Report of the

Parliamentary Counsel Office

Te Tari Tohutohu Pāremata

for the year ended

30 June 2007
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Presented to the House of Representatives under section 44(1) of the Public Finance Act 1989

September 2007
Wellington, New Zealand
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The Attorney-General

I am pleased to present to you the Report of the Parliamentary Counsel Office for the year ended 30 June 2007.

Ian Jamieson
Chief Parliamentary Counsel
25 September 2007
This is the report of the Parliamentary Counsel Office (PCO) for the 2006/07 year. The report is in three sections. This 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 objectives and outcomes set out in the PCO’s Statement of Intent for the period 1 July 2006 to 30 June 2009. The third section contains the audited financial statements for 2006/07 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 also forms an integral part.

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.

The PCO is responsible under the Acts and Regulations Publication Act 1989 for publishing copies of:
CHIEF PARLIAMENTARY COUNSEL’S OVERVIEW

- 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. The PCO also carries out a number of other functions. These are referred to more specifically later in this report.

Funding

The PCO is funded by fixed annual appropriation. The Attorney-General is the Minister responsible for Vote Parliamentary Counsel. The PCO also receives revenue from third parties for the printing costs incurred in publishing certain legislative instruments drafted by the PCO. Money is appropriated separately to the two output classes. In 2006/07 the amounts appropriated were:
- Law Drafting Services $8.865 million (GST exclusive) (49.96% of the Vote)
- Access to Legislation $8.880 million (GST exclusive) (50.04% of the Vote).

Outcome and outputs

The Statement of Intent for 2006–2009 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 2006–2009.\(^4\)

### Highlights

The year under review was notable for the following:

- In the financial year ended 30 June 2007, 84 Acts of Parliament were passed comprising 80 public Acts, two local Acts, and two private Acts (2,608 pages, 1,284 more than in the previous year). 404 Statutory Regulations were made and published (3,382 pages, 620 more than in the previous year).

- In the calendar year ended 31 December 2006, 97 Acts were passed, comprising 91 public Acts, two local Acts, and four private Acts. 400 Statutory Regulations were made. Four volumes of statutes (3,308 pages) and seven volumes of Statutory Regulations (5,518 pages) were published.

- The annual volumes of Acts for 2006 were published in April 2007 and the annual volumes of Statutory Regulations for 2006 were published in early May 2007.

- In the financial year ended 30 June 2007, 35 reprinted Acts and nine reprinted Statutory Regulations were published. The total number of pages of legislation reprinted was 7,642. 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.

- 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. The project is now expected to be completed in late 2007. At the end of the reporting period, Systems Integration Testing (SIT) had been completed and User Acceptance Testing (UAT) was well underway. This work is described in more detail under Strategic Objective 2—Ready access to New Zealand legislation, page 21.

- The review of the organisational structure and administrative and management systems of the PCO commenced by PricewaterhouseCoopers (PwC) in April 2006 was completed in February 2007. Further details of the PwC review are provided under Strategic Objective 3—Capability development, page 33.

\(^4\) Statement of Intent Parliamentary Counsel Office for the period 1 July 2006 to 30 June 2009, pp 10–13, and 22.
CHIEF PARLIAMENTARY COUNSEL’S OVERVIEW

• George Tanner retired as Chief Parliamentary Counsel on 30 June 2007. An acknowledgement of his work in the PCO appears below.

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.

Retirement of George Tanner QC

Chief Parliamentary Counsel and Compiler of Statutes 1996–2007

George Tanner QC retired from the positions of Chief Parliamentary Counsel and Compiler of Statutes on 30 June 2007. He joined the PCO in 1981 as a Parliamentary Counsel and succeeded Walter Iles QC as Chief Parliamentary Counsel and Compiler of Statutes in 1996. He was appointed a Queen’s Counsel in 2002.

Until his appointment as Chief Parliamentary Counsel, George’s early legislative drafting had a strong commercial flavour. He drafted some of our most important pieces of commercial and financial legislation, notably the Commerce Act 1986, the Reserve Bank of New Zealand Act 1989, the Companies Act 1993, the Financial Reporting Act 1993, the Receiverships Act 1993, and the Takeovers Act 1993. During his tenure as Chief Parliamentary Counsel, his drafting work included the Interpretation Act 1999 and significant amendments to the High Court Rules and District Courts Rules 1992.

George was a member of the Legislation Advisory Committee, the Legislation Design Committee, and the Council of the Commonwealth Association of Legislative Counsel. He was also a member of the former Contracts and Commercial Law Reform Committee.

From 1997 to 2000, George introduced significant changes to the way in which New Zealand
legislation is drafted and formatted. Words and expressions that were regarded as excessively legalistic or formal (like “shall” and “hereby”) were jettisoned and replaced by plain language equivalents. Dense tracts of text were largely abandoned and replaced by shorter, snappier sentences. The overall result is that legislation is easier to read and understand.

George presented and published significant papers about the work of legislative drafters. These include: the role of Parliamentary Counsel (1999), delegated legislation (2002), the process of statute making (2004), law reform and accessibility (2004), parliamentary supremacy and judicial independence (2005), and drafting the law (2006).

Over the last five years of his time in the PCO, George championed the PAL Project, and it is a major regret of his that it did not go live during his time in the PCO. The PAL Project is expected to go live in late 2007.

George supported initiatives of the Commonwealth Secretariat to address a persistent lack of legislative drafting capability in legislative drafting offices in the Pacific region. With the strong support of the Commonwealth Secretariat, the PCO has established a network of legislative drafters in the region, provided a precedent document and, in the last week of June 2007, conducted a legislative drafting forum in Port Vila, Vanuatu.

George placed great importance on good working relationships between the PCO and external agencies, particularly those responsible to the Government for preparing instructions for the drafting of new law. He achieved very positive and constructive working relationships with the judiciary, the Law Commission, the Legislation Advisory Committee, the Legislation Design Committee, and legislative drafting offices around the Commonwealth.

David Noble, previously the Legal Director/Chief Legal Adviser in the Department for Education and Skills in London, will take up the positions of Chief Parliamentary Counsel and Compiler of Statutes in late October 2007. Ian Jamieson, previously the Deputy Chief Parliamentary Counsel (Drafting), was appointed to hold those positions in the interim.

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OBJECTIVES AND OUTCOMES

STRATEGIC OBJECTIVE 1—BEST PRACTICE LEGISLATIVE DRAFTING SERVICES

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

Organisational chart

Chief Parliamentary Counsel

Deputy Chief Parliamentary Counsel (Drafting)

Drafting Team A

Drafting Team B

Drafting Team C
- Building and Housing, Corrections, Customs, Education, Foreign Affairs and Trade, Health, Justice, Parliamentary Service, Police, Research, Science and Technology, Social Development, Statistics
OBJECTIVES AND OUTCOMES

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 in the 2007 legislative programme, as at 1 March 2007, were:

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Number of Bills</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bills that must be passed or introduced as a matter of law in 2007</td>
<td>11 (incl. 2 IRD tax Bills)</td>
</tr>
<tr>
<td>2</td>
<td>Bills that must be passed in 2007</td>
<td>36</td>
</tr>
<tr>
<td>3</td>
<td>Bills to be passed if possible in 2007</td>
<td>44</td>
</tr>
<tr>
<td>4</td>
<td>Bills to proceed to a select committee in 2007</td>
<td>43</td>
</tr>
<tr>
<td>5</td>
<td>Bills for which instructions are to be provided to the PCO in 2007</td>
<td>25</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>159</td>
</tr>
</tbody>
</table>

The PCO drafts Bills (other than tax 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. All Category 1 Bills in the 2006 legislation programme were introduced or passed.

Category 2 Bills are those Bills required by the Government for important legal or policy reasons. Thirty-three Category 2 Bills in the 2006 legislation programme were introduced or passed.

Category 3 Bills are also important for policy reasons. Eighteen Category 3 Bills in the 2006 legislation programme were introduced or passed.

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. Twelve Category 4 Bills in the 2006 legislation programme were introduced or passed.

Category 5 Bills are those for which instructions are to be sent to the PCO. No Category 5 Bills in the 2006 legislation programme were introduced or passed.
O B J E C T I V E S  A N D  O U T C O M E S

Drafting amendments for select committees

Legislation is scrutinised extensively in parliamentary select committees, of which there are 13. With the exception of Appropriation, Imprint 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. The Bills may be extensively amended 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 following Bills, which arise from Law Commission reports and were drafted by the PCO, were before Parliament as at 30 June 2007:

- Arbitration Amendment Bill
- Crimes (Repeal of Seditious Offences) Amendment Bill
OBJECTIVES AND OUTCOMES

- Property Law Bill
- Succession (Homicide) Bill
- Wills Bill.

Legislation Advisory Committee

The Chief Parliamentary Counsel is a member of the Legislation Advisory Committee (LAC), a committee established by the Minister of Justice in 1986. The LAC members are appointed by the Attorney-General. The LAC advises the Government on good legislative practice and scrutinises the legislative work of the Government. In the year under review, Parliamentary Counsel assisted with writing new chapters for the publication Legislation Advisory Committee Guidelines: Guidelines on Process and Content of Legislation (the LAC Guidelines). The Chief Parliamentary Counsel gave presentations at LAC seminars.

Legislation Design Committee

The Chief Parliamentary Counsel is a member of the Legislation Design Committee (LDC). The LDC is a new interagency body, established by Cabinet in June 2006, to advise departments on the architecture of significant legislation. The objective is to provide departments with high-level advice on the framework and design of legislation, including instrument choice, at an early stage of policy development. Parliamentary Counsel assist the committee in its work.

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OBJECTIVES AND OUTCOMES

Drafting of Statutory Regulations

In the year under review, 404 Statutory Regulations were made. In the calendar year 2006, 400 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.

Seventy nine 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.

The PCO assists the Rules Committee. 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. In the period under review, the PCO provided advice and legislative drafting services to the Rules Committee. This work included drafting amendments to the High Court Rules and District Courts Rules, and the preparation of draft revisions of those rules.

Clear drafting

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 approach has been cautious, and experimentation with clear drafting techniques is expected to continue in this vein. More progress should be possible once the PAL system becomes operational.

As mentioned on page 18 of the PCO’s previous Annual Report, topics for future change could include:

• the style used to amend another enactment, including a single-format amendment style (such as the short-form style used in schedules) that could be in the body of the
OBJECTIVES AND OUTCOMES

legislation or in a schedule, and a revision-tracking format that sets out the principal
test of 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, according to subject-matter).

Assistance for departments

The PCO’s Guide to Working with the Parliamentary Counsel Office (November 2005) provides
the office’s primary written guidance to assist departmental officials. This guide is intended to
assist departments to work effectively with the PCO, particularly when giving instructions and
responding to drafts. Counsel also present seminars on the subject to departmental officials.

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 issued in April 2006 is updated as required. 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, and some issued chapters
have been updated. The PCO expects to release the rest of the manual by the end of 2007.

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 ending 30 June 2003 to 30
June 2007.
OBJECTIVES AND OUTCOMES

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

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

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

Significant Acts and Bills drafted

Armed Forces Law Reform Bill
• to provide for a common system of summary discipline that is more efficient than the status quo, while complying with the New Zealand Bill of Rights Act 1990 and combining the best elements of the current naval, army, and air force disciplinary regimes
• to establish a permanent Court Martial of New Zealand to replace the current ad hoc courts-martial. The Court Martial will try those cases that are too serious for summary trial.

Aviation Security Legislation Bill
• to provide enhanced security measures for New Zealand civil aviation
• to allow New Zealand to support its obligations under the Convention on International Civil Aviation (1944)
• to strengthen the legal framework for New Zealand’s aviation security system.

Companies Amendment Act 2006
• to insert into the Companies Act 1993 a new Part 15A to provide for the administration of the business, property, and affairs of an insolvent company, or a company that may in the future become insolvent.

Coroners Act 2006
• to help to prevent deaths and to promote justice through investigations, and the identification of the causes and circumstances, of sudden or unexplained deaths, or deaths in special circumstances; and the making of specified recommendations or comments.

Criminal Justice Reform Bill
• to establish a Sentencing Council, which would be responsible for issuing sentencing and parole guidelines
• to provide for the introduction of an explicit hierarchy of sentences and orders and three new non-custodial sentences.

Electricity Amendment Act 2006
• to insert new Parts 9 to 12 into the Electricity Act 1992, which relate to restrictions on electrical work, registration and licensing of electrical workers and employer licences, disciplinary provisions, and appeals.

Employment Relations Amendment Act 2006
• to substitute a new Part 6A of the Employment Relations Act 2000 to extend and clarify its application, especially to specified categories of employees in relation to subsequent contracting (sometimes referred to as succession contracts) and subcontracting.
OBJECTIVES AND OUTCOMES

Epidemic Preparedness Act 2006

- to ensure that there is adequate statutory power for Government agencies—
  - to try to prevent the outbreak of epidemics in New Zealand; and
  - to respond to epidemics in New Zealand; and
  - to respond to certain possible consequences of epidemics (whether occurring in New Zealand or overseas).

Evidence Act 2006

- to replace the Evidence Act 1908 and to help secure the just determination of proceedings by—
  - providing for facts to be established by the application of logical rules; and
  - providing rules of evidence that recognise the importance of the rights affirmed by the New Zealand Bill of Rights Act 1990; and
  - promoting fairness to parties and witnesses; and
  - protecting rights of confidentiality and other important public interests; and
  - avoiding unjustifiable expense and delay; and
  - enhancing access to the law of evidence.

Immigration Advisers Licensing Act 2007

- to promote and protect the interests of consumers receiving immigration advice, and to enhance the reputation of New Zealand as a migration destination, by providing for the regulation of persons who give immigration advice.

Insolvency Act 2006

- to repeal and replace provisions of the Insolvency Act 1967 relating to personal insolvency
- to provide for alternative means of dealing with personal insolvency, including a new no asset procedure
- to introduce a system of voluntary administration
- to improve the law on cross-border insolvency.

KiwiSaver Act 2006

- 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 KiwiSaver schemes to facilitate individuals’ savings, principally through the workplace.
OBJECTIVES AND OUTCOMES

Major Events Management Bill
- to provide certain protections for events that are declared to be major events under this Bill
- to provide for the protection, and control over the use, of certain emblems and words relating to Olympic Games and Commonwealth Games.

Ngati Mutunga Claims Settlement Act 2006
- to record the acknowledgements and the apology given by the Crown to Ngati Mutunga in the deed of settlement dated 31 July 2005
- to give effect to certain provisions of the deed of settlement, which is a deed that settles the Ngati Mutunga historical claims.

Plumbers, Gasfitters, and Drainlayers Act 2006
- to protect the health and safety of members of the public by ensuring the competency of persons engaged in the provision of sanitary plumbing, gasfitting, and drainlaying services
- to regulate persons who carry out sanitary plumbing, gasfitting, and drainlaying.

Securities Amendment Act 2006
- to insert into the Securities Act 1978 provisions relating to civil liability, criminal liability, management bans, orders to preserve assets, and regulation-making powers.

Securities Markets Amendment Act 2006
- to insert into the Securities Markets Act 1988 new Parts 1, 4, and 5 relating to dealing misconduct, investment advisers and brokers, and enforcement and remedies.

Te Arawa Lakes Settlement Act 2006
- 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.

Telecommunications Amendment Act (No 2) 2006
- to insert into the Telecommunications Act 2001 new Parts 2A, 2B, 4A, and 4B relating to operational separation of Telecom, information disclosure requirements, enforcement, and consumer complaints.
OBJECTIVES AND OUTCOMES

Therapeutic Products and Medicines Bill

- to establish a new joint trans-Tasman regulatory scheme for the regulation of therapeutic products that will cover: the regulation of the manufacture, supply, import, export, and promotion of therapeutic products; the setting of standards in relation to the quality, safety, and efficacy or performance of therapeutic products; post-market monitoring of therapeutic products; and enforcement of the joint scheme’s requirements
- to repeal and replace the Medicines Act 1981 (and regulations made under that Act) with updated legislation for controls on medicines, such as the scheduling of medicines, licensing of pharmacies, and prescribing rights, that apply after the medicines have been approved for the market and are in the domestic supply and distribution chain.

Unsolicited Electronic Messages Act 2007

- to prohibit unsolicited commercial electronic messages with a New Zealand link from being sent
- to require commercial electronic messages to include accurate information about the person who authorised the sending of the message and a functional unsubscribe facility in order to enable the recipient to instruct the sender that no further messages are to be sent to the recipient
- to prohibit address-harvesting software or a harvested-address list from being used in connection with sending unsolicited commercial electronic messages in contravention of this Act
- to deter people from using information and communications technologies inappropriately.

Weathertight Homes Resolution Services Act 2006

- to provide owners of dwellinghouses that are leaky buildings with access to speedy, flexible, and cost-effective procedures for assessment and resolution of claims relating to those buildings.
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, pages 40–44). The resumption of the project followed agreement between the PCO and Unisys on the commercial basis on which the project could proceed, and Cabinet approval of that agreement.

The project is now expected to be completed in late 2007. At the end of the reporting period, Systems Integration Testing (SIT) had been completed and User Acceptance Testing (UAT) was well underway. This work is described in more detail below.
OBJECTIVES AND OUTCOMES

Progress of PAL Project during 2006/07

The project schedule as at the end of the last reporting period indicated that the PAL system should be ready for final acceptance in early 2007. However, the design and development phase experienced delays from technical issues relating to the integration and performance of several key software components, particularly when handling very large documents. Unisys had to seek assistance from the suppliers of the software in the United States. The Canadian federal drafting office in Ottawa, which has successfully implemented a similar XML-based drafting and publishing system, also assisted, as did the PCO’s independent technical advisor, Dr Timothy Arnold-Moore from Science Applications International Corporation (SAIC), a US research and engineering company. At the completion of the design and development stage in October 2006, the remaining phases of the project (SIT and UAT) were expected to be completed, and the PAL system in operation and available to the public, by mid-2007.

Unisys subsequently made considerable progress; however, this was slower than expected due to continued technical issues relating to the integration and performance of key software components. These technical issues were the subject of a technical review by SAIC in February 2007, and Unisys continued to seek assistance from the US suppliers of the software to resolve the issues. Unisys was not able to complete SIT to the PCO’s satisfaction until these technical issues were resolved. A large number of high priority defects also needed to be fixed before SIT could be completed. After discussion with the project steering committee, and the monitoring agencies (the State Services Commission and the Treasury), the PCO agreed to carry a number of the defects over into UAT on the condition that they would not adversely affect UAT and would be resolved before completion of UAT.
O B J E C T I V E S  A N D  O U T C O M E S

At the end of the reporting period, UAT was not yet completed, but was progressing well. Testing has proven that all legislative documents (Bills, SOPs, and Statutory Regulations) can be authored and edited, progressed through a complete business life cycle (including, in the case of Bills, to Act stage), and published in both hard copy and on the website with internal and external links. Reprinting functions can be carried out, legacy data from Brookers and sample work in progress (Bills and SOPs) can be published on the website, and searching and browsing can be performed on the website. The production environment has been built and populated with a full test load of legacy data, and Unisys is undertaking performance testing in parallel with UAT in order to verify that the performance issues have been resolved.

UAT testing involves the PCO, IRD, and Office of the Clerk. A large number of PCO staff have been involved in the testing and are gaining valuable experience on the system before formal training commences. Staff of the IRD and Office of the Clerk are testing the PAL system from their premises to mimic the production system as closely as possible and to ensure that the communication links with the Kapiti Data Centre (where the system is housed) are fully functional.

There are a number of high priority defects and change requests outstanding as at the end of the reporting period. The bulk of these needs to be cleared before the final phase of UAT testing can take place; however, steady progress is being made, with the system expected to go into production in late 2007.

Implementation planning

A significant amount of planning has been undertaken during the reporting period in preparation for implementation of the new PAL system. A key element of the implementation plan is to introduce the new PAL system and phase out the existing Legislation Direct system over a transition period of three months, rather than cut over to the new system on a specific date. This approach is designed to reduce the impact of implementation on the business operation of the three agencies. And the new PAL website will not be immediately available to the public on final acceptance. The interim website provided by Brookers will continue until the PCO considers that the data on the new website is up to date, which will be at some time during the three-month transition period, because of the data conversion activities that need to be undertaken.

On final acceptance of the PAL system, a copy of the Brookers database of Acts and Statutory Regulations will be loaded into the system. As the conversion process takes around four weeks, the database will need to be brought up to date before being made publicly available. A further data conversion process also needs to be undertaken for Bills and SOPs from the Legislation Direct system into the new PAL system. This needs to be carefully managed to ensure that Bills and SOPs are available to the House when required. This material will be converted incrementally during the transition period. It is therefore likely that the new PAL website will initially go live with only Acts and Statutory Regulations, while Bills and SOPs are added on an incremental basis. Bills and SOPs will continue to be available to the public from
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the Parliamentary website and the Knowledge Basket until they become available on the new PAL website.

Other key elements of the implementation plan are as follows:

• Users of the system will be trained incrementally over the transition period. A “train the trainer” approach is being adopted so that selected business users are trained first and then assist in the training and support of other users.

• Training will focus on how the user will perform their job, not the technical aspects of the software. Training sessions will be kept short, with time to practise afterwards.

• Work in progress (such as draft Bills and draft regulations) that is expected to be completed during the transition period will be completed in the existing system and then converted.

• Work in progress that will not be completed during the transition period will be converted incrementally.

• New work started after implementation will generally be produced using the new system unless it is urgent and expected to be completed before the end of the transition period.

Additional staff have been recruited or engaged in readiness for go-live. A Training and Documentation Coordinator has been engaged on a six-month contract to develop training material and assist in documenting new and changed business processes. An Implementation Manager, appointed on an 18-month contract, is responsible for finalising the ongoing services arrangements with Unisys for the housing, maintenance, and enhancement of the PAL system, and is also responsible for ensuring that the transition from project mode to production mode goes smoothly. Further Information Systems (IS) staff have been recruited to assist with the ongoing demands of supporting the PAL system: a Helpdesk Analyst and a Test Analyst. The Test Analyst will be responsible for planning and executing an effective test function for ongoing changes to the PAL system, and the Helpdesk Analyst assists other IS staff to provide day-to-day support, and will provide after-hours on-call support. A Business Analyst will also be appointed in the new financial year to assist with the definition and prioritisation of the enhancement programme.

Independent quality assurance (IQA)

In August 2006, Dr Arnold-Moore undertook a high-level review of project progress. Dr Arnold-Moore also participated in some of the technical discussions between Unisys and the suppliers of the software that was affected by the technical problems. The PCO decided to commission Dr Arnold-Moore to undertake a further technical review of the project in February 2007. In his report, finalised in March 2007, Dr Arnold-Moore examined the state of the project and identified particular areas where further work was needed. This and earlier reports are published on the PCO website.
Hewlett-Packard New Zealand (HPNZ) has also continued to provide IQA services in relation to the project management of the PAL project. In June 2007, HPNZ undertook an IQA review to assess the state of readiness of the IT operations of the PCO, Office of the Clerk, and IRD to enter production. HPNZ will also be undertaking a more general review of business readiness before go-live.

Monitoring

The project continues to be monitored under the government regime for managing and monitoring major IT projects.

Publication of printed legislation

Acts, Statutory Regulations, Bills, and SOPs

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 term of the contract between the PCO and SecuraCopy expires at the end of January 2008, but there is provision for a further extension of six months.

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 Service Performance (page 61) 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. In January 2007, SecuraCopy’s reporting system was refined to allow trends in the sale of printed legislation over time to be more easily monitored by the PCO and to enable assessment of the impact that free public access to legislation via the internet has on demand for printed copies. New monthly reports group sales by legislation type (Bills, SOPs, Acts, regulations, and reprints) and also record sales of individual titles. Additionally, sales from bookshops and by Legislation Direct (a subsidiary of Blue Star) are tracked. The new and existing sales reports, including those providing information sourced from barcodes, provide the PCO with the means to gain a greater understanding of trends in the sale of printed legislation.
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No copies of Acts with proposed amendments incorporated were produced during the financial year. However, the PAL system is required to be able to produce documents of this type, and their production will be made much easier 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.

Reprints

The PCO:

• compiles reprints of Acts and Statutory Regulations with their amendments incorporated and publishes them
• provides copies of reprints for sale at designated bookshops and by subscription.

The Reprints Unit (which has a staff of six) is responsible for preparing and publishing hard copy reprints of Acts and Statutory Regulations. 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 2006/07 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 2006/07 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, a number of items were added to the programme.

At the reporting date, a survey to develop a reprinting programme for the 2007/08 financial year was underway. The survey follows the same format used successfully for the previous surveys.

The Statement of Service Performance sets out the details of the objectives for the publication of reprints, the standard of performance achieved, and comparative figures.

The reprinting programme for 2006/07 provided for the reprinting of 16 Acts and seven Statutory Regulations. A further 30 Acts and five Statutory Regulations were added to the programme during the course of the year. Work continued on three Acts that were carried over from the 2005/2006 programme. During the reporting period, 35 reprinted Acts and nine reprinted Statutory Regulations were published. Work was also undertaken, but remained incomplete, on reprints of a further 14 Acts and three sets of regulations.
In total, 7,642 pages of reprints were published during the financial year, 47 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.

![Graph showing total number of pages of reprints published]

### Prepublication

**Arrangements with Legislation Direct**

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

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 significant contributions to the PAL Project. This has included preparing scripts for testing, checking output design against output specifications, and answering queries for the project team. PPU staff have also been actively involved in UAT.

**In-house production of regulations**

The prepublication work and other tasks associated with producing regulations were transferred from Legislation Direct to the PPU on 1 June 2006, as outlined in last year’s Annual Report (page 34). Until the PAL Project is completed, the PPU will continue to use the legislation typesetting system provided by Legislation Direct, but it now accesses the system remotely from...
the PCO’s premises. The transfer has proved successful: accessing the Legislation Direct system remotely has streamlined the regulations publication process for the PPU. The new processes have been integrated smoothly into existing PPU work, and successfully communicated to departments.

**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 2006 to 30 June 2007, the interim website saw an increase in usage, from an average of 27,000 unique visitors per month to 34,000 unique visitors per month.

The following chart shows unique visitors per month over this period, along with figures for the previous two years:

![Total Number of Unique Visitors by Month](chart.png)
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The importance of the interim website is also indicated by the fact that over 1,000 websites now link to legislation on the website. Some of these links are from the newzealand.govt.nz website to individual items of legislation, a new feature of the government website.

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 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 2006 in July 2006, and both versions were updated to 1 January 2007 in February 2007.

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 PCO publishes a list of deemed regulations at www.pco.parliament.govt.nz/legislation/deemedregulations.shtml. The list links to the websites where the deemed regulations are published, and provides information on the administering agencies and how to obtain printed copies. The list is updated on a monthly basis by the PCO’s Editorial Services team with information received from administering agencies.

In March 2007, the PCO carried out a survey to address an undertaking in the “Further Government Response to the Report of the Regulations Review Committee on Its Inquiry into Instruments Deemed to be Regulations—An Examination of Delegated Legislation” (AJHR A.5). It is currently not possible to produce a meaningful and user-friendly alphabetical listing of all deemed regulations because of the different naming conventions adopted by administering
agencies. Feedback was sought from regulatory agencies on a proposal that a uniform model for the titles of deemed regulations be adopted to align them with the titles of Statutory Regulations. This would enable the PCO to list all deemed regulations in the Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force and enhance public accessibility to deemed regulations. As at the end of the reporting period, the PCO was analysing the responses to the survey.

**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 emails sent to the PCO’s general address 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.

**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.

**Classification and indexing of legislation**

The PCO has continued to work with the Law Commission as part of a joint working party that is investigating making New Zealand’s statute law more accessible through a more systematic method of classification and indexation. The terms of reference of the working party are as follows:

The commission, in conjunction with the Parliamentary Counsel Office, will investigate and recommend methods of making New Zealand Statute Law more accessible by the introduction of a more systematic method of classifying and/or indexing Acts of Parliament. This will include:

- a) Carrying out preliminary research;
- b) Investigating statutory classification or indexing initiatives in other jurisdictions;
- c) Reviewing electronic subject based indexing and searching methods;
- d) Developing a discussion paper for public consultation; and
- e) Making final recommendation to Government.

As at the end of the reporting period, the public discussion paper was close to publication. Work done as part of the preparation of the discussion paper included research on the feasibility of producing a subject matter index of New Zealand statute law, and information...
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was obtained from other jurisdictions about their indexing practices. Other issues investigated for the discussion paper included:

- the provision of public access in electronic form to historical New Zealand legislation no longer in force when the PAL system goes live, including the issue of preserving public access to certain hard copy volumes of early New Zealand legislation that are printed on acid paper that is disintegrating

- the feasibility of a systematic revision of the statute book (modernising and rationalising existing legislation), and the codification of New Zealand statute law under subject headings along the lines of United States federal and state models.

Visit to US and Canadian drafting offices

In August/September 2006, Melanie Bromley (a drafter seconded to the PAL Project team) visited five different drafting offices in the United States and Canada to look at the systems that they have implemented for drafting in XML. The offices visited were in Sacramento, Ottawa, and New Brunswick, along with the drafting offices in the US Senate and US House of Representatives in Washington DC. The Ottawa and New Brunswick offices use the same authoring tool (Epic Editor) that the PCO will be using. During the visit, Melanie met with management, drafters, support staff, editors, reprints staff, and IT developers.

Melanie found that the users in those offices are generally very happy with the XML editing systems they have implemented. Numerous changes have been made to the systems post-implementation to improve the usability of the tools, and they all agreed that they preferred the new editing environment to editing in a word processing environment. The demonstrations were particularly valuable as a source of ideas for how the PCO system might be further customised over time to make it more user friendly.

In each office visited, Melanie was also able to discuss with IT staff some of the technical issues that Unisys has encountered while developing the PAL system. The information and assistance obtained was passed on to Unisys and it was found to be very useful. Other discussions revolved around the process of introducing the new system and the main points that were consistently heard were:

- plenty of training and good documentation are essential
- training must focus on the business use of the system, not its technical aspects, and the training should be undertaken by business people
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- "real life" practice exercises should be provided
- one-on-one training, or training of small groups, is preferable
- training sessions should be kept short
- post-implementation, a number of "super users" should be available for ongoing help and training
- it is vital that the system continue to be enhanced post-implementation.

The PCO has integrated these points into the PAL training strategy. User groups will also be formed to review and prioritise suggested changes and enhancements to the PAL system after go live.
STRATEGIC OBJECTIVE 3—CAPABILITY DEVELOPMENT

The goals of this objective are that:

- the core capabilities of the PCO, including the management capability of staff, are maintained and enhanced
- the PCO has appropriate and effective organisational structure and management systems
- 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 capability

Review of the PCO

A review of the organisational structure and administrative and management systems of the PCO by PricewaterhouseCoopers (PwC) was completed in February 2007. The main recommendations were to:

- increase the management capability of the PCO through the adoption of a new organisation structure, which provides for a strengthened executive management structure and enhanced support for service delivery
- support the effective management of staff through the introduction of a Human Resources and Organisational Development Adviser, which will bring effective HR practice into the PCO and work as a catalyst for improving HR strategies and systems
- increase the financial administrative support of the PCO by the creation of a Finance Officer role
- adopt a coordinated and strategic approach to knowledge and information management through the grouping of all related services and the recruitment of a Knowledge and Information Manager
- enhance the contribution of staff in leadership positions with increased delegation of responsibilities, which will enable the senior management to adopt a greater strategic focus
- provide appropriate training for staff with management and leadership responsibilities
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- provide for increased job and career enrichment opportunities
- introduce cross-functional teams to achieve higher levels of cooperation and coordination within the organisation
- review the organisation’s performance management system
- strengthen current processes and practices in the key areas of career and capability management, financial management and accounting, and knowledge and information management.

Funding was provided to establish the positions of Human Resources and Organisational Development Adviser and Finance Officer. The Chief Parliamentary Counsel has agreed with the Treasury and the State Services Commission to defer implementing the PwC recommendations pending David Noble taking up the role of Chief Parliamentary Counsel.

Staff training

The uptake by staff of training opportunities in the reporting period continued the upward trend of the previous two years.

As part of the performance management process, staff complete training plans each year for the following 12 months which, when approved, are recorded in an in-house database. Staff are provided with information about training opportunities, to encourage participation and to ensure the efficient and timely use of the training budget.

A recent focus has been on the provision of management training, taking particular account of the need for succession planning. Four senior staff members attended the 2006 State Services Senior Leaders Development Conference (DEVCON).

Accommodation

The PCO renegotiated its office rent in early 2007. Independent valuations were obtained by both parties. This resulted in a rent increase, which reflected the strong commercial property market in the preceding three years.

In June 2007, more efficient use was made of the current accommodation by relocating a number of staff. Implementation of recommendations from the PwC review would require further accommodation changes in the 2007/08 year.
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Managing staffing commitments arising out of PAL

At least two staff members from each business unit within the PCO have been part of the PCO PAL Project team, in order to ensure effective participation by the PCO in the development of the project, to spread the heavy workload, to provide backup in case of illness or peaks in the demands of business-as-usual work, and to facilitate communication with the other members of the PCO’s business units. There has been close cooperation between Unisys and PCO, Office of the Clerk, and IRD staff. One PCO staff member has also been dedicated to a liaison role with Unisys. Since January 2007, PCO staff have been carrying out SIT, UAT, and on-the-job training with the new software. As a result, a significant proportion of PCO staff have become familiar with the new system ahead of the formal training period.

The recruitment of additional IS staff has been referred to on page 24.

KiwiSaver and State Sector Retirement Savings Scheme

The PCO is a contributing member of the State Sector Retirement Savings Scheme (SSRSS). The Management Support Coordinator represented the PCO at a number of SSRSS and KiwiSaver meetings and presentations in preparation for the introduction of KiwiSaver on 1 July 2007.

The Government Actuary granted exempt employer status to the PCO, which exempts the PCO from automatically enrolling new employees in KiwiSaver. Nonetheless, the PCO has ensured that each member of staff has the necessary information with which to make an informed individual decision.

New and updated employment policies

Three new employment policies and a set of guidelines were issued in the 2006/07 year, following consultation with staff. These were the Equal Employment Opportunities and Freedom from Harassment Policy, Disciplinary Policy, Employment Policy, and Recruitment Guidelines. Several existing policies were reviewed and minor changes made.

Effective use of technology

Two themes have dominated the PCO’s use of technology in the office: increasing efficiency, and furthering relationships with other agencies and groups.

Work has continued on enhancing users’ access to various databases via the intranet, which is now a major tool within the office. Recent developments include:

• a publication tracking tool that allows users to log work requests with the Prepublication Unit; it will also be open to third parties such as the Office of the Clerk and IRD to use, as part of PAL, if they wish.
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- enhancements to the helpdesk system to formally track releases and defects, and also to provide an electronic approval process for change control
- a system that will track the current legislation in progress that will need to be converted to the PAL system.

An intended review of the PCO website has been deferred until after the completion of the PAL Project.

The majority of staff now have dual monitors. This greatly assists users in the accuracy of their day-to-day work, particularly when copying and pasting between applications.

The Librarian has continued to evaluate library resources in the office to ensure that staff needs are met in the most appropriate and effective ways. A user survey comparing looseleaf and online resources has indicated that an increased number of drafters now prefer to access information in an electronic, rather than printed, format. New electronic resources have been added to the collection to allow faster access to more up-to-date information from the desktop.

The PCO is considering joining the Government Shared Network (GSN).¹² This network enables government agencies to share information securely at higher speeds and more cost-effectively, contributing to Coordinated State Agencies, one of the Development Goals for the State Services.¹³ The GSN has a modular structure, enabling agencies to take up services as they require them. The State Services Commission has presented a paper to members of the Parliamentary campus, including the PCO, identifying three options for connection. The PCO will make a decision on which option best suits its business needs in consultation with other campus members.

Development of best practice guidelines

Documentation to support operational systems across the PCO has continued to be enhanced. This includes documenting new and changed business processes arising out of the PAL system, taking account of staff training needs (see page 24).

In the area of records management, new procedures, tools, and documentation have been developed, and parts of the administrative file structure reorganised. Significant records management work completed in the reporting year includes the relisting of all the PCO records held at off-site storage. Between July and September 2006, an estimated 552 linear metres of files were relisted, setting the stage for records transfers to Archives New Zealand, and the disposal of scheduled administrative records. The PCO now has an accurate estimate of its closed drafting files holdings at off-site storage.

¹³ For information on this and the other Development Goals, see www.ssc.govt.nz.
As mentioned earlier (see page 35), several employment policies and guidelines were developed during the year.

**Sustainable practice**

The PCO is a member of the Parliamentary Campus Sustainable Practice Committee, a group set up to help improve the sustainability of the activities that are within the scope of the participating agencies in the campus. The aims of the group link with the Govt’s programme of improving public sector environmental, social, and economic sustainability.

The PCO has a number of sustainable practice processes in place to reduce, reuse, or recycle:

- all items placed in the document destruction bins are shredded and then recycled
- our service provider for legislative printing uses paper from certified sustainable sources, and actively recycles or reuses paper and packaging waste; it also uses vegetable-based rather than oil-based inks in the printing process
- paper towels, food waste, glass, plastics, and used toner cartridges are recycled
- current energy efficiency practices include that all monitors and printers are configured to turn off or go into “power save” mode when inactive, solar film is installed on windows in a number of offices which reduces the running costs of the air conditioning system, and all offices and bathrooms are fitted with motion sensors to turn off the lights when unoccupied.

**External relations**

In July 2006 three staff members attended and presented to the Parliamentary Counsel’s Committee IT Forum in Melbourne. Although the principal focus was on issues of technology, discussion ranged over many areas that were common to Australian and New Zealand drafting offices.

The PCO participates in the Human Resources Managers meeting, a group of senior human resources and corporate services staff from similar-sized agencies who meet to discuss common issues and share information.

**Parliamentary campus liaison**

The PCO participates in the following groups:

- the Parliamentary Agencies Information Committee, which provides strategic leadership across the complex and encourages collaboration between the agencies
- the Parliamentary Information Managers group, a forum for sharing experience in information management projects
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- the Parliamentary Complex Health and Safety Committee, which takes a strategic approach to ensure that the Parliamentary complex is a safe and healthy environment for members, employees, visitors, and contractors
- the Parliamentary Agencies Security Coordination Group, which aims to share information to promote the security of people, assets, buildings, and information
- the Parliamentary Complex Sustainable Practice Committee, which seeks to improve the sustainability of activities within the Parliamentary complex and is a partial response of the participating agencies to the Gov't programme for public sector agencies
- Parliamentary Service induction sessions, where new employees of the Parliamentary Service are introduced to the other Parliamentary agencies.

Conferences and seminars

In the 2006/07 year, seminars presented at the PCO include the following:

- in August 2006 Professor John Burrows QC led a seminar on the division between Acts and regulations; the seminar led to new material being included in the LAC Guidelines
- in February 2007 the PCO co-hosted with Clarity a presentation by Trevor Aldridge QC, an eminent English property lawyer, on “Who’s leading the way in drafting?”
- also in February, Dr Timothy Arnold-Moore spoke about the implementation of electronic drafting systems in other jurisdictions.

Presentations given by PCO staff include the following:

- Ross Carter, Mark Gobbi, Adrienne Meikle, Cassie Nicholson, and Ian Vernon taught a course on legislation at the Victoria University Law School in the first trimester of the 2007 academic year
- Kate Anthony presented a paper on PCO projects at the New Zealand Law Librarians Association Symposium in May
- Graeme Thompson gave a presentation on PCO email management to the Archives New Zealand Government Recordkeeping Forum programme in May

Publications


Mark Gobbi has continued to serve as a Special Advisor to the *New Zealand Yearbook of International Law*, published by the International Law Group, School of Law, University of...

Briar Gordon is a co-author and specialist contributor (Treaty of Waitangi) of Brookers Resource Management Law, and contributes headnotes to the New Zealand Law Reports.

Don Mathieson QC has contributed new sections to the New Zealand looseleaf edition of Cross on Evidence (LexisNexis, 2007).

MANAGING FOR OUTCOMES

As noted on page 6, 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 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.
MEASURING PERFORMANCE

Section 45 of the Public Finance Act 1989 requires the PCO’s Annual Report to provide the information necessary to enable an informed assessment to be made of its 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 its future operating intentions in the Statement of Intent in accordance with sections 40 and 41 of the Act.

In complying with this requirement, the PCO aims to assess whether it is doing well what it is committed to doing, and whether it can do better. The objective is to ensure that, over time, the PCO continues to improve the services it delivers.

The main measures and standards the PCO uses relate to three areas (see section 40(d) of the Public Finance Act 1989):

- the impacts, outcomes, or objectives achieved or contributed to by the PCO
- the cost effectiveness of the interventions that it delivers or administers
- its organisational health and capability to perform its functions and conduct its operations effectively.

**Impacts, outcomes, and objectives**

Earlier sections of this report, relating to the PCO’s strategic objectives of best practice legislative drafting services, ready access to New Zealand legislation, and capability development, have reported on developments and achievements during the reporting year. These achievements are expressed within the context of the PCO’s intentions for the reporting period and following two years as set out in the Statement of Intent for 2006–2009, pages 23–30.

The Statement of Service Performance (page 61) sets out the standards the PCO aimed to achieve in the year, and measures performance against them, for its two output classes—Law Drafting Services and Access to Legislation.

**Cost effectiveness**

The PCO measures the cost effectiveness of its interventions by establishing whether it has practices, systems, and processes that provide a reasonable level of assurance that it meets the quality standards set for delivery of its outputs, at reasonable cost. The PCO seeks to achieve high quality at reasonable cost, rather than striving for cost savings at the expense of quality. Cost effectiveness can therefore be assessed through three channels: achievement of quality, efficient use of resources, and ensuring its direct costs remain at a reasonable level.
The achievement of quality is central to the PCO’s culture, and is emphasised in its mission and vision statements. Some examples of office practice that foster quality are:

- staff training, particularly at induction and through professional development
- performance management
- use of manuals (Drafting Manual, Style Manual, PCO Officialisation Guidelines)
- scrutiny of new legislation and reprints through peer review (Parliamentary Counsel, Reprints Unit), proofreading (Editorial Services, Reprints Unit), and coding checks (Secretarial Services)
- development of expertise through the use of drafting teams
- provision of good-quality and timely information (Information Systems, Library, Management Support)
- performance data reporting for records management functions and tasks.

A measure of the quality of the drafting services the PCO provides is the Drafting Services Survey, used to obtain the views of instructing departments. The results are given in the Statement of Service Performance (page 63).

Systems and practices used by the PCO to ensure it uses its resources efficiently include:

- tracking of drafting work, from receipt of instructions to Royal assent and into bookshops (LegTracking)
- engaging with instructing departments to ensure that the respective roles of instructor and drafter are well understood (seminars, publications)
- establishing reprinting priorities (reprints survey and programme).

Systems exist to ensure that direct costs are kept at an appropriate level. The single largest cost is for personnel, at 48.9%. Every year reports are sought to quantify movements in the relevant sectors of the labour market, and salary adjustments are kept in line with this information. Similarly, appropriate salary ranges are sought from market analysts for new positions. The PCO aims to balance the demands of recruitment and staff retention, recognition of performance, and the minimising of costs.

The largest operating cost is for printing. The PCO’s contract for printing with Blue Star has been extended several times, pending the completion of the PAL Project and the re-evaluation of printing needs that the period following PAL will require (see the 2006 Annual Report (page 32) for more detail). The printing contract will be put out to tender in 2008. In the meantime, the
OBJECTIVES AND OUTCOMES

PCO is satisfied that the present contract with Blue Star’s subsidiary SecuraCopy is working well, with satisfactory service levels.

A significant overhead is accommodation. The PCO’s rental costs are evaluated and renegotiated every three years, backed by independent valuations. Approval has been given to carry forward funding to allow the PCO to make more efficient use of the available office space (see page 34).

Organisational health and capability

The PCO’s organisational health and capability have already been discussed under Strategic Objective 3—Capability development. Retention of staff is a major element of ensuring capability, while maintaining an appropriate staff establishment is one of the aims of the PCO’s recently issued Employment Policy. The average staff turnover in the last three years is less than 3%.

Cost effectiveness, capability development, and succession planning are all affected by the mix of experience across the office. Experience is particularly significant for drafters, as it can take five years for a new drafter to become fully self-sufficient. The graph below shows that the PCO has achieved an appropriate mix of drafting experience over the last ten years.

Another measure of organisational health and capability is whether the PCO is achieving a smooth transition to the new PAL system. The steps taken to implement the new system are discussed at page 23.

Finally, a central measure of whether the PCO has achieved the appropriate standard in its organisational health and capability is whether it has delivered its outputs satisfactorily. This is addressed in the Statement of Service Performance (page 61).

Drafting experience

![Graph showing drafting experience from 1997 to 2007](image-url)
OBJECTIVES AND OUTCOMES

RISK MANAGEMENT

**PAL Project**

The key areas of technical risk for the PAL Project relate to the integration and customisation of base technologies, the capacity of the technology to deliver the PCO’s business requirements, and system performance. In any complex IT project, it is not possible to eliminate every risk. However, the risk has been minimised, both through applying the knowledge and experience already gained in the technologies, and through the use of independent reviewers (Dr Arnold-Moore and HPNZ) who have examined the project at various points of the project’s development (see page 24). Appropriate risk management strategies are in place for the remainder of the project.

Areas of business risk relate to the implementation of the new PAL system, the associated changes to business processes of the PCO, the Office of the Clerk, and the IRD, and the change management associated with the project. The integration of drafting and publishing means that not only will there be a change to business processes, but that the staff involved in the drafting, publishing, and reprinting of legislation will be using new systems and tools. The implementation planning undertaken in response to these risks is outlined on page 23.

**Other areas of risk**

A PCO Library and Records Management Disaster Recovery Plan is currently under development. Once completed, it will form an integral part of the revision of the PCO Disaster Recovery Manual.

The PCO has decided to establish an audit committee. The objective of the committee will be to provide independent assurance to the Chief Parliamentary Counsel as chief executive on the PCO risk, control, and compliance framework. The PCO will be assuming increased responsibilities with the commencement of the PAL system, acting on behalf of the PAL participants, the IRD, the Office of the Clerk, and the PCO. It is becoming increasingly common for large- to medium-sized entities in the core public sector to have an audit committee. It seems timely for the PCO to take this initiative. The committee will consist of three members, two external and one internal. The chair will be an external member.

Risk analysis has also been integral to the development of the PCO’s employment-related policies and guidelines (see page 35) to provide assurance that they are comprehensive, appropriate to PCO requirements, and accurately reflect current employment law.

The PCO commissioned an independent review of the security of its IT systems. A report was awaited at financial year end.
The PCO is also working with the other Parliamentary agencies to improve security. One of the goals of the Parliamentary campus Joint Information Systems Strategy is to achieve commonality of security policies and procedures. A recently established Parliamentary Agencies Security Coordination Group will set the strategy for security, both electronic and physical, through the implementation of a security framework.
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 2007, including the Statement of Service Performance, now follow.

STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2007

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, Ian Jamieson, Chief Parliamentary Counsel, accept responsibility for the preparation of the financial statements and the judgements used in the financial statements.

Countersigned by:

Ian Jamieson  
Chief Parliamentary Counsel  
25 September 2007

John Farrell  
Acting Manager Support Services  
Parliamentary Counsel Office  
25 September 2007
### Statement of Financial Performance

**For the year ended 30 June 2007**

<table>
<thead>
<tr>
<th>Date</th>
<th>Actual $000</th>
<th>Notes</th>
<th>Actual $000</th>
<th>Estimates $000</th>
<th>Estimates $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>30/6/06</td>
<td></td>
<td></td>
<td>30/6/07</td>
<td>30/6/07</td>
<td>30/6/07</td>
</tr>
<tr>
<td></td>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15,729</td>
<td>Crown</td>
<td></td>
<td>17,592</td>
<td>16,092</td>
<td>17,592</td>
</tr>
<tr>
<td>178</td>
<td>Other 1</td>
<td></td>
<td>175</td>
<td>153</td>
<td>153</td>
</tr>
<tr>
<td><strong>15,907</strong></td>
<td><strong>Total revenue</strong></td>
<td></td>
<td><strong>17,767</strong></td>
<td><strong>16,245</strong></td>
<td><strong>17,745</strong></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6,942</td>
<td>Personnel 2</td>
<td></td>
<td>7,414</td>
<td>7,649</td>
<td>7,662</td>
</tr>
<tr>
<td>5,923</td>
<td>Operating 3</td>
<td></td>
<td>6,613</td>
<td>7,169</td>
<td>8,896</td>
</tr>
<tr>
<td>390</td>
<td>Depreciation 4</td>
<td></td>
<td>398</td>
<td>767</td>
<td>438</td>
</tr>
<tr>
<td>533</td>
<td>Capital charge 5</td>
<td></td>
<td>726</td>
<td>660</td>
<td>749</td>
</tr>
<tr>
<td><strong>13,788</strong></td>
<td><strong>Total expenses</strong></td>
<td></td>
<td><strong>15,151</strong></td>
<td><strong>16,245</strong></td>
<td><strong>17,745</strong></td>
</tr>
<tr>
<td>2,119</td>
<td>Net surplus/(deficit)</td>
<td></td>
<td>2,616</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Statement of Movements in Taxpayers’ Funds

**For the year ended 30 June 2007**

<table>
<thead>
<tr>
<th>Date</th>
<th>Actual $000</th>
<th>Main $000</th>
<th>Supp. $000</th>
<th>30/6/07</th>
<th>30/6/07</th>
<th>30/6/07</th>
<th>30/6/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>30/6/06</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Taxpayers’ funds as at 1 July</td>
<td>6,168</td>
<td>6,168</td>
<td>6,168</td>
<td>8,797</td>
<td>8,797</td>
<td>8,797</td>
</tr>
<tr>
<td>2,119</td>
<td>Net operating surplus</td>
<td>2,119</td>
<td>2,119</td>
<td>2,119</td>
<td>2,616</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>2,119</strong></td>
<td><strong>Total recognised revenues and expenses for the year</strong></td>
<td></td>
<td></td>
<td></td>
<td>2,616</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2,629</td>
<td>Capital contributions</td>
<td>2,629</td>
<td>2,629</td>
<td>2,629</td>
<td>3,552</td>
<td>3,552</td>
<td>3,552</td>
</tr>
<tr>
<td>(2,119)</td>
<td>Provision for repayment of surplus to the Crown</td>
<td>(2,119)</td>
<td>(2,119)</td>
<td>(2,119)</td>
<td>(2,616)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>8,797</strong></td>
<td><strong>Taxpayers’ funds as at 30 June</strong></td>
<td>8,797</td>
<td>8,797</td>
<td>8,797</td>
<td>12,349</td>
<td>12,349</td>
<td>12,349</td>
</tr>
</tbody>
</table>

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

**As at 30 June 2007**

<table>
<thead>
<tr>
<th></th>
<th>30/6/06 Actual $000</th>
<th>30/6/07 Main $000</th>
<th>30/6/07 Actual $000</th>
<th>30/6/07 Estimates $000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main Supp.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxpayers’ funds</td>
<td>8,797</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total taxpayer funds</td>
<td>12,349</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Represented by:

### Current assets

<table>
<thead>
<tr>
<th></th>
<th>2,872</th>
<th>7,146</th>
<th>1,511</th>
<th>2,976</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors and receivables</td>
<td>47</td>
<td>66</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Prepayments</td>
<td>15</td>
<td>125</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Debtor—Crown</td>
<td>1,559</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total current assets</td>
<td>4,493</td>
<td>7,337</td>
<td>1,530</td>
<td>2,995</td>
</tr>
</tbody>
</table>

### Non-current assets

<table>
<thead>
<tr>
<th></th>
<th>8,256</th>
<th>9,608</th>
<th>11,947</th>
<th>10,417</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant, and equipment</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>8,256</td>
<td>9,608</td>
<td>11,947</td>
<td>10,417</td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>12,749</th>
<th>16,945</th>
<th>13,477</th>
<th>13,412</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors and accruals</td>
<td>1,158</td>
<td>1,246</td>
<td>418</td>
<td>418</td>
</tr>
<tr>
<td>Provision for payment of net surplus</td>
<td>2,119</td>
<td>2,616</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Provision for employee entitlements</td>
<td>266</td>
<td>233</td>
<td>422</td>
<td>357</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>3,543</td>
<td>4,095</td>
<td>840</td>
<td>775</td>
</tr>
</tbody>
</table>

### Non-current liabilities

<table>
<thead>
<tr>
<th></th>
<th>409</th>
<th>501</th>
<th>288</th>
<th>288</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for employee entitlements</td>
<td>8</td>
<td>501</td>
<td>288</td>
<td>288</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>409</td>
<td>501</td>
<td>288</td>
<td>288</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES**

<table>
<thead>
<tr>
<th></th>
<th>3,952</th>
<th>4,596</th>
<th>1,128</th>
<th>1,063</th>
</tr>
</thead>
</table>

### Net assets

|                | 8,797 | 12,349 | 12,349 | 12,349 |

**Note:** The accompanying accounting policies and notes 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 2007*

<table>
<thead>
<tr>
<th>30/6/06</th>
<th>30/6/07</th>
<th>30/6/07</th>
<th>30/6/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>Actual</td>
<td>Estimates</td>
<td>Estimates</td>
</tr>
<tr>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
</tbody>
</table>

**Cash flows from operating activities**

Cash was provided from:

<table>
<thead>
<tr>
<th>Supply of outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>14,171 —Crown</td>
</tr>
<tr>
<td>112 —Departments</td>
</tr>
<tr>
<td>22 —Other</td>
</tr>
<tr>
<td>0 Net GST received</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
</tr>
</tbody>
</table>

Cash was disbursed to:

<table>
<thead>
<tr>
<th>Produce outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>(6,800) —Personnel</td>
</tr>
<tr>
<td>(6,241) —Operating</td>
</tr>
<tr>
<td>(336) —Capital charge</td>
</tr>
<tr>
<td>(533) Net GST paid</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
</tr>
</tbody>
</table>

**Net cash flows from operating activities**

| $395 |

**Cash flows from investing activities**

Cash was provided from:

| 23 Sale of property, plant, and equipment | 75 | 0 | 0 |

Cash was disbursed to:

| (2,233) Purchase of property, plant, and equipment | (1,822) | (3,852) | (2,929) |
| (2,210) Net cash flows from investing activities | (1,747) | (3,852) | (2,929) |

**Cash flows from financing activities**

Cash was provided from:

| 2,629 Capital contributions received | 3,552 | 3,552 | 3,552 |

Cash was disbursed to:

| (681) Payment of surplus to the Crown | (2,119) | 0 | (2,119) |
| 1,948 Net cash flows from financing activities | 1,433 | 3,552 | 1,433 |

| 133 Net increase/(decrease) in cash held | 4,274 | 532 | 104 |
| 2,739 Add: opening cash brought forward | 2,872 | 979 | 2,872 |
| 2,872 Closing cash to carry forward | 7,146 | 1,511 | 2,976 |

**Note:**
The accompanying accounting policies and notes form part of these financial statements. For information on major variances against budget, refer to Note 11.
### RECONCILIATION OF NET SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

*For the year ended 30 June 2007*

<table>
<thead>
<tr>
<th></th>
<th>30/6/06</th>
<th>30/6/07 Actual</th>
<th>30/6/07 Estimates</th>
<th>30/6/07 Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>Net surplus/(deficit)</td>
<td>2,119</td>
<td>2,616</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Add/(less) non-cash items:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>390</td>
<td>398</td>
<td>767</td>
<td>438</td>
</tr>
<tr>
<td>Increase in non-current employee entitlements</td>
<td>56</td>
<td>92</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>446</td>
<td>490</td>
<td>767</td>
<td>438</td>
</tr>
<tr>
<td><strong>Add/(less) working capital movements:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in debtors and prepayments</td>
<td>(23)</td>
<td>(129)</td>
<td>0</td>
<td>43</td>
</tr>
<tr>
<td>(Increase)/decrease in debtor—Crown</td>
<td>(1,559)</td>
<td>1,559</td>
<td>0</td>
<td>1,559</td>
</tr>
<tr>
<td>Decrease in creditors and payables</td>
<td>(616)</td>
<td>88</td>
<td>0</td>
<td>(740)</td>
</tr>
<tr>
<td>Increase/(decrease) in current employee entitlements</td>
<td>51</td>
<td>(33)</td>
<td>65</td>
<td>(29)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>(2,147)</td>
<td>1,485</td>
<td>65</td>
<td>833</td>
</tr>
<tr>
<td><strong>Add/(less) Investing activity items:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on sale of physical assets</td>
<td>(23)</td>
<td>(3)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Purchase of fixed assets</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>(3)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net cash flows from operating activities</strong></td>
<td>395</td>
<td>4,588</td>
<td>832</td>
<td>1,271</td>
</tr>
</tbody>
</table>

### STATEMENT OF COMMITMENTS

*As at 30 June 2007*

<table>
<thead>
<tr>
<th></th>
<th>30/6/06</th>
<th>30/6/07 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td><strong>Capital commitments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 1 year</td>
<td>2,956</td>
<td>2,336</td>
</tr>
<tr>
<td>1 to 2 years</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total capital commitments</strong></td>
<td>2,956</td>
<td>2,336</td>
</tr>
<tr>
<td><strong>Operating commitments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 1 year</td>
<td>5,138</td>
<td>4,059</td>
</tr>
<tr>
<td>1 to 2 years</td>
<td>2,601</td>
<td>1,382</td>
</tr>
<tr>
<td>2 to 5 years</td>
<td>3,223</td>
<td>2,860</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>400</td>
<td>133</td>
</tr>
<tr>
<td><strong>Total operating commitments</strong></td>
<td>11,362</td>
<td>8,434</td>
</tr>
<tr>
<td><strong>Total commitments</strong></td>
<td>14,318</td>
<td>10,770</td>
</tr>
</tbody>
</table>

*Note:* The PCO has an accommodation lease with the Reserve Bank. The PCO has a contract with Unisys New Zealand for the implementation of the PAL project, and with Brokers for the supply of the interim website of legislation. The contract with Brokers 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 Print Group (New Zealand) Limited.

*Note:* The accompanying accounting policies and notes form part of these financial statements. For information on major variances against budget, refer to Note 11.
STATEMENT OF CONTINGENCIES
As at 30 June 2007

Contingent liabilities
As at 30 June 2007, there are no contingent liabilities. (30 June 2006: nil.)

Contingent assets
As at 30 June 2007, a performance bond of $1.098 million, issued by Unisys New Zealand (Unisys), is held by the PCO. This bond is held to ensure Unisys complies with its obligations under the contract between Unisys and the PCO in respect of the PAL Project. The bond expires on 12 October 2007. (30 June 2006: $1.098 million.)

As at 30 June 2007, there were no guarantees or indemnities given under the Public Finance Act 1989 in respect of the activities of the PCO. (30 June 2006: nil.)

STATEMENT OF UNAPPROPRIATED EXPENSES AND CAPITAL EXPENDITURE
For the year ended 30 June 2007

For the year ended 30 June 2007, there are no instances of unappropriated expenses or capital expenditure. (30 June 2006: nil.)

STATEMENT OF OPERATING AND CAPITAL EXPENDITURE
For the year ended 30 June 2007

<table>
<thead>
<tr>
<th>30/6/06</th>
<th>30/6/07 Expenditure</th>
<th>30/6/07 Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual $000</td>
<td>Actual $000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VOTE: PARLIAMENTARY COUNSEL</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating appropriations</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,740 Law Drafting Services</td>
</tr>
<tr>
<td>6,048 Access to Legislation</td>
</tr>
<tr>
<td><strong>Total operating appropriations</strong></td>
</tr>
</tbody>
</table>

Capital appropriations

<table>
<thead>
<tr>
<th>Capital appropriations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,629 Capital appropriations to PCO</td>
</tr>
<tr>
<td><strong>Total capital appropriations</strong></td>
</tr>
</tbody>
</table>

¹ This includes adjustments made in the Supplementary Estimates and transfers under section 26A of the Public Finance Act 1989.

Note: The accompanying accounting policies and notes form part of these financial statements.
### Notes to the Financial Statements
*For the year ended 30 June 2007*

#### Note 1 Other revenue

<table>
<thead>
<tr>
<th></th>
<th>30/6/06 Actual</th>
<th>30/6/07 Main</th>
<th>30/6/07 Supp.</th>
<th>30/6/07 Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental revenue</td>
<td>$136,000</td>
<td>$156,000</td>
<td>$118,000</td>
<td>$118,000</td>
</tr>
<tr>
<td>Gain on sale of property, plant, and equipment</td>
<td>$3,000</td>
<td>$3,000</td>
<td>$0,000</td>
<td>$0,000</td>
</tr>
<tr>
<td>Recovery of printing expenses</td>
<td>$16,000</td>
<td>$1,000</td>
<td>$35,000</td>
<td>$35,000</td>
</tr>
<tr>
<td><strong>Total other revenue</strong></td>
<td><strong>$175,000</strong></td>
<td><strong>$153,000</strong></td>
<td><strong>$153,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

1. In 2006/07, the PCO recovered costs of $0.016 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.

#### Note 2 Personnel expenses

<table>
<thead>
<tr>
<th></th>
<th>30/6/06 Actual</th>
<th>30/6/07 Main</th>
<th>30/6/07 Supp.</th>
<th>30/6/07 Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$6,756,000</td>
<td>$7,143,000</td>
<td>$7,466,000</td>
<td>$7,453,000</td>
</tr>
<tr>
<td>Other personnel expenses</td>
<td>$211,000</td>
<td>$118,000</td>
<td>$94,000</td>
<td>$94,000</td>
</tr>
<tr>
<td>Annual, retirement, and long service leave</td>
<td>$60,000</td>
<td>$65,000</td>
<td>$115,000</td>
<td>$115,000</td>
</tr>
<tr>
<td><strong>Total personnel expenses</strong></td>
<td><strong>$7,414,000</strong></td>
<td><strong>$7,649,000</strong></td>
<td><strong>$7,662,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

#### Note 3 Operating expenses

<table>
<thead>
<tr>
<th></th>
<th>30/6/06 Actual</th>
<th>30/6/07 Main</th>
<th>30/6/07 Supp.</th>
<th>30/6/07 Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit fees to auditors for audit of the financial statements</td>
<td>$22,000</td>
<td>$22,000</td>
<td>$22,000</td>
<td>$22,000</td>
</tr>
<tr>
<td>Consultancy</td>
<td>$350,000</td>
<td>$383,000</td>
<td>$809,000</td>
<td>$809,000</td>
</tr>
<tr>
<td>Rental expenses</td>
<td>$590,000</td>
<td>$546,000</td>
<td>$558,000</td>
<td>$558,000</td>
</tr>
<tr>
<td>Printing expenses</td>
<td>$4,117,000</td>
<td>$2,535,000</td>
<td>$5,497,000</td>
<td>$5,497,000</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>$1,528,000</td>
<td>$3,610,000</td>
<td>$2,010,000</td>
<td>$2,010,000</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>$5,923,000</strong></td>
<td><strong>$7,096,000</strong></td>
<td><strong>$8,896,000</strong></td>
<td><strong>$8,896,000</strong></td>
</tr>
</tbody>
</table>
### Note 4 Depreciation

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>30/6/06</th>
<th>30/6/07 Actual</th>
<th>30/6/07 Estimates</th>
<th>30/6/07 Supp. Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer equipment</td>
<td>195</td>
<td>190</td>
<td>586</td>
<td>200</td>
</tr>
<tr>
<td>Furniture</td>
<td>27</td>
<td>28</td>
<td>0</td>
<td>24</td>
</tr>
<tr>
<td>Leasehold property improvements</td>
<td>141</td>
<td>144</td>
<td>161</td>
<td>137</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>18</td>
<td>14</td>
<td>20</td>
<td>14</td>
</tr>
<tr>
<td>Office equipment</td>
<td>9</td>
<td>22</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>PAL software</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>PAL system</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>55</td>
</tr>
<tr>
<td><strong>Total depreciation</strong></td>
<td><strong>390</strong></td>
<td><strong>398</strong></td>
<td><strong>767</strong></td>
<td><strong>438</strong></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 payment is for the six months to 31 December, calculated by reference to taxpayers’ funds held as at the preceding 30 June; the second payment is for the six months to 30 June, calculated by reference to taxpayers’ funds held as at the preceding 31 December.

The capital charge rate for the year ended 30 June 2007 was 7.5%. (2006: 8.0%).
### Note 6  Property, plant, and equipment

<table>
<thead>
<tr>
<th></th>
<th>30/6/06 Actual</th>
<th>30/6/07 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>$1,452</td>
<td>$1,599</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>$(1,115)</td>
<td>$(1,305)</td>
</tr>
<tr>
<td>Computer equipment—net book value</td>
<td>$337</td>
<td>$294</td>
</tr>
<tr>
<td>Furniture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>$324</td>
<td>$332</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>$(252)</td>
<td>$(280)</td>
</tr>
<tr>
<td>Furniture—net book value</td>
<td>$72</td>
<td>$52</td>
</tr>
<tr>
<td>Leasehold property improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>$1,345</td>
<td>$1,394</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>$(835)</td>
<td>$(979)</td>
</tr>
<tr>
<td>Leasehold property improvements—net book value</td>
<td>$510</td>
<td>$415</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>$70</td>
<td>$71</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>$(20)</td>
<td>$(17)</td>
</tr>
<tr>
<td>Motor vehicles—net book value</td>
<td>$50</td>
<td>$54</td>
</tr>
<tr>
<td>Office equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>$146</td>
<td>$147</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>$(64)</td>
<td>$(86)</td>
</tr>
<tr>
<td>Office equipment—net book value</td>
<td>$82</td>
<td>$61</td>
</tr>
<tr>
<td>Items under construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>$1,348</td>
<td>$1,348</td>
</tr>
<tr>
<td>PAL software</td>
<td>$5,857</td>
<td>$7,384</td>
</tr>
<tr>
<td>PAL system</td>
<td>$7,205</td>
<td>$8,732</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$7,205</td>
<td>$8,732</td>
</tr>
<tr>
<td>Items under construction—net book value</td>
<td>$7,205</td>
<td>$8,732</td>
</tr>
<tr>
<td>Total property, plant, and equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>$10,542</td>
<td>$12,275</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>$(2,286)</td>
<td>$(2,667)</td>
</tr>
<tr>
<td>Total property, plant, and equipment—net book value</td>
<td>$8,256</td>
<td>$9,608</td>
</tr>
</tbody>
</table>
Note 7  Creditors and accruals

<table>
<thead>
<tr>
<th></th>
<th>30/6/06</th>
<th>30/6/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>Traffic creditors</td>
<td>443</td>
<td>263</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>673</td>
<td>649</td>
</tr>
<tr>
<td>GST payable</td>
<td>42</td>
<td>334</td>
</tr>
<tr>
<td>Capital charge payable</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total creditors and accruals</td>
<td>1,158</td>
<td>1,246</td>
</tr>
</tbody>
</table>

Note 8  Provision for employee entitlements

<table>
<thead>
<tr>
<th></th>
<th>30/6/06</th>
<th>30/6/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>Current portion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual leave</td>
<td>239</td>
<td>199</td>
</tr>
<tr>
<td>Long service leave</td>
<td>27</td>
<td>34</td>
</tr>
<tr>
<td>Total current portion</td>
<td>266</td>
<td>233</td>
</tr>
<tr>
<td>Non-current portion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long service leave</td>
<td>38</td>
<td>62</td>
</tr>
<tr>
<td>Retirement leave</td>
<td>371</td>
<td>439</td>
</tr>
<tr>
<td>Total non-current portion</td>
<td>409</td>
<td>501</td>
</tr>
<tr>
<td>Total provision for employee entitlements</td>
<td>675</td>
<td>734</td>
</tr>
</tbody>
</table>

An independent actuarial valuation was undertaken by Melville Jessup Weaver, to estimate the value of long service leave and retirement leave liabilities as at 30 June 2007. The major economic assumptions adopted in the valuation process were:

- salary increase rate: 4.0% per annum (30 June 2006: 3.5%)
- investment earnings: 6.8% per annum (30 June 2006: 6.0%).

Note 9  Financial instruments

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

Credit risk

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

In the normal course of its business, the PCO incurs credit risk from trade debtors and transactions with financial institutions.
The PCO does not require any collateral or security to support financial instruments with financial institutions that it deals with, as these entities have high credit ratings. For its other financial instruments, the PCO does not have significant concentrations of credit risk.

The maximum exposures to credit risk are as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>30/6/06</th>
<th>30/6/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>$2,872</td>
<td>$7,146</td>
</tr>
<tr>
<td>$000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank balances</td>
<td>2,872</td>
<td>7,146</td>
</tr>
<tr>
<td>Debtors</td>
<td>46</td>
<td>66</td>
</tr>
<tr>
<td>Total of maximum exposures to credit risk</td>
<td>2,918</td>
<td>7,212</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**

Currency risk is the risk that debtors and creditors due in foreign currency will fluctuate because of changes in foreign exchange rates.

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

**Interest rate risk**

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 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 $2.616 million was recorded. This was owing to a number of factors. Significant factors are stated below.

There was a surplus of $0.365 million resulting from timing factors associated with the appointment of Parliamentary Counsel and support staff, and related leave entitlements. However, additional costs of $0.117 million were incurred in recruiting a replacement for the Chief Parliamentary Counsel, who retired in this financial year (refer to Note 2).

Ministerial approval was granted for the carry forward of funds totalling $1.500 million from the 2005/06 financial year to the 2006/07 financial year, for the purposes of:

- Accommodating additional staff within the Reserve Bank building through an extensive refit of the premises. Indicative costs of such a refit are in the range $1.26 million to $1.8 million (GST exclusive).
- Costs associated with a delay in the implementation date of the PAL Project. The prepublication services currently provided by Legislation Direct had to be extended beyond the budgeted end date of March 2007. The cost of those services is $210,000 per month (GST exclusive).

The carry forward of these funds increased the supplementary estimates for consultancy ($0.500 million) and printing costs ($1.000 million).

There was a surplus of $1.013 million resulting from the cost of printing legislation, annual volumes, and reprints being less than anticipated. However, additional costs of $0.630 million were incurred in extending the term of Legislation Direct’s obligation to provide services, owing to delays in the PAL Project (refer to Note 3).

Other operating expenses resulted in a surplus of $0.476 million owing to costs being less than anticipated. This is owing to expenditure being demand-driven (refer to Note 3).

Note 12  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 will arise.
STATEMENT OF ACCOUNTING POLICIES
For the year ended 30 June 2007

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 in New Zealand.

Measurement system
These financial statements have been prepared under the historical cost convention.

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.

Expense allocation
The PCO has derived the costs of outputs using an expense allocation system outlined below.

Expense allocation policy
Direct expenses are charged directly to significant activities. Indirect expenses are charged to significant activities based on cost drivers and related activity usage information.

Criteria for direct and indirect expenses
Direct expenses are those expenses directly attributed to an output. Indirect expenses are those expenses that cannot be identified in an economically feasible manner with a specific output.

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

For the year ended 30 June 2007, direct expenses accounted for 98.73% of the PCO’s expenditure. (2006: 98.66%).
Basis for allocating indirect and corporate expenses to outputs

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

For the year ended 30 June 2007, indirect expenses accounted for 1.27% of the PCO’s expenditure. (2006: 1.34%.)

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.

Property, plant, and equipment

The initial cost of property, plant, and equipment 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 property, plant, and equipment costing more than $1,000 is capitalised and recorded at its historical cost.

Depreciation

Depreciation of property, plant, and equipment 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 useful lives are:

<table>
<thead>
<tr>
<th>Class</th>
<th>Estimated useful life</th>
<th>Depreciation rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer equipment</td>
<td>3 years</td>
<td>33%</td>
</tr>
<tr>
<td>Furniture</td>
<td>5 years</td>
<td>20%</td>
</tr>
<tr>
<td>Leasehold property improvements</td>
<td>6 years</td>
<td>16.67%</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>3 years</td>
<td>33%</td>
</tr>
<tr>
<td>Office equipment</td>
<td>5 years</td>
<td>20%</td>
</tr>
<tr>
<td>PAL software</td>
<td>7 years</td>
<td>14.29%</td>
</tr>
<tr>
<td>PAL system</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 day 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 values.

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, where appropriate.

Income tax

Government departments are exempt from the payment of income tax under the Income Tax Act 2004. 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 expense allocation accounting policies, since the date of the last audited financial statements.

All policies have been applied on a basis consistent with prior years.
The PCO agreed to provide outputs in 2006/07 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) 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 50 and 70 Government Bills would be drafted in the 2006/07 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 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 2007:

- drafted fewer than the anticipated number of Government Bills, 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>2007</td>
</tr>
<tr>
<td>Number of Government Bills enacted</td>
<td>80</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>39</td>
</tr>
</tbody>
</table>

1. Three of the Government Bills were drafted by the Inland Revenue Department; three were Members’ Bills.
2. Two of the Government Bills before the House of Representatives or awaiting Royal assent at the end of the year were drafted by the Inland Revenue Department.
3. Three of the Government Bills were drafted by the Inland Revenue Department.
4. One of the Government Bills was drafted by the Inland Revenue Department; one was a Member’s Bill.
5. 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.

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

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</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 2006/07 year the demand was less than the PCO anticipated; for an explanation of the different categories of Bills on the legislation programme, see page 11.
examine the local Bills and private Bills enacted in the year ended 30 June 2007, as follows:

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
</tr>
<tr>
<td>Number of local Bills enacted</td>
<td></td>
</tr>
<tr>
<td>Projected</td>
<td></td>
</tr>
<tr>
<td>Between 4 and 8</td>
<td>2</td>
</tr>
<tr>
<td>Actual</td>
<td></td>
</tr>
<tr>
<td>Number of private Bills enacted</td>
<td></td>
</tr>
<tr>
<td>Projected</td>
<td></td>
</tr>
<tr>
<td>Between 4 and 8</td>
<td>2</td>
</tr>
<tr>
<td>Actual</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>Projected</td>
<td></td>
</tr>
<tr>
<td>Between 4 and 8</td>
<td>4</td>
</tr>
<tr>
<td>Actual</td>
<td></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>2007</td>
</tr>
<tr>
<td>Local Acts in respect of which</td>
<td></td>
</tr>
<tr>
<td>amendments were drafted</td>
<td></td>
</tr>
<tr>
<td>Actual</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Private Acts in respect of which</td>
<td></td>
</tr>
<tr>
<td>amendments were drafted</td>
<td></td>
</tr>
<tr>
<td>Actual</td>
<td></td>
</tr>
<tr>
<td>2</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 2007 has achieved the high standard as set out in the Statement of 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 2007. A questionnaire was used and the results quantified. The response rate was 97% and the average satisfaction rating for those who responded was 93%. In comparison, in 2006 the response rate was 94% and the satisfaction rating was 95%.
Financial performance for Output Class—Law Drafting Services

<table>
<thead>
<tr>
<th></th>
<th>30/6/06 Actual $000</th>
<th>30/6/07 Actual $000</th>
<th>30/6/07 Main Estimates $000</th>
<th>30/6/07 Supp. Estimates $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue—Crown</td>
<td>8,261</td>
<td>8,761</td>
<td>8,261</td>
<td>8,761</td>
</tr>
<tr>
<td>Other revenue</td>
<td>140</td>
<td>133</td>
<td>104</td>
<td>104</td>
</tr>
<tr>
<td>Total revenue</td>
<td>8,401</td>
<td>8,894</td>
<td>8,365</td>
<td>8,865</td>
</tr>
<tr>
<td>Total expenses</td>
<td>7,740</td>
<td>8,606</td>
<td>8,365</td>
<td>8,865</td>
</tr>
<tr>
<td>Net surplus</td>
<td>661</td>
<td>288</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 50 and 70 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 Bills being introduced, Supplementary Order Papers being released, and Statutory Regulations being made, and, in the case of Acts, within ten working days of being assented to
- the annual bound volumes of Acts for 2006 and the annual bound volumes of Statutory Regulations for 2006 would be published in the first half of 2007
- reprinted Acts and reprinted Statutory Regulations would be compiled and published in accordance with the PCO reprints policy and the annual reprints programme
- the 2006 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
- 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 2007:

- supplied to the House and published 45 Government Bills, which is lower than the anticipated number, and 50 Government Supplementary Order Papers, which is lower than the anticipated number²

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 84 Acts of Parliament, which is within the range anticipated
• published 404 Statutory Regulations, which is higher than the anticipated number
• 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 were available within five working days of being made, and 53% of Acts were available within 10 working days of being assented to and a further 26% were available within 11 working days (a total of 79%)3
• published the annual bound volumes of Acts for 2006 and the annual bound volumes of Statutory Regulations for 2006 in the first half of 2007
• compiled and published 35 reprinted Acts and nine reprinted Statutory Regulations in accordance with the annual reprints programme
• compiled the 2006 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 Seventeen Acts took longer than 11 working days to be printed and made available. Three of those Acts were large and took 12 working days to produce and make available, 11 were assented to in the week before Christmas (of those one was large and took 12 days, another took 12 days, seven took 13 days, and two were large and took 14 days). Two Acts took 16 days and, as a result of being inadvertently delayed by the PCO, one large Act was not made available until 18 working days after being assented to.
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>2007</td>
</tr>
<tr>
<td><strong>Publications</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Projected</td>
</tr>
<tr>
<td><strong>Acts of Parliament</strong></td>
<td></td>
</tr>
<tr>
<td>Public Acts</td>
<td>Between 50 and 70</td>
</tr>
<tr>
<td>Local Acts</td>
<td>2</td>
</tr>
<tr>
<td>Private Acts</td>
<td>2</td>
</tr>
<tr>
<td><strong>Statutory Regulations</strong></td>
<td>Between 300 and 400</td>
</tr>
<tr>
<td><strong>Annual bound volumes of Acts</strong></td>
<td>For 2006 year</td>
</tr>
<tr>
<td><strong>Annual bound volumes of Statutory Regulations</strong></td>
<td>For 2006 year 7 volumes</td>
</tr>
<tr>
<td><strong>Reprinted Acts of Parliament</strong></td>
<td>In accordance with reprints programme</td>
</tr>
<tr>
<td><strong>Reprinted Statutory Regulations</strong></td>
<td>In accordance with reprints programme</td>
</tr>
</tbody>
</table>

**Attorney-General’s view**

The Attorney-General is satisfied that, taking account of the delays in implementation of the PAL Project, the performance of the PCO in relation to this output for the year ended 30 June 2007 was satisfactory against the standard as set out in the Statement of Service Performance.

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

<table>
<thead>
<tr>
<th></th>
<th>30/6/06</th>
<th>30/6/07</th>
<th>30/6/07</th>
<th>30/6/07</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
<td>Main</td>
<td>Supp.</td>
</tr>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
<td>Estimates</td>
<td>Estimates</td>
</tr>
<tr>
<td>Revenue—Crown</td>
<td>7,468</td>
<td>8,831</td>
<td>7,831</td>
<td>8,831</td>
</tr>
<tr>
<td>Other revenue</td>
<td>38</td>
<td>42</td>
<td>49</td>
<td>49</td>
</tr>
<tr>
<td>Total revenue</td>
<td>7,506</td>
<td>8,873</td>
<td>7,880</td>
<td>8,880</td>
</tr>
<tr>
<td>Total expenses</td>
<td>6,048</td>
<td>6,545</td>
<td>7,880</td>
<td>8,880</td>
</tr>
<tr>
<td>Net surplus</td>
<td>1,458</td>
<td>2,328</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Note: Figures are GST exclusive.
### Overall financial performance

The financial performance of the PCO for the year ended 30 June 2007 resulted in:

<table>
<thead>
<tr>
<th></th>
<th>30/6/07 Actual</th>
<th>30/6/07 Projected</th>
<th>30/6/06 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating results</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue—Crown</td>
<td>$17,592</td>
<td>$17,592</td>
<td>$15,729</td>
</tr>
<tr>
<td>Revenue—Other</td>
<td>$175</td>
<td>$153</td>
<td>$178</td>
</tr>
<tr>
<td>Output expenses</td>
<td>$15,151</td>
<td>$17,745</td>
<td>$13,788</td>
</tr>
<tr>
<td>Net surplus/(deficit)</td>
<td>$2,616</td>
<td>$0</td>
<td>$2,119</td>
</tr>
<tr>
<td><strong>Working capital management</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquid ratio</td>
<td>%</td>
<td>173</td>
<td>384</td>
</tr>
<tr>
<td>Debtor collection period</td>
<td>days</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Creditor payment period</td>
<td>days</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td><strong>Resource utilisation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant, and equipment (PPE)—</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions as a percentage of total PPE</td>
<td>%</td>
<td>19.0</td>
<td>35.8</td>
</tr>
<tr>
<td>PPE as a percentage of total assets</td>
<td>%</td>
<td>56.7</td>
<td>79.4</td>
</tr>
<tr>
<td>Taxpayers’ funds at year end</td>
<td>$000</td>
<td>$12,349</td>
<td>$12,349</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</td>
<td>$000</td>
<td>$(15,008)</td>
<td>$(17,751)</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash held</td>
<td>$000</td>
<td>4,274</td>
<td>104</td>
</tr>
</tbody>
</table>
AUDIT REPORT

TO THE READERS OF PARLIAMENTARY COUNSEL OFFICE’S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

FOR THE YEAR ENDED 30 JUNE 2007

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 2007.

Unqualified opinion

In our opinion:

• The financial statements of the Department on pages 47 to 60:
  — comply with generally accepted accounting practice in New Zealand; and
  — fairly reflect:
    • the Department’s financial position as at 30 June 2007; and
    • the results of its operations and cash flows for the year ended on that date.

• The statement of service performance of the Department on pages 61 to 68:
  — complies with generally accepted accounting practice in New Zealand; and
  — fairly reflects for each class of outputs:
    • 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 25 September 2007, 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;
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 2007 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 25 September 2007 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.

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

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Parliamentary Counsel Office Annual Report 2006/07
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.
A P P E N D I C E S

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 Chief Parliamentary Counsel 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 and PAL Implementation Manager report 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 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

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

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

**Parliamentary Counsel**
- Andrew Borrowdale
- Melanie Bromley
- Ross Carter
- Jacqueline Derby
- Suzanne Giacometti
- Mark Gobbi
- Briar Gordon
- Elizabeth Grant
- Joanne Guzman
- Renato Guzman
- Julia Hayes
- Hugo Hoffmann
- Fiona Leonard
- Chris McPhail
- Adrienne Meikle
- Julie Melville
- Bill Moore
- Scott Murray
- Cassie Nicholson
- 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 Lown

**Prepublication Unit**
- **Coordinator**
  - Michelle Groves

**Information Systems**
- **Coordinator**
  - Judy Heaphy
- **Developer**
  - Devon Heaphy
- **Helpdesk Analyst**
  - Brad Anderson
- **Support Officer**
  - Dwain Collins

**Library**
- **Assistant**
  - Maraina Hak

**SUPPORT SERVICES**
- **Coordinator**
  - Helen Churchill

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1 George Tanner QC retired from the positions of Chief Parliamentary Counsel and Compiler of Statutes on 30 June 2007. See page 8.

2 On parental leave.
APPENDICES

Staff of the Parliamentary Counsel Office

Prime Photography
Gender equity

as at 30 June 2007

All Staff

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Drafting Staff

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Access to Legislation Staff

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Support Staff

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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
Legislation: www.legislation.govt.nz