

Report of the

*Parliamentary Counsel Office
Te Tari Tohutohu Pāremata*

*for the year ended
30 June 2004*



PARLIAMENTARY
COUNSEL OFFICE
TE TARI TOHUTOHU
PĀREMATA

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The Attorney-General

*I am pleased to present to you the Report of the Parliamentary
Counsel Office for the year ended 30 June 2004.*

A handwritten signature in blue ink, appearing to read "G. Tanner".

*George Tanner QC
Chief Parliamentary Counsel*

CHIEF PARLIAMENTARY COUNSEL'S OVERVIEW



This is the report for the Parliamentary Counsel Office (PCO) for the 2003/04 year. The report is in three sections. The first section contains a brief description of the work of the PCO. It identifies particular achievements and issues in the year under review. The second section reports on the performance of the PCO against the Strategic Objectives in the PCO's Statement of Intent for the 2003/04 year. The third section contains the audited financial statements for 2003/04 and auditor's report on those statements.

Role of the PCO

The PCO's outcome, as stated in the Statement of Intent for 2003/04, is contributing to parliamentary democracy under the rule of law by supporting Parliament and the Executive in their law-making roles and contributing to the Government's objectives by—

- drafting changes in the law that are necessary to implement government policies
- making the law accessible to the public.

A principal function of Parliament is to enact legislation. Acts of Parliament frequently delegate law-making powers to the executive branch of government: the Governor-General in Executive Council, Ministers of the Crown, statutory office holders, and government officials. It is the function of the courts to decide the cases that come before them according to the law. That law is a combination of legislation and the common law. The courts interpret and apply legislation made by Parliament and the executive. The courts are created by statute law and, except for the inherent jurisdiction of the High Court, their jurisdiction and rules are derived from legislation. The highest court in the land, the Supreme Court, is a creature of statute. Few, if any, cases coming before the courts do not involve either the application or the interpretation of legislation to some degree.

A significant part of the work of Ministers and officials at all levels of government involves applying legislation. Decisions made in the exercise of statutory powers are reviewable by the courts under the Judicature Amendment Act 1972. In this way the courts exercise a supervisory function over administrative action and in doing so have to consider the scope of the legislative powers conferred in particular cases and whether they have been exercised in accordance with established principles of administrative law.

Each of the separate branches of government—legislature, executive, and judiciary—contributes to parliamentary democracy under the rule of law. The PCO also contributes to

... contributing to parliamentary democracy under the rule of law by supporting Parliament and the Executive in their law-making roles ...

this objective by drafting the laws made by Parliament and the Executive in the exercise of their respective law-making roles and by making those laws available to those to whom they apply.

This is reflected in the PCO's two output classes: Law Drafting Services and Access to Legislation. These output classes also reflect the PCO's statutory functions.

In the case of Law Drafting Services (Output Class D1), under the Statutes Drafting and Compilation Act 1920 the PCO drafts Government Bills for introduction into Parliament, including amendments to Bills during their passage. Also, under the Attorney-General's direction, the PCO drafts Members' Bills in situations where it is clear that there is sufficient parliamentary support for a particular Member's Bill to be enacted. Under a direction from the Attorney-General, the PCO also drafts Statutory Regulations and certain other legislative instruments made under delegated law-making or prerogative powers.

In the case of Access to Legislation (Output Class D2), the PCO is required under the Acts and Regulations Publication Act 1989 to publish official versions of Acts of Parliament, Statutory Regulations, and reprints of Acts and Statutory Regulations with their amendments incorporated.

the PCO's two output classes ... reflect the PCO's statutory functions

Outputs and outcome—the link

The linkage between the PCO's outcome and its outputs is not necessarily apparent to all readers of the PCO's accountability documents. Contributing to parliamentary democracy under the rule of law as an outcome was identified after careful consideration. The same high level objective is regarded as an appropriate outcome of at least two drafting offices in Australia: the Commonwealth Office of Parliamentary Counsel, and the New South Wales Parliamentary Counsel's Office. The Commonwealth Office of Parliamentary Counsel has expressed its outcome as parliamentary democracy and an effective statute book.

The PCO could, arguably, have opted for something less ambitious and less high sounding; for example, legislation that is necessary to change the law to implement government policies with the corresponding outputs as Bills, Acts, and Statutory Regulations. That might do, but it was not favoured on the basis that it is limited to equating units of input with units of output and pays no regard to the ideals of modern democracies that aspire to government under the rule of law in the sense of a commitment to fundamental rights and freedoms in all aspects of government: legislature, executive, and judicial. An outcome stated in those terms would not concern itself with whether a law was fair and just. So long as it worked, that would be all that mattered. The development, drafting, and enactment of legislation is a complex process and the challenge to ensure that the rules it lays down reflect the values that lie at the heart of a modern and mature society is considerable for all who are involved in the process.

The PCO aims to ensure that the legislation it drafts, Bills as well as delegated legislation,—

- complies with fundamental legal principles
- is consistent with New Zealand's international obligations under relevant treaties and conventions, the New Zealand Bill of Rights Act 1990, the Human Rights Act 1993, and other important statutes
- is consistent with the Treaty of Waitangi
- complies with the Legislation Advisory Committee Guidelines on Process and Content of Legislation
- gives effect to the policy objectives of the legislation
- will work in a practical sense without imposing excessive compliance costs
- is clearly expressed so that those to whom it will apply can understand their rights and obligations under it.

In the case of delegated legislation there are two further considerations. First, delegated legislation must be authorised by the provisions of the statute under which it is made. If it is not, it can be declared invalid by the courts. In many cases, the power to make a particular set of Statutory Regulations is reasonably clear. But in some, the question whether the empowering statute authorises the making of a particular instrument is not clear cut. The line between validity and invalidity can be a fine one and give rise to difficult legal issues about whether the instrument can lawfully be made.

Secondly, Parliament scrutinises all Statutory Regulations and many other legislative instruments. The Regulations Review Committee carries out this function under the Standing Orders of the House of Representatives. The Committee may draw to the attention of the House any instrument that breaches any of the grounds set out in Standing Order 378. The Regulations (Disallowance) Act 1989 provides a mechanism for Parliament to disallow Statutory Regulations.

people cannot be expected to obey the law if they do not have access to it

It is the responsibility of the PCO to ensure, so far as it can, that all legislation meets these standards. Drafting law is not a simple matter of taking a proposition and putting it into legal language. The well-being of a society is gauged from the quality of its laws, how they are administered, and how they are applied by its courts.

Access to the law is also of crucial importance. People cannot be expected to obey the law if they do not have access to it. Ensuring effective access to legislation is part of the contribution the PCO can make to parliamentary democracy under the rule of law.

The work of the PCO in producing outputs that contribute to the outcome is described in detail in the rest of this report. The legislative framework under which the PCO operates is described in more detail in the Appendices to this report.

Accountability documents and reporting

The PCO has a mission statement and a vision statement. The mission and vision statements are set out in Appendices to this report. The PCO also produces a Statement of Intent for each financial year. The Statement of Intent is tabled in the House with the main estimates. The Statement of Intent describes the PCO's outcome and outputs, and includes the PCO's business plan over a three-year horizon, a statement of objectives for the relevant financial year, and forecast financial statements for that year. The Statement of Intent for the 2003/04 year is the basis for this report.

There is, in the PCO, a natural tendency to think in terms of calendar years simply because that is how the PCO's work is focused. The Government's legislation programme applies in relation to calendar years. Statutes and Statutory Regulations are published annually in bound volumes and may be regarded as a record of the legislation enacted or made in calendar years rather than financial years. Outputs are easier to assess in comparative terms by looking at the Acts passed and Statutory Regulations made in calendar years. However, in accordance with the Public Finance Act 1989, the PCO's planning documents and reporting apply in relation to financial years.

Highlights

A range of matters are reported on in detail in this report. The more significant matters include the following—

- in the financial year ending on 30 June 2004, 158 Acts of Parliament were enacted comprising 154 Public Acts and four Local Acts (4715 pages).¹ Four hundred and fifty-one Statutory Regulations were published (3068 pages). The total number of pages of legislation published, 7783 pages, was the highest ever published in the country's history
- in the calendar year ending on 31 December 2003, 137 Acts were passed comprising 129 Public Acts, five Local Acts, and three Private Acts. Five volumes of statutes (3209 pages) and four volumes of Statutory Regulations (2634 pages) were published. That is the largest number of volumes of statutes and Statutory Regulations ever published in New Zealand. The number of pages of published legislation for 2003 ranks among the highest annual totals
- 11 reprints of Public Acts and three reprints of Statutory Regulations were compiled and published. Following the setting up in the PCO of a Reprints Unit it is likely that the PCO will compile and publish annually in excess of 5000 pages of reprinted legislation. This represents a significant increase on previous years and is more comparable with

7783 pages was the highest ever published in the country's history

¹ This figure includes the Income Tax Act 2004, enacted on 7 May 2004, and comprising 2089 pages.

Australian jurisdictions. Reprints are compiled and published under the PCO reprints policy and an annual reprints programme in place of the Reprinted Statutes of New Zealand series (referred to sometimes as "the brown volumes")

the Public Access to Legislation Project remained paused throughout the year under review

- the Public Access to Legislation Project remained paused throughout the year under review. Evaluations of the technology underlying the PAL system and of alternative print rendering engines were undertaken and discussions with Unisys continued in relation to project requirements and technology. The PCO continued to work with the Treasury and the State Services Commission in discussing with Unisys the technical and commercial issues affecting the future of the project. Ministers were briefed about project issues. At the end of the reporting period, no government decision had been made about the future of the project. The failure so far to implement the PAL Project is both disappointing and of concern to the PCO and the Government. New Zealand continues to lag behind other countries in providing electronic access to up-to-date legislation
- free public access to an electronic database of up-to-date legislation continued under a commercial arrangement between the PCO and the legal publisher, Brookers Ltd. Detailed information about website usage is provided later in this report
- additional funding was provided to the PCO to enable it to appoint additional drafting and other key staff
- progress was made with several initiatives identified in the Statement of Intent. These included conducting seminars for instructing departments, arranging for an Australian lawyer and expert in the use of plain language in legal documents to visit the PCO and evaluate New Zealand legislation from a plain language perspective, and continuing work on a revision of the PCO's drafting manual
- as part of the process of determining resourcing for 2004/05 and 2005/06, the PCO, the Treasury, and the State Services Commission agreed to the carrying out in 2005 of a review of the PCO's future funding requirements and its organisational structure and administrative and management systems
- arrangements were made with the Faculty of Law at Victoria University of Wellington for Parliamentary Counsel to teach the 2004 Legislation class in the second half of the academic year.

The legislation programme

As noted in previous reports, the Government adopts a legislation programme for each calendar year. Ministers and their departments are invited by the Cabinet Office on behalf of the Leader of the House to put forward Bills that they wish the Government to introduce into

Parliament or to have enacted. These Bills are then allocated priorities that reflect their legal or political importance. The categories are—

- 1 Bills that must be passed as a matter of law
- 2 Bills that must be passed
- 3 Bills to be passed if possible
- 4 Bills to proceed to a select committee
- 5 Bills for which instructions are to be provided to the Parliamentary Counsel Office.

Bills in Category 1 are those Bills that must be passed to ensure continuity of supply (Appropriation and Imprest Supply Bills), Bills to confirm and validate delegated legislative instruments that would otherwise lapse under the legislation under which they have been made unless validated or confirmed, time critical Treaty of Waitangi claims settlement Bills, and the Bill that prescribes annual rates of income tax. Obviously, all Bills in this category are drafted and, unless the Government loses a crucial vote, they are enacted.

Bills in Category 2 are Bills the Government wants drafted and enacted for important legal or policy considerations. The PCO drafts all Bills in this category for which it receives instructions. In the calendar year 2003, there were 61 Category 2 Bills, of which 55 were drafted. Some of these Bills held Category 2 in the 2002 legislation programme and were before select committees or the House in 2003. The PCO drafted amendments to these Bills as required. Twenty-one Category 2 Bills were introduced in 2003.

Bills in Category 3 are also important principally for policy reasons. The PCO endeavours to draft as many Bills in this category for which it receives instructions as its resources permit. In the calendar year 2003, there were 47 Bills in this category of which 32 were drafted. Some of these Bills held Category 3 in the 2002 legislation programme and were before select committees or the House in 2003. The PCO drafted amendments to these Bills as required. Twelve Category 3 Bills were introduced in 2003.

The drafting of Bills in Categories 4 and 5 for which the PCO receives instructions is also dependent on availability of resources, having regard to higher priorities. The PCO does not receive instructions for many Bills in these categories.

It is a feature of the New Zealand Parliament that legislators are “hands on”. Many Bills undergo substantial change in the course of their passage through Parliament. This necessitates the drafting of extensive amendments in the select committees and the committee stages. Some Bills are almost completely rewritten and, when reported back to the House, are unrecognisable from what they were when originally introduced. Amendments result from submissions made by interested organisations and the public, policy and drafting changes identified by the select committee members, and from further consideration by the Government and its advisers.

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A significant amount of the time of Parliamentary Counsel is spent attending select committee hearings and drafting amendments to Bills. This can be concentrated or extend over long periods. Some Bills are before select committees for over a year and Parliamentary Counsel can attend all or most of the meetings of the committees. In some overseas jurisdictions this is far less common and Bills emerge comparatively unscathed from the parliamentary process. In part, this reflects consultation processes that occur before legislation is introduced, as in Australia and England.

The Government has recently released for public or targeted consultation exposure drafts of a new Insolvency Law Reform Bill and a Securities Trading Bill. This is a new approach for New Zealand. It has much to recommend it. If it takes on, it may well result in improvements to Bills before their introduction into Parliament so that the time of Parliament and the select committees in particular can be concentrated on the important policy matters raised by those Bills.

bare statistics of statutes passed and pages of statutes enacted do not adequately reflect the work effort in drafting Bills

Bare statistics of statutes passed and pages of statutes enacted do not adequately reflect the work effort in drafting Bills. They do not reflect complexity, the revision necessary to accommodate changes in policy, the reworking and refinement that occurs during a Bill's passage, or the time spent on drafting Bills that are not introduced or that do not proceed after introduction. The PCO does not time-record for management or cost recovery purposes and does not monitor the time spent in drafting Bills and Statutory Regulations or in drafting amendments to them.

Resourcing

In the latter part of 2003, the PCO undertook a review of its resources with particular reference to drafting capability. The review was prompted by concerns on the part of a number of Ministers about the PCO's capacity to meet the demands being placed upon it. This capability review identified a number of areas of vulnerability. They included—

- insufficient drafters to enable team drafting of large or complex Bills, particularly those required under tight timeframes
- having to prioritise among Bills of relatively equal importance
- senior drafters having insufficient time for training and supervision
- compromising the peer review system under which most legislation is reviewed by a second drafter
- increased demands arising from select committee consideration of Bills
- the dynamics of drafting legislation in an MMP environment
- drafters having to become more involved in the process of developing legislative policy and in providing general legal advice and advice on parliamentary processes

- changes to the workplace environment, including a number of drafters taking parental leave and returning to work on a part-time basis.

The report identified the need for additional drafting staff and associated support staff in 2004/05 and 2005/06. The report formed the basis of a submission to the Government as part of the 2004/05 budget round for additional funding and led to an increase in appropriation of \$0.91 m in 2004/05 and \$1.7 m in 2005/06 and outyears.

By comparison with drafting offices in some overseas jurisdictions, the PCO is not over resourced. The number of drafters in the PCO equates with the number in some Australian drafting offices, but is significantly less than in England and Canada. The PCO has to draft all New Zealand statute law (apart from tax legislation) and Statutory Regulations. In federations like Australia and Canada, there is a division of responsibility among a number of drafting offices. In Australia, for example, the Commonwealth Office of Parliamentary Counsel drafts only Bills for the Australian Parliament. Separate drafting offices in the States and Territories draft only State and Territory legislation. Some overseas drafting offices do not draft delegated legislation.

New Zealand legislation undergoes extensive change in select committees and the committee of the whole House to a far greater extent than in many overseas jurisdictions. On the other hand, New Zealand has a unicameral legislature and does not have to contend with complex domestic conflict of laws issues that arise in federations such as Australia and Canada or, as in Canada, with bilingual or bijural drafting.

The PCO faced severe pressures in the calendar year 2003 to meet the Government's requirements for legislation. The list of legislation drafted, on pages 21 to 37, indicates the significance, range, and complexity of some of the legislation drafted in the year under review. Other contributing factors were the number of experienced drafters taking parental leave or returning to work part-time and the resignation of another drafter. The PCO needs to be resourced to cope with periods of high demand for its services.

While supporting increases in annual appropriation for 2004/05 and 2005/06, the Treasury expressed concern, not for the first time, about continual increases in PCO funding and with the fact that limited expertise and capability in some departments is resulting in Parliamentary Counsel, in addition to providing legislative drafting services, being called upon to advise on policy development and provide more general legal advice.

It is therefore proposed to undertake a review of the PCO in the second half of 2005. As stated in the 2004/05 estimates for Vote Parliamentary Counsel and in the Statement of Intent for 2004/05, the review will focus on—

- factors influencing the demands on the PCO for drafting and access to legislation services
- strategies and resources that would enable the PCO to better respond to these demands

the PCO faced severe pressures in the calendar year 2003 to meet the Government's requirements for legislation

- changes to existing approaches for recruiting and retaining drafting, access to legislation, and support staff
- organisational structure and administrative and management systems required to support the PCO
- the level of funding required to enable the PCO to carry out its statutory functions.

The importance of addressing these issues as soon as possible means that it would be desirable to carry out the review in 2004 rather than defer it until later in 2005. Whether it will be possible to conduct the review in 2004 will depend on other commitments, including the PAL Project, and whether a reviewer or reviewers with relevant expertise are available.

Plain language review

towards the end of the year, arrangements were made to engage ... an expert in the use of plain language in legal writing

Towards the end of the year, arrangements were made to engage Michèle Asprey, an Australian lawyer and an expert in the use of plain language in legal writing, to review the drafting of New Zealand legislation from a plain language perspective. Ms Asprey is the author of *Plain Language for Lawyers*² and the editor in chief of *Clarity*,³ a periodical with international circulation. Ms Asprey has also lectured at international conferences and seminars on plain language in the law.

Ms Asprey visited the PCO on 1 and 2 July 2004 (outside the reporting period). The PCO provided her with examples of Acts and Statutory Regulations to review. Ms Asprey will provide a written evaluation for the PCO and, if appropriate, conduct seminars for the PCO on improving the clarity and accessibility of New Zealand legislation.

How far legislative drafters can and should go in their efforts to make legislation understandable is not a simple matter. There is a wide range of opinion about plain language in legislation. There are those, for the most part lawyers and departmental officials, who believe that it is inappropriate to include in legislation contextual material and other reader aids such as outlines, purpose provisions, graphics, diagrams, flow-charts, notes, and examples. A statute or Statutory Regulation should, they say, do no more than change the law by stating legal rules. They view material that serves to explain or assist readers as having no place in legislation.

Others, including communication experts, members of Parliament, Judges, lawyers, and everyday users of legislation, believe that legislation can be made more accessible to users not only by expressing it in plain and simpler language, but also by incorporating other features that explain its meaning. Legislation should not, they say, be the preserve of an exclusive caste of Judges and lawyers.

² 3rd ed. The Federation Press, 2003.

³ Journal of Clarity, the international movement to simplify legal language (www.clarity-international.net).

The PCO has, over recent years, focused on improving the readability of New Zealand legislation. It has adopted a range of techniques designed to better communicate meaning to users at all levels. Information about sales of legislation in hard copy alone indicates that it is not "lawyers' law" type statutes and Statutory Regulations that sell the most. Practical statutes and Statutory Regulations in everyday use routinely show up as the best sellers.

Legislation in an up-to-date form is now publicly available free on the Internet on a website operated by the PCO.⁴ Visits to the site are now averaging about 23,000 unique visits per month. That is regarded as relatively high usage for a government-provided legislation database. Clearly, considerable use is being made of the ability to access New Zealand legislation electronically. Other countries have experienced the same widespread public demand for access to their laws. This reinforces the need to ensure that legislation is clearly drafted and is as understandable as possible.

For these reasons, it is timely to review the overall state of New Zealand legislation from a plain language perspective. Ms Asprey's assessment will be interesting and valuable to the PCO in its work.

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Governance arrangements and structure in the PCO

Previous reports have not discussed organisational and governance arrangements in the PCO. The PCO is established under the Statutes Drafting and Compilation Act 1920 as an Office of Parliament. Its principal functions have already been described in this section of the report. The Chief Parliamentary Counsel and Parliamentary Counsel are appointed under the Act by the Governor-General on the recommendation of the Prime Minister. Other staff are employed by the Chief Parliamentary Counsel on contract.

The Minister responsible for the PCO is the Attorney-General. Under the Output Plan agreed each year by the Attorney-General and the Chief Parliamentary Counsel, the Chief Parliamentary Counsel is required to report quarterly to the Attorney-General. The Chief Parliamentary Counsel is responsible to the Attorney-General for the operations and management of the PCO.

The organisational structure of the PCO is described in the Appendices to this report. In managing the PCO, the Chief Parliamentary Counsel is assisted by a management team comprising two Deputy Chief Parliamentary Counsel, a Manager Support Services, and a Management Support Coordinator. This team meets at least three times a week to consider issues affecting the PCO. There is an agenda for each meeting and minutes are taken and signed. The management team deals with matters relating to resourcing, annual budgets,

⁴ The website address is www.legislation.govt.nz.

staff appointments, significant operating and personnel issues, the development of policies and practices, accommodation, and significant operating and capital expenditure.

the drafting of legislation is undertaken in three drafting teams

The drafting of legislation is undertaken in three drafting teams. Each team is responsible for the legislation of a group of departments and public sector organisations. Each team has a team leader who is responsible to the Deputy Chief Parliamentary Counsel (Drafting) for the allocation of drafting instructions, monitoring work flows, liaising with instructing departments, staff supervision, and review. The drafting teams meet regularly to discuss drafting issues. The drafting team leaders meet regularly with the management team.

Two coordinators are responsible to the Deputy Chief Parliamentary Counsel (Access to Legislation) for the Prepublication and Reprints Units. A Publishing Systems Development Adviser reports directly to the Deputy Chief Parliamentary Counsel (Access to Legislation).

Four coordinators are responsible to the Manager Support Services respectively for information systems, secretarial services, editorial services, and management support services. A Librarian, a Communications Adviser, and a Records Adviser report directly to the Manager Support Services.

A number of informal groups assist management effectiveness in key areas. These include—

- an Information Systems Advisory Group, and a subgroup Information Technology Users Group
- an Information Resources Group
- an Intranet Development Group set up to advise the management team on developing the PCO Intranet.

The PCO operates under policies that cover a range of matters, including remuneration, leave, health and safety, training, library, security, and computer use. Policies dealing with discretionary spending and gifts, use of consultants, and study leave were developed in the year under review.

The PCO has key relationships with a number of other organisations.

The Parliamentary Service provides a range of services to the PCO that include accounting and financial reporting services, payroll and the provision of human resources advice, and the parliamentary core computing network. Service level agreements are in place to manage the provision of these services and are administered by the Manager Support Services.

The PCO participates in a number of parliamentary campus-wide groups, including the Parliamentary Health and Safety Committee, the Parliamentary Information Managers Meeting, the Parliamentary Computing Network Advisory Group, and the Technical Managers' Meeting.

The PCO works closely with the Office of the Clerk and has developed protocols with that office.

The PCO fulfils its obligation to publish New Zealand legislation through a contract with Securacopy (a trading division of Blue Star Print Group (New Zealand) Limited) for the printing, distribution, and the sale of legislation. The contract is administered by the Manager Support Services.

The Chief Parliamentary Counsel is required under the Statutes Drafting and Compilation Act 1920 to consult with the State Services Commission on the remuneration of Parliamentary Counsel and on the remuneration and terms and conditions of all other staff. Although the PCO is not subject to the State Sector Act 1988, the PCO consults with a Deputy State Services Commissioner on matters affecting its funding, management, and operations.

The Auditor-General is the auditor of the PCO. The Auditor-General has appointed Audit New Zealand to perform the audit of the PCO on his behalf. Audit New Zealand also undertakes the annual Departmental Internal Control Evaluation (DICE) review on behalf of the Treasury.

Conclusion

The year under review has been particularly challenging for the PCO. The number of Acts passed and Statutory Regulations made in the year under review, the range of matters with which they deal, and the complexity of many of them represents a considerable level of achievement by a comparatively small organisation. The drafting of legislation is demand driven. The PCO is not able to control its workload. Measuring the quality of its outputs is extraordinarily difficult and setting accurate volume-based targets is close to impossible. Invariably, the only time the PCO receives unsolicited comment about the quality of its work is when something is perceived to have gone wrong in a statute or Statutory Regulation.

A favourable assessment by the PCO about the overall quality of the legislation it drafts might easily be dismissed as self-serving. However, legislative drafters are not complacent about their work and can be highly self-critical. Overall, the drafting standards achieved and evident in legislation enacted or made in the year under review are high and reflect the high levels of expertise and professionalism of Parliamentary Counsel and the non-drafting staff who are involved in quality assurance processes. The results of the departmental survey⁵ suggest that there is, at least on the part of those with whom the PCO deals most directly, a reasonable level of satisfaction with the drafting services provided by the PCO.

a number of important initiatives have begun this year

A number of important initiatives have begun this year, including commencing a review of New Zealand legislation from a plain language perspective. Perfection will always remain

⁵ See page 73: instructing departments' views.

elusive. A legislative drafter will never cover every situation and his or her words will never eliminate uncertainty. The Chief Justice of the Supreme Court of Canada has recently observed, in relation to judgment writing, that complexity of subject matter coupled with pressure of time can be overwhelming.⁶ The same is just as true of drafting legislation. Justice Frankfurter said in an address in 1947 to the New York Bar Association:

Perfection of draftsmanship is as unattainable as demonstrable correctness of judicial reading of legislation. Fit legislation and fair adjudication are attainable. The ultimate reliance of society for the fulfilment of both these august functions is to entrust them only to those who are equal to their demands.⁷

the pause in the PAL Project, and uncertainty over its future, have been unwelcome and frustrating

The pause in the PAL Project, and uncertainty over its future, have been unwelcome and frustrating. Key staff involved in the project have had to spend time assisting with the technical evaluations of the project systems and in bringing new personnel from Unisys up to speed with the PCO's business requirements and working through technical issues with them.

At the same time, the PAL Project Director (Geoff Lawn) and others have had to devote their time to similar imperatives as well as working through commercial issues with senior Unisys personnel. Considerable time has been taken up in discussions with the Treasury and State Services Commission and in briefing the Government about technical, commercial, and legal issues. As indicated earlier in this report, at the end of the financial year no decision had been made about the future of the project.

There are many specialist staff in the PCO who carry out important work in the areas of reprinting legislation, publication and editorial services, management support services, secretarial services, library, communications, records management, and information systems services. Their essential contributions have, as always, been of high quality. The remaining sections of this report describe in detail the work of the PCO in the year under review.

⁶ "Legal writing: some tools", Rt Hon Beverley McLachlin PC, *Clarity*, No 51, May 2004, p 5.

⁷ "Some reflections on the reading of statutes", *Columbia University Law Review*, Vol 47, No 4, p 527.



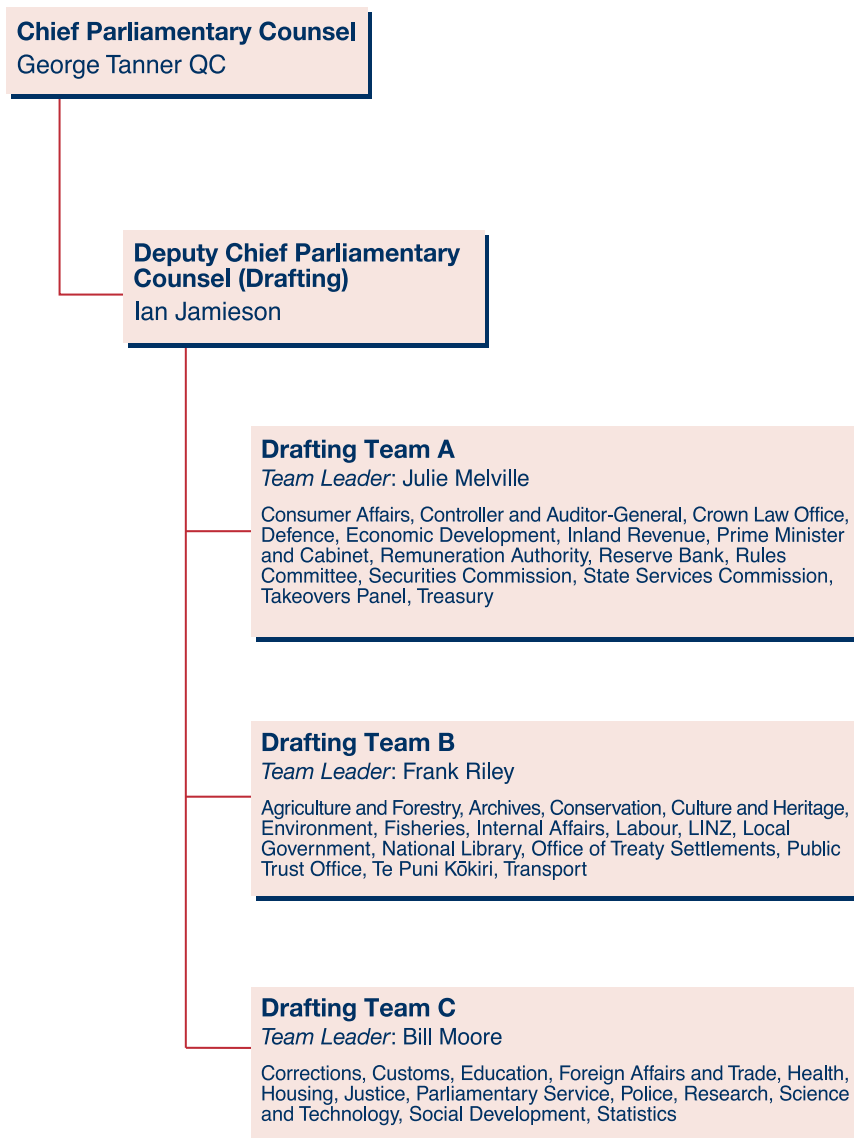
*PCO Management Team: (left to right) Ian Jamieson, Julia Kennedy, George Tanner, Geoff Lawn
Photography by Woolf*

STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVE 1—BEST PRACTICE LEGISLATIVE DRAFTING SERVICES

The goal of this objective is to provide high quality legislative drafting services.

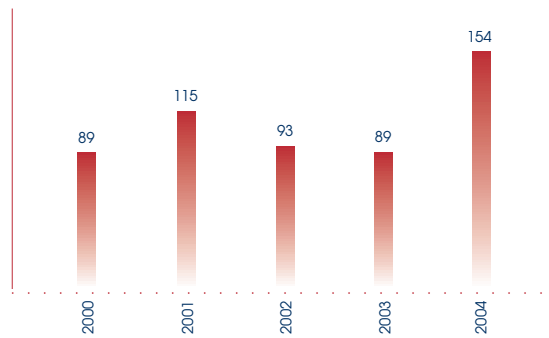
Organisational chart



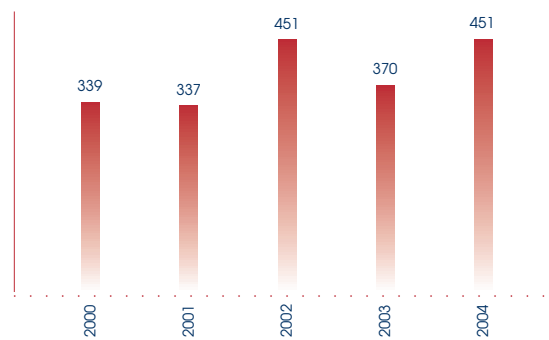
Quantity of legislation

The quantity of legislation drafted was again considerable. The following graphs compare the number of Public Acts and the Statutory Regulations made and published in the financial years ending 30 June 2000 to 30 June 2004.

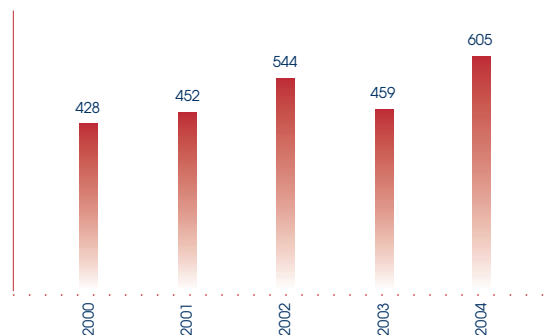
**Number of Public Acts Enacted
(for the year ended 30 June)**



**Number of Statutory Regulations Made
(for the year ended 30 June)**



**Number of Public Acts Passed and Statutory Regulations Made
(for the year ended 30 June)**



Significant legislation drafted

The following list describes Acts passed and Bills introduced, and regulations made, in the year under review—

Architects Bill

- to reform the law relating to the registration of architects and to continue statutory protection of the title of registered architect
- to establish a registration system for registered architects, under which persons who wish to be registered architects must meet minimum standards to be, and continue to be, registered
- to require that registered architects be bound by a code of ethics, as well as a complaints and disciplinary process
- to establish a statutory body to carry out the functions relating to the registration system, the code of ethics, and the complaints and disciplinary process
- to repeal the Architects Act 1963

Building Bill

- to repeal the Building Act 1991 and introduce a new regulatory framework for building work, building practitioners, product certification, and accreditation of building consent bodies and product certification bodies
- to provide for the regulation of building work, the establishment of a licensing regime for building practitioners, and the setting of performance standards for buildings, to ensure that—
 - people who use buildings can do so safely and without endangering their health
 - buildings have attributes that contribute appropriately to the health, physical independence, and well-being of the people who use them
 - people who use a building can escape from the building if it is on fire
 - buildings are designed, constructed, and are able to be used in ways that promote sustainable development

Charities Bill

- to establish the Charities Commission
- to state the Commission’s functions and powers
- to require the Commission—
 - to have regard to certain matters
 - to comply with certain other obligations
- to provide for the registration of societies, institutions, and trustees of trusts as charitable entities

- to provide for the registration of entities and funds as approved donees for the purposes of income tax rebates in connection with gifts of money
- to require charitable entities, approved donees, and certain other persons to comply with certain obligations

Civil Aviation Amendment Act 2004

- to enable Australian airlines to operate in New Zealand under Australian Civil Aviation Safety Authority certification and safety oversight
- to provide for the security of passengers and crew on international and domestic flights by addressing the issue of unruly passengers
- to repeal the provisions of the Carriage by Air Act 1967 relating to civil liability for personal injury in a domestic air accident and re-enact the remaining provisions of that Act in relation to liability for delay during domestic carriage by air

Consumer Information Standards (Used Motor Vehicles) Regulations 2003

- to prescribe, under section 27(1) of the Fair Trading Act 1986, a consumer information standard in relation to used motor vehicles
- to apply the regulations to used motor vehicles that are offered or displayed for sale by motor vehicle traders or persons who are offering or displaying a motor vehicle for sale through a car market operator
- to require relevant used motor vehicles to display a supplier information notice setting out specified information in relation to the motor vehicle, and prescribe requirements in relation to the form and content of the notice, how the notice must be displayed, and who is to display the notice

Corrections Act 2004

- to improve public safety and contribute to the maintenance of a just society
- to ensure that community-based and custodial sentences are administered in a safe, secure, humane, and effective manner
- to provide for corrections facilities to be operated in accordance with rules set out in the Act and regulations
- to assist in the rehabilitation of offenders
- to provide information to the courts and the New Zealand Parole Board to assist them in decision-making
- to repeal the Penal Institutions Act 1954

Crimes Amendment Bill (No 2)

- to recognise and encourage respect for the sexual integrity and personal autonomy of all members of the community, by—
 - reinforcing that people are entitled to enjoy a fulfilling sexual life with other persons of their choice, irrespective of their sex
 - providing that no person should be forced to submit to a sexual act to which he or she does not consent
 - providing special coverage for some groups that are vulnerable to exploitation, such as children and young people, persons who are particularly vulnerable due to the nature of their mental health conditions or due to the extent of their physical or intellectual impairments, and certain dependent family members
 - ensuring that persons who sexually abuse others are liable to prosecution and punishment according to their culpability

Criminal Investigations (Bodily Samples) Regulations 2004

- to make provision for various matters under the Criminal Investigations (Bodily Samples) Act 1995
- to set out forms for various notices and orders, and a warrant, that are issued and made under the Criminal Investigations (Bodily Samples) Act 1995

Criminal Records (Clean Slate) Act 2004

- to establish a clean slate scheme to limit the effect of an individual’s convictions in most circumstances (subject to certain exceptions) if the individual satisfies the relevant eligibility criteria
- to provide that, if an individual satisfies the relevant eligibility criteria,—
 - he or she is deemed to have no criminal record for the purposes of any question asked of him or her about his or her criminal record
 - he or she has the right to have his or her criminal record concealed by government departments and law enforcement agencies that hold or have access to his or her criminal record

District Courts Amendment Act 2004

- to increase the maximum number of Judges of the District Court to 140
- to provide for District Court Judges to work on a part-time basis with the Attorney-General’s authorisation
- to provide for retired Community Magistrates to be appointed as acting Community Magistrates
- to confer on District Court Judges the immunities of Judges of the High Court

Education (Export Education Levy) Regulations 2003

- to impose an export education levy with respect to the 2004 academic year
- to make the levy payable by all providers who receive tuition fees from international students, other than students who are sponsored by the New Zealand Agency for International Development or who study overseas

Electricity and Gas Industries Bill

- to apply a consistent framework to both the electricity and gas sectors with the objective of ensuring an integrated approach, cross-sector solutions, and achievement of the Government's policy goals
- to reflect the establishment of an Electricity Commission and update terms in the present Electricity Act 1992 to take account of this
- to provide enhanced regulation-making powers in the following areas—
 - to facilitate and promote retail competition
 - to improve the provision of information for market participants
 - to improve the operation of hedge and contract markets
 - to facilitate the development of distributed generation
 - to protect and empower consumers
- to clarify the interface between the functions and powers of the Commerce Commission and the Electricity Commission relating to the control of prices, revenues, and quality standards for electricity distribution businesses
- to encourage the gas industry to develop its own solutions to ensure that gas is delivered to existing and new customers in a safe, efficient, fair, reliable, and environmentally sustainable manner
- to enable the Government to expand the structure of the Electricity Commission to govern gas as well, and to rename it the Energy Commission
- to amend the Crown Minerals Act 1991 to provide regulation-making powers to require the disclosure of further information on petroleum (gas and oil) reserves, with the aim of improving investment decisions and enhancing security of supply in the gas and electricity markets (gas is used extensively for electricity generation)

Electricity Governance Regulations 2003

- to provide for the monitoring and enforcement of the Electricity Governance Rules made by the Minister of Energy, and for various other matters related to those rules, such as liability, appeals, and exemptions. Those rules govern the arrangements between participants in the electricity industry

Electricity (Hazards from Trees) Regulations 2003

- to provide for the control of trees adjacent to electrical conductors

Employment Relations Law Reform Bill

- to promote and encourage behaviour that meets the object of the principal Act, of building productive employment relationships
- to protect employees in situations where business undertakings are sold, transferred, or contracted out

Films, Videos, and Publications Classification Amendment Bill

- to address changes that have occurred in the nature and scale of offending, largely as a result of the worldwide proliferation of child pornography via the Internet
- to clarify aspects of the existing classification criteria
- to improve the practical operation of the Act

Fisheries Amendment Act 2004

- to implement a negotiated settlement agreement reached between the Crown and the commercial seafood industry in respect of the under-recovery and over-recovery of the costs of fisheries services and conservation services relating to the period 1 October 1994 to 30 September 2002
- to amend an offence provision regarding fishing-related activities carried out to obtain a benefit knowingly in contravention of the principal Act

Fisheries Amendment Bill (No 3)

- to reinforce the quota management system (QMS) as the preferred framework for managing fisheries resources
- to improve certainty in identifying species for QMS management
- to improve the means of allocating quota when a species is introduced into the QMS
- to revise the current regime for authorising access to commercial fisheries
- to introduce scampi into the QMS
- to improve the operation of the Fisheries Act 1996
- to extend the QMS to cover highly migratory species outside New Zealand fisheries waters
- to provide for the transition from green-lipped mussel spat catching permits issued under the Fisheries Act 1983 to management under the QMS

Foreshore and Seabed Bill

- to integrate, within existing systems for regulating activities in the public foreshore and seabed, all rights and interests in the public foreshore and seabed by creating a new legal scheme that—
 - vests the full legal and beneficial ownership of the public foreshore and seabed in the Crown to ensure that the public foreshore and seabed of New Zealand is preserved in perpetuity for the people of New Zealand
 - provides for general rights of public access, recreation, and navigation in, on, over, and across the public foreshore and seabed
 - acknowledges the expression of kaitiakitanga by recognising the ancestral connection of Māori with the public foreshore and seabed
 - provides for the recognition and protection of ongoing customary rights to undertake or engage in particular activities, uses, or practices in areas of the public foreshore and seabed
 - enables applications to be made to the High Court to investigate the full extent of the rights that may have been held at common law, and provides for formal discussions on redress if those rights are not able to be fully expressed as a result of the Bill

Gambling Act 2003

- to control the growth of gambling
- to prevent and minimise the harm caused by gambling, including problem gambling
- to authorise some gambling and prohibit the rest
- to facilitate responsible gambling
- to ensure the integrity and fairness of games
- to limit opportunities for crime or dishonesty associated with gambling
- to ensure that money from gambling benefits the community
- to facilitate community involvement in decisions about the provision of gambling
- to repeal the Gaming and Lotteries Act 1977 and the Casino Control Act 1990

Hazardous Substances and New Organisms (Stockholm Convention) Amendment Act 2003

- to enable New Zealand to comply with the Stockholm Convention on Persistent Organic Pollutants

Hazardous Substances and New Organisms (Transitional Provisions and Controls) Amendment Act 2004

- to facilitate the smooth transfer of hazardous substances from transitional controls to the appropriate control regime under the principal Act
- to enable the Authority to assign cost-effective controls to hazardous substances

Hazardous Substances (Compressed Gases) Regulations 2004

- to set out updated controls to manage compressed gases under the Hazardous Substances and New Organisms Act 1996. Compressed gases covered by these regulations will no longer be subject to the controls in the Dangerous Goods (Class 2—Gases) Regulations 1980

Hazardous Substances (Tank Wagons and Transportable Containers) Regulations 2004

- to specify the requirements for various types of tanks, tank wagons, and transportable containers that carry hazardous substances

Health (National Cervical Screening Programme) Amendment Act 2004

- to reduce the incidence and mortality rate of cervical cancer by providing for the continuation of the NCSP
- to facilitate the operation and evaluation of that national cervical screening programme by—
 - enabling access to information and specimens by the persons operating the programme
 - enabling access to information and specimens by screening programme evaluators appointed to evaluate that programme

Health Practitioners Competency Assurance Act 2003

- to protect the health and safety of members of the public by providing for mechanisms to ensure that health practitioners are competent and fit to practise their professions
- by providing, among other things,—
 - for a consistent accountability regime for all health professions
 - for the determination for each health practitioner of the scope of practice within which he or she is competent to practise
 - for systems to ensure that no health practitioner practises in that capacity outside his or her scope of practice
 - for power to restrict specified activities to particular classes of health practitioner to protect members of the public from the risk of serious or permanent harm
 - for certain protections for health practitioners who take part in protected quality assurance activities
 - for additional health professions to become subject to the Act

High Court Amendment Rules 2003

- to update rules relating to interlocutory applications (such as postal filing, conduct of hearings by telephone or video link, and a process for considering *ex parte* applications)

- to provide for a case management system
- to provide new rules for the allocation of hearing dates and setting down dates

Holidays Act 2003

- to promote balance between work and other aspects of employees’ lives and, to that end, to provide employees with minimum entitlements to—
 - annual holidays to provide the opportunity for rest and recreation
 - public holidays for the observance of days of national, religious, or cultural significance
 - sick leave to assist employees who are unable to attend work because they are sick or injured, or because someone who depends on the employee for care is sick or injured
 - bereavement leave to assist employees who are unable to attend work because they have suffered a bereavement

Immigration Amendment Act (No 2) 2003

- to establish a legislative framework, particularly in respect of Government residence policy, where New Zealand’s interests are paramount, as opposed to the present entitlement model, while still providing transparency and certainty of residence policy to maintain the international credibility of New Zealand’s immigration system
- to provide greater control over, and more effective management of, the quality and number of applications for residence visas and residence permits
- to allow for Government residence policy that will better enable the selection and active recruitment of migrants who can make the best possible contribution to New Zealand and settle well in New Zealand

Intellectual Disability (Compulsory Care and Rehabilitation) Act 2003

- to provide courts with appropriate compulsory care and rehabilitation options for persons who have an intellectual disability and who are charged with, or convicted of, an offence
- to recognise and safeguard the special rights of individuals subject to the Act
- to provide for the appropriate use of different levels of care for individuals who, while no longer subject to the criminal justice system, remain subject to the Act

International Criminal Court Regulations 2004

- to prescribe forms and set out procedural rules required to give effect to the International Crimes and International Criminal Court Act 2000

Judicature Amendment Act 2004

- to increase the maximum number of Judges of the High Court to 55

- to provide for Judges of the High Court and Judges of the Court of Appeal to work on a part-time basis with the Attorney-General’s authorisation
- to change the title of Master of the High Court to Associate Judge of the High Court

Judicial Conduct Commissioner and Judicial Conduct Panel Act 2004

- to enhance public confidence in, and to protect the impartiality and integrity of, the judicial system by—
 - providing a robust investigation process to enable informed decisions to be made about the removal of Judges from office
 - establishing an office (the Judicial Conduct Commissioner) for the receipt and assessment of complaints about the conduct of Judges
 - providing a fair process (including the appointment of Judicial Conduct Panels) that recognises and protects the requirements of judicial independence and natural justice

Land Transport Management Act 2003

- to contribute to the aim of achieving an integrated, safe, responsive, and sustainable land transport system, by—
 - providing an integrated approach to land transport funding and management
 - improving social and environmental responsibility in land transport funding, planning, and management
 - changing the statutory objectives of Transfund and Transit to broaden the focus of each entity
 - improving long-term planning and investment in land transport
 - ensuring that land transport funding is allocated in an efficient and effective manner
 - improving the flexibility of land transport funding, including provisions enabling new roads to be built on a tolled or concession agreement basis or on a basis involving a combination of those methods

Local Electoral Amendment Regulations 2003

- to clarify how to count votes at elections held under the Single Transferable Voting electoral system

Local Government (Auckland) Amendment Bill

- to improve the integration of—
 - the Auckland regional land transport system
 - the management of land transport funding and assets for the Auckland Region
 - decisions on stormwater funding for the Auckland Region

- to require Auckland local authorities to change the policy statement and plans prepared under the Resource Management Act 1991 to integrate the land transport and land use provisions and make those provisions consistent with the Auckland Regional Growth Strategy

Local Government Law Reform Bill (No 3)

- to ensure that the legislative framework in which local government operates is as comprehensive and clear as possible. In recent years major changes to local government legislation have provided modern, empowering, flexible, and principle-based legislation. The amendments are intended to help provide the necessary certainty and clarity both to local authorities in administering the legislation and to local communities in their dealings with their local authority
- to amend the following Acts—
 - Chatham Islands Council Act 1995
 - Dog Control Act 1996
 - Local Electoral Act 2001
 - Local Government Act 2002
 - Local Government Official Information and Meetings Act 1987
 - Local Government (Rating) Act 2002

Māori Fisheries Bill

- to implement the agreements made in the Deed of Settlement and to provide for the development of iwi interests in fisheries and fishing, in a manner that is ultimately of benefit to all Māori. To achieve this purpose, the Bill establishes a framework under which approximately half the settlement assets must be allocated directly to iwi, and the remainder managed centrally on behalf of iwi. The value of the assets in 2003 was approximately \$700 million

Maritime Security Act 2004

- to enable New Zealand to meet its obligations under the International Convention for the Safety of Life at Sea arising from amendments to the Annex to the Convention
- to enhance ship and port security
- to prevent international terrorism

Maritime Security Regulations 2004

- to implement the International Ship and Port Facility Code and the related amendments to the International Convention for the Safety of Life at Sea 1974

Meat Board Restructuring Bill

- to provide for the New Zealand Meat Board to establish and operate meat export quota management systems and to provide for compliance audits in relation to such systems
- to make provision for the ownership and use of the Board’s assets
- to make provision for certain tax consequences in relation to the transfer of funds and other assets between the Board and an industry-good organisation
- to provide for transitional arrangements relating to the transfer of the Board’s industry-good functions to the industry-good organisation

Medicines (Database of Medical Devices) Regulations 2003

- to establish a requirement for the Director-General of Health to establish a database of information about medical devices
- to impose obligations on certain people (sponsors of medical devices) to supply information necessary for the Director-General to establish and maintain the database, and to make declarations concerning the information that is supplied
- to set out rules to be applied in determining the risk classifications that apply to medical devices

Members of Parliament (Pecuniary Interests) Bill

- to promote greater transparency, openness, and accountability in the parliamentary process, and, in particular,—
 - to require members of Parliament to disclose their pecuniary interests
 - to establish a register of pecuniary interests
 - to provide for presentation of a summary of returns to the House of Representatives and the publication of that summary

Mercenary Activities (Prohibition) Bill

- to implement in New Zealand law New Zealand’s obligations under the Mercenaries Convention

Motor Vehicle Sales Regulations 2003

- to specify, for the purposes of the Motor Vehicle Sales Act 2003, what information must be recorded by a motor vehicle trader in relation to each contract for sale of a motor vehicle
- to supplement the requirements of that Act in relation to the information that must be provided by an individual or a company registering as a motor vehicle trader

- to specify that evidence must be produced to the Registrar of Motor Vehicle Traders if there is a change in circumstances in relation to certain information recorded on the register of motor vehicle traders
- to regulate searches of the register and the list of banned persons
- to permit the Registrar to refuse access to the register or the list of banned persons in certain circumstances
- to prescribe forms and fees

New Zealand Sign Language Bill

- to promote and maintain the use of New Zealand Sign Language by—
 - declaring New Zealand Sign Language to be an official language of New Zealand
 - providing for the use of New Zealand Sign Language in legal proceedings
 - empowering the making of regulations setting competency standards for the interpretation in legal proceedings of New Zealand Sign Language
 - stating principles to guide government departments in the use that they should make of New Zealand Sign Language in the promotion to the public of their services and in the provision of information to the public

New Zealand Superannuation Amendment Bill

- to repeal the Retirement Income Act 1993
- to alter the functions and powers of the Retirement Commissioner
- to include the provisions relating to the functions and powers of the Retirement Commissioner in the principal Act

New Zealand Teachers Council (Competence) Rules 2004

- to set out the procedures that the New Zealand Teachers Council must follow in dealing with reports and complaints about the competence of individual teachers

New Zealand Teachers Council (Conduct) Rules 2004

- to set out procedures that the New Zealand Teachers Council must follow in dealing with reports and complaints about teacher conduct

New Zealand Teachers Council (Making of Reports and Complaints) Rules 2004

- to set out the rules that—
 - identify the criteria for reporting serious misconduct and for reporting competence issues
 - give the general requirements for making reports and complaints about teachers under the Education Act 1989

- give specific requirements about what information must be included in specific types of reports and complaints under that Act

Parental Leave and Employment Protection Amendment Bill

- to extend the duration of paid parental leave from 12 to 14 weeks progressively over a two-year period and provide new paid leave entitlements to employees who have worked for the same employer for between six and 12 months who are not currently covered by the Parental Leave and Employment Protection Act 1987

Parole (Extended Supervision) and Sentencing Amendment Bill

- to introduce a new extended supervision regime to actively manage high-risk child sex offenders
- to create a new extended supervision regime for child sex offenders who have received a finite sentence of imprisonment for a relevant sexual offence
- to ensure that the new regime will also apply to those higher risk child sex offenders who are in prison, released on parole, or subject to release conditions as at the date of the Bill’s introduction to Parliament
- to clarify the principal Act in order to ensure that the original policy intention underlying particular provisions is implemented

Public Finance (State Sector Management) Bill

- to achieve service delivery by government agencies that is better integrated and better focused on people’s needs
- to address fragmentation and improve alignment, providing an emphasis on ensuring that the various parts of the State sector work together
- to build a strong State sector, including enhanced capability and strong leadership on values and standards
- to amend the Public Finance Act 1989 (including the integration of the Fiscal Responsibility Act 1994)
- to amend the State Sector Act 1988
- to create a new Crown Entities Act

Railways Bill

- to promote the safety of rail operations by—
 - stating the duty of rail participants to ensure safety
 - authorising the Minister to make rules relating to rail activities
 - clarifying the nature of approved safety systems established by rail participants
- to restate and amend the law relating to the management of the railway corridor
- to consolidate legislation relating to railways

Resource Management (Waitaki Catchment) Amendment Bill

- to establish the Waitaki Catchment Water Allocation Board
- to require the Board to develop and approve a water allocation framework, which is to have effect as if it were a regional plan
- to establish a Panel of Commissioners
- to confer on the Panel—
 - the function of determining which of certain applications for resource consents and notices of requirement relating to the Waitaki catchment will be decided by the Panel and which will be decided by the relevant local authority
 - for the purpose of deciding applications under the Act, the powers and functions of a consent authority
- to provide a right of appeal from decisions of the Panel

Securities Markets (Disclosure of Relevant Interests by Directors and Officers) Regulations 2003

- to specify the persons who are not officers for the purposes of the Securities Markets Act 1988 and who are therefore not required to disclose relevant interests in securities under Part 2 of the Act
- to prescribe the form in which directors or officers must describe certain information about relevant interests that the directors or officers hold in securities
- to specify the manner and form in which that disclosure must be made
- to establish exemptions to the directors' and officers' disclosure regime in the Act

Smoke-Free Environments Amendment Act 2003

- to prevent the detrimental effect of other people's smoking on the health of people in workplaces, or in certain public enclosed areas, who do not smoke or do not wish to smoke there
- to prevent young people who are being taught or cared for in registered schools or early childhood centres from being influenced by seeing other people smoke there
- to prevent the detrimental effect of other people's smoking on the health of young people who are being taught or cared for in registered schools or early childhood centres

Social Security (Long-term Residential Care) Amendment Bill

- to amend, consolidate, and clarify provisions relating to long-term residential care provided to older people, and in particular—
 - to progressively increase, from 1 July 2005, the value of assets that people may retain before being required to use their assets to pay for the cost of specified care services provided to them

- to provide that, after 1 July 2005, people aged 50 to 64 who are unmarried and have no dependent children cease to be required to pay for specified care services provided to them out of assets
- to clarify the obligations of people receiving long-term residential care services to pay for those services
- to clarify the funder’s obligations to pay for specified care services associated with long-term residential care
- to specify the maximum contribution that people are required to pay towards the cost of specified care services, and provide for its annual adjustment
- to clarify the procedures associated with needs assessment
- to amend the means assessment and clarify the procedures associated with it

Social Security (Working for Families) Amendment Act 2004

- to provide targeted financial incentives for certain persons to enter into, and stay in, employment
- to address accommodation affordability issues for those persons eligible for the accommodation supplement
- to take steps towards simplifying the benefit system

Supreme Court Act 2003

- to establish within New Zealand a new court of final appeal comprising New Zealand Judges—
 - to recognise that New Zealand is an independent nation with its own history and traditions
 - to enable important legal matters, including legal matters relating to the Treaty of Waitangi, to be resolved with an understanding of New Zealand conditions, history, and traditions
 - to improve access to justice
- to provide for the court’s jurisdiction and related matters
- to end appeals to the Judicial Committee of the Privy Council from decisions of New Zealand courts
- to make related amendments to certain enactments relating to courts or judicial proceedings

Telecommunications (Interception Capability) Act 2004

- to ensure that surveillance agencies are able to effectively carry out the lawful interception of telecommunications under an interception warrant or any other lawful interception authority

- to ensure that surveillance agencies, in obtaining assistance for the interception of telecommunications, do not create barriers to the introduction of new or innovative telecommunications technologies
- to ensure that network operators and service providers have the freedom to choose system design features and specifications that are appropriate for their own purposes

Trade in Endangered Species Order 2003

- to replace schedules in the Trade in Endangered Species Act 1989. The new schedules update the lists of endangered, threatened, and exploited species set out in the schedules of the Act and amend some of the terminology to reflect more accurately the terminology used in the Convention on International Trade in Endangered Species of Wild Fauna and Flora

Trade Marks Regulations 2003

- to replace the Trade Marks Regulations 1954
- to enable the various steps and procedures prescribed by the Trade Marks Act 2002 to operate in practice. The most important of these is the application for the registration of a trade mark
- to provide for matters broadly ancillary to registration
- to provide for a hearings procedure, and for the payment of fees

Visiting Forces Bill

- to update and amend the law relating to visiting forces to reflect recognised international practice
- to enable New Zealand to give effect to status of forces agreements concluded with other States
- to relocate in the Armed Forces Discipline Act 1971 or the Defence Act 1990 provisions of the Visiting Forces Act 1939 that are more appropriately dealt with by those other Acts
- to amend other Acts, particularly the Armed Forces Discipline Act 1971 and the Defence Act 1990, to reflect the approach to visiting forces taken in the Bill

Wine Act 2003

- to provide for the setting of standards for identity, truthfulness in labelling, and safety of wine
- to provide for the minimising and management of risks to human health arising from the making of wine and the ensuring of compliance with wine standards
- to facilitate the entry of wine into overseas markets by providing the controls and mechanisms needed to give and safeguard official assurances issued for the purpose of enabling entry into those markets

- to enable the setting of export eligibility requirements to safeguard the reputation of New Zealand wine in overseas markets
- to promote consultation with industry organisations on the regulation of the industry, as an aid to fostering efficiency and growth in the New Zealand wine industry
- to enable levies to be imposed on winemakers for payment to entities representing their interests for the funding of industry-good activities

Wool Industry Restructuring Act 2003

- to convert the New Zealand Wool Board into a company
- to provide for a restructuring plan, constitutions, and a share allocation plan

Local legislation

Local Bills and Acts

Auckland War Memorial Museum Site Empowering Act 2003

Christchurch City Council (Robert McDougall Gallery) Land Act 2003

Masterton District Council (Montfort Trimble Foundation) Act 2003

Wellington Regional Council (Water Board Functions) Bill

Factors affecting the drafting of legislation

The list of significant legislation does not show—

- the legislative and general legal advice given by Parliamentary Counsel to Ministers, select committees, departmental policy advisers, and other officials
- that six to 12 revises of a draft Bill or regulations are common before a Bill is introduced or regulations are made
- significant pressure points in drafting, including the process of obtaining Cabinet approval, reporting back from a select committee, and passage through the committee of the whole House
- the extent of amendments prepared for a select committee or by way of Supplementary Order Paper for the committee of the whole House
- the complexity, both technical and legal, of particular legislation, including the issue of consistency with the common law, international law, Legislation Advisory Committee Guidelines, and the Treaty of Waitangi.

six to 12 revises of a draft Bill or regulations are common before a Bill is introduced or regulations are made

Other work carried out by Parliamentary Counsel

In addition to drafting, Parliamentary Counsel have also—

- provided legal advice, including advice on statutory interpretation, the development of legislative proposals, the legislative process, and the vires of subordinate legislation
- commented on policy proposals
- conducted seminars to assist officials to work more effectively with the PCO. In earlier annual reports and planning documents, reference has been made to the PCO conducting seminars on legislative drafting and related matters for lawyers and policy advisers in instructing departments. The Office of Parliamentary Counsel in Canberra has run seminars for departments in the Australian Government for years. It is therefore encouraging that in the year under review several seminars were conducted by Parliamentary Counsel for a number of large departments⁸ that have substantial legislative programmes requiring constant interaction with the PCO
- prepared drafts of Bills associated with Law Commission proposals
- provided some drafting assistance to Niue.

seminars were conducted by Parliamentary Counsel for a number of large departments

Issues

Reader aids (graphics and notes)

The Justice and Electoral Committee has encouraged the use of flow diagrams for the purpose of giving an overview of key processes in legislation—for example, see section 3 of the Criminal Records (Clean Slate) Act 2004 and Schedule 1 of the Judicial Conduct Commissioner and Judicial Conduct Panel Act 2004. The Income Tax Act 2004 also contains flow diagrams. However, there has been limited use of flow diagrams in legislation. They are more likely to be found in explanatory material associated with legislation.

Tables are a more common form of reader aid. A recent example is clause 48 and Schedule 1 of the Public Finance (State Sector Management) Bill 2003.

The use of guidance notes is a feature of recent Australian tax legislation. Brief notes are used at the foot of sections in New Zealand's Income Tax Act 2004 to indicate defined terms. However, other New Zealand legislation does not use notes as part of the enactment, except in forms.

Electronic aids in select committees

Technology greatly assists select committees in their business. For example, they can receive evidence from a distance by video link and can instantly revise their commentary on a Bill

⁸ Seminars were conducted for the Ministries of Economic Development, Health, and Justice.

by the use of laptop computers and projection devices. Technology will undoubtedly also provide different ways of preparing drafting changes during the select committee phase of a Bill.

Technology could enable members of select committees to prepare their own virtual amendments. It may not be too long before an individual member could take an electronic version of a Bill, as introduced, and overlay his or her own amendments in a distinctive colour so that they are distinguishable from amendments recommended by the Government or other members.

The existing process for preparing majority amendments is known as “revision tracking”. It uses strikeout and underlining functions to indicate changes to the text of a Bill. At present, the system uses specially devised document coding to produce the revision tracking effect. If the correct codes are applied, straight text changes can be made in most cases without manual intervention by the printing contractors. However, manual intervention is invariably needed to change graphics (such as tables, flow diagrams, and schedules). These limitations need to be recognised when considering technological options for select committee operations.

limitations need to be recognised when considering technological options for select committee operations

Another factor to recognise is that drafting legislation is not a mechanical exercise and enough time needs to be allowed if it is to be done to a high professional standard.

Instantaneous drafting carries high risks and should be avoided. For example, a seemingly innocuous change like changing the first word in a defined term may involve—

- re-ordering the place where the definition appears in the interpretation clause so that it appears in its correct alphabetical order
- changing every reference to the defined term
- checking to see if the same term is used in any other enactment, in case there may be confusion
- considering the need for a savings provision if the term is being carried over from another enactment.

Legislative process—need for pause

Errors in legislation often occur during the pressure points in the legislative cycle. The main pressure points are the preparation of the introduction version of a Bill, the deliberation by a select committee, and the Committee of the Whole stage. As a Bill nears the end of its legislative cycle, there are limited opportunities to correct errors. With the present House procedures, the Committee of the Whole stage is the most critical point. Last minute amendments often have to be drafted at short notice and amendments may be moved from the floor of the House and adopted. The only way the House can fix a substantive error after the Committee of the Whole stage is by recommitting the Bill. In the preparation of the proof Assent copy of the Bill, only amendments of a formal or verbal nature can be made (such as the correction of typographical errors and incorrect cross references). If substantive errors cannot be fixed at this point, the only alternative is to rectify the error in subsequent

legislation which will inevitably waste parliamentary time and, unless the error is critical, may not happen for months or even years.

It has been generally accepted in successive New Zealand Parliaments that, whatever differences there may be between political parties about the underlying policies of legislation, it is important to get it right at the technical level. There is a case for a pause in the legislative process to allow time for a Bill to be proof read from scratch and to enable identified errors to be rectified. This could be accomplished by enabling the Minister in charge of a Bill to move without debate that the Bill be recommitted in order to rectify errors.

there is a case for a pause in the legislative process ... to enable identified errors to be rectified

STRATEGIC OBJECTIVE 2—READY ACCESS TO NEW ZEALAND LEGISLATION

The goal of this objective is to ensure that New Zealand legislation (including Bills) is readily accessible to the public in a timely, accurate, and authoritative form.

Overview

This section reports on—

- the Public Access to Legislation (PAL) Project
- the interim website of legislation
- the work of the Prepublication Unit and the Reprints Unit
- the arrangements for the prepublication and printing of legislation.

Public Access to Legislation (PAL) Project

Introduction

The PCO's annual report for 2002/03 reported that the implementation of the PAL Project had been delayed as a result of technical and commercial issues, and that in May 2003 the Government had established a process to enable decisions about the future of the project to be made. That process included the authorisation, by Cabinet, of the Attorney-General, Minister of Finance, and Minister of State Services to oversee discussions with Unisys, and for officials from the Treasury and the State Services Commission to work with the PCO in discussions with Unisys and to report regularly to Ministers.

The 2002/03 annual report also noted that, in late May 2003, Ministers directed that an independent technical review of the PAL Project be carried out, with the objective of obtaining independent assurance that the PAL system will be operationally stable,

Ministers directed that an independent technical review of the PAL Project be carried out

maintainable, and capable of future enhancement and development. The Government indicated that it would not make further decisions about the future of the project, including further investment in the project, until the technical review was completed and its findings considered. As a result, the PCO commissioned InQuirion Pty Ltd to undertake the technical review, which was expected to be completed in early October 2003.

Background information about the PAL Project is available on the PCO’s website at www.pco.parliament.govt.nz/pal/.

Progress of PAL Project during 2003/04

The implementation of the PAL Project continued to be delayed during the reporting period covered by this report. At the end of the reporting period, no Government decision had been made about the future of the project, and the project remained uncompleted. The following material outlines the work undertaken during the reporting period—

Technical review

The technical review of the PAL solution was undertaken by a small team from InQuirion Pty Ltd, led by Dr Timothy Arnold-Moore. Dr Arnold-Moore is a world expert in the development of legislative drafting and publishing systems, and was a major contributor to the Tasmanian EnAct system (www.thelaw.tas.gov.au). Dr Arnold-Moore and other InQuirion staff have undertaken consulting assignments on legislative drafting systems in various jurisdictions, including Canada, Australia, and Papua New Guinea.

the review concluded that the PAL system and the architecture behind it are generally sound

The technical review was completed in late October 2003. The review concluded that the PAL system and the architecture behind it are generally sound, and that, if certain issues identified in the technical review report and separately by the PCO and Unisys are satisfactorily addressed, the New Zealand Government can confidently deploy the PAL solution.

InQuirion concluded that, while New Zealand has selected a different tool combination from other jurisdictions, all of the pieces fit into the standard category of tools, with some more advanced tools and some less advanced tools reflecting the different emphases, priorities, and experiences of the New Zealand environment. In particular, the Arbortext Epic Editor (the authoring tool) appeared to be a good fit to the project’s requirements.

InQuirion also confirmed the choice of XML (Extensible Markup Language) as the platform for the project. The report concluded that using XML rather than SGML (Standard Generalised Markup Language) should ensure the availability of quality tools for the lifetime of the current PAL system and beyond. SGML and XML are both international, non-proprietary standards for modelling and capturing the structural components of textual data and for storing it in a neutral format that can be read and understood by specialised applications. They are designed to avoid data being trapped in proprietary software and publishing systems, and are particularly applicable to data (such as legislation) that is of high value, has a long life-span, is subject to change, and is required to be re-used and published in multiple formats

(eg, in print and on a website). XML (which is a simplified subset of SGML) is now the dominant standard, designed particularly for website applications.

Issues identified in the technical review

The principal issue identified in the InQuirion report was the performance, functionality, and future fit of the Arbortext Epic Print Composer print rendering engine, and the economics of continued deployment. The print rendering engine is the software that takes the data prepared in the authoring tool and turns it into a file from which printed documents can be produced. InQuirion expressed strong reservations about the ability of the current rendering engine to support the PCO’s current rendering needs, let alone future needs, concluding that the formatting requirements of the New Zealand Parliament appear to be stretching the rendering engine beyond its limits. InQuirion therefore recommended that the PCO explore alternative print rendering solutions.

The InQuirion report also included recommendations relating to—

- the content management system (Documentum). InQuirion suggested that consideration be given to upgrading to the latest version in order to take advantage of performance and other improvements
- software changes to support the ability to display Māori macrons correctly on the PAL website
- the use of larger monitors to prepare and edit legislative documents, so as to make text on the screen easier to read among the large number of tags (element names and associated technical information) in the editing environment
- ongoing development of the new PAL website, including the future introduction of an XML repository to facilitate greater search capabilities such as point-in-time searching of legislation.

Developments since the technical review

Following the completion of the technical review, Ministers directed the PCO (together with Treasury and State Services Commission officials) to undertake discussions with Unisys in order to establish whether or not there is scope for agreement on mutually satisfactory terms and conditions (including price) for Unisys to complete the project. In late December 2003, the PCO requested Unisys to provide a proposal to complete the project so as to provide the basis on which Ministers could make further decisions on the future of the project. At the end of the reporting period, Unisys was in the process of completing its proposal, which will include Unisys’ assessment of how long it might take to complete the project, and the likely cost.

The PCO has been working with Unisys in the development of its proposal. The primary focus of the work undertaken to date has been to confirm that Unisys is able to deliver a technology solution that will meet the PCO’s requirements, and will be robust, supportable,

Ministers directed the PCO ... to undertake discussions with Unisys in order to establish whether or not there is scope for agreement ... to complete the project

and maintainable by the PCO in the long term, and on a cost-effective basis. This work has involved close collaboration between Unisys, the PCO, Unisys' subcontractors, and the PCO's technical adviser, and regular briefings have been provided to Treasury and State Services Commission officials. The work has concentrated on the following key areas—

- the current technology platform and the standards (eg, XML and HTML) adopted in the solution
- the individual components of the overall solution
- lessons learned in the project to date.

Print rendering engines evaluated

A significant amount of time has been spent on the print rendering engine component of the PAL solution. One of the principal recommendations of the technical review undertaken by InQuirion was that the PCO should explore alternative print rendering solutions. InQuirion was therefore commissioned to undertake an evaluation of a number of alternative print rendering engines, and make a recommendation.

This evaluation began in late December 2003, and was not finally completed until early May 2004. The evaluation involved the preparation by the PCO of a large example document (over 2500 pages) containing a mix of different provision types in as many different contexts as practicable in a single document, and the development by InQuirion of a tool that automatically produces test examples of Bills and other legislative documents at each stage in their life cycle. These included Bills randomly coded with revision-tracking markup. InQuirion then assessed a number of alternative print rendering solutions, with a particular focus on the most complex aspects of the PCO's requirements (such as line numbering, two-column tables of contents with single-column body text, and revision-tracking).

The evaluation, and subsequent work by Unisys, InQuirion, and the PCO, has concluded that, with an upgrade to the latest version of the existing Arbortext print rendering engine (E3), the current technology (based on Format Output Specification Instances, or FOSIs) is capable of supporting the PCO's requirements for print rendering. However, this is dependent on the development of a comprehensive set of print output specifications and example documents, and a more iterative, integrated, and collaborative approach to the design, development, and testing of stylesheets.

Review ... identified opportunities to upgrade to the latest versions of key software components

Review of key components of the PAL solution

Given the period of time that has elapsed since the selection of the original software components of the PAL solution, and the design of the overall system, the PCO and Unisys have also reviewed the other key components of the technology solution that will form the basis of the Unisys proposal, and the ability of the solution as a whole to meet the PCO's business requirements. This has identified opportunities to upgrade to the latest versions of key software components, such as the authoring tool and content management system. It has

also identified a few areas where additional tools and services may be necessary or desirable in order to enable the PCO to operate, maintain, and support the system more effectively and efficiently on implementation and in the long term.

Lessons learned in the project to date are also being taken into account in planning the approach to the design, development, and testing of those components of the solution where further work is required.

Next steps

At the end of the reporting period, the current phase of work is very much focused on technical matters. Once that work is completed, it is intended that the discussions between the PCO and Unisys will then focus on the commercial issues relating to the completion of the project. The outcome of these discussions will then form the basis on which officials will report back to Ministers.

Consequences of delay to PAL Project

The continuing delay to the PAL Project has had a number of effects on the operations of the PCO, as follows—

- the arrangements with Legislation Direct for prepublication services have been further extended, with a consequent need for additional funding
- PCO drafters and support staff continue to use the existing WordPerfect-based drafting system
- the arrangements with Brookers to host the interim website of New Zealand legislation have been further extended
- the contract with Securacopy for the printing, distribution, and sale of legislation has been extended
- arrangements have been entered into with Blue Star Print Group (New Zealand) Limited and the Knowledge Basket so that legislation (including Bills, Acts, Statutory Regulations, and Supplementary Order Papers) is made available for free public browse access via the Knowledge Basket website.

Some of these matters are discussed in more detail in the remainder of this section of this report.

Interim website

The PCO, through an arrangement with Brookers, has made an interim website of New Zealand legislation available since 9 September 2002. The interim website was intended to be available for only a short period, until replaced in early 2003 by a new PAL website as part of the PAL Project. Because of the delays to the PAL Project, the PCO has extended its arrangement with Brookers to host and maintain the interim website.

the continuing delay to the PAL Project has had a number of effects on the operations of the PCO

The interim website (at www.legislation.govt.nz) provides free public access to unofficial versions of New Zealand statutes (public, local, and private Acts) and Statutory Regulations. Users can search and browse this material free of charge. The website is updated monthly by Brookers.

Since its launch, the website has seen a steady growth in usage, with activity almost tripling over the period 1 July 2003 to 30 June 2004. Over that period, unique visitors per month increased from approximately 18,000 to 26,000, with a peak of 29,652 in March 2004. The statistics for the period also show that, for an average month, the interim website will receive around three million hits, and 23,000 unique visitors. This is considered to be relatively high usage for a government-provided legislation website.

the availability of the interim website has meant that the PCO has developed a much more immediate and direct relationship with users of legislation

The availability of the interim website has meant that the PCO has developed a much more immediate and direct relationship with users of legislation. Over the last year, the PCO has responded to a large number of public inquiries relating to the interim website, and other legislation-related matters. A communications adviser has now been employed to ensure that adequate systems are in place to respond to the growing number of inquiries.

Prepublication

Because of the continuing delay in the implementation of the PAL Project, the current arrangement with Legislation Direct to provide prepublication services for legislation was extended to 30 June 2005. Additional funding of \$2.412 million (GST inclusive) was provided in the 2003/04 financial year to fund this arrangement.

It is intended that the PCO Prepublication Unit (PPU) undertake the prepublication and publication functions currently undertaken by Legislation Direct when the PAL Project is completed. During the delay in the project, the PPU has been involved in a number of project-related activities, including testing, and the enhancement of graphics for the interim website.

PPU staff have continued to be made available on an "as required" basis to Legislation Direct in order to maintain the standard of service delivery necessary to meet the requirements of Parliament and the Government for the printing and publication of legislation, and to provide legislative data in electronic form to the Knowledge Basket (see below). The increasing number of reprints published by the Reprints Unit has also placed additional demands on Legislation Direct, and PPU staff have assisted with work on reprints.

Reprints Unit

The Reprints Unit is responsible for preparing and publishing hard copy reprints of Acts and Statutory Regulations. During the reporting period, 11 reprinted Acts and three reprinted

Statutory Regulations were published. Work was also undertaken on reprints of a further 13 Acts and 12 Statutory Regulations. A list of legislation that has been reprinted, and a list of enactments scheduled for reprinting, are now published on the PCO website. The list of published reprints is made available in a printer-friendly format, so that users can print it off and use it as an index to their collection of reprints.

Reprints published in pamphlet form only

Reprints are now published in pamphlet form only. This includes reprints of Statutory Regulations, which are no longer published in the annual Statutory Regulations series under a new SR number. There have been some complaints about the discontinuation of the bound volumes of reprints. Some users have found it inconvenient that the reprints are unbound, and have queried whether or not they will be annotated by Brookers.

The policy of producing pamphlet copies of reprints underpins the change in approach to reprinting as set out in the PCO reprinting policy. The new policy focuses principally on best-selling titles that are frequently or heavily amended, on the basis that these represent the priorities of users of legislation. A pamphlet-based approach facilitates a more responsive and user-friendly reprinting system for the following reasons—

- it avoids the constraints imposed by a bound volume system, including minimum and maximum size of volume, page numbering, and the need to mix and match individual reprints to make up a volume of acceptable size
- it accommodates the reprinting of both Acts and Statutory Regulations, whereas the Reprinted Statutes of New Zealand series was confined to Acts
- it allows more easily for the situation where particular enactments are reprinted on a regular basis, because users can discard superseded reprints
- it allows users greater freedom to tailor their collection of reprints according to their own particular needs.

Brookers provides binders for the storage of pamphlet copies of reprints, and its annotation service includes the annotation of those copies.

Development of annual reprinting programme

The PCO reprinting policy provides that a reprinting programme will be established each year, in consultation with key users of legislation. No formal reprinting programme was in place for the 2003/04 financial year, and reprints were therefore produced in accordance with an interim reprinting programme that focused on reprinting best-selling Acts and Statutory Regulations, and a small number of enactments suggested for reprinting by external agencies or persons and PCO staff.

The PCO is now taking steps to develop a formal reprinting programme for the 2004/05 financial year. Based on the PCO’s previous experience in 2001 in undertaking a user survey

the policy of producing pamphlet copies of reprints underpins the change in approach to reprinting

on the provision of printed legislation, the PCO decided to undertake a survey of users of legislation as to what they want the PCO to reprint. Rather than relying principally on sales data, the objective of the survey is to provide the PCO with more comprehensive information about user requirements for reprints. This will enable the PCO to take into account a broader range of factors in developing an initial reprinting programme, especially the usefulness of particular legislation to general and specialist users, including the legal profession, the judiciary, and government departments.

in June 2004, the Reprints Unit ... initiated a public survey to develop a reprints programme

In June 2004, the Reprints Unit therefore initiated a public survey to develop a reprints programme for the 2004/05 financial year. The survey (which had a closing date of 30 July 2004) was able to be completed on-line via the PCO's website, or printed off and mailed or faxed. The survey was publicised in *LawTalk* (the New Zealand Law Society magazine) and on the New Zealand Government web portal, by way of notice on the NZ-libs list (an electronic noticeboard for New Zealand librarians), and through emails sent to government departments and many of the respondents to the 2001 survey on printed legislation. Letters were also sent to the various heads of bench of the judiciary. The results of the survey will be published on the PCO website.

The annual reprinting programme established following this survey will be published, and reviewed from time to time in the light of information about public sales of legislation, proposals to amend or repeal particular legislation, and other relevant factors.

Printing of legislation

As indicated in the 2002/03 annual report, new arrangements for the printing, distribution, and sale of legislation were made between the PCO and Securacopy (a subsidiary of Blue Star Print Group (New Zealand) Limited), with effect from 1 February 2003. It was intended that this arrangement would be in place until July 2004, and the printing contract put out to tender before its expiry.

However, the PCO decided in early 2004 that it was not appropriate to tender the printing contract at this time. A meaningful tender process cannot be undertaken until the impact of free public access to legislation on sales of printed legislation can be assessed, and the form in which the PCO will supply legislative material to a contracted printer is finalised. These matters are dependent on a government decision on the future of the PAL Project. It was therefore decided that the term of the Securacopy contract should be extended, so as to ensure the uninterrupted supply of legislation to Parliament, and the availability of printed legislation to the public, until these matters are resolved.

The PCO and Blue Star therefore agreed to extend the Securacopy contract until the end of March 2006.

Arrangements for public access to legislation through the Knowledge Basket

The interim website of New Zealand legislation provides free public access to New Zealand Acts and Statutory Regulations in a compiled form (that is, with their amendments incorporated). Bills and Supplementary Order Papers (SOPs) are not available from that website, nor are Acts and Statutory Regulations in the form in which they were originally enacted or made, nor repealed or revoked legislation. In addition, the interim website does not comply with the New Zealand Government Web Guidelines (the Guidelines), which makes it inaccessible to blind and visually-impaired people.

When the PAL Project was first delayed, the PCO took steps to ensure free public access to electronic copies of Bills through an arrangement with the Knowledge Basket (www.knowledge-basket.co.nz). It was not technically feasible to make the interim website compliant with the Guidelines. However, because only a short delay to the PAL Project was anticipated, it was not considered necessary to take steps to deal with this issue, nor the lack of access to certain legislative material via the interim website. The new PAL website has been designed to comply with the Guidelines, and to provide access to Bills and SOPs, to Acts and Statutory Regulations in an up-to-date form as well as the form in which they were enacted or made, and to repealed and revoked enactments.

Because of the continuing delay to the PAL Project, the PCO has now re-examined the need for free public access to sources of New Zealand legislation in electronic form that are additional to the interim website and that cater for a wider range of users. The need to do so was increased because, in June 2003, the Knowledge Basket (for technical and commercial reasons) ceased to provide free public browse access to its collection of Acts and Statutory Regulations in an uncompiled form, SOPs, and historical (repealed and revoked) legislation.

The cessation of the Knowledge Basket service impacted on two groups of people in particular—the blind and visually-impaired, and certain advocacy groups. The blind and visually-impaired were particularly affected because the Knowledge Basket’s legislative material is made available in a form that can be accessed by screen readers and Braille-printing equipment; the interim website cannot. Certain advocacy groups were affected because of the loss of access to historical legislation. For example, advocacy groups dealing with accident compensation issues often have to refer to previous versions of ACC legislation that, while repealed, remains relevant for transitional purposes.

To remedy this situation, the PCO, as part of the agreement with Blue Star to extend the Securacopy printing contract to the end of March 2006, entered into arrangements with Blue Star and the Knowledge Basket that enable the Knowledge Basket to restore free public browse access via its website to its collection of New Zealand legislation. These arrangements include the resumption of the supply of legislative data to the Knowledge Basket by Legislation Direct (also a subsidiary of Blue Star).

arrangements ... enable the Knowledge Basket to restore free public ... access ... to its collection of New Zealand legislation

As a result of these arrangements, the Knowledge Basket is once again able to provide free public browse access to New Zealand Acts and Statutory Regulations in an uncompiled form, and SOPs, and to continue to provide free public access to Bills. The Knowledge Basket’s historical collection of legislative materials will also be made available again for free public browsing.

As part of the agreement to extend the Securacopy printing contract, Blue Star also agreed that, at the end of the term of the printing contract, a copy of the Knowledge Basket’s collection of legislative materials will be provided to the PCO so that it can be preserved in the public domain.

STRATEGIC OBJECTIVE 3—CAPABILITY DEVELOPMENT

The goals of this objective⁹ are that—

- the core capabilities of the PCO, including the management capability of staff, are maintained and enhanced
- a challenging and rewarding work environment is provided
- the whole of office dynamic is enhanced
- the PCO has workplace policies, practices, and procedures that are understood by PCO staff
- technology is used effectively
- internal and external communication is improved
- the PCO complies with its legislative obligations.

Capability development as a strategic objective

The Statement of Intent for 2003/04 designates capability development as a discreet strategic objective that focuses on the growth and development of the PCO rather than the delivery of services. Strategic objectives that relate solely to service delivery may be appropriate in an organisation for which growth and development are no longer key issues. However, the PCO has, over recent years, continued to grow at a significant rate in order to meet the demands placed on it. Staff numbers grew by 12.5% in the 2003/04 year and by 13.5% in the 2002/03 year.

Designating capability development as a strategic objective is a response both to the issues that the PCO has faced, and continues to face, and to the way in which additional

⁹ This strategic objective takes a broad view of capability and incorporates objectives, previously identified separately, that focused on the PCO’s systems and processes and the relationship with instructing departments.

resources made available to the PCO are applied. As reflected in the Statement of Intent for 2004/05, capability development is a central focus of the PCO's management team at least until 2006/07. The benefits of this include—

- minimising the risk that the delivery of legislative drafting and access to legislation services will be compromised by lack of resources
- ensuring through management oversight that the additional funds provided are used in the most effective and efficient way possible.

Capability involves resourcing as well as systems and processes. These are reported on below.

Appointment of staff in key areas

An increase in appropriation for the 2003/04 year was used to strengthen both drafting and support staff.¹⁰ Four Parliamentary Counsel and two Assistant Parliamentary Counsel were appointed in the year.

Legal Publications Officers were recruited to the Editorial Services Unit to fill vacancies resulting from resignations and internal transfers. Three further appointments are being made to increase the capacity of the Unit. Appointments were also made to the Management Support and Information Systems teams to provide greater capacity. New positions of Communications Adviser and Records Adviser were created and staff recruited. An additional Reprints Officer was appointed to the Reprints Unit.

an increase in appropriation for the 2003/04 year was used to strengthen both drafting and support staff

Training and professional development

Training and professional development contribute to the goal of a work environment that is challenging and rewarding. The PCO has a training and professional development policy and a study leave policy, staff are required to have annual training plans, and the PCO encourages staff to attend external seminars and training programmes and supports staff undertaking undergraduate and post-graduate study. Throughout the year, drafters and support staff attended seminars and courses relevant to their work.

The PCO also runs a seminar programme for drafters and other staff. The following speakers from outside the PCO presented in-house seminars—

- David McGee QC, the Clerk of the House: revision of Standing Orders
- Mary Harris, Deputy Clerk of the House, and Milton Hollard, Clerk Assistant (Research): scope issues relating to Bills

¹⁰ Staff movements are set out in the Appendices.

- Professor J F Burrows, Faculty of Law, Canterbury University: recent judicial decisions affecting the interpretation of legislation
- David Goddard QC: cross-border issues in the design of legislative schemes
- Lionel Levert QC, former Chief Legislative Counsel of Canada who attended the Australasian Law Reform Agencies Conference in Wellington in April 2004: an informal talk to the drafting staff
- Jeremy Hammington and Melanie Gudsell, Ministry of Justice: prerogative of mercy
- Lesley Johnson, Ministry of Social Development: the role of policy advice
- Michael Hodgen, Barrister: the work of the Refugee Status Appeals Authority.

The PCO is very grateful to these speakers for their willingness to speak to PCO staff and for the high quality of their presentations.

Accommodation

The PCO entered into a leasing arrangement for Level 12 of the Reserve Bank building following the relocation of the Securities Commission to other premises. The PCO is now located on adjacent floors. The Prepublication Unit and the Reprints Unit remain on Level 4. As part of the fit-out, the opportunity was taken to re-cable Levels 12 and 13 with CAT-6, which effectively future-proofs the PCO IT capability, and to install further telephone cabling from Parliament to accommodate staff increases. As a result of the changes in accommodation, the PCO now has a new and larger server room, a dedicated library area, and a new IT training facility. Overall, occupancy rates have been increased by 10% through the more efficient use of leased space.

This was a complex project directly affecting 45 staff. The scope and complexity of the project is reflected in the fact that 15 subcontractors provided services and expertise in areas that included communication, ventilation, and fire protection.

Library development

Two special projects were undertaken during the year. A project to relocate the collection into a dedicated library area has been successfully completed. This has enabled better access to information resources. A second project, to re-catalogue the library collection, is close to completion. This has entailed redevelopment of the classification system which, combined with new library software, will facilitate use of the collection.

Records management

A Records Adviser was appointed in the latter half of the year under review. The appointment is designed to bring PCO records management practices and procedures into line with current standards. An adviser who was involved in setting up the PCO filing systems in 1997 has been re-engaged to assist the Records Adviser in a review to identify changes that may need to be made to the administrative and PAL Project filing systems and to improve the alignment of paper and electronic filing systems.

Information systems

A number of initiatives were taken to improve the usability of the PCO's information systems. An IT systems support officer was appointed to provide helpdesk and general support and to free up other members of the IT team to maintain their involvement with the PAL Project. Improvements were made to the helpdesk facility to enable it to provide management reports on a wide range of operations and analyse user-training needs. GroupWise, the email and calendar system, was upgraded. The Information Systems Plan was revised and plans developed to upgrade to Microsoft Windows XP and enhance other office applications.

a number of initiatives were taken to improve the usability of the PCO's information systems

Communication

The PCO communicates in a variety of different ways, including publishing papers and information on its website, through internal and external newsletters, and by responding to public inquiries about legislation. The appointment of a Communications Adviser was made with a view to improving internal and external communication.

Intranet Development Group

An Intranet Development Group was established during the year to improve both the way that information is made available to staff and the extent of the information that is available.

Newsletters

Two publications, the *PCO Quarterly* and *News & Notes* (PCO's internal staff newsletter), have been redesigned with a new publication schedule. The *PCO Quarterly* is emailed in PDF format to legal and policy staff in government agencies who work with the PCO. The *PCO Quarterly* contains information about the PCO, its staff, and resources available to agencies, as well as technical information about drafting and the publication of legislation.

PCO website

The PCO website was updated regularly during the year. Information about the PAL Project and the availability of reprints of legislation was revised. The website was used to distribute the reprints survey described under Strategic Objective 2.

Public inquiries

A factor supporting the appointment of a Communications Adviser was the increase in public inquiries as a result of the PAL Project. Email received at the PCO website mailbox is cleared and answered by the Parliamentary Information Service, and email received at the PAL Project mailbox is dealt with by the PAL Project Administrator. The Communications Adviser monitors the systems put in place to ensure that all inquiries are being answered promptly.

Departmental survey

The annual survey of departments and other agencies was undertaken in June 2004. Thirty-five departments for whom drafting was undertaken in the year were surveyed. The survey sought answers to a range of questions to establish satisfaction levels with the drafting product and the overall level of service provided by the PCO.

Twenty-nine departments responded; a response rate of 83%. The satisfaction rate is reported in the Statement of Service Performance included in the financial statements accompanying this report (page 73).

Most departments respond promptly and positively to the survey. Responses are passed on to the team leaders, who follow up on issues that may be identified. However, as has been noted in previous reports, the results can be affected by a number of factors. Departments' perceptions often reflect their experiences with a single item of legislation. A trouble-free experience with a straightforward matter is often reflected in a favourable response. However, if there have been problems which may not have been of the PCO's making, the PCO tends to get punished.

The PCO drafts significant amounts of legislation for some of the larger departments. In those departments, a number of departmental policy advisers and lawyers may be involved in working with the PCO on different pieces of legislation. The nature of the survey, which is designed for completion by one person in each department, makes it difficult for those departments to provide accurate feedback. The PCO intends to devise a different system that will overcome these limitations and assist the larger departments to respond.

Seminars and conferences

A number of PCO staff presented or attended seminars and conferences during the year.

Adrienne Meikle, Scott Murray, and Cassie Nicholson presented seminars at the Ministry of Economic Development. These seminars focused on the role of the PCO and the relationship between the PCO and instructing departments, preparation of drafting instructions, the drafting process, and procedural matters.

Geoff Lawn, Julia Kennedy, and Judy Heaphy attended the annual IT Forum of the Australasian Parliamentary Counsel's Committee in Adelaide in August 2003. This included a demonstration of a new XML drafting tool developed for the South Australian Office of Parliamentary Counsel. The forum provides a valuable opportunity to discuss developments and exchange ideas about the use of technology in drafting and publishing legislation.

George Tanner presented a paper entitled *Law reform and accessibility* to the Australasian Law Reform Agencies Conference, *Access to Justice: Rhetoric or Reality*, in April 2004. He also gave two seminars in May 2004 entitled *Legislation: drafting and other issues* at the University of Otago Faculty of Law.

Geoff Lawn also gave a presentation to the Australasian Study of Parliament Group on *E-Parliament and the people: improving public access to legislation*, in July 2003. He also presented a paper, called *Improving public access to legislation—the New Zealand experience so far*, for the 5th Conference on Computerisation of the Law via the Internet, in Sydney in November 2003 and participated in two discussion forums at the conference. He gave a joint presentation with the Coordinator of the Reprints Unit, Juliet Price, to the Executive Judges, on the PAL Project, reprints, and the survey for the 2004/05 annual reprinting programme.

Ian Jamieson and Bill Moore spoke to select committee personnel at the Office of the Clerk in April 2004 about the role of Parliamentary Counsel at select committees.

Bill Moore and Catherine Yates spoke on the legislative process to the District Court Judges' Clerks, and also spoke on legislative issues at the Crown Law Office.

Ross Carter presented a paper on parliamentary privilege at a Public Law Forum in Wellington in March 2004.

Julia Kennedy participated in a New Zealand Law Librarians' Symposium in October 2003 and spoke about *Improving access to legislation*.

Adrienne Meikle and Scott Murray attended the Victoria University Law School's Career Fair held in March 2004. The fair provides an informal environment in which law students can obtain information about the range of careers available to those studying law.

a number of PCO staff presented or attended seminars and conferences during the year

Publications

Mark Gobbi acted as special adviser to the *New Zealand Yearbook of International Law 2004* published in June 2004 by the International Law Group at the University of Canterbury School of Law, and contributed the chapter on "Treaty action and implementation".

Overseas visitors

James Kelly, Assistant Professor, Political Science, Concordia University, Montreal, visited the PCO in May in connection with research. Professor David Morgan of Cork University, Ireland, visited the PCO in June. Professor Morgan's visit was also for research purposes.

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS OF THE PARLIAMENTARY COUNSEL OFFICE *For the year ended 30 June 2004*

Introduction to the Financial Statements

The Parliamentary Counsel Office (PCO) is responsible for discharging the functions set out in the Statutes Drafting and Compilation Act 1920, and certain functions set out in the Acts and Regulations Publication Act 1989.

The PCO is funded by appropriation of money by Parliament.

The financial statements of the PCO for the year ended 30 June 2004, including the Statement of Service Performance, now follow.

STATEMENT OF RESPONSIBILITY *For the year ended 30 June 2004*

In our opinion, the financial information presented in the Statements and Notes to the Accounts fairly reflects the position and operations of the PCO.

The PCO has a system of internal control, and this system has provided reasonable assurance as to the integrity and reliability of the financial report of the PCO.

In terms of sections 35 and 37 of the Public Finance Act 1989, I, George Tanner, Chief Parliamentary Counsel, accept responsibility for the preparation of the financial statements and the judgements used in the financial statements.



G E Tanner QC
Chief Parliamentary Counsel
9 September 2004



Julia Kennedy
Manager Support Services
Parliamentary Counsel Office
9 September 2004

STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2004

30/6/03			30/6/04	30/6/04	30/6/04
Actual		Note	Actual	Main	Supp.
\$000			\$000	Estimates	Estimates
				\$000	\$000
Revenue					
9,393	Crown		13,261	11,119	13,261
57	Other	1	68	35	47
<u>9,450</u>	Total operating revenue		<u>13,329</u>	<u>11,154</u>	<u>13,308</u>
Expenses					
4,542	Personnel	2	5,273	5,517	5,813
3,932	Operating	3	6,660	4,490	5,967
333	Depreciation	4	378	620	1,001
275	Capital charge	5	526	527	527
<u>9,082</u>	Total expenses		<u>12,837</u>	<u>11,154</u>	<u>13,308</u>
<u>368</u>	Net surplus		<u>492</u>	<u>0</u>	<u>0</u>

STATEMENT OF MOVEMENTS IN TAXPAYERS' FUNDS
For the year ended 30 June 2004

30/6/03			30/6/04	30/6/04	30/6/04
Actual			Actual	Main	Supp.
\$000			\$000	Estimates	Estimates
				\$000	\$000
2,368	Taxpayers' funds as at 1 July		6,168	6,168	6,168
<u>368</u>	Net surplus		<u>492</u>	<u>0</u>	<u>0</u>
<u>368</u>	Total recognised revenues and expenses for the year		<u>492</u>	<u>0</u>	<u>0</u>
3,800	Capital contributions		0	0	0
	Provision for repayment of				
(368)	surplus to the Crown		(492)	0	0
<u>6,168</u>	Taxpayers' funds as at 30 June		<u>6,168</u>	<u>6,168</u>	<u>6,168</u>

Note: The accompanying notes and accounting policies form part of these financial statements. For information on major variances against budget, refer to Note 11.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2004

30/6/03		30/6/04	30/6/04	30/6/04
Actual	Note	Actual	Main Estimates	Supp. Estimates
\$000		\$000	\$000	\$000
TAXPAYERS' FUNDS				
6,168		6,168	6,168	6,168
<u>6,168</u>		<u>6,168</u>	<u>6,168</u>	<u>6,168</u>
Represented by:				
CURRENT ASSETS				
844		3,519	815	899
51		59	0	0
34		0	19	19
3,239		0	328	(13)
<u>4,168</u>		<u>3,578</u>	<u>1,162</u>	<u>905</u>
NON-CURRENT ASSETS				
4,634	6	5,144	5,814	6,168
<u>4,634</u>		<u>5,144</u>	<u>5,814</u>	<u>6,168</u>
<u>8,802</u>		<u>8,722</u>	<u>6,976</u>	<u>7,073</u>
CURRENT LIABILITIES				
1,870	7	1,613	423	423
368		492	0	0
153	8	161	135	232
<u>2,391</u>		<u>2,266</u>	<u>558</u>	<u>655</u>
NON-CURRENT LIABILITIES				
243	8	288	250	250
<u>2,634</u>		<u>2,554</u>	<u>808</u>	<u>905</u>
<u>6,168</u>		<u>6,168</u>	<u>6,168</u>	<u>6,168</u>

Note: The accompanying notes and accounting policies form part of these financial statements.
 For information on major variances against budget, refer to Note 11.

STATEMENT OF CASH FLOWS
For the year ended 30 June 2004

30/6/03		30/6/04	30/6/04	30/6/04
Actual		Actual	Main	Supp.
\$000		\$000	Estimates	Estimates
			\$000	\$000
Cash flows from operating activities				
Cash provided from:				
6,483	Supply of outputs —Crown	16,500	11,119	16,513
2	—Other	51	35	53
<u>6,485</u>	Subtotal	<u>16,551</u>	<u>11,154</u>	<u>16,566</u>
Cash disbursed to produce outputs:				
(4,425)	Personnel	(5,319)	(4,421)	(5,734)
(2,882)	Operating	(6,913)	(5,548)	(7,197)
429	Net GST paid	209	0	0
(301)	Capital charge	(525)	(527)	(527)
(7,179)	Subtotal	(12,548)	(10,496)	(13,458)
<u>(694)</u>	Operating activities net cash flows	<u>4,003</u>	<u>658</u>	<u>3,108</u>
Cash flows from investing activities				
29	Cash provided from sale of fixed assets	93	0	0
(3,346)	Cash disbursed to purchase of fixed assets	(1,053)	(500)	(2,685)
<u>(3,317)</u>	Investing activities net cash flows	<u>(960)</u>	<u>(500)</u>	<u>(2,685)</u>
Cash flows from financing activities				
Cash provided from:				
3,800	Capital contribution received	0	0	0
Cash disbursed to:				
(39)	Payment of surplus to the Crown	(368)	0	(368)
<u>3,761</u>	Financing activities net cash flows	<u>(368)</u>	<u>0</u>	<u>(368)</u>
(250)	Net increase/(decrease) in cash held	2,675	158	55
1,094	Add opening cash brought forward	844	657	844
<u>844</u>	Closing cash	<u>3,519</u>	<u>815</u>	<u>899</u>

Note: The accompanying notes and accounting policies form part of these financial statements.
 For information on major variances against budget, refer to Note 11.

**RECONCILIATION OF NET SURPLUS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**
For the year ended 30 June 2004

30/6/03		30/6/04	30/6/04 Main	30/6/04 Supp.
Actual		Actual	Estimates	Estimates
\$000		\$000	\$000	\$000
368	Net surplus	492	0	0
	Add/(less) non-cash items			
333	Depreciation	378	620	1,001
32	(Inc)/dec in non-current employee entitlements	45	0	(150)
<u>365</u>	Total non-cash items	<u>423</u>	<u>620</u>	<u>851</u>
	Add/(less) movements in working capital items			
(75)	(Inc)/dec in debtors	26	0	66
(2,910)	(Inc)/dec in Debtor—Crown	3,239	0	3,252
623	Inc/(dec) in creditors and payables	(257)	38	(1,147)
55	Inc/(dec) in current employee entitlements	7	0	86
<u>(2,307)</u>	Working capital movements—net	<u>3,015</u>	<u>38</u>	<u>2,257</u>
	Add/(less) investing activity items			
(14)	Loss on sale of physical assets	73	0	0
894	Credits for purchase of fixed assets	0	0	0
<u>880</u>	Total investing activity items	<u>73</u>	<u>0</u>	<u>0</u>
<u>(694)</u>	Net cash flow from operating activities	<u>4,003</u>	<u>658</u>	<u>3,108</u>

STATEMENT OF COMMITMENTS
As at 30 June 2004

30/6/03		30/6/04
Actual		Actual
\$000		\$000
2,035	Capital commitments	2,035
2,035	Total capital commitments	2,035
	Operating commitments	
2,146	Less than 1 year	574
0	1 to 2 years	496
0	2 to 5 years	1,378
0	More than 5 years	363
<u>2,146</u>	Total operating commitments	<u>2,811</u>
<u>4,181</u>	Total commitments	<u>4,846</u>

Note: The PCO has an accommodation lease with the Reserve Bank. It has a contract with Unisys New Zealand Limited for the implementation of the PAL Project. Ongoing arrangements are in place for the provision of prepress services by Legislation Direct, and printing services by Securacopy; both companies are part of the Blue Star Print Group (NZ) Ltd.

Note: The accompanying notes and accounting policies form part of these financial statements.

STATEMENT OF CONTINGENT LIABILITIES

As at 30 June 2004

As at 30 June 2004, there are no contingent liabilities. (30 June 2003: nil.)

As at 30 June 2004, there were no guarantees or indemnities given under section 59 of the Public Finance Act 1989 in respect of the activities of the PCO. (30 June 2003: nil.)

STATEMENT OF UNAPPROPRIATED EXPENDITURE

For the year ended 30 June 2004

For the year ended 30 June 2004, there is no unappropriated expenditure. (30 June 2003: nil.)

STATEMENT OF DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS

For the year ended 30 June 2004

(Figures are GST inclusive where applicable)

	30/6/04 Expenditure Actual \$000	30/6/04 Appropriation Voted ¹ \$000
VOTE: PARLIAMENTARY COUNSEL		
Appropriations for classes of outputs		
D1—Law Drafting Services	7,197	7,673
D2—Access to Legislation	7,306	7,298
Total	14,503	14,971

¹ This includes adjustments made in the Supplementary Estimates.

Note: The accompanying notes and accounting policies form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2004

Note 1 Other revenue

30/6/03	30/6/04	30/6/04	30/6/04
Actual	Actual	Main	Supp.
\$000	\$000	Estimates	Estimates
\$000	\$000	\$000	\$000
0 Departmental revenue	13	0	12
14 Gain on sale of fixed assets	9	0	0
43 Recovery of printing costs	46	35	35
57 Total other revenue	68	35	47

Note 2 Personnel costs

30/6/03	30/6/04	30/6/04	30/6/04
Actual	Actual	Main	Supp.
\$000	\$000	Estimates	Estimates
\$000	\$000	\$000	\$000
4,403 Salaries and wages	5,160	5,517	5,714
52 Other personnel costs	60	0	0
87 Annual, retirement, and long service leave	53	0	99
4,542 Total personnel costs	5,273	5,517	5,813

Note 3 Operating costs

30/6/03	30/6/04	30/6/04	30/6/04
Actual	Actual	Main	Supp.
\$000	\$000	Estimates	Estimates
\$000	\$000	\$000	\$000
13 Audit fees to auditors for audit of the financial statements	31	13	15
115 Consultancy costs	304	40	40
453 Rental costs	466	470	490
2,282 Printing costs	4,591	560	2,142
1,069 Other operating costs	1,187	3,407	3,280
0 Loss on sale of fixed assets	81	0	0
3,932 Total operating costs	6,660	4,490	5,967

Note 4 Depreciation expenses

30/6/03		30/6/04	30/6/04	30/6/04
Actual		Actual	Main	Supp.
\$000		\$000	Estimates	Estimates
			\$000	\$000
182	Computer systems	207	122	220
18	Furniture	19	70	56
16	Motor vehicles	20	15	9
9	Office equipment	9	6	6
108	Fixture and fittings	123	108	56
0	PAL Project	0	299	654
333	Total other expenses	378	620	1,001

Note 5 Capital charge

The PCO pays a capital charge to the Crown on its taxpayers' funds as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2004 was 8.5%. (2003: 8.5%.)

Note 6 Fixed assets

30/6/03 Actual \$000		30/6/04 Actual \$000
	Motor vehicles	
70	At cost	70
(23)	Accumulated depreciation	(24)
47	Motor vehicles—net book value	46
	Computer equipment	
895	At cost	991
(500)	Accumulated depreciation	(685)
395	Computer equipment—net book value	306
	Furniture	
251	At cost	263
(185)	Accumulated depreciation	(201)
66	Furniture—net book value	62
	Leasehold property improvements	
1,147	At cost	1,228
(782)	Accumulated depreciation	(561)
365	Leasehold property improvements—net book value	667
	Office equipment	
66	At cost	66
(37)	Accumulated depreciation	(46)
29	Office equipment—net book value	20
	Items under construction—at cost	
2,384	PAL Project	2,695
1,348	PAL software	1,348
3,732	Total items under construction	4,043
	Total fixed assets	
6,161	At cost	6,661
(1,527)	Accumulated depreciation	(1,517)
4,634	Total—carrying amount of fixed assets	5,144

Note 7 Creditors and payables

30/6/03 Actual \$000		30/6/04 Actual \$000
1,392	Trade creditors	1,133
320	Accrued expenses	112
3	GST payable/receivable	212
0	Capital charge payable	1
155	Fixed asset	155
1,870	Total creditors and payables	1,613

Note 8 Employee entitlements

30/06/03		30/06/04
Actual		Actual
\$000		\$000
Current liabilities		
125	Annual leave	131
28	Long service leave	30
<u>153</u>	Total current portion	<u>161</u>
Non-current liabilities		
30	Long service leave	40
213	Retirement leave	248
<u>243</u>	Total non-current portion	<u>288</u>
<u>396</u>	Total employee entitlements	<u>449</u>

An independent actuarial valuation was undertaken by Melville Jessup Weaver as at 30 June 2004 to estimate the value of long service and retirement leave.

The major economic assumptions adopted in the valuation process were:

- Salary increase rate: 3% per annum (30 June 2003: 3%)
- Investment earnings: 5.5% per annum (30 June 2003: 5.5%).

Note 9 Financial instruments

The PCO is party to financial instrument arrangements as part of its everyday operations. These include instruments such as bank balances, accounts receivable, and trade creditors.

Credit risk

Credit risk is the risk that a third party will default on its obligations to the PCO, causing the PCO to incur a loss.

In the normal course of its business, the PCO incurs credit risk from trade debtors and transactions with financial institutions.

The PCO does not require any collateral or security to support financial instruments with financial institutions that it deals with as these entities have high credit ratings. For its other financial instruments, the PCO does not have significant concentrations of credit risk.

The maximum exposures to credit risk are as follows:

	30/6/04 \$000	30/6/03 \$000
Bank balances	3,519	844
Debtors	59	51

The PCO is not exposed to any other concentrations of credit risk.

Fair value

The fair value of the PCO’s financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

Currency risk and interest rate risk

Currency risk is the risk that debtors and creditors due in foreign currency will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The PCO has no significant exposure to currency risk or interest rate risk on its financial instruments.

Note 10 Related party information

The PCO is a wholly-owned entity of the Crown. The Government significantly influences the role of the PCO as well as being the major source of revenue.

The PCO enters into numerous transactions with other government departments, Crown agencies, and State-owned enterprises on an arm’s length basis. These transactions are not considered to be related party transactions.

Apart from those transactions described above, the PCO has not entered into any related party transactions.

Note 11 Major budget variances

The main reason for major budget variances was the continued delay in the implementation of the PAL Project. External pre-press services will be required by the PCO until the PAL Project is implemented, and additional funding of \$2.412 million (GST inclusive) was provided in the Supplementary Estimates to meet the costs of those services.

In the Statement of Financial Performance the provision of these additional funds is reflected in a variance in revenue—Crown, and the costs of pre-press services reflected in variances in the operating expenses. In the Statement of Cash Flows, the variance is represented in the supply of outputs—Crown, and in the cash disbursed to produce outputs—operating.

The increase in revenue—Crown was less than the increase in printing costs. The lower than anticipated depreciation expense as a result of the delay in the PAL Project was used to partially offset the increase in printing costs. This is reflected in the Statement of Financial Performance. The actual cost of depreciation was \$378,000, compared to \$1.001 million budgeted in the Supplementary Estimates (as shown in the Reconciliation of Net Surplus to Net Cash Flow from Operating Activities).

An additional reason for variances was a higher level of staff movements than anticipated, and timing issues associated with some new appointments. In the Statement of Financial Performance, this is reflected in a variance in personnel costs of 4% against the Estimates and 9% against the Supplementary Estimates. (The Supplementary Estimates figure reflected the commitment to making new appointments.) The variance is also reflected in the Statement of Cash Flows. As the majority of personnel costs fall in Output Class 1, this variance was reflected in the out-turn for Output Class 1 (as shown in the Statement of Departmental Expenditure and Appropriations) and a net surplus of \$492,000.

The relocation of the PCO within the Reserve Bank Building is also reflected in the financial statements. The PCO took over Level 12, and vacated 75% of Level 4. Most staff are now located on adjoining floors, Levels 12 and 13. This resulted in the sale of 75% of the PCO fit-out on Level 4, and the purchase of the existing fit-out on Level 12. Some refurbishment work was necessary on all floors. This is reflected in the Statement of Financial Position as a variance in the non-current assets, and in the Statement of Cash Flows as cash provided from the sale of fixed assets and the cash disbursed to the purchase of fixed assets.

The increase in funds held in cash and bank in the Statement of Financial Position results from the decision to clear the debtor—Crown, which stood at \$3.239 million at the close of the 2002/03 financial year. The decrease in creditors and payables (shown in the Reconciliation of Net Surplus to Net Cash Flow from Operating Activities) results from improvements in the systems for reimbursing the Parliamentary Service for payments made on behalf of the PCO.

STATEMENT OF ACCOUNTING POLICIES

Reporting entity

The PCO is a government department as defined by section 2 of the Public Finance Act 1989.

These financial statements of the PCO are prepared in accordance with section 35 of the Public Finance Act 1989, and comply with generally accepted accounting practice.

Measurement system

These financial statements have been prepared on the basis of historical cost.

Accounting policies

The following particular accounting policies, which materially affect the measurement of financial results and the financial position, have been applied.

Budget figures

The Budget figures are those presented in the Budget Night Estimates (Main Estimates) and those amended by the Supplementary Estimates.

Revenue

The PCO derives revenue through the provision of outputs to the Crown and for services to third parties. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Cost allocation

The PCO has derived the costs of outputs using a cost allocation system outlined below.

Cost allocation policy

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity usage information.

Criteria for direct and indirect costs

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output.

Direct costs assigned to outputs

Direct costs are charged directly to outputs. Depreciation and capital charge are charged on the basis of asset utilisation. Personnel costs are charged by actual time incurred. Property and other premises costs, such as maintenance, are charged on the basis of floor area occupied for the production of each output.

For the year ended 30 June 2004, direct costs accounted for 98.7% of the PCO's costs. (2003: 98.3%.)

Basis for assigning indirect and corporate costs to outputs

Indirect costs are assigned to outputs based on a proportion of direct staff costs used for each output.

For the year ended 30 June 2004, indirect costs accounted for 1.3% of the PCO costs. (2003: 1.7%.)

Debtors and receivables

Receivables are recorded at estimated realisable value after providing for doubtful debts.

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. Payments under these leases are charged as expenses in the periods in which they are incurred.

Fixed assets

The initial cost of a fixed asset is the value of the consideration given to acquire or create the asset and any directly attributable costs of bringing the asset to working condition for its intended use.

All fixed assets costing more than \$1,000 are capitalised and recorded at historical cost.

Depreciation

Depreciation of fixed assets is provided on a straight line basis, other than assets under construction, so as to allocate the cost of assets, less any estimated residual value, over their useful lives. The estimated economic useful lives are—

Motor vehicles	3 years	33% (residual value 40%)
Office furniture	5 years	20%
Computing equipment	3 years	33%
Office equipment	5 years	20%
Leasehold improvements	6 years	16.67%
PAL software	7 years	14.29%
PAL Project	20 years	5%

The cost of leasehold improvements is capitalised and depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter. Items under construction are not depreciated. The total cost of a capital project is transferred to the appropriate asset class on its completion and then depreciated.

Employee entitlements

Provision is made in respect of the PCO liability for annual leave, long service leave, and retirement leave. Annual leave has been calculated on an actual entitlement basis at current rates of pay, while the other provisions have been calculated on an actuarial basis based on the present value of expected future entitlements.

Statement of cash flows

Cash means cash balances on hand and held in bank accounts.

Operating activities include cash received from all income sources of the PCO and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise capital injections by, or repayment of capital to, the Crown.

Foreign currency

Foreign currency transactions are converted at the New Zealand dollar exchange rate at the date of the transaction.

Financial instruments

The PCO is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, and creditors. All financial instruments are recognised in the Statement of Financial Position, and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance. Except for those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

Goods and services tax (GST)

The Statement of Unappropriated Expenditure and the Statement of Departmental Expenditure and Appropriations are inclusive of GST. The Statement of Financial Position is exclusive of GST, except for Creditors and Payables, and Debtors and Receivables, which are GST inclusive. All other statements are GST exclusive.

The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Creditors and Payables or Debtors and Receivables (as appropriate).

Taxation

Government departments are exempt from the payment of income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax has been provided for.

Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that they are equally unperformed obligations.

Contingent liabilities

Contingent liabilities are disclosed at the point at which the contingency is evident.

Taxpayers' funds

This is the Crown's net investment in the PCO.

Changes in accounting policies

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

All policies have been applied on a basis consistent with other years.

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE
For the year ended 30 June 2004

The PCO agreed to provide output classes in 2003/04 to meet the requirements of the Attorney-General in terms of their nature, outcome emphasis, timeliness, quality and quantity specifications, and cost.

Output Class D1—Law Drafting Services

Description

Under this output class, the PCO delivered a service that provides for—

- drafting Government Bills (including amendments to Government Bills) and Statutory Regulations
- examining and reporting on local Bills and private Bills, and drafting amendments to them.

Outcomes

This output class contributed to the Government’s objectives by ensuring that the changes in the law that were necessary to implement Government policies were properly drafted. The PCO provided—

- Government Bills and Statutory Regulations that were properly drafted
- reports on the form and effect of local Bills and private Bills
- amendments to Government Bills and to local Bills and private Bills that were properly drafted.

Objectives

This output class is demand driven. It is accordingly difficult to estimate accurately the number of Government Bills and Statutory Regulations that will be drafted in any year, or the extent of the amendments required to Bills before the House.

It was anticipated that—

- between 60 and 80 Government Bills would be drafted in the 2003/04 financial year and that amendments to the same number of Bills would be drafted during their passage through the House
- between 300 and 400 Statutory Regulations would be drafted
- between four and eight local Bills and private Bills would be examined, and amendments drafted to the same number.

The quality of the Government Bills and Statutory Regulations drafted and of the examinations of local Bills and private Bills was expected to remain high. The quality of the amendments drafted to Government Bills and to local Bills and private Bills was also expected to remain high.

The Attorney-General's views and the views of instructing departments as to the quality of the work in this output class would be sought.

Service performance

In achieving this output, the PCO, in the year ended 30 June 2004,—

- ✓ drafted the anticipated number of Government Bills, as shown by the following figures:

	For the year ended 30 June		
	2004	2003	2002
Number of Government Bills enacted	154 ¹	89 ²	93
Number of Government Bills before the House of Representatives or awaiting Royal assent at the end of the year	54 ³	57	69

¹ One of the Government Bills was drafted by the Inland Revenue Department; five were Member's Bills.

² Two of the Government Bills were drafted by the Inland Revenue Department.

³ One of the Government Bills before the House of Representatives or awaiting Royal assent at the end of the year was drafted by the Inland Revenue Department.

	For the year ended 30 June 2004	
	Projected	Actual
Number of Government Bills drafted	Between 60 and 80 Government Bills	59 Government Bills

- ✓ drafted the anticipated number of amendments to Government Bills
- ✓ drafted in excess of the anticipated number of Statutory Regulations, as shown by the following figures:

	For the year ended 30 June			
	2004		2003	2002
	Projected	Actual	Actual	Actual
Number of Statutory Regulations made	Between 300 and 400	451	370	451

- ✓ examined the local Bills and private Bills enacted in the year ended 30 June 2004, as follows:

	For the year ended 30 June			
	2004		2003	2002
	Projected	Actual	Actual	Actual
Number of local Bills enacted	Between 4 and 8	4	2	7
Number of private Bills enacted	Between 4 and 8	0	3	4
Total		4	5	11

Note: The variance between actual and projected figures results from the difficulty in estimating demand.

- ✓ drafted amendments to Bills enacted as local Acts and private Acts as follows:

	For the year ended 30 June		
	2004	2003	2002
	Actual	Actual	Actual
Local Acts in respect of which amendments were drafted	1	1	3
Private Acts in respect of which amendments were drafted	0	2	2

- ✓ maintained a high standard in relation to the drafting of Government Bills, Statutory Regulations, amendments to Government Bills, and examination of and drafting of amendments to local Bills and private Bills.

Attorney-General’s view

The Attorney-General is satisfied that the quality of the work of the PCO in relation to this output in the year ended 30 June 2004 has achieved the high standard as set out in the Statement of Objectives.

Instructing departments’ views

The views of instructing departments have been sought regarding the quality of this output in the year ended 30 June 2004. A questionnaire was used and the results quantified. The response rate was 83% and the average satisfaction rating for those who responded was 94%. In comparison, in 2003 the response rate was 56% and the satisfaction rating was 91%.

Financial performance for Output Class D1—Law Drafting Services

30/6/03		30/6/04	30/6/04	30/6/04
Actual		Actual	Main Estimates	Supp. Estimates
\$000		\$000	\$000	\$000
5,513	Revenue—Crown	6,811	6,811	6,811
14	Other revenue	20	0	10
5,527	Total revenue	6,831	6,811	6,821
5,439	Total expenses	6,342	6,811	6,821
88	Net surplus	489	0	0

Note: Figures are GST exclusive.

Output Class D2—Access to Legislation

Description

Under this output class, the PCO delivered a service that provides for—

- supplying printed copies of Government Bills and Government Supplementary Order Papers to the House and, on a selective basis, copies of Acts with proposed amendments incorporated
- publishing printed copies of Bills and Supplementary Order Papers, pamphlet copies of Acts and Statutory Regulations, and annual volumes of Acts and Statutory Regulations
- compiling reprints of Acts and Statutory Regulations with their amendments incorporated and publishing them
- providing the above for sale at designated bookshops and by subscription
- publishing the *Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force* in printed form, and in electronic form on the Internet free of charge
- providing free public access via the Internet to an electronic database of Acts (both as enacted and with their amendments incorporated), Statutory Regulations (both as made and with their amendments incorporated), Bills, and Supplementary Order Papers
- maintaining the electronic database of legislation in an up-to-date form.

Outcomes

This output class contributed to the Government’s objectives by—

- providing copies of printed Government Bills and Government Supplementary Order Papers to the House
- ensuring that legislation, including Bills and Supplementary Order Papers, is accessible to the public in both printed and electronic forms.

Objectives

This output class is substantially demand driven. It is accordingly difficult to estimate accurately the number of Bills, Supplementary Order Papers, Acts, and Statutory Regulations that will be published in any year, or the number of printed copies of Bills and Supplementary Order Papers that will be provided to the House.

It was anticipated that—

- between 60 and 80 Government Bills, and between 70 and 100 Supplementary Order Papers, would be supplied to the House and published
- between 60 and 80 Acts of Parliament would be published
- between 300 and 400 Statutory Regulations would be published
- the above would be provided for sale at designated bookshops and to subscribers within five working days of the Bills being introduced, Supplementary Order Papers being released, Acts being assented to, and Statutory Regulations being made
- the annual bound volumes of Acts for 2003 and the annual bound volumes of Statutory Regulations for 2003 would be published in the first half of 2004
- reprinted Acts and reprinted Statutory Regulations would be compiled and published in accordance with the PCO reprints policy and the annual reprints programme
- the 2003 edition of the *Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force* would be published in both printed and electronic forms
- free public access to the database of Acts, Statutory Regulations, Bills, and Supplementary Order Papers would be provided on a 24/7 basis (24 hours a day, seven days a week)
- the database would be maintained in accordance with the PCO database work programme
- a high standard of accuracy would be maintained.

The Attorney-General’s views as to the quality of work in this output class would be sought at the end of the financial year. The views of users of legislation would also be sought.

It was assumed that the Government’s Public Access to Legislation (PAL) Project would be commissioned and that as a result there would be free public access via the Internet to an electronic database of Acts, Statutory Regulations, Bills, and Supplementary Order Papers. While interim Internet access to legislation is available, the Government’s PAL Project is not yet complete.

Service performance

In achieving this output, the PCO has, in the year ended 30 June 2004,—

- ✓ supplied to the House and published 59 Government Bills and 96 Government Supplementary Order Papers
- ✓ published 158 Acts of Parliament
- ✓ published 451 Statutory Regulations
- ✓ provided for sale at designated bookshops and to subscribers Bills, Supplementary Order Papers, and Statutory Regulations within five working days of the Bills being introduced, Supplementary Order Papers being released, and Statutory Regulations being made. All Acts of Parliament except the Income Tax Act 2004 (2090 pages) were available within 11 working days of the Act being assented to, and the majority were available within eight working days
- ✓ published the annual bound volumes of Acts for 2003 and the annual bound volumes of Statutory Regulations for 2003 in the first half of 2004
- ✓ compiled and published 11 reprinted Acts and 3 reprinted Statutory Regulations. The PCO reprints policy is in place, but an annual reprints programme was not in place for the 2003/04 year. Work on reprints in the 2003/04 year was carried out under an interim reprints programme
- ✓ compiled the 2003 edition of the *Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force* and published it in both printed and electronic forms
- ✓ provided free public access to an interim database of legislation on a 24/7 basis (24 hours a day, seven days a week), and made Bills introduced into the House, and Bills progressed to a later stage in the Parliamentary process, available to the public free of charge on the Knowledge Basket website. Availability of the PCO database of Acts, Statutory Regulations, Bills, and Supplementary Order Papers is dependent on completion of the PAL Project
- ✓ arranged for the interim database to be kept up-to-date by Brookers Ltd on behalf of the PCO. The development of a database work programme for the PCO database (referred to in the objectives) is dependent on completion of the PAL Project.

Comparative figures for printed legislation are as follows:

	For the year ended 30 June			
	2004		2003	2002
Publications	Projected	Actual	Actual	Actual
Acts of Parliament	Between 60 and 80			
Public Acts		154	89	93
Local Acts		4	2	7
Private Acts		0	3	4
Statutory Regulations	Between 300 and 400	451	370	451
Annual bound volumes of Acts	For 2003 year	For 2003 year 5 volumes	For 2002 year 3 volumes	For 2001 year 3 volumes
Annual bound volumes of Statutory Regulations	For 2003 year	For 2003 year 4 volumes	For 2002 year 4 volumes	For 2001 year 4 volumes
Reprinted Acts of Parliament	In accordance with reprints policy and reprints programme ¹	11	11	3
Reprinted Statutory Regulations	In accordance with reprints policy and reprints programme ¹	3	0	1
<i>Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force</i>	2003 edition	2003 edition	2002 edition	2001 edition

¹ An annual reprints programme was not in place for the 2003/04 year. Work on reprints in the 2003/04 year was carried out under an interim reprints programme.

Attorney-General's view

The Attorney-General is satisfied that, taking account of the delays in implementation of the PAL Project, the performance of the PCO in relation to this output in the year ended 30 June 2004 was satisfactory against the standard as set out in the Statement of Objectives.

As the PAL Project has not yet been completed, the views of users of legislation were not sought.

Financial performance for Output Class D2—Access to Legislation

30/6/03		30/6/04	30/6/04	30/6/04
Actual		Actual	Main Estimates	Supp. Estimates
\$000		\$000	\$000	\$000
3,880	Revenue—Crown	6,450	4,308	6,450
43	Other revenue	48	35	37
3,923	Total revenue	6,498	4,343	6,487
3,643	Total expenses	6,494	4,343	6,487
280	Net surplus	4	0	0

Note: Figures are GST exclusive.

The increase in appropriation reflected in the Supplementary Estimates was to fund the additional costs associated with printing legislation that are necessary as a result of the delays to the implementation of the PAL Project.

Overall financial performance

The financial performance of the PCO for the year ended 30 June 2004 resulted in—

		30/6/04	30/6/03	30/6/04
		Actual	Actual	Estimated
Operating results				
Revenue—Other	\$000	68	57	35
Output expenses	\$000	12,837	9,082	13,308
Net result	\$000	492	368	0
Working capital management				
Liquid ratio	%	155	35	137
Debtor collection period (third party sales)	days	0	0	0
Creditor payment period	days	28	28	28
Resource utilisation				
Fixed assets—				
Additions as a percentage of fixed assets	%	20.5	72.2	43.5
Physical assets as percentage of total assets	%	59.0	52.6	87.2
Taxpayers' funds at year end	\$000	6,168	6,168	6,168
Forecast net cash flows				
Cash disbursed to producing outputs	\$000	12,548	7,179	13,458
Net increase/(decrease) in cash held	\$000	2,675	(250)	55

AUDIT REPORT

TO THE READERS OF PARLIAMENTARY COUNSEL OFFICE’S FINANCIAL STATEMENTS
 For the year ended 30 June 2004

The Auditor-General is the auditor of Parliamentary Counsel Office. The Auditor-General has appointed me, H C Lim, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Parliamentary Counsel Office, on his behalf, for the year ended 30 June 2004.

Unqualified opinion

In our opinion the financial statements of the Parliamentary Counsel Office on pages 57 to 78:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Parliamentary Counsel Office’s financial position as at 30 June 2004;
 - the results of its operations and cash flows for the year ended on that date; and
 - its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 9 September 2004, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader’s overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Chief Parliamentary Counsel;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support the opinion above.

Responsibilities of the Chief Parliamentary Counsel and the Auditor

The Chief Parliamentary Counsel is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Parliamentary Counsel Office as at 30 June 2004. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. The Chief Parliamentary Counsel’s responsibilities arise from the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 38(1) of the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Parliamentary Counsel Office.



H C Lim
 Audit New Zealand
 On behalf of the Auditor-General
 Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Parliamentary Counsel Office for the year ended 30 June 2004 included on the Parliamentary Counsel Office’s website. The Chief Parliamentary Counsel is responsible for the maintenance and integrity of the Parliamentary Counsel Office’s website. We have not been engaged to report on the integrity of the Parliamentary Counsel Office’s web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

We have also been engaged to report on the HTML electronic versions of the Parliamentary Counsel Office’s financial statements. Other than the HTML and this electronic version of the Parliamentary Counsel Office’s financial statements, we accept no responsibility for any changes that may have occurred to electronic versions of the financial statements published on other websites and/or published by other electronic means.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 9 September 2004 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

APPENDICES

Legislative framework

The Parliamentary Counsel Office (PCO) is constituted as a separate Office of Parliament by the Statutes Drafting and Compilation Act 1920.

Under the Statutes Drafting and Compilation Act 1920, the PCO is responsible for—

- drafting Government Bills and Statutory Regulations
- supervising the printing of Government Bills and Statutory Regulations
- examining local Bills and private Bills
- compiling reprints of statutes and Statutory Regulations
- supervising the printing of those reprints.

The Inland Revenue Department is responsible for drafting certain Bills that will become Acts administered by that department (see Inland Revenue Department (Drafting) Order 1995 (SR 1995/286)).

Under section 4(1) of the Acts and Regulations Publication Act 1989, the PCO is responsible for arranging the printing and publication of—

- copies of Acts of Parliament
- copies of Statutory Regulations
- reprints of Acts of Parliament and reprints of Statutory Regulations
- reprints of Imperial Acts that have effect as part of the laws of New Zealand.

From time to time, the PCO also drafts certain other instruments such as Orders in Council establishing commissions of inquiry, instruments made under the Royal prerogative, and other official documents.

The PCO is not part of the Public Service proper. It is not under the control of the State Services Commission nor is it part of the Parliamentary Service, but it is under the control of the Attorney-General or, if there is no Attorney-General, the Prime Minister.

Mission statement

The Parliamentary Counsel Office aims to—

- provide high quality legislative drafting services and advice in a professional, impartial, and responsive manner
- ensure, so far as it can, that New Zealand legislation is based on sound legal principles
- ensure that New Zealand legislation is readily accessible.

Vision statement

A Parliamentary Counsel Office committed to the following objectives:

To improve access to legislation by ensuring—

- that legislation is drafted as clearly and simply as possible
- the timely and high quality publication of legislation
- the timely and high quality compilation of legislation.

To improve the delivery of services to Ministers, government departments, select committees of Parliament, and the Office’s other clients by—

- liaising with clients
- keeping clients well-informed
- reviewing and improving the systems used to deliver those services.

To establish and maintain a reputation, among the Government, the Parliament, the Courts, and the wider public, for—

- providing high quality legislative drafting services and advice in a professional, impartial, and responsive manner
- ensuring, so far as it can, that New Zealand legislation is based on sound legal principles
- ensuring that New Zealand legislation is readily accessible.

To undertake the continuous, systematic, review and improvement of management systems, information systems, work practices, and use of resources.

To promote a collegial approach to the work of the Office.

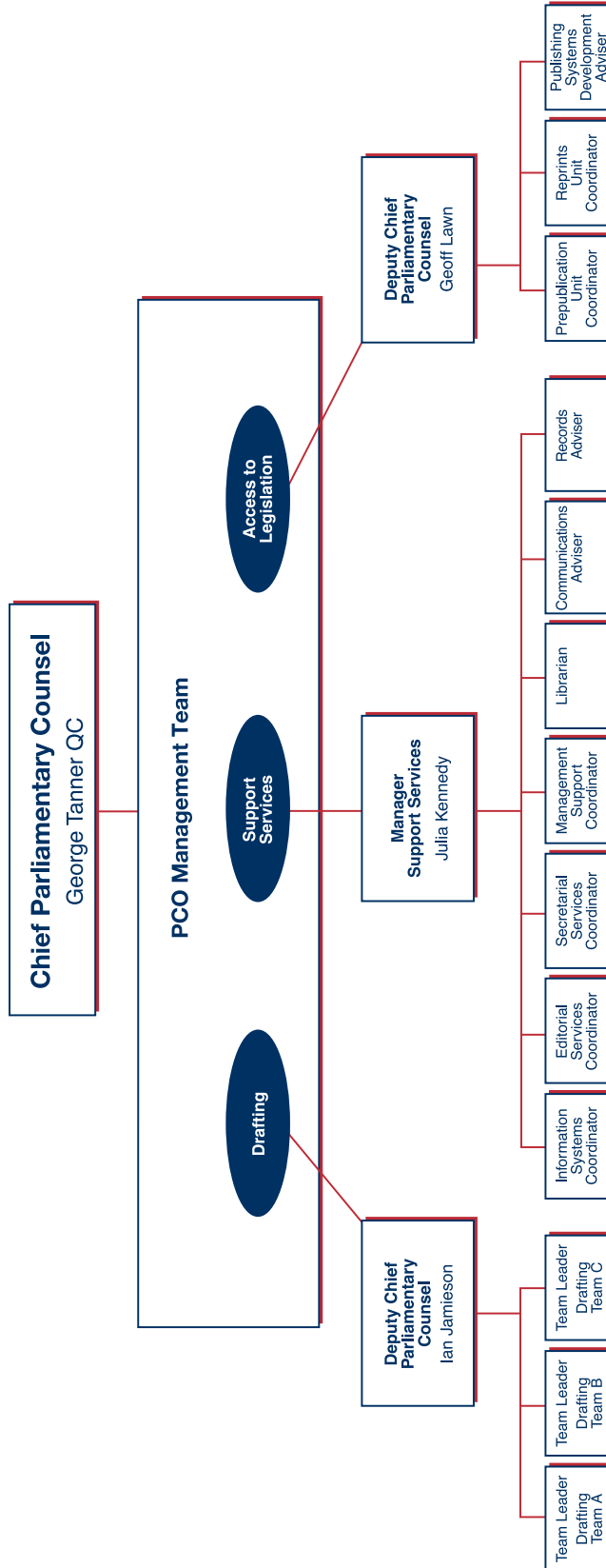
To promote—

- communication among the staff of the Office
- a high level of consultation with staff
- participation by staff in decision-making.

To establish and maintain a supportive working environment that—

- ensures the recruitment of persons best qualified and able to contribute to the achievement of the Office’s mission
- provides proper training to staff
- promotes the professional development of staff
- encourages staff to perform to the highest levels of their ability
- recognises the contributions of staff by principled and fair performance assessment.

Organisational chart



PCO staff

as at 30 June 2004

**Chief Parliamentary Counsel and
Compiler of Statutes**
George Tanner QC

LAW DRAFTING

**Deputy Chief Parliamentary Counsel
(Drafting)**
Ian Jamieson

Parliamentary Counsel

Sandra Balcombe
Andrew Borrowdale
Melanie Bromley
Joanne Cairns
Ross Carter
Jacqueline Derby
Mark Gobbi
Briar Gordon
Elizabeth Grant
Renato Guzman
Julia Hayes
Hugo Hoffmann
Chris McPhail
Adrienne Meikle
Julie Melville
Bill Moore
Scott Murray
Cassie Nicholson
Cathy Pooke
Frank Riley
Ian Vernon
Richard Wallace
Peter Williams
Catherine Yates

**Counsel to the Parliamentary Counsel
Office**

Walter Iles CMG QC

Assistant Parliamentary Counsel

Leeanne O'Brien
Jillian Penn
Leigh Tauakipulu

ACCESS TO LEGISLATION

**Deputy Chief Parliamentary Counsel
(Access to Legislation)**
Geoff Lawn

Prepublication Coordinator

Michelle Antoine

Prepublication Officers

Kevin Hilder
Peter Johnston
Harry Masters
Derek McGuinness
Graham Minnoch

Publishing Systems Development Adviser

Laurence Ilot

Reprints Coordinator

Juliet Price

Reprints Officers

Alister Chang
Rochelle Forrester
Jane Hubbard
Margaret Huggins

SUPPORT STAFF

Manager Support Services
Julia Kennedy

Communications Adviser

Gillian McIlraith

Editorial Services Coordinator

Daphne Brasell

Legal Publications Officers

Clare Barrett
Mark Prentice
Kim Slattery
Alan Witham

Information Systems Coordinator

Judy Heaphy

Information Systems Developer

Devon Heaphy

Information Systems Support Officer

Dwain Collins

Librarian

Kate Anthony

Management Support Coordinator

David Ashton

Management Support Officer

Laraine Johnston

Messenger

Assuero Fastelli

PA to the Chief Parliamentary Counsel

Sharon Thompson

PA to the Manager Support Services

Angela Harvey

Receptionist

Judith Keegan

Secretarial Services Coordinator

Helen Churchill

Secretaries

Linda Dunn
Simone Henkel
Tessa Henry
Janice Kirk
Denise Paterson
Kay Purdey
Jaana Salo
Ana Visala
Julie Ward (parental leave)



Photography by Woolf

Staff of the Parliamentary Counsel Office, 11 August 2004

Staff movements 2003/04

APPOINTMENTS

Drafters

Parliamentary Counsel

Sandra Balcombe

Elizabeth Grant

Cathy Pooke

Ian Vernon

Assistant Parliamentary Counsel

Jillian Penn

(formerly Legal Publications Officer)

Leigh Tauakipulu

Access staff

Reprints Officer

Jane Hubbard

(formerly Legal Publications Officer)

Support staff

Communications Adviser

Gillian McIlraith

Editorial Services Coordinator

Daphne Brasell

Legal Publications Officers

Clare Barrett

Mark Prentice

Kim Slattery

Alan Witham

Information Systems Support Officer

Dwain Collins

Management Support Coordinator

David Ashton

PA to the Manager Support Services

Angela Harvey

DEPARTURES

Parliamentary Counsel

David Marriott

*Information Systems Support
Officer*

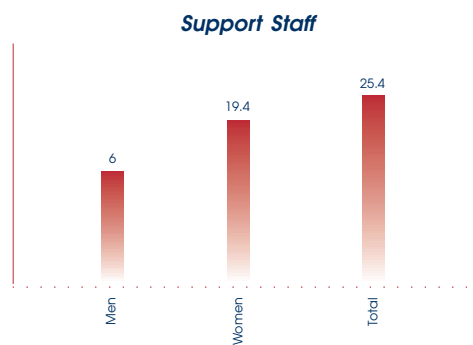
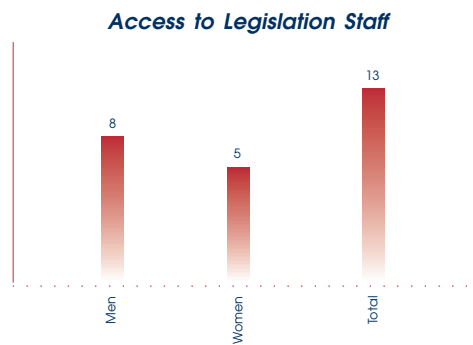
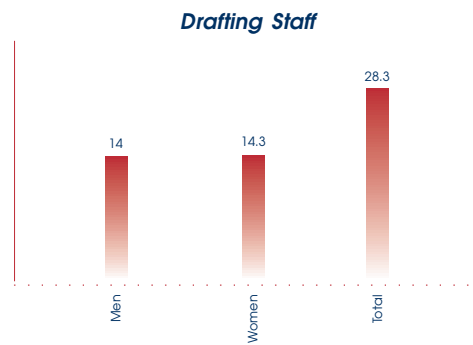
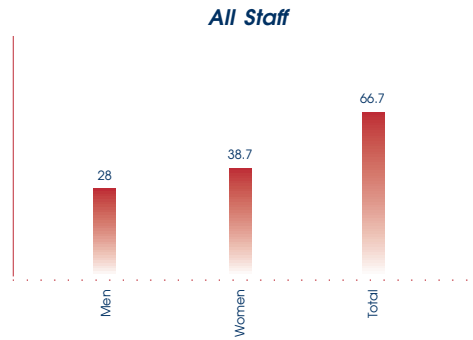
Andrew Burt

Legal Publications Officers

David Cauchi

Carol Murray

Gender equity



Note: Numbers of staff are full-time equivalents.

How to contact us

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Interim website of New Zealand legislation: www.pco.legislation.govt.nz

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