

OUR OUTCOME FRAMEWORK

People with high-quality working lives in thriving and inclusive communities

Our outcome framework ensures all the activities of the Department are focused on our primary goals and aligned to the Government's vision.

Helping achieve Government goals

Work towards these outcomes helps achieve the key Government goals that guide the public sector. These are to:

- grow an inclusive, innovative economy for the benefit of all
- maintain trust in government and provide strong social services
- improve New Zealanders' skills
- reduce inequalities in health, education, employment and housing
- protect and enhance the environment
- strengthen national identity and uphold the principles of the Treaty of Waitangi.

Our outcome framework for 2004/05

The Department's work this year was guided by our outcome framework. This framework is summarised in the following table, and articulated in detail in our 2004/05 Statement of Intent, in which we also identified the agencies with which we would work, our measurable outputs for the year, and our financial projections.

Over-arching outcome

People with high-quality working lives in thriving and inclusive communities.

Intermediate outcomes

Our four intermediate outcomes broadly align with the Department's new structure:

- Workplace: Employees and employers achieve sustainable productivity gains through high-quality workplace environments.
- Workforce: Overall contribution to society will increase as the skills of the workforce increase and the number of people participating in the skilled workforce and their communities increases.
- Work opportunities: Increased high-quality work opportunities generated through more productive enterprises and enterprising communities.
- International influence: Increased international influence on global labour and security issues and institutions through participation in international forums and fulfilling obligations.

Performance against these four intermediate outcomes can be found on pages 14-35.

These are followed by a report on our work in reducing inequalities in the labour environment, on pages 38-43.

Measures and activities

To help us achieve these outcomes, we also identified:

- environmental indicators – indicators of changes in the labour market against which we can measure progress
- the Department's activities required to achieve our intermediate outcomes
- a set of quantifiable outputs.

Performance against our outputs for the year and the Department's financial statements can be found on pages 58-149.

OUTCOME FRAMEWORK FOR 2004/05

PEOPLE WITH HIGH-QUALITY WORKING LIVES IN THRIVING AND INCLUSIVE COMMUNITIES

	OUTCOME 1	OUTCOME 2	OUTCOME 3	OUTCOME 4
Intermediate outcomes	People with high-quality work in productive workplaces	More people participating in the skilled workforce and their communities	More high-quality work opportunities	More international influence on global labour and security issues and institutions
Environmental indicators	<p>Increase in productivity</p> <p>Improvements to New Zealand's occupational injury and disease statistics</p> <p>Indicators to be developed in 2004/05 for awareness and application of excellent workplace practices and improvements in high-quality work</p>	<p>Labour force participation rate</p> <p>Employment rate</p> <p>Unemployment rate</p> <p>Proportion of workforce with a qualification</p>	<p>Employment growth</p> <p>Change in production GDP</p> <p>Contribution to GDP by the tourism and international education industries</p> <p>Value of asset and investment transfers attributable to business migrants</p> <p>Value of investment in community enterprises</p>	<p>Ministerial satisfaction with promotion of international interests and representation</p>
Department's activities	<p>Information, advice and support on workplace practices and obligations</p> <p>Enforcing workplace legislation</p> <p>Purchase and monitoring advice on ACC</p>	<p>Information on trends in the labour market</p> <p>Information and support for communities, migrants and refugees</p> <p>Purchase and monitoring advice on MSD and TEC</p>	<p>Employment development with communities</p> <p>Providing information and facilitating access to resources</p> <p>Processing visas for international students and tourists</p> <p>Providing grants to communities, groups and individuals</p>	<p>Managing refugee processes and co-ordinating settlement services</p> <p>Responding to international humanitarian crises</p> <p>Providing technical assistance and best practice information</p> <p>Providing advice and support to Ministers</p>

POLICY, LABOUR MARKET MONITORING, RESEARCH AND EVALUATION

Changes to our outcome framework

In response to current labour market trends and the growing challenges they create, and to changing Government expectations, as the year progressed we further revised our outcome framework.

These changes are described on page 47, and expressed fully in our 2005/06 Statement of Intent.

OUTCOME 1: People with high-quality work in productive workplaces

1

THE INTERMEDIATE OUTCOME IS:

Employees and employers achieve sustainable productivity gains through high-quality workplace environments.

ACTIVITIES TO HELP ACHIEVE THIS OUTCOME:

- Provide information, advice and support on workplace practices and obligations.
- Enforce workplace legislation.
- Provide purchasing and monitoring advice on ACC.

KEY ACHIEVEMENTS

Information and promotion

Workplace Contact Centre

In 2005, we established the Workplace Contact Centre, an important new centralised information service and online 'one-stop' shop for workplaces – phone 0800 209020, website www.workinfo.govt.nz. This consolidates and improves on the previous mix of local and national initiatives and information sources.

The Contact Centre offers information, guidance and resources for increasing the quality and productivity of workplaces through better health and safety and employment relations practice. New services include the Employment Agreement Builder, which is featured in the panel on page 15.

We also improved the web-based question-and-answer facility on the site, enabling 75% of clients to access the employment relations information they were seeking immediately, more than halving the response time to answer e-mail enquiries. We will continue to expand

our ability to provide key health and safety information and guidance.

Small Business Information Unit

We established the Small Business Information Unit in September 2004. The Unit works with organisations and networks to provide information to small- and medium-sized enterprises to help them operate more effectively as productive workplaces in today's labour market; especially in terms of their employment relations and health and safety obligations. The Unit is currently operating in Auckland, with further offices being established in Tauranga, Nelson and Christchurch.

The Unit is a catalyst for change in how the Department's policy and mainstream practice identifies and responds to the needs of small business. Sector participation has increased, and the quality dialogue and feedback have provided the Unit with a growing understanding of how they can continue to assist networks of small businesses to help them better understand the issues and improve workplace practices in their business communities.

For example, Unit advisers worked collaboratively with the Chinese New Settlers Services Trust as featured in the panel on page 19. Experience from engagements such as this will feed into an impact evaluation of the Small Business Information Unit's work once it is fully operating.

Special Investigator series

We worked with television production company Greenstone Productions on a Special Investigator series that demonstrates how health and safety inspectors provide advice

WORKPLACE

Turning compliance into an opportunity for clarity

and guidance that contributes to the increasing productivity of New Zealand businesses. The series is due to air in September 2005.

Workplace legislation

We implemented changes to the Parental Leave and Employment Protection Act 1987 that, from 1 December 2004, extended the duration of paid parental leave from 12 to 14 weeks progressively and extended eligibility to employees with six months' service with the same employer.

As part of Budget 2005, the Government announced that legislation will be introduced to extend paid parental leave to the self-employed, to come into effect on 1 July 2006.

Amendments to the Employment Relations Act included clarifications to the duty of good faith and improved support for collective bargaining. We published guidance material to support the amended good faith provisions in the Act, hiring employees, dealing with employment relationship problems, and dealing with restructuring situations. We also ran seven Roadshows in main centres throughout New Zealand about the Employment Relations Act amendments and to provide a forum for questions and discussion regarding application of the legislation. The Roadshows were well attended in all locations, and received positive feedback. We plan to run more in the coming year.

The Minimum Wage Act 1983 requires the Minister of Labour to review minimum wage levels by 31 December each year. Following Cabinet's consideration of the Minister's review, the Governor-General issued an Order-in-Council setting new hourly minimum wage rates, effective from 21 March 2005.

Workplace initiatives

Occupational health

During the last year, we focused on improving our leadership capability in relation to occupational health outcomes. Key activities included:

- leading the development of the Workplace Health and Safety Strategy for New Zealand to 2015, which was launched by the Associate Minister of Labour on 22 June 2005. This strategy is one of the



• WWW.ERS.DOL.GOV.T.NZ

More than 52,705 agreements have been built using the Department's Employment Agreement Builder since it went online in February 2004.

Employment agreements are required by law for every employee. The Department's award-winning Employment Agreement Builder is quick and easy, enabling employers to draw up a legal employment agreement without leaving their desk – just by visiting www.ers.dol.govt.nz and ticking the right boxes.

On the website, employers select standard clauses covering all the information legally required for an agreement.

To personalise the agreement they fill in things like names and details of pay. As well as the clearly marked legally-required clauses, the Agreement Builder includes many optional clauses. These cover consideration of issues from breast-feeding to performance bonuses.

The Employment Agreement Builder automatically makes sure aspects of the agreement are legal – for example, it won't let you enter an hourly rate below the legal minimum.

The Employment Agreement Builder won the Public Sector category of the TUANZ (Technology Users Association of New Zealand) Innovation Awards in July 2004, and the Central Government section of the Vero Excellence in Business Support Awards in July 2005.

“ This is the kind of thing that makes life that much easier for small businesses. It ensures that we fulfil our obligations to employees and the law – and makes it simple to do. Hallelujah! – EMPLOYMENT AGREEMENT BUILDER USER ”

national priorities in the New Zealand Injury Prevention Strategy, and prioritises action on three key occupational health issues facing New Zealand: airborne substances, manual handling, and psychosocial factors. The strategy emphasises the need for everyone in the workplace to be involved in significantly reducing the extent and severity of workplace injury and disease. It provides a framework for the engagement of industry and the wider community, and outlines the role of government in improving occupational health outcomes:

- developing a joint venture with the Health Research Council to purchase occupational health research
- starting three projects investigating issues and options to improve health outcomes around asbestos, noise and violence to care givers
- working to strengthen relationships with other government agencies and units (including the Ministry of Health and the New Zealand Health Information Service) to ensure alignment of government roles and activities in relation to occupational health
- developing an effective national occupational disease surveillance system within New Zealand.

Work-life balance

We are implementing a three-year work programme on work-life balance, in response to the issues raised by the public consultation on work-life balance in 2003/04. We are working with a group of workplaces to develop and trial practical and tailored work-life balance tools to meet the needs of both employers and employees. After these tools have been implemented and evaluated, the findings will be distributed widely through a variety of industry and government forums.

Workplace Productivity Agenda

After business and union groups strongly supported the Workplace Productivity Working Group, in January 2005 we established the Workplace Productivity Agenda. The Agenda

seeks to promote the methods and benefits of improving workplace productivity. As part of this initiative, we developed and published 16 case studies of workplace productivity initiatives as examples to businesses of how improvements can be achieved.

In association with Business New Zealand, Chambers of Commerce and the New Zealand Council of Trade Unions, we also developed a tool for businesses to assess themselves against the seven drivers of workplace productivity. The tool will be made available early in 2005/06.

Further work related to the Productivity Agenda included a survey of business attitudes to productivity and a series of workshops on productivity run by the Employers and Manufacturers Association.

Partnership Resource Centre

In October 2004, we established the Partnership Resource Centre to promote positive workplace relations between unions and employers. Projects have begun with the Ports of Auckland, New Zealand Customs, Norske-Skog and Plastics Industry New Zealand. The first case study report was published in May. It looked at the experience of union/employer/government engagement in the development of the wood processing strategy.

We developed a training programme and diagnostic tool for management and union representatives, which should be available early in 2005/06.

Pay and Employment Equity Unit

The Pay and Employment Equity Plan of Action agreed by Cabinet in May 2004 resulted in the establishment of the Pay and Employment Equity Unit in the Department in August 2004. The Unit provides advisory services, development of tools for pay and employment equity audits, monitoring and reporting on the Plan, and promotion and support of pay and employment equity initiatives.

The Unit has developed a wide range of working relationships with sector leader agencies (State Services Commission, Ministry of Health and Ministry of Education), unions, and organisations involved with the implementation

of the Pay and Employment Equity Plan of Action, including Government departments, the kindergarten, compulsory and tertiary education sectors, district health boards, networks of HR practitioners, the EEO Trust, the Human Rights Commission, National Advisory Council on the Employment of Women, and others.

Working with ACC

New Zealand Injury Prevention Strategy

We worked closely with ACC on the New Zealand Injury Prevention Strategy, including the 2005-08 Implementation Plan, launched in July 2005.

We are leading a joint project to assist injured people to return to sustainable work. The project will evaluate the current legislation and operation of vocational rehabilitation. Scoping and tendering for the evaluation was completed by June 2005.

To help us identify risk, the Injury Prevention and Rehabilitation Compensation Amendment Act, passed in April 2005, increased information-sharing between the Department and ACC. Shared information on work-related injuries now includes details about employers and workplaces. The most serious work-related injury and disease claims are shared with the Department to supplement the direct notifications we receive from employers and self-employed people. Cases are assessed for investigation in the same way as serious harm notifications. The new information-sharing system has been tested and refined in pilot locations and is now ready for national roll-out early in 2005/06.

Other key initiatives

This year we worked with Maritime New Zealand and the Civil Aviation Authority to ensure seamless administration of the Health and Safety in Employment Act. We also warranted 72 staff in the Commercial Vehicle Investigation Unit of the New Zealand Police as health and safety inspectors. We strengthened our relationship with the land transport sector by becoming an associate member of the National Road Safety Committee, which involves the Ministry of Transport and other road safety partners.

We worked to improve industry and Government links to address skill shortages, and improve

productivity and industry relationships. We also worked with the horticulture and viticulture industry and the fisheries industry.

We worked with the Environmental Risk Management Authority and Ministry for the Environment to conduct a risk management study of hazardous substances, and to review the associated compliance and enforcement regime. We continue to work together to produce a package of proposals to support the effective management of hazardous substances under the Hazardous Substances and New Organisms Act 1996.

Connecting for outcomes

In June 2005, we consolidated all of the services we provide for workplaces in the Christchurch region into one office, to enable easier access and a more integrated service for our customers.

In other regions, we held regular meetings to facilitate service integration and information sharing to best meet our customers' needs.

This year, we continued to investigate ways to provide more effective and efficient services. We produced guidance material and provided staff training to promote best practice and consistency, and piloted programmes that offered different levels of engagement according to customer needs.

MONITORING PROGRESS

An evaluation framework has been developed for the Workplace Health and Safety Strategy. Implementation of this framework will enable progress towards the strategy's vision, outcomes and objectives to be monitored.

The Health and Safety in Employment Amendment Act 2002 introduced a requirement for formal employee participation systems. A sample of workplaces were surveyed, and over 90% had a system for employee participation where required by the Act.

For reporting of outputs under this outcome, see Statement of Objectives and Service Performance: Vote Labour, pages 58-75, Vote Immigration, pages 76-96, Vote Employment, pages 97-107, and Vote ACC, pages 108-113.

OUTCOME 2: More people participating in the skilled workforce and their communities

2

THE INTERMEDIATE OUTCOME IS:

Overall contribution to society will increase as the skills of the workforce increase and the number of people participating in the skilled workforce and their communities increases.

ACTIVITIES TO HELP ACHIEVE THIS OUTCOME:

- Provide information on trends in the labour market at national, regional and sector levels.
- Provide information and support for communities, migrants and refugees.
- Provide purchasing and monitoring advice on the Ministry of Social Development and the Tertiary Education Commission.

KEY ACHIEVEMENTS

Labour Market Inter-departmental Committee

This year we convened a new Labour Market Inter-Departmental Committee to steer key strategic initiatives such as the *Better Work, Working Better* Strategy and the Medium-Term Skill and Labour Strategy.

Members represent the key areas of implementation – labour, employment, social development, tertiary education and economic development – and include the Department of Prime Minister and Cabinet, the Treasury, the Ministry of Economic Development, the Ministry of Education, the Ministry of Social Development, New Zealand Trade and Enterprise and the Tertiary Education Commission.

Increasing workforce participation

We continued our focus this year on initiatives to improve local involvement with the labour market, especially for groups and communities who may face barriers to participation. These include helping to build community wellbeing, fostering community leadership and improving local co-ordination of agencies and services to better provide resources to reduce obstacles to employment.

As a member of the Learning for Living Officials Group, we successfully advocated that more focus be put on raising the foundation skill levels of the workforce, in order to improve levels of workplace participation and productivity. Together with the Tertiary Education Commission and the Ministry of Education, we developed a pilot programme integrating foundation learning into industry training, partly in response to the Workplace Productivity Working Group's recommendations. We are also exploring the links between foundation learning and productivity, especially in seasonal labour industries through sector engagements.

Together with the Ministry of Education and the Ministry of Social Development, we developed advice identifying ways to improve participation rates in under-employed groups. As a result, Cabinet requested further work on broader issues associated with the participation in paid work of those with care-giving responsibilities.

We provided advice on the Disabled Persons' Employment Protection Repeal Bill to the Social Services Select Committee. We also worked with the Ministry of Social Development on a one-day summit jointly hosted by the Minister for Disability Issues and the Minister for

WORKPLACE

Engaging with our Asian communities



● SMALL BUSINESS INFORMATION UNIT

Social Development and Employment. We held two workshops, one for employers and one for employees, on the process for minimum wage exemptions, to address issues at the implementation stage.

Medium-Term Skill and Labour Strategy

The Integrated Skills Action Plan, the whole-of-government strategy for matching people's skills to current job opportunities, was superseded in 2005 by the Medium-Term Skill and Labour Strategy, which is part of the over-arching labour market and employment strategy *Better Work, Working Better*.

The Medium-Term Skill and Labour Strategy draws together a range of activities that have not previously been well connected, to help sectors adjust to skill and labour constraints, and use labour in more sustainable and productive ways. This involves assisting sectors to:

- improve participation and labour utilisation
- attract and retain global skills and talent
- develop skills on an ongoing basis, through work-based training and in conjunction with tertiary education providers
- improve workplace quality and productivity to attract and retain skilled employees
- improve the wider environment in which sectors operate, including medium-term vision and initiatives and regional economic development.

The Department leads the strategy's implementation, through:

- tailoring labour market information to provide sectors with a comprehensive picture of skill and labour shortages and key influences on their labour market, so they can readily identify appropriate responses
- helping sectors develop tailored short-, medium- and longer-term action plans to develop a sustainable labour pool for their industries
- policy development, co-ordination, integration and review of the factors that influence skills and labour supply and demand

∴ Over 200 Chinese business people attended workshops this year through our work with the Chinese New Settlers Services Trust

The Small Business Information Unit worked closely with the Chinese New Settlers Services Trust to deliver a range of information to Chinese business people through materials, media and workshops.

A set of four workshops involved hands-on activities to help attendees understand and implement good practice employment relations and health and safety practices. ACC and IRD were also involved to provide in-depth coverage of topics such as recruitment, injury prevention and taxation issues.

Over the course of the workshops, presenters have seen major changes, including greater use of relevant terminology, greater use of the Department's services and reported changes to workplace systems. Key to the success of this initiative has been the Department and the Chinese New Settlers Services Trust working closely together and a commitment to providing all resources, including promotional and course materials, in both Chinese and English.

The Department has learnt a lot from working with this group about the needs of Chinese business people, enabling us to work even more effectively with this community in future.

“ *This is my first workshop and I gained a lot from it. I hope there are more workshops to help us understand New Zealand labour laws.* ”

— WORKSHOP PARTICIPANT

OUR WORKFORCE

Sealord encourages young Māori to be future leaders



● SEALORD

∴ A shortage of young Māori taking up management careers has led seafood company Sealord to set an ambitious goal – it wants at least a quarter of its top management positions to be held by Māori by 2008.

Sealord is half-owned by Māori through the Treaty of Waitangi Fisheries Commission. The other owner is a Japanese seafood company, Nippon Suisan Kaisha (Nissui).

It's a significant employer, with 1,500 staff divided between its fishing vessels, processing facilities and offices. Māori make up 23% of the workforce, but only 12% of the 60 managers are of Māori descent. Human resources manager, Patrick Smith wants to improve this rate.

"Part of the rationale is the knowledge that in the longer term, Māori will be given more fishery assets to manage and they need the skills to be able to do this", Smith says.

From mentorship and scholarships through to succession planning for its managers, Sealord encourages and supports young Māori at every step of their careers.

"We've seen that young Māori tend to turn away from certain subjects", says Patrick. "The most effective way to change their mind-set is to get some of our young Māori graduates in front of them to talk about how they achieved it, that it's fun, you can travel the world and it's not so difficult – you simply need to set some goals and work towards achieving them."

“Māori are well represented in areas such as production supervisors, but under-represented in other careers like marketing, accounting or the food technology field.”

– PATRICK SMITH

- providing feedback mechanisms, such as research, evaluation and conferences, to ensure that employment capacity building information and experience is shared between areas of work or sectors.

Future of Work Programme

The Future of Work Programme aims to increase our understanding of future trends in work and their implications for the workplace, the workforce and employment opportunities in New Zealand. It encompasses different strands of work – collaborative research work, managing a contestable fund and running a seminar series, as well as maintaining the website.

Key achievements for this year included the completion of six funded research projects:

- The future of work within households – understanding household-level changes in the distribution of hours of paid work.
- Combining work and elder care – older workers, elder care and the work-life balance.
- New Zealand accommodation providers – impacts on workplace organisation and labour demand.
- Transition from school for young rural Māori.
- Learning information technologies in the workplace: Māori and older workers in the pulp and paper industry.
- New Zealand labour market participation model.

By the year's end, four further research projects were in progress:

- Skill needs and worker voice in high performance workplaces – a dairy industry case study.
- Labour market outcomes for recent graduates.
- Gender ratios in New Zealand.
- The changing demographic and qualifications structure of occupations.

In partnership with the State Services Commission and the Public Service Association we held a seminar to discuss the future of work

in the state sector and to guide future thinking and developments. Two more Future of Work seminars and a symposium are planned for the coming year.

In partnership with the EEO Trust, we were also involved in the PeoplePower – Successful Diversity at Work research project, comprising 60 case studies. Twelve of these stories were published in August 2004; more than 45,000 copies have been distributed to encourage employers to respond positively to New Zealand's changing work environment.

Youth Transition Initiative

The Youth Transition Initiative aims to improve training and employment outcomes for 15- to 19-year-olds as they move from school to work. The initiative provides careers information and guidance in schools, improved vocational education and training and developing a co-ordinated approach to support at-risk youth. We lead a core group of agencies involved in the initiative, comprising the Ministries of Education, Social Development and Youth Development, the Tertiary Education Commission and Career Services.

We are developing a major new website for the initiative, In-transit, which will go live in September 2005 at www.in-transit.govt.nz.

We continued working with the Mayors' Taskforce for Jobs, which shares the Government's aim to have, by 2007, all 15- to 19-year-olds in employment, education, training or other activity that leads to long-term economic independence and wellbeing. The Youth Transitions Steering Group is considering further approaches to enhance youth transitions to support this goal.

Research

Linked Employer–Employee Database

We continued our research work with Statistics New Zealand on the Linked Employer–Employee Database. Completed research into injured workers found that they experienced significant employment and earnings losses in the 12 months after their compensation ended.

Other research examined transition from social benefits to employment. This database is an important resource and, as research continues, will provide unique insights into labour market dynamics and firm performance.

Employment conditions surveys

In September 2004, we completed a review of unmet information needs regarding employment conditions, working arrangements and the quality of employment in New Zealand. A range of stakeholder agencies and potential data users were consulted during the review. We also began work on a new survey of working New Zealanders on employment conditions, which will be a supplement to Statistics New Zealand's Household Labour Force Survey.

Skilled Migrant Category

In December 2003, the Department introduced the Skilled Migrant Category to actively recruit skilled migrants to help meet New Zealand's skill needs and growth opportunities, and to help ensure that skilled migrants gain successful employment here.

In December 2004, we introduced changes to the Skilled Migrant Category to make it more responsive to the needs of the labour market by facilitating the entry of a broader range of skilled migrants, and therefore more successfully contributing to New Zealand's future economic growth. The changes took a flexible yet cautious approach by recognising more occupations that clearly require a certain level of expertise, while enabling the ability to recognise other occupations as skilled on a case-by-case basis.

We marketed skilled migration strongly overseas, particularly in the UK, the US and the Pacific.

The UK is a traditional source for our employers to fill skill vacancies. Many New Zealand companies have links with the UK and increasingly used these connections to actively recruit in the past two years. Recent marketing initiatives undertaken include:

- exhibitions at ten UK immigration shows, including EMIGRATE 2004, attended by 20,000 people

- over 30 seminars delivered to audiences ranging from the general public to specific occupational groups
- assistance provided to New Zealand employers in the UK on recruitment drives
- collecting job vacancies from New Zealand employers and distributing them to prospective migrants at immigration shows and to immigration agents to facilitate matches with potential migrants
- publishing 19 articles in migrant newspapers in the UK.

The US represents a new market for New Zealand. Since early 2004, we have had three marketing directors working in the US to raise New Zealand's profile as a potential migrant destination. This year, they targeted work areas with readily transferable qualifications, such as engineers and nurses, through sector publications, trade shows, and job fairs. Other initiatives included the launch of a new US working holiday scheme, representation at the BIOTECH 2004 conference in San Francisco and the Aspen Food and Wine Fair, and attendance at the New York Yacht Club to raise the profile of New Zealand's boat building industry.

Over the longer term, we are identifying areas of the US that have workers with the skills we need for future targeted marketing campaigns.

Samoan Quota and Pacific Access Category

This year, in consultation with Pacific community leaders, we also made substantial changes to the requirements of the Samoan Quota and Pacific Access Category. These schemes give Pacific peoples with an appropriate job offer the chance to apply by ballot for permanent residence in New Zealand, as an expression of New Zealand's close relationship with its close Pacific neighbours.

The changes substantially increased demand for places, with almost 3,000 Pacific people approved for residence this year. The Samoan Quota, begun in 1970, provides an opportunity for 1,100 Samoan citizens to gain permanent residence in New Zealand each year. The Pacific Access Category began in 2002 and provides a

similar opportunity for 250 places each from Fiji and Tonga, and 75 places each from Kiribati and Tuvalu.

This year's changes are the result of government-level discussions with Pacific Island countries in March 2004. The Department was subsequently asked to review the schemes' operation and implement measures to help ensure all available places – including those unfilled in the previous two years – were taken up in 2005 and future years.

The Department has also developed partnerships with employers to assist successful quota applicants to find jobs in New Zealand in areas of skill and labour shortage such as horticulture, bus driving, meat processing, care-giving and roadworks.

Short-term Skill and Labour Shortage Strategy

The Short-Term Skill and Labour Shortage Strategy includes initiatives to mitigate short-term labour needs through Immigration, such as:

- 48-hour fast-track variation of conditions for onshore visitors
- improved use of Working Holiday Scheme marketing initiatives
- a new off-shore recruitment pilot for regions identifying urgent shortages in seasonal workers, such as Nelson-Marlborough and Central Otago.

In cases of extreme need, temporary work permits can be issued, but only where there is industry commitment to implementing more effective long-term recruitment practices.

We expanded our work with individual industry sectors and regions to address their skill and labour issues. Using our experience with the roading and construction industry, we established successful partnerships with the horticulture and viticulture industries to address seasonal labour issues. We not only helped provide short-term 'fixes' for this year's harvest season, including fast-tracking of temporary visa grants, but began work on a medium-term skill and labour strategy for the industries. Towards the end of the year,

we began similar work with other groups, including the seafood and tourism industries.

In November 2004, changes were announced to the Working Holiday Scheme to enable more young travellers from selected countries to work temporarily in New Zealand for short periods while on holiday. The Scheme's processing system was streamlined, to ease conversion to an online system, which will greatly increase capability, efficiency and convenience. Changes took effect from 1 July 2005.

A Priority Occupations List Work Policy was added to the Skills Shortage Work Policy (Temporary Entry – Work Visa and Permit Policy) to help meet absolute skill shortages. The Occupational Shortages List (formerly the Labour Market Skills Shortages List) was formalised this year to help employers meet worker shortages.

We also clarified the structure and contents of the General Work Policy to better meet the needs of both New Zealand employers and workers from overseas. Some special category policies were integrated into the Occupational Shortages List while others into new Specific Purpose and Event and Student and Trainee policies.

Marketing campaigns targeted temporary migrants in New Zealand. In October 2004, we contacted 6,000 temporary work permit holders to discuss skilled residence options. We also directly targeted approved student, work and visitor visa holders.

Migrant and refugee settlement

The Department plays a key role in the delivery of initiatives under the New Zealand Settlement Strategy, the long-term whole-of-government approach to settlement. The strategy sets out a common framework for agencies to help migrants, refugees and their families to:

- obtain employment appropriate to their qualifications and skills
- become confident in using English in a New Zealand setting or be able to access appropriate language support

OUR WORKFORCE

Employee innovations pay dividends for glass company



● ACI GLASS PACKAGING

- **Auckland company ACI Glass Packaging has found that, since it brought in training, education and health programmes, absenteeism and overtime hours worked at its Penrose factory have been reduced.**

Health and safety have improved enormously too. As a result of increased employee literacy, and workers' involvement in safety committees and audits, the company is close to reaching three years without a lost time injury.

The plant consistently achieves the best performance of all ACI operations, as demonstrated by the weekly staff newsletter regularly showing the New Zealand plant ahead of its eight sibling operations in Australia, China and Indonesia. As human resources manager Bruce Woodcock says, "For the last two to three years, this plant has whacked the living daylights out of every other plant."

ACI Glass Packaging has a multi-ethnic workforce, partly a reflection of its position as New Zealand's only manufacturer of glass packaging. It must develop its own skilled workforce, or find it offshore. The glass packaging industry is well established in the Philippines which explains why ACI Glass Packaging employs six Filipino workers with high skill levels and often university qualified.

Woodcock says there is no 'silver bullet', that no one single initiative could have achieved the plant's excellent performance. He credits good leadership at all levels, open communication, commitment and focus to the significant improvements that have occurred in the plant and this is particularly evident in the areas of production performance and health and safety achievement.

“ *We're slowly breaking down traditional barriers. We employ solely on merit. If the best person needs to be accommodated in some way, we'll try to do that.* - BRUCE WOODCOCK ”

OUR WORKFORCE

NZ lifestyle important for immigrants



● GARETH SMITH – CPU Recruitment

∴ **Gareth Smith is New Zealand Business Development Manager for CPU Recruitment, Auckland. He had previously worked for six years in the IT and recruitment industry in the UK.**

“Coming to New Zealand has proven to be the best decision I have ever made. The New Zealand IT Industry has been booming for some years and I was surprised and impressed by the amount and quality of development happening here.

“To me it still feels like I am on a working holiday although I am actually doing very well professionally. The work/life balance is much more important here than in the UK.

“I’m sure this is a major reason behind the high-quality product produced by the New Zealand IT Industry. It really is the norm to work your contracted hours only and have a commute of less than half-an-hour.

“But the best thing about New Zealand is when you are not working. Everything is just cleaner and fresher – the food tastes better. Everybody is more friendly and relaxed. I’ve got back into sailing and horse riding again. At weekends its the norm to get out of Auckland and go exploring. I feel like I’m 25 again.

“I didn’t look for work till I got here but was then offered three jobs. I am now in a position where I am helping other Poms get work in New Zealand. I know what they are going through and it gives me great satisfaction helping others to achieve what I have.

“New Zealand rocks.”

- access appropriate information and responsive services that are available to the wider community
- form supportive social networks and establish a sustainable community identity
- feel safe expressing their ethnic identity and be accepted by and become part of the wider host community
- participate in civic, community and social activities.

One of our major roles was to supply settlement services to migrants and refugees by funding 20 settlement programmes. These provided employment assistance, orientation services and specialised assistance to migrants and refugees in Auckland, Hamilton, Palmerston North, Wellington and Christchurch. Through management and monitoring of these contracts, we ensured quality control and gained valuable information about migrant and refugee settlement needs.

We published two key reports this year in support of the New Zealand Settlement Strategy:

- Pilot Survey Report: Longitudinal Immigration Survey: New Zealand – the first in a series on the initial settlement experiences of migrants and the outcomes of immigration policies.
- Refugee Voices: A journey towards resettlement – which focused on migrants’ experiences after six months and then two years in New Zealand.

This year’s work also included establishment of the Settlement Secretariat, which co-ordinated inter-departmental committees on refugee and migrant settlement, and facilitated forums in key settlement areas where migrants and refugees interact with central government agencies.

“*To me it still feels like I am on a working holiday although I am actually doing very well professionally. The work/life balance is much more important here than in the UK.* - GARETH SMITH



KEY RELATIONSHIPS

We have key inter-agency relationships with the Ministry of Social Development, the Tertiary Education Commission, the Ministry of Education, and other key education agencies, including Career Services and the New Zealand Qualifications Authority.

We also work closely with Career Services and industry training organisations, and agencies in the community and voluntary sector: the Office for the Community and Voluntary Sector, the Department of Internal Affairs, the Department of Child, Youth and Family Services, Te Puni Kōkiri and the Ministry of Pacific Island Affairs.

We work with New Zealand Trade and Enterprise, the Ministry of Foreign Affairs and Trade, Tourism New Zealand and the Ministry of Education to attract skilled migrants and facilitate students and visitors to New Zealand.

Since January 2004, our relationship managers have worked with sector bodies such as industry training organisations, employer associations, economic development agencies and local government bodies. Their work enables them to identify sector and regional needs and opportunities, and to facilitate the development of training and immigration solutions to specific skill and labour shortages.

MONITORING PROGRESS

To assess progress towards this outcome this year, changes were monitored in:

- Skilled Migrant Category
- Samoan Quota and Pacific Access Category
- growth in productivity, employment and wages
- labour force participation rates
- job growth
- proportion of workforce with a qualification.

This year, the Immigration Programme target of 45,000 people was exceeded, with 48,815 people approved for residence. Within this the Skilled Migrant Category target of 22,000 was exceeded with the approval of 29,826 people for residence. New Zealand benefited from this influx of quality migrants – which included teachers, nurses, tradespeople and IT professionals – 91% of the 8,321 Skilled Migrant principal applicants had a skilled job or offer when granted residence.

We granted residence to 1,482 people under the Samoan Quota and 1,491 under the Pacific Access Category. Respectively, 391 and 637 of these were granted residence under a new Residual Places Policy introduced in November 2004 to make unfilled places available to those in New Zealand on temporary permits.

For reporting of outputs under this outcome, see Statement of Objectives and Service Performance: Vote Labour, pages 58–75, Vote Immigration, pages 76–96, and Vote Employment, pages 97–107.

OUTCOME 3: More high-quality work opportunities

3

THE INTERMEDIATE OUTCOME IS:

Increased high-quality work opportunities generated through more productive enterprises and enterprising communities.

ACTIVITIES TO HELP ACHIEVE THIS OUTCOME:

- Employment development with communities.
- Provide information and facilitating access to resources.
- Process visas for international students and tourists.
- Provide grants to communities, groups and individuals.

The Department contributed to the achievement of this outcome this year through two broad streams of work: labour market information; and international education, tourism and business migration.

Labour market information

In September 2004, Cabinet repositioned the Government's community employment activities by disestablishing the Community Employment Group and transferring its community-based local labour market development and co-ordination roles to the Ministry of Social Development. At the same time, Cabinet approved a new labour market 'knowledge' role for the Department of Labour.

This new knowledge role requires the Department to provide a comprehensive picture of the New Zealand labour market. With appropriate knowledge and insight, key players at sector and regional levels will be better informed to set common goals and agree on action plans, and will help align service delivery initiatives to the Government's existing

economic and social development strategies as well as influence policy agendas, such as productivity and participation.

Feedback to the Government on policy and operations will help ensure service delivery consistency in whole-of-government initiatives, including those of the Growth and Innovation Framework and Opportunities for All.

This work has great potential benefit to New Zealand's labour outcomes. It is essential to the integration of our future labour environment, enabling it to move from one of short-term 'fixes' to one of jointly-owned sustainable solutions, able to adapt quickly to changing industry and national needs.

International education, tourism and business migration

The Department plays important roles in the international education and tourism industries through issuing student and visitor's visas and permits, and through working in partnership with other key players in the industries to promote opportunities in New Zealand. Growth in the international education and tourism industries leads to economic growth and increased work opportunities in New Zealand. Business migration brings skilled migrants and investment capital into New Zealand, which contribute to economic and employment growth.

KEY ACHIEVEMENTS

Labour market information

The new labour market knowledge role was taken up by the Department's Work Opportunities group. This required an overhaul of the group's strategic goals, structure and staffing.

The group's new goals are to:

- be the authority on labour market information for New Zealand, its sectors and regions
- help align labour market priorities with other key labour market players for sector and regional engagements that contribute to national goals
- play a critical role in shaping the success of the labour market.

Achievement of these goals is through the following key activities:

- Providing expert contribution to regional and sector labour market strategies and initiatives and forging connections back to and across government.
- Developing and providing labour market information, analysis and insights on New Zealand labour market occupations, regions and industry sectors.
- Identifying and promoting key priorities for sector and regional engagement.
- Shaping the Department's responses to labour market constraints and opportunities.
- Aligning labour market development within the context of existing regional economic and social development initiatives.

The Work Opportunities group now has a strong leadership team in place, and is currently building capability to deliver goals as we recruit additional staff.

International education and tourism

Important ongoing work by the Department under this outcome is in the issuing of visas and permits to visitors, students and migrants, and providing advice to the Government on temporary entry and business migration policies.

Tourism is now New Zealand's largest export earner, generating \$7.4 billion in international expenditure, 18.5% of our total export earnings. We assisted the ongoing expansion in this sector by upgrading the policies relating to visitor visas and visa-free policies, particularly from European Union countries.

PRODUCTIVITY

Foundation skills turns to productivity gold



● ROTAFORM PLASTICS LTD

∴ A comprehensive workplace literacy programme has more than doubled Rotaform's financial turnover and seen a 31% increase in profits.

Rotaform Plastics Ltd is an Auckland plastics manufacturer, specialising in rotational moulding of large items, such as water tanks, bins, road barriers, spa pools and a wide range of plastic packaging. Rotaform is a 25-year-old family-owned company, employing about 20 people. It operates in a very competitive industry and is one of New Zealand's largest rotational moulders.

English is a second language for most of Rotaform's staff, and low literacy levels were seen to be the root cause of low productivity and high absenteeism.

To tackle the problem, Rotaform introduced a comprehensive workplace literacy programme. Staff received tuition for an hour a week with a literacy tutor. The course is based on Rotaform's work procedures, so is directly relevant to work, and includes the writing of reports, health and safety issues and workplace communication. Over time the programme evolved into industry training and all staff are now studying towards a National Certificate in Plastics.

Within six months, the company experienced major benefits. Improved communication on the factory floor has helped improve staff skills, confidence and motivation.

"We definitely have fewer problems. Product reject rates have fallen by more than 50% and at least half of that is due to improved skills of staff, including literacy skills. Just a few years ago I spent all my time dealing with problems. Now I work on the business. Last year sales rose 34% and profits 31%. In the last three months we have doubled our turnover. It's been an amazing transformation."

“ *One of the most amazing things that has come out of the programme is the amount of input that the guys on the shop floor have been able to give to us.* - CEO DAVID BRUMBY ”

OUR WORKFORCE

Multicultural workers spice up the workplace



● CONTRACT WAREHOUSING

∴ Industrious employers should look at recent migrants and the long-term unemployed as a source of quality workers, according to Auckland-based company Contract Warehousing.

"They will get more than they bargained for if they do – in the best sense", says managing director Rod Giles. He should know. Giles' company has a policy of employing people who are 'crying out' for the opportunity to work, and his 30-strong staff is made up of many cultures, as well as numerous people who have come off benefits.

"It's a win-win situation. Having a diverse staff adds colour, in every sense. It gives us a richer environment to work in. That makes it much more enjoyable and interesting for staff who may be doing fairly mundane jobs.

"We've found that most new migrants are highly qualified and motivated – they have to be to immigrate in the first place. Their industrious work habits and influence have made it obvious to local employees that they have to change their attitudes and improve their standard of work.

"The company's multicultural staff (which currently include Indians, Iranians, Scots, Samoans, South Africans, British, Chinese, Vietnamese, Zimbabweans and even Kiwis) understand foreign time zones, the size of overseas markets and the way businesses operate offshore," says Giles.

"That's proving valuable in dealing with foreign clients."

Contract Warehousing has sourced its long-term unemployed and new migrants through Work and Income, and in future will be working with the Auckland Chamber of Commerce's New Kiwis initiative.

“I've had good results from taking on long-term unemployed. This isn't always true of other people, who don't always appreciate the effort you put in to moving them forward.” – ROD GILES

The education sector, as New Zealand's fourth largest foreign income earner, also plays a critical role in the country's economy. International students contributed \$2,188 million in foreign exchange earnings this year. The largest earnings, of \$1,137 million, were from the tertiary sector, \$866 million of this from universities. Other substantial contributors were the English language sector (\$406 million), the primary, intermediate and high school sector (\$390 million) and the private training sector (\$255 million).

This year we have further developed our strong partnership with the education sector. This was achieved primarily through Students Online, an electronic student permit processing service that enables international students to apply for student permits on campus through selected education providers.

First introduced in 2003, Students Online was developed to provide better service and manage the workload peaks during the student enrolment season. It is offered through over 20 institutes throughout New Zealand, including the secondary school sector. Many more institutes are keen to come on board.

Students Online has achieved excellent permit processing results and has set new service levels for the Department, and has benefited both the sector and their international customers. We continue to work in close partnership with the education sector to find ways to continue to improve and advance the service.

Business migration

Through customised service, we tailor our resources to meet the individual needs of our customers. For new business migrants, this means identifying appropriate business and investment opportunities in New Zealand and providing a faster, more personal service, and, where required, an ongoing relationship to ensure they have the best chance of settling into and contributing to New Zealand.

For the Department, customised service encourages closer working relationships – stronger links between onshore and offshore staff, and working more closely with other parties, in government, the community and in business.

Ongoing business investment by migrants, under initiatives such as the new Long-Term Business Visa Scheme, also contributes to our economic growth. This year, 135 of the 152 businesses in the scheme were granted a permit for the balance of three years in their nine-month renewal assessment. Their ongoing commitment to doing business in New Zealand will provide a positive long-term boost to the local economy.

Facilitating international recruitment

More high-quality work opportunities includes providing customised service to our accredited employer clients on a daily basis.

This year we worked with employers to identify how current and anticipated skill shortages can be met through skilled migration. Skilled migrants were brought into New Zealand for a wide range of enterprise industries, from super yacht building, heavy engineering, and geothermal well-drilling to bottled water exporters.

Examples of work this year include:

- facilitating recruitment of 70 police recruits from Great Britain and their subsequent residence on the completion of two years' Work to Residence
- establishing and maintaining close working relationships with Crown Research Institutes, including AgResearch, Environmental Science and Research Ltd, Industrial Research Ltd, National Institute of Water and Atmospheric Research and others, to facilitate the recruitment of scientists and researchers to New Zealand under the Work to Residence category
- maintaining relationships with New Zealand universities and facilitating senior academic staff to New Zealand from offshore
- building relationships with key infrastructure development businesses, including consulting engineering and construction companies working on national infrastructure projects. This included the facilitation of 150 engineering staff for accredited engineering companies in the last year.

KEY RELATIONSHIPS

We worked with the Ministry of Social Development at national and regional levels through the hand-over of the Community Employment Group role. Work with New Zealand Trade and Enterprise was done on national and regional economic development. We worked with our other strategic partner, the Ministry of Economic Development, on economic development policy nationally and locally in Auckland and Wellington.

To provide better information about the economic environment and business opportunities to prospective migrants, we continued to build relationships with other government agencies, economic development agencies, local government, and industry groups.

We also worked closely with our government and non-government partners to ensure the ongoing quality, growth and sustainability of tourism and international education industries, including the Ministry of Education, Education New Zealand, Tourism New Zealand, New Zealand Trade and Enterprise, regional tourism bodies and national associations and educational institutions and organisations.

MONITORING PROGRESS

To assess progress towards this outcome this year we monitored changes in:

- employment growth
- New Zealand's gross domestic product, and the contribution of tourism and international education industries to it
- value of asset and investment transfers attributable to business migrants
- value of investment in community enterprises
- visitor and student visa and permit numbers
- visa-free visitor numbers
- business migrant numbers
- Long-Term Business Visa Category numbers.

For reporting of outputs under this outcome, see Statement of Objectives and Service Performance: Vote Immigration, pages 76-96, and Vote Employment, pages 97-107.

OUTCOME 4: More international influence on global labour and security issues and institutions

4

THE INTERMEDIATE OUTCOME IS:

Increased international influence on global labour and security issues and institutions through participation in international forums and fulfilling obligations.

ACTIVITIES TO HELP ACHIEVE THIS OUTCOME:

- Manage refugee processes and co-ordinate settlement services.
- Respond to international humanitarian crises.
- Provide technical assistance and best practice information.
- Provide advice and support to Ministers.

The ability to influence international decision-making is important for advancing New Zealand's international labour and security interests. It ensures we have a say in global matters that affect us. In particular, New Zealand has been moving steadily towards greater integration with international security initiatives, including immigration-related systems, and the current international security environment has given further impetus to these developments.

By participating in bilateral and regional trade initiatives, the Department develops ongoing relationships based on collaboration, dialogue and co-operation. It gives New Zealand the opportunity to advocate improvements in global labour standards, and ensure that fair and free trade is not undermined by parties to bilateral or regional trade agreements, who may seek to gain trade advantages by degrading labour standards.

New Zealand has a reputation as a small but constructive and focused international

player, a good international citizen that meets or exceeds its obligations. By contributing to international and regional labour and immigration fora, we maintain and further enhance this reputation, build our international influence, and advance New Zealand's labour and security interests.

KEY ACHIEVEMENTS

International engagements

Free trade agreements

We managed the negotiation of the labour components of New Zealand's free trade agreements, including the first-ever Arrangement on Labour with the Kingdom of Thailand (April 2005), agreed alongside the New Zealand-Thai Closer Economic Partnership, and the Memorandum of Understanding on Labour Co-operation between Brunei, Chile, New Zealand and Singapore (June 2005), agreed as part of the Trans-Pacific Strategic Economic Partnership. Both documents contain commitments to internationally recognised labour standards, and recognise that labour laws should not be used either for trade protectionist or trade promoting purposes. They also contain provisions for labour co-operation and capacity building and specific consultative mechanisms.

We were also involved in negotiating the Temporary Entry chapter of the Trans-Pacific Strategic Economic Partnership trade agreement, and continued to participate in ongoing negotiations for free trade agreements with the People's Republic of China, the Association of South East Asian Nations and Australia and Malaysia.

Our work with the International Labour Organisation

The United Nations' International Labour Organisation (ILO) is the leading international agency promoting social justice and internationally recognised human and labour rights.

This year, the Department attended ILO governing body meetings in November 2004, March 2005 and June 2005 and the annual ILO conference in June 2005, as well as fulfilling its ongoing reporting requirements to the ILO about labour policies and practices.

Our attendance at ILO meetings strengthened our ongoing relationships with ILO member states and the organisation itself, and we contributed to debate on ILO's strategic direction and planning processes and its programme and budget proposals. The meetings also provided valuable opportunities for dialogue with ILO officials on New Zealand's labour market and employment relations system. We managed and supported tripartite engagement and attendance at the ILO conference, including attendance by the Associate Minister of Labour, and represented New Zealand's position on other matters formally considered by the ILO. These included proposals for action on the elimination of forced labour, youth employment and the adoption of occupational health and safety standards.

We also attended the second ILO sub-regional tripartite forum on Decent Work in South East Asia and the Pacific in April. The Decent Work Programme promotes core rights at work, employment opportunities, social protection and social dialogue. The concept is fundamental to the ILO's four strategic objectives and their framework for action in economic and social development. Decent Work action plans are a New Zealand initiative, and take a 'bottom up' approach to realising the ILO's Decent Work agenda at the national level. Our joint government/union/employer presentation on New Zealand's progress in promoting Decent Work was well-received.

We also continued activities to improve understanding and compliance regarding our

OUR WORKFORCE

Survival in a competitive world



● TAIT ELECTRONICS

Employing a range of employees from around the world is part of the survival strategy for New Zealand's largest electronics manufacturing company, Christchurch-based Tait Electronics.

Tait finds the New Zealand labour market too small to supply enough staff equipped with the specialist skills it requires, such as digital signal processing engineers, and software, radio frequency and mechanical designers.

Last year, Tait Electronics filled half of its 190 staff vacancies from offshore, and sees the new blood from overseas as critical to its success.

"The key benefit is the transfer of industry knowledge and technologies into this country," says Adrian Watson, Tait's Group HR Manager. "Our international staff bring different experiences from other cultures and markets, and different problem-solving abilities. It's up to us to harness these resources.

"The staff we recruit from other countries are often very experienced in their fields, using cutting-edge, state-of-the-art technologies. Their influence has supported the company in gaining a number of patents in recent years."

The company targets its recruitment on countries with thriving electronic industries, such as the UK, South Africa, USA and Israel, as well as South-East Asia, Eastern Europe and India.

Tait has been working with the Immigration Service for 10 years, and was the first employer to be awarded Accredited Employer Status under the talent visa scheme, which enables employers to fast-track the process of bringing in people.

“The Immigration Service know our needs. We talk with them regularly. Our relationship is based on years of trust and support. We're consulted regarding the effect of their policies.”

– ADRIAN WATSON

obligations as an ILO member so that our domestic performance can be monitored against international standards. This year, in consultation with our tripartite partners Business New Zealand and the New Zealand Council of Trade Unions, we reported on compliance with ILO standards in New Zealand law, policy and practice. The 13 reports we provided included advice on the adoption of new labour standards, including continued overseeing of an assessment of the compatibility of ILO Conventions 138 (Minimum Age of Employment) and 155 (Occupational Safety and Health) with New Zealand law and practice. We also responded to six specific ILO questionnaires and miscellaneous inquiries.

International Strategy for 2005–07

In February 2005, we completed our International Immigration Strategy for 2005–07. This gives us a more systematic approach to our international engagements, identifies strategic issues in the areas of intelligence, border management, refugees, policy development and service delivery, improves knowledge management and continuity, and maximises limited resources while ensuring we meet our national and international obligations.

Pacific initiatives

This year we worked closely with our Pacific neighbours on a number of initiatives to build stronger relationships with New Zealand, and to help build the capacity and capability of their border management and immigration services. These activities are not only seen as good international citizenship, but also as crucial to the immigration and security interests of New Zealand.

Initiatives included funding for capacity-building of the Fijian and Tongan immigration services and a regional pilot for the Advanced Passenger Processing system.

We examined Niue's immigration services and recommended approaches to building its capacity. New Zealand's new Strengthened Co-operation Programme committed additional resources and support to Niue, and, in April 2005, approved their request for assistance in

the areas of immigration training, mentoring and legislation review. The first phase of this project was completed at the end of June 2005.

We also supported Pacific delegates to attend the annual Pacific Immigration Directors Conference in Palau in September 2004 and the Bali Process workshop on Enabling Electronic Information Exchange on Lost, Stolen and Non-genuine Passports. The Department also participated in the Pacific Immigration Directors Conference strategic review in January–March 2005.

Other international engagements

This year we became a full member of Intergovernmental Consultations on Asylum, Refugees and Migration Policies in Europe, North America and Australia (IGC), and actively engaged in forums through meetings of senior officials, expert workshops, and input into surveys and questionnaires.

We kept a watching brief on developments in standard setting bodies like the International Civil Aviation Organisation and International Airline Travel Association, as well as the progress in the ASEAN Regional Forum – Inter-sessional Support Meeting on Counter Terrorism and Trans-national Crime, and actively engaged in the Government Pacific Strategy Fund.

In December 2004, we joined a pilot project with Australia and the US to develop a Regional Movements Alerts List system. Developed by the APEC Business Mobility Group to enhance information sharing between border management agencies, the initiative is an opportunity for New Zealand and the Department to be at the forefront of international technical development and co-operation. The Department led the development of the legal multilateral infrastructure for the system, holding the first APEC-funded workshop on this topic in May 2005 in Seoul. A second workshop to draft a multilateral framework will be held in August 2005.

An initiative to exchange information and align current work on lost and stolen passports in the APEC Business Mobility Group and the

Bali Process was launched at the APEC Senior Officials Meeting 3 in Chile in September 2004. This initiative will add substantial information to the data available to the Advanced Passenger Processing system to stop illegal migrants embarking on journeys to New Zealand.

In April 2005, New Zealand and Thailand co-chaired the Bali Process workshop to enhance frameworks to support the electronic sharing of information in the region about lost, stolen and non-genuine travel documents. The Department provided resources for the workshop, which was attended by delegates from 35 countries plus representatives from agencies such as Interpol, Pacific Island Forum Secretariat, Pacific Immigration Directors' Conference, and the International Organisation for Migration.

We also participated in a tripartite Australia-New Zealand bilateral meeting in Melbourne, April 2005 to refresh bilateral relationships and prepare for the June 2005 ILO Conference through promoting mutual understanding of positions and identifying common ground and areas for joint action or support

Finally, we attended the Annual Meeting of the APEC Human Resource Development Working Group in Thailand in June 2005. This is one of ten APEC working groups on human resources and human capability issues, such as labour markets, basic education, workforce and industrial capacity building. Participation promotes New Zealand's ongoing interests in these areas.

Border security

Border security developments have moved the primary security offshore to embarkation ports, through international alliances and the use of technology. As a consequence, international and national border security issues have become inseparable. For this reason, all border security contributions to outcomes are noted below, when some may superficially appear to have a more internal rather than an international emphasis.

Border security review

Because of increasing global security issues and the need for increasing vigilance at New Zealand's borders, we have begun to review our

border security strategy. The aim is to identify ways to enhance the infrastructure, practices and processes we use to increase the security of New Zealand's borders, and to strengthen our international activities in this area. Specifically, we are examining our:

- information technology capability
- human resource capability and capacity
- information gathering capabilities
- areas of growing risks
- maritime presence and strategic alliances to manage risks
- ways to provide representation and input into international initiatives to better manage and protect New Zealand's borders.

The review will be completed early in the coming year, with changes implemented later in 2005/06.

Decisions on high-risk applications

In May 2005, the Government signalled that it wanted a fundamental change to the way immigration services are delivered, and to move from overseas branches making decisions on applications to having all residence and temporary applications decided in New Zealand. The change resulted from growing concerns about international security. Work is under way on a longer-term proposal to move all decision-making on immigration applications to New Zealand. The project development and costing will be completed in the coming year.

As well as the ongoing processing of such applications, all decisions made over the last two years from high-risk countries are being reviewed to ensure that no-one involved in crimes against humanity or who compromises New Zealand's international reputation has been approved for permanent residence in New Zealand.

The enhancement of the Department's risk profiling capabilities continues to be a high priority. Refining our operational processes dealing with high-risk applications is ongoing. We have built on existing processes and systems, and drawn on successful overseas

models and the experience of other New Zealand intelligence agencies in order to co-ordinate our activities and use best practice and experience to strengthen risk profiling.

Fraud and intelligence

Immigration fraud is an estimated \$11 billion business worldwide, ranked third behind narcotics and arms dealing. With a proliferation of the narcotics trade, many organised criminal groups also use false travel documents and falsely obtained immigration status to facilitate their offending. The seven classifications used for immigration fraud are: consultant, student, job offer, identity, refugee, qualification/document, and marriage. The Department plays a key role in minimising the cost of fraud to New Zealand and New Zealanders, this year seeing the completion of 32 prosecutions and 62 prosecutions are currently active.

We also collect, analyse and disseminate intelligence information to improve our understanding of risk and reduce elements of uncertainty, thus enabling us to better manage that risk. This year, we focused on people smuggling, high-risk countries, migration 'push' factors (regional factors driving trends such as illegal movement of people and refugees), and international terrorism and organised crime. A client risk methodology will be developed in the coming year to ensure a consistent approach to visa and permit risk management, including a best practice procedure for verification.

Resettling refugees

We consulted other agencies on the composition of the 2005/06 refugee quota, with an emphasis on maximising positive settlement outcomes.

Quota composition was included on the agenda of the tripartite consultations, allowing dialogue with the non-governmental organisations and UNHCR. Government agencies such as Housing New Zealand, the Ministry of Education, the Auckland District Health Board, and Child, Youth and Family attended the tripartite consultations to address infrastructure issues.

A working group of the key settlement agencies was established to work together to ensure the best outcomes for refugees.

Review of the Immigration Act

In March 2005, Cabinet directed the Department to undertake a fundamental review of the Immigration Act 1987. The terms of reference were approved in May 2005. The objective of the review is to ensure that New Zealand's interests are protected and advanced, while also ensuring compliance with international obligations. The review will develop proposals for new legislation that meet the need to be fair, fast and firm.

Policy development has been focused into seven areas:

- purpose and principles of immigration legislation
- entry to New Zealand and obligations
- grant of protection in New Zealand
- enforcement
- expulsion
- review and appeal
- interrelated issues (such as levels of decision-making).

We will report to Cabinet at the end of 2005, with public consultation to follow in early 2006. The final report is due in October 2006, and new legislation is expected to be introduced by April 2007.

KEY RELATIONSHIPS

Developing and maintaining strategic networks and relationships are critical to achieving this outcome. Within New Zealand, this includes close liaison with other government departments and agencies, particularly the Ministry of Foreign Affairs and Trade, the New Zealand Customs Service, the Department of Internal Affairs and the New Zealand Police.

Significant new relationships were developed this year with the Ministry of Foreign Affairs and Trade during free trade agreement negotiations and in preparing for the ILO

conference. We maintained close relationships with our tripartite partners in ILO activities, Business New Zealand and the Council of Trade Unions. In ILO matters we also consulted closely with the Ministries of Social Development, Education and Transport, the New Zealand Customs Service, and the Department of Internal Affairs on matters such as employment, social security, workplace safety, workers' compensation, child labour, migrants, and employment relations issues.

This year saw a strengthening of our relationships with the United Nations High Commissioner for Refugees, particularly through our Refugee Services Division.

We signed a Memorandum of Understanding with the International Organisation for Migration in December 2004. Participation in this organisation raises our profile as a good international citizen and of our immigration policies and services. The International Organisation for Migration is an important service provider for the Department's Refugee Services Division.

Other international organisations we worked with this year included the Asia Pacific Economic Co-operation forum (APEC), the Organisation for Economic Co-operation and Development (OECD) and the United Nations, often through committees working on particular issues, such as the rights of women, children and indigenous peoples.

The Department works with other government agencies on broader security related initiatives, including the Department of Internal Affairs, the Aviation Security Service of New Zealand, New Zealand Police, the New Zealand Customs Service, the Civil Aviation Authority and the Ministry of Transport.

Our contributions to the Pacific Security Fund and the Forum Regional Security Committee improves regional co-operation, risk management and intelligence sharing, thereby managing the adverse impacts of immigration. We also contributed briefings and material to assist the New Zealand delegation to the APEC Counter-Terrorism Task Force. In addition, staff worked with the APEC Secretariat in Singapore and in Australia with the Department of Immigration and Multicultural and Indigenous

Affairs, as well as with the APEC division of the Ministry of Foreign Affairs and Trade.

Relationships were also enhanced with other governments, both in trade negotiations and in information sharing. We hosted a number of overseas visitors and delegations, including China, Korea, Chile, Thailand and Sweden. A key focus remains our bilateral relationship with Australia.

MONITORING PROGRESS

To assess this year's progress towards this outcome, change was monitored in:

- ministerial satisfaction with the promotion of international interests and representation
- participation in multi-lateral initiatives to promote New Zealand's international labour related interests and security.

Ministerial satisfaction with the Department's performance in the International Labour Organisation Conference is also formally surveyed. This year, in the seven categories of performance surveyed we were rated 'very satisfactory' in four and 'satisfactory' in three.

All international visitors hosted by the Department are surveyed as to their experiences. This year, of those visitors responding, we were rated 'very satisfactory' in five cases and 'satisfactory' in six cases.

The Department's performance in the negotiation of free trade agreements is measured by whether the outcome meets the negotiating mandates and desired outcomes agreed by Ministers. Both free trade agreements completed this year met these criteria.

We were not required to respond to an international humanitarian crisis this year, but remain well placed to do so through our active crisis management and business continuity planning.

For reporting of outputs under this outcome, particularly measures relating to border security, see Statement of Objectives and Service Performance: Vote Immigration, pages 76-96, and Vote Employment, pages 97-107.