Report of the Parliamentary Counsel Office
Te Tari Tohutohu Pāremata
for the year ended
30 June 2005
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for the year ended
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Presented to the House of Representatives under the
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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 2005.

George Tanner QC
Chief Parliamentary Counsel
CHIEF PARLIAMENTARY COUNSEL’S OVERVIEW

This is the report for the Parliamentary Counsel Office (PCO) for the 2004/05 year. As with previous years, the report is in three sections. The first section contains a brief description of the work of the PCO and gives an overview of significant developments and issues faced 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 2004/05 year. The third section contains the audited financial statements for 2004/05 and the report of Audit New Zealand on behalf of the Auditor-General on them.

Role and functions of the PCO

The PCO is established as an Office of Parliament by the Statutes Drafting and Compilation Act 1920 under the control of the Attorney-General. The PCO is also subject to the Acts and Regulations Publication Act 1989.

The PCO is responsible under the Statutes Drafting and Compilation Act 1920 for—

• drafting Government Bills, including amendments to those Bills during their passage through Parliament

• advising on local and private Bills, including providing advice to, and drafting Bills for, the promoters and their legal advisers

• at the direction of the Attorney-General, drafting Members’ Bills, in cases where it is likely that there will be sufficient parliamentary support for a Bill to be enacted

• drafting Statutory Regulations

• compiling reprints of Acts and Statutory Regulations with their amendments incorporated.

The PCO is responsible under the Acts and Regulations Publication Act 1989 for publishing copies of—

• Acts of Parliament and reprints of Acts

• Statutory Regulations and reprints of Statutory Regulations

• annual volumes of Acts and Statutory Regulations

• reprints of Imperial Acts.

1 The PCO does not draft tax Bills. Under the Inland Revenue Department (Drafting) Order 1995, the Inland Revenue Department (IRD) drafts Bills that will become Acts administered in that department.
The PCO also—

• supplies printed copies of Bills and Supplementary Order Papers (SOPs) to the House and publishes them

• publishes Acts and Statutory Regulations in up-to-date form, electronically on the Internet free of charge, under an arrangement with Brookers Limited (Brookers)

• publishes the annual 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

• publishes four interim indexes to the Statutory Regulations each year.

A full description of the drafting and publishing functions of the PCO is provided in the PCO’s Statement of Intent for 2005/08. The PCO also carries out a number of other functions. These are referred to more specifically later in this report.

Funding

The PCO is funded by fixed annual appropriation. The Attorney-General is the Minister responsible for Vote Parliamentary Counsel. The PCO also receives revenue from third parties for the printing costs incurred in publishing certain legislative instruments drafted by the PCO. Money is appropriated separately to the two output classes. In 2004/05 the amounts appropriated were:

- Law Drafting Services $8.510 million (GST inclusive)
- Access to Legislation $8.635 million (GST inclusive).

Outcome and outputs

The Statement of Intent for 2004/05 describes the PCO’s outcome as contributing to parliamentary democracy under the rule of law by supporting Parliament and the Executive in their law-making roles. The PCO also contributes to the Government’s objectives by—

• drafting changes in the law that are necessary to implement government policies

• making legislation available to the public.

A description of the link between the outcome and outputs is contained in the PCO’s Statement of Intent for 2004/05 and the PCO’s Statement of Intent for 2005/08.
The year under review presented significant challenges for the PCO. It is appropriate to refer specifically to the following:

• in the financial year ended 30 June 2005, 150 Acts of Parliament were passed comprising 146 public Acts, two private Acts, and two local Acts (4,017 pages). Four hundred and seventy-one Statutory Regulations were made and published (5,310 pages)

• in the calendar year ended 31 December 2004, 118 Acts were passed, comprising 116 public Acts and two local Acts. Seven volumes of statutes were published, including three volumes of the Income Tax Act 2004* (5,249 pages). Six volumes of Statutory Regulations were published (3,855 pages). This is the highest number of volumes of statutes and Statutory Regulations published in a single year

• in the calendar year ended 31 December 2004, 476 Statutory Regulations were made and published. That is the highest number of Statutory Regulations made in a calendar year

• in the financial year ended 30 June 2005, 21 reprinted statutes and 35 reprinted Statutory Regulations were published (6,972 pages)

• the PCO received additional funding in the 2004/05 Budget to assist with the recruitment and retention of drafters and support staff. An increase in appropriation was also made in the 2004/05 Supplementary Estimates to meet the increased cost of legislative printing and to provide funding for the implementation of the Public Access to Legislation (PAL) Project

• in March 2005, the Government agreed to the continuation of the PAL Project following the conclusion of negotiations between the PCO and Unisys New Zealand Limited (Unisys) to resolve outstanding technical and commercial issues. A revised contract was signed between the parties and work on the project recommenced also in March

• a review of New Zealand legislation from a plain language perspective was completed by Michèle Asprey, an Australian lawyer and expert in the use of plain language in legal documents

• a review of the resourcing and operations of the PCO commenced in December 2004 and was close to completion at the end of the year under review.

General observations

The amount of legislation drafted and passed by Parliament was again considerable. In calendar 2004, a record number of Statutory Regulations were made and a record number of pages of statutes and Statutory Regulations were published. As the significant legislation table

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* The Income Tax Act 2004 was drafted in the IRD.
on pages 18 to 22 indicates, many of the statutes enacted and Bills drafted were large and
complex reforming statutes replacing earlier and outdated legislation. Some were novel, others
controversial. Many of these statutes and Bills were both difficult from a legislative drafting
perspective and had to be drafted under severe time pressures.

Teams of two or more drafters have been engaged in the drafting of the larger and more
complex Bills or where time frames have been tight. This has been made possible with a better
level of resourcing than in earlier years and reflects a recognition on the part of the central
agencies and the Treasury in particular that the PCO needs to be properly resourced to meet
the demands placed upon it. The satisfaction rating for the year under review (see page 64),
which is in line with previous years, indicates that instructing departments appear satisfied with
the quality and timeliness of the drafting service provided.

Negotiations between the PCO and Unisys regarding the basis on which the PAL Project
could be resumed occupied most of the year. This was a time-consuming process involving
reaching agreement on a new project management plan and project schedule, hosting and
housing services for the new system, and new contractual arrangements including the basis on
which the Government would contribute financially to the project completion. Other matters
addressed included project governance arrangements and the appointment of a PCO project
manager, technical and quality assurance personnel, and a test manager.

The PCO has deployed a large team of staff to the project to provide business expertise and
has a level of resourcing in place to ensure both continuity of personnel and that the PCO
responds in a timely fashion to Unisys and its subcontractors so as to meet project timelines.
The opportunity is being taken to standardise and simplify both the format of legislation
and the processes involved in drafting, with a view to eliminating unnecessary complexity,
variation, and refinements. The time commitment required of the PCO PAL Project team and
the PCO management to bring the project to the current position has been considerable.
The PCO has also been ably assisted by the Treasury and the State Services Commission. The
recommencement of the project will continue to place heavy demands on the PCO during
the remainder of 2005 and throughout 2006. The PCO is confident it has the resources to meet
business-as-usual demands and the extra work required to implement the PAL system.

A review of resourcing and operations commenced in December 2004. At the end of the year
under review, the reviewers had completed their information gathering and interview processes
and were engaged in preparing their report. The PCO and the other agencies involved will
consider the reviewers’ recommendations and take action on them as appropriate.

Parliamentary Counsel and other staff presented papers at seminars and conferences during
the year. Five Parliamentary Counsel taught the Legislation class at the Faculty of Law at
Victoria University of Wellington in the second half of the 2004 academic year. The Chief
Parliamentary Counsel and other Parliamentary Counsel have, over the years, given lectures to
Legislation classes at a number of universities, but this was the first time the entire course was taken by Parliamentary Counsel. The same counsel will also teach the course in 2005. These are useful contributions that the PCO can make outside the strict confines of its work and the opportunities are to be welcomed and encouraged.

The staff of the PCO are again to be commended for their hard work, skill, and professionalism throughout the year.

Retirement of Legislation Coordinator

The PCO works closely with the Legislation Coordinator in the Cabinet Office. Malcolm McDonald has announced his intention to retire from this position at the 2005 general election. He has held the position since it was established in 1993. The PCO has greatly valued his advice and assistance and the support he has given the PCO in this important role. He has made a valuable contribution to the management of the legislation programmes of successive governments throughout the time he has held this position.
CHIEF PARLIAMENTARY COUNSEL’S OVERVIEW

PCO Management Team

Left to right: David Ashton, Ian Jamieson, George Tanner, Julia Kennedy, 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

Chief Parliamentary Counsel
George Tanner QC

Deputy Chief Parliamentary Counsel (Drafting)
Ian Jamieson

Drafting Team A
Team Leader: Julie Melville

Drafting Team B
Team Leader: Frank Riley

Drafting Team C
Team Leader: Bill Moore
Building and Housing, Corrections, Customs, Education, Foreign Affairs and Trade, Health, Justice, Parliamentary Service, Police, Research, Science and Technology, Social Development, Statistics
Legislation programme

The Government’s legislation programme is based on a calendar year. Bills are categorised according to their legal and policy importance. The legislation programme is not static. Proposals for new legislation during the year result in the addition of Bills to the programme. Changes in policy decisions may result in decisions by the Government not to proceed with particular Bills. Policy decision making may take longer than originally anticipated and affect the timing of instructions and drafting. Unforeseen pressures and changing priorities can also affect the ability of departments to provide instructions by the dates initially identified in the programme. These factors can all affect when Bills are drafted and, in some instances, whether they are drafted.

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.
Category 1 Bills include the Appropriation and Imprest Supply Bills, Bills required to confirm and validate delegated legislative instruments that would otherwise lapse unless confirmed or validated, time-critical Treaty of Waitangi Claims Settlement Bills, and the Bill to fix annual tax rates. Apart from the Bill to fix annual tax rates, which was drafted by the IRD, the PCO drafted all Bills in this category in calendar 2004.

Category 2 Bills are those Bills required by the Government for important legal or policy reasons. In the 2004 calendar year, there were 55 Bills in this category, of which 50 were drafted. Some of these Bills were on the 2003 legislation programme and were before select committees or the House in 2004. The PCO drafted amendments to these Bills as required. Nineteen category 2 Bills were introduced in 2004.

Category 3 Bills are Bills that are also important for policy reasons. In the 2004 calendar year there were 52 Bills in this category, of which 34 were drafted. Some of these Bills were on the 2003 legislation programme and were before select committees or the House in 2004. The PCO drafted amendments to these Bills as required. Seventeen category 3 Bills were introduced in 2004.

Category 4 and 5 Bills are those Bills that rank behind Bills with a higher priority. The PCO gives priority to the drafting of Bills in higher categories. The PCO receives instructions for a small number of Bills in category 4 and rarely receives instructions for Bills in category 5.

**Drafting amendments for select committees**

The PCO does not compile statistics of the number of amendments drafted to Bills during the select committee and committee of the whole House stages. While New Zealand does not have an upper house or second chamber, unlike Australia, Canada, the United Kingdom, and the United States, proposed legislation is scrutinised extensively in parliamentary select committees. There are 13 subject-specific select committees. With the exception of Appropriation, Imprest Supply, and Bills introduced and passed through all stages under urgency, all Bills are referred to a particular select committee for consideration. The process of select committee scrutiny of Bills usually involves the following features:

- select committees are briefed by departmental advisers about each Bill
- public submissions are called for
- witnesses appear and give evidence at hearings that are open to the public
- submissions are analysed and reports recommending changes to a Bill are prepared and considered
- some committees engage independent advisers
- amendments to a Bill required by the committee are drafted by Parliamentary Counsel in consultation with departmental advisers and considered by the committee
a commentary on the committee’s consideration of the Bill is prepared by the committee’s advisers and accompanies the Bill when it is reported back to the House with the amendments shown in revision tracked form.

Select committee consideration of Bills can occupy many months and result in extensive amendment of Bills to take account of changes considered desirable following from the public submission process. Parliamentary Counsel attend meetings of select committees when departmental reports are considered and when the amendments to a Bill are decided upon. They will sometimes attend meetings to hear evidence from key witnesses. The drafting work involved can be considerable and time consuming.

**Drafting amendments for the committee of the whole House**

Parliamentary Counsel draft all amendments to Bills required by Ministers at the committee of the whole House stage. Extensive changes are possible at this stage of the legislative process to take account of policy changes or technical refinements that are necessary or desirable. In the MMP environment, this can result from the Government’s need to obtain support from other political parties for a particular measure.

**Law Commission**

The PCO assisted the Law Commission with the drafting of an Insurance Contracts Bill, which accompanied the Commission’s report *Life Insurance*,7 and with the drafting of proposed changes to certain provisions of the Customs and Excise Act 1996 currently under consideration by the Commission.

**Drafting of Statutory Regulations**

In the year under review, 471 Statutory Regulations were made. In the calendar year 2004, 476 Statutory Regulations were made. This is the highest number made in a calendar year. In general, Acts of Parliament contain the main policy components of a legislative regime while Statutory Regulations contain much of the essential detail and administrative mechanisms to make the Act work. It is often through such delegated legislation that a legislative regime has its greatest impact. All proposed Statutory Regulations that are to be made by the Governor-General in Council are considered by the Cabinet Legislation Committee and by Cabinet before they are submitted to the Governor-General in Executive Council.

Unlike the drafting of Bills, drafting Statutory Regulations and other legislative instruments can give rise to complex legal questions about whether there is power to make the regulations

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7 NZLC R87, November 2004.
or instrument under the relevant Act. Parliamentary Counsel are required to certify whether proposed Statutory Regulations are in order for submission to Cabinet, that is, whether there is any question about their vires and whether there is any ground on which they may be challenged under the Standing Orders of the House or disallowed under the Regulations (Disallowance) Act 1989.

Rules of practice and procedure for the Supreme Court, Court of Appeal, High Court, and District Courts are made by the Governor-General by Order in Council with the concurrence of the Rules Committee established under section 51B of the Judicature Act 1908. The Committee is chaired by a senior High Court Judge, the Honourable Justice David Baragwanath, and its members include the Chief Justice, a Judge of the Court of Appeal, the Chief High Court Judge, High Court Judges, the Chief District Court Judge, District Court Judges, senior barristers, and a Deputy Secretary for Justice. The Chief Parliamentary Counsel attends all meetings of the Committee and with other Parliamentary Counsel drafts new court rules or changes to existing rules. The Rules Committee is currently engaged in a project to review the existing High Court Rules. The Committee has also developed proposals for substantial changes to the District Courts Rules 1992 to streamline the process for hearing and disposition of civil claims in that court. The PCO is involved in these significant rule revision projects.

Parliamentary Counsel have, since 1983, drafted exemption notices for the Securities Commission under the Securities Act 1978 and, since 2001, have also drafted exemptions for the Takeovers Panel under the Takeovers Act 1993. The number of exemptions drafted varies each year. The average number of both classes of exemption over the past four financial years is 82. Many of these notices are complex, while others are straightforward. The drafting of these notices is often required as a matter of urgency dictated by the commercial imperatives of the parties involved in securities offerings or takeovers.

**Plain language review**

In her review of the PCO’s current legislative drafting practices, Michèle Asprey, an Australian lawyer and an expert in the use of plain language in legal writing, recommended (among other things) that the PCO—

- hold regular drafting seminars
- hold a regular drafting discussion group
- continue revising the PCO Drafting Manual
- obtain advice from information designers
- test ideas on user groups.

As a general proposition, legislation can be made more accessible to users by using plainer and simpler language, and also by using features (such as tables, graphics, and examples).
to explain the meaning of the legislation. The recommendations listed above are part of the process by which legislation can be made more accessible to users. To this end, the PCO—

• is developing an in-house seminar programme on clear drafting to be run over the general election period
• has engaged a document designer to assist with format and style issues
• aims to complete the process of revising chapters of the drafting manual
• is considering the amending terminology for Bills.

What is plain language?

The term plain language means different things to different people. Legislative drafters tend to use it as shorthand for a legislative drafting style that is accessible to the users. Invariably this style uses clear, effective, and everyday language, and format and other techniques (such as examples, tables, and flow charts) that assist the reader to navigate their way around the text.

The PCO supports the use of everyday language in legislation, but recognises that there are limits. To give some context to this topic, consider the following:

• it is possible to draft a provision about contracts of bailment without mentioning bailment once, but the drafting would not be straightforward and could result in uncertainty about the provision’s legal effect. If the target audience uses bailment as an everyday word, it makes sense to use it in the legislation
• it is possible to give modern names to technical common law terms borrowed from other languages, like profit à prendre, in rem, and in personam, but it may be difficult to avoid mentioning the old terms at least once to ensure that the new terms cover the corresponding old terms
• the word repealed is an everyday or plain language word for lawyers, but not necessarily for laypersons. Instead we could use cancelled or withdrawn, which are plain words in one sense but they also form part of the language of contract law
• legislation enabling an enforcement officer to enter and search premises often requires the officer to tell the occupant that the search is being carried out under a particular enactment. It is a familiar verb that is obviously used to convey the idea of oral communication. But could it also include a situation where the officer is temporarily unable to communicate orally and has to do it in writing?
• we assume a certain amount of knowledge on the part of the readers. Something may be left unsaid because it is covered by other legislation (such as the Interpretation Act 1999) or because it is covered by common law. So there is a question about how much legislation should say in order to make itself plain.
**Strategic Objectives**

**Exposure drafts**

The use of exposure drafts is a practical way of testing out new legislative drafting ideas as well as the technical content and broad policy of draft legislation. Their use in developing New Zealand legislation has been limited. Examples are draft Bills on insolvency and patents, the Law Commission’s draft Life Insurance Bill, and the Rules Committee’s drafts of various rule changes. Greater use can and should be made of exposure drafts, but this requires a willingness on the part of the relevant government agencies.

**Quantity of legislation**

The quantity of legislation drafted was again considerable. The following graphs compare the number of Public Acts enacted and published and Statutory Regulations made and published in the financial years ended 30 June 2001 to 30 June 2005.

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

![Graph showing number of Public Acts enacted from 2001 to 2005]

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

![Graph showing number of Statutory Regulations made from 2001 to 2005]
**Strategic Objectives**

**Significant Acts and Bills drafted**

**Arms Amendment Bill (No 3)**
- to enable New Zealand to comply with the minimum legislative requirements of the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components and Ammunition supplementing the United Nations Convention against Transnational Organized Crime, as they have currently been interpreted
- to improve the effectiveness and clarity of the Arms Act 1983 and address operational issues that have emerged since it was last significantly amended in 1992

**Care of Children Act 2004**
- to promote children’s welfare and best interests, and facilitate their development, by helping to ensure that appropriate arrangements are in place for their guardianship and care
- to recognise certain rights of children

**Charities Act 2005**
- to establish the Charities Commission and state its functions and powers
- to provide for the registration of societies, institutions, and trustees of trusts as charitable entities
- to require charitable entities and certain other persons to comply with certain obligations

**Civil Union Act 2004**
- to enable any two people, whether they are of different or the same sex, to enter into a civil union if—
  - they are both aged 16 or over

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- they are not within the prohibited degrees of civil union
- they are not currently married or in a civil union with someone else

Coroners Bill

- to replace the Coroners Act 1988 and reform the coronial system to enhance public confidence in its integrity and independence
- to provide an appropriate balance between the cultural and spiritual needs of families, and the public good associated with understanding, in an accurate and timely way, the causes and circumstances of sudden or unexplained deaths

Crown Entities Act 2004

- to reform the law relating to Crown entities to provide a consistent framework for the establishment, governance, and operation of Crown entities and to clarify accountability relationships between Crown entities, their board members, their responsible Ministers on behalf of the Crown, and the House of Representatives

Education Amendment Bill

- to provide a new regulatory regime in the early childhood education sector and extend the use of national student numbers to the compulsory and early childhood sectors
- to begin the first stage in a process to reform and improve the state of education legislation

Employment Relations Amendment Act (No 2) 2004

- to promote and encourage behaviour that builds productive employment relationships (by amending provisions relating to good faith, collective bargaining, and the processes for resolving employment relationship problems)
- to protect employees where business undertakings are sold, transferred, or contracted out

Energy Safety Review Bill

- to revise the existing regulatory framework and provide for an electrical and gas safety regime that effectively protects workers and the public
- to improve the electricity and gas safety regimes and the occupational regulation of electricity, gas, plumbing, and drainlaying workers

Evidence Bill

- this Bill draws together the common law and statutory provisions relating to evidence into one comprehensive scheme and will replace most of the existing evidence law on the admissibility and use of evidence in court proceedings
- in 1989 the Law Commission was given terms of reference by the Minister of Justice to make the law of evidence as clear, simple, and accessible as practicable, and to facilitate the fair, just, and speedy judicial resolution of disputes
• in 1999 the Law Commission published the report Evidence (NZLC R55, 1999) and an Evidence Code, amalgamating the various aspects of the law of evidence. The proposals in the Bill are generally based on the recommendations of the Law Commission and on the provisions of the Evidence Code

Foreshore and Seabed Act 2004
• to preserve the public foreshore and seabed in perpetuity as the common heritage of all New Zealanders in a way that enables the protection by the Crown of the public foreshore and seabed on behalf of all the people of New Zealand, including the protection of the association of whānau, hapū, and iwi with areas of the public foreshore and seabed

Gas Amendment Act 2004
• to provide governance of the gas industry, including provision for gas governance regulations and rules, and an Energy Commission

Human Assisted Reproductive Technology Act 2004
• to secure the benefits of assisted reproductive procedures, established procedures, and human reproductive research for individuals and for society in general by taking appropriate measures for the protection and promotion of the health, safety, dignity, and rights of all individuals, but particularly those of women and children, in the use of these procedures and research

Legal Services Amendment Bill (No 2)
• to update the financial eligibility criteria for legal aid, and improve the repayment scheme and administration
• to improve and clarify provisions about merits tests and proceedings
• to update the financial thresholds for legal aid
• to make changes estimated to make legal aid available to 1.2 million New Zealanders (up from 765,000)

Maori Commercial Aquaculture Claims Settlement Act 2004
• to provide a full and final settlement of Maori claims to commercial aquaculture on or after 21 September 1992
• to provide for the allocation and management of aquaculture settlement assets

Misuse of Drugs Amendment Act 2005
• to ensure the Misuse of Drugs Act 1975 operates more effectively by—
  - making the presumption of supply regime more flexible, responsive, and accurate by moving presumption of supply matters to the schedules of the Act so they can be set or altered through the Order in Council regime
creating two new importing and exporting offences for precursor substances
(ephedrine and pseudoephedrine)

Ngaa Rauru Kiitahi Claims Settlement Act 2005
• to record the acknowledgements and apology given by the Crown to Ngaa Rauru
Kiitahi in the deed of settlement dated 27 November 2003 between the Crown and
Ngaa Rauru Kiitahi
• to give effect to the deed of settlement in which the Crown and Ngaa Rauru Kiitahi
agree to a final settlement of all the Ngaa Rauru Kiitahi historical claims

Ngāti Awa Claims Settlement Act 2005
• to record the acknowledgements and apology given by the Crown to Ngāti Awa in the
deed of settlement dated 27 March 2003 between the Crown and Ngāti Awa
• to give effect to the deed of settlement in which the Crown and Ngāti Awa agree to a
final settlement of all the Ngāti Awa historical claims

Ngāti Tuwharetoa (Bay of Plenty) Claims Settlement Act 2005
• to record the acknowledgements and apology given by the Crown to Ngāti Tuwharetoa
(Bay of Plenty) in the deed of settlement dated 6 June 2003 between the Crown and
Ngāti Tuwharetoa (Bay of Plenty)
• to give effect to certain provisions of the deed of settlement, which is a deed that settles
the Ngāti Tuwharetoa (Bay of Plenty) historical claims

Overseas Investment Act 2005
• to introduce changes to the way that overseas investment is regulated in New Zealand,
and recognise that it is a privilege for overseas persons to own sensitive assets in New
Zealand
• to modify aspects of the existing overseas investment regime established by the Overseas
Investment Act 1973 and the Overseas Investment Regulations 1995
• to increase the threshold for screening non-land business assets where the proposed
acquisition includes a 25% or more shareholding by an overseas person from $50 million
to $100 million

Public Records Act 2005
• to continue the National Archives under the name Archives New Zealand (Te Rua
Mahara o te Kāwanatanga)
• to provide for the role of the Chief Archivist
• to provide an appropriate framework within which public offices and local authorities
create and maintain public records and local authority records
• to support the safekeeping of private records
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STRATEGIC OBJECTIVES

Rail Network Bill
• to provide for the long-term structure and role of the New Zealand Railways Corporation, which has responsibility for owning and operating the national rail network following its purchase by the Crown

Railways Act 2005
• to promote the safety of rail operations
• to restate and amend the law relating to the management of the railway corridor
• to consolidate legislation relating to railways

Registered Architects Act 2005
• to reform the law relating to the registration of registered architects and protect the title of registered architect

Securities Legislation Bill
• to ensure confidence in, and promote the efficiency of, New Zealand’s capital markets by increasing the effectiveness of securities, securities trading, and takeover laws
• to make amendments to the Securities Act 1978, the Securities Markets Act 1988, the Takeovers Act 1993, the Fair Trading Act 1986, and the Takeovers Code in force under the Takeovers Act 1993, and related amendments to other enactments

Tariff (New Zealand–Thailand Closer Economic Partnership) Act 2005
• to amend legislation in order to bring it into conformity with the rights and obligations arising from the New Zealand–Thailand Closer Economic Partnership Agreement. In essence, this means amendments to the Tariff Act 1988 to—
  – implement preferential tariffs conferred under the Agreement
  – establish a bilateral transitional safeguards mechanism

Veterinarians Bill
• to replace the Veterinarians Act 1994 with legislation that will give the Veterinary Council of New Zealand greater flexibility in its implementation of the legislative framework for veterinarians
• to enable a larger pool of overseas-trained personnel to seek registration in New Zealand
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 work of the PCO in publishing legislation and related information in printed and electronic form, and responding to public queries about legislation and legislation-related matters.

Public Access to Legislation Project

Introduction

The PAL Project is designed to improve the way in which New Zealand legislation (Bills, Acts, Statutory Regulations, and Supplementary Order Papers (SOPs)) is made available to the public. The aim of the project is to provide public access to up-to-date official legislation in both printed and electronic forms. Electronic versions will be available free via the Internet. The PAL Project is fundamental to achieving improvements in providing ready access to New Zealand legislation.

The project involves the implementation of an XML-based drafting and publishing system in the PCO, and a website providing free public access to Bills, Acts, Statutory Regulations, and SOPs. Unisys is the PCO’s implementation partner for the project.

The PAL Project resumed in March 2005, after having been delayed since 2003 as a result of technical and commercial issues (as set out in the PCO’s annual report for 2003/04). The resumption of the project followed agreement between the PCO and Unisys on the commercial basis on which the project could proceed, and Cabinet approval of that agreement.

The project is now expected to be implemented in late 2006 or early 2007. At the end of the reporting period, the work of re-initiating the project had been completed, and some progress made on the initial set of deliverables (a print output specification and a functional specification, which are described further below). As a precursor to that work, a large amount of time and effort was devoted by staff from the PCO, the Office of the Clerk, and the Tax Drafting Unit of the Inland Revenue Department to assist Unisys to review and consolidate the PCO’s requirements for the PAL system.
The PCO has also increased the number of staff who are involved in the PAL Project on a day-to-day basis. At least two staff members from most groups within the PCO are now part of the PCO PAL Project team, in order to spread the heavy workload involved in participating in project meetings and reviewing documents, to provide backup to each other in case of illness or the demands of business as usual, and to facilitate communication with, and feedback from, the other members of each team member’s business unit.

Progress of PAL Project during 2004/05

Steps involved in obtaining Government decision on future of project

The PCO’s annual report for 2003/04 set out the results of a technical review of the PAL Project undertaken by InQuirion Pty Ltd (InQuirion) and completed in October 2003. The technical review was carried out with the objective of obtaining independent assurance that the PAL system, when implemented, would be operationally stable, maintainable, and capable of future enhancement and development. The InQuirion review concluded that the PAL system and the architecture behind it are generally sound, and that, if certain issues identified in the report and separately by the PCO and Unisys are satisfactorily addressed, the New Zealand Government can confidently deploy the PAL system.

Ministers then directed the PCO (together with Treasury and State Services Commission officials) to undertake discussions with Unisys in order to establish whether or not there was 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 to provide the basis on which Ministers could make further decisions on the future of the project. At the end of the reporting period covered by the 2003/04 annual report, Unisys was in the process of completing its proposal, which was to include Unisys’ assessment of how long it might take to complete the project, and the likely cost. The focus of the work being undertaken at that time was on technical matters. On the completion of that work, it was intended that discussions between the PCO and Unisys would then focus on the commercial issues relating to the completion of the project, and that these discussions would then form the basis on which officials would report back to Ministers.

**Commercial settlement between PCO and Unisys**

Commercial negotiations between the PCO and Unisys on the basis on which the project could be completed began in July 2004. These negotiations focused on—

- the terms and conditions on which the Crown and Unisys could complete the project, including how any additional costs would be borne
- ongoing support arrangements for the PAL system, including arrangements for the housing of the system and ongoing maintenance, support, and enhancements
- a contractual variation to the original PCO/Unisys PAL Project contract.

The process also involved independent quality assurance of the Unisys proposal to complete the project. The final stage of the process required the submission of the negotiated settlement to Cabinet in order to obtain final Cabinet approval of the agreement reached between the PCO and Unisys, and to obtain additional funding to complete the project and for the costs of the ongoing support of the new PAL system. Final Cabinet approval was obtained in early March 2005.

The key points of the commercial settlement between the PCO and Unisys are as follows:

- Unisys will complete the project to agreed time and quality criteria
- Unisys will accept any remaining risk for changes to the existing PAL system technologies to complete the PAL Project
- the PCO will pay Unisys all the outstanding monies from the existing PCO/Unisys contract
- the PCO and Unisys will share the additional costs of completing the project, with the PCO paying Unisys an additional $3.037 million (GST inclusive)
- on completion, Unisys will house and maintain the new PAL system on behalf of the PCO at Unisys’ Kapiti Data Centre.

**Additional funding**

The Cabinet approved extra funding for the PCO to cover the additional payment to Unisys, the project management, independent quality assurance, and other costs of completing the project, and to cover the estimated ongoing costs of operating the new PAL system. This funding consists of a total capital contribution of $6.181 million for the 2005/06 and 2006/07
financial years, and a total of $9.104 million (GST inclusive) of operational expenditure for the 2004/05, 2005/06, and 2006/07 financial years. The operational expenditure includes an amount to cover the cost of continuing the current arrangement with Legislation Direct for the provision of prepublisher services, and the current arrangement with Brookers for the provision of the Interim Website of New Zealand Legislation, during the 2004/05 financial year and subsequent financial years until the PAL Project is completed.

Costs

Total costs of PAL Project

The total cost to the PCO of completing the PAL Project (Stage 1 and Stage 2) will now be $14.643 million (GST exclusive) or $14.957 million (GST inclusive). This compares with the original estimated cost in 2000 of $5.190 million (GST inclusive), and the revised cost in 2002 of $8.174 million (GST inclusive).

The increased costs relate to the work that has now been identified as required to complete the project and implement the new PAL system. An outline of that work is set out on page 27.

The cost of $14.643 million (GST exclusive) ($14.957 million GST inclusive) is made up as follows:

<table>
<thead>
<tr>
<th></th>
<th>GST exclusive</th>
<th>GST inclusive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital costs</td>
<td>$12.124 million</td>
<td>$12.124 million</td>
</tr>
<tr>
<td>This includes payment to Unisys of $8.341 million, made up of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stage 1: $0.620 million</td>
<td>$0.620 million</td>
<td></td>
</tr>
<tr>
<td>Stage 2: $7.722 million ($5.022 million + $2.700 million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other costs (includes depreciation, increase in capital charge, some software costs, and PAL-related consultancy costs before engagement of Unisys as implementation partner)</td>
<td>$2.519 million</td>
<td>$2.833 million</td>
</tr>
<tr>
<td>Total cost</td>
<td>$14.643 million</td>
<td>$14.957 million</td>
</tr>
</tbody>
</table>

The split between capital costs and other costs is the result of expert advice relating to the accounting treatment of the PAL Project. For the most part, the costs of the project, including the Unisys costs, the PCO’s project management costs, and the costs of expert technical advice and independent quality assurance advice, are capital costs, since they are applied in the development of the new PAL system as a capital asset.

9 Stage 1 was completed at the end of 2001, and involved the development of user requirements and functional specifications, the evaluation and selection of key technology components of the system, and the selection of an electronic database of New Zealand legislation for purchase by the New Zealand Government. Stage 2 is the design, development, testing, and implementation of the PAL system.

10 This is the amount that, in 2002, the PCO agreed to pay Unisys for the completion of the PAL Project (Stage 2).

11 This is the additional amount that, under the commercial settlement between the PCO and Unisys in March 2005, the PCO has agreed to pay Unisys for the completion of Stage 2 of the PAL Project.
Costs of delay

The overall costs incurred by the PCO as a result of the delay in the PAL Project are approximately $7.371 million (GST inclusive) for the period 1 March 2003 to 17 March 2005.

Reviews of the PAL Project

The PCO costs associated with the reviews of the project total $0.216 million. This is made up of the two reviews undertaken by InQuirion: the Technical Review at a total cost to the PCO of $0.172 million and the Review of Alternative Print Rendering Engines at a cost of $0.044 million. A review of a revised project plan was undertaken by HeXaD Consulting and paid for by the State Services Commission.

Interim arrangements

Interim arrangements entered into as a consequence of the delay have cost the PCO approximately $6.274 million (GST inclusive). This includes the provision of the Interim Website of New Zealand Legislation by Brookers, and the provision of prepublication services by Legislation Direct. Part of the additional funding referred to above is to cover the costs of these arrangements for the part of the 2004/05 financial year during which the project was delayed.

Other costs

Other costs that contribute to the overall costs incurred by the PCO as a result of the delay in the PAL Project and not included in the above categories total approximately $0.881 million (GST inclusive). These include project management services, legal services, independent quality assurance services and technical advice, and the cost of hosting arrangements for the proposed new PAL website.

Steps involved in completing the PAL Project

The following work is required to complete and implement the PAL system:

• the development of a comprehensive set of print output specifications for use in design, development, and testing, as recommended by InQuirion in its evaluation of alternative print rendering engines

• the development of a comprehensive functional specification that integrates the original user requirements and functional specification documents, the original design documents, and functional requirements subsequently identified as a result of the testing of the PAL system and the undertaking by InQuirion of the technical review and evaluation of alternative print rendering engines

• upgrades to the existing technology solution as a result of recommendations from the technical review and the subsequent evaluation of alternative print rendering engines. This involves an upgrade to the latest version of the current print rendering engine (ie from Arbortext Print Composer to Arbortext E3)

• upgrades to the existing technology as a result of the period of time that has elapsed since the selection of the original software components and the design of the overall
system. The PCO and Unisys have reviewed the other key technology components and the ability of the system as a whole to meet the PCO’s business requirements. This review has identified opportunities to upgrade to the latest versions of key software components such as the content management system (Documentum).

• a “proof of concept” exercise for key technology components highlighted during the technical review of the PAL system (e.g., the print rendering engine). This is to ensure that the proposed technology is capable of meeting the PCO’s requirements for the PAL system.

• design and development work arising out of the recommendations of the InQuirion technical review, the decision to upgrade certain components of the PAL system, the need to resolve the problems identified during user acceptance testing of the system in early 2003, and the deferral of work on certain components of the PAL system as a result of the decision in 2003 not to put the system into live production.

• a comprehensive test programme, including systems testing, performance and stress testing, and user acceptance testing.

• further training of PCO, Office of the Clerk, and Inland Revenue Department Tax Drafting Unit staff before implementation of the system.

The current project plan indicates that Unisys will complete the PAL Project by the last quarter of 2006. However, the timing of the introduction of the new PAL system also needs to take into account the parliamentary sitting programme and the impact of the introduction of the new systems and processes on the day-to-day operations of the PCO and of the Office of the Clerk and the Tax Drafting Unit of the Inland Revenue Department.

Project governance and project management arrangements

New project governance and project management arrangements have now been put in place for the project. The key features are as follows:

• the project steering committee is chaired by the Chief Parliamentary Counsel (who is the project sponsor), and includes representatives from the PCO and Unisys, the Office of the Clerk, and the Inland Revenue Department. Two additional external members with IT project management and government agency experience have joined the steering committee.

• Opticon New Zealand now provides an experienced IT project manager to provide project management services to the PCO for the remainder of the PAL Project.

• experienced resources will be contracted to assist the PCO during systems integration testing and user acceptance testing.

• PCO experts in legislation and prepublication will be working closely with Unisys and their subcontractors for much of the project, particularly during the requirements consolidation and testing stages of the project.
• independent quality assurance services will provide an ongoing monthly project management health check and regular reporting to the Chief Parliamentary Counsel and the project steering committee
• an independent technical expert (Dr Timothy Arnold-Moore from InQuirion) has been engaged to review the requirements consolidation documents, and to provide ongoing technical advice and assistance to the PCO.

The project continues to be monitored under the Government regime for Managing and Monitoring Major IT Projects, and regular meetings are held with State Services Commission and Treasury officials as part of that regime.

Standardisation and simplification
Under the terms of the commercial settlement, the PCO and Unisys have agreed on a process to identify and evaluate opportunities to standardise and simplify both the legislation output format requirements and the functional requirements of the PAL system, with the aims of minimising the need for customisation of the PAL system software, reducing system complexity, and facilitating the ongoing management and support of the PAL system. An expert panel that includes overseas experts in legislative drafting systems will be available to provide advice on the resolution of complex formatting and functional requirements for the PAL system.

The opportunities to standardise and simplify are constrained by a number of factors, including the requirements of the House and the legislative process, good drafting practice, and historical formatting and layout conventions contained in the large body of legislation built up over the last 150 years.

Printing and publication of legislation

Printed legislation

Acts, Statutory Regulations, Bills, and Supplementary Order Papers
The PCO—

• supplies 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
• publishes printed copies of Bills and Supplementary Order Papers, pamphlet copies of Acts and Statutory Regulations, and annual volumes of Acts and Statutory Regulations
• provides the above for sale at designated bookshops and by subscription.

The printing, distribution, and sale of printed legislation is carried out on behalf of the PCO by Securacopy, a trading division of Blue Star Print Group (New Zealand) Limited (Blue Star).
The Statement of Objectives and Service Performance sets out the details of the objectives for this work, the standard of performance achieved, and comparative figures at pages 65 to 69.

In summary, for the year ended 30 June 2005, the PCO—

- supplied to the House and published 51 Government Bills and 110 Government Supplementary Order Papers
- published 471 Statutory Regulations
- provided the above for sale at designated bookshops and to subscribers

The number of annual bound volumes for 2004 was a record, with seven volumes of Acts and six volumes of Statutory Regulations. The Acts included the Income Tax Act 2004, which comprises three volumes (2,089 pages). The production of the annual bound volumes is undertaken by the PCO’s Editorial Services team, and is currently a very labour-intensive and
lengthy process, which means that the annual bound volumes are not published as quickly as
the PCO would wish. The introduction of the new PAL system is expected to enable the annual
bound volumes to be published more easily and quickly. However, in the meantime, the PCO is
exploring ways in which the current processes may be streamlined.

Barcodes for legislation were introduced during the financial year. All Bills, Supplementary
Order Papers, Acts, Statutory Regulations, and reprints printed, or reprinted for stock, since
mid-December 2004 now feature a barcode on the last page. The barcode will enable
Bennetts and other retailers of legislation to track more accurately the sale of individual items
of legislation. This will provide the PCO and Securacopy with better information to use in
determining the quantities of legislation to print, and so better manage stock levels. It will also
enable the PCO to monitor trends in the sale of printed copies of legislation over time, and
so assess the impact that free public access to legislation via the Internet has on demand for
printed copies.

No copies of Acts with proposed amendments incorporated were produced during the
financial year. However, it is a requirement that the new PAL system be able to produce
these types of document. Their production will be facilitated by the PCO’s acquisition of an
electronic database of legislation from Brookers, which will provide the electronic copy of the
relevant principal enactment or reprint.

Reprints
The PCO—

• compiles reprints of Acts and Statutory Regulations with their amendments incorporated
  and publishes them

• provides copies of reprints for sale at designated bookshops and by subscription.

The Reprints Unit (which has a staff of six) is responsible for preparing and publishing hard copy
reprints of Acts and Statutory Regulations. Reprints are now published in pamphlet form only.
What is reprinted is determined in accordance with the PCO reprinting policy (which focuses
principally on best-selling titles that are frequently or heavily amended) and a reprinting
programme established each year in consultation with key users of legislation. The reprinting
programme, and a list of legislation that has been reprinted, are published on the PCO
website, and updated as reprints are published and items added to the programme. The list
of published reprints is made available in a printer-friendly format, so that users may print it off
and use it as an index to their collection of reprints.

The Reprints Unit initiated a public survey to develop a reprinting programme for the 2004/05
financial year. The survey (which had a closing date of 30 July 2004) was able to be
completed online 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 were published on the PCO website, together with a reprinting programme listing the enactments that the Reprints Unit proposed to reprint during the 2004/05 financial year. The Reprints Unit reviewed the reprinting programme during the course of the year in the light of information about public sales of legislation, proposals to amend or repeal particular legislation, progress with the programme, and other relevant factors. As a result, several items were added to the programme.

At the reporting date, a survey to develop a reprinting programme for the 2005/06 financial year was underway. The survey follows the same format used very successfully for the 2004/05 survey, and also makes use of the contacts database developed by the PCO’s IT team during the financial year.

The Statement of Objectives and Service Performance sets out the details of the objectives for this work, the standard of performance achieved, and comparative figures at pages 65 to 69.

The reprinting programme for 2004/05 provided for the reprinting of 16 Acts and 24 Statutory Regulations. A further six Acts and two Statutory Regulations were added to the programme during the course of the year. Work continued on 17 Acts and 12 regulations that were carried over from the previous programme. As at the end of the reporting period, 21 reprinted Acts and 35 reprinted Statutory Regulations had been published. Work was also undertaken but remained uncompleted on reprints of a further 12 Acts and three Statutory Regulations. In two cases, reprinting work was put on hold as a result of proposals to amend the particular enactments.

During the year, the Reprints Unit also took over responsibility from Editorial Services for the proofreading of reprints, and one of the Reprints Officers began working part time in order to undertake university studies. An additional Reprints Officer was therefore recruited in June 2005 to handle the increased workload. In addition to their reprint work, Reprints Unit staff also continued to make a significant contribution to work on the PAL Project.

In total, 6,972 pages of reprints were published during the financial year. Apart from 1931 and 1957, when special projects were undertaken to reprint the entire collection of New Zealand Public Acts, this represents the largest number of pages of reprints ever published by the PCO in a single year.

Additional funding of $400,000 was provided in the 2004/05 financial year, by way of the Supplementary Estimates, to cover the cost of printing a greater number of reprints than was originally budgeted for.

At this stage, it is difficult to predict how many pages of legislation the PCO will reprint each year. Other drafting offices set annual targets of page numbers of legislation to be reprinted.
For example, the target in New South Wales is 10,000 pages. However, there are several factors that affect or will affect the New Zealand PCO’s production of reprints. First, reprints are currently produced using a very manual process, which limits the PCO’s ability to produce high numbers of reprints quickly. The new PAL system will enable PCO reprinting staff to use an entirely electronic process to produce reprints, but overall output may diminish in the short term as the new system is bedded in.

In addition, when the PAL system is introduced, the primary focus of the Reprints Unit will be on the officialisation of the electronic database of New Zealand legislation to be acquired from Brokers. Officialisation is the process of converting the database into the style and format in which it can be made an official source of New Zealand legislation. The Reprints Unit will work to an officialisation programme to ensure that the entire database is officialised as soon as possible, and can become an official source of New Zealand legislation. It is still intended to produce hard copy reprints during this period, and to integrate the annual reprinting programme with the officialisation programme as far as this is possible. However, it will be important to obtain a balance between the reprints programme and the officialisation programme, and the PCO will seek input from users of legislation as to their priorities in this respect.

A further factor is the impact of the availability of legislation in electronic form on the demand for printed copies of legislation. On the basis of overseas experience in jurisdictions similar to New Zealand, it is expected that demand will decrease over time, particularly as people will be able to print official copies of legislation from the PAL website. The introduction of barcodes on printed legislation (mentioned at page 31) will help provide the PCO with information to assess the impact of free public access to legislation via the Internet.

**Prepublication**

Because the PAL Project is not now expected to be completed until late 2006 or early 2007, the current arrangement with Legislation Direct to provide prepublication services for legislation has been further extended. The arrangement will now end on completion of the PAL Project, when the PCO Prepublication Unit (PPU) will take over responsibility for the prepublication and publication functions now undertaken by Legislation Direct. Additional funding of $2.835 million (GST inclusive) was provided in the 2004/05 financial year to fund this arrangement, and further funding for the remaining period of the arrangement will be provided in the 2005/06 and 2006/07 financial years.

PPU staff have continued to work at Legislation Direct on a daily basis 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. PPU staff have also assisted Legislation Direct with work on reprints. In addition to their prepublication work, PPU staff have also continued to make a significant contribution to work on the PAL Project.
Electronic legislation

The PCO provides free public access via the Internet to an electronic database of legislation, including Bills and Supplementary Order Papers, and maintains the electronic database in an up-to-date form.

However, because the PAL Project has not yet been completed, the PCO has continued to provide this access, on an interim basis, through arrangements with Brookers and the Knowledge Basket. These arrangements are as follows.

Interim website

The interim website (at www.legislation.govt.nz) provides free public access to unofficial versions of current New Zealand statutes (public, local, and private Acts), and Statutory Regulations, in an up-to-date form (that is, with their amendments incorporated). Users can search and browse this material free of charge. The website is made available on behalf of the PCO by Brookers, and is updated monthly by Brookers. The website will be replaced by a new PAL website when the PAL Project is completed.

The interim website has been available since 9 September 2002. Since its launch, the website has seen a steady growth in usage, with activity almost tripling. Over the period 1 July 2004 to 30 June 2005, the PAL interim website received on average approximately three million hits, with over 26,000 unique visitors per month. This is considered to be relatively high usage for a government-provided legislation website.

The following chart shows unique visitors per month over that period:

![Total Number of Unique Visitors By Month](chart.png)

Knowledge Basket

The Knowledge Basket website (at www.knowledge-basket.co.nz) provides free public browse access to New Zealand Acts and Statutory Regulations in an uncompiled form (that is, without their amendments incorporated), Bills and Supplementary Order Papers, reprints of Acts.
published since 1 November 2002, and reprints of Statutory Regulations published since 1 October 2003. This access is provided on behalf of the PCO as part of an agreement between the PCO and Blue Star relating to the PCO’s contract with Securacopy for the printing, distribution, and sale of legislation.

Other publications

Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force

The PCO Reprints Unit publishes the Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force (the Tables) in printed form, and (under an arrangement with Legislation Direct) in electronic form on the Internet free of charge. The 2004 hard copy edition of the Tables was published in March 2005. The electronic version of the Tables was updated in April 2004 and March 2005. Both versions are current as at 1 January 2005.

List of deemed regulations

The electronic version of the Tables available on the Internet includes a list of deemed regulations. Unlike traditional Statutory Regulations, deemed regulations are not made by the Executive Council on the recommendation of Cabinet. Deemed regulations are made by Ministers, officials, or organisations, and include certain rules, codes, and other legislative instruments. Deemed regulations are not drafted by the PCO and are not published in the Statutory Regulations series.


The Response indicated that the PCO would publish on the Internet a list of deemed regulations together with the Tables, and the Government would request regulatory agencies to give the PCO the information necessary to enable it to keep the list of deemed regulations up to date. The list of deemed regulations that currently appears on the Internet is the list that was published in the Response, and lists deemed regulations in force as at 30 June 2000.

The PCO engaged a law student during the 2004/05 summer vacation to update the list of deemed regulations, and make recommendations on a process to keep the list up to date. As part of that work, the law student contacted all agencies that are responsible for the preparation of deemed regulations and asked them to supply information to enable the list of deemed regulations to be updated. As a result, the PCO will, in the next financial year, arrange for the updated list to be made available through its website.

The PCO will also put in place arrangements in the next financial year that will enable the list of deemed regulations to be updated on a regular basis. Editorial Services will be responsible for maintaining the list, and the PCO’s aim is to update the list at least monthly. Because
the PCO is not involved in the drafting or publication of deemed regulations, the continuing accuracy of the central list of deemed regulations will very much depend on the co-operation of regulatory agencies.

**List of legislation published**

Under an arrangement with Legislation Direct, a list of legislation (Acts, Statutory Regulations, Bills, Supplementary Order Papers, and Reprints of Acts and Statutory Regulations) is made publicly available free of charge via a link on the PCO website. The list is updated weekly.

**Responding to queries about legislation**

As indicated in previous annual reports, 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 continued to respond to an increasing number of public inquiries relating to the interim website, and other legislation-related matters.

In order to ensure that all inquiries are dealt with promptly, the PCO continued its arrangement with the Parliamentary Service under which email queries received at the PCO website are, if possible, answered by the Parliamentary Information Service. Complex queries are forwarded on to the PCO for direct reply. Email and phone queries about the PAL Project and the interim website are dealt with by the PAL Project Administrator. Phone queries received by the PCO are first directed to the PCO’s Communications Adviser.

During the financial year, the PCO reviewed and updated the frequently asked questions (FAQs) and other information about legislation, the legislative process, and the PCO that appear on the PCO website.

**Information about the PAL Project**

The PCO website continued to be used to provide information about the progress of the PAL Project during the financial year. The commercial sensitivity of the negotiations between the PCO and Unisys during much of the financial year severely constrained the information that the PCO could make publicly available.

Since the commercial settlement between the PCO and Unisys, the PCO has updated the PAL section of the PCO website with information about the settlement, and details about the financial impact of the resumption of the project and the total cost of the project. Copies of the two technical reviews of the PAL system undertaken by InQuirion (the 2003 technical review report and the 2004 review of alternative print rendering engines) have also been made available on the website.

The PCO and Unisys held a joint briefing for members of the IT media on 7 April 2005 to provide them with an opportunity to ask questions about the resumption of the PAL Project. The PCO also made Dr Tim Arnold-Moore available at the briefing to provide more detailed explanations about InQuirion’s technical review reports and other technical issues. Copies of
the media briefing, and supplementary information made available at the briefing, have been published on the website.

Further information about the PAL Project can be found on the PCO website at www.pco.parliament.govt.nz/pal/.

**STRATEGIC OBJECTIVE 3—CAPABILITY DEVELOPMENT**

The goals of this strategic objective 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 the PCO staff
- technology is used effectively
- internal and external communication is improved
- the PCO complies with its legislative obligations.

Support Services staff

(Absent: Kate Anthony, Daphne Brasell, Judith Keegan, Denise Paterson, Mark Prentice)

Photography by Woolf
This strategic objective takes a broad view of capability development that encompasses the PCO capacity to produce its outputs, its systems and procedures, and its relationship with instructing departments. In this context, the PCO’s Statement of Intent for the year ending 30 June 2005 identified priority projects under this strategic objective that specifically related to reviewing staffing levels, providing training and professional development, reviewing internal and external communication, applying best practice systems in human resources and information management, and increasing the effective use of technology by all PCO staff.

Within that framework, this section reports on—

- the PCO Review of Resourcing and Operations
- training and professional development
- communication and the PCO Intranet
- PCO’s information management, including information systems, the library, and records management
- development of best practice guidelines
- the Employee Assistance Programme (EAP)
- legislative compliance
- risk management.

This section also reports on—

- the annual departmental survey
- seminars and conferences attended during the year
- publications
- people.

**PCO Review of Resourcing and Operations**

In 2003 the Attorney-General, at the request of the justice sector Ministers, directed the PCO to assess its drafting resources and capability. The PCO evaluated its resourcing and capability in relation to two broad categories: the current drafting environment (including the impact of MMP) and the PCO environment (including the increased need for team drafting and changes in staff profile). It also addressed the financial implications. The PCO reported to the Attorney-General in January 2004. That report formed the basis of a budget initiative for the 2004/05 year.

The capability needs in relation to the Output Class—Law Drafting Services are for additional drafters and support staff. The budget initiative aimed at a level of capacity that would provide an adequate number of drafters for a fully functioning law drafting office: 36 drafters was considered an appropriate level of capability. The length of training required means that additional drafters cannot be absorbed quickly into the PCO. The PCO’s 2004 budget initiative...
was based on a strategy of incremental growth, and proposed the appointment of three additional drafters in each of the 2004/05, 2005/06, and 2006/07 years, additional support staff, and the implementation of strategies to retain experienced staff.

The result of that bid was an increase in appropriation for the 2004/05 year and for the 2005/06 year, together with a requirement that the Chief Parliamentary Counsel, in association with the Treasury and the State Services Commission, undertake an independent review of the funding and operations of the PCO. The intention was that, rather than provide the additional funds sought for the 2006/07 year, the results of the review would provide the basis of a budget bid for the 2006/07 year, if need be.

The programme of work undertaken by the reviewers Michael Walls and Richard Clarke QC has included—

- examining a large number of documents covering the development of the PCO during the last ten years
- interviewing key stakeholders
- visiting drafting offices in Canberra and Sydney
- talking with the chiefs of those offices and of the drafting offices in London and Washington
- obtaining information from and meeting with the PCO Management Team.

A key purpose of the review is to identify the PCO’s future funding needs with a view to limiting the need for annual increases in appropriations. The resource or operational issues that may have been identified by the reviewers are not yet known. The reviewers’ report will be considered by the Chief Parliamentary Counsel, the Treasury, and the State Services Commission early in the 2005/06 financial year.

Training and professional development

Training and professional development contribute both to the capability of the PCO and to providing a work environment that is challenging and rewarding. The PCO has a training and development policy and a study leave policy. The PCO currently has staff who are engaged in both undergraduate and post-graduate study. Staff are required to have annual training plans, but this does not preclude them from taking advantage of opportunities that are not planned. Throughout the year, most PCO staff have attended seminars and courses relevant to their work.

The PCO runs a seminar programme for drafters and other staff. Jacqueline Derby and Catherine Yates spoke to PCO staff about changes to relationships terminology arising from the enactment of the Relationships (Statutory References) Act 2005. Lauren Perry, a Senior Legal Adviser at the Ministry of Justice, spoke (together with Bill Moore) to PCO staff on the creation of the “party-hopping” legislation (sections 55A to 55E of the Electoral Act 1993, inserted by
the Electoral (Integrity) Amendment Act 2001), the Court of Appeal’s interpretation of that legislation in Awatere Huata v Prebble (2004) 3 NZLR 359, and the possibility (soon realised, see (2005) 1 NZLR 289) of that decision being the first appeal heard by the new Supreme Court of New Zealand.

In addition, the following speakers came to the PCO to share their experience with some or all of the support staff:

- Paul Jones, the Treasury: information and knowledge management at the Treasury
- Matthew Archer, Ministry of Culture and Heritage: organisational growth and development at the Ministry

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

**Communication**

A key development during the year was the launch of the PCO’s Intranet. Policies and other commonly used documents were previously made available to all staff through the PCO’s document management system. The PCO Intranet now provides staff with a single point of access to a wide range of services and information that is far more user-friendly.

Staff can use the Intranet to access their personal information, such as leave records and contact details. It also provides an interface to PCO databases that include the new library catalogue and the database of PCO contacts, and provides access to external information such as the parliamentary Order Paper, the schedule of select committee meetings, and the progress of legislation being processed at Legislation Direct. The PCO’s Intranet Development Group was led by the Communications Adviser, and the Intranet was developed by the PCO’s IT team with design assistance from Internetwork Systems Limited.

The appointment of a Communications Adviser in 2003 has contributed to the goal of improving the PCO’s internal and external communication. The internal newsletter is now published regularly and the newsletter for instructing departments, the PCO Quarterly, is emailed to a list of subscribers that has grown during the year. Work is well advanced on the revised edition of the Guide to Working with the PCO, which is intended to assist those officials within government agencies who provide drafting instructions to the PCO. The website has been updated regularly, but no major changes have been made as it is intended that a review of the site will take place in the 2005/06 year. The Communications Adviser also coordinates responses to public inquiries at the PCO, whether they are answered by PCO staff or by the Parliamentary Information Service. The overall number of public inquiries is trending upwards.
Information management

Library
This year the PCO Librarian has focused on reviewing the processes used in collection development and management as part of work to strengthen the library collection. This has been complemented by the launch of the online catalogue and has enabled much greater access to information resources within the office from desktop PCs.

Records
A Records Adviser was appointed in July 2004 with a view to improving the management of all PCO records, both drafting and administrative. Progress made during the year includes the creation and modification of file structures to meet business needs. Projects that are underway include the drafting of the new records management policy and procedures, the introduction of file creation guidelines for drafting records, and revision of onsite and offsite storage records to the listing standard required for transfer to Archives New Zealand.

As it has with other government agencies, the Public Records Act 2005 has a significant impact on PCO record-keeping systems. For example, email management at the PCO is affected by the requirement that significant electronic documents created or received during the course of day-to-day government agency work are preserved in electronic format.

Options for the implementation of an integrated Electronic Document Records Management System (EDRMS) to merge three separate record-keeping systems into one centralised system are being investigated.

Information Systems
Despite being heavily involved in the functional requirements for the PAL project, the IT team has maintained a high level of enhancements to the current systems. Microsoft Windows XP was rolled out in late 2004, along with other minor application upgrades. The PCO Intranet has been developed and is described above. It draws on existing functionality from other PCO databases developed in-house. A new purchase order system has been implemented with effect from 1 July 2005 to keep track of the entire life-cycle of purchases, from placing an order to deliveries and receipt of the goods and associated invoices. The system also provides financial reports and audit trails.

Best practice and quality assurance
Documenting policies and practices and maintaining them in an up-to-date form is important both in promoting consistency of practice across the organisation and in ensuring that, when staff leave, their specialist knowledge and contribution to best practice is retained as far as possible.
The consistent application of drafting practice across the PCO is supported through a programme of quality assurance that includes the PCO Drafting Manual, the PCO Style Manual, a peer review system for drafters, and the proofreading of all legislation by the Editorial Services team.

During the year under review, a programme of revision of the PCO Drafting Manual began with the revision and publication of four chapters. Considerable progress was also made on a revision of the PCO Style Manual, and Editorial Services was strengthened by the appointments of three additional Legal Publications Officers.

Employee Assistance Programme

As part of providing a supportive work environment (in line with the PCO’s vision statement), the PCO has an Employee Assistance Programme (EAP) that is available to assist staff who may be facing particular issues at work or at home that may affect their work. The PCO employs an EAP Coordinator on a part-time basis who is able to refer staff for specialist advice or assistance if need be. One of the key features of the programme is the high level of confidentiality. The PCO is grateful to Anne van Gosliga, the EAP Coordinator, for the advice and assistance that she has provided during the year.

Legislative compliance

Although the staff of the PCO (more so than in many other organisations) are aware of the importance of legal compliance, an organisational compliance programme is necessary so that the PCO can demonstrate that it is identifying and meeting its legal and regulatory obligations. These obligations are considerable and embrace the functions of the PCO, its role as a public sector organisation, and its role as an employer. During the year, work began on the development of a compliance programme. The PCO has documented its legal obligations and the steps it currently takes to meet those obligations. The completion date for work on a programme that will actively monitor the PCO’s compliance is in the first half of the 2005/06 year.

Risk management

While legislative compliance is one area of risk to the PCO, the two key areas of risk to the PCO are—

• maintaining capability
• implementing the PAL Project.
Maintaining capability

The increase in staff numbers has reduced risk in relation to the PCO’s capability, but capability remains a significant issue. The risk is compounded by the frequency with which operational pressures interfere with the successful completion of the projects outlined in the PCO’s Statement of Intent. One purpose of the current review of resourcing and operations is to assist in managing that risk by advising on the optimum size of the PCO, the most effective structure, and the resources required to support that in the longer term.

During the year under review, and in line with the strategy for the development of the PCO, two additional drafters were engaged, the editorial services and the reprints teams were strengthened, and a records management specialist was added to the support team. In addition, the PCO investigated ways of assisting staff with working in an environment that can at times be a demanding and stressful one, and a pilot session in resilience training was provided by Dr Sven Hansen.

Implementing the PAL Project

Risk analysis and the mitigation of risk are integral to PAL Project management. In any complex IT project, it is not possible to eliminate every risk. The key areas of technical risk for the PAL Project relate to the integration and customisation of base technologies, the capacity of the technology to deliver to the PCO’s business requirements, and system performance. A great deal of knowledge and experience in the technology has been gained by Unisys and the PCO, and that coupled with the findings of the technical review has enabled officials and independent quality assurance reviewers to be satisfied that the level of technical risk is low.

Another area of risk is the availability of staff resources for the project. The project office has been strengthened with the appointment of one of the support staff to the position of Project Administrator. Opticon New Zealand is engaged by the PCO to provide project management expertise and an Assistant Project Manager has been engaged on a limited-term basis. In terms of the contribution to the PAL Project Team by other groups in the PCO, a back-up system has been put in place to mitigate any risk to the project caused by the absence through sickness or annual leave of key players on the team.

Other areas

Risk analysis has been integral to the development of the PCO Security Policy, and part of the PCO disaster recovery planning and health and safety management. Some sessions were held with support coordinators during the year to raise awareness of health and safety matters and stress management in the work environment. A review of the PCO Security Policy was begun late in the year and will be completed in the first quarter of the 2005/06 year. The review includes the development of a security management system for the PCO.
The annual departmental survey

The government departments and other agencies for whom drafting was carried out during the year were surveyed in June 2005. Thirty-five departments were asked a range of questions to establish satisfaction levels with the drafting product and the overall level of service provided by the PCO.

The satisfaction rate is reported in the Statement of Service Performance included in the financial statements accompanying this report (page 64).

Once again, the overall results were positive. Responses are passed on to the team leaders, who follow up on issues that may be identified. However, the PCO continues to work towards developing a more accurate method of measuring its performance.

Seminars and conferences attended during the year

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

Bill Moore and Adrienne Meikle presented seminars at the Ministry of Justice. 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. Bill Moore also presented seminars to the Ministry of Foreign Affairs and Trade and to Customs New Zealand.

Adrienne Meikle and Scott Murray presented a seminar to the clerks of a number of Supreme Court, Court of Appeal, and High Court Judges. The seminar focused on the role of the PCO, the drafting process, and procedural matters.

Julia Kennedy and Judy Heaphy attended the annual IT Forum of the Australasian Parliamentary Counsel’s Committee in Canberra. The forum has been extended to include representatives from the law drafting office in Singapore, and continues to provide a valuable opportunity to discuss developments and exchange ideas about the use of technology in drafting and publishing legislation.

George Tanner presented a paper, “The Legislative Process: Observations”, at the New Zealand Centre for Public Law Second Annual Conference on the Primary Functions of Government held at the Legislative Council Chamber, Wellington, in October 2004. In it he discusses the legislative process, how well it works, possible shortcomings, and potential improvements. The paper includes observations on statute law from the law drafter’s perspective, omnibus Bills in New Zealand and overseas, and the effects of MMP on the passage of legislation.

Geoff Lawn presented a paper called Improving public access to legislation: the New Zealand experience to the Legal Information Symposium 2004: Positioning for the Future, held in Auckland in July 2004. The symposium was organised by the New Zealand Law Librarians Group Inc. The paper includes a discussion of the technology platform (XML) chosen for the
new PAL system, the impact of the sale of the Government Printing Office on public access to legislation, the continuing relevance of printed legislative materials, and the importance of accuracy in the format and layout of legislation. The paper is available in the PAL section of the PCO website.

Geoff Lawn attended a conference in Ottawa, Canada, in September 2004 organised by the Canadian Institute for the Administration of Justice, called “Legislative Drafting in Perspective”. Topics covered included ethics and drafting, the training of legislative drafters, statutory interpretation, and document design. A workshop format was also used to discuss drafting techniques. While in Canada, Geoff Lawn took the opportunity to visit legislative drafting offices in Ottawa and Toronto, and meet in Montreal with Irosoft Inc (the prime contractor for the Ottawa drafting office’s Legislative Information Management System (LIMS) project). The LIMS project is of particular relevance because it involves the implementation of Arbortext Epic Editor as part of a drafting and publishing system. Epic is the authoring tool to be implemented as part of New Zealand’s PAL Project.

Geoff Lawn also provided an update on the PAL Project to the New Zealand Law Librarians Retreat held in Wellington in June 2005.

Kate Anthony attended the Australian Law Librarians Symposium (Capitalising on the Law) at the Australian National University in Canberra in September 2004. Kate took the opportunity to visit other law drafting offices in Melbourne and Canberra, including the ACT office and the Attorney-General’s Department.

David Ashton participated on five occasions in the induction programme for new staff of the Parliamentary Service, to talk about the work of the PCO.

Scott Murray, Adrienne Meikle, Jillian Penn, Leigh Tauakipulu, and Leeanne O’Brien represented the PCO at the Victoria University of Wellington Law School’s Career Fair held in March 2005. The fair provides an informal environment in which law students can obtain information about the range of careers available to those studying law.

**Publications**

Mark Gobbi has continued serving as the principal Special Advisor to the *New Zealand Yearbook of International Law*, which is published by the International Law Group, School of Law, University of Canterbury. While doing so, Mark contributed an article to the latest edition of the Yearbook: “Treaty action and implementation” (2005) NZYIL 357–406. Among other things, the article documents the legislation enacted during the yearbook period to implement New Zealand’s international obligations.


Briar Gordon is a contributing author to the Brookers text, Resource Management.

People

Walter Iles CMG QC retired as Counsel to the Parliamentary Counsel Office in April 2005. Don Mathieson QC, a leading barrister, textbook writer, and former law professor, joined the PCO on a part-time basis as Special Counsel to advise and assist on a range of public law issues. Peter Williams completed 30 years’ service as a Parliamentary Counsel.

In a new initiative, two Parliamentary Counsel, Ross Carter and Adrienne Meikle, undertook secondments to the office of the Attorney-General, Hon Dr Michael Cullen.

Jacqueline Derby, Parliamentary Counsel, is currently participating in a six-month exchange arrangement with the Office of Parliamentary Counsel (OPC) in Canberra. While Jacqueline is in Canberra, Stephen Mattingley from the OPC has taken her place at the PCO.

Several Parliamentary Counsel, Ross Carter, Briar Gordon, Mark Gobbi, Adrienne Meikle, and Scott Murray, taught a course on legislation at the Victoria University Law School in the second trimester of the 2004 academic year.
FINANCIAL STATEMENTS

FINANCIAL STATEMENTS OF THE PARLIAMENTARY COUNSEL OFFICE
For the year ended 30 June 2005

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 2005, including the Statement of Objectives and Service Performance, now follow.

STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2005

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 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
31 August 2005

Julia Kennedy
Manager Support Services
Parliamentary Counsel Office
31 August 2005
**STATEMENT OF FINANCIAL PERFORMANCE**
*For the year ended 30 June 2005*

<table>
<thead>
<tr>
<th></th>
<th>30/6/04</th>
<th>30/6/05</th>
<th>30/6/05</th>
<th>30/6/05</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
<td>Estimates</td>
<td>Estimates</td>
</tr>
<tr>
<td>$000</td>
<td>Note</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
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</table>

**Revenue**

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<tr>
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<th>13,261</th>
<th>Crown</th>
<th>15,147</th>
<th>11,826</th>
<th>15,147</th>
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<tr>
<td></td>
<td>13,329</td>
<td>Other</td>
<td>120</td>
<td>85</td>
<td>94</td>
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**Total operating revenue**

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<thead>
<tr>
<th></th>
<th>15,267</th>
<th>11,911</th>
<th>15,241</th>
</tr>
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</table>

**Expenses**

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<tr>
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<th>Personnel</th>
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<td>6,660</td>
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<td>3</td>
<td>7,136</td>
<td>3,915</td>
<td>7,709</td>
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<td></td>
<td>378</td>
<td>Depreciation</td>
<td>4</td>
<td>419</td>
<td>1,006</td>
<td>417</td>
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<tr>
<td></td>
<td>526</td>
<td>Capital charge</td>
<td>5</td>
<td>492</td>
<td>493</td>
<td>493</td>
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</table>

**Total expenses**

<table>
<thead>
<tr>
<th></th>
<th>14,586</th>
<th>11,911</th>
<th>15,241</th>
</tr>
</thead>
</table>

**Net surplus**

|                      | 681     | 0      | 0       |

**STATEMENT OF MOVEMENTS IN TAXPAYERS’ FUNDS**
*For the year ended 30 June 2005*

<table>
<thead>
<tr>
<th></th>
<th>30/6/04</th>
<th>30/6/05</th>
<th>30/6/05</th>
<th>30/6/05</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>Actual</td>
<td>Estimates</td>
<td>Estimates</td>
</tr>
<tr>
<td>$000</td>
<td></td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
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</tbody>
</table>

**Taxpayers’ funds as at 1 July**

<table>
<thead>
<tr>
<th></th>
<th>6,168</th>
<th>6,168</th>
<th>6,168</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>492</td>
<td>Net surplus</td>
<td>681</td>
</tr>
</tbody>
</table>

**Total recognised revenues and expenses for the year**

<table>
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<tr>
<th></th>
<th>681</th>
<th>0</th>
<th>0</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th></th>
<th>0</th>
<th>Capital contributions</th>
<th>0</th>
<th>0</th>
<th>0</th>
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</thead>
</table>

<table>
<thead>
<tr>
<th>Provision for repayment of surplus to the Crown</th>
<th>(681)</th>
<th>0</th>
<th>0</th>
</tr>
</thead>
</table>

**Taxpayers’ funds as at 30 June**

|                      | 6,168   | 6,168   | 6,168   |

**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 2005**

<table>
<thead>
<tr>
<th></th>
<th>30/6/04 Actual $000</th>
<th>30/6/05 Main $000</th>
<th>30/6/05 Supp. $000</th>
<th>30/6/05 Estimates $000</th>
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</thead>
<tbody>
<tr>
<td><strong>TAXPAYERS’ FUNDS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxpayers' funds</td>
<td>6,168</td>
<td>6,168</td>
<td>6,168</td>
<td>6,168</td>
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<tr>
<td>Total taxpayers' funds</td>
<td>6,168</td>
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<td>6,168</td>
<td>6,168</td>
</tr>
<tr>
<td>Represented by:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank</td>
<td>3,519</td>
<td>2,739</td>
<td>1,478</td>
<td>2,009</td>
</tr>
<tr>
<td>Debtors and receivables</td>
<td>59</td>
<td>26</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Prepayments</td>
<td>0</td>
<td>12</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Debtor—Crown</td>
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<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total current assets</td>
<td>3,578</td>
<td>2,778</td>
<td>1,497</td>
<td>2,028</td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed assets</td>
<td>5,144</td>
<td>6,413</td>
<td>5,662</td>
<td>5,227</td>
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<tr>
<td>Total non-current assets</td>
<td>5,144</td>
<td>6,413</td>
<td>5,662</td>
<td>5,227</td>
</tr>
<tr>
<td>Total assets</td>
<td>8,722</td>
<td>9,191</td>
<td>7,159</td>
<td>7,255</td>
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<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Creditors and payables</td>
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<td>1,774</td>
<td>423</td>
<td>573</td>
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<tr>
<td>Provision for payment of net surplus</td>
<td>492</td>
<td>681</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Provision for employee entitlements</td>
<td>161</td>
<td>215</td>
<td>280</td>
<td>226</td>
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<tr>
<td>Total current liabilities</td>
<td>2,266</td>
<td>2,670</td>
<td>703</td>
<td>799</td>
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<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Provision for employee entitlements</td>
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<td>353</td>
<td>288</td>
<td>288</td>
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<tr>
<td>Total liabilities</td>
<td>2,554</td>
<td>3,023</td>
<td>991</td>
<td>1,087</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td>6,168</td>
<td>6,168</td>
<td>6,168</td>
<td></td>
</tr>
</tbody>
</table>

**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 2005

<table>
<thead>
<tr>
<th></th>
<th>30/6/04</th>
<th>30/6/05</th>
<th>30/6/05</th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
<td>Main</td>
<td>Supp.</td>
</tr>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash provided from:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply of outputs —Crown</td>
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<td>15,146</td>
<td>11,826</td>
<td>15,147</td>
</tr>
<tr>
<td>—Other</td>
<td>51</td>
<td>153</td>
<td>85</td>
<td>140</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>16,551</td>
<td>15,299</td>
<td>11,911</td>
<td>15,287</td>
</tr>
<tr>
<td>Cash disbursed to produce outputs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>(5,319)</td>
<td>(6,477)</td>
<td>(6,497)</td>
<td>(6,622)</td>
</tr>
<tr>
<td>Operating</td>
<td>(6,913)</td>
<td>(6,940)</td>
<td>(3,829)</td>
<td>(8,689)</td>
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<tr>
<td>Net GST paid</td>
<td>209</td>
<td>166</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Capital charge</td>
<td>(525)</td>
<td>(493)</td>
<td>(493)</td>
<td>(494)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
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<td>(13,744)</td>
<td>(10,819)</td>
<td>(15,805)</td>
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<td><strong>Operating activities net cash flows</strong></td>
<td>4,003</td>
<td>1,555</td>
<td>1,092</td>
<td>(518)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash provided from sale of fixed assets</td>
<td>93</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Cash disbursed to purchase of fixed assets</strong></td>
<td>(1,053)</td>
<td>(1,844)</td>
<td>(500)</td>
<td>(500)</td>
</tr>
<tr>
<td><strong>Investing activities net cash flows</strong></td>
<td>(960)</td>
<td>(1,844)</td>
<td>(500)</td>
<td>(500)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash provided from:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital contribution received</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Cash disbursed to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment of surplus to the Crown</td>
<td>(368)</td>
<td>(491)</td>
<td>0</td>
<td>(492)</td>
</tr>
<tr>
<td>Financing activities net cash flows</td>
<td>(368)</td>
<td>(491)</td>
<td>0</td>
<td>(492)</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash held</td>
<td>2,675</td>
<td>(780)</td>
<td>592</td>
<td>(1,510)</td>
</tr>
<tr>
<td>Add opening cash brought forward</td>
<td>844</td>
<td>3,519</td>
<td>886</td>
<td>3,519</td>
</tr>
<tr>
<td><strong>Closing cash</strong></td>
<td>3,519</td>
<td>2,739</td>
<td>1,478</td>
<td>2,009</td>
</tr>
</tbody>
</table>

**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 2005*

<table>
<thead>
<tr>
<th>30/6/04</th>
<th>30/6/05</th>
<th>30/6/05</th>
<th>30/6/05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>Actual</td>
<td>Estimates</td>
<td>Estimates</td>
</tr>
<tr>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>492 Net surplus</th>
<th>681</th>
<th>0</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add/(less) non-cash items</td>
<td>378</td>
<td>419</td>
<td>1,006</td>
</tr>
<tr>
<td>(Inc)/dec in non-current employee entitlements</td>
<td>45</td>
<td>65</td>
<td>0</td>
</tr>
<tr>
<td>Total non-cash items</td>
<td>423</td>
<td>484</td>
<td>1,006</td>
</tr>
<tr>
<td>(Inc)/dec in Debtors—Crown</td>
<td>26</td>
<td>21</td>
<td>0</td>
</tr>
<tr>
<td>(Inc)/dec in creditors and payables</td>
<td>3,239</td>
<td>(1)</td>
<td>0</td>
</tr>
<tr>
<td>(Inc)/dec in current employee entitlements</td>
<td>257</td>
<td>161</td>
<td>0</td>
</tr>
<tr>
<td>Total working capital movements—net</td>
<td>3,015</td>
<td>54</td>
<td>86</td>
</tr>
<tr>
<td>Add/(less) investing activity items</td>
<td>73</td>
<td>Loss on sale of physical assets</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>Credits for purchase of fixed assets</td>
<td>0</td>
</tr>
<tr>
<td>Total investing activity items</td>
<td>73</td>
<td>155</td>
<td>0</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>4,003</td>
<td>1,555</td>
<td>1,092</td>
</tr>
</tbody>
</table>

### STATEMENT OF COMMITMENTS

*As at 30 June 2005*

<table>
<thead>
<tr>
<th>30/6/04</th>
<th>30/6/05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>Actual</td>
</tr>
<tr>
<td>$000</td>
<td>$000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital commitments</th>
<th>30/6/05</th>
</tr>
</thead>
<tbody>
<tr>
<td>$000</td>
<td></td>
</tr>
<tr>
<td>0 Less than 1 year</td>
<td>1,239</td>
</tr>
<tr>
<td>2,035 1 to 2 years</td>
<td>2,336</td>
</tr>
<tr>
<td>2,035 Total capital commitments</td>
<td>3,575</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating commitments</th>
<th>30/6/05</th>
</tr>
</thead>
<tbody>
<tr>
<td>$000</td>
<td></td>
</tr>
<tr>
<td>574 Less than 1 year</td>
<td>4,306</td>
</tr>
<tr>
<td>496 1 to 2 years</td>
<td>2,873</td>
</tr>
<tr>
<td>1,378 2 to 5 years</td>
<td>3,682</td>
</tr>
<tr>
<td>363 More than 5 years</td>
<td>1,200</td>
</tr>
<tr>
<td>2,811 Total operating commitments</td>
<td>12,061</td>
</tr>
<tr>
<td>4,846 Total commitments</td>
<td>15,636</td>
</tr>
</tbody>
</table>

**Note:** The PCO has an accommodation lease with the Reserve Bank. It has a contract with Unisys for the implementation of the PAL Project and with Brookers for the supply of the interim website of legislation. The contract with Brookers is cancellable after 90 days, which is the extent of the commitment included. Ongoing arrangements are in place for the provision of prepress services by Legislation Direct, and printing services by Securacopy; both companies are part of Blue Star For further information on major variances against budget, refer to Note 11.

**Note:** The accompanying notes and accounting policies form part of these financial statements.
STATEMENT OF CONTINGENCIES
As at 30 June 2005

Contingent liabilities

As at 30 June 2005, there are no contingent liabilities. (30 June 2004: nil.)

Contingent assets

As at 30 June 2005, a performance bond of $1.098 million, issued by Unisys, is held by the PCO. This is to comply with Unisys obligations under the contract with the PCO in respect of the PAL Project and the subsequent variation agreement. The bond will not expire earlier than 12 months after the required implementation date, which is currently 12 October 2006. (30 June 2004: nil.)

As at 30 June 2005, there are no guarantees or indemnities given under the Public Finance Act 1989 in respect of the activities of the PCO. (30 June 2004: nil.)

STATEMENT OF UNAPPROPRIATED EXPENDITURE
For the year ended 30 June 2005

For the year ended 30 June 2005, there is no unappropriated expenditure. (30 June 2004: nil.)

STATEMENT OF DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS
For the year ended 30 June 2005

(Figures are GST inclusive where applicable)

<table>
<thead>
<tr>
<th>VOTE: PARLIAMENTARY COUNSEL</th>
<th>30/6/05()</th>
<th>30/6/05()</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations for classes of outputs</td>
<td>Actual</td>
<td>Appropriation</td>
</tr>
<tr>
<td>Law Drafting Services</td>
<td>8,481</td>
<td>8,510</td>
</tr>
<tr>
<td>Access to Legislation</td>
<td>8,014</td>
<td>8,635</td>
</tr>
<tr>
<td>Total</td>
<td>16,495</td>
<td>17,145</td>
</tr>
</tbody>
</table>

\(^1\) This includes adjustments made in the Supplementary Estimates.

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

Parliamentary Counsel Office Annual Report
## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 30 June 2005*

### Note 1  Other revenue

<table>
<thead>
<tr>
<th>Date</th>
<th>Actual $000</th>
<th>Main $000</th>
<th>Estimates $000</th>
<th>Supp. $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>30/6/04</td>
<td></td>
<td></td>
<td>Actual</td>
<td></td>
</tr>
<tr>
<td>30/6/05</td>
<td></td>
<td></td>
<td>Main</td>
<td></td>
</tr>
<tr>
<td>30/6/05</td>
<td></td>
<td></td>
<td>Supp.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Departmental revenue</th>
<th>13</th>
<th>62</th>
<th>50</th>
<th>59</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain on sale of fixed assets</td>
<td>9</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Recovery of printing costs</td>
<td>46</td>
<td>58</td>
<td>35</td>
<td>35</td>
</tr>
</tbody>
</table>

**Total other revenue**

### Note 2  Personnel costs

<table>
<thead>
<tr>
<th>Date</th>
<th>Actual $000</th>
<th>Main $000</th>
<th>Estimates $000</th>
<th>Supp. $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>30/6/04</td>
<td></td>
<td></td>
<td>Actual</td>
<td></td>
</tr>
<tr>
<td>30/6/05</td>
<td></td>
<td></td>
<td>Main</td>
<td></td>
</tr>
<tr>
<td>30/6/05</td>
<td></td>
<td></td>
<td>Supp.</td>
<td></td>
</tr>
</tbody>
</table>

| Salaries and wages | 5,160 | 6,337 | 6,411 | 6,557 |
| Other personnel costs | 60 | 83 | 0 | 0 |
| Annual, retirement, and long service leave | 53 | 119 | 86 | 66 |

**Total personnel costs**

### Note 3  Operating costs

<table>
<thead>
<tr>
<th>Date</th>
<th>Actual $000</th>
<th>Main $000</th>
<th>Estimates $000</th>
<th>Supp. $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>30/6/04</td>
<td></td>
<td></td>
<td>Actual</td>
<td></td>
</tr>
<tr>
<td>30/6/05</td>
<td></td>
<td></td>
<td>Main</td>
<td></td>
</tr>
<tr>
<td>30/6/05</td>
<td></td>
<td></td>
<td>Supp.</td>
<td></td>
</tr>
</tbody>
</table>

| Audit fees to auditors for audit of the financial statements | 31 | 23 | 15 | 22 |
| Consultancy costs | 304 | 677 | 494 | 634 |
| Rental costs | 466 | 545 | 490 | 546 |
| Printing costs | 4,591 | 4,751 | 1,933 | 5,153 |
| Other operating costs | 1,187 | 1,140 | 983 | 1,354 |
| Loss on sale of fixed assets | 81 | 0 | 0 | 0 |

**Total operating costs**

---

*Parliamentary Counsel Office Annual Report*
Note 4 Depreciation

<table>
<thead>
<tr>
<th>Actual</th>
<th>30/6/04</th>
<th>30/6/05 Main</th>
<th>30/6/05 Supp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>207</td>
<td>Computer systems</td>
<td>234</td>
<td>941</td>
</tr>
<tr>
<td>19</td>
<td>Furniture</td>
<td>24</td>
<td>0</td>
</tr>
<tr>
<td>20</td>
<td>Motor vehicles</td>
<td>20</td>
<td>9</td>
</tr>
<tr>
<td>9</td>
<td>Office equipment</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>123</td>
<td>Fixture and fittings</td>
<td>132</td>
<td>56</td>
</tr>
<tr>
<td>0</td>
<td>PAL Project</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>378</td>
<td>Total other expenses</td>
<td>419</td>
<td>1,006</td>
</tr>
</tbody>
</table>

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 2005 was 8%. (2004: 8.5%).
### Note 6 Fixed assets

<table>
<thead>
<tr>
<th>Description</th>
<th>30/6/04 Actual</th>
<th>30/6/05 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>70</td>
<td>71</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(24)</td>
<td>(43)</td>
</tr>
<tr>
<td>Motor vehicles—net book value</td>
<td>46</td>
<td>28</td>
</tr>
<tr>
<td>Computer equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>991</td>
<td>1,248</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(685)</td>
<td>(920)</td>
</tr>
<tr>
<td>Computer equipment—net book value</td>
<td>306</td>
<td>328</td>
</tr>
<tr>
<td>Furniture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>263</td>
<td>303</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(201)</td>
<td>(225)</td>
</tr>
<tr>
<td>Furniture—net book value</td>
<td>62</td>
<td>78</td>
</tr>
<tr>
<td>Leasehold property improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>1,228</td>
<td>1,316</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(581)</td>
<td>(694)</td>
</tr>
<tr>
<td>Leasehold property improvements—net book value</td>
<td>667</td>
<td>821</td>
</tr>
<tr>
<td>Office equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>66</td>
<td>79</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(46)</td>
<td>(55)</td>
</tr>
<tr>
<td>Office equipment—net book value</td>
<td>20</td>
<td>24</td>
</tr>
<tr>
<td>Items under construction—at cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PAL Project</td>
<td>2,695</td>
<td>3,986</td>
</tr>
<tr>
<td>PAL software</td>
<td>1,348</td>
<td>1,348</td>
</tr>
<tr>
<td>Total items under construction</td>
<td>4,043</td>
<td>5,334</td>
</tr>
<tr>
<td>Leasehold property improvements—net book value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold property improvements—net book value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office equipment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Note 7 Creditors and payables

<table>
<thead>
<tr>
<th>Description</th>
<th>30/6/04 Actual</th>
<th>30/6/05 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>1,133</td>
<td>1,097</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>112</td>
<td>300</td>
</tr>
<tr>
<td>GST payable/(receivable)</td>
<td>212</td>
<td>377</td>
</tr>
<tr>
<td>Capital charge payable</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>155</td>
<td>0</td>
</tr>
<tr>
<td>Total creditors and payables</td>
<td>1,613</td>
<td>1,774</td>
</tr>
</tbody>
</table>
Note 8  Employee entitlements

<table>
<thead>
<tr>
<th></th>
<th>30/06/04</th>
<th>30/06/05</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
</tr>
</tbody>
</table>

### Current liabilities

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual leave</td>
<td>131</td>
<td>194</td>
</tr>
<tr>
<td>Long service leave</td>
<td>30</td>
<td>21</td>
</tr>
<tr>
<td>Total current portion</td>
<td>161</td>
<td>215</td>
</tr>
</tbody>
</table>

### Non-current liabilities

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Long service leave</td>
<td>40</td>
<td>54</td>
</tr>
<tr>
<td>Retirement leave</td>
<td>248</td>
<td>299</td>
</tr>
<tr>
<td>Total non-current portion</td>
<td>288</td>
<td>353</td>
</tr>
<tr>
<td>Total employee entitlements</td>
<td>449</td>
<td>568</td>
</tr>
</tbody>
</table>

An independent actuarial valuation was undertaken by Melville Jessup Weaver as at 30 June 2005 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 2004: 3%)
- investment earnings: 5.5% per annum (30 June 2004: 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:

<table>
<thead>
<tr>
<th></th>
<th>30/6/05 $000</th>
<th>30/6/04 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank balances</td>
<td>2,739</td>
<td>3,519</td>
</tr>
<tr>
<td>Debtors</td>
<td>26</td>
<td>59</td>
</tr>
</tbody>
</table>

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 PAL Project and increased costs of printing legislation were the main reasons for budget variances. In March 2005, the Government approved the negotiated settlement between the PCO and Unisys for the completion of the PAL Project and additional funding of $2.948 million (GST inclusive) was provided in the Supplementary Estimates for implementation of the project. This included $2.835 million (GST inclusive) to meet the cost of the external prepress services that are required by the PCO until the PAL Project is implemented. It also included $0.439 million (GST inclusive) to meet the costs of consultants’ fees, $0.270 million (GST inclusive) to meet the cost of the interim website, and $0.062 million (GST inclusive) for software licences. These costs were offset by savings of $0.658 million (GST inclusive) in the provision for depreciation resulting from deferral of the PAL Project implementation.

Funding of $0.788 million (GST inclusive) was also provided in the Supplementary Estimates to meet the costs associated with the new reprinting programme, and to meet a higher than expected cost of publishing the annual volumes of Acts and Statutory Regulations for the 2004 calendar year (a record 13 volumes of legislation were published for the 2004 calendar year).

In the Statement of Financial Performance, the provision of these additional funds is reflected in a variance in revenue—Crown, and the costs of printing, prepress, and consultants’ services are 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 operating 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 costs. This is reflected in the Statement of Financial Performance. The actual cost of depreciation was $0.419 million compared to $1.006 million budgeted in the Main Estimates (as shown in the Reconciliation of Net Surplus to Net Cash Flow from Operating Activities).
The estimated cost of printing the annual volumes of legislation was offset by discounts, and the cost of printing reprints was less than was anticipated, resulting in a variance at end of year against the budget. In the Statement of Financial Performance, this is reflected in a variance in operating expenses against the Supplementary Estimates of 7.4%. The variance is also reflected in the Statement of Cash Flows. As the printing costs fell in Output Class—Access to Legislation, this variance was reflected in the out-turn for this output class (as shown in the Statement of Departmental Expenditure and Appropriations) and a net surplus of $648,000.

When the PAL Project resumed in March 2005, a payment of $1.235 million (GST inclusive) was made to Unisys in line with the contract between the PCO and Unisys. 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 a variance in the cash disbursed to the purchase of fixed assets. At the same time, Unisys issued the PCO with a performance bond, and this is disclosed in the Statement of Contingencies.
STATEMENT OF ACCOUNTING POLICIES

Reporting entity
The PCO is a government department as defined by the Public Finance Act 1989.

These financial statements of the PCO are prepared in accordance with 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 2005, direct costs accounted for 98.73% of the PCO’s costs. (2004: 98.7%.)

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 2005, indirect costs accounted for 1.27% of the PCO’s costs. (2004: 1.3%).
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—

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
<th>Depreciation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles</td>
<td>3 years</td>
<td>33% (residual value 40%)</td>
</tr>
<tr>
<td>Office furniture</td>
<td>5 years</td>
<td>20%</td>
</tr>
<tr>
<td>Computing equipment</td>
<td>3 years</td>
<td>33%</td>
</tr>
<tr>
<td>Office equipment</td>
<td>5 years</td>
<td>20%</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>6 years</td>
<td>16.67%</td>
</tr>
<tr>
<td>PAL software</td>
<td>7 years</td>
<td>14.29%</td>
</tr>
<tr>
<td>PAL Project</td>
<td>20 years</td>
<td>5%</td>
</tr>
</tbody>
</table>

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 2005

The PCO agreed to provide output classes in 2004/05 to meet the requirements of the Attorney-General in terms of their nature, outcome emphasis, timeliness, quality and quantity specifications, and cost.

**Output Class—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 2004/05 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 2005,—

- drafted fewer than the anticipated number of Government Bills,¹ as shown by the following figures:

<table>
<thead>
<tr>
<th>For the year ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>2005</td>
</tr>
<tr>
<td>-----</td>
</tr>
<tr>
<td>Number of Government Bills enacted</td>
</tr>
<tr>
<td>Number of Government Bills before the House of Representatives or awaiting Royal assent at the end of the year</td>
</tr>
</tbody>
</table>

¹ One of the Government Bills was drafted by the Inland Revenue Department; one was a Member’s Bill.
² 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.
³ One of the Government Bills was drafted by the Inland Revenue Department; five were Members’ Bills.
⁴ 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.
⁵ Two of the Government Bills were drafted by the Inland Revenue Department.

- 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:

<table>
<thead>
<tr>
<th>For the year ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>2005</td>
</tr>
<tr>
<td>-----</td>
</tr>
<tr>
<td>Number of Statutory Regulations made</td>
</tr>
</tbody>
</table>

¹ This output is demand driven and in the 2004/05 year the demand was less than the PCO anticipated for an explanation of the different categories of Bills on the legislation programme, and the performance of the PCO against each category see page 12.
examined the local Bills and private Bills enacted in the year ended 30 June 2005, as follows:

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of local Bills enacted</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between 4 and 8</td>
<td>2</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Number of private Bills enacted</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between 4 and 8</td>
<td>2</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

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

rafted amendments to Bills enacted as local Acts and private Acts as follows:

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Acts in respect of which amendments were drafted</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Private Acts in respect of which amendments were drafted</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>

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 for the year ended 30 June 2005 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 for the year ended 30 June 2005. A questionnaire was used and the results quantified. The response rate was 77% and the average satisfaction rating for those who responded was 94%. In comparison, in 2004 the response rate was 83% and the satisfaction rating was 94%.
Financial performance for Output Class—Law Drafting Services

<table>
<thead>
<tr>
<th></th>
<th>30/6/04 Actual $000</th>
<th>30/6/05 Main Estimates $000</th>
<th>30/6/05 Supp. Estimates $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue—Crown</td>
<td>6,811</td>
<td>7,513</td>
<td>7,513</td>
</tr>
<tr>
<td>Other revenue</td>
<td>20</td>
<td>55</td>
<td>43</td>
</tr>
<tr>
<td>Total revenue</td>
<td>6,831</td>
<td>7,568</td>
<td>7,565</td>
</tr>
<tr>
<td>Total expenses</td>
<td>6,342</td>
<td>7,535</td>
<td>7,565</td>
</tr>
<tr>
<td>Net surplus</td>
<td>489</td>
<td>33</td>
<td>0</td>
</tr>
</tbody>
</table>

Note: Figures are GST exclusive.

Output Class—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 2004 and the annual bound volumes of Statutory Regulations for 2004 would be published in the first half of 2005
• reprinted Acts and reprinted Statutory Regulations would be compiled and published in accordance with the PCO reprints policy and the annual reprints programme
• the 2004 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. Although 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, for the year ended 30 June 2005,—

✓ supplied to the House and published 51 Government Bills, which is lower than the anticipated number,² and 110 Government Supplementary Order Papers, which is higher than the anticipated number

✓ published 150 Acts of Parliament which is higher than the anticipated number

✓ published 471 Statutory Regulations which is higher than the anticipated number

✓ 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 were available within eight working days of the Act being assented to, and the majority were available within five working days

✓ published the annual bound volumes of Acts for 2004 and the annual bound volumes of Statutory Regulations for 2004 in the first half of 2005

✓ compiled and published 21 reprinted Acts and 35 reprinted Statutory Regulations in accordance with the annual reprints programme

✓ compiled the 2004 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 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

✓ a high standard of accuracy was maintained.

---

² This service is demand driven; the PCO supplied to the House and published all those Bills that were drafted and introduced into the House.
Comparative figures for printed legislation are as follows:

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
</tr>
<tr>
<td><strong>Publications</strong></td>
<td>Projected</td>
</tr>
<tr>
<td>Acts of Parliament</td>
<td></td>
</tr>
<tr>
<td>Public Acts</td>
<td>Between 60 and 80</td>
</tr>
<tr>
<td>Local Acts</td>
<td>2</td>
</tr>
<tr>
<td>Private Acts</td>
<td>2</td>
</tr>
<tr>
<td>Statutory Regulations</td>
<td>Between 300 and 400</td>
</tr>
<tr>
<td>Annual bound volumes of Acts</td>
<td>For 2004 year</td>
</tr>
<tr>
<td>Annual bound volumes of Statutory Regulations</td>
<td>For 2004 year</td>
</tr>
<tr>
<td>Reprinted Acts of Parliament</td>
<td>In accordance with reprints policy and reprints programme</td>
</tr>
<tr>
<td>Reprinted Statutory Regulations</td>
<td>In accordance with reprints policy and reprints programme</td>
</tr>
</tbody>
</table>

**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 for the year ended 30 June 2005 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—Access to Legislation**

<table>
<thead>
<tr>
<th></th>
<th>30/6/04 Actual</th>
<th>30/6/05 Actual</th>
<th>30/6/05 Main Estimates</th>
<th>30/6/05 Supp. Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>6,450 Revenue—Crown</td>
<td>7,634</td>
<td>4,313</td>
<td>7,634</td>
<td>7,634</td>
</tr>
<tr>
<td>48 Other revenue</td>
<td>66</td>
<td>42</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>6,498 Total revenue</td>
<td>7,700</td>
<td>4,355</td>
<td>7,676</td>
<td>7,676</td>
</tr>
<tr>
<td>6,494 Total expenses</td>
<td>7,052</td>
<td>4,355</td>
<td>7,676</td>
<td>7,676</td>
</tr>
<tr>
<td>4 Net surplus</td>
<td>648</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Note: Figures are GST exclusive.
The increase in appropriation reflected in the Supplementary Estimates was to fund the additional costs associated with the PAL Project (which resumed in March 2005), the new reprinting programme, and prepublication services. The continued purchase of prepublication services results from the delays to the PAL Project. Once the project is implemented, these services will be provided in-house at the PCO.

**Overall financial performance**

The financial performance of the PCO for the year ended 30 June 2005 resulted in—

<table>
<thead>
<tr>
<th></th>
<th>30/6/05 Actual</th>
<th>30/6/05 Projected</th>
<th>30/6/04 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating results</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue—Crown $000</td>
<td>15,147</td>
<td>15,147</td>
<td>13,261</td>
</tr>
<tr>
<td>Revenue—Other $000</td>
<td>120</td>
<td>94</td>
<td>68</td>
</tr>
<tr>
<td>Output expenses $000</td>
<td>14,586</td>
<td>15,241</td>
<td>12,837</td>
</tr>
<tr>
<td>Net result $000</td>
<td>681</td>
<td>0</td>
<td>492</td>
</tr>
<tr>
<td><strong>Working capital management</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquid ratio %</td>
<td>103</td>
<td>251</td>
<td>155</td>
</tr>
<tr>
<td>Debtor collection period (third party sales)</td>
<td>0 days</td>
<td>0 days</td>
<td>0 days</td>
</tr>
<tr>
<td>Creditor payment period days</td>
<td>28</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td><strong>Resource utilisation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed assets—</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions as a percentage of fixed assets %</td>
<td>28.8</td>
<td>9.6</td>
<td>20.5</td>
</tr>
<tr>
<td>Physical assets as percentage of total assets %</td>
<td>69.8</td>
<td>72</td>
<td>59.0</td>
</tr>
<tr>
<td>Taxpayers’ funds at year end $000</td>
<td>6,168</td>
<td>6,168</td>
<td>6,168</td>
</tr>
<tr>
<td><strong>Forecast net cash flows</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash disbursed to producing outputs $000</td>
<td>(13,744)</td>
<td>(15,805)</td>
<td>(12,548)</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash held $000</td>
<td>(780)</td>
<td>(1,510)</td>
<td>2,675</td>
</tr>
</tbody>
</table>
AUDIT REPORT

TO THE READERS OF PARLIAMENTARY COUNSEL OFFICE’S FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

The Auditor-General is the auditor of the Parliamentary Counsel Office (the Department). 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 Department, on his behalf, for the year ended 30 June 2005.

Unqualified opinion

In our opinion the financial statements of the Department on pages 48 to 69:
• comply with generally accepted accounting practice in New Zealand; and
• fairly reflect:
  — the Department’s financial position as at 30 June 2005;
  — 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 31 August 2005, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Chief Parliamentary Counsel 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 the 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 our opinion.

The 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 our 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 Department as at 30 June 2005. 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 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 Department.

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 the Department for the year ended 30 June 2005 included on the Department’s website. The Chief Parliamentary Counsel is responsible for the maintenance and integrity of the Department’s website. We have not been engaged to report on the integrity of the Department’s website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

We have also been engaged to report on the HTML electronic versions of the Department’s financial statements. Other than the HTML and this electronic version of the Department’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 31 August 2005 to confirm the information included in the audited financial statements presented on this website.

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 under the State Sector Act 1988, and thus is not under the direct control of the State Services Commissioner. However, the PCO is part of the State services within the meaning of the State Sector Act 1988, and is subject to certain provisions of that Act (eg sections 57 to 57C, which relate to the setting and enforcement of minimum standards of integrity and conduct).

**Governance arrangements and structure in the PCO**

The Chief Parliamentary Counsel and Parliamentary Counsel are appointed under the Statutes Drafting and Compilation Act 1920 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 shown on page 76. The governance of the PAL Project is described at pages 28 to 29. 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 each 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, 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. Each team is responsible for the legislation of a group of government departments and public sector organisations. Each team has a team leader who is responsible to the Deputy Chief Parliamentary Counsel (Drafting) for allocating 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 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, computer use, discretionary spending and gifts, use of consultants, and study leave.
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 Agencies Information Committee, and the Technical Managers’ Meeting.

The PCO works closely with the Office of the Clerk and has developed protocols with that office. The PCO also works closely with the Legislation Coordinator in the Cabinet Office, whose role is to provide support to the government of the day in developing, monitoring, and modifying the legislation programme, and with the Secretary of the Cabinet Legislation Committee.

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

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.

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**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.

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**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.
PCO staff as at 30 June 2005

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

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

**Parliamentary Counsel**
Sandra Balcombe
Melanie Bromley
Joanne Cairns
Ross Carter
Jacqueline Derby
Mark Gobbi
Briar Gordon
Elizabeth Grant
Julia Hayes
Hugo Hoffmann
Chris McPhail
Adrienne Meikle
Julie Melville
Bill Moore
Scott Murray
Cassie Nicholson
Margaret Nixon
Leeanne O’Brien
Amy Orr
Cathy Pooke
Frank Riley
Ian Vernon
Richard Wallace
Peter Williams
Catherine Yates

**Assistant Parliamentary Counsel**
Jillian Penn
Leigh Taukikulu

**Special Counsel to the Parliamentary Counsel Office**
Don Mathieson QC

**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 Ilott

**Reprints Unit Coordinator**
Juliet Price

**Reprints Officers**
Aister Chang
David Dew
Cathy Ellis
Jane Hubbard
Maggie Huggins

**PAL Project Manager**
Amanda Burgess (Opticon New Zealand)

**PAL Project Administrator**
Janice Kirk

**SUPPORT SERVICES**
**Manager Support Services**
Julia Kennedy

**Communications Adviser**
Gillian McIlraith

**Editorial Services Coordinator**
Daphne Brasell

**Legal Publications Officers**
Andrew Delahunty
Marion Edmond
Reuben Holcroft
Esther McCormick
Amy Palmer
Mark Prentice
Alan Witham

**Information Systems Coordinator**
Judy Heaphy

**Information Systems Developer**
Devon Heaphy

**Information Systems Support Officer**
Dwain Collins

**Librarian**
Kate Anthony

**Library Assistant**
Lucy Miller

**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 Tobin

**Receptionist**
Judith Keegan

**Records Adviser**
Graeme Thompson

**Secretarial Services Coordinator**
Helen Churchill

**Secretaries**
Linda Dunn
Simone Henkel
Tessa Henry
Denise Paterson
Kay Purdey
Jaana Sala
Ana Visala
Julie Ward

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On six-month exchange with Office of Parliamentary Counsel, Canberra: Stephen Mattingley from the OPC is at the PCO for the same period.

On three-month secondment to the Attorney-General’s Office.

On parental leave.
Staff of the Parliamentary Counsel Office
(Absent: Kate Anthony, Daphne Brasell, Jacqueline Derby, Cathy Ellis, Jane Hubbard, Judith Keegan, Janice Kirk, Don Mathieson, Chris McPhail, Adrienne Melville, Julie Melville, Cassie Nicholson, Leanne O’Brien, Denise Paterson, Mark Prentice)

Photography by Woolf
Staff movements 2004/05

APPOINTMENTS

Parliamentary Counsel
Margaret Nixon
Leanne O’Brien (previously Assistant Parliamentary Counsel)
Amy Orr

Special Counsel to the Parliamentary Counsel Office
Don Matheson QC

Access staff
Reprints Officers
David Dew
Cathy Ellis

Support staff
Legal Publications Officers
Andrew Delahunty
Marion Edmond
Reuben Holcroft
Esther McCormick
Amy Palmer

Library Assistant
Lucy Miller

Records Adviser
Graeme Thompson

DEPARTURES

Counsel to the Parliamentary Counsel Office
Walter Iles CMG QC

Reprints Officer
Rochelle Forrester
Gender equity

**Note:** Numbers of staff are full-time equivalents.

![All Staff Chart](chart1)

![Counsel Chart](chart2)

![Access to Legislation Staff Chart](chart3)

![Support Staff Chart](chart4)
How to contact us

Parliamentary Counsel Office

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2 The Terrace

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Wellington

New Zealand

Phone: 64 4 472 9639

Fax: 64 4 499 1724

Email: contact.pco@parliament.govt.nz

Website: www.pco.parliament.govt.nz

Interim website of New Zealand legislation: www.legislation.govt.nz
Report of the Parliamentary Counsel Office
Te Tari Tohutohu Pāremata

for the year ended
30 June 2005