 counsel and 2 304 solicitors were registered on the Panel.

<sup>&</sup>lt;sup>5</sup> LASC is a statutory body set up in 1996 under the Legal Aid Services Council Ordinance (Cap. 489) to oversee the administration of legal aid services provided by the Legal Aid Department, and to advise the Chief Executive on legal aid policy.

another Panel lawyer and assess whether the newly nominated lawyer is appropriate in taking up the case. As such, the lawyer eventually assigned to take up the case would be agreeable to both the aided person and LAD.

## **Assignment limits for lawyers**

- 17. LAD has, since 2013, tightened up enforcement of the limits set for the number of assignments handled by a lawyer and the cumulative amount of legal aid fees payable (where applicable) as stipulated in the Manual for Legal Aid Practitioners, covering civil and criminal cases of all categories. In other words, when considering nominations of lawyers, if the number of assignments taken up by a nominated lawyer has exceeded the limit, LAD will ask the aided person to nominate another panel lawyer. The number of cases handled by the top ten solicitors and counsel in the past three years are at **Annex B**.
- 18. LAD has recently completed a review on the assignment limits and sought LASC's endorsement on the following revisions –

	Current	Revised
Solicitor	Civil: 45	Civil: 35
	Criminal: 30 cases or	Criminal: 25 cases or
	\$600,000 legal aid costs	\$750,000 legal aid costs
	(whichever occurs first)	(whichever occurs first)
Counsel	Civil: 25	Civil: 20
	Criminal: 30 cases or	Criminal: 25 cases or
	\$1.2 million legal aid fees	\$1.5 million legal aid costs
	(whichever occurs first)	(whichever occurs first)

LAD has informed the two legal professional bodies of the review outcome and plans to implement the revised limits in the last quarter of 2017.

19. Apart from revising the assignment limit, LASC also endorsed LAD's proposal that as a general policy, a counsel who has earlier given a favourable section 9 opinion would not be assigned to handle the case if legal aid is subsequently granted. However, there would be exceptions under special circumstances such as there is no other counsel with the required experience and expertise available to handle the case, or it is in the interest of the aided person to do so (e.g. in containing the amount of first charge to be borne by the aided person as in damages claim cases).

#### **Declaration and performance monitoring mechanisms**

- 20. As a measure to combat improper touting or champerty activities, LAD introduced a declaration system for legal aid applications in September 2013 after consulting LASC and the two legal professional bodies. The system seeks to ensure that nominations of lawyers are made out of aided persons' own free will and that they have not agreed to share with any person(s) (including nominated lawyers or their employees, agents or claims agents) any damages, property or costs which they may recover in the proceedings. LAD also reminds legal aid applicants to report to LAD staff in case they are approached by any person claiming to offer assistance in applying for legal aid or suggesting nomination of a particular lawyer. Aided persons may contact and consult LAD if they need advice on the choice of legal representatives.
- 21. LAD has an established system to monitor the performance of assigned lawyers. A Departmental Monitoring Committee chaired by DLA evaluates the performance of assigned lawyers in handling legal aid cases and the number of legal aid cases assigned to individual lawyers. LAD's directorate officers also keep all assigned cases under regular review to ensure that there are no improprieties or undue delays in the handling of legal aid cases. Disciplinary actions taken by LAD in relation to handling of legal aid cases by Panel lawyers in the past three years are shown below —

	2014	2015	2016
Issuance of advisory letter	4	0	2
Placed on the Record of	11	7	14
Unsatisfactory Performance/ Conduct			
Removal from the Panel	0	0	3

22. Furthermore, the Independent Commission Against Corruption completed a corruption prevention study on assignment of civil cases to private practitioners and experts and made a number of recommendations on strengthening the procedural supervision in 2015. LAD has implemented all of the key recommendations which are listed at **Annex C**.

### **PUBLIC EDUCATION**

23. The Government has been stepping up publicity and educational efforts through various channels, including reminding the public not to abuse the use of legal aid. LAD is committed to promoting legal aid services by organising and participating in various activities and enhancing public understanding of such services via websites, booklets, announcements in public interest on television and radio, etc. Apart from explaining how the merits test works, LAD also

emphasises to the public the important need of proper application for and use of legal aid services. These include a reminder that legal aid applicants may be prosecuted for making false statements or furnishing incorrect information, and if a person has repeatedly applied for legal aid such that his conduct has amounted to an abuse, DLA may order that no consideration shall be given to any future application by that person for up to three years. LAD will continue with its efforts on public education in future.

#### **ADVICE SOUGHT**

24. Members are invited to note the measures to prevent the misuse of legal aid, assignment criteria of lawyers for legal aid cases and public education efforts as set out above.

Home Affairs Bureau Legal Aid Department July 2017

## Selection of Counsel and Solicitors for Legal Aid Assignments

Legal aid work is not distributed to counsel or solicitors on the Legal Aid Panel equally regardless of merits, the legally aided persons' interests being the paramount consideration. The Legal Aid Department's primary duty is therefore towards the aided persons by facilitating the access and attainment of justice through competent legal representation. Counsel or solicitors are selected by Legal Aid Counsel having regard to the level of experience and expertise of the practitioners concerned and the type and complexity of the particular case. In general, counsel or solicitors are selected in accordance with the following criteria:

#### **General**

- 2. Counsel or solicitors should -
  - (a) be on the Legal Aid Panel;
  - (b) be in active practice;
  - (c) have a satisfactory past performance record\*;
  - (d) satisfy the minimum experience requirement specified for the relevant area of work;
  - (e) not exceed the limit on assignments of legal aid work and/or, where appropriate, costs and fees paid or payable for such work in the past 12 months;
  - (f) (in the case of solicitors) have the necessary support and facilities afforded by their firms to handle legal aid work.

#### **Minimum Experience Requirements**

## Civil Case

- 3. Counsel or solicitors should -
  - (a) have at least 3 years of post-call / post-admission experience; and
  - (b) have handled a minimum number of civil cases in the relevant area of work within a specified period -
    - (i) for medical negligence, professional negligence, administrative / constitutional law (including Bill of Rights) cases, have handled at least 5 such cases\* in the past 3 years; and

(ii) for other cases, have handled at least 16 cases\* in the relevant area of work in the past 3 years.

#### **Criminal Cases**

- 4. Counsel or solicitors should -
  - (a) have at least 3 years of post-call / post-admission experience;
  - (b) have handled at least 5 cases\* in the past 3 years in the relevant area of work; and
  - (c) meet the minimum experience requirements specified below-
    - (i) Cases in the District Court
      - at least 3 years relevant criminal litigation experience;
    - (ii) Cases in the Court of First Instance and appeals from the Magistrates' Court
      - at least 5 years relevant criminal litigation experience;
    - (iii) Appeals to Court of Appeal and Court of Final Appeal<sup>#</sup> Court of Appeal:
      - Counsel at least 7 years relevant criminal litigation experience
      - Solicitors at least 5 years relevant criminal litigation experience Court of Final Appeal:
      - Counsel at least 10 years relevant criminal litigation experience
      - Solicitors at least 7 years relevant criminal litigation experience

5. For Senior Counsel, they are exempted from the minimum experience requirements for assignment of legal aid work.

#### **Limits on Legal Aid Assignments**

- 6. Assignments should not generally exceed the limits set out below -
  - Civil Cases:
  - (a) for solicitors -- 45 cases within the past 12 months; and
  - (b) for counsel -- 25 cases within the past 12 months.
  - Criminal Cases:
  - (a) for solicitors -- 30 cases or \$600,000 legal aid costs within the past 12 months (whichever occurs first); and

<sup>\*</sup> including both legally aided and non-legally aided cases

<sup>#</sup> the number of cases handled in the Court of Appeal and in the Court of Final Appeal are considered jointly for the purpose of counting past experience in paragraph (c)(iii)] above.

- (b) for counsel -- 30 cases or \$1.2 million legal aid fees within the past 12 months (whichever occurs first ).
- 7. Assignment to counsel and solicitors who do not meet the above selection criteria may be allowed with the approval of a directorate officer.

<sup>\*</sup> In the assignment of legal aid cases, the Department will take into account such matters as the Record of Unsatisfactory Performance/Conduct and the record of disciplinary decisions of the Bar Association and the Law Society for which the Department maintains a separate list.

# **Legal Aid Assignments to Lawyers**

## A. Total number of civil assignments to top 10 solicitors

Rank	2014	2015	2016
1	129	46	43
2	82	45	42
3	65	45	41
4	50	44	40
5	50	43	40
6	49	43	40
7	49	42	40
8	47	42	40
9	47	41	40
10	47	41	39

Note: The above did not include section 9 assignments.

Figures in blue have exceeded the current assignment limit of 45 cases.

# B. Total number of civil assignments to top 10 counsel

Rank	2014	2015	2016
1	<b>29</b> (0)	31 (0)	28 (3)
2	28 (8)	30 (0)	28 (2)
3	28 (0)	29 (1)	25 (1)
4	28 (1)	27 (1)	25 (1)
5	<b>27</b> (10)	<b>26</b> (0)	25 (0)
6	27 (1)	25 (4)	25 (0)
7	<b>26</b> (0)	25 (0)	25 (2)
8	<b>26</b> (0)	25 (0)	25 (0)
9	26 (1)	25 (0)	24 (1)
10	<b>26</b> (0)	25 (0)	23 (0)

Note: The number in ( ) indicates section 9 assignment(s).

Figures in blue have exceeded the current assignment limit of 25 cases. In 2016, two counsel were assigned civil cases despite exceeding the assignment limit due to the handling of connected cases.

# C. Total number of criminal assignments to top 10 solicitors

Rank	2014	2015	2016
1	25	29	31
2	18	21	30
3	18	19	27
4	16	19	19
5	16	17	17
6	16	16	17
7	15	15	15
8	15	14	15
9	14	14	15
10	14	13	15

Note: The above did not include any pre-certification advice assignment.

Figure in blue has exceeded the current assignment limit of 30 cases. In 2016, one solicitor was assigned criminal case despite exceeding the assignment limit due to the handling of connected cases.

# D. Total number of criminal assignments to top 10 counsel

Rank	2014	2015	2016
1	23	25	23
2	21	18	23
3	21	18	20
4	19	17	19
5	17	17	18
6	17	17	17
7	16	14	17
8	16	14	16
9	16	14	16
10	16	13	16

Note: The above did not include any pre-certification advice assignment.

# Corruption Prevention Study on Assignment of Civil Cases to Private Practitioners and Experts

## **Key recommendations for Legal Aid Department (LAD)**

- 1. Lay down guidelines to remind panel lawyers and experts to avoid any perceived or actual conflict of interest.
- 2. Explicitly remind aided persons ("AP") not to enter into any champertous agreement with their engaged counsel.
- 3. Issue a general instruction to non-professional and support staff that they are prohibited from giving advice to APs on choice of panel lawyers.
- 4. For types of cases rarely handled by professional officers, require panel solicitors to obtain more than one quotation on experts for consideration by LAD. Failing this, justifications should be provided to account for selection on a single candidacy basis which should be subject to random checks by management.
- 5. Enhance the computer system to require professional officers to seek Assistant Principal Legal Aid Counsel's prior approval whenever the panel lawyer concerned has been subject to disciplinary action by his professional association.
- 6. Enhance the computer system to allow classification of precedent sanction cases according to the nature of malpractices committed by panel lawyers.
- 7. Lay down the criteria for considering applications for re-admission from panel lawyers previously removed from legal aid panel.
- 8. Consider reviewing the current threshold of cases assigned to each panel lawyer.