

*Statement of Intent*

*Parliamentary Counsel Office  
Te Tari Tohutohu Pāremata*

*for the period 1 July 2007  
to 30 June 2010*



PARLIAMENTARY  
COUNSEL OFFICE  
TE TARI TOHUTOHU  
PĀREMATA

*Statement of Intent*

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Te Tari Tohutohu Pāremata*

*for the period 1 July 2007  
to 30 June 2010*

Presented to the House of Representatives under  
section 39 of the Public Finance Act 1989



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*Statement by the responsible Minister*

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This Statement of Intent meets the requirements of the Public Finance Act 1989. The information it contains is consistent with the policies and performance expectations of the Government.

Signed



Hon Dr Michael Cullen  
Attorney-General

*Statement of responsibility*

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The information contained in this Statement of Intent has been prepared in accordance with sections 38 to 42 of the Public Finance Act 1989.

As Chief Parliamentary Counsel, I acknowledge, in signing this statement, my responsibility for all the information contained in this Statement of Intent.

The statement of forecast service performance and the forecast financial statements for the year ending 30 June 2008 are as agreed with the Attorney-General, who is the Minister responsible for the vote administered by the Parliamentary Counsel Office.

The information provided in this Statement of Intent is consistent with all existing appropriations, and with the appropriations set out in the Appropriation (2007/08 Estimates) Bill.

Signed

Countersigned



George Tanner QC  
Chief Parliamentary Counsel  
Date: 3 May 2007



John Farrell  
Acting Manager Support Services  
Date: 3 May 2007

*Preface*

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This Statement of Intent sets out the Parliamentary Counsel Office's (PCO's) operating intentions and performance expectations for the coming three years. It is intended to communicate both to Parliament and to the general public the PCO's role, its strategies for the future, and the measures and standards that will be used to assess its performance and organisational health and capability.

Part 1 of the Statement of Intent explains the constitution of the PCO, what the PCO does, how it does it, and how the PCO relates to the other organisations with which it works.

Part 2 focuses on the three years from 1 July 2007 to 30 June 2010. It identifies key features of the environment and then describes the PCO's future operating intentions, including strategic objectives and how it will measure its performance. Part 3 relates specifically to the 2007/08 year and includes the statement of forecast service performance and the forecast financial statements. Part 4 comprises the PCO mission and vision statements and an outline of its organisational structure.

The statement has been prepared in consultation with the staff of the PCO and in consultation with the Attorney-General.

**Act**

A law passed by Parliament. Acts are also called statutes. There are three main types of Acts: public Acts, private Acts, and local Acts.

**Bill**

A proposed Act.

**deemed regulations**

Instruments that are required to be treated as regulations for the purposes of the Regulations (Disallowance) Act 1989, but are not published in the Statutory Regulations series because the authorising legislation excludes the application of the Acts and Regulations Publication Act 1989. Deemed regulations can include rules, guidelines, standards, and codes.

**delegated legislation**

Laws made by the Governor-General, Ministers of the Crown, and certain other individuals and bodies under powers conferred by an Act of Parliament. Statutory Regulations and deemed regulations are both types of delegated legislation.

**Government Bill**

A Bill introduced to the House by a Minister of the Crown.

**local Act**

An Act that deals with matters of public interest but only affects a particular part of New Zealand. A local Bill becomes a local Act when enacted.

**Member's Bill**

A Bill introduced to the House by a Member of Parliament, but not as a Minister of the Crown. Members' Bills are also known as Private Members' Bills.

**officialisation**

The steps necessary to make each enactment in the database of legislation the PCO is acquiring from Brookers Limited as part of the PAL Project an official version of New Zealand legislation.

**outcome**

A state or condition of society, the economy, or the environment, or a change in that state or condition.

**outputs**

Goods or services that, in the context of this document, are supplied by the PCO.



**PAL Project**

The Public Access to Legislation Project.

**PCO**

The Parliamentary Counsel Office.

**private Act**

An Act that deals with the particular interest or benefit of a person or body. A private Bill becomes a private Act when enacted.

**public Act**

An Act that applies to almost everyone. It generally deals with matters of public policy.

**reprint**

Acts and Statutory Regulations incorporating amendments are compiled and published by the PCO. These are known as reprints.

**SOP**

See Supplementary Order Paper.

**Statutory Regulations**

Laws made under statutory authority that are required to be published in the Statutory Regulations series in accordance with the Acts and Regulations Publication Act 1989. These include regulations made by the Governor-General by Order in Council or rules made by Ministers or agencies whose rules are required to be treated as regulations for publication purposes. They also include certain instruments that affect the status of Acts of Parliament, such as an Order in Council that brings an Act into force or that extends the scope of an Act. Regulations generally deal with matters of detail or administration, or matters that are subject to frequent change.

**Supplementary Order Paper**

A Supplementary Order Paper (SOP) is a document that sets out proposed amendments to a Bill at the committee of the whole House stage.

# PART 1: INTRODUCTION

## *Nature and scope of the PCO's functions and operations*

The Parliamentary Counsel Office (PCO) is constituted as a separate Office of Parliament by the Statutes Drafting and Compilation Act 1920. The PCO is under the control of the Attorney-General or, if there is no Attorney-General, the Prime Minister.

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).

Under the Statutes Drafting and Compilation Act 1920, the PCO is responsible for the drafting of Government Bills and Statutory Regulations. This includes drafting amendments to Bills required by select committees and by Ministers at the committee of the whole House stage. Bills administered by the Inland Revenue Department are drafted by that department.<sup>1</sup>

The PCO examines and reports on local Bills and private Bills. This involves providing drafting advice and assistance (including the preparation of draft Bills) to the promoters of the Bills and their legal advisers. The PCO also drafts Members' Bills if directed to do so by the Attorney-General.

The PCO compiles reprints of Acts and Statutory Regulations with their amendments incorporated.

Under the Acts and Regulations Publication Act 1989, the PCO is responsible for the publication of Acts of Parliament (including reprinted Acts), Statutory Regulations (including reprinted Statutory Regulations), and the annual bound volumes of Acts and Statutory Regulations.

The PCO is responsible for supplying printed copies of Bills and Supplementary Order Papers (SOPs) to the House, and publishing printed copies of Bills and SOPs.

The PCO publishes the *Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force* annually in printed form, makes a more regularly updated version of the *Tables* available in electronic form on the internet free of charge, and publishes four interim indexes to the Statutory Regulations for each year.

The PCO makes Acts and Statutory Regulations available in up-to-date form free via the internet under an arrangement with Brookers, and makes Bills, SOPs, Acts, and Statutory Regulations as enacted or made, and reprints of Acts and Statutory Regulations published since November 2002, available free via the internet under an arrangement with the Knowledge Basket<sup>2</sup> and Blue Star Print Group (New Zealand) Limited (Blue Star).

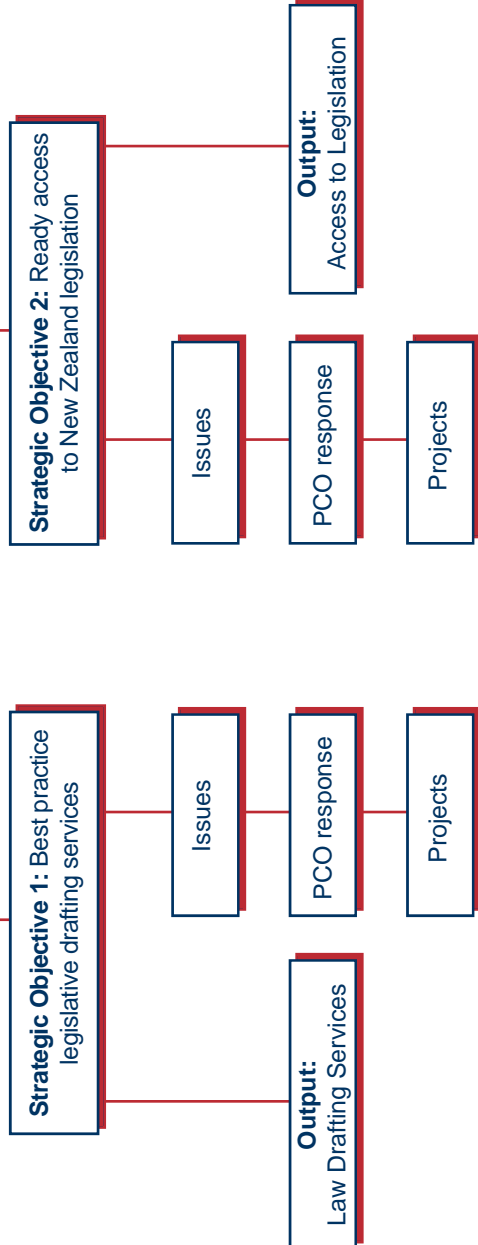
<sup>1</sup> See *Inland Revenue Department (Drafting) Order 1995 (SR 1995/286)*.

<sup>2</sup> See [www.knowledge-basket.co.nz](http://www.knowledge-basket.co.nz).

**Relationship between the PCO's outcome, strategic objectives, outputs, and projects**

**Outcome:** Contributing to parliamentary democracy under the rule of law by supporting Parliament and the executive in their law-making roles and contributing to the Government's objectives by:

- ensuring that legislation that is necessary to change the law to implement Government policies is effective, consistent with other legislation, the general law, and international law, and clear
- ensuring that, having regard to the policy of the legislation, it is also consistent with legal principle and with the rights and freedoms protected by the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993 and, in the case of delegated legislation, that it will withstand scrutiny by the Regulations Review Committee and challenge in the courts, and will not be subject to disallowance under the Regulations (Disallowance) Act 1989
- ensuring that legislation, including Bills and SOPs, is accessible to the public in both printed and electronic forms, and by providing printed copies of Government Bills and Government SOPs to the House



**Outcomes and outputs**

**Outcome: contributing to parliamentary democracy under the rule of law**

In New Zealand, parliamentary democracy based on the rule of law is the outcome of different factors and influences. The institutions of Parliament, the executive, and an independent judiciary existing within the framework of New Zealand’s constitutional law and conventions are central to that outcome. So too is respect for and adherence to the rule of law in its widest sense. The drafting of New Zealand’s laws and the making of those laws accessible to the citizen also contribute to the outcome.

Under New Zealand’s constitutional arrangements, Parliament has supreme law-making power. It exercises that power by passing Acts of Parliament. It also has the power to delegate law-making powers to the executive. It exercises that power by conferring on the executive, in the statutes that it enacts, the power to make regulations and other types of legislative instruments. In this context, the term “executive” includes the Governor-General in Council, Ministers of the Crown, and other individuals and agencies who are authorised to exercise delegated law-making powers.

In a parliamentary democracy committed to upholding the rule of law, it is an overarching objective that legislation enacted by Parliament and made by the executive reflects the fundamental concepts inherent in the rule of law, is based on legal principle, is effective and clear, and is accessible to those to whom it applies.

Parliament has, through the New Zealand Bill of Rights Act 1990, enacted legislation that recognises the importance of legislation being consistent with these principles. Parliament also scrutinises legislation made by the executive to ensure that it conforms with standards laid down by Parliament for principled law-making. The courts will review delegated legislation in cases that come before them in which the validity of a particular instrument is challenged, and apply well-established tests to determine questions relating to validity.

A cornerstone of parliamentary democracy under the rule of law is that for citizens to comply with the law they must know what the law is.

It is also a basic constitutional principle that the role of the courts is to interpret the meaning of legislation. In doing so, the courts apply common law principles developed to protect the values of freedom and justice inherent in the rule of law.

The PCO contributes to parliamentary democracy under the rule of law by supporting Parliament and the executive in their law-making roles, and contributes to the Government’s objectives in two ways:

- first, by drafting changes in the law that are necessary to implement Government policies—this enables those departments and agencies that administer the legislation to meet their objectives
- secondly, by making the law accessible to the public.

The PCO drafts Bills, and amendments to those Bills, placed before Parliament by Ministers of the Crown, and in some cases by Members of Parliament. The PCO also drafts regulations and other legislative instruments to be made by the executive.

The PCO also supports Parliament and the executive in their law-making functions by making legislation available publicly.

The objective of the PCO is to ensure that the statutes enacted by Parliament and delegated legislation made by the executive are legally effective, consistent with other legislation, the general law, and international law, and clear. It is also the objective of the PCO to ensure, consistent with the policy of the legislation, that those statutes and delegated legislation are consistent with legal principle and with the rights and freedoms protected by the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993 and, in the case of delegated legislation, that it will withstand scrutiny by the Regulations Review Committee and challenge in the courts, and will not be subject to disallowance under the Regulations (Disallowance) Act 1989.

By making legislation available to the public, the PCO performs the equally important function of ensuring that the law is accessible to those who may benefit from it and those who must obey it.

**Outputs**

The PCO has two output classes that contribute to these outcomes. They are:

- Law Drafting Services
- Access to Legislation.

Law Drafting Services involves the drafting of Government Bills and Statutory Regulations and includes the examination of, and drafting work on, local and private Bills and some Members' Bills. The PCO also provides advice to Ministers and departments on drafting matters, parliamentary procedure, executive government processes, and the law.

Access to Legislation involves publishing Acts, Bills, SOPs, and Statutory Regulations in printed form and, free of charge, in electronic form on the internet. It includes the compilation and publication of reprinted Acts and Statutory Regulations, and the supply of printed copies of Government Bills and SOPs to the House.

Full descriptions of these output classes are given under the statement of forecast service performance on page 45.

*How the outputs are achieved: the process*

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**Law Drafting Services**

The law drafting services provided by the PCO are part of the process of implementing new policy or changes to policy through the enactment of legislation. The PCO is initially involved with new legislation during the development of the Government’s legislation programme, which establishes the priorities for development of the policy for, and drafting of, proposed legislation. The Legislation Coordinator, a Cabinet Office staff member, plays a central role in this process and works closely with the PCO throughout the year.

Drafting commonly starts with the receipt by the PCO of drafting instructions for a change in the law from the relevant government department. Parliamentary Counsel translate these instructions into draft legislation, working closely with the instructing department (and sometimes Ministers) and consulting with other interested agencies. At its heart, drafting legislation means translating policy decisions into effective, principled, and clear law. It is not a simple process where a particular unit of input is matched by a corresponding unit of output. Legislation has to be consistent with the rest of the statute book, general legal principle, international law, and the common law. Ensuring that legislation is clear and accessible is also a critical component of the drafter’s work.

Drafting is an iterative process, sometimes requiring many revisions and months of work to produce a Bill or regulations. Drafting must also accommodate changes in policy that can occur at any stage in the process.

After the draft legislation is settled with the department, the process that is followed depends on whether the legislation is a Bill or proposed regulations. Parliamentary Counsel certify whether proposed regulations can be lawfully made and will not breach any of the grounds in the Standing Orders of the House under which regulations may be drawn to the attention of the House and risk being disallowed under the Regulations (Disallowance) Act 1989. The proposed regulations are referred to the Cabinet Legislation Committee, at which point the involvement of the Parliamentary Counsel usually ends. The regulations are submitted to Cabinet for final approval, and are made by the Governor-General in Executive Council.

The passage of a Bill is more complex. Throughout the process Parliamentary Counsel continue to work with departmental officials, and also with select committee members and the Office of the Clerk. After its referral to Cabinet, a Bill is introduced to the House for its first reading, and is then usually referred to a select committee. The select committee will hear submissions from the public and interested organisations, and considerable redrafting by Parliamentary Counsel can be required as a result of the committee’s consideration of the issues. The Bill will then be sent back to the House. At the committee of the whole House stage, further redrafting by Parliamentary Counsel may be called for by way of an SOP. Post-introduction versions of the Bill with their amendments incorporated are produced by the Office of the Clerk. Parliamentary Counsel check these versions to ensure that the amendments have been

correctly incorporated and that the Bill as amended during its passage through the House is correct. When the Bill has passed its third reading, the Office of the Clerk prepares the copy for Royal assent, which is signed by the Governor-General.

When the Act has been passed or the regulations made, the work of publishing becomes part of the PCO's Access to Legislation output.

**Access to Legislation**

The PCO makes legislation accessible by publishing Acts and regulations in pamphlet form and in bound volumes, and by providing electronic access via the internet. The compilation and publication of reprints (see Glossary) is also part of this output class, as is the publication of the *Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force*.

The compilation of reprints involves applying all relevant amending legislation to an Act or a set of Statutory Regulations. The amendments are incorporated into the legislation, and the result is legislation current to the date of publication. Reprints are published according to a reprints policy and an annual reprints programme.

At present, the PCO contracts Blue Star, through its subsidiary SecuraCopy, to produce printed copies of Acts, regulations, annual volumes of Acts and regulations, reprinted Acts and regulations, Bills, and SOPs. These are sold in selected bookshops and are also available at larger public libraries.

The PCO contracts Brookers to maintain a website that provides free public access to current legislation: the Interim Website of New Zealand Legislation ([www.legislation.govt.nz](http://www.legislation.govt.nz)).

As part of the PCO's contract with Blue Star, legislative data is supplied to the Knowledge Basket. This allows the Knowledge Basket to provide free public access through its website ([www.knowledge-basket.co.nz](http://www.knowledge-basket.co.nz)) to Acts and regulations in their uncompiled form (as originally enacted or made, without amendments incorporated), to Bills and SOPs, and to reprints published since November 2002.

Following the implementation of the PAL system,<sup>3</sup> the Interim Website will be replaced with a new website providing free public access to HTML and PDF versions of New Zealand legislation. The site will provide access to Acts and regulations (both in their uncompiled form as originally enacted or made, without amendments incorporated, and in compiled form with their amendments incorporated), and Bills and SOPs. The PAL system will also involve the implementation of a new XML-based drafting and publishing system within the PCO.

After the PAL system is operational, the PCO will continue to make legislation, including reprints, available in printed form. Legislative data will also be supplied free of charge to legal publishers.

<sup>3</sup> The objectives of the Public Access to Legislation (PAL) Project and information on the system it is implementing are discussed at pages 27-28.

Deemed regulations (see Glossary) are not drafted by the PCO. However, the PCO maintains and publishes on the PCO's website ([www.pco.parliament.govt.nz](http://www.pco.parliament.govt.nz)) a list of principal deemed regulations that includes information on how to access them. In order to maintain the accuracy of the list, the PCO obtains regular updates from the agencies that make deemed regulations.



## PART 2: THE NEXT THREE YEARS, 2007–2010

### *The PCO's external operating environment*

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The PCO is part of both the executive and legislative processes. This is because the PCO:

- drafts Bills for the Government to introduce into Parliament
- drafts amendments to Bills during their passage through Parliament
- drafts Statutory Regulations and other legislative instruments to be made by the executive in exercising delegated law-making powers
- publishes legislation on behalf of the Government in discharge of the State's obligation to make legislation publicly available.

A key environmental factor that affects the operation of the PCO is that its work is essentially demand driven. The PCO does not initiate proposals for legislation, but must be in a position to respond to demands as they arise. Additional environmental factors include the following:

#### **International and national events**

International and national events can precipitate a need for legislation. Around 18% of New Zealand public Acts give effect to international treaties.<sup>4</sup> Legislation is also required to respond to political, economic, and social issues. These legislative responses are often required at short notice. Recent examples include:

- counter-terrorism and border protection legislation in response to the 11 September 2001 attack on the World Trade Center, other terrorist attacks such as those in London and Indonesia, and threats of terrorist attack
- regulations made under the United Nations Act 1946 giving effect to resolutions of the Security Council of the United Nations, eg the United Nations Sanctions (Iran) Regulations 2007
- changes to parole legislation to enlarge the powers of the Parole Board to protect against the risks from release of prisoners on parole
- the Climate Change Response Amendment Act 2006 (giving further effect to the Kyoto Protocol)
- various Customs regulations giving effect to aspects of international trade agreements
- the Epidemic Preparedness Act 2006 (enabling an effective response to pandemics)
- the Major Events Management Bill (to protect major events like the 2011 World Rugby Cup against ambush marketing)
- the Protected Objects Amendment Act 2006 (to prohibit the permanent export of protected New Zealand objects that are of such significance that their export would diminish New Zealand's cultural heritage)

<sup>4</sup> See Mark Gobbi's forthcoming article "In search of international standards and obligations relevant to New Zealand Acts" (2007) 4 New Zealand Yearbook of International Law.

- the Therapeutic Products and Medicines Bill (providing for a new joint trans-Tasman scheme for the regulation of therapeutic products, and containing features common with the corresponding draft Australian legislation).

**The parliamentary environment**

The three-year election cycle tends to generate peaks and troughs of demand for both the drafting and access to legislation teams. As the cycle draws to a close, some work will often become urgent while there is a lull in new drafting jobs. The demands made on the PCO when a new government is formed depend on the composition of the government and of the Parliament, and whether the government is continuing a legislative programme from the previous Parliament or embarking on an entirely new programme.

The MMP electoral system impacts on the work of the PCO. It increases the importance of consultation and flexibility in the legislative process relative to that of other comparable jurisdictions. It affects the time required to complete the process, and the amount of work involved at each stage, as illustrated by the following points:

- Extensive consultation is required on draft Bills before they are introduced, which often results in instructions to begin drafting legislation being issued by departments before the policy is finally settled. The PCO may then be drawn into providing advice to the department during policy development, and be required to rework a succession of drafts in the light of the policy changes, sometimes experiencing delays in the progress of the Bill.
- Select committees often need the PCO to draft amendments and options in order to assist the deliberation process. Most Bills are further amended at the committee of the whole House stage as a result of consultation with other parties and late policy changes in order to gain majority support for the legislation.
- The lack of a Government majority on some select committees can result in Bills being discharged from the select committee without amendment, even though a substantial amount of work has been done on the drafting of amendments for the select committee and resulting in the need for a substantial SOP. Examples of this include the Electricity Amendment Bill 2000, the Corrections Bill 2003, the Families Commission Bill 2003, and the Oaths Modernisation Bill 2005.
- Priorities and, as a consequence, the programme of House business may change at short notice, presenting challenges in the management of the Government’s legislative programme. This also results in the need for the PCO to redirect drafting resources. Resourcing plans need to be constantly reassessed during the year to meet the changing requirements and to address conflicting priorities.
- Members’ Bills that gain support or are treated as de facto Government Bills require drafting support by the PCO. Examples include the Crimes (Substituted Section 59) Amendment Bill, the Easter Sunday Shop Trading Amendment Bill, the Shop Trading Hours Act Repeal (Easter Trading) Amendment Bill, the Human Rights (Women in Armed

Forces) Amendment Bill, the Official Information (Openness of District Health Boards New Zealand) Amendment Bill, the Sale of Liquor (Youth Alcohol Harm Reduction: Television Broadcasting Promotion) Amendment Bill, and the Waste Minimisation (Solids) Bill.

- Some Bills remain before the House for long periods. Prolonged periods of inactivity in relation to a Bill can mean that drafters and advisers must refamiliarise themselves with the Bill after a lengthy hiatus.
- The amount of House time available to the Government to progress its legislation has an impact on the kinds of legislation that it is able to promote, and also on the structure of Bills themselves. In particular:
  - It is now more difficult for the Government to promote legislation that makes technical or minor changes or reforms. Standing Orders impose restrictions on omnibus Bills (Bills that contain amendments to more than one enactment). The Statutes Amendment Bill procedure is less efficient, and possibly more politicised, than in the past, as a result of the need for increased consultation with, and agreement among, a wider range of parties represented in Parliament. This development has major implications for the maintenance of the statute book, and the accessibility of legislation. The Legislation Advisory Committee has made a submission to the Standing Orders Committee recommending changes to parliamentary processes relating to the passage of legislation.
  - The correction of legislative errors has become more difficult. This is because the Government has to get the support of opposition parties to promote legislation that corrects errors or technical defects in legislation.
  - In order to save House time required for the committee of the whole House stage of a Bill, there is an understandable inclination on the part of governments to have Bills divided into Parts, and to have as few Parts as possible. With fewer Parts, a feature of the structure of Bills that has become more common is the use of subparts within Parts. While structuring Bills in these ways may facilitate the passage of Bills, it does not necessarily promote the readability and therefore accessibility of the Acts that result, particularly in the case of Bills that are split up before enactment. Nor does it promote the kind of detailed scrutiny for which the committee of the whole House stage was designed.

**The State sector**

Developments in the State sector influence the PCO in two principal ways. The first is through the PCO’s membership of the sector:<sup>5</sup> the PCO must respond to the public’s and the Government’s expectations of State sector agencies, and to the standards and requirements (both mandatory and discretionary) set by the State Services Commission. The second, explained under the next heading, affects the relationship between the PCO and instructing departments.

<sup>5</sup> The PCO is classed as a non-Public Service department belonging to the State services. See page 9 for the PCO’s obligations under the State Sector Act 1988 and other Acts.

The Development Goals for the State Services, led by the State Services Commission (available from [www.ssc.govt.nz](http://www.ssc.govt.nz)) define six goals: Employer of Choice, Excellent State Servants, Networked State Services, Coordinated State Agencies, Accessible State Services, and Trusted State Services. Each goal has targets for achievement by June 2007 and June 2010. These goals interlink with every area of the PCO's work. The PCO as a member of the State sector subscribes to these Development Goals.

**Changing requirements of instructing departments**

The best legislation results from effective collaboration between drafters and the officers of the instructing department, particularly the instructing departmental solicitor. The instructing department (and other interested departments) plays an important part in the successful development, drafting, and enactment or making of legislation.

The respective roles of instructing departments and drafters have altered in recent years. Drafters now provide input into policy making, provide more general legal advice, and take a greater role in supporting instructors and other departmental officials through the drafting and legislative process.

Departments ask the PCO to draft legislation during the policy development phase of proposed legislation. The PCO's experience shows that draft legislation can be a valuable tool in policy development and a suitable vehicle for this purpose may be the type of draft known as the pre-introduction exposure draft. The PCO expects that the use of formal exposure drafts will increase in New Zealand as it has in Australia and the UK. The Attorney-General has encouraged Ministers to consider the use of pre-introduction exposure drafts as a means of consulting targeted audiences or the general public. Exposure drafts can provide valuable public feedback about policy proposals and save time during the select committee stage of the consideration of Bills.

The system of MMP requires, particularly with major reforms or new statutes, greater consultation with political parties on draft Bills before they are introduced. Hence drafting instructions may be issued by departments and drafting commenced before the policy is finally settled.

In common with other countries, the preparation of exposure drafts, outline drafts, and re-drafts following policy changes can use considerable drafting time. However, while it may be more efficient from the drafting perspective to begin drafting after policy has been settled, the PCO must respond to these changing requirements, with their obvious benefits, through the allocation of the necessary resources and the adaptation or development of supporting processes and systems.

**Improving public access to legislation**

The PCO has the statutory function of publishing legislation. Currently the PCO publishes copies of Acts and Statutory Regulations and reprints in printed form. It also makes up-to-date legislation available electronically free on the internet under an arrangement with Brookers. The PAL Project is designed to further improve public access to legislation. In time, an electronic

database of legislation owned and maintained by the Crown will become an official source of New Zealand legislation. Access to Bills will be improved: it will be possible for users to track the progress of Bills through Parliament, see amendments to Bills, and, in selected cases, see the effects of proposed amendments on existing legislation.

The Interim Website of New Zealand Legislation currently receives approximately 29,000 unique visitors a month. The PCO expects the level of inquiries about legislation directed to the office to increase as these improvements in accessibility occur. This is in line with overseas experience. It is also likely that there will be pressure to provide electronic access to other kinds of legislative instruments in up-to-date form, for example, deemed regulations.

One of the Development Goals for the State Services, Accessible State Services, relates to public access to legislation. Completion of the PAL Project will assist in the achievement of the 2010 development goal of “right doors in the right places”.

The Government has directed the PCO and the Law Commission to investigate ways in which New Zealand statute law can be made more accessible by the introduction of a more systematic method of classification and indexing of Acts of Parliament. The project is discussed on page 28.

**Developments in technology**

Technology is increasingly supporting opportunities to form connections between agencies, assisting in achievement of another Development Goal for the State Services, Networked State Services. For example, agencies in the parliamentary campus, through the Parliamentary Agency Information Committee, are implementing a Joint Information Strategy to strengthen collaboration between them. The members, including the PCO, will use their shared interests to strengthen relationships and collaborate on risk management and business continuity. The members will also be joining the Government Shared Network, a secure fibre-optic network that allows information to be shared more quickly and cost effectively. The PCO will investigate the benefits of membership of the network, the first of which is likely to be in disaster recovery planning, with coordinated programmes for sending data off-site.

Increased networking requires adherence to sector-wide standards and requirements developed by the State Services Commission, such as the New Zealand Government Web Guidelines<sup>6</sup> and the NZGLS metadata standard.<sup>7</sup>

The Public Records Act 2005 sets requirements for electronic records, affecting both the operation of the PAL system and the handling and storage of emails.

The Office of the Clerk is currently trialling eCommittee, an electronic administration system designed to streamline the select committee process. Two select committees are participating

<sup>6</sup> Available on the e-government website [www.e.govt.nz](http://www.e.govt.nz).

<sup>7</sup> The New Zealand Government Locator Service metadata standard, available on the e-government website [www.e.govt.nz](http://www.e.govt.nz).

in the trial. It provides members with electronic access to Bills, submissions on Bills, drafts of amendments to Bills, and other material, and enhances public involvement by allowing the public to make submissions online and by providing internet access to publicly released select committee information. The PCO supplies Bills in electronic format, rather than hard copy, to the two participating select committees.

It is important that the PCO keeps abreast of technical developments for drafting and publishing. The PAL Project is a response to the climate established by technological development and public expectation, and as this climate evolves so must the PAL system. The technology's role will be to support future developments, which might include the provision of the subject matter index being investigated by a joint Law Commission/PCO working party (see page 28).

**Sustainable practice**

The importance of an organisation running its business in an environmentally sustainable way becomes increasingly apparent as the effects of climate change grow. 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<sup>3</sup> programme of improving public sector environmental, social, and economic sustainability.<sup>8</sup> The PCO will be examining its business practices within this framework.

**Law Commission**

The Law Commission is a central law reform body established by statute to undertake the systematic review, reform, and development of the law of New Zealand. The Law Commission investigates and reports to the Government on how New Zealand laws can be improved. It reviews the law in specific areas selected by it or referred to it by the Minister responsible for the Law Commission, and assists government departments and Crown entities in reviews of the law. The aim is to help ensure that the law provides effectively for the current and future needs of society.

Law Commission reports may include drafts of Bills to give effect to changes in the law recommended by the Commission. Parliamentary Counsel have assisted the Commission by providing drafts of these Bills and will continue to do so. Parliamentary Counsel may also draft Government Bills for introduction to the House to give effect to existing Law Commission reports.

As noted above, a joint Law Commission/PCO working party is currently investigating making New Zealand statute law more accessible through classification or indexing (see page 28).

<sup>8</sup> Govt<sup>3</sup> is led by the Ministry for the Environment's Sustainable Industry Group. See [www.mfe.govt.nz/issues/sustainable-industry/govt3/](http://www.mfe.govt.nz/issues/sustainable-industry/govt3/) for more information.

**Legislation Advisory Committee**

The Legislation Advisory Committee (LAC) is appointed by the Attorney-General to provide advice to the Government on the development of legislative proposals and on public law issues. The LAC is chaired by Rt Hon Sir Geoffrey Palmer and the membership is made up of lawyers from private practice, government, the universities, two economists, a retired judge, and a serving judge, and includes the Chief Parliamentary Counsel. Its most important work product has been the Legislation Advisory Committee Guidelines,<sup>9</sup> which have been adopted by Cabinet as benchmarks for legislation to meet. The Guidelines are designed for use by lawyers and policy advisers in government and provide advice on how to develop policy proposals into effective and clear legislation that complies with established principles. The Guidelines (which include contributions from Parliamentary Counsel) are kept under continuous review. The LAC conducts seminars for public and private sector lawyers and makes submissions on Bills before Parliament. Parliamentary Counsel will continue to assist the LAC with updating the Guidelines.

**Legislation Design Committee**

The Legislation Design Committee 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. The Chief Parliamentary Counsel is a member of the committee, and Parliamentary Counsel also assist the committee in its work.

***Future operating intentions, 2007–2010***

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The future operating intentions for the period covered by this Statement of Intent are stated on the assumption that the two core functions of the PCO will continue unchanged. These functions are to draft legislation and make it publicly available.

There are three principal areas of focus for the PCO over the next three years. These are:

- ensuring the PCO has the capability to provide the legislative drafting services required by the Government and to improve the quality of those services
- successfully implementing the PAL system, including ensuring the effective operation of the hosting and housing arrangements for the system by Unisys New Zealand Limited (Unisys) and the creation of an electronic database of New Zealand legislation that has authoritative status

<sup>9</sup> Available at [www.justice.govt.nz/lac/index.html](http://www.justice.govt.nz/lac/index.html).

- evaluating the recommendations made by PricewaterhouseCoopers in its review of existing organisational structure and administrative and management systems and implementing any changes considered appropriate (see page 37).

The framework for the PCO’s future operating intentions is provided by two strategic objectives:

- best practice legislative drafting services
- ready access to New Zealand legislation.

The following sections of the Statement of Intent set out, under each strategic objective, the key issues (including risks and challenges) and the PCO’s intended response, including priority projects (see the chart on page 10). The issues arise out of the environmental scan set out in the previous section. A section on how the PCO will measure its performance follows.

### *Strategic Objective 1—Best practice legislative drafting services*

The goal of this objective is to provide high quality legislative drafting services and advice in a professional, impartial, and responsive manner.<sup>10</sup>

#### **Issues**

The PCO faces the following issues:

- ensuring that it is able to draft the legislation required by the Government in a demand-driven environment in a timely manner and to a high standard
- improving the overall quality of New Zealand legislation, in particular making legislation clearer and simpler while maintaining legal precision and eliminating error
- ensuring drafters keep up to date with developments in the law generally that impact on their work
- providing advice and assistance to departments in the development of legislation
- responding to the potential increased demand for PCO drafting resources if there is a greater use of exposure drafts by departments
- working with the Law Commission, the Legislation Advisory Committee, and the Legislation Design Committee
- assisting the Commonwealth Secretariat to provide training for legislative drafters in Pacific Island countries.

#### **PCO response**

An effective response to these issues requires the PCO to have sufficient drafters and other staff. Capability remains important for both the PCO’s drafting and publishing activities in this regard.

The PCO has identified the following strategies and projects for action in the next three years:

<sup>10</sup> PCO mission statement, p 64.



**Improving drafting practice**

In common with most countries, New Zealand legislation deals with complex subjects. Most legislation has interrelationships with other areas of the law, statute law and the common law. The meaning of legislation is affected directly by court decisions on its interpretation. Well established principles of statutory interpretation developed by the courts apply to the interpretation of legislation. As noted on page 16, 18% of New Zealand statutes implement international treaties and it is a basic principle of statutory interpretation that legislation is construed consistently with international law. Legislation must be effective. To be effective it must also be specific, comprehensive, and robust. Because of this, legislation can be difficult for users to read and understand. It is vitally important, therefore, that every effort is made to improve the comprehensibility of legislation. It is not just lawyers, judges, and the public service that read legislation. Many of the statutes and regulations in the top 50 of the list of best-selling items are the ones that affect citizens, corporations, and organisations directly every day in practical ways they need to know about. The number of visits to the PCO website of New Zealand legislation demonstrates the extent of public demand for access to legislation.

Considerable changes have been made during the preceding decade in the way in which New Zealand legislation is drafted. These changes are similar to those made in several other jurisdictions, notably Australia. The objective has been to improve the accessibility of legislation for readers. Examples of changes made include:

- the use of purpose provisions explaining in general terms what the legislation seeks to achieve
- the use of overview provisions that give readers an outline of the structure and organisation of the legislation, how it is arranged, and what the key provisions are, so that they will know what to expect when they read it
- a focus on ensuring good structure in line with principles appropriate to the particular legislation
- the use of plain language
- the use of examples, flow-charts, diagrams, and graphics to aid readability
- a fundamental change to the format and design of the statute book.

Particular attention is given to ensuring overall quality of legislation in other ways as well. The PCO's Drafting Manual and Style Manual are important resources in this regard. Drafts of Bills and regulations are carefully reviewed by the office's team of professional editors. Drafts of Bills and regulations are peer reviewed by other counsel. The PCO has a training programme for new counsel that involves teaching sessions based around a curriculum, on-the-job training, and supervision.

In 2004, the PCO commissioned a review by Michèle Asprey of current New Zealand legislative drafting practices.<sup>11</sup> A number of Ms Asprey's recommendations for improvement have been

<sup>11</sup> See Report of the Parliamentary Counsel Office for the year ended 30 June 2005, p 15.

implemented and others remain under consideration. Regular drafting forums organised by Parliamentary Counsel and held in the PCO are a useful mechanism for exchange of ideas and discussion of initiatives regarding legislative drafting techniques. They are also used for seminar presentations on specific subjects affecting the drafting of legislation. Attendance by Parliamentary Counsel at overseas legislative drafting conferences is valuable for keeping up to date with developments in other jurisdictions. In-house seminars given by lawyers in government, the universities, and the private sector are conducted on topics relevant to legislative drafting.

While progress has been made to improve the accessibility of New Zealand legislation, there is significantly more that can be done. It is also important to ensure that the systems and processes designed to ensure the quality of the drafting of legislation remain appropriate and are consistently applied.

Implementing the PAL Project has been a major preoccupation of the PCO Management Team and other PCO staff. This has affected the ability of the office as a whole to continue to make progress in improving accessibility of legislation. The PCO needs to be more effective in how it goes about the process of continuous improvement in regard to the drafting of legislation. Regardless of the pressures involved in implementing the PAL Project and the other management demands on the time of the Chief Parliamentary Counsel and the PCO Management Team, the PCO Management Team will work with and support Parliamentary Counsel during 2007/08 and beyond to identify ways in which the quality of legislation drafted by the PCO can be improved.

***Capability of instructing departments***

The drafting of legislation is a team effort and the role of departmental officials is critical to the success of the drafting process. In order to assist departmental officials to give effective instructions and work collaboratively with drafters, the PCO will continue to offer seminars and provide other assistance to departments, and work with bodies such as the Legislation Advisory Committee and the Legislation Design Committee.

***Providing assistance and advice***

The PCO will continue to assist the Law Commission, Legislation Advisory Committee, Legislation Design Committee, and departments.

The PCO participated in a symposium organised by the Commonwealth Secretariat and held in Auckland in November 2006. The purpose of the symposium was to investigate ways to develop legislative drafting capability in the Pacific. The symposium was attended by legislative drafters and lawyers from the Pacific Island nations and the Office of Legislative Drafting, a division of the Australian Attorney-General's Department. A comprehensive report prepared by the Secretariat sets out the recommendations made by the symposium and steps that can be taken to achieve the objective of building legislative drafting capability through training and

other measures. The PCO will assist the Secretariat in implementing these recommendations over the next three years.

These commitments must not compromise the PCO’s ability to meet the legislative drafting needs of the Government of the day.

**Priority projects**

As indicated above, the PCO will intensify its efforts to improve the quality of legislative drafting services. There will be a renewed focus on identifying and evaluating changes in current drafting practice and on ensuring consistency in the drafting of legislation.

**Strategic Objective 2—Ready access to New Zealand legislation**

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

**Issues**

The issues to be addressed under this strategic objective are:

- successfully completing the PAL Project, ensuring that the new systems and processes introduced as part of the project are successfully bedded in, and identifying further opportunities to enhance the investment in the PAL system
- responding in an adequate and timely way to the increased public interest in legislation, the legislative process, and the PCO
- maintaining and enhancing access to legislative material and information about the PCO through the government web portal and the new parliamentary website
- responding to demands for better access to legislative material (especially deemed regulations (see Glossary))
- responding to changes in the legal publishing environment, such as the development of new products by commercial legal publishers or new ways of publishing
- participating in relevant e-government initiatives and the parliamentary environment, and keeping up to date with developments in other jurisdictions relating to access to legislation.

There are two further issues that are associated with the implementation of the PAL Project:

- giving official status to an electronic database of New Zealand legislation
- providing effective procedures for making legislative data available to legal publishers and other relevant agencies (such as the New Zealand Legal Information Institute (NZLII)), and facilitating use by legal publishers of PCO legislative data.

**PCO response**

**PAL Project**

The objectives of the PAL Project are to:

- make legislation available electronically and in printed form from a database owned and maintained by the Crown
- provide access to Acts and Statutory Regulations in electronic and printed forms as soon as possible after their enactment or making
- provide access to legislation with amendments incorporated as soon as possible after the legislation becomes law
- provide electronic access to Bills at key stages during their progress through the House
- provide free electronic access to Bills, SOPs, Acts, and Statutory Regulations via the internet (including Acts and Statutory Regulations with their amendments incorporated)
- make it possible (in selected cases) to see the effects of proposed amendments on existing legislation
- make it easier to see the effect of amendments to proposed legislation during its passage through the House.

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 is the PCO’s implementation partner for the project.

The project is now expected to be completed in the second half of 2007,<sup>12</sup> and will have a significant impact on the PCO over the next three to five years. One result of the PAL Project will be the integration of systems at the PCO for drafting and publishing legislation. In addition, on completion of the project, Unisys on behalf of the PCO will house and maintain the new PAL system at Unisys’ Kapiti Data Centre. The PCO will recruit additional IT staff to provide sufficient resources for helpdesk support for users, to manage the relationship with Unisys, and to support the ongoing development of the system.

There is further information about the immediate impact of this project on the PCO in the section on the 2007/08 year (page 42).

The PAL Project is fundamental to achieving improvements in providing access to New Zealand legislation. Related to the project is the availability of up-to-date versions of New Zealand legislation (Acts and Statutory Regulations) on the Interim Website of New Zealand Legislation ([www.legislation.govt.nz](http://www.legislation.govt.nz)).

<sup>12</sup> The system was originally scheduled to go live in February 2003, but the commissioning of the new PAL system was deferred as a result of technical and commercial issues. As a result of the successful conclusion of negotiations between the PCO and Unisys on the commercial basis on which the project could be completed, the project resumed in March 2005. While the project was expected to be completed in late 2006/early 2007, technical issues during the development phase relating to the integration and performance of several key software components resulted in further delays to the completion of development and Systems Integration Testing. The timetable for implementation was therefore revised in the light of these delays.

The PAL Project will use new technology for drafting and publishing legislation. This will give rise to significant change management issues in the PCO, the Office of the Clerk, and the Tax Drafting Unit of the IRD. There will also be changes to business processes, since the project will mean that prepublication services currently provided by Legislation Direct will be brought in-house. Because the PCO will provide these prepublication services to both the Office of the Clerk and the Tax Drafting Unit of the IRD, there will be an even closer working relationship between the PCO and those agencies, and a reliance on the PCO for the effective and efficient provision of those mission-critical services.

Longer-term projects that will arise out of the completion of the PAL Project include the officialisation (see Glossary) of the database of New Zealand legislation that is being acquired from Brookers as part of the project, and the need for improved liaison with legal publishers since the PCO will be supplying them with raw electronic legislative data from the new PAL system. A strategy will also need to be developed to establish closer communication with users of legislation, with a view to seeking suggestions for ongoing improvements to the new PAL website.

**Further initiatives for improving access**

Work being done by a joint Law Commission/PCO working party that is investigating making New Zealand statute law more accessible also has the potential to impact on the PAL system and the work of the PCO generally. The terms of reference of the working party are as follows:

The Law 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:

- Carrying out preliminary research:
- Investigating statutory classification or indexing initiatives in other jurisdictions:
- Reviewing electronic subject-based indexing and searching methods:
- Developing a discussion paper for public consultation:
- Making final recommendations to the Government.

Initial research for the discussion paper has been done on the feasibility of producing a subject matter index of New Zealand statute law. Information is being obtained from other jurisdictions about their indexing practices. The production and maintenance of a subject matter index would not be a trivial undertaking. However, the potential increase in the accessibility of legislation to non-expert users through the integration of such an index with the PAL system and the provision of direct electronic links to the text of the relevant legislation is something the discussion paper is expected to canvass.

It is also expected that the discussion paper will canvass 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, and the much wider issue of providing public access in electronic form to historical New Zealand legislation no longer in force when the PAL system goes live. The inclusion of this latter material within the PAL collection would be a significant, but potentially valuable, extension of the scope of the system.

Other issues likely to be canvassed in the discussion paper include the feasibility of a systematic revision of the statute book (modernising and rationalising existing legislation), and the codification of the New Zealand statute law under subject matter headings along the lines of United States federal and state models.

The work being done by the Law Commission and the PCO illustrates the potential for the PAL system to be a platform for further improvements in the provision of public access to legislation. Although the immediate focus is on successfully completing the PAL Project and bedding in the new systems and processes, the PCO will seek to identify further opportunities to enhance the investment in the PAL system.

In responding to demands for better access to other legislative material, the PCO has updated the list of deemed regulations on the PCO website, and has put procedures in place to ensure that this is updated regularly. The PCO is consulting agencies responsible for the making of deemed regulations about the adoption of a standard naming convention, so that alphabetical lists can be used to find deemed regulations more easily.

***Responding to increased public interest***

The availability of the Interim Website of New Zealand Legislation, together with e-government initiatives, has raised public interest in legislation, the legislative process, and the PCO.<sup>13</sup> The PCO has established procedures for providing responses to queries or transferring queries to the appropriate agency for response, and for keeping under review information available on the PCO website in the form of frequently asked questions.

It is expected that the availability of the new PAL website will further increase the number and complexity of the queries that the PCO receives about legislation and the legislative process. The PCO plans to monitor the nature and level of service that is required to respond to such queries, and assess whether additional responses, such as a free-phone service for queries about legislation, are required. In this respect the PCO is mindful of the need to improve access to the State services as part of the Development Goals for the State Services. A key issue here for the PCO is the boundary between providing information about legislation (which fits consistently with the role of the PCO), and providing legal advice (which is not the role of the PCO), and how this boundary is managed in the future to ensure that queries from the public are dealt with in a helpful and timely manner within the area of PCO competence.

<sup>13</sup> The number of unique visitors to the Interim Website of New Zealand Legislation now averages 29,000 per month, up from a monthly average of 26,000 in 2006.

**Liaison with other agencies**

As part of the response to e-government, the PCO is liaising with the State Services Commission E-government Unit, and has implemented procedures to add Functions of New Zealand and Subjects of New Zealand thesauri metadata to legislation that will be made available on the new PAL website on completion of the PAL Project.

The PCO is also engaged in strategic information communication technology (ICT) planning with the other four parliamentary agencies through the implementation of a Joint Information Strategy (discussed on page 20).

As with Strategic Objective 1, liaison with other jurisdictions is important, and the PCO shares knowledge and experience with other agencies, jurisdictions, and organisations such as NZLII and AustLII<sup>14</sup> through visits and participation in conferences. PCO staff attend the annual IT Forum held by the Parliamentary Counsel’s Committee, a committee consisting of the heads of the Australian and New Zealand drafting offices. Developments in the publishing industry that are related to the work of the PCO are also monitored through similar means.

**Priority projects**

The priority projects under Strategic Objective 2—Ready access to New Zealand legislation are:

- successfully complete the PAL Project, and ensure that the new systems and processes introduced as part of the project are successfully bedded in
- participate in the joint Law Commission/PCO working party that is investigating making New Zealand statute law more accessible
- promote better access to deemed regulations by improving the information available about their existence and where they can be sourced
- monitor developments in access to legislation in other jurisdictions and share information and knowledge
- investigate ways in which the PCO can respond to increased public interest in legislation.

**Measuring performance**

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The Public Finance Act 1989 requires the PCO to set out and explain in its Statement of Intent the main measures and standards it intends to use to assess and report on matters relating to its future performance, including the impacts, outcomes, or objectives achieved or contributed to, the cost effectiveness of the interventions that it delivers, and its organisational health and capability to perform its functions and conduct its operations effectively.<sup>15</sup>

The PCO is mandated by statute to draft and publish legislation: the Statutes Drafting and Compilation Act 1920 and the Acts and Regulations Publication Act 1989. The PCO

<sup>14</sup> *New Zealand Legal Information Institute and Australian Legal Information Institute.*

<sup>15</sup> *Section 40(d).*

is a centralised, government-funded, legislative drafting office. In this respect it is similar to legislative drafting offices in the Commonwealth and the United States. Centralised legislative drafting offices provide a critical mass of expertise together with the associated benefits of effective quality assurance and a coherent statute book. Any other arrangement (for example, outsourcing legislative drafting to the private sector) is likely to put those benefits at risk.

The PCO cannot measure the overall effectiveness of legislation, that is, whether a particular Act or Statutory Regulation is successful in achieving a particular social, economic, or political objective. That would require evaluation of a range of factors including ones for which the PCO is not responsible: the policy itself, whether the mechanisms for delivery are appropriate, whether the resources allocated to delivery are adequate, and how the legislation is implemented in practice. The overall quality of legislation is also affected by the quality of the instructions received by the PCO and, in some instances, by the time available to draft it. While the role of Parliamentary Counsel involves providing advice on aspects of the policy of legislative initiatives and their implementation, Parliamentary Counsel are not responsible for the policy itself. The PCO can only evaluate the contribution it makes by the direct provision of legislative drafting and publishing services.

The focus of the PCO is therefore to ensure that it has appropriate measures in place to assess whether it is doing what it does well, and identify whether it can do better. The objective is to ensure that, over time, the PCO continues to improve the services it delivers.

The performance of the PCO in contributing to the quality of New Zealand’s legislation and the accessibility of that legislation ought to be the subject of evaluation and scrutiny as much as the organisational health and capability of the agency responsible for drafting and publishing it. It is important to define standards that are appropriate and measurable. It is important too to use workable measures to assess whether those standards have been achieved. A major focus for this Statement of Intent has been identifying appropriate standards and realistic measures for assessing the PCO’s overall performance.

Using different measures at different times may be appropriate. For example, engaging an international panel of experts to evaluate every year the overall quality of legislation drafted in the PCO would be expensive and time-consuming, but an evaluation carried out at say five-yearly intervals may be manageable, cost effective, and useful in demonstrating trends. Benchmarking against overseas jurisdictions might provide a basis for comparison in certain areas, for example, in relation to ways in which legislation is published and public accessibility enhanced.

This section discusses in general terms some of the considerations relevant to setting standards and devising measures in relation to the delivery of the PCO’s two output classes: Law Drafting Services and Access to Legislation. The statement of forecast service performance on pages 45–50 sets out the measures and standards the PCO will adopt for those output classes for the 2007/08 year. The PCO will also measure the cost effectiveness of its interventions and its organisational health and capability.



The PCO will review the results of each year’s measurement activities to identify opportunities for improvement in the delivery of legislative drafting and publishing services. The usefulness and practicality of the individual performance measures will themselves be evaluated, with a view to developing more appropriate ways of measuring performance over time.

**Measuring outcomes and objectives**

***Law Drafting Services***

The objective of the PCO is to ensure that the legislation it drafts is legally effective, consistent with other legislation, the general law, and international law, and clear. It is also the objective of the PCO to ensure, consistent with the policy of the legislation, that legislation drafted in the PCO will be consistent with legal principle, the New Zealand Bill of Rights Act 1990, and the Human Rights Act 1993, and that delegated legislation will withstand scrutiny by the Regulations Review Committee and challenge in the courts, and will not be subject to disallowance under the Regulations (Disallowance) Act 1989.

The **quantity** of legislative drafting services is measured by reference to:

- the number of Government Bills drafted
- the number of local and private Bills examined, and amendments to them drafted
- the number of Members’ Bills drafted at the direction of the Attorney-General
- the number of Statutory Regulations drafted.

However, it is important to recognise that the specific quantities set out in the statement of forecast service performance are estimates rather than specific targets, as the output is demand driven.

The measures the PCO will use for 2007/08 relating to quantity are set out in the statement of forecast service performance on page 45.

**Quality** is harder to measure, in part because it can be subjective, in part also because of the other external factors affecting quality mentioned above, which the PCO does not control.

The quality of legislative drafting is measured by reference to:

- legal effectiveness
- consistency with legal principle, the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993, international law, other legislation, and the general law
- clarity
- whether sound, practical, and clear advice is given on legislative drafting, parliamentary procedure, executive government processes, and the law.

The parliamentary process ensures that Bills come under scrutiny at different stages of their development. Regulations also come under scrutiny, although to a lesser degree than Bills. The PCO will continue to use the feedback obtained from many sources: the results of consultation

and review of draft legislation within government, public consultation on draft legislation, review of draft legislation by external agencies such as the Law Commission, the Legislation Advisory Committee, and the Legislation Design Committee, parliamentary scrutiny of Bills and Statutory Regulations, and judicial review of Statutory Regulations. At present feedback from these channels is not formally recorded or analysed, but the PCO will investigate how this might be done in the future.

Practices, systems, and processes relating to the drafting of legislation include the appointment and training of counsel and other specialist staff, work practices, practice manuals and other material relevant to legislative drafting, editorial scrutiny, peer review and supervision, professional development, and performance review systems.

The PCO will also examine whether these measures can be further developed or whether other measures can be used. For example, a useful measure may be whether the PCO has practices, systems, and processes that provide a reasonable level of assurance that legislation drafted by the PCO meets the designated quality standard, whether those practices, systems, and processes are themselves appropriate, whether they are, where relevant, properly and consistently applied, and whether they can be improved. Evaluations of specific drafting projects carried out by the PCO itself or by the PCO in conjunction with instructing departments or by an independent and experienced legislative counsel are also possible measures for assessing the quality of legislative drafting.

The measures the PCO will use for 2007/08 relating to quality are set out in the statement of forecast service performance on page 46.

**Timeliness** is measured by reference to the timeframes set or agreed to by the Government and departments for the drafting of Bills and their amendments and regulations. Timeframes set or agreed to by select committees are also taken into account for Bills and their amendments.

The measures the PCO will use for 2007/08 relating to timeliness are set out in the statement of forecast service performance on page 46.

***Access to Legislation***

The PCO undertakes to provide ready access to New Zealand legislation by ensuring that legislation, including Bills and SOPs, is accessible to the public in both printed and electronic forms, and by providing printed copies of Government Bills and Government SOPs to the House. The output also includes the compilation and publication of reprints and the publication of certain tables and indexes.

**Quantity** is measured by reference to:

- the number of Government Bills and SOPs supplied to the House and published
- the number of Acts of Parliament published
- the number of Statutory Regulations published

- publication of the annual volumes of Acts and the annual volumes of Statutory Regulations
- the number of reprints of Acts and Statutory Regulations listed on the annual reprints programme that are compiled and published
- publication in printed and electronic forms of the *Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force*
- publication of the interim indexes of Statutory Regulations
- provision of free public access via the internet to an up-to-date electronic database of Acts (both as enacted and with their amendments incorporated), Statutory Regulations (both as made and with their amendments incorporated), Bills, and SOPs.

Again it is important to note that the specific quantities set out in the statement of forecast service performance for Bills, SOPs, Acts, regulations, and annual volumes are estimates rather than targets, as the output in relation to them is demand driven. The PCO has direct control over the number of reprints published, and the publication of the *Tables* and indexes.

The measures the PCO will use for 2007/08 relating to quantity are set out in the statement of forecast service performance on page 48.

**Quality** is measured by reference to:

- the accuracy of published legislation and draft legislation
- the accuracy of the compilation and publication of reprints of legislation, whether reprints correctly state the law enacted or made by the legislation reprinted and by the amendments to that legislation, and whether the powers conferred by sections 17A to 17E of the Acts and Regulations Publication Act 1989 have been properly exercised
- the accuracy of the electronic database of legislation and the functionality of the database
- whether the legislation is published using systems and processes that accord with best practice.

The PCO will also examine what other measures and standards are appropriate to measure and improve quality, as it will for Law Drafting Services, by assessing its practices, systems, and processes. Again, the assessments could be carried out within the PCO, or by external experts.

The measures the PCO will use for 2007/08 relating to quality are set out in the statement of forecast service performance on page 49.

**Timeliness** is measured by reference to:

- whether the requirements of the House for printed copies of Bills and SOPs are met
- the time taken to make legislation (including Bills and SOPs) available for sale at designated bookshops and by subscription
- the time taken to publish the annual volumes of Acts and Statutory Regulations

- whether reprints are compiled and published in accordance with the annual reprints programme
- the time taken to publish the *Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force*
- how frequently the database of legislation is updated as Bills are introduced and pass through the House, SOPs are released, Acts and Statutory Regulations are enacted and made, and Acts and Statutory Regulations are published in up-to-date form with their amendments incorporated.

The measures the PCO will use for 2007/08 relating to timeliness are set out in the statement of forecast service performance on page 49.

**Measuring cost effectiveness**

The Public Finance Act 1989 requires the Statement of Intent to set out and explain the main measures and standards the PCO intends to use to assess and report on the cost effectiveness of the interventions that the PCO delivers.<sup>16</sup>

It is proposed to measure cost effectiveness by reference to whether the PCO has practices, systems, and processes that provide a reasonable level of assurance that the PCO meets the quality standards set for delivery of its outputs at reasonable cost.

This will require identifying the practices, systems, and processes used by the PCO in carrying out its functions of drafting and publishing. In relation to drafting legislation, for example, it will mean considering what is done to ensure the best and most efficient use of resources. Relevant considerations include how instructions are allocated, whether timeframes are discussed and agreed with instructing departments, how progress with drafting jobs is monitored, and the practices, systems, and processes in place to ensure quality standards are achieved. In relation to publishing legislation, it will mean considering the actual processes followed in publishing legislation, including Bills and SOPs, and the basis on which reprints are compiled and published and the practices adopted in compiling and publishing them.

It is also important to measure whether direct input costs incurred in delivering outputs are reasonable. Fifty-four percent of the expense component of the annual appropriation for Vote Parliamentary Counsel is personnel costs. Relevant considerations include whether the PCO has strategies for ensuring staffing levels are appropriate to enable it to deliver its outputs, and how salaries paid to Parliamentary Counsel and other staff are determined. Thirty-four percent of the expense component of the annual appropriation is operating costs. Considerations in this regard include what the PCO does to ensure that it obtains goods and services at reasonable prices, for example, negotiating rent reviews and tendering for contracts.

The PCO will also consider whether other measures can be used to measure cost effectiveness over time. These might involve both the existence and adequacy of internal quality assurance

<sup>16</sup> Section 40(d)(ii).

systems, external reviews of those systems, and benchmarking against legislative drafting and publishing systems in overseas jurisdictions to assess whether the PCO can adopt practices that improve the delivery of its outputs.

The standard for measuring cost effectiveness in 2007/08 is a Parliamentary Counsel Office that meets the quantity, quality, and timeliness standards for the delivery of its outputs at reasonable cost.

The measure that will be used in 2007/08 is whether the PCO has practices, systems, and processes that provide a reasonable level of assurance that the quality standards set for delivery of the PCO’s outputs have been met at reasonable cost.

The PCO does not consider cost-benefit analysis or cost per unit of impact/outcome are practicable approaches to measuring cost effectiveness of the PCO’s outputs. A cost-benefit analysis of legislative drafting services would mean identifying the direct and indirect costs and benefits attributable to legislation that is drafted to a high standard and is error free, and the corresponding considerations attributable to legislation that is not, and quantifying those respective costs and benefits in financial terms. Similar considerations apply to publishing legislation. Meaningful information about the benefits of public access to legislation in electronic form provided by the PAL Project would be difficult to quantify.

Measuring cost effectiveness in terms of cost per unit of impact/outcome presents similar problems. Measuring cost effectiveness of drafting services by comparison with the cost of an equivalent service provided by private sector lawyers would involve making a range of assumptions. The PCO has a statutory responsibility to draft and publish the law. The provision of legislative drafting services by a centralised office is designed to ensure consistency across the statute book. It was for this reason that the Parliamentary Counsel Office was, in 1869, established in the United Kingdom as an institutional rationalisation of government legislative drafting—an arrangement that all comparable jurisdictions have adopted.

**Measuring organisational health and capability**

The Public Finance Act 1989 requires the Statement of Intent to set out and explain the main measures and standards that the PCO intends to use to assess and report on the PCO’s organisational health and capability to perform its functions and conduct its operations effectively.<sup>17</sup> This section of the Statement of Intent aims to provide a straightforward description of the PCO’s organisational health and capability and discusses key elements of present and future capability to carry out its functions. It also describes the main measures and standards for assessing organisational health and capability.

At time of writing the PCO has a staff of 80, comprising:

- a Management Team of 5
- 29.3 fte (full-time equivalent) lawyers engaged in legislative drafting

<sup>17</sup> Section 40(d)(iii).

- an editorial services team consisting of 6.7 fte staff providing editorial scrutiny of all drafts of Bills and Statutory Regulations
- a Reprints Unit consisting of 6 fte staff engaged in compiling reprints of Acts and Statutory Regulations for publication
- a secretarial and support team consisting of 16.3 fte staff providing secretarial and corporate services
- a Prepublication Unit consisting of 8 fte staff engaged in providing prepublication services for legislation including the publication in-house of Statutory Regulations, a function formerly carried out by Legislation Direct
- an information technology team consisting of 3 fte staff
- PAL Project office staff of 2 fte.

The Management Team comprises the Chief Parliamentary Counsel, Deputy Chief Parliamentary Counsel (Drafting), Deputy Chief Parliamentary Counsel (Access to Legislation), Manager Support Services, and Management Support Coordinator. The Management Team deals with a wide range of administrative and operational matters, including funding and financial management, capital and operational expenditure, accommodation, human resources, staff appointments, IT systems, the PAL Project, planning, reporting, and auditing, and development and review of office policies.

The PAL Project office also includes contractors engaged on the PAL Project.

This compares with a staff of 28 in 1996. Previous Statements of Intent and Annual Reports have outlined the steps taken to increase the capability of the PCO over the last decade. Until the mid-1990s the PCO had experienced a long period of underfunding. Successive governments have since increased the funding available to the PCO to better enable it to carry out its statutory functions of drafting and publishing legislation including compiling and publishing reprints. Significant funding has also been appropriated for the PAL Project.

Increases in the size of the office and implementation of the PAL Project have increased the management overhead of the office. There has been a significant increase in the range and complexity of issues, particularly in the finance and human resources area. This increase has not been matched by a corresponding increase in management support resources.

In conjunction with the Treasury and State Services Commission, the PCO commissioned PricewaterhouseCoopers (PwC) to carry out a review of existing organisational structures and administrative and management systems. The review was completed in February 2007. PwC's report contains a series of recommendations, the main ones being:

- 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
- 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
- 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 sought for Vote Parliamentary Counsel in the 2007/08 Estimates for a Human Resources Officer and a Finance Officer will materially assist PCO management in these areas. Implementation of other PwC recommendations is affected by the appointment of a new Chief Parliamentary Counsel to replace the current Chief Parliamentary Counsel who will retire on 30 June 2007 or earlier if a successor is appointed. Funding additional to that sought in the current Estimates would be needed to implement some of the other recommendations. There are also timing and transition planning considerations.

The PCO must recruit and retain skilled staff. The PCO seeks to recruit lawyers with some years’ experience in private legal practice or in government. Aggressive recruitment of lawyers by overseas law firms inevitably puts pressure on the New Zealand market for legal services. It can also be difficult to attract skilled staff in other areas. The PCO has to be able to provide flexible working arrangements for staff with family responsibilities. While this is a consequence of the changing composition of the workforce, there are challenges in ensuring the PCO maintains a constant level of resourcing sufficient to enable it to discharge its functions. The PCO has to keep up to date with trends in the employment environment. A proportion of the PCO’s 2007/08 budget initiative is to enable the PCO to maintain capability by funding salary increases that take account of market movements, particularly for Parliamentary Counsel and other specialist staff. The PCO also supports those staff who need to adjust their hours to accommodate family responsibilities.

As an employer within the public sector, the PCO must ensure that its employment practices and working environment contribute to the State Services Development Goal: Employer of Choice.

The standard for measuring organisational health and capability is a Parliamentary Counsel Office that:

- has the capability necessary to enable it to deliver its outputs
- has an organisational structure and administrative and management systems that enable it to deliver its outputs efficiently and effectively
- employs efficient and effective systems and processes in delivering its outputs
- utilises technology efficiently and effectively
- uses its resources efficiently and effectively
- is a good employer
- provides for the ongoing training and development of staff
- has appropriate succession planning strategies
- contributes to implementing the Development Goals for the State Sector
- is seen by the Government, Parliament, the courts, and organisations with whom it works as providing legislative drafting and publishing services in a professional, impartial, effective, and responsive manner.

The measures the PCO will use in 2007/08 to assess its organisational health and capability include:

- the PwC review and recommendations, and progress towards implementing those recommendations
- the level of staff satisfaction determined by findings derived from a staff engagement survey
- whether the PCO is able to recruit and retain suitably qualified staff
- whether a smooth transition to the new PAL system is achieved
- whether the level of staff uptake of the PAL system is satisfactory
- whether the PAL system meets the PCO's business requirements
- whether the arrangements for ongoing maintenance and enhancement of the PAL system are effective and properly managed
- steps taken to assist in implementing the Development Goals for the State Sector.

In subsequent years, trends in these measures will be examined where appropriate.



## **Risk management**

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Risk management is integral to the operations of the PCO. Although the PCO has not yet undertaken a formal risk analysis, risk assessment and the mitigation of risk are an integral part of the way the PCO undertakes business-as-usual and specific projects.

### **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, a great deal of knowledge and experience in the technologies has already been gained by Unisys and the PCO. That, coupled with the findings of a technical review of the project in 2003/04 by Dr Timothy Arnold-Moore of InQuirion Pty Ltd (now Science Applications International Corporation Pty Ltd) who is a world expert in the development of legislative drafting and publishing systems, has enabled officials and the independent quality assurance reviewers to be satisfied that the level of technical risk is low, and appropriate risk management strategies are in place for the remainder of the project. These cover:

- technology risk—integration and customisation
- technology risk—delivery of the PCO’s business requirements
- system performance.

Areas of business risk relate to the implementation of the new PAL system, and associated changes to business processes, as part of the day-to-day operations 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 PCO drafters and secretarial staff will be using new systems and tools. These risks are being managed through the development of appropriate implementation and change management strategies that focus on a staged implementation between the existing drafting and publishing system and the new PAL system, management of the conversion and migration of work in progress into the required new XML format, rigorous user acceptance testing, and adequate training and support to users of the new system. The PCO is also putting in place additional resources to assist in the transition from the project to “business as usual”, and to provide sufficient resources for helpdesk support for users, to manage the relationship with Unisys, and to support the ongoing development of the system.

Risks arising out of the new relationships required between the three agencies that will use the new system will be managed through the development of appropriate service-level agreements between the PCO and the Office of the Clerk and the IRD. Risks arising out of the need to support the new system will be managed through an ongoing services contract between the PCO and Unisys.

Dr Arnold-Moore has continued to provide independent technical advice and quality assurance in relation to the technical solution. Hewlett-Packard New Zealand (HPNZ) has also continued to provide independent quality assurance services in relation to the project management of the PAL Project, and a particular focus of HPNZ’s reviews continues to be the change management aspects of the project.

**PwC review**

Risks associated with changes to organisational structure and management and administrative systems may arise out of the PwC review. There may be increased delegation of responsibilities, particularly for staff with management responsibilities, the introduction of cross-functional teams, and changes in HR practices. These may give rise to change management issues for the PCO. The timing of any changes and the preparation of a transition plan, including consultation with staff, will mitigate risks arising out of the review’s recommendations.

**Information systems**

Risk assessments are made on all new information systems and enhancements to systems, with a focus on minimising risk to business continuity.

**Disaster recovery**

Risk analysis has also been integral to parts of the PCO’s disaster recovery plan. This document is being reviewed and updated to incorporate PCO records management and library holdings.

**Security**

In 2005, BSA Limited carried out a review of the PCO infrastructure to assess compliance with the current security policy. It reviewed and drafted amendments to the security policy, and provided four other documents: control objectives, information asset register, gap analysis, and a security improvement programme. These are being reviewed by the PCO.

**Resourcing**

Staffing levels are kept under regular review to ensure that the PCO has sufficient resources to enable it to discharge its functions.

# PART 3: THE 2007/08 YEAR

## Priorities

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The 2007/08 year will be one of transition for the PCO. A new Chief Parliamentary Counsel will take up office, the PAL Project is scheduled for completion, and the PwC review report will be assessed.

The PCO will focus on a smaller number of priority projects in 2007/08 than in previous years, in order to maximise their success in terms of both quality and timeliness and to provide the time and resources necessary to ensure successful implementation of the PAL Project.

Key priorities for the 2007/08 year include:

- continuous improvement of drafting practices
- successful implementation of the PAL system
- evaluating and implementing those recommendations made in the PwC review report that are considered appropriate
- reviewing accommodation requirements.

### Continuous improvement of drafting practices

In the context of continuing to improve the quality of New Zealand legislation, the PCO will intensify its efforts to improve the quality of legislative drafting services. There will be a renewed focus on identifying and evaluating changes in current drafting practice and on ensuring consistency in the drafting of legislation.

It is expected that several projects begun in previous years will be completed, such as the revision of the PCO Drafting Manual.

### The PAL Project

After being delayed since early 2003, work on the PAL Project resumed in March 2005. The project is now scheduled for completion in the second half of 2007.

The first stage of the resumed project was completed at the end of 2005, and involved the review and consolidation of the PCO's requirements for the new PAL system.<sup>18</sup> As baseline documents, these specification documents have formed the foundations for the remaining design, development, and testing phases of the project. Design and development was completed in early 2007, and the testing phase of the project (Systems Integration Testing (SIT) and performance and stress testing, which are Unisys activities, and User Acceptance Testing (UAT), which is a PCO activity), is expected to be completed by the second quarter of 2007. This will be followed by training and implementation.

<sup>18</sup> For a detailed description of this phase of the project, see the Statement of Intent Parliamentary Counsel Office for the period 1 July 2006 to 30 June 2009 pp 37–38.

The main impact of the implementation of the PAL Project on the operations of the PCO (as well as the Office of the Clerk and the Tax Drafting Unit of the IRD) is now expected to occur in late 2007. The challenge for the PCO will be to successfully manage the implementation and bedding-in of the new PAL system while still ensuring that the standard of service the PCO provides to Ministers, departments, select committees, and the public is maintained. The main elements of the implementation plan are set out in the following paragraphs.

The cut over to the new system will involve the conversion and migration of work in progress (including legislation being drafted at that time, and Bills and SOPs before the House or select committees). A key element of the implementation plan is to introduce the new system and phase out the old system over a transition period of around three months, rather than terminate the existing system and cut over to the new system on a specific date. This approach is designed to reduce the impact of implementation on the business operations of the three agencies, as staff are trained in the new system and conversion of existing work in progress is carried out. However, this approach also means that the work of the staff of the Prepublication Unit (PPU) of the PCO will need to be carefully managed, since the PPU staff who will be required to operate the new PAL system also assist Legislation Direct to provide the current prepublication service. Steps have already been taken to mitigate this risk, through the recruitment of additional PPU staff, and by preparing PCO staff early for the introduction of the new PAL system by bringing prepublication work on regulations in-house as from 1 June 2006.<sup>19</sup>

Considerable work has already been done on documenting new and changed business processes, and this work is being used as part of developing training material for the staff of all three agencies. This is being undertaken by a training and documentation coordinator and a small team of PCO staff. Since the PCO will be supplying prepublication services to the Office of the Clerk and the Tax Drafting Unit of the IRD, arrangements and service-level agreements will also need to be agreed between the PCO and those agencies.

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

Appropriate training will be designed in consultation with staff. Members of each team have volunteered to support their team during training, implementation, and beyond, and in preparation for this will receive additional training. The PCO will also encourage the formation of user groups to identify and publicise tips for using the system, discuss how the system is working, and come up with ideas for improvements.

<sup>19</sup> For further information on this initiative, see the Report of the Parliamentary Counsel Office for year ended 30 June 2006 p 34.

Unisys, on behalf of the PCO, will house and maintain the new PAL system at Unisys' Kapiti Data Centre, but the PCO will be responsible for first tier support of the system for the PCO, Office of the Clerk, and Tax Drafting Unit of the IRD. The PCO plans to recruit additional IT staff to boost helpdesk support, and to provide additional business analysis and testing skills to support the ongoing development of the system. The arrangements with Unisys for the support of the new system will be managed through an ongoing services contract between the PCO and Unisys. Considerable work has already been done on scoping and detailing out these arrangements, and this work will need to be completed before the new PAL system goes live.

Implementation planning is also taking into account the need to transition from "project mode" to "business as usual". Since a number of key project personnel (such as the Project Manager and Test Manager) are contractors rather than PCO staff, there is a need to ensure that the project and contract management knowledge and experience are transferred to PCO staff as part of the PAL system implementation. The PCO has appointed a PAL Implementation Manager to lead the implementation and bedding-in of the new PAL system from the PCO side. Reporting to the PCO PAL Project Director, the PAL Implementation Manager will assume overall responsibility for finalising the ongoing services arrangements with Unisys for the housing, maintenance, support, and enhancement of the PAL system, oversee and assist in the planning, development, and setting up of the PCO policies, procedures, and systems for PAL implementation and enhancement, and oversee the recruitment of the additional IT staff identified above. The Implementation Manager will also assist in the development of a strategic IT plan that integrates planning for both the PCO's current IT system and the PAL system.

Once the PAL system goes live, PCO reprints staff will begin the process of officialising the database of New Zealand legislation that is being acquired from Brookers as part of the project, so that the database can eventually become an official source of New Zealand law. This work is expected to take around three years, and to enable PCO reprints staff to concentrate on officialisation, the PCO will contract Brookers over that period to keep the PAL database up to date with amendments. A contract with Brookers for this database maintenance work will therefore need to be finalised before go-live. In addition, the PCO Reprints Unit will develop an officialisation programme to ensure that the entire database is officialised as soon as possible. It is still intended to produce hard copy reprints during this period, and to integrate the annual reprints programme with the officialisation programme so far as is possible. It will be important to strike a reasonable balance between the reprints programme and the officialisation programme, and the PCO will seek input from users of legislation as to their priorities in this respect.

**The PwC review**

The recommendations of the PwC review are set out on page 37. Evaluating its recommendations, and implementing them where appropriate, will be a prime focus in 2007/08.

**Accommodation**

Additional positions proposed in the PwC report, additional technical staff employed as part of the PAL Project, and the increased number of staff who work part time contribute to increased pressure on the PCO’s accommodation. The PCO will investigate ways to make more efficient use of its current accommodation in 2007/08.

*Statement of forecast service performance*

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**Statement of Forecast Service Performance, Specifying the Performance Forecast for Each Class of Outputs for the Year Ending 30 June 2008**

The PCO has agreed to provide outputs in 2007/08 that meet the requirements of the Attorney-General in terms of their nature, outcome emphasis, quality and quantity specifications, and cost.

**Output Class—Law Drafting Services**

**Description**

Under this output class, the PCO will deliver 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**

Contributing to parliamentary democracy under the rule of law by supporting Parliament and the executive in their law-making roles and contributing to the Government’s objectives by ensuring that legislation that is necessary to change the law to implement Government policies is effective, consistent with other legislation, the general law, and international law, and clear; and ensuring that, having regard to the policy of the legislation, it is also consistent with legal principle and with the rights and freedoms protected by the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993 and, in the case of delegated legislation, that it will withstand scrutiny by the Regulations Review Committee and challenge in the courts and will not be subject to disallowance under the Regulations (Disallowance) Act 1989.

**Quantity**

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. The standard is:

- between 50 and 70 Government Bills are drafted and amendments to the same number of Bills are drafted during their passage through the House

- between four and eight local and private Bills are examined, and amendments drafted to the same number
- between four and eight Members' Bills are drafted at the direction of the Attorney-General
- between 300 and 400 Statutory Regulations are drafted.

The performance measures are:

- the number of Government Bills drafted
- the number of local and private Bills examined, and amendments to them drafted
- the number of Members' Bills drafted at the direction of the Attorney-General
- the number of Statutory Regulations drafted.

**Quality**

The standard is:

- Bills and Statutory Regulations are legally effective, consistent with other legislation, the general law, and international law, and clear
- consistent with the policy they implement, Bills and Statutory Regulations are consistent with legal principle, the New Zealand Bill of Rights Act 1990, and the Human Rights Act 1993
- advice given on matters relating to the provision of legislative drafting services, including advice on legislative drafting, parliamentary procedure, executive government process, and the law, is sound, practical, and clear.

The performance measures are:

- the Attorney-General is satisfied that the quality standard has been achieved
- instructing departments and agencies are satisfied that the quality standard has been achieved, as determined from overall responses to the departmental satisfaction survey (target: 90% satisfaction rating)
- select committees are satisfied that the quality standard has been achieved, as determined from overall responses to a survey
- whether the PCO's practices, systems, and processes relating to the drafting of legislation, in conjunction with external systems and processes relating to the enactment of statutes by Parliament and the making of Statutory Regulations by the executive, provide a reasonable level of assurance that the quality standard has been achieved.

**Timeliness**

The standard is:

- Bills, Statutory Regulations, and SOPs are drafted in accordance with timeframes set by, or agreed with, the Government, select committees, and departments.

The performance measures are:

- the Attorney-General is satisfied that the timeliness standard has been achieved

- instructing departments and agencies are satisfied that the timeliness standard has been achieved, as determined from overall responses to the departmental satisfaction survey (target: 90% satisfaction rating)
- select committees are satisfied that the timeliness standard has been achieved, as determined from overall responses to a survey.

**Cost**

The standard is:

Year	Cost GST excl. \$000	Total Revenue GST excl. \$000	Crown Revenue GST excl. \$000	Revenue Departmental GST excl. \$000	Revenue Other GST excl. \$000
2007/08	9,672	9,672	9,568	104	0
2006/07	8,865	8,865	8,761	104	0

**Output Class—Access to Legislation**

**Description**

Under this output class, the PCO will deliver a service that provides for:

- supplying printed copies of Government Bills and Government SOPs to the House and, on a selective basis, copies of Acts with proposed amendments incorporated
- publishing printed copies of Bills and SOPs, 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 SOPs, and maintaining the electronic database of legislation in an up-to-date form.

**Outcomes**

Contributing to parliamentary democracy under the rule of law by supporting Parliament and the executive in their law-making roles and contributing to the Government’s objectives by ensuring that legislation, including Bills and SOPs, is accessible to the public in both printed and



electronic forms, and by providing printed copies of Government Bills and Government SOPs to the House.

**Quantity**

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

- between 50 and 70 Government Bills, and between 70 and 100 SOPs, are supplied to the House and published
- between 80 and 120 Acts of Parliament are published
- between 300 and 400 Statutory Regulations are published
- the annual volumes of Acts for 2007 and the annual volumes of Statutory Regulations for 2007 are published
- the reprints of Acts and Statutory Regulations listed on the annual reprints programme are compiled and published
- the 2007 edition of the *Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force* is published in both printed and electronic forms
- interim indexes of Statutory Regulations are published
- free public access via the internet is provided to an up-to-date electronic database of Acts (both as enacted and with their amendments incorporated), Statutory Regulations (both as made and with their amendments incorporated), Bills, and SOPs.

The performance measures are:

- the number of Government Bills and SOPs supplied to the House and published
- the number of Acts of Parliament published
- the number of Statutory Regulations published
- the annual volumes of Acts for 2007 and the annual volumes of Statutory Regulations for 2007 are published
- the number of reprints of Acts and Statutory Regulations listed on the annual reprints programme that are compiled and published
- publication in printed and electronic forms of the *Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force*
- publication of the interim indexes of Statutory Regulations
- provision of free public access via the internet to an up-to-date electronic database of Acts (both as enacted and with their amendments incorporated), Statutory Regulations (both as made and with their amendments incorporated), Bills, and SOPs.

**Quality**

The standard is:

- Government Bills approved for introduction and SOPs approved for release are published in an accurate form
- accurate publication of Acts of Parliament
- accurate publication of Statutory Regulations
- the annual volumes of Acts for 2007 contain correct copies of the Acts of Parliament published in the volumes and the annual volumes of Statutory Regulations for 2007 contain correct copies of the Statutory Regulations published in them
- reprints of Acts and Statutory Regulations correctly state the law enacted or made by the Acts and Statutory Regulations reprinted and by the amendments to that legislation
- the *Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force* are accurate
- the interim indexes of Statutory Regulations are accurate
- the electronic database of Acts (both as enacted and with their amendments incorporated), Statutory Regulations (both as made and with their amendments incorporated), Bills, and SOPs is up to date and accurate
- Bills, SOPs, Acts of Parliament, Statutory Regulations, the annual volumes, reprints, and the *Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force* are published in accordance with best industry practice.

The performance measures are:

- whether the Attorney-General is satisfied that the quality standard has been achieved
- in relation to reprints, whether an external expert is satisfied that the quality standard has been met, based on an assessment of selected reprints
- whether the PCO's practices, systems, and processes relating to the publishing of Bills, SOPs, and legislation and to the compilation and publishing of reprints and the *Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force* provide a reasonable level of assurance that the quality standard for publication has been achieved
- the number of publishing errors reported in the legislation that is published in printed and electronic forms.

**Timeliness**

The standard is:

- Government Bills and SOPs are supplied to the House in accordance with the requirements of the Ministers of the Crown in charge of those Bills or SOPs

- Government Bills and SOPs are published and provided for sale at designated bookshops and to subscribers within five working days of introduction or release
- Acts are published and provided for sale at designated bookshops and to subscribers within ten working days of assent
- Statutory Regulations are published and provided for sale at designated bookshops and to subscribers within five working days of being made
- the annual volumes and the printed *Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force* are published in the first half of 2008
- the electronic version of the *Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force* is updated at least two times during the year
- the interim indexes of Statutory Regulations are published four times during the year
- free public access to the electronic database of Acts, Statutory Regulations, Bills, and SOPs is provided on a 24/7 basis
- the database is maintained in accordance with the PCO database work programme.

The performance measures are:

- the time taken to supply Government Bills and SOPs to the House
- the time taken to make legislation (including Bills and SOPs) available for sale at designated bookshops and by subscription
- the date of publication of the annual volumes of Acts and Statutory Regulations
- compilation of reprints in accordance with the annual reprints programme
- the date of publication of the *Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force*, and the frequency with which the electronic version is updated
- the dates of publication of the interim indexes of Statutory Regulations
- the frequency with which the database of legislation is updated as Bills are introduced and pass through the House, SOPs are released, Acts and Statutory Regulations are enacted and made, and the frequency with which Acts and Statutory Regulations are published in up-to-date form with their amendments
- the availability of the electronic database of Acts, Statutory Regulations, Bills, and SOPs.

**Cost**

The standard is:

Year	Cost GST excl. \$000	Total Revenue GST excl. \$000	Crown Revenue GST excl. \$000	Revenue Departmental GST excl. \$000	Revenue Other GST excl. \$000
2007/08	7,261	7,261	7,212	14	35
2006/07	8,880	8,880	8,831	14	35

*Prospective financial statements*

**Introduction and Financial Highlights**

Appropriations for the PCO in 2007/08 total \$16.933 million (GST exclusive). The PCO expects to receive \$16.780 million (GST exclusive) from the Crown and \$0.153 million (GST exclusive) from departmental and other sources. The decrease in revenue Crown of \$0.812 million (GST exclusive) compared to 2006/07 is because prepublication services provided by Legislation Direct will be brought in-house once the implementation of the PAL Project is completed.

The PCO expects to incur expenses of:

- \$9.672 million (57.1% of the Vote) on Law Drafting Services
- \$7.261 million (42.9% of the Vote) on Access to Legislation.

In addition, the PCO expects to incur departmental capital expenditure of \$3.2 million, of which \$2.8 million is expenditure associated with the PAL Project.

**Summary**

	2007/08 Forecast \$000	2006/07 Estimated Actual \$000	2006/07 Budget \$000
Revenue—Crown	16,780	17,592	17,592
—departmental	118	118	118
—other	35	35	35
Output expenses	16,933	17,745	17,745
Net surplus	0	0	0
Taxpayers' funds	12,549	12,349	12,349
Net cash flows from operating activities	1,247	1,601	1,568

The prospective financial statements contain the following:

- financial performance
- financial position
- cash flows
- reconciliation of net cash flows from operating activities to net surplus/(deficit) in the operating statement
- movements in taxpayers' funds (equity)
- objectives specifying the financial performance
- summary of departmental output classes
- departmental capital expenditure
- details of property, plant, and equipment by category
- significant underlying assumptions
- accounting policies.

**Prospective Statement of Financial Performance  
for the year ending 30 June 2008**

	2006/07 Budgeted <sup>20</sup> \$000	2006/07 Estimated Actual \$000	2007/08 Budget \$000
<b>Revenue</b>			
Crown	17,592	17,592	16,780
Departmental	118	118	118
Other	35	35	35
<b>Total revenue</b>	<b>17,745</b>	<b>17,745</b>	<b>16,933</b>
<b>Expenses</b>			
<i>Output expenses:</i>			
Personnel	7,649	7,649	9,025
Operating	8,669	8,669	5,800
Depreciation	767	767	1,182
Capital charge	660	660	926
<b>Total expenses</b>	<b>17,745</b>	<b>17,745</b>	<b>16,933</b>
<b>Net surplus (deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<sup>20</sup> This incorporates both Main Estimates and Supplementary Estimates appropriations for 2006/07.

**Prospective Statement of Financial Position  
as at 30 June 2008**

	Actual as at 30 June 2006 \$000	Estimated Actual as at 30 June 2007 \$000	Forecast as at 30 June 2008 \$000
<b>Assets</b>			
<i>Current assets:</i>			
Cash and bank balances	2,872	2,976	571
Prepayments	15	19	19
Receivables and advances	47	0	0
Debtor—Crown	1,559	0	0
<i>Total current assets</i>	<i>4,493</i>	<i>2,995</i>	<i>590</i>
<i>Non-current assets:</i>			
Property, plant, and equipment <sup>21</sup>	8,255	10,417	13,087
<i>Total non-current assets</i>	<i>8,255</i>	<i>10,417</i>	<i>13,087</i>
<b>Total assets</b>	<b>12,748</b>	<b>13,412</b>	<b>13,677</b>
<b>Liabilities</b>			
<i>Current liabilities:</i>			
Payables and provisions	1,157	418	418
Provision for payment of net surplus	2,120	0	0
Provision for employee entitlements <sup>22</sup>	321	357	422
<i>Total current liabilities</i>	<i>3,598</i>	<i>775</i>	<i>840</i>
<i>Long-term liabilities:</i>			
Provision for employee entitlements	353	288	288
<i>Total long-term liabilities</i>	<i>353</i>	<i>288</i>	<i>288</i>
<b>Total liabilities</b>	<b>3,951</b>	<b>1,063</b>	<b>1,128</b>
<b>Taxpayers' funds</b>			
General funds	8,797	12,349	12,549
<b>Total taxpayers' funds</b>	<b>8,797</b>	<b>12,349</b>	<b>12,549</b>
<b>Total liabilities and taxpayers' funds</b>	<b>12,748</b>	<b>13,412</b>	<b>13,677</b>

<sup>21</sup> Further details are contained under Prospective Details of Property, Plant, and Equipment by Category as at 30 June 2008.  
<sup>22</sup> This includes leave and retirement entitlement provisions.

### Prospective Statement of Cash Flows for the year ending 30 June 2008

	2006/07 Budgeted \$000	2006/07 Estimated Actual \$000	2007/08 Budget \$000
<b>Cash flows from operating activities</b>			
<i>Cash provided from:</i>			
Supply of outputs to: Crown	19,118	19,151	16,780
Departmental	162	162	118
Other	38	38	35
<i>Cash disbursed to:</i>			
<i>Cost of producing outputs:</i>			
Output expenses	(17,090)	(17,090)	(14,760)
Capital charge	(660)	(660)	(926)
<b>Net cash flows from operating activities</b>	<b>1,568</b>	<b>1,601</b>	<b>1,247</b>
<b>Cash flows from investing activities</b>			
<i>Cash provided from:</i>			
Sale of property, plant, and equipment	0	0	0
<i>Cash disbursed to:</i>			
Purchase of property, plant, and equipment	(2,929)	(2,929)	(3,852)
<b>Net cash flows from investing activities</b>	<b>(2,929)</b>	<b>(2,929)</b>	<b>(3,852)</b>
<b>Cash flows from financing activities</b>			
<i>Cash provided from:</i>			
Capital contribution from the Crown	3,552	3,552	200
<i>Cash disbursed to:</i>			
Payment of surplus to the Crown	(2,120)	(2,120)	0
<b>Net cash flows from financing activities</b>	<b>1,432</b>	<b>1,432</b>	<b>200</b>
<b>Net increase/(decrease) in cash held</b>	<b>104</b>	<b>104</b>	<b>(2,405)</b>
Opening total cash balance at 1 July	2,872	2,872	2,976
<b>Closing total cash balances at 30 June projected</b>	<b>2,943</b>	<b>2,976</b>	<b>571</b>

**Prospective Reconciliation of Net Cash Flows from Operating Activities to Net Surplus/(Deficit) in the Operating Statement for the year ending 30 June 2008**

	2006/07 Budgeted \$000	2006/07 Estimated Actual \$000	2007/08 Budget \$000
<b>Operating surplus/(deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Add/(deduct) non-cash expenses/(revenues) from Statement of Financial Performance</i>			
Depreciation and amortisation	767	767	1,182
<i>Add/(deduct) non-cash working capital reductions/(increases) from Statement of Financial Position<sup>23</sup></i>			
(Increase)/decrease in receivables and advances	47	47	0
(Increase)/decrease in debtor Crown	1,526	1,559	0
(Increase)/decrease in prepayments	(4)	(4)	0
Increase/(decrease) in payables and provisions	(768)	(768)	65
<b>Net cash flows from operating activities</b>	<b>1,568</b>	<b>1,601</b>	<b>1,247</b>

**Prospective Statement of Movements in Taxpayers' Funds (Equity) as at 30 June 2008**

	Estimated Position as at 30 June 2007 \$000	Forecast Position as at 30 June 2008 \$000
<b>Net surplus/(deficit)</b>	<b>0</b>	<b>0</b>
Capital contributions from the Crown	3,552	200
Movements in taxpayers' funds	0	0
Taxpayers' funds at start of period	8,797	12,349
<b>Taxpayers' funds at end of period</b>	<b>12,349</b>	<b>12,549</b>

<sup>23</sup> These figures exclude changes in property, plant, and equipment, debtors, and creditors.



**Prospective Statement of Objectives Specifying the Financial Performance**  
*for the year ending 30 June 2008*

	Unit	2006/07 Budgeted	2006/07 Estimated Actual	2007/08 Budget
<b>Operating results</b>				
Revenue: departmental	\$000	118	118	118
Revenue: other	\$000	35	35	35
Revenue: interest	\$000	0	0	0
Output expenses	\$000	17,745	17,745	16,933
Operating surplus before capital charge	\$000	660	660	926
Net surplus	\$000	0	0	0
<b>Working capital</b>				
Liquid ratio <sup>24</sup>	%	716.5	716.5	141.1
Net current assets	\$000	2,220	2,220	(250)
Current ratio	%	386.5	386.5	70.2
Average debtors outstanding	days	0	0	0
Average creditors outstanding	days	19.9	19.9	7.1
<b>Resource utilisation</b>				
<i>Property, plant, and equipment:</i>				
Total property, plant, and equipment at year end	\$000	10,417	10,417	13,087
Property, plant, and equipment as % of total assets	%	77.7	77.7	95.7
Additions as % of property, plant, and equipment	%	28.1	28.1	29.4
Taxpayers' funds at year end	\$000	12,349	12,349	12,549
<b>Forecast net cash flows</b>				
Surplus/(deficit) operating activities	\$000	1,568	1,601	1,247
Surplus/(deficit) investing activities	\$000	(2,929)	(2,929)	(3,852)
Surplus/(deficit) financing activities	\$000	1,432	1,432	200
Cash disbursed to producing outputs	\$000	(17,090)	(17,090)	(14,760)
Net increase/(decrease) in cash held	\$000	71	104	(2,405)

<sup>24</sup> Total cash and bank balances and prepayments as a proportion of creditors and short-term (current) payables.

## Summary of Departmental Output Classes

Departmental output classes to be delivered by the PCO, and their associated revenue, expenses, and surplus and deficit are summarised below:

Output Operating Statements 2007/08						
Departmental Output Class	Description	Revenue: Crown \$000	Revenue: Depts \$000	Revenue: Other \$000	Total Expenses \$000	Surplus/ (deficit) \$000
<b>Vote Parliamentary Counsel</b> Output expense— Law Drafting Services	Drafting of Government Bills (including amendments) and Statutory Regulations: examining and reporting on local and private Bills and drafting amendments to them.	9,568	104	-	9,672	-
Output expense— Access to Legislation	Supplying printed copies of Bills and 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 <i>Tables of New Zealand Acts and Ordinances and Statutory Regulations in Force</i> in printed and in electronic forms.  Providing free public access via the internet to an electronic database of legislation, including Bills and Supplementary Order Papers, and maintaining the electronic database of legislation in an up-to-date form.	7,212	14	35	7,261	-

**Departmental Capital Expenditure**  
*to be incurred in accordance with section 24 of the Public Finance Act 1989*

	Forecast 2007/08 \$000	Estimated Actual 2006/07 \$000	Budget 2006/07 \$000	Actual 2005/06 \$000	Actual 2004/05 \$000	Actual 2003/04 \$000	Actual 2002/03 \$000
Computer systems and office equipment	3,000	1,770	3,852	2,141	1,562	429	2,272
Furniture and leasehold improvements	200	50	0	50	126	594	139
Motor vehicles	0	0	0	41	0	30	41
<b>Total</b>	<b>3,200</b>	<b>1,820</b>	<b>3,852</b>	<b>2,232</b>	<b>1,688</b>	<b>1,053</b>	<b>2,452</b>

The category of computer systems and office equipment includes a significant increase for the 2007/08 year, representing the capital expenditure associated with the implementation of the PAL Project. The balance in that category relates to the routine replacement of the PCO's information technology and office equipment in accordance with the services to be delivered as set out in this SOI. The category of furniture and leasehold improvements includes funding to make more efficient use of current work space.

**Prospective Details of Property, Plant, and Equipment by Category**  
*as at 30 June 2008*

	30 June 2007 Estimated Actual Position \$000	30 June 2008 Forecast Position		
		Cost \$000	Accumulated Depreciation \$000	Net Book Value \$000
Computer systems and office equipment	9,847	15,408	2,755	12,653
Furniture and leasehold improvements	502	1,807	1,423	384
Motor vehicles	68	106	56	50
<b>Total</b>	<b>10,417</b>	<b>17,321</b>	<b>4,234</b>	<b>13,087</b>

**Significant Underlying Assumptions**

The purpose of the prospective financial statements is to facilitate parliamentary consideration of the appropriations for, and planned performance of, the PCO. Use of this information for other purposes may not be appropriate.

These prospective financial statements have been prepared in accordance with FRS 42.

These prospective financial statements have been compiled on the basis of Government policies.

These prospective financial statements have been prepared in accordance with section 38 of the Public Finance Act 1989. The measurement base applied is historical cost.

The accrual basis of accounting has been used for the preparation of these prospective financial statements.

These prospective financial statements have been prepared on a going-concern basis.

The actual results achieved for the period covered are likely to vary from the information presented, and the variations may be material.

## Statement of Accounting Policies

### Reporting entity

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

These are the prospective financial statements of the PCO, which have been prepared pursuant to the Public Finance Act 1989. These statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand International Financial Reporting Standards (NZ IFRS), and other applicable finance standards, as appropriate for public benefit entities.

This is the first set of prospective financial statements prepared using NZ IFRS, and these have been restated to NZ IFRS accordingly.

### Measurement system

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

### Accounting policies

The following particular accounting policies, which materially affect the measurement of financial results and 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 and any transfer made by Order in Council under the Public Finance Act 1989.

### Revenue

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

**Cost allocation**

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

**Cost allocation policy**

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

**Criteria for direct and indirect costs**

*Direct costs* are those costs directly attributed to an output.

*Indirect costs* are those costs that cannot be identified in an economically feasible manner with a specific output.

**Direct costs assigned to outputs**

Direct costs are charged directly to outputs. Depreciation and capital charge are charged on the basis of asset utilisation. Personnel costs are charged by actual time incurred.

**Basis for assigning indirect and corporate costs to outputs**

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

**Receivables**

Receivables are recorded at estimated realisable value, after providing for impairment. A provision for impairment of receivables is established when there is objective evidence that the PCO will not be able to collect all amounts due according to the original terms of the receivables.

**Operating leases**

The PCO leases premises. As the lessor retains all the risks and ownership, these leases are classified as operating leases. Operating lease costs are expensed in the period 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 plus GST are capitalised and recorded at historical cost.

**Capital work in progress**

Capital work in progress is not capitalised. The total cost of this work is transferred to the relevant asset category on its completion and then capitalised.

**Depreciation**

Depreciation of property, plant, and equipment is provided on a straight-line basis so as to allocate the cost of assets, less any estimated residual value, over their useful lives.

The estimated economic useful lives and associated depreciation rates of major classes of assets are:

Furniture	5 years	20%
Property, plant, and equipment	5 years	20%
Office equipment	5 years	20%
Computer systems	3-5 years	20-33%
Motor vehicles	5 years	20%
Leasehold property improvements	6-12 years	8.3-16.7%
Telecommunications equipment	3-7 years	14.3-33.3%
Intangible assets	3-5 years	20-33%
Intangibles—PAL Project	20 years	5%

**Leasehold property improvements**

The cost of leasehold improvements is capitalised and amortised over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter.

**Intangible assets—software acquisition and development**

Acquired computer software is capitalised on the basis of the cost incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the PCO are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

**Provision for employee entitlements**

Provision is made in respect of the PCO’s liability for annual, long service, retirement, and sick leave. Annual leave has been calculated on an actual basis at current rates of pay. Long service and retirement leave have been calculated on an actuarial basis based on the present value of expected future entitlements. Sick leave has been calculated on the past history of sick leave taken by all employees for the last three years to derive the average amount of accrued sick leave taken over and above the entitlement for the year.

**Foreign currency**

Foreign currency transactions are converted at the New Zealand dollar exchange rate at the date of the transaction. When a forward exchange contract has been used to establish the price of a transaction, the forward rate specified in that foreign exchange contract is used to convert the transaction to New Zealand dollars. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates

of monetary assets and liabilities denominated in foreign currencies are recognised in the Prospective Statement of Financial Performance.

**Financial instruments**

Revenue and expenses in relation to all financial instruments are recognised in the Prospective Statement of Financial Performance. Where the PCO enters into foreign currency forward contracts to hedge foreign currency transactions, any exposure to gains or losses on these contracts is generally offset by a related loss or gain on the item being hedged.

Apart from foreign currency forward contracts, all financial instruments are recognised in the Prospective Statement of Financial Position.

The fair value of the financial instruments is deemed not materially different from valuation at amortised cost. As a result the carrying value of the instruments is at fair value.

**Goods and services tax (GST)**

The prospective financial statements are exclusive of GST, except for creditors and payables and debtors and receivables, which are GST inclusive. All other statements are GST exclusive.

The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between output GST and input GST, is included in creditors and payables or debtors and receivables (as appropriate).

**Effect of amendments to the Public Finance Act 1989**

As from 1 July 2005, all appropriations are GST exclusive.

**Taxation**

Government departments are exempt from the payment of income tax in terms of 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. Commitments relating to employment contracts are not disclosed.

**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.

**First time adoption of NZ equivalents to International Financial Reporting Standards**

The PCO financial statements for the year ended 30 June 2008 will be the first financial statements that comply with NZ IFRS. The PCO has applied NZ IFRS 1 in preparing these prospective financial statements.

The PCO's transition date is 1 July 2006. The PCO prepared its opening NZ IFRS balance sheet at that date. The PCO's NZ IFRS adoption is 1 July 2007.

In preparing these financial statements in accordance with NZ IFRS 1, the PCO has applied the mandatory exceptions and no optional exemptions from full retrospective application of NZ IFRS.

The PCO is required to make the following mandatory exemption from retrospective application:

*Estimates exemption*—estimates under NZ IFRS at 1 July 2006 are consistent with estimates made for the same date under previous NZ GAAP.

The 2006/2007 estimated actual financial statements have been prepared under NZ GAAP and the 2007/2008 prospective financial statements have been prepared under NZ IFRS. There are no significant differences arising on transition.

These prospective financial statements have been prepared in accordance with FRS 42.

**Changes in accounting policies**

There have been no changes in accounting policies, including cost allocation accounting policies.



# PART 4: APPENDICES

## *Appendix 1—PCO mission and vision statements*

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### **Mission statement**

The Parliamentary Counsel Office aims to—

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

### **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.

Appendix 2—Organisational plan

