Report of the

Parliamentary Counsel Office
Te Tari Tohutohu Pāremata

for the year ended
30 June 2006
Report of the

Parliamentary Counsel Office
Te Tari Tohutohu Pāremata

for the year ended
30 June 2006

Presented to the House of Representatives under
section 44(1) of the Public Finance Act 1989

August 2006
Wellington, New Zealand
The Attorney-General

I am pleased to present to you the Report of the Parliamentary Counsel Office for the year ended 30 June 2006.

George Tanner QC
Chief Parliamentary Counsel
11 August 2006
This is the report of the Parliamentary Counsel Office (PCO) for the 2005/06 year. The report is in three sections. The first section contains a brief description of the work of the PCO and an overview of significant developments and issues in the year under review. The second section reports on performance against the three strategic objectives set out in the PCO’s Statement of Intent for the period 1 July 2005 to 30 June 2008. The third section contains the audited financial statements for 2005/06 and the report of Audit New Zealand on behalf of the Auditor-General on those statements.

In preparing this report, the PCO has followed the guidance provided by the Treasury in the publication Preparing the Annual Report: Guidance and Requirements for Departments. The annual report is also a component of the Managing for Outcomes (MfO) framework of which the Statement of Intent (SOI) also forms an integral part. Linkages to the MfO framework and, in particular, the SOI for 2005–2008 are explained in this overview. Account has been taken of changes to reporting requirements made by recent amendments to the Public Finance Act 1989.

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 has statutory responsibilities under the Acts and Regulations Publication Act 1989 and is subject to statutory requirements under the Public Finance Act 1989, the State Sector Act 1988, and other enactments.

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

- drafting Government Bills, including amendments to those Bills in 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.

1 www.treasury.govt.nz/publicsector/annualreport.
2 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 by that department.
The PCO is responsible under the Acts and Regulations Publication Act 1989 for publishing copies of:

- Statutory Regulations and reprints of Statutory Regulations
- annual volumes of Acts and Statutory Regulations
- reprints of Imperial Acts.

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
- supplies the Knowledge Basket with Acts, Statutory Regulations, Bills, SOPs, and selected reprints for publishing on the internet free of charge, under an arrangement between the PCO and Blue Star Print Group (New Zealand) Limited
- 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
- maintains and publishes on the internet a list of deemed regulations, from information supplied by regulatory agencies.

A full description of the drafting and publishing functions of the PCO is provided in the PCO’s Statement of Intent for 2006–2009.3 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.4

3 Statement of Intent Parliamentary Counsel Office for the period 1 July 2006 to 30 June 2009, p 9.

4 In 2005/06, the PCO recovered costs of $0.019 million (GST exclusive) from the Securities Commission and the Takeovers Panel for printing notices drafted by the PCO and published under the Securities Act 1978 and the Takeovers Act 1993.
Money is appropriated separately to the two output classes. In 2005/06 the amounts appropriated were:

- Law Drafting Services $8.365 million (GST exclusive) (52.7% of the Vote)
- Access to Legislation $7.517 million (GST exclusive) (47.3% of the Vote).

**Outcome and outputs**

The Statement of Intent for 2005–2008 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 the outputs is contained in the PCO’s Statement of Intent for 2005–2008\(^5\) and the PCO’s Statement of Intent for 2006–2009.\(^6\)

**Highlights**

The year under review was notable for the following:

- in the financial year ended 30 June 2006, 78 Acts of Parliament were passed comprising 76 public Acts and two private Acts (1,324 pages). 325 Statutory Regulations were made and published (2,762 pages). The number of Acts and Statutory Regulations is less than the number for the previous financial year ended 30 June 2005. The reduction may to some extent be attributed to the general election held on 17 September 2005
- in the calendar year ended 31 December 2005, 129 Acts were passed, comprising 126 public Acts, one local Act, and two private Acts. 351 Statutory Regulations were made. Three volumes of statutes (2,062 pages) and six volumes of Statutory Regulations (4,116 pages) were published
- the annual volumes for 2005 were published in April 2006, which is earlier than in previous years and reflects changes made both to the format of the volumes themselves and in aspects of the publishing system
- in the financial year ended 30 June 2006, 39 reprinted statutes and ten reprinted Statutory Regulations were published. The total number of pages of legislation reprinted was 7,595. Comprehensive one-off reprints of the New Zealand statute book were published in 1931 and in 1957. Those reprints were prepared over several years. Apart from those two reprints, the number of pages of legislation reprinted in the year under review is the largest ever

\(^6\) Statement of Intent Parliamentary Counsel Office for the period 1 July 2006 to 30 June 2009, pp 10–13, and 22.
Parliamentary Counsel worked closely with the Law Commission and government departments in drafting Bills to implement a number of Law Commission reports.

Progress was made on the Public Access to Legislation (PAL) Project. Functional and non-functional specifications, a Legislation Outputs Specification, and DTD Guide were signed off in December 2005. A spotlight review and proof of concept were completed in early 2006. Details about the PAL Project appear under Strategic Objective 2—Ready access to New Zealand legislation (page 25).

A further review of the organisational structure and administrative and management systems of the PCO was commenced by PricewaterhouseCoopers (PwC) in April 2006. This review follows the earlier uncompleted review referred to in the annual report for the financial year ended 30 June 2005 and the Statement of Intent for 2006–2009. Further details of the PwC review are provided under Strategic Objective 3—Capability development (page 39).

Additional drafting and other staff were appointed in the year under review. At the end of the year, the total number of drafters was 35. Taking account of drafters on parental leave and who work on a part-time basis, the total full-time equivalent number of drafters at the end of the year was 32.2. The total number of full-time equivalent staff employed at the end of the year was 79.

A drafter completed a six-month secondment to the Office of Parliamentary Counsel in Canberra and a drafter from that office was seconded to the PCO for the same period. Rosalind Cheek, a lawyer working in the Falkland Islands for the Falkland Islands Government, completed a three-month secondment to the PCO to obtain experience in legislative drafting from March to June 2006.

Julia Kennedy retired from the PCO after 12 years as Manager Support Services. An acknowledgement of Julia Kennedy’s work in the PCO appears on page 45 of this report.

**Drafting of legislation**

The quantity of legislation drafted by the PCO in the year under review was less than in the preceding year. This may be explained by the fact that a general election was held in September 2005 with the result that Parliament did not meet for three months. In addition, there is usually a period of several months after an election required to enable an incoming government to determine its legislative agenda for the forthcoming calendar year. Despite the reduction in quantity, as the table on pages 21 to 24 indicates, a number of significant Acts were passed and Bills drafted.

The PCO continued to focus on maintaining the quality of legislation drafted through a combination of training, peer review, and editorial checking. Minor changes were made to drafting techniques used to amend existing legislation. Following a resolution of the House, the changes will be applied to Bills before the House ensuring that all Acts passed in 2006 will be...
the same in this regard. One of the changes relates to amending terminology and results from a recommendation made by Michèle Asprey in her 2004 review of New Zealand legislation.7

Reprinting of legislation

A record number of pages of legislation was reprinted (see page 33). The PCO is responsible under the Statutes Drafting and Compilation Act 1920 for reprinting Acts and Statutory Regulations with their amendments incorporated. These reprints have authoritative status under the Evidence Act 1908 and may be relied on by the courts and other users of legislation. Legislation is reprinted in accordance with a reprinting policy and an annual reprinting programme. The PCO consults widely with users of legislation about particular statutes and Statutory Regulations that should be reprinted.

PAL Project

The PAL Project has required considerable resources. This is a complex project which has experienced difficulties both in terms of technology and the commercial arrangements between the PCO and Unisys New Zealand Limited (Unisys). The PCO has reported fully on these issues in previous annual reports and on the PCO website. The project continues to present technological and project management challenges, and the project occupies a substantial amount of management time. The PCO has engaged experienced project management services, technical advisers, testing services, independent quality assurance services, and other specialist services. PCO staff have worked effectively in contributing expertise to producing project specification documents, output testing, and in other key areas and will continue to do so as the project progresses. However, the success of the project is dependent on Unisys and its subcontractors customising and integrating the key software components of the PAL system and delivering a system that meets the PCO’s requirements.

Measuring results

Section 45 of the Public Finance Act 1989 requires an annual report to provide the information necessary to enable an informed assessment to be made of a department’s performance during the financial year, including an assessment against the intentions, measures, and standards set out at the start of the year in the information on the department’s future operating intentions in the Statement of Intent in accordance with sections 40 and 41 of the Act. Guidance material provided by the Treasury for preparing an annual report suggests reporting against:

- specific impacts, outcomes, and objectives sought to be achieved or contributed to and how operations were conducted to achieve them

---

the main performance measures and standards for impacts, outcomes, and objectives, cost-effectiveness of interventions, and organisational health and capability

other matters discussed in the SOI as relevant to understanding performance.

Performance measurement is discussed at page 34 of the PCO’s SOI for 2005–2008. Measurement of performance of each of the two output classes is described in terms of quantity, quality, timeliness, and cost. For the output class Law Drafting Services, the views of the Attorney-General are sought and a survey is conducted to obtain the views of instructing departments. For the output class Access to Legislation, the views of the Attorney-General are sought. The views of the Attorney-General and the results of the survey are reported on in the Statement of Objectives and Service Performance at pages 61 to 68.

In addition, each section of this report describes the actions taken by the PCO in the year under review to respond to the issues identified under each of the three strategic objectives described in the SOI for 2005–2008. The PCO’s SOI for 2006–2009 provides a more comprehensive analysis of performance measurement issues and future intentions for reporting in subsequent years, including external expert assessments (if practicable and affordable) of the quality of legislation drafted, and using the PwC report as a benchmark against which to measure cost-effectiveness and organisational health.\(^8\) It discusses the difficulties in measuring cost-effectiveness and the limitations inherent in benchmarking output against overseas drafting offices. The PCO considers that the measures taken to assess performance in relation to its output classes, together with the information contained in the report as it relates to the issues and responses under each strategic objective, would enable an informed assessment to be made of the PCO’s performance during the financial year.

Managing for outcomes

As noted above, the PCO seeks to achieve the outcome of contributing to parliamentary democracy under the rule of law by supporting Parliament and the executive in their law-making roles through drafting and publishing legislation. The PCO drafts Bills that become Acts of Parliament and Statutory Regulations made by the executive, that is, the Governor-General acting with the advice and consent of the Executive Council. Under New Zealand’s constitutional arrangements, Statutory Regulations are considered and approved by Cabinet before being submitted to the Executive Council. Thus, Cabinet plays a key role in the making of delegated legislation.

The PCO is only one of many institutions and organisations involved in contributing to a parliamentary democracy under the rule of law. The principal institutions are Parliament itself and the executive in the exercise of its delegated law-making function. Government departments contribute through the work they do in advising Ministers of the Crown on

\(^8\) Statement of Intent Parliamentary Counsel Office for the period 1 July 2006 to 30 June 2009, pp 30-35.
legislative proposals and in advising select committees as Bills proceed through Parliament. Ministers of the Crown, government departments, and other agencies administer legislation once it is enacted or made. The Clerk of the House plays an important role in facilitating the operation of Parliament and advising on matters of parliamentary procedure. The Parliamentary Service provides administrative services and support to members of Parliament. The Legislation Advisory Committee also plays an important role in providing advice and scrutiny in relation to the overall quality of New Zealand legislation. The courts contribute to parliamentary democracy under the rule of law by applying and interpreting legislation in criminal and civil cases that come before them and in reviewing the validity of delegated legislation.

The PCO drafts Bills in accordance with the priorities assigned to them by the Government on the Government’s annual legislation programme. It drafts Statutory Regulations and certain other legislative instruments on instructions from Ministers of the Crown and other agencies. It aims to ensure that the legislation it drafts is legally effective, principled, and clear. The PCO makes Acts of Parliament and Statutory Regulations accessible to the public in both printed and electronic forms.

As part of the managing for outcomes framework, this report identifies for the year under review:

- legislation drafted by the PCO and what the PCO does to ensure legislation achieves acceptable standards of effectiveness, compliance with legal principle, and clarity
- legislation published by the PCO and what the PCO does to make legislation publicly available in printed and electronic forms and the timeframes within which it does this
- measures used to assess the PCO’s performance in the delivery of its outputs, the standards achieved using those measures, and what additional measures may be used to assess future performance
- strategies adopted and projects being undertaken by the PCO to improve performance in the delivery of the PCO’s legislative and publishing outputs
- environmental factors affecting the PCO and the risks the PCO faces in delivering its outputs and the PCO’s responses to those factors and risks
- steps taken to maintain and enhance working relationships within and outside government
steps taken to evaluate the PCO’s organisational structure and administrative and management systems with particular focus on management of non-drafting operations, human resources management, organisational capability, and training and career development for drafting and non-drafting staff

the PCO’s capability and resourcing.

Acknowledgement

The PCO works with government departments and other agencies in drafting legislation and with the Office of the Clerk of the House during the passage of Bills through Parliament. The PCO also works closely with the Treasury and State Services Commission in relation to funding and operational matters. The Parliamentary Service provides financial, accounting, payroll, and other services to the PCO under a service level agreement. The PCO also works with organisations outside government. The PCO has good working relationships with all departments and organisations with whom it works and acknowledges the assistance and support received from them during the year.

Legislation has to be drafted and published to very high standards. The year under review has not been without challenges for the PCO. Restarting the PAL Project and a further review of the PCO’s organisational structure and operations have placed additional demands on an otherwise busy office and can create anxiety about structural change and changes to business processes. The staff of the PCO have responded positively to these challenges and are again to be commended for the contribution they have made to the work of the PCO throughout the year.
STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVE 1—BEST PRACTICE LEGISLATIVE DRAFTING SERVICES

The goal of this objective is to provide high quality 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 adopts a legislation programme for each calendar year. Bills are assigned categories on the programme according to their legal and policy importance. The categories are:

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

The PCO drafts Bills for which it receives instructions according to the priorities assigned to them. The programme changes throughout the year as new Bills are added to, and some are taken off, the programme. The time taken to make policy decisions may affect when the PCO receives instructions and drafts Bills.

Category 1 Bills include Appropriation Bills and Imprest Supply Bills, Bills required to confirm and validate certain kinds of legislative instruments that would lapse unless confirmed or validated by an Act of Parliament, time-critical Treaty of Waitangi Claims Settlement Bills, and the Bill to fix annual tax rates. There were 13 Category 1 Bills. Apart from the Bill to fix annual tax rates and two other tax Bills, which were drafted by the IRD, the PCO drafted all Category 1 Bills.

Category 2 Bills are those Bills required by the Government for important legal or policy reasons. There were 49 Category 2 Bills. Some of these were on the 2004 legislation programme and were carried over to the 2005 programme. The PCO drafted 27 Bills in this category, including 11 Bills that were introduced.

Category 3 Bills are also important for policy reasons. There were 38 Category 3 Bills. Some of these Bills were also on the 2004 legislation programme and were carried over to the 2005 programme. The PCO drafted 26 Bills in this category, including 12 Bills that were introduced.

Category 4 Bills are Bills that the Government wishes to have referred to select committees but without necessarily wishing or expecting that they will be enacted in the calendar year. There were 45 Category 4 Bills. Some of these Bills were also on the 2004 legislation programme and
were carried over to the 2005 programme. The PCO drafted 22 Bills in this category, including five Bills that were introduced.

Category 5 Bills are those for which instructions are to be sent to the PCO. The PCO rarely receives instructions for Bills in this category.

**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.

Select committee consideration of Bills can occupy many months and result in extensive amendment of Bills to take account of changes recommended by select committees following from the public submission process and the select committees’ overall consideration. 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 following projects:

- sentencing reform
- customs and excise
- search and seizure.

As at 30 June 2006, the PCO was drafting Bills to give effect to Law Commission reports on:

- arbitration
- homicide (succession)
- property law
- wills.

**Legislation Advisory Committee**

The Legislation Advisory Committee (LAC) is appointed by the Attorney-General. The LAC is chaired by the Rt Hon Sir Geoffrey Palmer, President of the Law Commission. Other members are a former President of the Court of Appeal and a serving Judge of that Court, lawyers in private legal practice, government lawyers, the Chief Parliamentary Counsel, law teachers, and economists.

The LAC advises the Government on good legislative practice and scrutinises the legislative work of the Government. The LAC carries out a number of specific functions, including:

- reviewing Bills following introduction. The LAC may make submissions to select committees or raise issues directly with the Minister responsible for a Bill or with officials from the department concerned
- advising officials on issues arising in the development of legislation before the introduction of Bills
- updating the publication *Legislation Advisory Committee Guidelines: Guidelines on Process and Content of Legislation* (LAC Guidelines). The LAC Guidelines have been adopted by Cabinet
- holding seminars for lawyers and policy advisers in government and for lawyers in private practice.

In the year under review, Parliamentary Counsel assisted with writing new chapters for the LAC Guidelines and revising some existing chapters. The Chief Parliamentary Counsel and

---

Geoff Lawn, Deputy Chief Parliamentary Counsel (Access to Legislation), gave presentations at several LAC seminars.

**Drafting of Statutory Regulations**

In the year under review, 325 Statutory Regulations were made. In the calendar year 2005, 351 Statutory Regulations were made. 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 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. Amendments were made to the Court of Appeal (Civil) Rules 2005, the Court of Appeal (Criminal) Rules 2001, the High Court Rules, and the District Courts Rules 1992. A team of Parliamentary Counsel led by Dr D L Mathieson QC worked on a project to revise the High Court Rules and had produced an initial draft of new rules at the end of the year. Another team of Parliamentary Counsel led by Ian Jamieson, Deputy Chief Parliamentary Counsel (Drafting), worked on a project to revise the District Courts Rules 1992 and had produced an initial draft of new rules at the end of the year.

Eighty notices were drafted for the Securities Commission under the Securities Act 1978 and for the Takeovers Panel under the Takeovers Act 1993. These notices can be complex instruments and are often required at short notice. The PCO accords high priority to the requirements of the Commission and the Panel in this regard.
Clear drafting

In March 2006 Parliament endorsed some drafting style changes promoted by the PCO that should improve the readability of legislation. These changes are:

- inserting near the front of amending legislation a clause stating the Title of the principal enactment that is being amended. The new style is This Act amends the Conservation Act 1987. This style avoids the repetitive use of the phrase "of the principal Act" or "of the principal regulations" whenever the amending legislation amends a provision of the principal legislation.
- setting out textual amendments without descriptive words around the quoted elements. The new style is Section 10 is amended by omitting "cat" and substituting "dog".

The PCO’s goal for clear drafting is continuous improvement. Since 1997 the PCO has been experimenting with various clear drafting techniques, which include purpose provisions, overview provisions, examples, short sentences and short provisions, graphics, and greater use of everyday language. The extent to which individual Parliamentary Counsel experiment with and embrace these techniques varies. Overall the approach has been cautious, and experimentation with clear drafting techniques is expected to continue in this vein.

Topics for future change could include:

- the style used to amend another enactment. A narrative style is used in the body of amending legislation but a more cryptic amending style is used for consequential and other amendments set out in schedules to legislation. Possible options include a single-format amendment style (such as the short-form style used in schedules) which could be in the body of the legislation or in a schedule, and a revision-tracking format that sets out the principal legislation and shows the proposed amendments in a different font or underlined.
- inserting guidance notes in the text of legislation.
- appending an index for users in appropriate cases.
- the order in which amendments are set out. For example, instead of following the current practice where the amendments follow the order of the provisions in the principal legislation that are being amended, the amendments could be arranged according to subject-matter.

Assistance for departments

A revised version of the Guide to Working with the Parliamentary Counsel Office was launched in November 2005. This guide is intended to assist departments to work effectively with the PCO, particularly when giving instructions and responding to drafts. Counsel also presented
seminars on the subject for the Department of Building and Housing, the Ministry of Culture and Heritage, and the Ministry of Justice to assist those agencies.

As well as providing formal seminars, Parliamentary Counsel provide advice to departments:

- in the course of the development of policy for legislation
- in the pre-instruction phase
- during the drafting phase
- at other times when required.

The subject-matter of advice given by Parliamentary Counsel varies enormously. The context in which advice is sought is generally a specific piece of existing legislation or proposed legislation, but may include questions of drafting practice, the application of the LAC Guidelines, general legal principles, Cabinet procedure, parliamentary procedure, the effect of court decisions, and statutory interpretation.

**PCO practice manuals**

The PCO Style Manual was issued in April 2006. This manual represents a major rewrite of the PCO Style Guide with a view to achieving more standardisation of style and better guidance for Parliamentary Counsel and editorial staff.

A revised PCO Drafting Manual is being released in instalments.

**Process for checking Royal assent copies of Bills**

In conjunction with the Office of the Clerk of the House of Representatives, the PCO introduced new checking procedures to assist Parliamentary Counsel in checking assent copies of Bills prepared by the Office of the Clerk for submission for the Royal assent. The new procedures resulted from a review carried out by the Office of the Clerk and the PCO. The new procedures are intended to reduce the likelihood of cross-referencing errors caused when clauses in Bills have to be renumbered to take in changes made to Bills during their passage through Parliament.

**Quantity of legislation**

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 2002 to 30 June 2006.
STategic OBJECTIVES

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

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

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

Number of Public Acts Passed and Statutory Regulations Made (for the year ended 30 June)
Crimes of Torture Amendment Bill

- to implement the Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (the Optional Protocol) which was adopted by a vote in the United Nations General Assembly on 18 December 2002 and signed by New Zealand on 24 September 2003

Electoral (Integrity) Amendment Bill

- to amend the Electoral Act 1993 in order to enhance public confidence in the integrity of the electoral system
- to enhance the maintenance of the proportionality of political party representation in Parliament as determined by electors by reinstating the operative provisions of the Electoral (Integrity) Amendment Act 2001, which expired on 17 September 2005

Employment Relations Amendment Bill

- to ensure the application of Part 6A of the Employment Relations Act 2000 (continuity of employment if employees’ work affected by restructuring) to specified groups of employees in situations where their employer loses a contract for services to a new contractor

Hazardous Substances and New Organisms (Approvals and Enforcement) Amendment Act 2005

- to provide for group standards to enable the Environmental Risk Management Authority to group substances based on similar type, use, or risks
- to enable health and safety in employment inspectors to inspect for compliance with controls under the Hazardous Substances and New Organisms Act 1996 (HSNO) when using the powers of entry and inspection of the Health and Safety in Employment Act 1992
- to reduce business compliance costs, barriers to innovation, and costs to the Government, particularly in relation to transferring the 70,000 notified toxic substances from transitional controls to the appropriate control regime under HSNO by June 2006

Insolvency Law Reform Bill

- to repeal the Insolvency Act 1967 and amend the Companies Act 1993
- to modernise and streamline processes
- to provide a predictable and simple regime for financial failure
- to distribute the proceeds to creditors in accordance with their relative pre-insolvency entitlements
- to maximise the returns to creditors by providing flexible and effective methods of insolvency administration and enforcement, which encourage early intervention when financial distress becomes apparent
to enable individuals in bankruptcy to participate again fully in the economic life of the community

to promote international cooperation in relation to cross-border insolvency

**KiwiSaver Bill**

- to encourage a long-term savings habit and asset accumulation by individuals who are not in a position to enjoy standards of living in retirement similar to those in pre-retirement
- to establish a KiwiSaver scheme to facilitate individuals’ savings, principally through the workplace

**Land Transport Amendment Act 2006**

- to provide for the reinstatement of passenger endorsements formerly held by persons convicted of certain offences, subject to considerations of the public interest and the risk to public safety or security

**Law Reform (Epidemic Preparedness) Bill**

- to ensure that, should there be a human outbreak of avian influenza, or an outbreak of a similar infectious disease capable of becoming an epidemic, the Crown has powers available to it that will ensure a proper response can be made, even in a worst-case scenario
- to address some of the gaps in the Crown’s statutory powers under the Health Act 1956
- to amend a number of other enactments that deal with matters that may be disrupted by, or may need to deal specifically with consequences of, an epidemic

**Lawyers and Conveyancers Act 2006**

- to maintain public confidence in the provision of legal services and conveyancing services
- to protect consumers of those services
- to recognise the status of the legal profession and to establish the new profession of conveyancing practitioner
- to reform the law relating to lawyers
- to provide a more responsive regulatory regime for both professions

**Legal Services Amendment Act 2006**

- to update the financial thresholds for legal aid eligibility enabling an estimated 1.2 million New Zealanders to access legal aid
- to revise elements of the financial eligibility and merits testing regime
- to update debt management and other aspects of legal aid administration by the Legal Services Agency
New Zealand Sign Language Act 2006
- to declare New Zealand Sign Language to be an official language of New Zealand
- to provide for its use in legal proceedings
- to provide for competency standards for the interpretation in legal proceedings of New Zealand Sign Language
- to promote and maintain the use of New Zealand Sign Language

- to entitle certain self-employed persons to parental leave payments and to provide for the administration of those payments

Resource Management Amendment Act 2005
- to improve the operation of the Resource Management Act 1991, particularly in relation to national environmental standards and policy statements, decisions by consent authorities, Ministerial call-in powers, local authority policy statements and plans, consultation with iwi, and the allocation of natural resources

Sports Anti-Doping Bill
- to provide the legislative framework under which New Zealand can implement the World Anti-Doping Code (the Code) and do its part to address the global problem of doping in sport
- to continue the New Zealand Sports Drug Agency (the Agency) (established under the New Zealand Sports Drug Agency Act 1994) as the national anti-doping organisation responsible for ensuring New Zealand complies with the Code
- to require the Agency to make rules to implement the Code

Student Loan Scheme Amendment Act 2005
- to enable full interest write-off for certain borrowers
- to provide amnesty from payment of late payment penalties in certain cases

Tariff (Trans-Pacific Strategic Economic Partnership) Amendment Act 2006
- to enable the conferral of preferential tariffs in accordance with the Trans-Pacific Strategic Economic Partnership Agreement
STRATEGIC OBJECTIVES

Te Arawa Lakes Settlement Bill
- to record the acknowledgements and apology given by the Crown to Te Arawa in the deed of settlement dated 18 December 2004
- to give effect to certain provisions of the deed of settlement, which is a deed that settles the Te Arawa lakes historical claims and the Te Arawa lakes remaining annuity issues

Unsolicited Electronic Messages Bill
- to prohibit commercial electronic messages that have a New Zealand link from being sent to people who have not given their prior consent to receiving those messages
- to prohibit promotional electronic messages that have a New Zealand link from being sent to a person who has withdrawn consent to receiving those messages
- to require all commercial and promotional electronic messages to include accurate information about the person who authorised the sending of the message, and contain a functional unsubscribe facility
- to prohibit address-harvesting software and any electronic address list produced using that software from being supplied, acquired for use, or used in connection with sending unsolicited commercial electronic messages, or promotional electronic messages, in contravention of the Bill

Veterinarians Act 2005
- to protect the public interest by aiming to ensure that veterinarians are competent to practise
- to continue the Veterinary Council of New Zealand
- to provide the Council with the powers to register veterinarians, issue practising certificates, set and implement standards for veterinary performance, monitor their performance, and, if necessary, discipline veterinarians and certain other people
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 forms
  - responding to public inquiries about legislation and legislation-related matters
  - providing better access to other types of legislation (such as deemed regulations).

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 legislation. The PCO is undertaking the project in collaboration with the Office of the Clerk and the Tax Drafting Unit of the Inland Revenue Department (IRD). Unisys New Zealand Limited (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 steps involved in obtaining a Government decision to proceed with the project are set out in the PCO’s annual report for 2004/05.
The project is now expected to be completed in early 2007. At the end of the reporting period, the first stage of the resumed project (review and consolidation of the PCO’s requirements for the new PAL system) had been completed, design and development work was almost completed, and Systems Integration Testing (SIT) was about to begin. This work is described in more detail below.

**Progress of PAL Project during 2005/06**

The first stage of the resumed project was completed in early 2006. This involved the review and consolidation of the PCO’s requirements for the new PAL system. These requirements were captured in:

- a Legislation Outputs Specification, which sets out a complete statement of the format of New Zealand legislation that the new PAL system must be able to produce. This is a comprehensive set of print output specifications and example documents for use in the design, development, and testing of the PAL system.

- a Consolidated Functional and Non-Functional Specification, which integrates the original user requirements and functional specifications developed in Stage 1 of the project in 2001, together with requirements, issues, and defects identified during subsequent testing of the PAL system, the technical review undertaken by Dr Timothy Arnold-Moore from InQuirion Pty Ltd (now part of Science Applications International Corporation (SAIC)), and the evaluation of alternative print rendering engines also undertaken by Dr Arnold-Moore.

- a revised Document Type Definition (DTD) Guide.

As baseline documents, these specification documents form the foundations for the remaining design, development, and testing phases of the project.

As part of the first stage of the resumed project, Unisys carried out a “proof of concept” exercise for key technology components highlighted during the technical review, in order to confirm that the proposed technology is capable of meeting the PCO’s business requirements, and that certain business processes can be satisfactorily catered for in the new system. The proof of concept focused particularly on the capability and performance of the new print rendering engine (Arbortext E3) in the production of electronic files for printed documents and for the new PAL website, and in the production of Bills with correct line numbering; the capability and performance of the website search engine (DTSearch); and the ability of the new system to produce Bills with correct revision-tracking markup for display on the new PAL website. The proof of concept exercise successfully confirmed these capabilities.

A “spotlight review” undertaken by the PCO and Unisys at the end of the first stage confirmed the effort, deliverables, and timeframe required to complete the project. As part of the spotlight review, the PCO and Unisys reviewed and revised the project schedule in the light of the signed-off specifications and system architecture approach (see below). The revised project
schedule confirmed that the PAL system should be ready for final acceptance by the PCO in late 2006 (although this is now expected to be early 2007).

The remaining stages of the PAL Project involve design and development, SIT, performance and stress testing, user acceptance testing (UAT), training, and implementation. At the end of the reporting period, Unisys was still completing the design and development of the new PAL system and had yet to begin SIT.

On the basis of progress to date, the main impact of the implementation of the PAL Project on the operations of the PCO (as well as the Office of the Clerk and the IRD) will occur in early 2007. Planning for the business implementation of the new PAL system has begun, in order to ensure that the PCO will be able to successfully manage the implementation and bedding-in of the new PAL system while still ensuring that the standard of service it provides to Ministers, departments, and select committees is maintained.

Business planning to date has covered the conversion and migration of work in progress (including legislation being drafted, and Bills and SOPs before the House or select committees), and the documentation of new and changed business processes. Since the PCO will be supplying prepublication services to the Office of the Clerk and IRD, work on settling the arrangements and service level agreements between the PCO and both of those agencies has begun.

Unisys, on behalf of the PCO, will house and maintain the new PAL system at Unisys’ Kapiti Data Centre, but the PCO will be responsible for first tier support of the system for the PCO, Office of the Clerk, and IRD. Work on finalising the arrangements between the PCO and Unisys for the ongoing support, maintenance, and enhancement of the new system has begun. The PCO will also need to recruit additional IT staff to boost Helpdesk support, and to provide business analysis skills to support the ongoing development of the system. Some work has been done to scope this requirement.

A significant number of staff have been involved in the PAL Project on a day-to-day basis. At least two staff members from each business unit within the PCO have been 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 work, and to facilitate communication with, and feedback from, the other members of each team member’s business unit. There has been close cooperation between the Unisys developers and PCO, Office of the Clerk, and IRD staff, and one PCO staff member has also been dedicated to a liaison role with Unisys. A small group of staff has also begun work on the development of updated business documentation.

A small number of PCO, IRD, and Office of the Clerk staff will be involved in SIT, but this number will increase for UAT.

The PCO and Unisys have continued to maintain a close relationship at the executive management level. There have been briefings between the project sponsor and Unisys senior management in the USA, monthly steering committee meetings, pre-steering committee meeting briefings between the PCO and Unisys, regular informal discussions between the PCO and Unisys project directors, and weekly project manager meetings. The PCO wishes to acknowledge the work of the members of the steering committee, particularly those members from organisations outside the PCO and Unisys.

Communication and change management

The implementation of the new PAL system will involve significant change management issues for the PCO, since the introduction of the new system will affect key aspects of the work processes of the PCO, Office of the Clerk, and IRD. As well as ensuring that staff are well trained in the new system, the PCO will need to ensure that they understand and accept the need to learn and use the new system efficiently, and are adequately supported during and after the transition to the new system.

Staff in the three agencies involved in the project have been kept in touch with project progress through regular briefings from project team members, and articles in the PCO’s internal newsletter.

The PAL section of the PCO website was also updated after the spotlight review. A briefing on project progress was offered to members of the IT media.

Standardisation and simplification

The PCO and Unisys agreed that, during the first phase of the resumed project, both parties would review the requirements for the system with a view to avoiding unnecessary customisations of the software packages selected to form part of the PAL system. In particular, requirements that could not be fulfilled by standard features of these packages would be reassessed to see if the requirements could be eliminated by a change to work practice or at least simplified to avoid the need for customisation.

As a result of this standardisation and simplification review, the PCO identified a number of changes to business processes and the format of legislation that would eliminate or reduce the need for customisation. These include the following:
Annual bound volumes

The process for producing annual bound volumes of Acts and Statutory Regulations has been removed from the scope of the project, and will be undertaken using a separate process. Some changes have also been made to the format of the annual bound volumes to simplify and expedite their production. These changes include ceasing to add sequential page numbers to the items in the volumes, although individual enactments within each volume will retain their original page numbers. The overall objective is to publish Acts and Statutory Regulations in the annual bound volumes in the form in which they were enacted or made, without any changes being made between the loose copy and its version as printed in the annual bound volumes.

Tables of contents

The format of the table of contents (ToC) at the start of each Bill, Act, set of Statutory Regulations, and reprint has been changed from two columns to a single column. Page numbers are included in the ToC, and the font size of the ToC has been increased to enhance readability. Page numbers in ToCs will assist users to navigate around large Acts, Bills, regulations, and reprints, and will compensate for the removal of sequential page numbers in annual bound volumes. These changes have been introduced for all legislation as from January 2006.

International conventions and treaties

International conventions and treaties that are included in legislation will be reformatted to conform to normal PCO style, rather than reproduced in the highly variable formatting of the original. This change will be introduced when the new PAL system goes live, since constraints within the typesetting system currently in use do not permit its earlier introduction.

Cross-referencing

The PCO’s requirements for cross-referencing within and between electronic versions of legislative documents have been simplified, to avoid the need for significant customisation of the software required to create and maintain hypertext links within and between legislation on the new PAL website.

New systems architecture

Chosen technology

Following the confirmation of the PCO’s requirements and the proof of concept, the technology toolsets chosen for the PAL system are:

- Arbortext Epic Editor for XML authoring
- Documentum for content management, running on an Oracle/Linux platform
- Arbortext E3 for rendering output (HTML and PDF)
- Arbortext Styler for stylesheet design
- Arbortext DLM for cross-referencing.
System architecture

Advances in technology and architectural thinking since the PAL system was originally designed have led to the adoption of a Service Oriented Architecture (SOA) model. Instead of having to make all the components talk directly to each other through the proprietary software integration modules provided by the software vendors, the individual “services” that each software package provides are loosely coupled under the umbrella of a single overarching software module using a web service interface and a unified user interface. This new approach to the technical architecture of the PAL system is designed to provide a more unified and consistent way by which staff within the PCO, Office of the Clerk, and IRD will access the new PAL system.

Some key benefits of the new architecture are:

- a simplified and consistent user interface for those operating the system
- improved administration and management of the system components
- less dependence on individual system components
- improved maintainability
- a high degree of future-proofing
- reduced custom development and maintenance through increased use of standard software packages.

Instead of staff having to log into different software packages to do different things, all the services that make up the PAL system (such as document search, document check-in and check-out, and document rendering to PDF (for print) and HTML (for the website)) will be provided through a unified user interface. Authoring and editing will still be carried out in Epic Editor, but the other “services” will be accessed through a specially designed interface integrated into Epic itself. The new unified user interface is being designed carefully to ensure that it provides all staff with the functionality that they need to perform their jobs. A team of users from the PCO, Office of the Clerk, and IRD has been involved in design workshops and the review of design documents.

The original system architecture for the PAL system included Microsoft Windows Server for the operating system and Microsoft SQL Server for the database component of the content management system. Unisys has now recommended and implemented changes in the underlying operating system and database environments in order to address certain technical issues and potential performance issues. The content management system will now run on an Oracle platform, with Linux as the operating system.

Independent quality assurance

Independent quality assurance of both the technical and project management aspects of the project has been undertaken during the course of the reporting period. Dr Timothy Arnold-Moore and another technical adviser, Steven Thomsen, have reviewed the new system.
architecture and other specification and design documents. Hewlett-Packard New Zealand (HPNZ) has continued to review the project management aspects of the project, with a particular emphasis on change management.

**Monitoring**

The project continues to be monitored under the Government regime for Managing and Monitoring Major IT Projects.

Because of the project’s history, there has been ongoing and intensive scrutiny of every aspect of the project, both from a technical and a project management perspective. Both Dr Arnold-Moore and HPNZ have highlighted the need for this scrutiny to be considered and balanced because of the risk that excessive scrutiny might prove a distraction to key project personnel and impede project progress.

**Publication of printed legislation**

**Acts, Statutory Regulations, Bills, and Supplementary Order Papers**

The PCO:

- supplies printed copies of Government Bills and Government SOPs to the House and, on a selective basis, copies of Acts with proposed amendments incorporated
- publishes printed copies of Bills and SOPs, 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 subsidiary of Blue Star Print Group (New Zealand) Limited (Blue Star).

The obligation imposed by section 4 of the Regulations (Disallowance) Act 1989 to lay all regulations before the House of Representatives not later than the 16th sitting day after they are made is also met on behalf of the PCO by Securacopy supplying a presentation copy of every new set of regulations to the Office of the Clerk.

The Statement of Objectives and Service Performance (at pages 61 to 68) sets out the details of the objectives for this work, the standard of performance achieved, and comparative figures.

Barcodes for legislation were introduced in late 2004 for all new legislation. Since then, the PCO has been working with Securacopy to refine Securacopy’s reporting system so that it provides sufficient information to enable the PCO to monitor trends in the sale of printed legislation over time, and so assess the impact that free public access to legislation via the internet has on demand for printed copies. However, the fact that legislation printed before the end of 2004 is not barcoded means that it is not currently possible to draw any meaningful conclusions about trends in the sale of printed legislation. As a greater proportion of the stock of legislation...
becomes barcoded, and with the refinements to reporting systems, these trends should become more readily apparent.

No copies of Acts with proposed amendments incorporated were produced during the financial year. However, it is a requirement that the PAL system be able to produce documents of this type, and their production will be facilitated by the ability to use the electronic copy of the relevant principal enactment or reprint that will become available through the acquisition of an electronic database of legislation from Brookers Limited.

New arrangements for the printing, distribution, and sale of legislation were made between the PCO and Securacopy with effect from 1 January 2003. It was intended that this arrangement would be in place until July 2004, and the printing contract put out to tender before its expiry. As reported in the 2003/04 annual report, the PCO decided in early 2004 that it was not appropriate to tender the printing contract at that time, and extended the Securacopy contract until the end of March 2006.

The PCO decided in early 2006 that it was still not appropriate to tender the printing contract, and the PCO and Blue Star agreed to extend the Securacopy contract until 31 January 2008, with provision for a further extension of six months. The reasons for extending the printing contract again were essentially the same as those for extending the contract in 2004:

- a meaningful tender process for a new contract requires good information on current demand for printed legislation to be available to potential tenderers
- when the PAL Project is implemented, the availability of free public access to legislation in electronic form is expected to result in a decline in the sale of printed legislation
- it is therefore not appropriate to tender for a new contract until the impact of the availability of free public access to legislation on the demand for printed legislation can be taken into account.

A reasonable period after the implementation of the PAL Project will be needed to evaluate the ongoing demand for printed legislation.

In addition, the extension harmonises with printing arrangements between the Office of the Clerk and Securacopy for parliamentary printing, and maintains stability in the arrangements for the supply of legislation to Parliament, and the availability of printed legislation to the public, until the PAL Project is completed. The PCO is also satisfied that the present arrangements with Securacopy are working well, with competitive pricing and satisfactory service levels. The further extension of the Securacopy contract also continues the arrangements (outlined in detail in the 2003/04 annual report) for the availability of free public access to legislation via the Knowledge Basket website, and for the PCO to be provided with a copy of the Knowledge Basket’s collection of legislation material at the end of the term of the contract.
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. What is reprinted is determined in accordance with the PCO reprinting policy 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 conducted the annual public survey to develop a reprinting programme for the 2005/06 financial year. 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 2005/06 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 2006/07 financial year was underway. The survey follows the same format used successfully for the previous surveys.

The Statement of Objectives and Service Performance (at pages 61 to 68) sets out the details of the objectives for this work, the standard of performance achieved, and comparative figures.

The reprinting programme for 2005/06 provided for the reprinting of 24 Acts and seven Statutory Regulations. A further seven Acts were added to the programme during the course of the year. Work continued on 14 Acts and three sets of regulations that were carried over from previous programmes. During the reporting period, 39 reprinted Acts and ten reprinted Statutory Regulations had been published. Work was also undertaken but remained incomplete on reprints of a further six Acts and, in one case, reprinting work was put on hold as a result of proposals to amend the particular enactment.

In total, 7,595 pages of reprints were published during the financial year, 623 pages more than in the previous financial year. Apart from 1931 and 1957, when special projects were undertaken to reprint the entire collection of New Zealand Public Acts, this represents a record number of pages of reprints published by the PCO in a single year.
Prepublication

Arrangements with Legislation Direct

The current arrangement with Legislation Direct to provide prepublication services for legislation will now end on completion of the PAL Project in early 2007. The PCO Prepublication Unit (PPU) will then take over responsibility for the prepublication and publication functions now undertaken by Legislation Direct.

PPU staff have continued to work at Legislation Direct on a daily basis 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 provided assistance to Legislation Direct with reprinted Acts and Regulations.

PAL Project

In addition to their prepublication work, PPU staff have continued to make a significant contribution to work on the PAL Project. This has included preparing scripts for testing, checking output design against output specifications, and answering inquiries for the project team.

In-house production of regulations

In April 2006, a PCO working party recommended that the PPU undertake prepublication work on regulations in-house to prepare PCO staff for the introduction of the new PAL system. The working party liaised with Securacopy and the Department of Internal Affairs, publisher of the New Zealand Gazette, on the implementation of this project. Changes to the Gazette procedure are set out below.

On 1 June 2006, the PPU successfully took over from Legislation Direct the prepublication tasks associated with producing regulations, the production of the Regulations Summary notice for the Gazette (as required by section 12 of the Acts and Regulations Publication Act 1989), and supplying to Securacopy the electronic file of loose Statutory Regulations for printing, publication, and distribution. Until the PAL Project is completed, the PPU continues to use the legislation typesetting system provided by Legislation Direct, but now accesses the system remotely from the PCO’s premises.

Changes to Gazette procedure

For many decades, the Government Printing Office (GPO) produced both Statutory Regulations and the New Zealand Gazette. The Gazette Clerk (an employee of the Department of Internal Affairs (DIA)) visited the GPO twice a day to collect and deliver notices for publication and proofs for checking, as well as to prepare the Regulations Summary notice and to approve both regulations and the Gazette for publication. Although the DIA took over the Gazette
publishing in 1987, and the GPO was privatised in 1989, the Gazette Clerk’s involvement in the publication of regulations continued unchanged.

The PCO working party and the DIA concluded that this work could be carried out more efficiently if it was integrated into the work processes of the PPU and the Editorial Services team. The changeover occurred on 1 June 2006.

The PCO wishes to record its appreciation for the work of the small number of highly dedicated Gazette Clerks who, over many years, have provided exceptional service in ensuring that Statutory Regulations, and the Regulations Summary notice, have been published accurately and in a timely manner.

**Annual bound volumes**

For the first time, the PPU rather than Legislation Direct prepared the preliminary pages and spines for the bound volumes prior to sending to Securacopy for printing. Previously, all loose Acts and regulations were prepared for printing by reprocessing each loose publication to ensure that the page folios of the volumes appeared as consecutive numbers. A major change this year was that the loose publications were not reprocessed; instead, Securacopy utilised existing PDFs of the loose publications to prepare the bound volumes. Consequently, from 2005, all individual Acts and regulations in the bound volumes retained their original page numbers. The benefits of this new process are that the bound volumes can be prepared in a more timely and efficient manner, and the process is in line with the requirements of the PAL Project.

**Electronic legislation**

On the completion of the PAL Project, the PCO will provide free public access, via the internet, to an electronic database of legislation. Because the PAL Project has not yet been completed, the PCO provides access, on an interim basis, through arrangements with Brookers and the Knowledge Basket.

**Interim Website of New Zealand Legislation**

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.

Over the period 1 July 2005 to 30 June 2006, the PAL interim website saw a steady increase in usage, with an average of 28,000 unique visitors per month. The following chart shows unique visitors per month over that period, along with figures for the previous year:
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 SOPs, 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 electronic version of the Tables was updated to 1 July 2005 in July 2005, and both versions were updated to 1 January 2006 in February 2006.

List of deemed regulations

Deemed regulations are instruments required to be treated as regulations for the purposes of the Regulations (Disallowance) Act 1989, but are not drafted by the PCO or published in the Statutory Regulations series. They are made by Ministers, officials, or organisations, rather than the Executive Council on the recommendation of Cabinet. Examples include land transport rules, civil aviation rules, and a wide variety of other rules, codes, and other legislative instruments.
The electronic version of the Tables available on the internet previously included a list of deemed regulations. In the reporting period, the PCO updated and transferred the list of deemed regulations to the PCO website (www.pco.parliament.govt.nz/legislation/deemedregulations.shtml). The updated list now provides links to the websites where the deemed regulations are published, information on the administering agencies, and details for obtaining printed copies.

The PCO also implemented procedures to ensure that the list of deemed regulations is updated on a monthly basis by its Editorial Services team, through liaison with the administering agencies.

In the past, because of their varied origins and nature, it has sometimes proved difficult to access deemed regulations. The new list of deemed regulations on the PCO website should help to overcome this problem; however, the continuing accuracy of this central list of deemed regulations will very much depend on receiving timely information from regulatory agencies.

Responding to inquiries about 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 inquiries received at the PCO website are, if possible, answered by the Parliamentary Information Service. Complex inquiries are forwarded on to the Communications Adviser at the PCO for direct reply. Email and phone inquiries about the PAL Project and the interim website are dealt with by the PAL Project Administrator.

Due to the increase in inquiries, in May 2006 the PCO expanded the “About this site” page and added a Frequently Asked Questions (FAQ) page to the Interim Website of New Zealand Legislation.

Liaison with other agencies

The PCO liaises with other agencies on access to legislation matters, and monitors developments in access to legislation in other jurisdictions, sharing information and knowledge. The work is reported on at pages 42 to 45.

Classification and indexing of legislation

In a paper delivered in March 2006, the President of the Law Commission, the Rt Hon Sir Geoffrey Palmer, expressed concerns about the ability of people to locate relevant provisions in the New Zealand statute book on account of its large size, the way it is arranged, and

---

10 Law Reform and the Law Commission in New Zealand: after 20 years—we need to try a little harder, an Address to the New Zealand Centre for Public Law, Victoria University of Wellington, 30 March 2006.
the lack of an adequate index. He considered that although New Zealand has plain English drafting, we do not have adequately accessible statute law.

The Government has therefore invited the Minister responsible for the Law Commission to include in the Law Commission’s 2006/07 work programme a project, to be undertaken in conjunction with the PCO, to investigate making New Zealand’s statute law more accessible by the introduction of a more systematic method of classifying and indexing Acts of Parliament.

A small working group has been formed, comprising Sir Geoffrey, Professor John Burrows QC, Professor of Law in the School of Law, University of Canterbury, the Chief Parliamentary Counsel, and the Deputy Chief Parliamentary Counsel (Access to Legislation), with research assistance from the Law Commission. It is proposed to carry out preliminary research, including investigating statutory classification or indexing initiatives in other jurisdictions, and review electronic subject-based indexing and searching methods. The working group will then develop and publish a discussion paper for public consultation before making final recommendations to the Government. Some initial research has already been undertaken, for example into the production of the *Index to Subject Matter of Victorian Legislation* produced by the Office of the Chief Parliamentary Counsel in Victoria, Australia.
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, and the whole of office dynamic is enhanced
- the PCO has effective and well-documented workplace policies, practices, and procedures, that also take account of the family responsibilities of staff
- technology is used effectively
- internal and external communication is improved
- the PCO complies with its legislative obligations.

Organisational health and capability

Review of the PCO

A review by external consultants of the organisational structure and administrative and management systems of the PCO began in December 2004. This review, which was carried out principally at the request of the Treasury and the State Services Commission, was designed to identify an appropriate level of financial resourcing for the PCO and also recommend appropriate management and related systems and processes for the PCO, having regard to the significant changes in the size and composition of the office over the last decade and to the anticipated impact of the PAL Project on the PCO’s operations. The review was not completed.

In April 2006, PricewaterhouseCoopers (PwC) was engaged to undertake a similar review and was in the process of preparing a report and recommendations at the end of the financial year. Both reviews have involved significant work for the PCO Management Team, and the PwC review, in particular, has involved extensive discussions with the staff of the office.

The PwC review is focusing on:

- governance and strategic management
- the management of the PCO’s activities, with a particular focus on non-drafting activities
- knowledge and information management arrangements
- strategic development and management of information systems and publishing systems
- options for the organisational structure, including roles
- human resources management and systems
- capability development, including training
• development of a career structure within the PCO for all staff
• accounting and financial advice and systems.

PwC will also assess any major transition issues which will need to be addressed when implementing recommendations.

The PCO considers the review is timely. The PCO has expanded from a staff of 26 in 1996 to a staff of 79 in 2006. The existing organisational structure is no longer suitable to support the PCO, particularly as regards executive and management support, information and knowledge management, and the publishing functions of the office. Aspects of a number of current systems and processes also need to be reviewed, including the performance management system. The PCO looks forward to receiving PwC’s report and recommendations.

Employment environment

Three new employment policies were developed in the 2005/06 year, which are still in draft form and subject to approval by the PCO Management Team. These are: the Disciplinary Policy, the Recruitment Policy (and Procedures), and the Employment Policy.

The uptake by staff of training opportunities in the reporting period has been pleasing. The PCO has historically found training for senior managers more difficult to achieve, but in the last year Geoff Lawn, Deputy Chief Parliamentary Counsel (Access to Legislation), completed the nine-month “Leadership in Practice” programme, run by the Leadership Development Centre. In addition, Geoff Lawn is participating in the NZIM Mentoring Programme.

Effective use of technology

The main focus of information technology at the PCO during the last year has been the PAL Project (discussed at pages 25 to 31). It was necessary that the PAL architecture be finalised before any changes could be made to the PCO IT environment. The office had been operating on an early version of the content management system Documentum, which is now unsupported, and has compatibility issues with later versions of Microsoft operating systems. Now that the PAL architecture has been settled, the PCO has been able to upgrade Documentum, as well as its Microsoft desktop operating system and other office applications. This project went live during the weekend of 30 June, with plans and supporting documentation in place for the training of all staff.

A review of Information Systems documentation is also under way, and will continue throughout the third quarter of 2006.

A purchase order system was implemented on 1 July 2005 to keep track of the entire life cycle of purchases, from placing an order, through the various approval steps, to the end of the process when the invoice is paid. The system also provides an audit trail.
Information Systems installed dual monitors for drafters and Reprints Unit and Information Systems staff in early 2006. One of the major benefits of dual monitors is the ability to click and drag excerpts from existing legislation on one screen into a draft legislation document on the other screen. This promotes the use of electronic sources of legislation and therefore allows savings to be made by reducing the number of sets of printed legislation that the PCO needs to maintain.

The acquisition of specialised library software has improved the delivery of library services by the PCO librarian. This has been complemented by the addition of abstracts to the library catalogue and by the provision of more online resources.

Since the launch of the PCO intranet in June 2005, further improvements have been made to extend the range of services and information available from a single point of access. Staff use of the intranet has continued to be high.

**PCO website**

In line with the Cabinet directive,\(^1\) the PCO reviewed the compliance of its website www.pco.parliament.govt.nz with version 2.1 of the Web Guidelines.\(^2\) Although the site complied with the majority of requirements, several key areas were found to need attention. The necessary work was then carried out, achieving near-complete compliance with the guidelines. Examples of the changes include:

- graphics-based navigation replaced with text-based navigation
- all web pages amended to accommodate a variety of screen sizes and text sizes
- font sets changed to allow for macrons and accents
- new pages and elements added where required
- homepage text changed to dark on a white background.

HTML 4.01 Transitional and W3C standards are adhered to throughout.\(^3\) The few older documents on the site that do not comply with the guidelines will be amended during 2006.

**Records management**

The PCO is developing an integrated approach to records systems that adheres to the statutory requirements, government standards, and best practice for records management. Ongoing records projects include:

- provision for the launch of the PAL system
- finalising the records management policy

---

\(^1\) CAB Min (03) 41/2B.


\(^3\) See Chapter 6 of the Web Guidelines for an explanation of these standards.
drafting of records management procedures

updating the retention and disposal schedules

relisting on-site and off-site storage records to the listing standard required for transfer to Archives New Zealand.

**External relations**

The PCO maintained and enhanced working relationships within government and with organisations outside government in a number of ways, including:

- the Chief Parliamentary Counsel and Deputy Chief Parliamentary Counsel (Drafting) met on House sitting weeks with the Attorney-General and Leader of the House, the Minister of Justice and Deputy Leader of the House, the Principal Private Secretary to the Attorney-General and Leader of the House, the Clerk of the House, and the Legislation Programme Coordinator
- the Chief Parliamentary Counsel met with the Attorney-General as necessary and provided written reports and briefing material for the Attorney-General
- the Chief Parliamentary Counsel met regularly (at least every six weeks) with a Deputy State Services Commissioner
- the Chief Parliamentary Counsel liaised with the Clerk of the House on a regular basis
- the Chief Parliamentary Counsel attended meetings of the Chief Executives Forum
- drafting team leaders liaised with instructing departments for whose legislation their teams are responsible
- the Manager Support Services met monthly with the Treasury and Parliamentary Service and also with Securacopy
- the Manager Support Services attended the Corporate Services Managers meeting (a group for similar-sized agencies) and the Parliamentary Agencies Information Committee, both monthly; the Management Support Coordinator attended the three-monthly meetings of the Parliamentary Complex Health and Safety Committee
- the Chief Parliamentary Counsel liaised on an ongoing basis with the President and Deputy President of the Law Commission and with the Chair, members, and Clerk of the Rules Committee
- the Chief Parliamentary Counsel attended meetings of the Legislation Advisory Committee and liaised with the Chair, members, and Secretary of the Committee
- monthly meetings were held of the PAL Project steering committee and with the PAL Project monitoring agencies (the Treasury and State Services Commission)
- the Chief Parliamentary Counsel attended meetings in Australia of the Australasian Parliamentary Counsel’s Committee (PCC). The PCC comprises the heads of the
Australian Federal, State, and Territory drafting offices. The Chief Parliamentary Counsel maintained contact with members of the PCC by telephone and email.

- the Chief Parliamentary Counsel, who is a member of the Council of the Commonwealth Association of Legislative Counsel (CALC), maintained contact with other council members throughout the year. Attendance at the 2005 CALC conference is mentioned below.

The PCO has continued to monitor developments in both drafting and access to legislation in other jurisdictions, and to exchange information and knowledge both with other jurisdictions and with other New Zealand agencies, through participation in conferences, seminars, and external projects:

**Conferences**

Attendance by PCO staff at the annual Australasian Parliamentary Counsel’s Committee IT Forum (held in July 2005 in Hobart, Tasmania) provided the opportunity to keep in touch with developments in access to legislation in State and Federal drafting offices in Australia. PCO staff were also able to share technical and other information and experience gained through the PAL Project.

The Fourth Australasian Drafting Conference was held in Sydney in August 2005, with the theme “The View From the Other Side of the Fence”. The conference focused on external factors affecting the drafting of legislation, particularly the implications of court decisions. Six Parliamentary Counsel, including the Chief Parliamentary Counsel, attended this conference. The Chief Parliamentary Counsel and Ross Carter presented a paper on the purposive interpretation of legislation in New Zealand. Bill Moore presented a paper on working with instructing departments, and Julie Melville presented a paper on parliamentary scrutiny of legislation in New Zealand.

The Commonwealth Association of Legislative Counsel (CALC) holds a conference of legislative drafters every two years in conjunction with the Commonwealth Law Conference, providing an opportunity for contact with legislative counsel in commonwealth jurisdictions. A CALC conference was held in September 2005 at the University of London ahead of the Commonwealth Law Conference in London. The Chief Parliamentary Counsel and Ian Jamieson, Deputy Chief Parliamentary Counsel (Drafting), attended these conferences. The Chief Parliamentary Counsel chaired a conference session on the organisation of legislative drafting offices. A Parliamentary Counsel who was on leave in London at the time also attended the conferences.
Seminars presented at the PCO

In the 2005/06 year, seminars were presented by the following speakers:

- Joanna Davidson, Crown Counsel, on claims for damages under the New Zealand Bill of Rights Act 1990
- Stephen Mattingley, Parliamentary Counsel, Canberra, on aspects of drafting practice and procedure in the Commonwealth of Australia
- Kristina Temel and Charlotte Connell from the Ministry of Justice, on recent developments in the New Zealand Bill of Rights Act 1990 and approaches to vetting legislation
- Rosalind Cheek, Crown Counsel, Falkland Islands, on the law and constitutional status of the Falkland Islands
- Alex Conte, senior lecturer at the University of Canterbury, on the topic of legislative responses to terrorism
- David Harrold, Director Legislation Services at the Western Australia Parliamentary Counsel’s Office, on systems and processes used in that office
- Ros Coote, from the State Services Commission, on the Public Sector Intranet.

These seminars form a valuable contribution to the work of PCO staff and an integral part of professional development. The PCO is very grateful to the speakers for their willingness to speak to PCO staff and the high quality of their presentations.

Seminars presented by PCO staff

In addition to the papers presented at conferences detailed above, Parliamentary Counsel have presented the following seminars or lectures:

- the Chief Parliamentary Counsel and the Deputy Chief Parliamentary Counsel (Access to Legislation) gave presentations as part of Legislation Advisory Committee seminars in September 2005 and April 2006 (on legislative drafting instructions and drafting the law)
- the Chief Parliamentary Counsel presented a paper at the LexisNexis Public Sector In-house Counsel Forum in November 2005 (parliamentary supremacy, judicial independence, and the doctrine of precedent: Parliament’s role versus the role of the courts)
- Parliamentary Counsel Ross Carter, Briar Gordon, Mark Gobbi, Adrienne Melkie, and Scott Murray taught a course on legislation at the Victoria University Law School in the second trimester of the 2005 academic year and the first trimester of the 2006 academic year.

In-house forums

Parliamentary Counsel hold regular in-house forums at which they discuss topics of interest arising in the course of their work. The topics include current legislative projects, clear drafting, parliamentary process, issues associated with reprinted legislation, and issues raised by PCO management.
Review of Parliamentary website

The Office of the Clerk and the Parliamentary Service have been undertaking a review of the parliamentary websites for several years, with a view to providing a new and integrated website for Parliament. The new website is scheduled to go live in August 2006, and will provide information about the progress of legislation through the House, including access to Bills and SOPs. The PCO has liaised with the project team developing the new website, in order to ensure that the processes being put in place as part of the PAL Project are compatible with the requirements of the new Parliamentary website, in particular the processes for supplying it with legislative data.

Statute Law Database

The United Kingdom Government has been developing a Statute Law Database (SLD) for a number of years. The project, which is being undertaken by the Statutory Publications Office within the Department for Constitutional Affairs, involves the development of an official revised version of the statute book for the UK in electronic form. The database is currently available only to government users, but is eventually intended to be made available online to the public.

The PCO has kept in touch with the project, and shared information about the PAL Project. The PCO is currently participating in a pilot of the SLD inquiry system for public users. The pilot is to test and gain feedback on the web-based facility to be used for public access to the SLD.

People

Retirement of Julia Kennedy

Julia Kennedy was appointed to the position of Manager Support Services in July 1994 and retired from that position in June 2006. Julia worked tirelessly and generously over many years to improve capability and systems and processes in the PCO. Julia worked closely with central government and parliamentary agencies and with other public sector managers. She was widely respected. The PCO greatly appreciates her valuable and sustained contribution and positive approach in assisting to address issues in many areas of the PCO’s operations.

John Farrell, formerly Chief Executive of the Securities Commission, has been engaged to provide interim management support services until a new appointment is made.

Secondments

Jacqueline Derby, Parliamentary Counsel, participated in a six-month exchange arrangement with the Australian Government Office of Parliamentary Counsel (OPC) in Canberra. While Jacqueline was in Canberra, Stephen Mattingley from the OPC took her place at the PCO. While at the PCO, Stephen contributed to the PCO’s seminar programme. Jacqueline gave a similar presentation on her OPC experiences on her return. The exchange was successful and the PCO hopes its staff can be involved in future exchanges.
At the request of the Falkland Islands Government, Rosalind Cheek, the Falkland Islands’ first qualified solicitor to be born and practise on the islands, took up a secondment with the PCO in March 2006 for three months. Rosalind was becoming increasingly involved in drafting as part of her role in the Falklands, and thus her experience at the PCO was particularly relevant.

Parliamentary Counsel Adrienne Meikle completed her six-month secondment to the office of the Attorney-General in November 2005. Parliamentary Counsel Briar Gordon was then seconded to the office for a further six months.

Publications

Mark Gobbi has continued to serve as a Special Advisor to the New Zealand Yearbook of International Law, which is published by the International Law Group, School of Law, University of Canterbury. In doing so, Mark contributed an article to the latest edition of the yearbook: “Treaty action and implementation” (2006) 3 NZYIL 221–266. The article documents the legislation enacted to implement New Zealand’s international obligations, the cases involving New Zealand’s international obligations, and the treaties entered into during the yearbook period.

Geoff Lawn has contributed a chapter, “Improving public access to legislation: the New Zealand experience (so far)”, to 6 UTS Law Review: “Computerisation of the Law: Global Challenges”.

Briar Gordon is a co-author and specialist contributor (Treaty of Waitangi) of the Brookers text, Resource Management.
FINANCIAL STATEMENTS

FINANCIAL STATEMENTS OF THE PARLIAMENTARY COUNSEL OFFICE
For the year ended 30 June 2006

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 2006, including the Statement of Objectives and Service Performance, now follow.

STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2006

In our opinion, the financial information presented in the Statements and Notes to the Financial Statements 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.

Countersigned by:

G E Tanner QC
Chief Parliamentary Counsel
11 August 2006

John Farrell
Acting Manager Support Services
Parliamentary Counsel Office
11 August 2006
# STATEMENT OF FINANCIAL PERFORMANCE

*For the year ended 30 June 2006*

<table>
<thead>
<tr>
<th></th>
<th>30/6/05 Actual</th>
<th>30/6/06 Main $000</th>
<th>30/6/06 Estimates $000</th>
<th>30/6/06 Supp. $000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crown</td>
<td>15,147</td>
<td>15,729</td>
<td>15,729</td>
<td>15,729</td>
</tr>
<tr>
<td>Other</td>
<td>120</td>
<td>178</td>
<td>153</td>
<td>153</td>
</tr>
<tr>
<td><strong>Total operating revenue</strong></td>
<td>15,267</td>
<td>15,907</td>
<td>15,882</td>
<td>15,882</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>6,539</td>
<td>2</td>
<td>6,942</td>
<td>7,383</td>
</tr>
<tr>
<td>Operating</td>
<td>7,136</td>
<td>3</td>
<td>5,923</td>
<td>7,509</td>
</tr>
<tr>
<td>Depreciation</td>
<td>419</td>
<td>4</td>
<td>390</td>
<td>467</td>
</tr>
<tr>
<td>Capital charge</td>
<td>492</td>
<td>5</td>
<td>533</td>
<td>523</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>14,586</td>
<td>13,788</td>
<td>15,882</td>
<td>15,882</td>
</tr>
<tr>
<td><strong>Net surplus</strong></td>
<td>681</td>
<td>2,119</td>
<td>0</td>
<td>0</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 MOVEMENTS IN TAXPAYERS’ FUNDS

*For the year ended 30 June 2006*

<table>
<thead>
<tr>
<th></th>
<th>30/6/05 Actual</th>
<th>30/6/06 Main $000</th>
<th>30/6/06 Estimates $000</th>
<th>30/6/06 Supp. $000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxpayers’ funds as at 1 July</strong></td>
<td>6,168</td>
<td>6,168</td>
<td>6,168</td>
<td>6,168</td>
</tr>
<tr>
<td><strong>Net surplus</strong></td>
<td>681</td>
<td>2,119</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total recognised revenues and expenses for the year</strong></td>
<td>2,119</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Capital contributions</strong></td>
<td>2,629</td>
<td>2,629</td>
<td>2,629</td>
<td></td>
</tr>
<tr>
<td><strong>Provision for repayment of surplus to the Crown</strong></td>
<td>(2,119)</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Taxpayers’ funds as at 30 June</strong></td>
<td>6,168</td>
<td>8,797</td>
<td>8,797</td>
<td>8,797</td>
</tr>
</tbody>
</table>
## STATEMENT OF FINANCIAL POSITION

*As at 30 June 2006*

<table>
<thead>
<tr>
<th></th>
<th>30/6/05 Actual $000</th>
<th>30/6/06 Actual $000</th>
<th>30/6/06 Main Estimates $000</th>
<th>30/6/06 Supp. Estimates $000</th>
</tr>
</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>8,797</td>
<td>8,797</td>
<td>8,797</td>
</tr>
<tr>
<td>Total taxpayers' funds</td>
<td>6,168</td>
<td>8,797</td>
<td>8,797</td>
<td>8,797</td>
</tr>
<tr>
<td><strong>Represented by:</strong></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>2,739</td>
<td>2,872</td>
<td>2,241</td>
<td>979</td>
</tr>
<tr>
<td>Debtors and receivables</td>
<td>26</td>
<td>47</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Prepayments</td>
<td>12</td>
<td>15</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Debtor—Crown</td>
<td>1</td>
<td>1,559</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total current assets</td>
<td>2,778</td>
<td>4,493</td>
<td>2,260</td>
<td>998</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>6,413</td>
<td>8,256</td>
<td>7,899</td>
<td>8,862</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>6,413</td>
<td>8,256</td>
<td>7,899</td>
<td>8,862</td>
</tr>
<tr>
<td>Total assets</td>
<td>9,191</td>
<td>12,749</td>
<td>9,949</td>
<td>9,860</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors and payables</td>
<td>1,774</td>
<td>1,158</td>
<td>573</td>
<td>418</td>
</tr>
<tr>
<td>Provision for payment of net surplus</td>
<td>681</td>
<td>2,119</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Provision for employee entitlements</td>
<td>215</td>
<td>266</td>
<td>291</td>
<td>357</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>2,670</td>
<td>3,543</td>
<td>864</td>
<td>775</td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for employee entitlements</td>
<td>353</td>
<td>409</td>
<td>288</td>
<td>288</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>353</td>
<td>409</td>
<td>288</td>
<td>288</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>3,023</td>
<td>3,952</td>
<td>1,152</td>
<td>1,063</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td>6,168</td>
<td>8,797</td>
<td>8,797</td>
<td>8,797</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 2006

<table>
<thead>
<tr>
<th></th>
<th>30/6/05 Actual $000</th>
<th>30/6/06 Actual $000</th>
<th>30/6/06 Main Estimates $000</th>
<th>30/6/06 Supp. Estimates $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</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>15,146 Supply of outputs —Crown</td>
<td>14,171</td>
<td>15,729</td>
<td>15,730</td>
<td></td>
</tr>
<tr>
<td>153 —Other</td>
<td>134</td>
<td>153</td>
<td>179</td>
<td></td>
</tr>
<tr>
<td>15,299 Subtotal</td>
<td>14,305</td>
<td>15,882</td>
<td>15,909</td>
<td></td>
</tr>
<tr>
<td>Cash disbursed to produce outputs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(6,477) Personnel</td>
<td>(6,800)</td>
<td>(7,383)</td>
<td>(7,186)</td>
<td></td>
</tr>
<tr>
<td>(6,940) Operating</td>
<td>(6,241)</td>
<td>(7,444)</td>
<td>(8,969)</td>
<td></td>
</tr>
<tr>
<td>166 Net GST paid</td>
<td>(336)</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(493) Capital charge</td>
<td>(533)</td>
<td>(523)</td>
<td>(533)</td>
<td></td>
</tr>
<tr>
<td>(13,744) Subtotal</td>
<td>(13,910)</td>
<td>(15,350)</td>
<td>(16,688)</td>
<td></td>
</tr>
<tr>
<td>1,555 Operating activities net cash flows</td>
<td>395</td>
<td>532</td>
<td>(779)</td>
<td></td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 Cash provided from sale of fixed assets</td>
<td>23</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(1,844) Cash disbursed to purchase of fixed assets</td>
<td>(2,233)</td>
<td>(2,929)</td>
<td>(2,929)</td>
<td></td>
</tr>
<tr>
<td>(1,844) Investing activities net cash flows</td>
<td>(2,210)</td>
<td>(2,929)</td>
<td>(2,929)</td>
<td></td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 Capital contribution received</td>
<td>2,629</td>
<td>2,629</td>
<td>2,629</td>
<td></td>
</tr>
<tr>
<td>Cash disbursed to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(491) Payment of surplus to the Crown</td>
<td>(681)</td>
<td>0</td>
<td>(681)</td>
<td></td>
</tr>
<tr>
<td>(491) Financing activities net cash flows</td>
<td>1,948</td>
<td>2,629</td>
<td>1,948</td>
<td></td>
</tr>
<tr>
<td>(780) Net increase/(decrease) in cash held</td>
<td>133</td>
<td>232</td>
<td>(1,760)</td>
<td></td>
</tr>
<tr>
<td>3,519 Add opening cash brought forward</td>
<td>2,739</td>
<td>2,009</td>
<td>2,739</td>
<td></td>
</tr>
<tr>
<td>2,739 Closing cash</td>
<td>2,872</td>
<td>2,241</td>
<td>979</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.
## RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

*For the year ended 30 June 2006*

<table>
<thead>
<tr>
<th>30/6/05 Actual $000</th>
<th>30/6/06 Actual $000</th>
<th>30/6/06 Main Estimates $000</th>
<th>30/6/06 Supp. Estimates $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net surplus</td>
<td>2,119</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Add/(less) non-cash items</td>
<td>419</td>
<td>390</td>
<td>467</td>
</tr>
<tr>
<td>(Inc)/dec in non-current employee entitlements</td>
<td>65</td>
<td>56</td>
<td>0</td>
</tr>
<tr>
<td>Total non-cash items</td>
<td>484</td>
<td>446</td>
<td>467</td>
</tr>
<tr>
<td>Add/(less) movements in working capital items</td>
<td>21</td>
<td>(23)</td>
<td>0</td>
</tr>
<tr>
<td>(Inc)/dec in debtors</td>
<td>1 (Inc)/dec in Debtor—Crown</td>
<td>1,559</td>
<td>0</td>
</tr>
<tr>
<td>161 Inc/(dec) in creditors and payables</td>
<td>616</td>
<td>0</td>
<td>(1,356)</td>
</tr>
<tr>
<td>Inc/(dec) in current employee entitlements</td>
<td>54</td>
<td>51</td>
<td>65</td>
</tr>
<tr>
<td>Working capital movements—net</td>
<td>235</td>
<td>(2,147)</td>
<td>65</td>
</tr>
<tr>
<td>Add/(less) investing activity items</td>
<td>0</td>
<td>(23)</td>
<td>0</td>
</tr>
<tr>
<td>155 Gain on sale of physical assets</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>155 Credits for purchase of fixed assets</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total investing activity items</td>
<td>155</td>
<td>(23)</td>
<td>0</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>395</td>
<td>532</td>
<td>(779)</td>
</tr>
</tbody>
</table>

## STATEMENT OF COMMITMENTS

*As at 30 June 2006*

<table>
<thead>
<tr>
<th>30/6/05 Actual $000</th>
<th>30/6/06 Actual $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital commitments</td>
<td></td>
</tr>
<tr>
<td>1,239 Less than 1 year</td>
<td>2,956</td>
</tr>
<tr>
<td>2,336 1 to 2 years</td>
<td>0</td>
</tr>
<tr>
<td>3,575 Total capital commitments</td>
<td>2,956</td>
</tr>
<tr>
<td>Operating commitments</td>
<td></td>
</tr>
<tr>
<td>4,306 Less than 1 year</td>
<td>5,138</td>
</tr>
<tr>
<td>2,873 1 to 2 years</td>
<td>2,601</td>
</tr>
<tr>
<td>3,682 2 to 5 years</td>
<td>3,223</td>
</tr>
<tr>
<td>1,200 More than 5 years</td>
<td>400</td>
</tr>
<tr>
<td>12,061 Total operating commitments</td>
<td>11,362</td>
</tr>
<tr>
<td>15,636 Total commitments</td>
<td>14,318</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 2006

Contingent liabilities

As at 30 June 2006, there are no contingent liabilities. (30 June 2005: nil.)

Contingent assets

As at 30 June 2006, 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 17 November 2006. (30 June 2005: $1.098 million.)

As at 30 June 2006, there are no guarantees or indemnities given under the Public Finance Act 1989 in respect of the activities of the PCO. (30 June 2005: nil.)

STATEMENT OF UNAPPROPRIATED EXPENSES AND CAPITAL EXPENDITURE  
For the year ended 30 June 2006

For the year ended 30 June 2006, there are no instances of unappropriated expenses or capital expenditure. (30 June 2005: nil.)

STATEMENT OF OPERATING AND CAPITAL EXPENDITURE  
For the year ended 30 June 2006

<table>
<thead>
<tr>
<th>VOTE: PARLIAMENTARY COUNSEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations for classes of outputs</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Law Drafting Services</td>
</tr>
<tr>
<td>Access to Legislation</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Capital appropriation</td>
</tr>
</tbody>
</table>

Note: The accompanying notes and accounting policies form part of these financial statements.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2006

Note 1  Other revenue

<table>
<thead>
<tr>
<th></th>
<th>30/6/05</th>
<th>30/6/06</th>
<th>30/6/06</th>
<th>30/6/06</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>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>62 Departmental revenue</td>
<td>136</td>
<td>118</td>
<td>118</td>
<td></td>
</tr>
<tr>
<td>0 Gain on sale of fixed assets</td>
<td>23</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>58 Recovery of printing costs</td>
<td>19</td>
<td>35</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>120 Total other revenue</td>
<td>178</td>
<td>153</td>
<td>153</td>
<td></td>
</tr>
</tbody>
</table>

Note 2  Personnel costs

<table>
<thead>
<tr>
<th></th>
<th>30/6/05</th>
<th>30/6/06</th>
<th>30/6/06</th>
<th>30/6/06</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>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>6,337 Salaries and wages</td>
<td>6,756</td>
<td>7,200</td>
<td>6,991</td>
<td></td>
</tr>
<tr>
<td>83 Other personnel costs</td>
<td>79</td>
<td>118</td>
<td>118</td>
<td></td>
</tr>
<tr>
<td>119 Annual, retirement, and long service leave</td>
<td>107</td>
<td>65</td>
<td>77</td>
<td></td>
</tr>
<tr>
<td>6,539 Total personnel costs</td>
<td>6,942</td>
<td>7,383</td>
<td>7,186</td>
<td></td>
</tr>
</tbody>
</table>

Note 3  Operating costs

<table>
<thead>
<tr>
<th></th>
<th>30/6/05</th>
<th>30/6/06</th>
<th>30/6/06</th>
<th>30/6/06</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>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>23 Audit fees to auditors for audit of the financial statements</td>
<td>22</td>
<td>22</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>677 Consultancy costs</td>
<td>331</td>
<td>383</td>
<td>677</td>
<td></td>
</tr>
<tr>
<td>545 Rental costs</td>
<td>546</td>
<td>546</td>
<td>542</td>
<td></td>
</tr>
<tr>
<td>4,751 Printing costs</td>
<td>3,931</td>
<td>2,535</td>
<td>4,344</td>
<td></td>
</tr>
<tr>
<td>1,140 Other operating costs</td>
<td>1,093</td>
<td>4,023</td>
<td>2,092</td>
<td></td>
</tr>
<tr>
<td>7,136 Total operating costs</td>
<td>5,923</td>
<td>7,509</td>
<td>7,683</td>
<td></td>
</tr>
</tbody>
</table>
Note 4  Depreciation

<table>
<thead>
<tr>
<th>Item</th>
<th>30/6/05 Actual $000</th>
<th>30/6/06 Actual $000</th>
<th>30/6/06 Main Estimates $000</th>
<th>30/6/06 Supp. Estimates $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer systems</td>
<td>234</td>
<td>195</td>
<td>286</td>
<td>304</td>
</tr>
<tr>
<td>Furniture</td>
<td>24</td>
<td>27</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>20</td>
<td>18</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>Office equipment</td>
<td>9</td>
<td>9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Fixture and fittings</td>
<td>132</td>
<td>141</td>
<td>161</td>
<td>157</td>
</tr>
<tr>
<td>PAL Project</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total other expenses</td>
<td>419</td>
<td>390</td>
<td>467</td>
<td>480</td>
</tr>
</tbody>
</table>

Note 5  Capital charge

The PCO pays a capital charge to the Crown on its taxpayers' funds each year. Payment is made in two instalments, the first for the six months to 31 December calculated by reference to taxpayers' funds as at the preceding 30 June and the second for the six months to 30 June calculated by reference to taxpayers' funds as at the preceding 31 December. The capital charge rate for the year ended 30 June 2006 was 8%. (2005: 8%).
### Note 6  Fixed assets

<table>
<thead>
<tr>
<th></th>
<th>30/6/05</th>
<th>30/6/06</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
</tr>
<tr>
<td>$000</td>
<td></td>
<td>$000</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>71</td>
<td>At cost</td>
<td>70</td>
</tr>
<tr>
<td>(43)</td>
<td>Accumulated depreciation</td>
<td>(20)</td>
</tr>
<tr>
<td>28</td>
<td>Motor vehicles—net book value</td>
<td>50</td>
</tr>
<tr>
<td>Computer equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,248</td>
<td>At cost</td>
<td>1,452</td>
</tr>
<tr>
<td>(920)</td>
<td>Accumulated depreciation</td>
<td>(1,115)</td>
</tr>
<tr>
<td>328</td>
<td>Computer equipment—net book value</td>
<td>337</td>
</tr>
<tr>
<td>Furniture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>303</td>
<td>At cost</td>
<td>324</td>
</tr>
<tr>
<td>(225)</td>
<td>Accumulated depreciation</td>
<td>(252)</td>
</tr>
<tr>
<td>78</td>
<td>Furniture—net book value</td>
<td>72</td>
</tr>
<tr>
<td>Leasehold property improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,315</td>
<td>At cost</td>
<td>1,345</td>
</tr>
<tr>
<td>(694)</td>
<td>Accumulated depreciation</td>
<td>(835)</td>
</tr>
<tr>
<td>621</td>
<td>Leasehold property improvements—net book value</td>
<td>510</td>
</tr>
<tr>
<td>Office equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>79</td>
<td>At cost</td>
<td>146</td>
</tr>
<tr>
<td>(55)</td>
<td>Accumulated depreciation</td>
<td>(64)</td>
</tr>
<tr>
<td>24</td>
<td>Office equipment—net book value</td>
<td>82</td>
</tr>
<tr>
<td>Items under construction—at cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,986</td>
<td>PAL Project</td>
<td>5,857</td>
</tr>
<tr>
<td>1,348</td>
<td>PAL software</td>
<td>1,348</td>
</tr>
<tr>
<td>5,334</td>
<td>Total items under construction</td>
<td>7,205</td>
</tr>
<tr>
<td></td>
<td>Total fixed assets</td>
<td></td>
</tr>
<tr>
<td>8,350</td>
<td>At cost</td>
<td>10,542</td>
</tr>
<tr>
<td>(1,937)</td>
<td>Accumulated depreciation</td>
<td>(2,286)</td>
</tr>
<tr>
<td>6,413</td>
<td>Total—carrying amount of fixed assets</td>
<td>8,256</td>
</tr>
</tbody>
</table>

### Note 7  Creditors and payables

<table>
<thead>
<tr>
<th></th>
<th>30/6/05</th>
<th>30/6/06</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
</tr>
<tr>
<td>$000</td>
<td></td>
<td>$000</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>1,097</td>
<td>443</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>300</td>
<td>673</td>
</tr>
<tr>
<td>GST payable/(receivable)</td>
<td>377</td>
<td>42</td>
</tr>
<tr>
<td>Capital charge payable</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total creditors and payables</td>
<td>1,774</td>
<td>1,158</td>
</tr>
</tbody>
</table>
Note 8 Employee entitlements

<table>
<thead>
<tr>
<th></th>
<th>30/06/05 Actual</th>
<th>30/06/06 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual leave</td>
<td>194</td>
<td>239</td>
</tr>
<tr>
<td>Long service leave</td>
<td>21</td>
<td>27</td>
</tr>
<tr>
<td>Total current portion</td>
<td>215</td>
<td>266</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long service leave</td>
<td>54</td>
<td>38</td>
</tr>
<tr>
<td>Retirement leave</td>
<td>299</td>
<td>371</td>
</tr>
<tr>
<td>Total non-current portion</td>
<td>353</td>
<td>409</td>
</tr>
<tr>
<td>Total employee entitlements</td>
<td>568</td>
<td>675</td>
</tr>
</tbody>
</table>

An independent actuarial valuation was undertaken by Melville Jessup Weaver as at 30 June 2006 to estimate the value of long service and retirement leave. The major economic assumptions adopted in the valuation process were:

- salary increase rate: 3.5% per annum (30 June 2005: 3%)
- investment earnings: 6% per annum (30 June 2005: 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.

NZ IFRS compliance

The PCO is working with the Parliamentary Service to implement the transition to NZ IFRS. At this stage the PCO does not know the full impact on accounting policies on adoption of NZ IFRS, but does not anticipate any significant issues to arise.

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>30/6/04 $000</th>
<th>30/6/05 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank balances</td>
<td>2,872</td>
<td>2,739</td>
</tr>
<tr>
<td>Debtors</td>
<td>46</td>
<td>26</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
A net surplus of $2.119 million (GST exclusive) was recorded. This was due to a number of factors.

There was a surplus of $0.277 million resulting from timing factors associated with the appointment of Parliamentary Counsel and support staff.

A reduction in the number of Bills, Acts, and Statutory Regulations printed resulted in a surplus of $0.546 million. A general election was held in September 2005 with the result that Parliament did not meet for three months. The number of annual volumes printed (nine) was less than in 2004/05 (thirteen) resulting in a surplus of $0.262 million. In addition, the cost of printing reprints was less than anticipated resulting in a surplus of $0.199 million.

The cost of consultants was less than anticipated in both output classes resulting in a surplus of $0.446 million.

Funds budgeted for external drafting services were not utilised as no drafting work was done outside the PCO.

In the Statement of Financial Position, the variance in Debtor—Crown reflects the delay in the draw down of Revenue—Crown. Consulting costs relating to the PAL Project were less than anticipated.
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 2006, direct costs accounted for 98.66% of the PCO’s costs. (2005: 98.73%.)

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 2006, indirect costs accounted for 1.34% of the PCO’s costs. (2005: 1.27%.)
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 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 2006

The PCO agreed to provide output classes in 2005/06 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 2005/06 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 2006:

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

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
</tr>
<tr>
<td>Number of Government Bills enacted</td>
<td>76¹</td>
</tr>
<tr>
<td>Number of Government Bills before the House of Representatives or awaiting Royal assent at the end of the year</td>
<td>25</td>
</tr>
</tbody>
</table>

¹ Three of the Government Bills were drafted by the Inland Revenue Department.
² One of the Government Bills was drafted by the Inland Revenue Department; one was a Member’s Bill.
³ One of the Government Bills before the House of Representatives or awaiting Royal assent at the end of the year was drafted by the Inland Revenue Department.
⁴ One of the Government Bills was drafted by the Inland Revenue Department; five were Members’ Bills.

✓ drafted the anticipated number of amendments to Government Bills

✓ drafted the anticipated number of Statutory Regulations, as shown by the following figures:

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
</tr>
<tr>
<td>Number of Statutory Regulations made</td>
<td>Between 300 and 400</td>
</tr>
</tbody>
</table>

¹ This output is demand driven and in the 2005/06 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 14.
examined the local Bills and private Bills enacted in the year ended 30 June 2006, as follows:

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
</tr>
<tr>
<td>Projected</td>
<td>Actual</td>
</tr>
<tr>
<td>Number of local Bills enacted</td>
<td>Between 4 and 8</td>
</tr>
<tr>
<td>Number of private Bills enacted</td>
<td>Between 4 and 8</td>
</tr>
<tr>
<td>Total</td>
<td>2</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
</tr>
<tr>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td>Local Acts in respect of which amendments were drafted</td>
<td>0</td>
</tr>
<tr>
<td>Private Acts in respect of which amendments were drafted</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 2006 has achieved the high standard as set out in the Statement of Objectives and Service Performance.

Instructing departments’ views

The views of instructing departments have been sought regarding the quality of this output for the year ended 30 June 2006. A questionnaire was used and the results quantified. The response rate was 94% and the average satisfaction rating for those who responded was 95%. In comparison, in 2005 the response rate was 77% and the satisfaction rating was 94%.
### Financial performance for Output Class—Law Drafting Services

<table>
<thead>
<tr>
<th></th>
<th>30/6/05 Actual $000</th>
<th>30/6/06 Actual $000</th>
<th>30/6/06 Main Estimates $000</th>
<th>30/6/06 Supp. Estimates $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue—Crown</td>
<td>7,513</td>
<td>8,261</td>
<td>8,261</td>
<td>8,261</td>
</tr>
<tr>
<td>Other revenue</td>
<td>55</td>
<td>140</td>
<td>104</td>
<td>104</td>
</tr>
<tr>
<td>Total revenue</td>
<td>7,568</td>
<td>8,401</td>
<td>8,365</td>
<td>8,365</td>
</tr>
<tr>
<td>Total expenses</td>
<td>7,535</td>
<td>7,740</td>
<td>8,365</td>
<td>8,365</td>
</tr>
<tr>
<td>Net surplus</td>
<td>33</td>
<td>661</td>
<td>0</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 printed copies of 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 80 and 120 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 2005 and the annual bound volumes of Statutory Regulations for 2005 would be published in the first half of 2006
• reprinted Acts and reprinted Statutory Regulations would be compiled and published in accordance with the PCO reprints policy and the annual reprints programme
• the 2005 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.

Service performance

In achieving this output, the PCO has, for the year ended 30 June 2006:

• supplied to the House and published 35 Government Bills, which is lower than the anticipated number, and 36 Government Supplementary Order Papers, which is lower than the anticipated number. 

---

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, and all those Government Supplementary Order Papers that were drafted and released.
• published 78 Acts of Parliament, which is lower than the anticipated number\(^3\)

✓ published 325 Statutory Regulations, which is within the range anticipated

• provided for sale at designated bookshops and to subscribers Bills, Acts, Supplementary Order Papers, and Statutory Regulations. All Bills and Supplementary Order Papers were available within five working days of being introduced or released. Based on information obtained from Securacopy and the PCO’s own legislation tracking system, all Statutory Regulations except one were available within five working days of being made,\(^4\) and most Acts were available within ten working days of being assented to\(^5\)

✓ published the annual bound volumes of Acts for 2005 and the annual bound volumes of Statutory Regulations for 2005 in the first half of 2006

✓ compiled and published 39 reprinted Acts and ten reprinted Statutory Regulations in accordance with the annual reprints programme

✓ compiled the 2005 edition of the *Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force* and published it in both printed and electronic forms

✓ made Acts and Statutory Regulations available in up-to-date form free via the internet under an arrangement with Brookers, and made Bills, Supplementary Order Papers, Acts, and Statutory Regulations as enacted or made, and reprints of Acts published since November 2002 and Statutory Regulations published since October 2003, available free via the internet under an arrangement with the Knowledge Basket and Blue Star Print Group (New Zealand) Limited. Availability of the PCO database of Acts, Statutory Regulations, Bills, and Supplementary Order Papers is dependent on completion of the PAL Project

✓ 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.

---

\(^3\) This service is demand driven; the PCO published all those Acts of Parliament that were enacted.

\(^4\) One large set of Statutory Regulations of 1,402 pages had to be printed and bound as a two-volume set, and took 16 working days to produce and make available. Unbound proofs of the set were made available for viewing at retail outlets that stock legislation until printed and bound copies became available.

\(^5\) Three Acts took longer than ten working days after assent to be printed and made available. One of those Acts was large and was delayed because of the need to produce it inside a cover.
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>2006</td>
</tr>
<tr>
<td>Publications</td>
<td>Projected Actual Actual Actual</td>
</tr>
<tr>
<td>Acts of Parliament</td>
<td>Between 60 and 80</td>
</tr>
<tr>
<td>Public Acts</td>
<td>76</td>
</tr>
<tr>
<td>Local Acts</td>
<td>0</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 2005 year 3 volumes</td>
</tr>
<tr>
<td>Annual bound volumes of</td>
<td>For 2005 year 6 volumes</td>
</tr>
<tr>
<td>Statutory Regulations</td>
<td>In accordance with reprints policy and reprints programme</td>
</tr>
<tr>
<td>Reprinted Acts of Parliament</td>
<td>In accordance with reprints policy and reprints programme</td>
</tr>
<tr>
<td>and Ordinances and Statutory</td>
<td></td>
</tr>
<tr>
<td>Regulations in Force</td>
<td></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 2006 was satisfactory against the standard as set out in the Statement of Objectives and Service Performance.

**Financial performance for Output Class—Access to Legislation**

<table>
<thead>
<tr>
<th></th>
<th>30/6/05 Actual</th>
<th>30/6/06 Actual</th>
<th>30/6/06 Main Estimates</th>
<th>30/6/06 Supp. Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue—Crown</td>
<td>7,634 $000</td>
<td>7,468 $000</td>
<td>7,468 $000</td>
<td>7,468 $000</td>
</tr>
<tr>
<td>Other revenue</td>
<td>66 $000</td>
<td>38 $000</td>
<td>49 $000</td>
<td>49 $000</td>
</tr>
<tr>
<td>Total revenue</td>
<td>7,700 $000</td>
<td>7,506 $000</td>
<td>7,517 $000</td>
<td>7,517 $000</td>
</tr>
<tr>
<td>Total expenses</td>
<td>7,052 $000</td>
<td>6,048 $000</td>
<td>7,517 $000</td>
<td>7,517 $000</td>
</tr>
<tr>
<td>Net surplus</td>
<td>648 $000</td>
<td>1,458 $000</td>
<td>0 $000</td>
<td>0 $000</td>
</tr>
</tbody>
</table>

Note: Figures are GST exclusive.
Overall financial performance

The financial performance of the PCO for the year ended 30 June 2006 resulted in:

<table>
<thead>
<tr>
<th></th>
<th>30/6/06 Actual</th>
<th>30/6/06 Projected</th>
<th>30/6/05 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>15,729</td>
<td>15,729</td>
<td>15,147</td>
</tr>
<tr>
<td>Revenue—Other $000</td>
<td>178</td>
<td>153</td>
<td>120</td>
</tr>
<tr>
<td>Output expenses $000</td>
<td>13,788</td>
<td>15,882</td>
<td>14,586</td>
</tr>
<tr>
<td>Net result $000</td>
<td>2,119</td>
<td>0</td>
<td>681</td>
</tr>
<tr>
<td><strong>Working capital management</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquid ratio %</td>
<td>81</td>
<td>394</td>
<td>103</td>
</tr>
<tr>
<td>Debtor collection period (third party sales) days</td>
<td>0</td>
<td>0</td>
<td>0</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>27.0</td>
<td>38</td>
<td>28.8</td>
</tr>
<tr>
<td>Physical assets as percentage of total assets %</td>
<td>64.8</td>
<td>77.3</td>
<td>69.8</td>
</tr>
<tr>
<td>Taxpayers’ funds at year end $000</td>
<td>8,797</td>
<td>8,797</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>(13,910)</td>
<td>(14,827)</td>
<td>(13,744)</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash held $000</td>
<td>133</td>
<td>232</td>
<td>(780)</td>
</tr>
</tbody>
</table>
AUDIT REPORT

TO THE READERS OF PARLIAMENTARY COUNSEL OFFICE’S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

The Auditor-General is the auditor of the Parliamentary Counsel Office (the Department). The Auditor-General has appointed me, John O’Connell, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Department for the year ended 30 June 2006.

Unqualified opinion

In our opinion the financial statements of the Department on pages 48 to 68:
• comply with generally accepted accounting practice in New Zealand; and
• fairly reflect:
  — the Department’s financial position as at 30 June 2006;
  — the results of its operations and cash flows for the year ended on that date; and
  — for each class of outputs included in the Department’s statement of service performance:
    — its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
    — its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 11 August 2006, 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 and statement of service performance 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 and the statement of service performance. 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 and statement of service performance. 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
FINANCIAL STATEMENTS

- determining whether all financial statement and statement of service performance disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. 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 the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Department as at 30 June 2006 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Department’s delivery performance and revenue earned and expenses incurred as compared with the standards of delivery performance and forecast revenue and expenses adopted at the start of the financial year. The Chief Parliamentary Counsel’s responsibilities arise from section 45C of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45D(2) of the Public Finance Act 1989.

Independence

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

Other than the audit, we have no relationship with or interests in the Department.

John O’Connell
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Parliamentary Counsel Office for the year ended 30 June 2006 included on Parliamentary Counsel Office’s web site. The Chief Parliamentary Counsel is responsible for the maintenance and integrity of the Parliamentary Counsel Office’s web site. We have not been engaged to report on the integrity of the Parliamentary Counsel Office’s web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

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 11 August 2006 to confirm the information included in the audited financial statements presented on this web site.

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

Legislative framework

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

Under the Statutes Drafting and Compilation Act 1920, the PCO is responsible for:
• drafting Government Bills and Statutory Regulations
• supervising the printing of Government Bills and Statutory Regulations
• examining local Bills and private Bills
• compiling reprints of statutes and Statutory Regulations
• supervising the printing of those reprints.

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

Under section 4(1) of the Acts and Regulations Publication Act 1989, the PCO is responsible for arranging the printing and publication of:
• copies of Acts of Parliament
• copies of Statutory Regulations
• reprints of Acts of Parliament and reprints of Statutory Regulations
• reprints of Imperial Acts that have effect as part of the laws of New Zealand.

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

The PCO is not part of the Public Service 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 75. 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.

**Mission statement**

_The Parliamentary Counsel Office aims to—_

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

**Vision statement**

_A Parliamentary Counsel Office committed to the following objectives:_

To improve access to legislation by ensuring—

- that legislation is drafted as clearly and simply as possible
- the timely and high quality publication of legislation
- the timely and high quality compilation of legislation.
To improve the delivery of services to Ministers, government departments, select committees of Parliament, and the Office’s other clients by—

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

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

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

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

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

To promote—

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

To establish and maintain a supportive working environment that—

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

as at 30 June 2006

Chief Parliamentary Counsel and Compiler of Statutes
George Tanner QC

LAW DRAFTING
Deputy Chief Parliamentary Counsel (Drafting)
Ian Jamieson

Parliamentary Counsel
Sandra Balcombe
Andrew Borrowdale
Melanie Bromley
Joanne Cairns
Ross Carter
Jacqueline Derby
Suzanne Giacometti
Mark Gobbi
Briar Gordon
Elizabeth Grant
Renato Guzman
Julia Hayes
Hugo Hoffmann
Fiona Leonard
Chris McPhail
Adrienne Melkile
Julie Melville
Bill Moore
Scott Murray
Casie Nicholson1
Margaret Nixon
Leeanne O’Brien
Amy Orr
Cathy Pooke
Frank Riley
Leigh Taukikulu
Ian Vernon
Richard Wallace
Peter Williams
Catherine Yates

Assistant Parliamentary Counsel
Jillian Penn
Shane Williams

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 Antoine1

Prepublication Officers
Kevin Hilder
Peter Johnston
Harry Masters
Derek McGuinness
Graham Minnoch
Doreen Peers
Tracey Stagg

Publishing Systems Development Adviser
Laurence Ilott

Reprints Unit Coordinator
Juliet Price

Reprints Officers
David Dew
Cathy Ellis
Jane Hubbard
Maggie Huggins
Susanna Parkin

PAL Project Manager
Amanda Burgess (Opticon New Zealand)

PAL Project Test Manager
Chris Hourigan

PAL Project Administrator
Janice Kirk

SUPPORT SERVICES
Acting Manager Support Services
John Farrell

Communications Adviser
Gillian McIlraith

Editorial Services Coordinator
Daphne Brasell

Legal Publications Officers
Sharon Boland
Andrew Delahunty
Marion Edmond
Reuben Holcroft
Esther McCormick
Amy Palmer1
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
Kay Purdey

Receptionist
Judith Keegan

Records Adviser
Graeme Thompson

Records Administrator
Shannon Tomlinson

Secretarial Services Coordinator
Helen Churchill

Law Drafters’ Secretaries
Carolyn Croudis
Linda Dunn
Simone Henkel
Tessa Henry
Denise Paterson
Rhea Reipa
Jaana Salo
Ana Visala
Julie Ward

1 On parental leave.
Staff of the Parliamentary Counsel Office

Prime Photography
**Staff movements 2005/06**

<table>
<thead>
<tr>
<th>APPPOINTMENTS</th>
<th>DEPARTURES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Parliamentary Counsel</strong></td>
<td></td>
</tr>
<tr>
<td>Suzanne Giacometti</td>
<td></td>
</tr>
<tr>
<td>Fiona Leonard</td>
<td></td>
</tr>
<tr>
<td>Leigh Tauakipulu (previously Assistant Parliamentary Counsel)</td>
<td></td>
</tr>
<tr>
<td><strong>Assistant Parliamentary Counsel</strong></td>
<td></td>
</tr>
<tr>
<td>Shane Williams</td>
<td></td>
</tr>
<tr>
<td><strong>Access staff</strong></td>
<td></td>
</tr>
<tr>
<td>Prepublication Officers</td>
<td></td>
</tr>
<tr>
<td>Doreen Peers</td>
<td></td>
</tr>
<tr>
<td>Tracey Stagg</td>
<td></td>
</tr>
<tr>
<td>Reprints Officer</td>
<td>Reprints Officer</td>
</tr>
<tr>
<td>Susanna Parkin</td>
<td>Alister Chang</td>
</tr>
<tr>
<td><strong>Support staff</strong></td>
<td></td>
</tr>
<tr>
<td>Law Drafters’ Secretaries</td>
<td>Manager Support Services</td>
</tr>
<tr>
<td>Carolyn Croudis</td>
<td>Julia Kennedy</td>
</tr>
<tr>
<td>Rhea Repia</td>
<td></td>
</tr>
<tr>
<td>Legal Publications Officer</td>
<td></td>
</tr>
<tr>
<td>Sharon Boland</td>
<td></td>
</tr>
<tr>
<td><strong>PA to Manager Support Services</strong></td>
<td></td>
</tr>
<tr>
<td>Kay Purdey (previously Law Drafters’ Secretary)</td>
<td></td>
</tr>
<tr>
<td><strong>Records Administrator</strong></td>
<td></td>
</tr>
<tr>
<td>Shannon Tomlinson</td>
<td></td>
</tr>
<tr>
<td><strong>Records Assistant</strong></td>
<td></td>
</tr>
<tr>
<td>Catherine McKinney</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Gender equity

Note: Numbers of staff are full-time equivalents.
How to contact us

Parliamentary Counsel Office
Level 12 Reserve Bank Building
2 The Terrace
PO Box 18 070
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