



AI Legal Assistant



www.Quillio.au

How to Recover Your AI Spend: A Practical Guide for New Zealand Legal Practitioners

A Compliance Guide for New Zealand Legal Practices

Who this is for: Solicitors, Barristers and law practice owners in Aotearoa New Zealand who are considering charging clients for AI tools used on their matters.

What this gives you: A plain-English walkthrough of the seven compliance issues you need to work through under the Lawyers and Conveyancers Act regime, practical examples, template clause language for your costs agreement, and a deployment checklist.

A note on tooling: This guide is tool-agnostic — Every principle in it applies whether you use Quillio or any other AI platform. That said, several of these obligations (per-matter tracking, itemised exports, defensible records) are operationally hard to meet without the right tooling. Where Quillio specifically addresses a compliance issue, we've flagged it. Importantly, you should be selecting tools based on their ability to give you this level of compliance with on-charging legal AI costs to clients. Otherwise, you are leaving your firm open to compliance complaints, cost assessments or inability to on-charge.

The Short Version

You can recover the cost of AI tools from your clients in New Zealand — but the rules here are stricter than across the Tasman, and you need to get seven things right. Provide proper information up front, characterise the charge correctly (NZ has a "disbursements at cost" rule that materially affects your options), keep the total fee fair and reasonable under Rule 9, document the basis in your letter of engagement, bill it in a way you can itemise, treat correctly prepaid amounts held in trust, and be transparent that AI is being used. Skip any of these and the charge is vulnerable to a complaint or a Standards Committee determination.





AI Legal Assistant



www.Quillio.au

The Seven Compliance Issues

1. Information Must Be Provided Up Front

Under Rule 3 of the Lawyers and Conveyancers Act (Lawyers: Conduct and Client Care) Rules 2008 (the RCCC), and the Client Care and Service Information requirements in the Schedule to those Rules, you must provide your client with information about the principal aspects of client service — including how your fee will be calculated, when payment is required, and what work will be done. Rule 9.4 separately requires that you must, on request, provide an estimate of fees and inform the client promptly if it becomes apparent the estimate is likely to be exceeded.

If AI is going to appear on the bill, the client needs to know about it before the work starts — not as a surprise line item later. The Law Society has expressly noted that as AI use develops, lawyers may need to review their billing practices and the information they provide at the start of a retainer.

What "informed" means in practice:

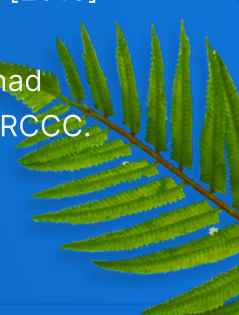
- Written, not verbal
- Specific enough that the client understands what they're agreeing to
- Includes the basis of calculation and an estimate where appropriate
- Updated promptly if the estimate is likely to be exceeded

Example of what doesn't work: A generic reference to "office expenses or technology charges" buried in your standard terms of engagement.

Example of what does work: A dedicated paragraph in your terms of engagement identifying AI charges and explaining how they're calculated, and giving an estimated range for the matter (if requested).

2. Disbursement vs Fee: NZ Has a Strict "At Cost" Rule

The NZ position is more prescriptive in relation to the actual charge for the disbursements claimed. The Law Society's published position is that disbursements must be charged at actual cost — not marked up. In Canterbury Westland Standards Committee v P Currie [2015] NZLCDT 15, a lawyer was censured by the New Zealand Lawyers and Conveyancers Disciplinary Tribunal for charging \$100 to a client for a registration disbursement that had cost the firm \$80. The Tribunal found this was a breach of Rules 3.4, 9, and 11.1 of the RCCC.





AI Legal Assistant



www.Quillio.au

What this means for AI: you cannot label an AI charge a "disbursement" and apply a margin.

There are three defensible paths:

Model	How it works	Example
True pass-through disbursement	The AI cost is calculated per use at actual cost, with no margin	"AI document review — \$4.20 (actual cost charged by AI provider)"
Built into the fee for services	AI cost is absorbed into the time-based or fixed fee, with the AI-enabled efficiency reflected in the overall fee being fair and reasonable	A fixed-fee conveyance that includes AI-assisted document review, priced on the value delivered
Office service charge	Charged transparently as an office service, disclosed up front in the letter of engagement	"Technology and AI office service charge — \$X per hour of AI-assisted work"

The third option (office service charge) needs careful handling — historically the NZLS has scrutinised office service charges closely, and any charge of this kind must be disclosed up front, charged transparently, and able to be justified as fair and reasonable.

What won't fly in NZ: Charging \$50 for an AI query that cost the firm a few cents and calling it a disbursement. The Currie case is directly on point.

3. The Whole Fee Must Be Fair and Reasonable Under Rule 9

Rule 9 of the RCCC requires that "a lawyer must not charge a client more than a fee that is fair and reasonable for the services provided, having regard to the interests of both client and lawyer." Rule 9.1 sets out thirteen specific factors to take into account when determining the reasonableness of a fee, including the time and labour expended, the skill and specialised knowledge required, the importance of the matter to the client and results achieved, the urgency, the complexity, the reasonable costs of running a practice, and the fee customarily charged in the market for similar legal services.

This means if you build AI cost recovery into your fee structure, the total fee must still be fair and reasonable having regard to these thirteen factors. Significant AI-driven productivity gains may reduce the time and labour you expend — and Rule 9 expects that to be reflected.





AI Legal Assistant



www.Quillio.au

Ask yourself the Standards Committee's question: If a client complained about the fee and the matter went to a Standards Committee, could I justify the AI charge on the Rule 9.1 factors?

Practical test:

- Can you explain how you arrived at the amount?
- Does the total fee still reflect the thirteen Rule 9.1 factors?
- Would a reasonable practitioner consider the charge fair?

4. Your Terms of Engagement Need Specifically to Address AI Costs

Under Rule 9.2, the terms of any fee agreement must be fair and reasonable to both client and lawyer. A generic reference to "office expenses including technology" is unlikely to be enough. Your terms of engagement should:

- Specifically identify AI or technology charges as a category
- Explain how the charge is calculated
- Give an estimate range for matter (if requested)
- Be provided to the client at the outset of the retainer and accepted by the client before substantive work begins

Template language — starting point only (have this reviewed by your lawyer before using):

Technology and AI-Assisted Work

In conducting your matter we may use artificial intelligence tools to assist with tasks including legal research, drafting, document review, and summarisation. The cost of this use is charged to you as [a disbursement at actual cost / a technology and AI office service charge / built into our fee for services] calculated on the following basis: [insert methodology — e.g. a per-use pass-through at actual cost; or a fixed charge of \$X per AI-assisted document; or an hourly rate of \$X for AI-assisted work].

We estimate the total AI-related charge on your matter will be approximately [amount or range]. We will inform you promptly if this estimate is likely to be exceeded.





AI Legal Assistant



www.Quillio.au

The total fee for our services will at all times be fair and reasonable having regard to the factors set out in Rule 9.1 of the Lawyers and Conveyancers Act (Lawyers: Conduct and Client Care) Rules 2008. You may request further information about how these charges have been calculated.

We will provide you with an itemised bill showing each AI charge.

Sample Outlay Clause

In addition to our professional fees, you agree to reimburse us for all outlays which we properly incur (even if we have not already made payment) as part of our provision of legal services to you, including but not limited to: barrister's fees, search fees, courier fees, the cost of expert consultants, medical reports, filing and lodgement fees, banking charges, file retrieval costs, government revenue charges, process servers and investigators, agents' fees, external consultants, travel, parking, accommodation, witness fees, transcript fees, translation fees, printing costs, telecommunications and technology and software costs (including AI usage costs).

DISCLAIMER: Quillio is a software company and cannot provide legal or compliance advice. This above template language and sample disbursement recovery clause are provided for informational purposes only and do not constitute legal or compliance advice. You should conduct your own research and seek independent legal advice to determine the requirements applicable in your jurisdiction. Quillio makes no representation or warranty as to the accuracy of this clause and accepts no liability for any use you make of it.

5. If You Can't Itemise It, You Shouldn't Charge It

Under Rule 9.7 of the RCCC, your final account to the client must be rendered within a reasonable time of the matter concluding, and conveyancing practitioners are required to include sufficient information to identify the work undertaken and disbursements incurred. The expectation is the same in practice for lawyers — and on a Standards Committee inquiry, you will be expected to substantiate every charge. What this means for your systems: You need a way to track AI usage per matter. If your AI tool can produce per-matter usage data and exportable reports, this is straightforward. If it can't, you're either guessing — which won't survive a complaint — or absorbing the cost yourself.





AI Legal Assistant



www.Quillio.au

How Quillio handles this: Quillio tracks every AI-assisted task at the matter level and lets you export itemised usage reports and detailed expert reports directly from the platform. Each AI interaction is logged against the relevant matter with a description, timestamp, and cost basis — When you generate a bill (or a client requests further information about charges), the underlying detail is already captured. You can attach the expert report to your invoice if desired or hold it on file as supporting documentation if the bill is queried or the matter goes to a Standards Committee.

Practical example of a defensible line item supported by a Quillio report:

"AI-assisted document review — comparison of vendor warranty clauses — 2 November 2026 — \$4.20 (actual cost)"

(Supported by Quillio matter usage report dated 2 November 2026, available on request.)

Non-compliant version:

"Technology charges — \$420" (no detail, not tied to any task, no supporting record)

6. Trust Accounting: If It's Prepaid, It's Trust Money

If a client pays funds in advance and AI costs are to be drawn from those funds, the money sits in trust until the cost is incurred. Under regulations 9 and 10 of the Lawyers and Conveyancers Act (Trust Account) Regulations 2008, a trust account may not be debited with fees of a practice (other than commission properly chargeable on collection of money and disbursements) unless a dated invoice has been issued and the client has been given the required information.

Practical implication: You cannot transfer client trust money to your office account to pay "this month's AI subscription." You can only transfer amounts representing AI charges actually incurred on that client's matter, properly invoiced, and in accordance with the Trust Account Regulations. Your Trust Account Supervisor needs to be across how AI charges are being handled.

7. Charging for AI Means Disclosing You Used It

Once AI appears on the invoice, your client will know — and will reasonably ask — how their matter was processed, what tool was used, what happened to their data, and whether confidentiality was preserved.





AI Legal Assistant



www.Quillio.au

This is consistent with the [New Zealand Law Society's Generative AI Guidance for Lawyers](#) (March 2024), which sets out lawyers' obligations around competence, confidentiality, privacy, and client care when using AI. It is also consistent with the [Courts of New Zealand Guidelines for use of Generative Artificial Intelligence](#) (December 2023), which apply to lawyers appearing in courts and tribunals.

Be ready to answer:

- Which AI tool is used, and for what tasks?
- Is client data used to train third-party models?
- Where is the data stored (and is it transferred outside New Zealand — engaging Information Privacy Principle 12 of the Privacy Act 2020)?
- What confidentiality safeguards are in place?
- How is the AI output checked by a qualified lawyer?
- Is the company providing the tool owned within ANZ or outside the region?

If you cannot answer any of these clearly, you have a bigger problem than billing.

Deployment Checklist

Before you send your first invoice that includes AI charges, confirm:

- Your terms of engagement contains specific disclosure around AI use and disbursement calculation
- The terms of engagement have been reviewed by an experienced costs lawyer in your jurisdiction
- You have clearly characterised the charge (true disbursement at cost / fee / office service charge)
- If charged as a disbursement, the charge is at actual cost with no margin
- You have a documented methodology you could justify on a Rule 9 inquiry
- You are able to provide an estimate (or range) of AI costs upfront; and update it promptly if exceeded
- Your practice management or AI tool can produce a per-matter usage report and exportable report (Quillio does this natively — exportable from any matter file)





AI Legal Assistant



www.Quillio.au

- Every AI charge on a bill can be itemised to a specific task and supported by a usage report
- (if applicable) Your Trust Account Supervisor is across how AI charges are handled
- You have a client-facing statement about how AI is used on matters
- You have confirmed your AI provider's data handling meets your confidentiality, legal professional privilege and Privacy Act 2020 obligations (including Principle 12 if data is stored outside NZ)
- All fee earners in the firm have been briefed on the disclosure and billing process
- You have a process for handling client queries or complaints about AI charges
- You have reviewed the NZLS Generative AI Guidance and any updates issued since

How Quillio Helps You Recover 90% of Your AI Spend

The compliance principles in this guide work with any AI tool — but a tool built without itemisation in mind makes it hard or impossible to comply. Quillio is designed for easy compliance.

- Per-matter tracking. Every AI task is logged against the matter it relates to, automatically
- Itemised usage reports. Exportable in seconds — drop straight into your invoicing workflow
- Export reports. Detailed, exportable reports you can attach to invoices, hold on file as supporting documentation, or produce on request if a bill is queried or a complaint is made.
- Defensible methodology. Each charge is tied to a specific task, timestamped, and traceable — exactly what a Standards Committee will look for.
- No guesswork at month-end. No reconstructing AI usage from API logs. No absorbing the cost because it's too hard to allocate at actual cost.

If you've checked off the matters in this guide, Quillio handles the operational side — so the AI charge that appears on your client's invoice is one you can stand behind.

Want to see how this looks in practice? Book a demo: <https://quillio.au>





AI Legal Assistant



www.Quillio.au

Key References

Legislation and rules

- [Lawyers and Conveyancers Act \(Lawyers: Conduct and Client Care\) Rules 2008](#)
- [Lawyers and Conveyancers Act \(Trust Account\) Regulations 2008](#)
- [Lawyers and Conveyancers Act 2006](#)
- [Privacy Act 2020](#)

Regulator and judicial guidance on AI

- [New Zealand Law Society — Generative AI Guidance for Lawyers \(March 2024\)](#)
- [New Zealand Law Society — AI and Law 2025 resources](#)
- [Courts of New Zealand — Guidelines for use of Generative Artificial Intelligence \(Lawyers, December 2023\)](#)
- [Office of the Privacy Commissioner — Generative AI guidance](#)

Costs and billing guidance

- [NZLS — Trust account management resources](#)
- [NZLS LawTalk Issue 907 — Tips for more efficient trust account management \(discussion of disbursements at cost\)](#)

Disclaimer

This guide has been prepared by Quillio as general information for New Zealand legal practitioners considering whether and how to charge clients for AI-related costs. It is not legal advice, is not a substitute for legal advice, and is not tailored to your firm, your clients, your matter types, your jurisdiction, or your specific circumstances.

This guide is offered as a free resource to help experienced legal practitioners structure their own thinking and their own conversations with qualified costs lawyers. The content reflects our good-faith understanding at the time of publication of requirements under New Zealand law. This is subject to change, and is supplemented by case law, practice notes, and regulator guidance that may not be reflected in this document.

You should use your professional judgement in applying anything in this guide. Before implementing any AI cost recovery practice, you should:

- Obtain costs advice from a lawyer admitted in the jurisdiction in which you practise;
- Have your costs agreement reviewed and, if necessary, redrafted by a qualified legal adviser;





AI Legal Assistant



www.Quillio.au

- Contact the New Zealand Law Society if you have any doubt as to the application of any published guidance;
- Conduct your own due diligence on the regulatory position in your jurisdiction, including any recent regulator guidance, court practice notes, and case law;
- Consult your professional indemnity insurer if you have any doubt about whether a proposed practice is covered; and
- Comply with your own professional and ethical obligations as a legal practitioner, which are yours alone and cannot be outsourced to a guide of this kind or to a technology provider.

Neither Quillio nor any of its officers, employees, contractors, or representatives accepts any liability for any loss, damage, cost, penalty, or professional consequence arising directly or indirectly from reliance on this guide. Use of this guide is entirely at your own risk and on the basis that you, as a qualified legal practitioner, will apply your own professional judgement to every decision you take.

© 2026 Quillio ABN 83 671 466 729. All Rights Reserved. This guide may only be reproduced for internal use within a single legal practice. No other reproduction is permitted without Quillio's express prior written consent.

