



## Statement of Intent

# DEPARTMENT OF LABOUR

Te Tari Mahi

For the Year Ending 30 June 2004

Presented to the House of Representatives  
pursuant to Section 39 of the Public  
Finance Act 1989



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## **DECLARATION OF THE RESPONSIBLE MINISTER AND THE CHIEF EXECUTIVE**

This Statement of Intent documents what the Government expects of the Department of Labour in 2003/04. It also sets out the strategic outcome framework for the Department's operations and activities over the next three to five years. The relevant sections have been agreed with the Department's other Vote Ministers (ACC, Immigration and Social Services and Employment).



**Hon Margaret Wilson**  
*Minister of Labour*



**John Chetwin**  
*Secretary of Labour*

# PART A

## INTRODUCTORY INFORMATION

### PURPOSE OF THE STATEMENT OF INTENT

The Statement of Intent is the principal public record of the decisions of the Minister of Labour and the Chief Executive of the Department of Labour on the overall direction of the Department and the alignment of strategies and resources to support that direction. It also identifies environmental factors impacting on the work of the Department and risks to be managed in achieving these desired outcomes and in maintaining Departmental capability.

The Statement of Intent sets out how the Department will contribute to the achievement of the Government's goals, and links these to the medium to long-term priorities for the Department and the Department's own outcome goals. Information is also provided on the shorter-term work programme.

It also includes performance information to enable progress to be measured, forecast financial information for 2003/04, and other technical requirements of the Public Finance Act 1989.

## THE DEPARTMENT OF LABOUR

The Department of Labour works to contribute to:

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

This contribution is through service delivery across a range of related areas, and input into broader policy advice to the Government on issues with labour market and community development impacts.

This section outlines the strategic framework which guides our work towards this outcome.

### **PURPOSE**

The Department of Labour exists to:

*link social and economic issues to enable people to develop and use their potential for the advantage of themselves and New Zealand.*

### **MISSION**

The Department's mission is to be:

### **Wired for Work and Wellbeing**

Wired	Work	Wellbeing
Developing and maintaining great organisational connections – within the department, across Government, with customers, communities, businesses and with international institutions – to help deliver integrated service to customers.	Contributing to high-quality working lives by building capacity, opportunities and matching mechanisms that work for all NZers, through promoting balanced immigration, safe and satisfying work opportunities, and proactively responding to labour market issues.	Providing seamless advice and services that advance fair and safe working conditions, and thriving, well-settled and inclusive communities.

When the Department has achieved our mission, the result will be ***People with high-quality working lives in thriving and inclusive communities***. This is what all our Services, brought together, are working to achieve in partnership with other Government departments and agencies, and many labour market and community organisations.

The Department's Management Board (comprising the Chief Executive, the five Service General Managers, the Chief Legal Adviser, Chief Adviser Strategy and Organisational Performance, Director, Māori Perspective Unit and the Chief Financial Officer) is collectively responsible for our strategic direction.

That direction is supported by the values and management philosophy of the Department.

## VALUES

*Customers and their needs* – We are responsive to our customers through listening, understanding and acting. We work in partnership with our customers to achieve high- quality results.

*Giving and taking responsibility* – We are all responsible for our actions and the outcomes we achieve.

*Excellence and continuous development* – We engage in learning and development which supports and motivates us to achieve results.

*Diversity for the strength that it brings* – We appreciate and encourage difference.

*Working together* – We support and encourage each other and share our successes.

## MANAGEMENT PHILOSOPHY

The Department of Labour’s management philosophy guides our decision-making and operations. This philosophy holds that:

- decision-making takes place at the point closest to the customer, by the people who have the greatest understanding of customers’ needs, with lead times minimised and customised decision-making maximised.

To achieve this we need:

- staff who have all the skills, information and authority to do their job and are held accountable for their actions
- outcome-focused managers working within a framework of principles and policies to achieve agreed goals.

## HUMAN CAPABILITY FRAMEWORK

Key to the achievement of the Government’s and Department’s outcomes is the capability of New Zealand’s people, and the successful use of their skills and abilities to generate income and promote an inclusive and thriving community and economy. The Human Capability Framework, developed by the Department of Labour, provides a way of looking at the various elements in this process, and how they work together. It emphasises the need to consider the factors that influence labour market outcomes in an integrated way. The framework demonstrates the linkages between the work of the Department’s Services and reinforces the need for Services to work together to achieve our outcome.

Working together goes well beyond the bounds of the Department of Labour. The work of a number of other departments and agencies also has major effects on elements of the framework. Alliances with these departments and agencies are critical for New Zealand to increase its overall human capability for the benefit of both individuals and wider society.

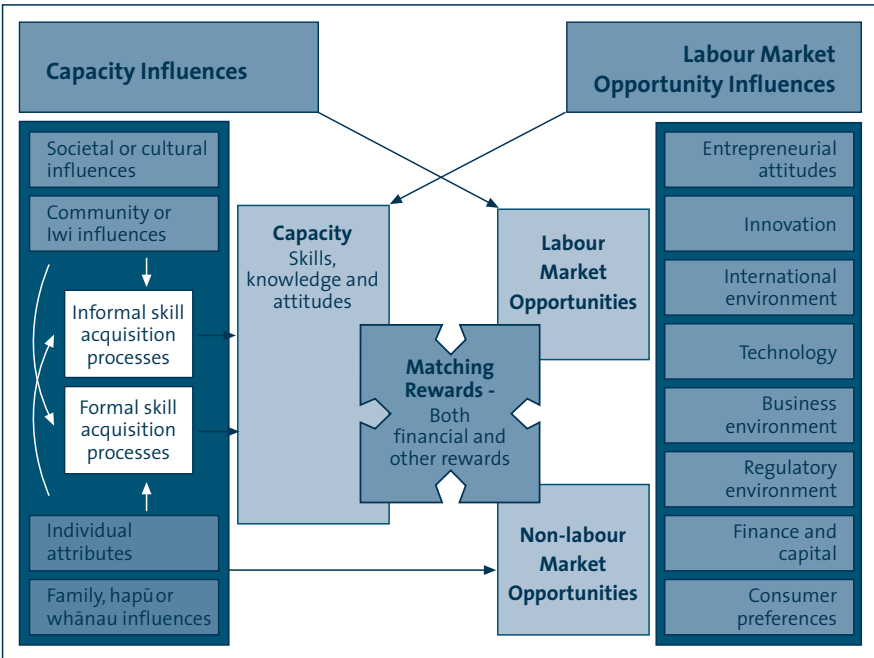
The Human Capability Framework consists of three elements - capacity, opportunity, and the process by which these are matched.

Capacity - this refers to peoples' skills, knowledge and attitudes, including any ability to do something, such as care for children or speak in public. These abilities are both innate and learned, with learning taking place in a multitude of situations – on the marae, in the home and in formal learning environments.

Opportunities – places where people can utilise their capacity - their skills, knowledge and attitudes - to generate income and other rewards. Many of these opportunities are in the labour market in the form of paid work. However, the framework recognises that non labour market opportunities are also important, and will use peoples' capacity in ways which contribute to society.

Matching Capacity with Opportunities - all the processes involved in connecting peoples' abilities to opportunities. These processes include rewards for skills, safety nets, rules around contracting, problem-resolution systems, immigration policies and information that helps people make informed choices about learning and career paths.

The diagram of the framework shows the range of influences that affect human capability and wellbeing.



## **ENVIRONMENTAL ASSESSMENT**

A wide range of factors impact on the environment in which the Department of Labour operates. The most significant are changing demographics, globalisation, the future of work, promoting growth and innovation and expectations of the public service.

### **DEMOGRAPHICS**

The changing demography of New Zealand will impact strongly on current and future work.

An increasing proportion of the population is older, and many wish to work up to and beyond traditional retirement age. There is a need to tap into the capability of those no longer in the workforce, as well as those looking for new opportunities.

More people, with varying skills, are migrating both to and from New Zealand on a long-term basis. These new arrivals are changing New Zealand's ethnic makeup and population distribution.

Birth rates vary markedly between population groups, with Māori and Pacific populations increasing more rapidly than other groups. Raising educational achievement among Māori and Pacific school leavers is therefore central to sustaining economic growth, as well as social inclusion.

Infrastructure, including transport systems, roading, and telecommunications networks, has an affect on labour market capability. The increasing differences in income, support structures, educational achievement and opportunities between rural and urban populations, and the differences between geographical regions add further complexity.

Disparities in employment outcomes continue for some groups facing disadvantages in the labour market, though work to address disadvantages is starting to provide increased opportunities for Māori and Pacific peoples.

The costs of education, including people coming on to the labour market with student loans to repay, affects both supply of skilled labour and wage expectations.

### **GLOBALISATION**

New Zealand is isolated both in geographic and economic terms. We need to take a global focus and look beyond our borders for ideas, wider connections, markets and opportunities. The implications of globalisation for the New Zealand labour market include possible transfer offshore of some manufacturing jobs, the ability to tap into expertise and skills located anywhere in the world, and potential wage and tariff pressures. Perhaps the greatest challenge for New Zealand lies in the demand in countries with even faster ageing populations, for educated young New Zealanders.

The events of 11 September 2001 continue to affect the world and New Zealand. There is a heightened focus on national security including border control; the impact of refugees; effects on international and internal travel and tourism; and potential changes to migration patterns. New Zealand is likely to be seen as a safe haven for migrants, and an even more attractive destination for visitors.

## **FUTURE OF WORK**

The way we work is changing. Major forces influencing the changing nature of work include:

- **social** - family structures, employee/employer relations, ethnic diversity, population growth and structure, work-life balance and societal values
- **economic** - globalisation, growth, corporate strategies, changing demand for skills, changing demand for goods and services
- **technology** - computerisation, medical science, rate of technology development and adoption.

Some of the future challenges that face us as a result are:

- increasing skills - as technology and globalisation open more opportunities for those who have access to the tools to build their skills, the supply of 'lower-end' and unskilled jobs is reducing
- flexibility and family balance - as employers seek more flexibility to compete globally, workers pursue more opportunities to spend time with family and outside-work activities
- destiny and diversity - employers will be able to hire from a more diverse pool of workers in the future, creating new opportunities for economic growth but also raising the potential for persistent discrimination and inequality.

## **GROWTH AND INNOVATION**

Improving New Zealand's long-term rate of economic growth is a key objective for the Government. Sustainable growth in real income per capita is important because it contributes to rising living standards. Building capability leveraging through global markets, and enhancing skills and talent all assist in building growth and innovation.

The Department is able to positively contribute to this goal, particularly through policies and programmes to improve the quality and responsiveness of education and training to the labour market and matching of people to opportunities to use and develop their skills, attracting skilled migrants to New Zealand and by making the most of our global connections.

## **EXPECTATIONS OF PUBLIC SERVICE**

The Public Service generally is under pressure to meet increased expectations of customers - both to deliver effective and efficient service, and to provide customers with a greater say in how that service is provided. While communities are demanding more involvement they still want swift action and efficient implementation. Strong links between the public sector and communities will be essential for success. Associated with this is the Government's desire to develop economic as well as social partnerships with the community and the voluntary sector.

The Government's *Review of the Centre* has heightened the emphasis on 'whole of government' approaches to issues and outcomes, and the importance of strong, collaborative working relationships with other contributing agencies. To be successful, the approach must focus on 'whole of customer' outcomes – providing services which enable customers' needs to be identified and met in a coherent way. The Department is basing its approach to service delivery on this concept.

Positioning the Department to deliver over the long term in this environment exposes some risks. Policy and service delivery development processes may take longer and be more complex, but the pressures to deliver will not change. Ensuring we have the capacity and capability to deliver on the expectations of the Government and the community is a major area of focus.

### **MANAGING RISK**

As an organisation we face diverse risks, including the outcomes of departmental policies, international crises, market responses, service delivery, organisational effectiveness, and technology. Effective risk management commitment and practices are necessary to support achievement of the Department of Labour's outcome, enable opportunities for innovation to be secured, and protect our business activities, reputation and integrity. The Department is putting in place a comprehensive risk management framework, which constitutes our organisational ability to enhance outcomes, innovate, improve decision making, and protect our reputation.

The Department of Labour has some unique opportunities to make an impact through its involvement in a wide range of issues, many of which are interconnected, and which are important to the development of New Zealand. Through making the most of its connections, including links with the education and business sectors, its work with communities and the wider labour market, and its international networks, the Department has the ability to provide ideas and solutions and the opportunity to positively influence service delivery and policy outcomes.

## KEY GOVERNMENT GOALS

The Department contributes to the following key Government goals to guide the Public Sector in achieving sustainable development:

1. Strengthen national identity and uphold the principles of the Treaty of Waitangi *a guiding principle for the organisation and all departmental activities take Treaty responsibilities into account.*
2. Grow an inclusive, innovative economy for the benefit of all *the whole of the Department of Labour, especially through employment policy advice, community employment and immigrant settlement services, focuses on this goal.*
3. Maintain trust in Government and provide strong social services *through policy advice and service delivery across the organisation.*
4. Improve New Zealanders' skills *through employment policy advice, labour market analysis and immigration.*
5. Reduce inequalities in Health, Education, Employment and Housing *particular emphasis of Community Employment Group and employment policy, purchase advice and monitoring, but also through all areas of policy advice and service delivery.*
6. Protect and enhance the environment *through the Occupational Safety and Health Service, which has responsibilities under the Hazardous Substances and New Organisms Act and the New Zealand Immigration Service's work on the joint border strategy.*

## DEPARTMENTAL OUTCOMES

All areas of the Department's work are directed towards this overarching outcome: ***People with high-quality working lives in thriving and inclusive communities***

This outcome is consistent with, and linked to, all the key goals of the Government (page 15) and to the Department of Labour's mission Wired for Work and Wellbeing. The outcome has two elements: people's working lives and thriving and inclusive communities.

### People's working lives

Dimensions of these include:

- having a working life, and the quality of it
- capacity-building, continuous learning
- fit of skills to jobs
- effective transitions between jobs
- job growth and sustainable opportunities
- satisfying and rewarding work
- rich and diverse opportunities
- respectful and dignified treatment
- healthy and safe workplaces
- excellent working relationships.

The Department has windows to, and influence on, people's working lives through:

- promoting and supporting employment relationships
- health and safety of workplaces
- the introduction of new skills and investment – through migration, tourism, community development
- creation of opportunities/work – through community employment, tourism, new businesses established by migrants
- capacity-building - skill and knowledge development, and effective matching of capacity to opportunity – through community employment and employment-related policy.

### Thriving and inclusive communities

Dimensions include:

- prosperity and sustainability
- capacity, opportunities and the ability to match these
- dynamic, with a sense of purpose and a future vision
- a sense of community consciousness with accepted norms
- active participation
- seeing diversity as an opportunity and celebrating it
- having dignity, being safe and healthy.

The Department has windows to, and influence on, thriving and inclusive communities through:

- community development
- building capacity
- opportunity creation
- settlement services
- investment capital from offshore
- tourism
- the Department's Māori strategy
- the Department's Pacific strategy
- the Department's Disability Strategy.

The Department of Labour outcome has been disaggregated into a second tier of outcomes which identify in more detail our contributions. They also provide the reference points to enable progress towards achievement to be measured. These are:

- *greater opportunities for all in New Zealand*
- *improved labour market participation, particularly for those disadvantaged in the labour market*
- \* *more skilled and knowledgeable workforce which is able to meet future needs*
- *thriving, well-settled and inclusive communities*
- *fair and productive employment relationships*
- *safe and healthy people and workplaces*
- *environmentally sound work practices*
- *enhanced trust in the institutions of government through access to independent review and decision-making*
- *good international citizen.*

The Department has related these outcomes to each class of output to be delivered within each Vote, and we have established a set of related performance information and measures - set out in Part B of this Statement of Intent.

Performance will be reported on through a hierarchy of measures:

**Environmental information:** indicators for the high-level outcomes, where the Department can demonstrate that our contributions are having a positive impact, but for which we are not entirely accountable because of factors outside our control.

**Results information:** result indicators for outcomes where the Department can show a direct and substantial contribution and for which we will be held accountable.

**Activity information:** information on numbers of processes, activities and tasks undertaken to inform results information. These are not set as accountability targets but will provide supporting information on actual activities undertaken.

## **JOINT OUTCOMES**

We cannot achieve these outcomes on our own. There are a number of other departments and organisations we need to work in particular with, through joint outcomes, which will act as a focus for our respective contributions. This work is continuous, and discussions have commenced with a number of other agencies with which we work closely.

The Department of Labour and the Ministry of Social Development have an agreed joint outcome which encompasses our strong working connections, particularly in achieving employment outcomes. This is:

### ***People achieving economic independence throughout their working life***

The Department of Labour contributes to this outcome from our second-level goals related to a more skilled and knowledgeable workforce, greater opportunities for all in New Zealand, and improved labour market participation. The Ministry's contributions focus on the achievement of sustainable employment, and this will be the primary measure of progress towards achievement of the joint outcome.

The Accident Compensation Corporation is another key associate for us in achieving outcomes focused on safer and healthier workplaces. We have an agreed joint outcome of:

***Safe and healthy people and workplaces***

This is the same as the Department’s second level outcome, which encompasses our work focused on safe and healthy workplaces and also our advice provided to Government in relation to ACC.

The New Zealand Immigration Service’s work directed to thriving and well-settled communities, and providing greater opportunities for all in New Zealand, and the Department of Internal Affairs work related to identity services and ethnic affairs are closely interrelated. We have agreed a joint outcome with Internal Affairs to act as a focus for these activities of:

***Thriving, well-settled and inclusive communities supported by trusted identity information.***

A joint programme of work has been established to support this outcome and there will be further development of this during the year.

In the year ahead, we expect to develop joint outcomes with the Tertiary Education Commission, with whom we share common interest in developing a more skilled and knowledgeable workforce, and with the NZ Customs Service with whom we share joint interests in management of the border.

The following table sets out the main ways the Department contributes to each of these outcomes, the way we will measure progress to their achievement through the use of environmental indicators, and the key relationships required to facilitate their achievement:

<b>Outcome and Indicators</b>	<b>Departmental Contributions</b>	<b>Key Relationships</b>
<p><b>Greater opportunities for all in New Zealand</b></p> <p><i>Related environmental indicators</i></p> <ul style="list-style-type: none"> <li>• Productivity growth</li> <li>• Employment growth. Household Labour Force Survey (HLFS)</li> <li>• Wage growth (Quarterly Employment Survey, Labour Cost Index)</li> <li>• Labour force participation rates, (HLFS) and reductions in the unemployment rates (HLFS)</li> </ul>	<p>The Community Employment Group through services to generate sustainable community wealth and well-being.</p> <p>The Labour Market Policy Group through effective employment advice on job opportunities, and the Office of the Chief Executive through employment purchase advice and monitoring.</p> <p>Labour market interests inform New Zealand’s participation in the ILO, and policy processes contributed to by DoL international services are informed by international labour-related developments.</p>	<p>Communities, the Department of Internal Affairs and other organisations and government agencies focused on community development.</p> <p>Ministry of Social Development, other departments with an interest in the labour market.</p> <p>International institutions with a focus on labour-related issues, and departments developing labour-related policy.</p>

Outcome and Indicators	Departmental Contributions	Key Relationships
<ul style="list-style-type: none"> <li>• A report on asset and investment transfers from overseas to New Zealand attributable to migrants will be reported annually. (Source: NZIS)</li> <li>• The value of the export industries of tourism and international education will be reported annually. (Source: Tourism NZ and NZ Trade and Enterprise)</li> </ul>	<p>The New Zealand Immigration Service contributes to growing business and employment opportunities in New Zealand through skilled and business migration, and student and visitor entry.</p>	<p>The business community, Ministry of Economic Development, Ministry for Research Science and Technology, New Zealand Trade and Enterprise and the education and tourism sectors.</p>
<p><b>Improved labour market participation particularly for those disadvantaged in the labour market</b></p> <p><i>Related environmental indicators</i></p> <ul style="list-style-type: none"> <li>• Job growth (Employment Strategy monitoring report)</li> <li>• Labour force participation of Māori, Pacific peoples, youth, mature workers, women and long-term unemployed.</li> <li>• Proxy data on the employment of people with disabilities.</li> </ul>	<p>The Labour Market Policy Group through effective employment policy advice.</p> <p>The Community Employment Group through services to generate sustainable community wealth and well-being.</p> <p>The New Zealand Immigration Service through enabling people to be able to contribute to the New Zealand economy and society.</p>	<p>Ministry of Social Development, other departments with an interest in the labour market.</p> <p>Communities, other organisations and government agencies focused on community development.</p> <p>Business, other departments focused on promoting New Zealand's interests offshore, and settlement service providers.</p>

Outcome and Indicators	Departmental Contributions	Key Relationships
<p><b>More skilled and knowledgeable workforce which is able to meet future needs.</b></p> <p><i>Related environmental indicators</i></p> <ul style="list-style-type: none"> <li>Increase in the percentage of the working age population with a qualification. (Employment Strategy monitoring report; HLFS data)</li> </ul>	<p>The Labour Market Policy Group through effective employment advice, convening interagency work on skills and talent, and the provision of information to participants and potential participants in the workforce.</p> <p>The New Zealand Immigration Service through policies which bring new and different skills to New Zealand and strategies to facilitate the effective settlement of migrants so they can contribute to the New Zealand economy and society.</p> <p>The Occupational Safety and Health and Employment Relations Services through providing information to the workforce to enable fair and safe participation.</p> <p>International Services contribution of ensuring international best practice information is available for policy and operational purposes.</p> <p>The Community Employment Group through services to generate sustainable community wealth and well-being.</p>	<p>Business, Ministry of Social Development, Tertiary Education Commission, other departments with an interest in the labour market.</p> <p>Business, other departments focused on promoting New Zealand's interests offshore, settlement service providers, and the New Zealand Qualifications Authority.</p> <p>Employers, employees, unions, industry groups, and the Accident Compensation Corporation.</p> <p>Communities, other organisations and government agencies focused on community development.</p>

Outcome and Indicators	Departmental Contributions	Key Relationships
<p><b>Thriving, well-settled and inclusive communities.</b></p> <p><i>Related environmental indicators</i></p> <ul style="list-style-type: none"> <li>• Employment growth and average unemployment rate by region.</li> <li>• Social indicators developed by the Ministry of Social Development to measure social well-being and to provide information on the health of communities.</li> <li>• Labour force participation, employment and unemployment for migrants compared to non-migrants, will be monitored.</li> <li>• An annual report on the impact of immigration on education services will be provided. (Source: Ministry of Education)</li> <li>• An analysis of the proportion of approved residents who arrived in the 1999 calendar year and remain in New Zealand as at 30 June 2004. (Source: NZIS movements data)</li> </ul>	<p>The Community Employment Group through services to generate sustainable community wealth and well-being, and the Labour Market Policy Group through advice on community development policies.</p> <p>The New Zealand Immigration Service through ensuring any adverse effects of immigration are minimised, and strategies to facilitate the effective settlement of migrants so they can contribute to the New Zealand economy and society.</p> <p>The Occupational Safety and Health Service through promoting an evident, widespread social sense of responsibility for sustaining healthy and safe workplaces.</p> <p>The Employment Relations Service through providing information and ensuring minimum terms and conditions of employment are provided.</p>	<p>Communities, Department of Internal Affairs and other organisations and government agencies focused on community development.</p> <p>Communities, business, other departments focused on promoting New Zealand's interests offshore, and settlement service providers.</p> <p>Accident Compensation Corporation, industry groups, employers and employees and other workplace health and safety providers.</p> <p>Employers, employees, unions, industry groups.</p>

Outcome and Indicators	Departmental Contributions	Key Relationships
<p><b>Fair and productive employment relationships</b></p> <p><i>Related environmental indicators</i></p> <ul style="list-style-type: none"> <li>• Evaluation of the impacts of the Employment Relations legislation on employment relations in New Zealand workplaces.</li> <li>• Administrative and survey data measuring the knowledge and implementation of best practice in the conduct of employment relationships.</li> </ul>	<p>The Employment Relations Service through ensuring employees exercise rights and responsibilities, problem resolution, better employment practices and changed employment relationship behaviour.</p> <p>The Occupational Safety and Health Service through ensuring workplaces are healthy and safe, thus contributing to productive employment relationships.</p> <p>International Services contribution of ensuring international best practice information is available for policy and operational purposes.</p>	<p>Employment Relations Institutions, employers, employees, their representatives and unions.</p> <p>Employers, employees, industry groups, the Accident Compensation Corporation and other workplace health and safety providers.</p>
<p><b>Environmentally sound work practices</b></p> <p><i>Related environmental indicators</i></p> <ul style="list-style-type: none"> <li>• Report on the number of incidents arising out of work and workplaces that have adverse environmental effects (ERMA)</li> <li>• Incident rates by sector which have environmental implications (ACC)</li> </ul>	<p>The Occupational Safety and Health Service through the prevention of major incidents with serious consequences in high hazard industries.</p>	<p>The Environmental Risk Management Authority, territorial authorities and industries, other interested government agencies.</p>
<p><b>Safe and healthy people and workplaces.</b></p> <p><i>Related environmental indicators</i></p> <ul style="list-style-type: none"> <li>• Benchmarking data: OECD Social Indicators: Disability, Occupational injury, Sickness benefits (OECD)</li> <li>• Quality Adjusted Life Years (QALYs)</li> <li>• Disability Adjusted Life Years (DALYs)</li> </ul>	<p>The Labour Market Policy Group through effective Accident Compensation advice and Office of the Chief Executive through ACC purchase advice and monitoring.</p> <p>The Occupational Safety and Health Service through contributing to reduced rates of injury and work-related ill-health.</p>	<p>Accident Compensation Corporation.</p> <p>Accident Compensation Corporation, Land Transport Safety Authority, Maritime Safety Authority, Civil Aviation Authority, industry groups, employers and employees and other workplace health and safety providers.</p> <p>Departments developing labour-related policy.</p>

Outcome and Indicators	Departmental Contributions	Key Relationships
<ul style="list-style-type: none"> <li>• Healthy Year Equivalents (HYEs)</li> <li>• Cases of injuries with lost workdays by economic activity (ILO)</li> <li>• Rates of occupational injuries, by economic activity (ILO)</li> <li>• Days lost by economic activity (ILO)</li> <li>• Return to work rates (ACC)</li> <li>• Trends in entitlement claim costs (ACC)</li> </ul>	<p>International Services' contribution of ensuring international best practice information is available for policy and operational purposes.</p>	
<p><b>Enhanced trust in the institutions of Government through access to independent review and decision making</b></p> <p><i>Related environmental indicators</i></p> <ul style="list-style-type: none"> <li>• Client feedback on review process</li> </ul>	<p>The New Zealand Immigration Service through support services to immigration appeal authorities which provide independent decisions.</p> <p>The Employment Relations Service through support services to employment relations institutions which provide independent decisions.</p>	<p>The Immigration Review and Appeal Authorities, claimants, parties appearing, and their representatives.</p> <p>The Employment Relations Authority, the Employment Court, claimants, parties appearing, and their representatives.</p>
<p><b>Good international citizen</b></p> <p><i>Related environmental indicators</i></p> <ul style="list-style-type: none"> <li>• A comparison, per capita, of New Zealand's refugee programme with other refugee receiving countries will be completed annually.</li> <li>• A United Nations High Commissioner for Refugees (UNHCR) assessment of New Zealand's processing and assessment procedures will be completed annually to show appropriate international standards achieved. (Source: UNHCR)</li> </ul>	<p>The New Zealand Immigration Service by fulfilling international obligations, promoting New Zealand's immigration-related interests and providing a safe haven for refugees.</p> <p>International Services by ensuring that New Zealand meets, and is seen to meet, its international obligations and also that it influences the working of international organisations.</p> <p>The Occupational Safety and Health and Employment Relations Services through implementing systems which are consistent with international standards.</p>	<p>The United Nations, other departments focused on promoting New Zealand's interests offshore, the Refugee and Migrant Service and settlement service providers.</p> <p>International institutions, in particular the International Labour Organisation, all departments involved in developing labour-related policy and legislation, employer and employee representatives</p> <p>Employers, employees, unions, the Accident Compensation Corporation and industry groups.</p>

All of these outcomes have a medium to long-term focus.

## KEY AREAS OF WORK FOR 2003/04

For the 2003/04 year, the Department of Labour's key areas of work based on these outcomes will be:

- Developing and sharing information on **future trends in work** and their implications for the workplace, the workforce and future employment opportunities.
- Addressing **skills shortages and skill development** to increase opportunities for sustainable employment outcomes and support the development of a more skilled work force, including through developing and distributing information on jobs, skill needs, skills availability and vacancies.
- Actively identifying and supporting **community capacity and capability building** opportunities, including those focused on Māori and Pacific groups and communities.
- Implementing changes from the **amendment to the Health and Safety in Employment Act**, supporting the New Zealand injury prevention strategy, and leading the workplace injury prevention strategy, to improve health and safety outcomes.
- Researching and monitoring employment practices to inform and target interventions to raise awareness of **best practice employment relationships**, to preserve employment relationships, and to enable problems to be dealt with by the parties themselves.
- Improving matching of **migrant skills with opportunities** to participate in the labour market, and increasing understanding of the immigration programme.
- Contributing to improved inter-agency strategic **co-ordination of border activities** to ensure appropriate facilitation of those entering and leaving New Zealand while also effectively managing risk.
- Enhance and monitor **operational and strategic risk management** practices to provide assurance that the New Zealand Immigration Service acts with integrity.

## DEPARTMENTAL CAPABILITY

Having identified the outcomes to be achieved, and our operating context and framework, the Department has identified the critical factors we must have in place to ensure our ability to deliver. We are working on a number of overarching strategic projects aimed at building departmental capability.

Central to our operating framework is a collaborative way of working with each other, other organisations and our customers that has evolved out of our management philosophy and our values. Aimed squarely at achieving outcomes, our focus will increasingly be on taking advantage of all the Department's knowledge and connections to meet customers real and whole needs.

The ways in which we will build understanding, capability and support mechanisms is described below, both through developments across the Department, and Service-specific initiatives to address their own specific capability-building issues.

### *Critical factors and associated initiatives.*

**\*A relentless focus on customers and their needs to ensure Departmental focus is maintained on providing excellent customer service.**

The *Outcome Performance Indicators* project has developed indicators for the Department's outcomes linked to Government's key goals and our strategic direction, beginning with Vote Immigration in 2002/03. During the year ahead, further progress will be made on enhancing our own outcome-based planning and accountability framework and managing for outcomes focus. We will also further develop and expand work on joint outcomes with other agencies.

A *Strategic Direction Alignment* project ensures that all strategies, policies and processes within the Department, now and in the future, are aligned with the strategic direction.

The New Zealand Immigration Service is introducing an overarching business strategy to facilitate achievement of their outcomes. The customised service strategy tailors the way NZIS works to the particular needs of the individual migrant on a relationship basis.

The Occupational Safety and Health Group, the Employment Relations Service, and the Community Employment Group are each reviewing their operations to better align them to outcomes.

**\*Telling the story of the Department's work, expertise, outcome focus and achievements - internally to staff and externally to our stakeholders.**

The *strategic direction communication strategy* will help build understanding of, and commitment to, the outcome we are working for across the Department's staff, and explain our approach to stakeholders.

The New Zealand Immigration Service is implementing a related strategy to communicate the outcomes message and the strategic directions of the Service.

**\*Staff "tooled up" to deliver on outcomes.**

These training and development projects will ensure our staff have the skills, knowledge and confidence to deliver outcomes for customers, drawing on the combined capability of the whole Department.

We are developing core Department of Labour *service delivery competencies* and associated training for all staff. All recruitment, induction, and training performance management systems will also be aligned to these competencies.

The long-term *Excellent People* programme is designed to assist our people to grow, change and achieve excellence. There are several streams of work designed to:

- train and equip managers, and measure their performance against clear and widely-understood standards
- build leadership capability for all staff.

It involves several projects including manager training and 360 degree review of managers, and is supported by communication, monitoring and evaluation.

As part of the Department's commitment to the health and safety of staff, *the Health and Safety Management* project aims to ensure best practice across the Department. Services have adopted health and safety as a prime business target and managers have received specific training. The Department has achieved accreditation as an ACC partner. A health and safety co-ordinator works across the Department, and the Workplace Health and Safety group provides technical expertise to line managers.

The Department's *Māori Strategy* provides a framework for each Service to determine how they will meet their Treaty of Waitangi obligations and respond to Māori needs in partnership.

It involves five overarching goals, with specific departmental objectives under each goal. The goals are:

- Active relationships established with other Government departments to ensure a co-ordinated approach is taken to addressing disparity between Māori and non-Māori.
- Products and services designed to be effective in building Māori social and economic capacity.
- Increasing the Department's capability to support Māori social and economic development.
- Direct linkages developed with Māori to achieve long-term sustainable relationships.
- Flexible and responsive policy and operational processes developed to ensure Māori participation.

The strategy covers internal capacity, but the aim is to also increase the Department's capability to improve our work in Māori communities, our ability to support Māori development, and to increase our understanding of Māori issues.

The Department's Māori Perspective Unit, project manages department-wide objectives under the strategy and supports and assist services in implementing their workplans. The Unit also acts as a catalyst between the Department and the Māori community.

The Department's *Pacific Strategy* is to ensure that the Department is well equipped to provide the best possible assistance, information, support and advice to Pacific Peoples and Communities. The desired strategy outcomes are:

- Leadership –the Department of Labour will be recognised by Pacific peoples as a preferred employer who offers opportunities to staff.

- Building influence –the Department of Labour will have strong internal networks and links with the Pacific community we serve, to help inform and influence our approach to how we work, and to inform policy development.
- Policy and service delivery –the Department of Labour will be recognised as a mainstream agency that is a leading-edge provider of labour market policy advice and service delivery to Pacific peoples.

The strategy underpins the Department’s contribution to capacity-building in Pacific communities, work led by the Ministry of Pacific Island Affairs.

A Pacific strategy service coach provides advice and assistance to managers on implementing related workplans.

The Department’s *Disability strategy* contributes towards the Government’s New Zealand Disability Strategy, which aims to identify how to remove barriers faced by people with disabilities to enable their full participation in society. Our strategy encompasses policy work and operational delivery across all Services.

*Excellent policy advice* is aimed towards lifting the quality of the Department’s external policy advice to Ministers, including operational policy advice, and includes all areas of the organisation.

**\*Internal and external connectedness – all staff making the intellectual, functional and human linkages to achieve the outcome and cohesive service delivery across the Department.**

Both internal and external *Connections* are essential to the achievement of the Department’s outcomes. Making the most of inter-Service operational connections, developing local networks and community and business links, and participating in other “joined up” Government strategies, will be required to ensure success.

*Internal fora*, including those for managers, staff, operational units and other specialised areas, are one mechanism the Department uses.

*Work at a regional level*, linked to particular strategies, such as the Māori Strategy, and participation in *Heartlands*, which provides shared services with other agencies in remote locations, provide a more connected service to our customers.

The Department also connects with other Government Agencies to provide a *whole of Government* approach to achieving outcomes through chairing and participating in the Employment Strategy Officials Group, and contributing to a number of other initiatives including e-Government, the Pathfinder project focused on developing management for outcomes, and the Growth and Innovation Framework, and review of the Centre follow-up on focused regional service delivery.

A related initiative is the *Labour Market Portal (Worksite)* which is an inter-agency project to provide access to information to contribute to the development of a more skilled and knowledgeable workforce.

**\*Building and sharing our knowledge - to develop and enhance the intellectual base of the Department.**

A project to *build and share our knowledge*, and improve awareness, access and dissemination of knowledge within the Department. It will establish the Department as a learning organisation, which is customer-centric and responsive to changes in customer needs.

The Occupational Safety and Health Service and the Employment Relations Service are enhancing the provision of, and access to, workplace information through better aligned service delivery. The two Services are jointly developing and implementing *Workinfo*, a suite of information and support systems to enable targeted interventions, tracking outcome achievement, and linking customers to Departmental bodies of knowledge.

The Community Employment Group has a series of strategies in place to develop as a *learning organisation*, improve channels of communication, and strengthen research and evaluation.

***\*Systems for services and support - to ensure the Department's infrastructure is robust and able to support delivery of the outcome.***

The Department's *Information Management* strategy provides an overarching framework for connectivity within the Department, and the effective development and management of any shared infrastructure and systems.

A programme for developing *electronic channels* is working in parallel with the wider e-Government strategy. It aims to give our customers choice in how they reach and use our services, and seamless access to Department of Labour information. The Department is also exploring the development of a whole-of-labour market information portal.

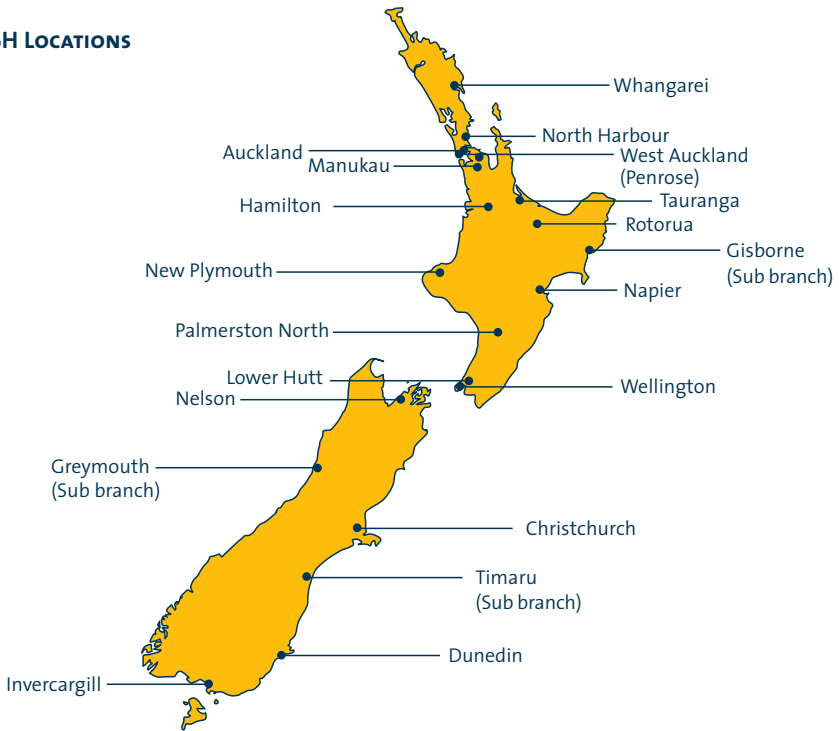
We have implemented a new Financial Management Information System and are also upgrading our *Human Resources Management Information System*, to improve its effectiveness.

The New Zealand Immigration Service is working on two systems-related projects: *Access from Anywhere* for on-line applications, and *Advanced Passenger Screening* to improve the efficiency and effectiveness of their services.

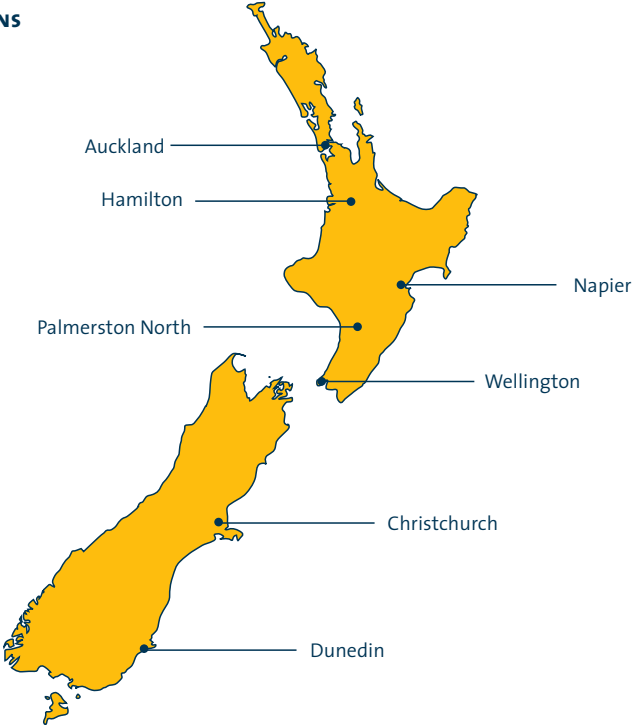
## DEPARTMENTAL STRUCTURE

The Department of Labour employs 1,470 staff. We have 60 offices in 20 locations in New Zealand, and 16 offices overseas, plus staff in some Ministry of Foreign Affairs and Trade posts.

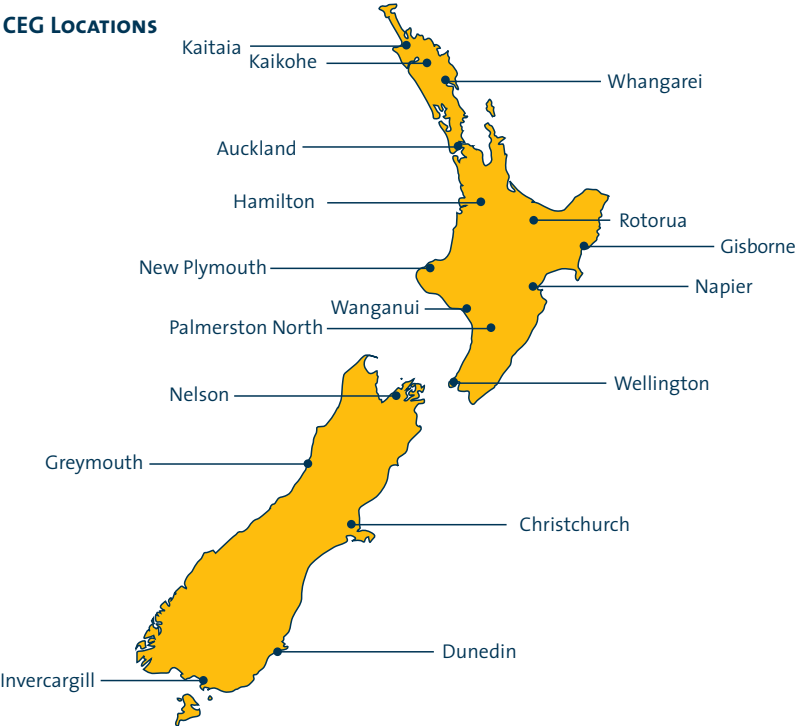
### OSH LOCATIONS



**ERS LOCATIONS**



**CEG LOCATIONS**

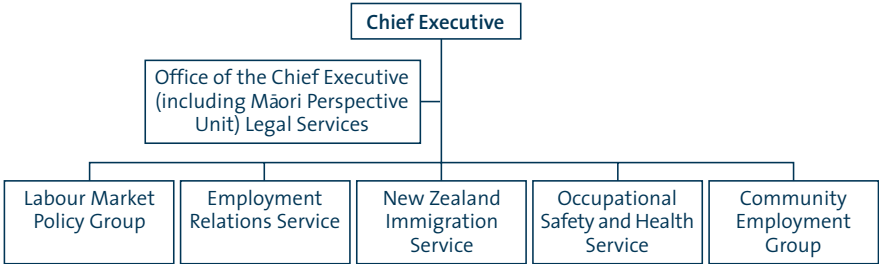


## NZIS LOCATIONS



- The locations in white are NZIS branches and the locations in teal are MFAT/Trade NZ posts

Staff are located across five Services and an Office of the Chief Executive. Each Service is headed by a general manager, and has its own management structure, operational service delivery networks and policy capability. The Labour Market Policy Group is a policy unit which also provides information to participants, and future participants in the workforce. Our policy advice to the Government, therefore, involves both a strategic outcome and operational focus from the Department as a whole.



‘Centres of Excellence’ within the Services provide a range of financial, human resource, information, and technology support services to the Department as a whole.

The services the Department provides and which contribute to achieving our outcome are:

**EMPLOYMENT**

- Providing purchase and monitoring advice to the Government on employment and related issues, and policy advice on employment including community employment. Providing information on employment related issues to assist participants and potential participants in the labour market to make better informed decisions. Helping build the capacity of communities and assisting them to identify and generate new opportunities for sustainable economic and employment outcomes.

**EMPLOYMENT RELATIONS**

- Providing information to employers, employees and unions about employment relations matters, and assisting employers and employees to resolve employment relations problems in workplaces. Supporting the operation of employment legislation, and providing policy advice to the Government.

**OCCUPATIONAL HEALTH AND SAFETY**

- Work to reduce work-related death and injury rates; providing information to workplaces on occupational safety and health issues; enforcing health and safety legislation; and providing policy advice to the Government.

**ACCIDENT COMPENSATION**

- Providing purchase, policy, and monitoring advice to the Government on accident prevention, compensation and rehabilitation issues.

**IMMIGRATION**

- Managing the flow of people across New Zealand's borders; issuing visas and permits for those entering the country; responsibility for New Zealand's refugee programme and providing immigration policy advice.

**INTERNATIONAL LABOUR ISSUES**

- Managing the Government's interests internationally in a labour context.

**LABOUR MARKET ANALYSIS, RESEARCH AND POLICY ADVICE**

- Providing analysis on labour market trends and the economic outlook; evaluating the effectiveness of policies and programmes; undertaking research on labour market dynamics to inform policy advice; and providing policy advice to the Government on the labour market impacts of a wide range of policy initiatives.

## **MONITORING AND REPORTING**

Performance objectives for the output classes supplied by the Department are set out in Part B of this document. These have been agreed with the Department's four Vote Ministers. Progress reporting to each of the Vote Ministers occurs monthly. Each quarter, reports are provided on progress against relevant key priorities to each of our portfolio Ministers. Copies of quarterly reports are also provided to Central Agencies who monitor the Department's performance.

Reporting progress to Parliament and other interested stakeholders occurs annually in the Department's Annual Report.

## **PART B**

### **SERVICE PERFORMANCE OBJECTIVES – OUTPUT PERFORMANCE**

The Department of Labour is responsible for administering four Votes:

- Vote Labour (contributed to by the Employment Relations Service, the Occupational Safety and Health Group, the Labour Market Policy Group, and the Office of the Chief Executive)
- Vote Immigration (contributed to by the New Zealand Immigration Service and the Labour Market Policy Group)
- Vote Accident Insurance (contributed to by the Labour Market Policy Group, the Occupational Safety and Health Group, and the Office of the Chief Executive)
- Vote Employment (contributed to by the Community Employment Group, the Labour Market Policy Group and the Office of the Chief Executive).

## VOTE: LABOUR

The output classes in Vote Labour contribute to a number of Departmental outcomes related to Government's Key Goals.

These outcomes and the key related Vote Labour contributions are set out below.

Outcome	Contribution
Environmentally sound work practices	Prevention of incidents with environmental implications in high hazard industries
Enhanced trust in the institutions of Government through access to independent review and decision- making	Support services to Employment Relations institutions
Fair and productive employment relationships	Policy advice and services directed to promote better employment behaviour and problem resolution
Good International citizen	Helping ensure domestic law, policy and practice meet or exceed ILO standards
Greater opportunities for all in New Zealand	Policy advice on interventions that most affect employers' willingness to create jobs
Safe and healthy people and workplaces	Policy advice and services directed to reducing the incidence of workplace illness and injury

### OUTPUT CLASS D1 – POLICY ADVICE – LABOUR

#### DESCRIPTION

Through this output class, the Minister purchases policy advice, including research and evaluation which contributes ultimately to the following outcomes:

- greater opportunities for all in New Zealand
- fair and productive employment relationships
- safe and healthy people and workplaces.

The Department contributes through Vote Labour to greater opportunities for all in New Zealand by providing advice on the government interventions that most affect employers' willingness to create jobs. In order to improve understanding employers' decisions, the Department's work in this area is focused on both practical solutions and research to that end. This output class also supports the National Advisory Council for the Employment of Women, which is aimed at improving the employment opportunities of women.

The Department contributes to the achievement of fair and productive employment relationships through advice, administration of the Employment Relations Education Fund and course approval process and other interventions that support a legislative framework that underpins employment relationships, including minimum employment standards. The Department also provides policy advice, purchase advice and monitoring services in relation to the paid parental leave scheme.

This output class also contributes safe and healthy people and workplaces by providing information on the incidence of injury, illness and fatalities and policy advice, monitoring and evaluation on the appropriate legislative and regulatory framework to encourage injury prevention and the enhancement of employment relationships that promote health and safety in the workplace.

Through its research and evaluation activities, the Department assists in testing the links between the Government's employment interventions and desired outcomes.

**Activities include:**

- advising on the policy requirements to achieve the Government's labour market, employment relations, and workplace safety and health goals
- monitoring and reporting on developments in the employment relations framework and system, on workplace safety and health, and on labour market trends and statistics
- providing advisory support and information for Ministers as required in Cabinet committees, select committees and Parliament
- ministerial servicing
- administrative, advisory and research services to the National Advisory Council on the Employment of Women (NACEW)
- administrative support for the National Occupational Health and Safety Advisory Committee.

**PERFORMANCE MEASURES**

**Environmental information**

Greater opportunities for all in New Zealand:

- productivity growth
- employment growth [Household Labour Force Survey (HLFS)]
- wage growth (Quarterly Employment Survey, Labour Cost Index)
- labour force participation rates, (HLFS) and reductions in the unemployment rates (HLFS).

Fair and productive working relationships:

- evaluation of the impacts of the Employment Relations legislation on employment relations in New Zealand workplaces.
- administrative and survey data measuring the knowledge and implementation of best practice in the conduct of employment relationships.

Safe and healthy people and workplaces:

- benchmarking data: OECD Social Indicators: Disability, Occupational injury, Sickness benefits (OECD)
- Quality Adjusted Life Years (QALYs)
- Disability Adjusted Life Years (DALYs)
- Healthy Year Equivalents (HYEs)
- cases of injuries with lost workdays by economic activity (ILO)
- rates of occupational injuries, by economic activity (ILO)
- days lost by economic activity (ILO).

## Results information

The Minister's view of the quality of policy advice and ministerial servicing will be sought six-monthly through questionnaires or other appropriate means. The performance standards for policy advice are set out in Appendix 1.

As much of the work undertaken is done in conjunction with other agencies, stakeholders will be canvassed for their views on the processes followed by the Department, the outputs produced by the Department and whether the outputs are consistent with the achievement of the outcome.

The Department will commence an evaluation of the paid parental leave scheme which will be undertaken over the first three years of the scheme's operation.

Ministerial servicing will be provided in timeframes agreed with the Minister and in accordance with relevant Cabinet and legislative standards.

The NACEW chair and members will be surveyed annually to establish the level of satisfaction with the quality of services provided.

## Activity information

Policy advice will be delivered as agreed with the Minister and as detailed in the Vote Labour Output Agreement.

The Department will provide responses to Official Information Act requests, Parliamentary Questions and Ministerial correspondence as required, and report on the numbers actioned.

The Department will monitor and report on the uptake of paid parental leave.

## Cost

Expenses will not exceed actual revenue.

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Department GST excl \$000	Revenue Other GST excl \$000
2003/2004	7,295	6,484	6,484	6,326	158	-
2002/2003	6,855	6,093	6,093	5,935	158	-

## OUTPUT CLASS D2 – INTERNATIONAL SERVICES

### DESCRIPTION

This output class contributes to the Department’s overall outcome of People with High Quality Working Lives in Thriving and Inclusive Communities in a variety of ways through a number of the second tier outcomes.

Contributions are made to these outcomes in the following ways:

- to fair and productive employment relationships by ensuring international best practice information is available for policy and operational purposes
- to safe and healthy people and workplaces by ensuring international best practice information is available for policy and operational purposes
- to good international citizen by ensuring New Zealand meets, and is seen to meet, its international obligations and also influences the workings of international organisations
- to a more skilled and knowledgeable workforce which is able to meet future needs by ensuring international best practice information is available for policy and operational purposes.

This output class specifically funds the International Services Unit in the Department but all parts of the Department contribute to achievement of these outcomes.

The services delivered to do this are:

- Representational - Representation must be provided or arranged for a wide variety of international and local events, but primarily in the ILO itself.
- Relationship Management
  - The principal international relationship is with the International Labour Organisation (ILO) whose “decent work” agenda is broadly an international equivalent to the Department’s Outcome of High Quality Working Lives.
  - Domestically, the principal relationships are driven by the ILO-mandated tripartite approach and involve Business NZ and the Council of Trade Unions but also involve the Ministry of Foreign Affairs and Trade.
- Reporting - New Zealand has membership obligations under the ILO constitution to contribute a regular array of reports to the ILO so that New Zealand’s domestic performance can be monitored against the relevant international standards.

Specific activities the Department will undertake are:

- providing advice as required to the Minister on relevant issues
- assessing the impact of international developments on New Zealand’s labour interests
- providing input to the labour aspects of New Zealand’s trade negotiations
- co-ordinating inter-departmental advice to Ministers on the implications of ratifying ILO Conventions
- providing regular reports to the ILO about New Zealand’s compliance in law and practice with ILO Conventions
- consulting with designated representative organisations of employers and workers on all reports submitted to the ILO and other related matters

- reporting to Parliament on the texts of newly adopted ILO standards
- arranging and funding the attendance of New Zealand delegates at:
  - the annual ILO Conference
  - two sessions of the ILO Governing Body per year
  - regional ILO conferences
- arranging visits to New Zealand by ILO fellows and other overseas labour officials.

These services provide a two-way connection between the domestic and the international – New Zealand benefits domestically from international standard setting and activities but it also constructively engages in international fora and organisations in order to enhance their effectiveness and relevance.

## PERFORMANCE MEASURES

### Environmental information

Comparison with ILO Standards.

#### Results information

Advisory and administrative servicing, including input to policy processes across the Department, will be provided in a timely and effective manner. The Minister's view of the quality and timeliness of advisory support will be sought six-monthly through questionnaires or other appropriate means.

All reporting requirements required by the ILO Constitution will be met within the timeframes requested.

Report A7 of the New Zealand Government Delegates to the annual ILO Conference will be presented to Parliament within 12 to 18 months of the close of the Conference.

Feedback will be sought on the Government's satisfaction that its interests are promoted at ILO and other meetings through effective representation.

Timely and full briefing material for meetings will be provided, as assessed by delegates.

Constructive and positive relationships will be fostered with the Government's ILO social partners, as assessed by those partners.

#### Activity information

The Department will provide reporting as required in accordance with ILO constitutional requirements.

#### Cost

Expenses will not exceed actual revenue.

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
2003/2004	458	407	407	407	-
2002/2003	375	333	333	333	-

## OUTPUT CLASS D3 – SERVICES TO PROMOTE AND SUPPORT FAIR AND PRODUCTIVE EMPLOYMENT RELATIONSHIPS

### DESCRIPTION

Through this output class services are provided to promote and support the outcome of fair and productive employment relationships.

The outcome of fair and productive employment relationships can be best achieved when employers and employees take responsibility for resolving problems themselves wherever possible. The Department assists employers and employees proactively by providing information and assistance on employment relationship issues. This aims to improve employment relations knowledge and practice so that employment problems can be averted or at least made less severe. The Department also offers reactive services to help resolve employment relationship problems. This output class delivers a range of interventions and services to meet these objectives.

Specific contributions towards achieving fair and productive employment relationships are made through:

- providing information and guidance on employment relationship matters including employment rights and obligations. Access to these services is available by freephone (0800 800 863) or via the web-site ([www.ers.dol.govt.nz](http://www.ers.dol.govt.nz))
- developing and distributing guides on best practice employment relationships
- the targeted delivery of information on best practice and assistance to employees and employer groups to provide knowledge so that best practice employment relationships are achieved in sectors where problems have been evidenced in the past
- assisting employers and employees to resolve employment problems themselves by providing free mediation services
- investigating and resolving complaints about minimum statutory entitlements by Labour Inspectors
- working with other Department of Labour services to ensure workplaces operate within legislative frameworks
- administering the Employment Relations Education Fund, that funds the development and running of training courses to improve employees' and employers' understanding of employment relations
- providing support to statutory officers in the Employment Relations Authority, which investigates and resolves employment problems if parties can't resolve the problems themselves and
- providing support services to the Employment Court to assist in the resolving employment problems that have not been resolved previously.

In undertaking these activities the Department also contributes towards the outcomes of achieving enhanced trust in the institutions of government through access to independent review and decision making and achieving thriving, well-settled and inclusive communities.

### PERFORMANCE MEASURES

#### Environmental information

Fair and productive employment relationships:

- evaluation of the impacts of the Employment Relations legislation on employment relations in New Zealand workplaces

- administrative and survey data measuring the knowledge and implementation of best practice in the conduct of employment relationships.

Enhanced trust in the institutions of Government through access to independent review and decision- making:

- client feedback on review process

### **Results information**

The Department has identified two areas that will provide information on the impact of the Department's services in promoting fair and productive employment relationships. These are:

- in 2003/04 the Department will identify and seek to improve the knowledge and practices of employers who have a higher utilisation of Department problem resolution services in order to gain a better understanding of workplaces with repeated employment relationship problems
- the Department will undertake 3-5 focus groups of employers and employees to assess the quality of problem resolution interventions across all service provision activities and their impact on employment relations in the workplace. The results and issues of the focus groups will be assessed and acted on where appropriate.

### ***Provision of Information and Advice***

Not more than 5% of calls to the Employment Relations Information Centre will be abandoned.

70% of calls received will be answered in 30 seconds.

100% of telephone enquiries answered relating to statutory terms and conditions of employment will be responded to within one working day.

100% of written enquiries will be responded to within five working days by either a substantive response or an interim response giving the timeframe for a substantive response.

### ***Enforcement of Minimum Rights***

90% of clients surveyed about the Inspectorate's enforcement activities will be either satisfied or very satisfied with the overall conduct of investigations.

95% of formal complaints will have investigations commenced within one month of receipt.

90% of formal complaints will be resolved, or be referred to the Employment Relations Authority or to mediation, within six months of receipt.

### ***Mediation of Employment Relationship Problems***

80% of mediations undertaken will result in employment relationships problems being resolved within three months.<sup>1</sup>

External client surveys will demonstrate 90% satisfaction with the Mediation Service.

100% of requests for mediation assistance will receive an initial response within three working days

<sup>1</sup> Resolved means settlement reached or no further action taken.

100% of cases agreed or classified between the parties and Department as urgent mediation services will have assistance provided within 10 days.

100% of cases will be offered mediation services within 20 days where parties with an employment relationship problem are still in an employment relationship or seeking reinstatement of one.

100% of cases will be offered mediation services within 40 days where parties have had an employment relationship problem but no longer have or seek to continue the employment relationship.

100% of mediation cases directed to mediation by a Member of the Employment Relations Authority will have mediation services provided within two working days, or as agreed by the parties or on the date set by the Authority.

When a notice of strike or lockout in essential industries is received an appropriately experienced Mediator will be made available within two working days.

Within one month of the completion of the mediation of a strike or lockout in an essential industry the parties will be contacted and offered the opportunity to meet and review the process.

#### ***Support services for employment relationship problem decision making***

100% applications made to the Employment Relations Authority for problem resolution will be receipted and acknowledged within one working day of being received by the Authority.

A decision as to the disposition of applications by way of referral to mediation or commencement of investigations in the Authority will be made and communicated to the parties within 14 working days of receipt of the application.

External client surveys will demonstrate 90% satisfaction with the administrative services provided by the Department in respect of Authority operations.

Service performance will also be assessed six-monthly against standards specified in the Department's service contract with the Employment Relations Authority or as advised by the Chief of the Authority from time to time. Satisfaction will be assessed 6 monthly and will confirm that the Chief of the Authority is satisfied that performance reaches at least (3) on a scale of (1) to (5) (5 being the highest).

Performance will be assessed six-monthly against standards specified in the Department's service contract with the Employment Court, or as advised by judges from time to time. Satisfaction will be assessed six-monthly and will confirm that the Chief Judge of the Employment Court is satisfied that performance reaches at least (3) on a scale of (1) to (5) (5 being the highest).

#### ***Support services to the Remuneration Authority***

Service performance will be assessed six-monthly against standards specified in the Department's service contract with the Remuneration Review Authority, standards contained in the Commission Procedures Sheets, or as advised by Commissioners from time to time. Satisfaction will be assessed six-monthly and will confirm that the Remuneration Authority Chair is satisfied that performance reaches at least (3) on a scale of (1) to (5) (5 being the highest).

## *Union registration*

Applications for union registration will be processed and applicants notified of the outcome within one month of receipt.

### **Activity information**

The Department expects that:

- approximately 150,000 callers will be received by the Information Centre and responded to
- approximately 140,000 visits will be made via the Internet and major subject areas will be reported
- 2,000 formal complaints will be received and actioned by the Labour Inspectorate
- 2,000 formal complaints will be completed by the Labour Inspectorate
- Between 8,000 and 9,000 requests will be received for mediation assistance
- between 8,000 and 9,000 requests for mediation will be closed
- around 800 cases will be referred to mediation services from the Employment Relations Authority
- 300 proactive visits will occur to employers in targeted industries
- up to 150 information talks, seminars or presentations will be given to targeted employers, employees
- up to 20 applications for union registration will be received and processed
- up to 20 Certificates of Union Registration will be issued.

The Employment Relations Authority expects to receive and process up to 1,800 applications for problem resolution.

The Employment Court will:

- receive and process up to 200 applications
- schedule between 150 and 250 hearings
- service between 150 and 250 hearings
- produce headnotes for up to 200 judgements.

The Remuneration Review Authority expects to produce between 200 and 250 Determinations including those for local authorities and community boards.

### **Cost**

Expenses will not exceed actual revenue.

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
2003/2004	20,228	17,981	17,981	17,801	180
2002/2003	-	-	-	-	-

## OUTPUT CLASS D4 – SERVICES TO PROMOTE AND SUPPORT SAFE AND HEALTHY PEOPLE AND WORKPLACES

### DESCRIPTION

This output class is focused on the outcome of safe and healthy people and workplaces. The level of health and safety practice in a workplace is linked to the state of the employment relationships in that workplace. Because of this link, outputs also contribute to the outcome of fair and productive employment relationships.

The Department's contributions towards safe and healthy people and workplaces are made through the provision of an integrated and accessible range of services that are aimed towards enabling people to take active responsibility for achieving safe and healthy workplace environments. In particular, the Department contributes through:

- raising awareness of workplace participants<sup>2</sup> rights and obligations under the Health and Safety in Employment 1992 and amendments (“the HSE Act”) to assist the self-management of workplace health and safety
- facilitating the provision of information to individuals, workplaces, and industry sectors in order to help workplace participants apply ‘Best Practice’ in managing health and safety in the workplace
- influencing societal attitudes as a means of encouraging improved health and safety performance in the workplace
- co-ordinating Government's effort to ensure the consistent application of health and safety practice and regulation across industries and sectors
- investigating incidents of harm to people arising out of the workplace to aid in informing long term workplace health and safety strategies for the prevention of harm
- providing support to industry sectors in developing best practice information, both to enable industry sectors to self-manage health and safety, and to improve outcomes for high-risk industries
- undertaking workplace assessments to determine health and safety performance, and taking action to ensure that minimum requirements under the HSE Act are met.

Operational planning and service delivery aims to target those industry sectors, hazards, activities and specific workplaces with a history of poor performance in health and safety management. Targeted visits to workplaces are undertaken to provide information and to assess compliance with the HSE Act. If a workplace visit indicates a breach of the legislation, appropriate action is taken to ensure that it is brought up to the standard required.

Investigations under the HSE Act cover the investigation of reported events such as serious harm accidents, incidents, complaints and notifiable occupational diseases. The objective of an investigation is to:

- identify causes of accidents and incidents
- identify possible non-compliance with the HSE Act and hold persons accountable for the non-compliance
- effect remedial action in terms of the site and the industry at large.

<sup>2</sup> Workplace participants include employers, employees, principals, self-employed, volunteers, and anyone else covered by the HSE Act.

Enforcement activities are taken against those who breach the legislation and include improvement notices, prohibition notices, infringement notices and prosecutions.

## **PERFORMANCE MEASURES**

### **Environmental information**

- Benchmarking data: OECD Social Indicators: Disability, Occupational injury, sickness benefits (OECD)
- Quality Adjusted life years (QALYs)
- Disability Adjusted Life Years (DALYs)
- Healthy Year Equivalent (HYEs)
- Cases of injuries with lost workdays by economic activity (ILO)
- Rates of occupational injuries, by economic activity (ILO)
- Days lost by economic activity (ILO)

### **Results information**

To determine the extent to which the Department has impacted on the health and safety of workplaces, the Department will:

- gather and report information on the percentage of workplaces for which no compliance or enforcement action was taken at the time of a first compliance assessment visit
- develop a means to gather and report information on the number of targeted workplaces that do not demonstrate a systematic approach to the management of health and safety at (a) the time of a first compliance assessment visit, and (b) three months after the first visit
- develop a means to gather and report information on the number of targeted workplaces that do not demonstrate a system for employee participation (where the HSE Act requires that they should) at (a) the time of a first compliance assessment visit, and (b) three months after the first visit
- gather and report information on the percentage of the workforce covered by a recognised industry led health and safety representative body.

In order to enable workplace participants to self-manage health and safety in the workplace, the Department will ensure that:

- 80% of information and advice sessions or workplace visits target the amended legislation, high-risk industry sectors and/or priority hazards
- 75% of workplaces will not have any outstanding compliance or enforcement issues three months after the first visit of a compliance assessment
- 80% of compliance assessments target high-risk industry sectors and/or priority hazards
- all events of a serious or significant nature have an investigation commenced within two working days of notification.

### **Activity information**

In order to impact on health and safety behaviours through maintenance of a credible field presence, the Department expects to directly visit 20,000 – 25,000 unique workplaces during the 2003/04 year to:

- provide 8,000 – 10,000 information visits and presentations
- conduct 6,250 – 8,500 workplace compliance assessments

- carry out 14,000 - 16,000 investigations in response to notifications or complaints received under the HSE Act.

In order to monitor the effectiveness of the Department's interventions in achieving safe and healthy people and workplaces, the Department will:

- gather and report information on the demand (volume and type) for information services through the OSH websites, the o800 number, and OSH regional offices
- gather and report information on the timeliness and quality of the response to demand for information services
- gather and report information on the quantity of the following interventions used
  - improvement notices
  - prohibition notices
  - infringement notices
  - prosecutions
- gather and report information on the number of events categorised as events of a serious or significant nature, events of a minor nature, and events that receive a limited response once they have been through the Filtering, Prioritising and Investigating (FPI) process.

### Cost

Expenses will not exceed actual revenue.

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Department GST excl \$000	Revenue Other GST excl \$000
2003/2004	28,322	25,175	25,175	24,545	330	300
2002/2003	28,892	25,682	25,682	25,382	-	300

## OUTPUT CLASS D5 – SERVICES TO PROMOTE AND SUPPORT ENVIRONMENTALLY SOUND WORK PRACTICES

### DESCRIPTION

This output class is focused on the outcome of environmentally sound work practices. The Department's contributions to this outcome are made through promoting self-management of health and safety in the workplace with particular focus on hazardous substances. There is a close inter-relationship between this output class and output class D5 as they are both based on enabled people taking active responsibility for achieving safe and healthy workplace environments.

The Department has responsibility for enforcement of the Hazardous Substances and New Organisms (HSNO) Act in places of work. This responsibility supersedes the Department's previous role in administration of the Explosives Act 1957 and the Dangerous Goods Act 1974, both of which were repealed by the HSNO Act. The transitional requirements of the HSNO Act specify arrangements for transition

from the old legislation to the new. Regulations from the repealed Explosives Act 1957 and Dangerous Goods Act 1974 have been transferred to the HSNO Act and have effect for the duration of the transition period for these substances. The transitional arrangements provide for the Department to continue “business as usual” for the transition period, as if the old legislation had not been repealed. The transitional period ends for each substance as it is transferred.

The currently planned expiry dates for the transitional arrangements are 30 June 2003 for explosives, 1 July 2003 for a group of toxics in the pesticides category, 1 November 2003 for a further group of toxics in the herbicides category and 1 April 2004 for a major group of dangerous goods. Accordingly, the Department plans to continue current transitional activity in respect of dangerous goods licensing and approvals for the first three quarters of the 2003/04 year for those dangerous goods that have been transferred. The Environmental Risk Management Authority has yet to decide on what action will be taken for those dangerous goods not transferred at that time. It is possible that the licensing and approval regime may continue for these substances. Continuation of transitional activity in respect of explosives may also be required if the expiry date is extended.

As each grouping of substances is transferred, the enforcement, in places of work, of the ERMA approved controls attached to these substances will become the responsibility of the Department. This includes the new responsibilities for controls on toxics.

Enforcement of the HSNO Act will, in the main, be carried out concurrently while inspectors are in places of work for the purpose of enforcing the HSE Act.

This output class covers:

- provision of advice to the Environmental Risk Management Authority (ERMA) on:
  - operation of the transitional provisions of the Hazardous Substances and New Organisms (HSNO) Act 1996; and
  - draft controls for new substances being considered by ERMA
- carrying out decision-making functions for explosives and dangerous goods approvals during the transitional period, as delegated by ERMA
- enforcement services under the HSNO Act.

This output class promotes compliance and self-management in workplaces through:

- provision of information
- compliance assessment visits
- investigations of notified events and complaints
- enforcement activities including compliance notices, emergency declarations, and prosecutions
- licensing of dangerous goods in five Territorial Authority areas during the transitional period under delegation from ERMA
- approval of dangerous goods installations, importing and manufacture over the threshold levels specified in the HSNO Transitional Regulations.

The output class also covers the administration of the Machinery Act 1950 and regulations pursuant to that Act, specifically the Amusement Devices Regulations. This involves the registration of machines and inspection of these on site.

## **PERFORMANCE MEASURES**

### **Environmental information**

- Report on the number of incidents arising out of work and workplaces that have adverse environmental effects (ERMA)
- Incident rates by sector which have environmental implications (ACC)

### **Results information**

To determine the extent to which the Department has impacted on the health and safety of workplaces, the Department will:

- seek feedback from ERMA to indicate that it is satisfied that HSNO activities carried out by the Department meet those specified in the Memorandum of Understanding.

To enable workplace participants to self-manage health and safety in the workplace, the Department will ensure that:

- all events of a serious or significant nature have an investigation commenced within two working days
- 75% of amusement device registrations and re-registrations are issued within 15 working days following receipt at the processing centre.

### **Activity information**

To impact on health and safety behaviour through maintenance of a credible field presence, the Department expects to directly visit 20,000 – 25,000 unique workplaces during the 2003/04 year to carry out various activities under the HSE Act. Workplaces will be assessed for HSNO compliance concurrently with visits carried out to assess compliance under the HSE Act. Opportunities will also be taken, where applicable, to provide information about management of hazardous substances in the workplace.

In addition to these concurrent visits, the Department expects to carry out the following activities specifically under the HSNO Act:

- provide 50 information visits and presentations
- conduct 700 workplace compliance assessments
- issue 850 Dangerous Goods approvals
- carry out 100 investigations in response to notifications or complaints received under the HSNO Act
- take enforcement action by issuing 100 compliance notices and/or declaring emergencies
- initiate two prosecutions
- undertake 350 workplace visits in relation to assessing compliance with the Machinery Act 1950 and the Amusement Devices Regulations 1978)
- register or re-register 300 amusement devices.

## Cost

Expenses will not exceed actual revenue.

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Department GST excl \$000	Revenue Other GST excl \$000
2003/2004	1,935	1,720	1,720	1,708	-	12
2002/2003	1,935	1,720	1,720	1,708	-	12

## **VOTE: IMMIGRATION**

### **DESCRIPTION OF OUTCOMES**

The Department of Labour's services and activities all contribute to the achievement of the overarching outcome "People with high-quality working lives in thriving and inclusive communities". The New Zealand Immigration Service (NZIS) contributes to this outcome through increasing the capacity of New Zealand through immigration, and through positioning New Zealand as a good international citizen with immigration-related interests and obligations.

Immigration facilitates the supply of skilled migrants in line with New Zealand's needs. This contributes to increasing the capacity of New Zealand through the selection of migrants (temporary and permanent) who participate in, and contribute to, targeted employment, business and community opportunities. Opportunities for all in New Zealand are generated through the creation of labour market opportunities in industries that support temporary migrants, such as tourism and international education. Capacity is increased through new skills, and jobs are created, by permanent migration through the establishment of businesses and increased levels of investment. Communities need to be well informed about the contributions that migrants and visitors make, and support the settlement process.

It is recognised that there can be adverse impacts arising from immigration. Accordingly, the immigration programme establishes levels of acceptable risk associated with immigration flows to ensure that the contributions made by migrants outweigh the costs on infrastructure.

Immigration contributes to the positioning of New Zealand as an international citizen. This takes place through the promotion of New Zealand's interests as a participant in security and law and order multilateral immigration forums and initiatives. New Zealand's international reputation is enhanced through the provision of a safe haven for refugees through a quality determination and resettlement process, and through reliability in fulfilling international obligations and responsiveness to emerging issues.

Immigration's contribution to the above outcomes, and the contribution made by NZIS through the delivery of output classes, outputs and activities has been determined using intervention logic.

### **OUTPUT CLASS D1 – SERVICES TO INCREASE THE CAPACITY OF NEW ZEALAND THROUGH IMMIGRATION**

#### **DESCRIPTION**

Through this output class the Minister purchases a range of services aimed at increasing the capacity of New Zealand through the participation and contribution of migrants to New Zealand society and the economy. The three objectives in this output class are:

- skilled and inclusive communities
- greater opportunities for all in New Zealand; and
- adverse impacts of immigration minimised.

### *Skilled and inclusive communities*

This objective will be achieved through the delivery of services to select migrants and to facilitate their entry and settlement. These services include the provision of advice on appropriate policy settings to attract skilled migrants, the facilitation of application and entry, the provision of settlement information and the facilitation of settlement and related services. Initiatives require close liaison with other government departments and agencies providing settlement or employment-related services. Targeted communication on immigration policy and the benefits of immigration are used to raise the awareness of the community. Research and evaluation of migrant labour market participation and migration trends and statistics inform the relative success of the interventions.

Building the capacity of New Zealand through immigration means migrants must be able to participate in, and make contributions to, the New Zealand economy and society. Effective matching of potential with opportunities by new migrants through labour market participation is important for positive settlement outcomes. Sound social and community support systems for new migrants and refugees also contribute to the ease of settlement and enable participation. The host communities' attitudes to migrants are important and need to be welcoming and well-informed if the benefits of immigration are to be realised.

#### **PERFORMANCE MEASURES**

##### **Environmental information**

Labour force participation, employment and unemployment for migrants compared to non-migrants will be monitored (Source: Labour Market Policy Group).

An analysis of the proportion of approved residents who arrived in the 1999 calendar year and remain in New Zealand as at 30 June 2004. (Source: NZIS movements data)

##### **Results information**

At least 95% of those people approved residence under the skilled stream overseas in the 2002/03 year, will arrive and take up residence in New Zealand by 30 June 2004.

The number of General Skills principal applicants in employment after six months of arrival (or approval in onshore) will be monitored.

The percentage of General Skills principal applicants with relevant job offers will increase over 2002/03.

The proportion of migrants who take up pre-purchased English language training will increase by 10% compared to 2002/03. (Source: Tertiary Education Commission)

The Minister's view of the quality of policy advice on increasing the capacity of New Zealand through immigration will be sought six-monthly through questionnaires or other appropriate means. The performance standards for policy advice are set out in Appendix 1.<sup>3</sup>

The skilled, family and international streams of the New Zealand Immigration Programme will be managed within their agreed levels, and at least 60% will be approved under skills stream categories.

<sup>3</sup> Applies to all objectives in this output class

Appropriate services to facilitate effective settlement of migrants will be purchased and a report on the type, relevance, and quality of service provided.

The proportion of people on temporary permits approved for residence under the skills stream will increase compared to 2002/03 and a breakdown by category will be provided..

An independent annual survey of customers will confirm that the Department has provided satisfactory levels of service.

### **Activity information**

The number of employers accredited and corresponding talent visas issued will be monitored.

The number of residence decisions, including the proportion of and reason for decline decisions, will be monitored.

The volume of RAA appeals will be monitored (approximately 300-350 appeals will be received).

A sample audit of visa and permit decisions will confirm that 95% were decided in accordance with critical elements of Government policy.<sup>4</sup>

### ***Greater opportunities for all in New Zealand***

This objective will be achieved through visa and permit application services that are facilitative and based on policy designed to deliver positive economic advantages for New Zealand. Dedicated business migration services are provided to facilitate business investment and assist with information on the New Zealand business environment. Activities also include the facilitation of people seeking temporary entry such as visitors, students and skilled workers. Facilitation initiatives require close liaison with other government departments and agencies such as Ministry of Foreign Affairs and Trade, Tourism NZ, NZ Trade and Enterprise and the business sector. Research and evaluation of the impacts on the business sector and the economy inform the relative success of the interventions. Advice on appropriate immigration policy settings to achieve these outcomes will be provided.

Providing skills, expertise and investment to generate business and employment opportunities increases New Zealand's capacity. Foreign exchange earnings are generated through trade and tourism as students and visitors to New Zealand participate in the economy. Increased investment in New Zealand by business migrants also benefits the economy as business opportunities, jobs and international linkages are created.

## **PERFORMANCE MEASURES**

### **Environmental information**

The contribution to New Zealand's gross domestic product of the export industries of tourism and international education will be reported annually. (Source: Tourism NZ and NZ Trade and Enterprise)

A report on asset and investment transfers from overseas to New Zealand attributable to migrants will be reported annually. (Source: NZIS)

<sup>4</sup> Applies to all objectives in this output class.

## Results information

A report on initiatives taken to improve the facilitation of migrants (temporary, permanent and business migrants) to New Zealand will be provided quarterly.

A report on the impact of immigration on skills shortage areas through an analysis of work permits and talent visas granted in known shortage areas will show a 10% increase over 2002/03.

At least 75% of businesses established under the new Long Term Business Category will be operating according to their business plan at the nine-month renewal stage.<sup>5</sup>

## Activity information

A breakdown of the number and timeliness of temporary visa and permit decision making for major categories will be provided (approximately 400,000 visitor, student and work application decisions will be made).<sup>6</sup>

The number of online applications processed will be monitored.

The number of students changing status within six weeks of arrival will be monitored.

Volumes of the following activities will be monitored:

- temporary visa declines
- Removal Review Authority appeals (approximately 400 – 450 appeals will be received)
- ministerial appeals (approximately 2,000 appeals will be received)<sup>7</sup>
- ministerial services – correspondence, Parliamentary Questions and Official Information Act requests<sup>8</sup>
- decline boarding requests under Advanced Passenger Processing
- interdiction programme
- persons refused entry at the border.

## *Adverse impacts of immigration minimised*

Adverse impacts are the unplanned consequences of immigration flows on the infrastructure, laws and policies of New Zealand. This objective will be achieved through the delivery of services to manage the possible adverse impacts of immigration above those managed by preventative risk management practices. These services will include the provision of advice on appropriate policy to ensure benefits of New Zealand's immigration programme outweigh the costs on health, education and welfare. The quantum and policy criteria for the programme need to take into account the impact on the infrastructure. Consultation with appropriate government departments and agencies on the immigration programme will take place in order to achieve a basis for monitoring and responding to adverse impacts.

<sup>5</sup> Note that as the new policy was introduced in December 2002 a small sample size is expected in the 2003/04 year.

<sup>6</sup> Applies to all objectives in this output class

<sup>7</sup> Applies to all objective in this output class

<sup>8</sup> Applies to all objectives in this output class

## **PERFORMANCE MEASURES**

### **Environmental information**

An annual report on the impact of immigration on education services will be provided. (Source: Ministry of Education)

### **Results information**

A report on the take up of emergency income support benefits within the first two years of arrival by migrants will be provided. (Source: Annual datamatch with MSD).

A report on initiatives taken to minimise the level of non-compliance, and to improve intelligence capability and systems will be provided quarterly.

A report on relationship management initiatives to improve understanding of immigration policy and requirements amongst stakeholder groups will be provided.

A six monthly report on the estimated levels and composition of the overstayer population, and the ratio of new overstayers to removals/departures will be provided. (Source: NZIS movements data).

The number of undocumented passengers arriving in New Zealand will be reduced by 10% compared to 2002/03.

At least 1600 investigations and removals, deportations, section 35A permits and voluntary departures will take place during the year, including the departure of 50% of failed refugee claimants.

A sample audit of enforcement activities will confirm that 95% were conducted in accordance with critical elements of Government policy.

### **Activity information**

The numbers of residence declines based on medical and character will be monitored.

Volumes of the following activities will be monitored:

- non-genuine asylum claimants removed
- non-genuine refugee cancellations
- detention
- open and secure accommodation
- community based accommodation
- prosecutions
- removals
- voluntary departures
- section 35As
- temporary and resident revocation by category
- compliance related employer site visits
- court proceedings.

## Cost

Expenses will not exceed actual revenue.

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Department GST excl \$000	Revenue Other GST excl \$000	Surplus/ (Deficit) GST excl \$000
2002/2004	118,701	110,179	113,257	33,585	-	79,672	3,078
2002/2003	103,316	95,609	97,179	20,406	-	76,773	1,570

### OUTPUT CLASS D2 – SERVICES TO POSITION NEW ZEALAND AS AN INTERNATIONAL CITIZEN WITH IMMIGRATION-RELATED INTERESTS AND OBLIGATIONS

#### DESCRIPTION

Through this output class the Minister of Immigration purchases a range of services aimed at positioning New Zealand as an international citizen with immigration-related interests and obligations. The two objectives of this output class are:

- to promote New Zealand's immigration-related interests; and
- secure and enhance New Zealand's international reputation through reliability and fulfilment of international obligations, including providing refugees with safe haven.

#### *Promoting New Zealand's immigration-related interests*

This objective is achieved through the successful participation in multilateral security and law and order initiatives to advance New Zealand's immigration-related interests. Involvement requires close liaison with other government departments and agencies. Research and evaluation will inform the relative success of the interventions. Advice on appropriate immigration policy to achieve these outcomes will be provided.

Promoting New Zealand's immigration-related interests contributes to a greater presence or reach internationally and plays an important role in the international community. Departmental representation of immigration-related interests offshore is formed in conjunction with other relevant departments.

#### PERFORMANCE MEASURES

##### Results information

The Minister's view of the quality of policy advice on positioning New Zealand as an international citizen with immigration-related interests and obligations will be sought six-monthly through questionnaires or other appropriate means. The performance standards for policy advice are set out in Appendix 1.<sup>9</sup>

A report on participation in multilateral initiatives taken to promote New Zealand's security, and law and order immigration-related interests will be provided quarterly.

<sup>9</sup> Applies to all objectives in this output class

### ***International reputation through reliability and fulfilment of International obligations***

This objective will be achieved through selection and determination systems for quota refugees and refugee status seekers respectively, the independent Refugee Status Appeal Authority process and responsiveness to humanitarian crises. It also includes the accommodation and induction of quota refugees at the Mangere Refugee Resettlement Centre and ongoing resettlement services. Research and evaluation will inform the relative success of the interventions.

The provision of safe haven for refugees contributes to the positioning of New Zealand as an international citizen. Protection and resettlement services are provided to United Nations High Commissioner for Refugees (UNHCR) mandated refugees. Safe haven is also provided to spontaneous asylum seekers during the determination process and settlement support is provided where appropriate. In both cases the selection or determination system demonstrate fairness and natural justice. Reputation is also enhanced through ongoing contributions to the development of best practice protection systems in the region.

The preparation of emergency responses to humanitarian crises and maintaining preparedness to respond will also contribute to achieving the objective. Responses require close liaison with other government departments and agencies. The Department's involvement in the region may include specific support for Pacific nations or participation in regional initiatives. The Minister of Immigration determines priorities in this area and often the response will be at short notice and may require additional funding.

#### **PERFORMANCE MEASURES**

##### **Environmental information**

A United Nations High Commissioner for Refugees (UNHCR) assessment of New Zealand's processing, assessment and detention procedures will be completed annually to show appropriate international standards achieved. (Source: UNHCR)

A comparison, per capita, of New Zealand's refugee programme with other refugee receiving countries will be completed annually.

##### **Results information**

Consultation on the composition of the refugee quota to take into account settlement factors and infrastructural impacts will be completed annually and a report provided.

A quarterly survey of a sample group of refugees will confirm the Department's services resulted in appropriate security and support through an upper quartile rating.

A report on New Zealand's contribution to developing international protection systems and resolving refugee issues in the region will be provided.

Selection, travel to New Zealand and initial settlement services will be provided to refugees within 10% of the 750 quota range.

The average age of undecided refugee status claims on hand to be less than three months old.

Refugee Status Appeal Authority (RSAA) members' satisfaction with the Department's support services will result in an upper quartile rating annually.

A report on the preparedness of the Department to respond to humanitarian crises will be provided quarterly.

### Activity information

The average age of cases on hand with the Refugee Status Appeal Authority will be monitored.

Volumes of the following activities will be monitored:

- Refugee status claims (up to 1,400 determinations may be required)
- RSAA appeals (approximately 800 new appeals will be received).

Activities undertaken in response to international humanitarian crises in the region will be reported annually.

### Cost

Expenses will not exceed actual revenue.

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Department GST excl \$000	Revenue Other GST excl \$000	Surplus/ (Deficit) GST excl \$000
2002/2004	18,424	16,375	16,388	14,861	846	681	13
2002/2003	16,214	14,411	14,426	12,900	846	680	15

## VOTE: ACCIDENT INSURANCE

The output classes in Vote Accident Insurance contribute to a Departmental outcome related to Government’s Key Goals.

This outcome, Vote ACC contributions are set out below.

Outcome	Contribution
Safe and healthy people and workplaces	<p>Advice and services focused on:</p> <ul style="list-style-type: none"> <li>• Injury Prevention - reducing the overall incidence and impact of injury in New Zealand</li> <li>• Rehabilitation – improving the quality of experience and outcomes for claimants</li> <li>• Efficient scheme management – including levy stability</li> <li>• Making a positive contribution to the Government’s goals as an integral part of the broader public sector</li> </ul> <p>Regulatory services to meet residual responsibilities under the Injury Prevention, Rehabilitation, and Compensation Act and the Accident Insurance Act.</p>

### OUTPUT CLASS D1 – POLICY AND MONITORING

#### DESCRIPTION

Through this output class the Minister purchases policy advice, purchase advice and monitoring which contributes ultimately to the outcome of ‘safe and healthy people and workplaces’.

Vote ACC contributes to the achievement of this outcome by providing advice on the Government’s priorities for injury prevention and management, including those priorities underpinned by the Injury Prevention, Rehabilitation, and Compensation Act. The Injury Prevention, Rehabilitation, and Compensation Act (Part 1, s3) reflects the Government’s objective to provide “.....a fair and sustainable scheme for managing personal injury that has, as its overriding goal, minimising both the overall incidence of injury in the community, and the impact of injury in the community (including economic, social, and personal costs)”.

Accordingly, the Vote ACC work programme assists in achieving this objective by delivering services that relate to the priority areas:

- injury prevention - reducing the overall incidence and impact of injury in New Zealand
- rehabilitation - improving the quality of experience and outcomes for claimants
- efficient Scheme management - working to ensure that levies to fund the ACC Scheme remain stable over time, and that the Scheme is fair and efficient
- whole of Government focus - making a positive contribution to the

Government's goals as an integral part of the broader public sector, eg whole of Government initiatives and strategy development such as the New Zealand Injury Prevention Strategy.

The Department is accountable for producing effective policy advice that informs decisions taken by the Minister, Government and ACC. The Department's contribution to the outcome is that well-informed decisions should result in better implementation by all parties involved in injury prevention and management, which will in turn result in better outcomes for claimants, employers and other stakeholders.

The Department is also accountable for producing effective purchase and monitoring advice, and manages the following aspects of the Government's interest in ACC's performance:

- direct purchase interest – for the Minister for ACC, in respect of the Non-Earners' Account
- custodial interest – on behalf of levy payers, ie. motor vehicle owners, earners, self-employed and employers
- regulatory interest - in ACC's compliance with its legislation and with other Government policy
- ownership interest - in ACC as a Crown entity, and the performance of its subsidiaries.

This advice includes:

- regular reporting to the Minister on the financial and non-financial performance of the ACC Scheme and its Accounts
- monitoring and provision of advice to the Minister on the evaluation of key areas of focus, and flagship initiatives of the Injury Prevention, Rehabilitation, and Compensation Act. Through evaluation activities, the Department assists in testing the links between the Government's interventions and the desired outcomes, thereby improving the information base for decision making
- meeting the Department's statutory obligations ie. reviewing/negotiating and developing annual accountability documents (ACC Service Agreement, ACC Business Plan, ACC Statement of Intent, Non-Earners' Purchase Agreement) between the Minister and the ACC, and provision of advice to the Minister
- provision of second-opinion advice to Ministers/Treasury related to the Crown Accounts - involving both the appropriation for the Non-Earners' Account, and the valuation and forecasting work for the Economic and Fiscal Updates and the year end accounts
- managing the ACC board appointment process, and appointments to ministerial advisory panels, on behalf of the Minister for ACC.

## **PERFORMANCE MEASURES**

### **Environmental information**

- benchmarking data: OECD Social Indicators: Disability, Occupational injury, Sickness benefits (OECD)
- Quality Adjusted Life Years (QALYs)
- Disability Adjusted Life Years (DALYs)
- Healthy Year Equivalent (HYE)

- cases of injuries with lost workdays by economic activity (ILO)
- rates of occupational injuries, by economic activity (ILO)
- days lost by economic activity (ILO)
- return to work rates (ACC)
- trends in entitlement claim costs (ACC)

**Results information**

As much of the work is undertaken in conjunction with other agencies, stakeholders will be canvassed for their views on the Department’s processes, the outputs produced by the Department and whether these outputs are consistent with the achievement of the outcome.

The Minister’s view of the quality of policy advice, purchase advice and monitoring, and ministerial servicing will be sought six-monthly through questionnaire or other appropriate means. The performance standards for policy advice are set out in Appendix 1.

Ministerial servicing will be provided in timeframes agreed with the Minister and in accordance with relevant Cabinet and legislative standards.

Payments will be made to the correct recipient, in accordance with appropriation or permanent legislative authority.

**Activity information**

The Department will provide responses to Official Information Act requests, parliamentary questions, and ministerial correspondence as required and report on the numbers actioned.

Policy advice, and purchase advice and monitoring outputs will be delivered as agreed with the Minister and as detailed in the related Vote Output Agreement.

Twelve payments to the Non-Earners’ Account will be made on schedule as agreed with ACC.

Four equal payments of the Motor Spirits Excise duty will be made on dates as agreed with ACC.

**Cost**

Expenses will not exceed actual revenue.

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
2003/2004	3,372	2,997	2,997	2,997	-
2002/2003	3,478	3,091	3,091	3,091	-

### DESCRIPTION

Through this output class, the Accident Insurance Regulator has the residual long-term responsibility to manage the Crown's ongoing risks resulting from the introduction of the competitive accident insurance market during 1999/2000, and retained by the provisions in Part 10 of the Injury Prevention, Rehabilitation and Compensation Act. The effect of this Act's introduction on 1 April 2002 removed or transferred the bulk of the Regulator's activity but an anticipated low level remains, primarily consisting of monitoring and responding to external requests.

Since 1 July 2002 the functions of the Regulator have been:

- administration of the saved provisions from the Accident Insurance Act 1998 – key stakeholder liaison, receiving and responding to enquiries and complaints (non-ministerials)
- compliance monitoring – identifying potential non-compliance with the Accident Insurance Act 1998, investigating non-compliance and taking enforcement action where appropriate
- information management – residual or transitional hand-over activity as the prime function was transferred to Statistics New Zealand – servicing information requests related to private insurers and the 1999/2000 period
- funds management – only in case of identification of insolvent insurers - setting various charges to be levied on registered insurers and collecting those levies.

A facility will be provided to appropriately respond to enquiries and complaints related to the competitive accident insurance market introduced in 1999/2000, in response to any demand for this service.

Monitoring, and action as required, will be taken to ensure that compliance obligations are met by participants in the competitive accident insurance market introduced in 1999/2000.

The cost of any administrative sanctions imposed on insurers failing compliance obligations will be recovered.

Administration of the Insolvent Insurers Fund will be undertaken, should this be invoked.

The ACC has assumed the Regulator's role in relation to the Non-Compliers Fund. Statistics New Zealand has assumed the previous injury-related information management role.

### PERFORMANCE MEASURES

#### Results information

The Regulator will respond to complaints and enquiries within five days of receipt.

The Regulator will respond to notices of insurers and employers failing to comply with their obligations under the 1998 Act within five days of receipt.

#### Activity information

Should any of these demand-driven activities of the Regulator be required, we will report to the Minister on the frequency and nature of these activities.

### Cost

Expenses will not exceed actual revenue.

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
2003/2004	146	130	130	130	-
2002/2003	243	216	216	216	-

## VOTE: EMPLOYMENT

The output classes in Vote Employment contribute to a number of Departmental outcomes which are related to Government's Key Goals.

These outcomes and Vote Employment contributions towards the outcomes are set out below.

Outcome	Contribution
More skilled and knowledgeable workforce which is able to meet future needs.	Policy advice on facilitating the acquisition of skills by the unemployed and employed and research and advice on current and future skills needs.
Greater opportunities for all in New Zealand	<p>Research and policy advice on interventions that most affect employers' willingness to create jobs.</p> <p>Community enterprise and development services provided to generate enterprise and employment opportunities.</p>
Improved labour market participation, particularly for those disadvantaged in the labour market	<p>Policy advice on matching job seekers with jobs and for rewarding and supporting participation in work, with particular focus on disadvantaged groups.</p> <p>Purchase and monitoring advice on the employment services provided by the Ministry of Social Development and their effectiveness.</p> <p>Community enterprise and employment development services provided to groups vulnerable to labour market exclusion or disadvantage.</p>
Thriving well-settled and inclusive communities.	Community enterprise and employment development services provided to generate sustainable community wealth and well-being.

### OUTPUT CLASS D1 – POLICY, PURCHASE ADVICE AND MONITORING

#### DESCRIPTION

Through this output class the Minister purchases policy advice (including research and evaluation), purchase advice and monitoring which contributes ultimately to the following outcomes:

- more skilled and knowledgeable workforce which is able to meet future needs
- greater opportunities for all in New Zealand
- improved labour market participation, particularly for those disadvantaged in the labour market.

These outcomes are also contributed to by a number of other agencies and are affected by a range of factors that are both inside and outside the control of the Department and other government entities.

Through Vote Employment, the Department contributes to a more skilled and knowledgeable workforce which is able to meet future needs, by providing advice that is aimed at facilitating the acquisition of skills by the unemployed and the employed, and by researching and communicating information on current and future skill needs.

Policy advice and monitoring provided by the Department also contribute to greater opportunities for all in New Zealand by providing advice on what government interventions are most likely to encourage employers to create more jobs. In order to improve understanding as to exactly what affects decisions by employers to create more jobs, the Department's work in this area focuses on both practical solutions and research and the provision of information to participants and potential participants in the workforce.

To encourage the successful participation of people in the labour market, the Department provides advice on options for better matching job seekers with jobs and for rewarding and supporting participation in work. This advice focuses especially on reducing disparity in outcome and service provision to those disadvantaged in the labour market.

The Department is also accountable for producing effective purchase and monitoring advice that informs the Minister's decisions about what services to require from the Ministry of Social Development, as the main provider of employment services on behalf of Government, and how effectively these services are being delivered.

Through its research and evaluation activities under this output class, the Department assists in testing the links between the Government's employment interventions and desired outcomes.

Activities under this output class include:

- policy analysis and advice, supported by research and evaluation, on ways to achieve these outcomes
- monitoring and reporting on developments in employment and labour market trends
- advisory support and information for Ministers as required in Cabinet Committees, Select Committees and Parliament
- ministerial servicing including replies to correspondence, parliamentary questions, official information requests, speech and briefing notes and other information required by the Minister.

Activities in respect of purchase and performance monitoring advice to the Minister of Social Services and Employment, in respect of the employment aspects of Vote Social Development, include the provision of:

- advice on the Vote Social Development Output Plan for 2003/04 between the Minister and the Ministry of Social Development
- analysis and commentary on the quarterly reports against the 2003/04 Vote Social Development Output Plan

- other advice as required on employment-related issues which may affect and/or be affected by the 2003/04 Vote Social Development Output Plan
- advice and assistance in managing budget development processes, and value for money exercises.

## **PERFORMANCE MEASURES**

### **Environmental information**

More skilled and knowledgeable workforce which is able to meet future needs:

- increase in the percentage of the working age population with a qualification. (Employment Strategy monitoring report; Household Labour Force Survey (HLFS) data).

Greater opportunities for all in New Zealand:

- productivity growth
- employment growth (HLFS)
- wage growth (Quarterly Employment Survey, Labour Cost Index)
- labour force participation rates, (HLFS) and reductions in the unemployment rates (HLFS).

Improved labour market participation particularly for those disadvantaged in the labour market:

- job growth (Employment Strategy monitoring report)
- labour force participation of Māori, Pacific peoples, youth, mature workers, women and long-term unemployed
- proxy data on the employment of people with disabilities.

### **Results information**

- The Minister's view of the quality of policy, purchase advice and monitoring, and ministerial servicing will be sought six-monthly through questionnaires or other appropriate means. The performance standards for policy advice are set out in Appendix 1.
- As much of the work undertaken is done in conjunction with other agencies, stakeholders will be canvassed for their views on the processes followed by the Department, the outputs produced by the Department and whether these outputs are consistent with the achievement of the outcome(s).
- Ministerial servicing will be provided in timeframes agreed with the Minister and in accordance with relevant Cabinet and legislative standards.

### **Activity information**

- Policy advice outputs will be delivered as agreed with the Minister and as detailed in the Vote Employment Output Agreement for 2003/04.
- The Department will provide responses to Official Information Act requests, parliamentary questions and ministerial correspondence as required, and report on the numbers.

## Cost

Expenses will not exceed actual revenue.

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
2003/2004	8,455	7,515	7,515	7,515	-
2002/2003	7,979	7,093	7,093	7,093	-

## OUTPUT CLASS D2 – SERVICES TO GENERATE SUSTAINABLE COMMUNITY WEALTH AND WELL-BEING

### DESCRIPTION

Through this output class the Minister of Social Services and Employment purchases a range of community enterprise and employment development services along with policy advice (including research and evaluation) which contribute to the primary outcome of thriving, well-settled and inclusive communities.

They also contribute to the outcomes of:

- improved labour market participation, particularly for those disadvantaged in the labour market
- greater opportunities for all in New Zealand.

Community enterprise and employment development services are delivered by the Community Employment Group (CEG), which has a nation-wide network of community-based fieldworkers organised into four regions, supported by a national office.

Services provided under this output class include activities relating to building community capacity and enterprise, increasing community access to resources and information, and encouraging participation in community life. Policy advice and ministerial are also provided to Ministers on community enterprise and employment development issues. Policy advice is informed by community and field experience and various policy, research and evaluation projects.

The most significant outcome of these services is the generation of sustainable community wealth and well-being by helping to ensure:

- community wealth and employment opportunities are generated through community enterprise
- communities are able to respond to significant change or adversity; and
- communities are safe, attractive and inclusive.

Priority is given to communities and groups vulnerable to labour market exclusion or disadvantage, in particular Māori, Pacific People, women, and the urban and rural disadvantaged.

## **PERFORMANCE MEASURES**

### **Environmental Information**

#### *Thriving, well-settled and inclusive communities:*

- employment growth and average unemployment rate by region
- social indicators developed by the Ministry of Social Development to measure social well-being and to provide information on the health of communities.

#### *Improved labour market participation particularly for those disadvantaged in the labour market:*

- labour force participation, for those disadvantaged in the labour market, will be monitored.

### **Results Information**

#### *Capacity and enterprise built in vulnerable communities*

Community group capacity increased through the provision of development assistance for at least 1,300 community projects in vulnerable communities.

Local enterprise opportunities taken advantage of by at least 60 active Community Enterprise Organisations.

Social entrepreneurship stimulated through the provision of at least 25 grants to community leaders and innovators.

Māori and Pacific women's leadership encouraged and supported through the provision of development assistance for at least 75 community projects to train and develop the practical skills of Māori and Pacific women.

#### *Access to resources and information increased in vulnerable communities*

Access to resources improved through the provision of development assistance for at least 35 projects to create local partnerships between Māori groups and other organisations or agencies.

Engagement between government and community agencies increased through the brokering, development or negotiation of relationships in communities facing significant change or adversity. The Department will report on key examples occurring during the year.

Ideas, experiences and innovations of local communities shared through the provision of 11 editions of Employment Matters and an Employment Matters web-site updated at regular intervals.

#### *Participation encouraged in vulnerable communities*

Participation in community life encouraged through the provision of development assistance for at least 50 community projects supporting involvement in positive community activity.

Activities to achieve the above results will be delivered according to the following standards:

- decisions will be made on 75% of fully completed grant applications within 15 working days of receipt in the national office

- responsiveness<sup>10</sup> to requests for assistance will be improved. The Department will report on progress, which will be monitored by way of client feedback forms
- a sample of groups will be surveyed to assess the impact of development assistance provided. The sample will be selected from a particular type of community employment project or client group assisted during the year. At least 80% of respondents are expected to report that services provided have assisted or greatly assisted the development of their group or project.

***Policy advice and ministerial services provided in support of generating sustainable community wealth and well-being***

The Minister's view of the quality of policy advice and ministerial servicing will be sought six-monthly through questionnaires or other appropriate means. The performance standards for policy advice are set out in Appendix 1.

As much of the work is undertaken in conjunction with other agencies, stakeholders will be canvassed for their views on the Department's processes, the outputs produced by the Department and whether these outputs are consistent with the achievement of the outcome(s).

Ministerial servicing will be provided in timeframes agreed with the Minister and in accordance with relevant Cabinet and legislative standards.

**Activity information**

At least:

- 80% of community interventions will be directed towards one or more priority groups
- 85% of community employment project grants will be directed towards one or more priority groups
- 50% of community interventions will be directed towards Māori as a priority group
- 20% of community interventions will be directed towards Pacific peoples as a priority group.

The following activity information reflects events or processes that contribute to the delivery of outputs, but are subject to annual variability due to changes in external demand. An estimated:

- 36,000 community interventions are expected to be made
- 1,450 grant applications are expected to be received
- 2,000 grant payment are expected to be made.

Policy advice outputs will be delivered as agreed with the Minister and as detailed in the Vote Employment Output Agreement for 2003/04.

The Department will provide responses to Official Information Act requests, parliamentary questions and ministerial correspondence as required, and report on the numbers.

<sup>10</sup> Responsiveness includes time taken to respond to requests, and information provided being relevant and easily understood.

### **Cost**

Expenses will not exceed actual revenue.

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
2003/2004	12,611	11,210	11,210	11,210	-
2002/2003	10,874	9,665	9,665	9,665	-

## APPENDIX 1

The Minister expects to receive policy advice consistent with the following quality standards:

- **Timeliness:** advice will be produced in sufficient time to allow thorough consideration prior to decision-making, or within the timeframe agreed with the Minister.
- **Emerging issues:** advice was provided on emerging issues that were not part of the existing work plan.
- **Issue and objective:** a clearly-defined issue or objective to be achieved is provided.
- **Analysis:** the analysis is sound and convincing: that is, appropriate analytical techniques are employed, convincing evidence is provided and there is a clear rationale for recommendations made.
- **Options:** all viable options recognising a wider government perspective are identified and addressed.
- **Consultation:** where appropriate, the right individuals, government departments and interest groups were consulted at the right time and their input was used appropriately.
- **Style and presentation:** the report uses a satisfactory style and presentation.
- **Implementation:** where appropriate, information is provided on the implementation of the selected option(s), including feasibility issues, legislative implications, and assessment of fiscal, administrative and compliance costs.
- **Evaluation strategy:** where appropriate, advice includes how proposals would be evaluated.
- **Compliance cost assessment:** where appropriate, all policy will be subject to an analysis of the compliance cost implications for the private and public sectors.

## PART C

### FORECAST FINANCIAL STATEMENTS

#### OVERVIEW

In 2003/2004 the Department expects to receive \$121.085 million in revenue from the Crown, \$1.334 million from other departments, \$80.845 million from other purchasers of services supplied and \$11,000 interest from non-New Zealand Debt Management Office. We expect to incur expenses of \$200.173 million in providing these services, which will result in a surplus of \$3.102 million.

The Department expects to have a net cash flow from operating activities of \$9.642 million, which will fund the surplus and its re-investment in fixed assets.

The Department expects to collect on behalf of the Crown \$34.009 million for Health and Safety in Employment Levy; Occupational Safety and Health Fees and Licenses; Higher Salaries Commission recovery of costs of setting Local Authority members' remuneration; Employment Institutions fees; and the Migrant Levy.

*In addition, the Department administers the following Non-Departmental appropriations:*

- output classes totalling \$622.282 million for labour market, employment promotion and accident compensation-related purposes
- remaining appropriations totalling \$170.513 million for Employment Court Judges' salaries and allowances and Employment Relations Authority members' salaries and allowances; subscription to the International Labour Organisation; community employment related funds; accident compensation and labour-related payments.

The Department is responsible for making payments supplied under non-departmental output classes and ensuring these appropriations are not exceeded, and for managing and monitoring contracts with non-departmental providers on behalf of the Ministers of Labour, Accident Insurance and Social Services and Employment. Each provider is responsible to the Minister for their performance in supplying those services.

Details of what non-departmental appropriations will be spent on appear in Parts B1 and C2 of Votes: Labour, Immigration, Accident Insurance and Employment of the 2003/2004 Estimates.

*These forecast financial statements contain the following statements:*

- a statement of responsibility signed by the Secretary of Labour in respect of the statements contained in this report
- financial highlights
- a forecast statement of financial performance for the year ending 30 June 2004
- a forecast statement of financial position as at 30 June 2004
- a forecast statement of cash flows for the year ending 30 June 2004
- two reconciliation statements, which provide further information on the movement in taxpayers' funds and enable analysis of significant differences

between the net surplus/(deficit) in the statement of financial performance and the operating cashflows in the cash flow statement

- an estimate of fixed assets as at 30 June 2003 and a forecast of fixed assets by category as at 30 June 2004
- a statement of estimated commitments as at 30 June 2003 and forecast commitments as at June 2004
- estimated memorandum account as at 30 June 2003 and forecast memorandum account as at 30 June 2004
- a statement of objectives specifying the Department's financial performance forecast and the output performance forecast for each class of outputs for the year ending 30 June 2004
- GST reconciliation of Departmental output classes as at 30 June 2004
- a statement of significant underlying assumptions and accounting policies to explain the basis on which the Department has compiled the forecast financial statements.

## STATEMENT OF RESPONSIBILITY

The forecast financial statements of the Department of Labour presented in this report for the year ending 30 June 2004 have been prepared in accordance with section 34A of the Public Finance Act 1989.


The Chief Executive of the Department of Labour acknowledges, in signing this statement, that he is responsible for the forecast financial statements contained in this report.

The financial performance forecast to be achieved by the Department for the year ending 30 June 2004, specified in the statement of objectives, is as agreed with the Minister of Labour, who is the Minister responsible for the financial performance of the Department of Labour.

The performance for each class of outputs forecast to be achieved by the Department for the year ending 30 June 2004, specified in the statement of objectives, is as agreed with the Minister responsible for each Vote administered by the Department.

We certify that the information contained in this report is consistent with the appropriations contained in the Estimates for the year ending 30 June 2004 that are being laid before the House of Representatives under section 9 of the Public Finance Act 1989.

*Signed*

A handwritten signature in blue ink, appearing to be 'P. ...', written over a horizontal line.

**Chief Executive**  
14 April 2003

*Countersigned*

A handwritten signature in blue ink, appearing to be 'B. ...', written over a horizontal line.

**Chief Financial Officer**  
14 April 2003

## FINANCIAL HIGHLIGHTS

	2002/2003		2003/2004
	Budgeted \$000	Estimated Actual \$000	Budgeted \$000
Revenue: Crown	103,186	102,362	121,085
Revenue: Department	1,004	1,071	1,334
Revenue: Other	77,945	70,040	80,845
Interest	11	11	11
Output Expenses	180,550	172,700	200,173
Other Expenses	-	-	-
Net Surplus/ (Deficit)	1,596	784	3,102
Taxpayers' Funds	19,306	18,746	25,651
Net Cash Flows from Operating and Investing Activities	9,731	10,110	(5,348)

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2004

	2002/2003		2003/2004
	Budgeted <sup>11</sup>	Estimated Actual	Budgeted
	\$000	\$000	\$000
<b>Revenue</b>			
Crown	103,186	102,362	121,085
Department	1,004	1,071	1,334
Other	77,945	70,040	80,845
Interest - non NZDMO	11	11	11
<b>Total Revenue</b>	<b>182,146</b>	<b>173,484</b>	<b>203,275</b>
<b>Expenses</b>			
<i>Output Expenses:</i>			
Personnel	79,130	77,199	88,502
Operating	93,534	87,726	103,309
Depreciation	6,166	6,138	6,618
Capital charge	1,720	1,637	1,744
Total Output Expenses	180,550	172,700	200,173
<b>Total Expenses</b>	<b>180,550</b>	<b>172,700</b>	<b>200,173</b>
<b>Net Surplus/(Deficit)</b>	<b>1,596</b>	<b>784</b>	<b>3,102</b>

<sup>11</sup> This column incorporates both Main Estimates and Supplementary Estimates appropriations for 2003/2004.

**STATEMENT OF ESTIMATED FINANCIAL POSITION AS AT 30 JUNE  
2003 AND FORECAST FINANCIAL POSITION FOR THE YEAR ENDING  
30 JUNE 2004**

	Forecast Financial Position as at 30 June 2003 \$000	Estimated Financial Position as at 30 June 2003 \$000	Forecast Position for the year ending 30 June 2004 \$000
<b>Assets</b>			
<i>Current Assets</i>			
Cash and bank balances	46,993	46,812	47,585
Prepayments	1,266	1,263	1,285
Debtors and receivables	752	770	757
<b>Total Current Assets</b>	<b>49,011</b>	<b>48,845</b>	<b>49,627</b>
<i>Non-Current Assets</i>			
Fixed assets	20,629	19,715	28,036
<b>Total Assets</b>	<b>69,640</b>	<b>68,560</b>	<b>77,663</b>
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Creditors and payables	39,885	39,941	39,976
Provision for payment of surplus to the Crown	1,596	784	3,102
Provision for employee entitlements	5,485	6,487	6,284
<b>Total Current Liabilities</b>	<b>46,966</b>	<b>47,212</b>	<b>49,362</b>
<i>Term Liabilities</i>			
Provision for employee entitlements	3,368	2,602	2,650
<b>Total Liabilities</b>	<b>50,334</b>	<b>49,814</b>	<b>52,012</b>
<b>Taxpayers' Funds</b>			
General funds	17,804	17,244	24,149
Revaluation reserve	1,502	1,502	1,502
<b>Total Taxpayers' Funds</b>	<b>19,306</b>	<b>18,746</b>	<b>25,651</b>
<b>Total Liabilities and Taxpayers' Funds</b>	<b>69,640</b>	<b>68,560</b>	<b>77,663</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2004

	2002/2003		2003/2004
	Budgeted \$000	Estimated Actual \$000	Budgeted \$000
<b>Cash Flows from Operating Activities</b>			
Cash provided from:			
Supply of outputs to:			
Crown	103,057	102,233	121,085
Department	1,004	1,071	1,334
Other	87,163	79,239	80,854
Interest non-NZDMO	11	11	11
Cash disbursed to:			
Cost of producing outputs:			
Output expenses	(172,129)	(164,019)	(191,898)
Capital charge	(1,720)	(1,637)	(1,744)
<b>Net Cash Flows from Operating Activities</b>	<b>17,386</b>	<b>16,898</b>	<b>9,642</b>
<b>Cash Flows from Investing Activities</b>			
Cash provided from:			
Sale of physical assets	362	718	428
Cash disbursed to:			
Purchase of physical assets	(8,017)	(7,506)	(15,418)
<b>Net Cash Flows from Investing Activities</b>	<b>(7,655)</b>	<b>(6,788)</b>	<b>(14,990)</b>
<b>Cash Flows from Financing Activities</b>			
Cash provided from:			
Capital contribution from the Crown	1,577	1,017	6,905
Cash disbursed to:			
Repayment of surplus to the Crown	(18,010)	(18,010)	(784)
Capital repayments to the Crown	-	-	-
<b>Net Cash Flows from Financing Activities</b>	<b>(16,433)</b>	<b>(16,993)</b>	<b>6,121</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>(6,702)</b>	<b>(6,883)</b>	<b>733</b>
Opening total cash balances at 1 July	53,900	53,900	46,812
Effect Exchange Rate Changes	(205)	(205)	-
<b>Closing Total Cash Balances at 30 June projected</b>	<b>46,993</b>	<b>46,812</b>	<b>47,585</b>

**RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO NET SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2004**

	2002/2003		2003/2004
	Budgeted \$000	Estimated Actual \$000	Budgeted \$000
<b>Net Surplus / (Deficit)</b>	<b>1,596</b>	<b>784</b>	<b>3,102</b>
<i>Add/(less) non-cash items:</i>			
Depreciation	6,166	6,138	6,618
Other non-cash items	9	6	-
<i>Add/(less) movements in working capital items:</i>			
(Increase)/decrease in debtors and receivables	493	475	13
(Increase)/decrease in prepayments	253	256	(22)
Increase/(decrease) in creditors and payables*	7,493	7,549	35
Increase/(decrease) in employee entitlements	1,340	1,576	(155)
<i>Add/(less) item classified as investing activity:</i>			
Net loss/(profit) on sale of fixed assets	36	114	51
<b>Net Cash Flows from Operating Activities</b>	<b>17,386</b>	<b>16,898</b>	<b>9,642</b>

\* Adjusted for non-operating items.

## STATEMENT OF MOVEMENT IN TAXPAYERS' FUNDS (EQUITY) FOR THE YEAR ENDING 30 JUNE 2004

	Estimated Position as at 30 June 2003	Forecast Position for the year ending 30 June 2004
	\$000	\$000
<b>Taxpayers' Funds at start of period</b>	<b>17,762</b>	<b>18,746</b>
<i>Movements during the year (other than flows to and from the Crown):</i>		
Net surplus: total recognised revenues and expenses for the year	784	3,102
<i>Total movements (non-Crown)</i>	784	3,102
<i>Adjustment for flows to and from the Crown:</i>		
Capital contribution	1,017	6,905
Capital repayment	-	-
Provision for repayment of surplus	(784)	(3,102)
Transfer out of assets/liabilities to ACC	(33)	-
Revaluation reserve	-	-
<i>Total adjustments for flows to and from the Crown</i>	200	3,803
<b>Taxpayers' Funds at the end of the period</b>	<b>18,746</b>	<b>25,651</b>

## STATEMENT OF ESTIMATED FIXED ASSETS AS AT 30 JUNE 2003 AND FORECAST FIXED ASSETS FOR THE YEAR ENDING 30 JUNE 2004

	Actual as at 30 June 2002 \$000	Estimated as at 30 June 2003 \$000	Forecast For the year ending 30 June 2004 \$000
<b>Land</b>			
At cost	-	-	-
At valuation	1,040	1,040	1,040
<b>Land – net current value</b>	<b>1,040</b>	<b>1,040</b>	<b>1,040</b>
<b>Buildings</b>			
At cost	-	-	-
At valuation	686	686	686
Accumulated depreciation	(48)	(48)	(63)
<b>Buildings – net current value</b>	<b>638</b>	<b>638</b>	<b>623</b>
<b>Leasehold Improvements</b>			
At cost	13,413	13,513	16,328
Accumulated depreciation	(7,828)	(7,913)	(9,490)
<b>Leasehold Improvements – net current value</b>	<b>5,585</b>	<b>5,600</b>	<b>6,838</b>
<b>Specialised Equipment</b>			
At cost	564	564	614
Accumulated depreciation	(432)	(419)	(434)
<b>Specialised Equipment – net current value</b>	<b>132</b>	<b>145</b>	<b>180</b>
<b>Furniture, Fittings and Office Equipment</b>			
At cost	5,879	5,849	5,842
Accumulated depreciation	(4,332)	(4,344)	(4,735)
<b>Furniture and Fittings – net current value</b>	<b>1,547</b>	<b>1,505</b>	<b>1,107</b>
<b>Computer Equipment</b>			
At cost	21,499	20,066	29,718
Accumulated depreciation	(13,873)	(13,775)	(16,853)
<b>Computer Equipment – net current value</b>	<b>7,626</b>	<b>6,291</b>	<b>12,865</b>
<b>Motor Vehicles</b>			
At cost	7,290	7,104	8,140
Accumulated depreciation	(3,229)	(2,608)	(2,757)
<b>Motor Vehicles – net current value</b>	<b>4,061</b>	<b>4,496</b>	<b>5,383</b>
<b>Total Fixed Assets</b>			
At cost and valuation	50,371	48,822	62,368
Accumulated depreciation	(29,742)	(29,107)	(34,332)
<b>Total Fixed Assets – net current value</b>	<b>20,629</b>	<b>19,715</b>	<b>28,036</b>

Land and buildings in Suva were revalued at fair value as at 7 December 2000, by an independent registered valuer, Serupepeli Navuta, of Rolle Hillier Parker. Land and buildings at Mangere Resettlement Centre in Auckland were revalued at fair value as at 31 December 2000, by an independent registered valuer, Rene McLean of Quotable Value NZ. There were no significant assumptions or limiting conditions set out in the valuation reports.

## **STATEMENT OF ESTIMATED COMMITMENTS AS AT 30 JUNE 2003 AND FORECAST COMMITMENTS FOR THE YEAR ENDING 30 JUNE 2004**

	Estimated Position as at 30 June 2003 \$000	Forecast Position for the year ending 30 June 2004 \$000
<b>Operating Lease Commitments</b>		
Lease commitments at the period end (GST exclusive):		
Within 1 year of balance date	13,195	10,770
1-2 years	10,361	9,139
2-5 years	9,345	6,458
Over 5 years	3,293	3,105
<b>Total</b>	<b>36,194</b>	<b>29,472</b>

**ESTIMATED MEMORANDUM ACCOUNT AS AT 30 JUNE 2003  
AND FORECAST MEMORANDUM ACCOUNT FOR THE YEAR ENDING  
30 JUNE 2004**

<b>Vote Immigration: Services to Increase the Capacity of New Zealand through Immigration Output Class</b>	<b>Estimated Position as at 30 June 2003 \$000</b>	<b>Forecast Position for the year ending 30 June 2004 \$000</b>
<b>Opening Balance 1 July</b>	<b>23,139</b>	<b>22,563</b>
Forecast / actual annual surplus / (deficit)	549	3,102
Capital contributions	(1,125)	-
Capital withdrawals	-	-
Other movements	-	-
<b>Closing Balance 30 June</b>	<b>22,563</b>	<b>25,665</b>

This account summarises financial information relating to the accumulated financial surplus and deficits incurred in the sale of Visa and Permits by the Department of Labour.

The surplus/deficit levels are dependent upon the business conditions and Government's policy settings prevailing during that period. The expectation is that with fluctuations in the immigration market, possible changes to immigration policy, and the potential need for future capital contributions for expansion and improvement of Visa and Permit services, the balance of this account will over time move to zero.

This memorandum account has been operating since 1 July 1999, and reflects forecasts based on the current strong demand for Visa and Permit services. Changes to these demand levels during or between years may mean actual outturns differ from forecast.

The Department is currently undertaking a review of costs, and if required new fees will be introduced for the 2003/04 financial year.

The capital contributions as at 30 June 2003 relates to two Memorandum Account bids for accommodation for Visa and Permit branches.

## STATEMENT OF OBJECTIVES SPECIFYING THE FINANCIAL PERFORMANCE FORECAST FOR THE DEPARTMENT FOR THE YEAR ENDING 30 JUNE 2004

### PERFORMANCE INDICATORS: 2002/2003 AND 2003/2004

	2002/2003		2003/2004
	Budgeted \$000	Estimated Actual \$000	Budgeted \$000
<b>Operating Results</b>			
Revenue: Crown	103,186	102,362	121,085
Revenue: Department	1,004	1,071	1,334
Revenue: other	77,945	70,040	80,845
Interest - non NZDMO	11	11	11
Output expenses	180,550	172,700	200,173
Net Operating surplus before capital charge	3,316	2,421	4,846
Net surplus	1,596	784	3,102
<b>Financial Position</b>			
Net current assets <sup>12</sup>	2,045	1,633	265
Physical assets:			
Total physical assets at year end (net)	20,629	19,715	28,036
Taxpayers' funds: level at year-end	19,306	18,746	25,651

<sup>12</sup> Current assets minus current liabilities.

## STATEMENT OF OBJECTIVES SPECIFYING THE PERFORMANCE FORECAST FOR EACH CLASS OF OUTPUTS FOR THE YEAR ENDING 30 JUNE 2004

The Department of Labour has committed to provide output classes in 2003/2004 which meet the requirements of its Vote Ministers and various purchasers in terms of their nature, timeliness, quality and quantity specifications and cost.

### SUMMARY OF DEPARTMENTAL OUTPUT CLASSES

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

Output Class Operating Statements: 2003/2004

Departmental Output Class	Description	Revenue: Crown \$000	Revenue: Department \$000	Revenue: Other \$000	Total Expenses \$000 <sup>13</sup>	Surplus/ (deficit) \$000
<b>Vote Labour</b>						
D1 Policy Advice – Labour	Purchase of analysis research and policy advice on the labour market contributing to greater opportunities for all in New Zealand, fair and productive employment relationships, and safe and healthy people and workplaces including monitoring and ministerial servicing.	6,326	158	-	6,484	-
D2 International Services	Management of the Government's relationship with the International Labour Organisation (ILO), and maintaining an overview of the linkages between international labour-related developments and domestic policy issues.	407	-	-	407	-

<sup>13</sup> Corresponds to the appropriated sums excluding GST.

Departmental Output Class	Description	Revenue: Crown \$000	Revenue: Department \$000	Revenue: Other \$000	Total Expenses \$000 <sup>14</sup>	Surplus/ (deficit) \$000
<b>Vote Labour (continued)</b>						
D3 Services to Promote and Support Fair and Productive Employment Relationships	Providing services to promote and support fair and productive employment relationships including support services provided to Employment Relations institutions.	17,801	-	180	17,981	-
D4 Services to Promote and Support Safe and Healthy People and Workplaces	Purchasing services to promote and support safe and healthy people and workplaces.	24,545	330	300	25,175	-
D5 Services to Promote and Support Environmentally Sound Work Practices	Purchasing services to promote and support environmentally sound work practices required by the Hazardous Substances and New Organisms Act 1996 and also covering administration of the Machinery Act 1950.	1,708	-	12	1,720	-
<b>Total Vote Labour</b>		<b>50,787</b>	<b>488</b>	<b>492</b>	<b>51,767</b>	<b>-</b>

<sup>14</sup> Corresponds to the appropriated sums excluding GST.

Departmental Output Class	Description	Revenue: Crown \$000	Revenue: Department \$000	Revenue: Other \$000	Total Expenses \$000 <sup>15</sup>	Surplus/ (deficit) \$000
<b>Vote Accident Insurance</b>						
D1 Policy and Monitoring	Purchasing a range of services in relation to injury prevention and management including policy advice; analysis; evaluation; research; monitoring; purchase advice monitoring; legislation support and ministerial servicing.	2,997	-	-	2,997	-
D2 Regulatory Services	Purchasing services to manage the residual long-term responsibility related to the Crown's ongoing risks resulting from the introduction of the competitive insurance market during 1999/2000.	130	-	-	130	-
<b>Total Vote Accident Insurance</b>		<b>3,127</b>	<b>35</b>	<b>-</b>	<b>3,127</b>	<b>-</b>

<sup>15</sup> Corresponds to the appropriated sums excluding GST.

Departmental Output Class	Description	Revenue: Crown \$000	Revenue: Department \$000	Revenue: Other \$000	Total Expenses \$000 <sup>16</sup>	Surplus/ (deficit) \$000
<b>Vote Immigration</b>						
D1 Services to Increase the Capacity of New Zealand through Immigration	Purchase of migrant customer services that include facilitation, decision-making and border risk management, response to settlement needs and community initiatives to encourage migrant participation. Provision of related advice on appropriate policy settings; research and evaluation; Ministerial services; and support services for Residence Appeal Authority and Removal Review Authority, is also purchased.	33,585	-	79,672	110,179	3,078

<sup>16</sup> Corresponds to the appropriated sums excluding GST.

Departmental Output Class	Description	Revenue: Crown \$000	Revenue: Department \$000	Revenue: Other \$000	Total Expenses \$000 <sup>17</sup>	Surplus/ (deficit) \$000
<b>Vote Immigration (continued)</b>						
D2 Services to Position New Zealand as an International Citizen with Immigration-Related Interests and Obligations	Purchase of refugee customer services that include selection, travel and resettlement of quota refugees; and refugee status determinations and support processes for claimants. Participation in multilateral initiatives; the preparedness to respond to a humanitarian crisis; the provision of related advice on appropriate policy settings, research and evaluation; and support services for Refugee Status Appeal Authority, are also purchased.	14,861	846	681	16,375	13
<b>Total Vote Immigration</b>		<b>48,446</b>	<b>846</b>	<b>80,353</b>	<b>126,554</b>	<b>3,091</b>

<sup>17</sup> Corresponds to the appropriated sums excluding GST.

Departmental Output Class	Description	Revenue: Crown \$000	Revenue: Department \$000	Revenue: Other \$000	Total Expenses \$000 <sup>18</sup>	Surplus/ (deficit) \$000
<b>Vote Employment</b>						
D1 Policy, Purchase Advice and Monitoring	This appropriation funds labour market policy analysis, advice, research (including evaluation) and information dissemination on labour market participation. It also provides for purchase advice and monitoring of employment services funded through Vote Social Development.	7,515	-	-	7,515	-
D2 Services to Generate Sustainable Community Wealth and Well-being	This appropriation funds community policy advice and development assistance to communities facing labour market disadvantage in order to increase their capability and sustainability to contribute to their own community enterprise and employment development. It also includes the management of project grants provided to a range of local community organisations.	11,210	-	-	11,210	-
<b>Total Vote Employment</b>		<b>18,725</b>	<b>-</b>	<b>-</b>	<b>18,725</b>	<b>-</b>
<b>Total Department of Labour</b>		<b>121,085</b>	<b>1,334</b>	<b>80,845</b>	<b>200,173</b>	<b>3,091</b>

<sup>18</sup> Corresponds to the appropriated sums excluding GST.

## GST RECONCILIATION OF DEPARTMENTAL OUTPUT CLASSES: 2003/2004

Departmental Output Class	GST – Exclusive \$000	GST \$000	GST – Inclusive Vote \$000
<b>Vote Labour</b>			
D1 Policy Advice – Labour	6,484	811	7,295
D2 International Services	407	51	458
D3 Services to Promote and Support Fair and Productive Employment Relationships	17,981	2,247	20,228
D4 Services to Promote and support Safe and Healthy People and workplaces	25,175	3,147	28,322
D5 Services to Promote and Support Environmentally Sound Work Practices	1,720	215	1,935
<b>Vote Labour Total</b>	<b>51,767</b>	<b>6,471</b>	<b>58,238</b>
<b>Vote Accident Insurance</b>			
D1 Policy and Monitoring	2,997	375	3,372
D2 Regulatory Services	130	16	146
<b>Vote ACC Total</b>	<b>3,127</b>	<b>391</b>	<b>3,518</b>
<b>Vote Immigration</b>			
D1 Services to Increase the Capacity of New Zealand through Immigration	110,179	8,522	118,701
D2 Services to Position New Zealand as an International Citizen with Immigration-Related Interests and Obligations	16,375	2,049	18,424
<b>Vote Immigration Total</b>	<b>126,554</b>	<b>10,571</b>	<b>137,125</b>
<b>Vote Employment</b>			
D1 Policy, Purchase Advice and Monitoring	7,515	940	8,455
D2 Community Employment and Development Services	11,210	1,401	12,611
<b>Vote Employment Total</b>	<b>18,725</b>	<b>2,341</b>	<b>21,066</b>
<b>Department of Labour Total</b>	<b>200,173</b>	<b>19,774</b>	<b>219,947</b>

The statements previously presented in this report are all GST exclusive, in accordance with generally accepted accounting practice. The appropriations in the Estimates are inclusive of GST. The above table reconciles each output class expenditure to the appropriation.

The component of the D1 Services to Increase the Capacity of New Zealand through Immigration output class that is related to migrant customer services, is predominantly funded by revenue from third parties, of which a significant portion is received offshore and is, therefore, zero-rated for GST purposes. The GST appropriated relates to the revenue received onshore.

## STATEMENT OF SIGNIFICANT UNDERLYING ASSUMPTIONS

These statements have been compiled on the basis of Government policies and the Department of Labour's purchase agreements with the relevant Vote Ministers at the time the statements were finalised.

### REPORTING ENTITY

The Department of Labour is a government department as defined by section 2 of the Public Finance Act 1989.

### MEASUREMENT SYSTEM

These financial statements have been prepared on a modified historical cost basis except for certain items with specific accounting policies outlined below.

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Revenue

The Department derives revenue through the provision of outputs to the Crown, for immigration services, sale of publications to third parties, and interest received from Westpac Trust overseas bank accounts. Such revenue is recognised when earned and is reported in the financial period to which it relates.

### Property, Plant and Equipment

Land and buildings are stated at fair value as determined by an independent registered valuer. Fair value is determined using market-based evidence. Freehold properties land and buildings in New Zealand and overseas are individually revalued on a three yearly cycle.

The results of revaluing land and buildings are credited or debited to an asset revaluation reserve for that class of asset. Where a revaluation results in a debit balance in the revaluation reserve, the debit balance will be expensed in the statement of financial performance.

Fixed Assets are recorded at cost or valuation, less accumulated depreciation. Land and buildings in New Zealand and overseas are recorded at fair value less depreciation. All other fixed assets or groups of assets forming part of a network which are material in aggregate, costing more than \$5,000 are capitalised and recorded at cost. Any write-down of an item to its recoverable amount is recognised in the statement of financial performance.

### Depreciation

Depreciation is provided on a straight-line basis on all fixed assets, other than freehold land and items under construction, at a rate which will write-off the cost (or valuation) of the assets to their estimated residual value over their useful lives.

Leasehold improvements are depreciated over the shorter of the unexpired period of the lease and the estimated useful life of the improvements.

The estimated useful lives of the buildings have been estimated to be 40 years, leasehold improvements up to 10 years, motor vehicles 4 years, furniture and fittings up to 10 years, computer equipment up to 5 years and specialised equipment 8 years.

## **Operating Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. The Department leases office premises, computer and office equipment. Payments arising from operating lease commitments are charged against earnings in the periods in which they are incurred over the period of the lease.

## **Taxation**

Department of Labour is not required to pay income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax has been provided.

## **Goods and Services Tax (GST)**

The Statement of Financial Performance, Statement of Movement in Taxpayers' Funds, Statement of Cash Flows, Statement of Commitments, Statements of Objectives and the Memorandum Account are exclusive of GST. The Statement of Financial Position is also exclusive of GST except for creditors and payables and debtors and receivables, which are GST inclusive. 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).

## **Debtors and Receivables**

Receivables are recorded at estimated realisable value after providing, where necessary, for doubtful and uncollectable debts.

## **Foreign Currencies**

Foreign currency transactions are converted into New Zealand dollars at a rate approximating the exchange rate at the date of the transaction.

Short-term transactions covered by forward exchange contracts are measured and reported at the forward rates specified in those contracts. Consequently, no exchange gain or loss resulting from the difference between the forward exchange contract rate and the spot rate on date of settlement is recognised.

At balance date monetary assets and liabilities in foreign currencies are translated to New Zealand dollars at the closing exchange rate. The resulting unrealised exchange gain or loss is recognised in the Statement of Financial Performance. Other exchange gains or losses, whether realised or unrealised, are recognised in the Statement of Financial Performance in the period to which they relate.

## **Financial Instruments**

The Department is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, creditors and foreign currency forward contracts. This includes the investment of funds not immediately required for expenditure by the Insolvent Insurers Fund as required by Section 275 of the Accident Insurance Act 1998 and retained by the provisions in Part 10 of the Injury Prevention Rehabilitation Compensation Act 2001.

All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

Except for those items covered by a separate accounting policy all financial instruments are shown at their estimated fair value.

The Department is exposed to currency risk and credit risk:

### **Currency Risk**

The Department operates foreign currency bank accounts to support the operations of the overseas branches of the New Zealand Immigration Service. Funding of these accounts is limited to the amounts necessary to enable the settlement of transactions as they fall due. All material foreign exchange transaction exposures arising in the normal course of business are identified as early as possible in the budgetary cycle. The Department may utilise forward contracts to hedge exposures when recognised. The Department has policies in place to limit foreign exchange exposure.

### **Credit Risk**

The risk that a bank with which funds are deposited will fail or that a party with which future or current transactions are outstanding will not meet its obligations is minimised as follows:

The Department deals only, where there is a choice, with banks that have a high credit standing. Exposure to any one counterparty is limited to NZ\$5 million including unsettled forward exchange contracts, bank account balances and contracts due for settlement on the day the exposure is calculated. Where the Department deals in currencies for which liquid forward markets do not exist, approved counterparties for sale and purchase of currencies are restricted to other New Zealand Government departments and agencies.

### **Commitments**

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments (at the point a contractual obligation arises) to the extent that there are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

### **Cost Accounting Policies**

Costs that can be causally linked and assigned to an output class economically are direct costs. Costs incurred to produce more than one output class are indirect costs, which are allocated to outputs according to the amount of resource consumption or use.

The Department's accounting systems record costs by output class. The costs may be direct or indirect. The direct costs of personnel, operating, depreciation and capital charge costs are assigned directly to outputs. There are two types of indirect costs that are allocated to outputs:

- Services' head/regional office costs - these are specific to a Service and, as such, are allocated across the Services' outputs according to the most appropriate base. Resource use is based on time consumption, staff numbers or resource usage analysis.
- Office of the Chief Executive costs are general across all Services and, as such, are allocated to each output according to the most appropriate base, both percentage of net funds and staff numbers were used.

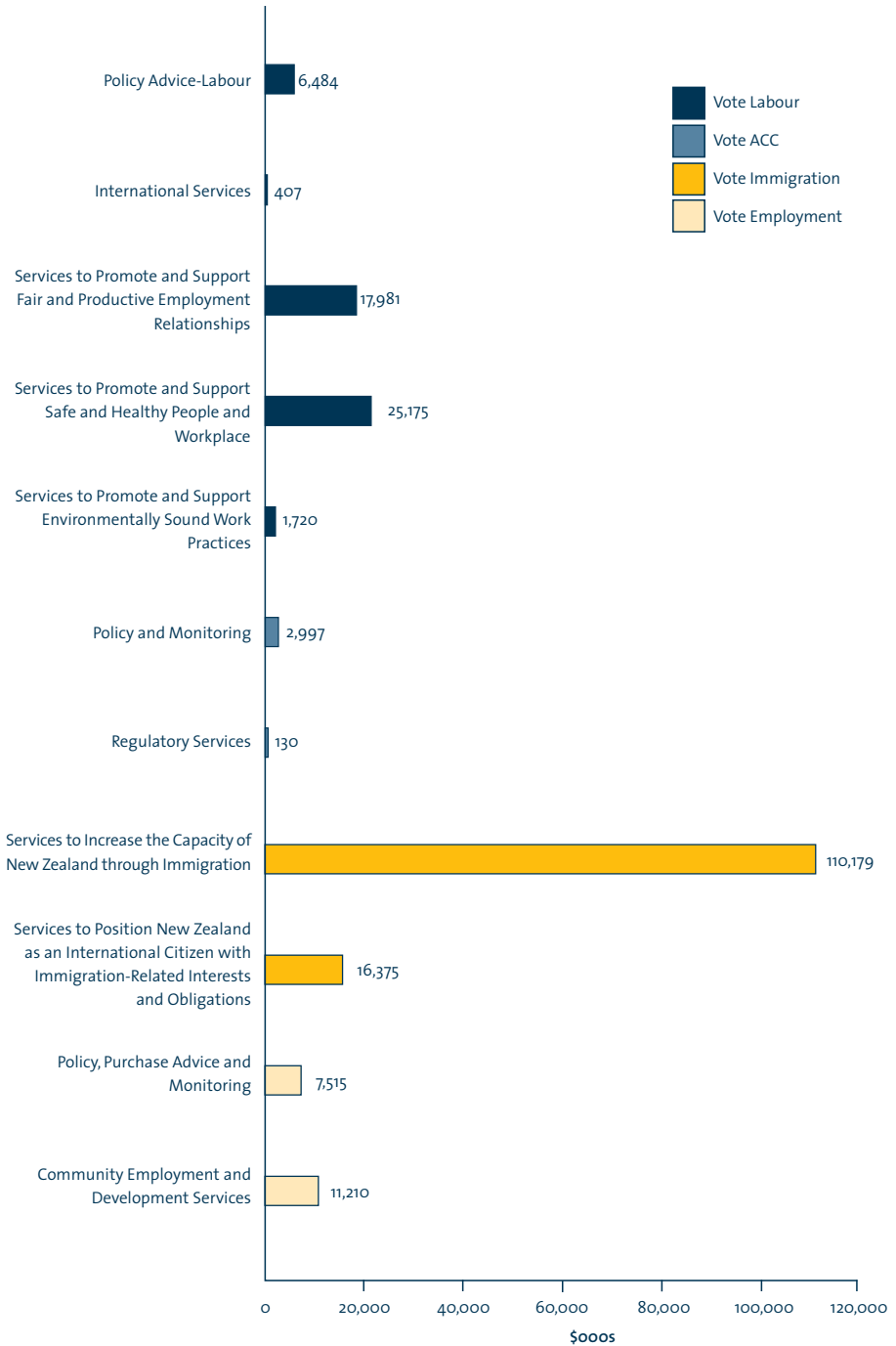
## **Employee Entitlements**

Provision is made in respect of the Department's liability for annual, long service and retirement leave. Annual leave and other entitlements that are expected to be settled within 12 months of reporting date, are measured at nominal values on an actual entitlement basis at current rates of pay.

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave, have been calculated on an actuarial basis on present value of expected future entitlements.

# COSTS OF OUTPUT CLASSES

## 2003/2004 VOTE (EXCLUDING GST)



## LEGISLATIVE FRAMEWORK

The Department administers the following statutes:

- Disabled Persons Employment Promotion Act 1960
- Employment Relations Act 2000
- Equal Pay Act 1972
- Health and Safety in Employment Act 1992
- Higher Salaries Commission Act 1977
- Holidays Act 1981
- Immigration Act 1987
- Injury Prevention, Rehabilitation, and Compensation Act 2001
- Labour Department Act Repeal Act 1989
- Machinery Act 1950
- Marine and Power Engineers Institute Industrial Disputes Act 1974
- Mines Rescue Trust Act 1992
- Minimum Wage Act 1983
- Parental Leave and Employment Protection Act 1987
- Seamen's Union Funds Act 1971
- Sharemilking Agreements Act 1937
- Shop Trading Hours Act Repeal Act 1990
- Trade Unions Act 1908
- Union Representatives Education Leave Act Repeal Act 1992
- Volunteers Employment Protection Act 1973
- Wages Protection Act 1983
- Waterfront Industry Reform Act 1989

The Department administers the following regulations:

- Abrasive Blasting Regulations 1958
- Accident Insurance ("Counsellor") Regulations 1999
- Accident Insurance (Indexation of Maximum Weekly Compensation) Regulations 1999
- Accident Insurance (Indexation of Maximum Weekly Compensation) Regulations 2000
- Accident Insurance (Indexation of Maximum Weekly Compensation) Regulations 2001
- Accident Insurance (Insurer Returns) Regulations 1999
- Accident Insurance (Insurer's Liability to Pay Cost of Treatment) Regulations 1999
- Accident Insurance (Interest on Crown Advances) Regulations 1999
- Accident Insurance (Interim Indexation) Regulations 1999
- Accident Insurance (Interim Indexation) Regulations 2000
- Accident Insurance (Interim Indexation) Regulations 2001
- Accident Insurance (Motor Spirits Duty) Order 2001
- Accident Insurance (Occupational Hearing Assessment Procedures) Regulations 1999
- Accident Insurance (Payment of Public Health Acute Services) Regulations 2000
- Accident Insurance (Payment of Public Health Acute Services) Regulations 2001

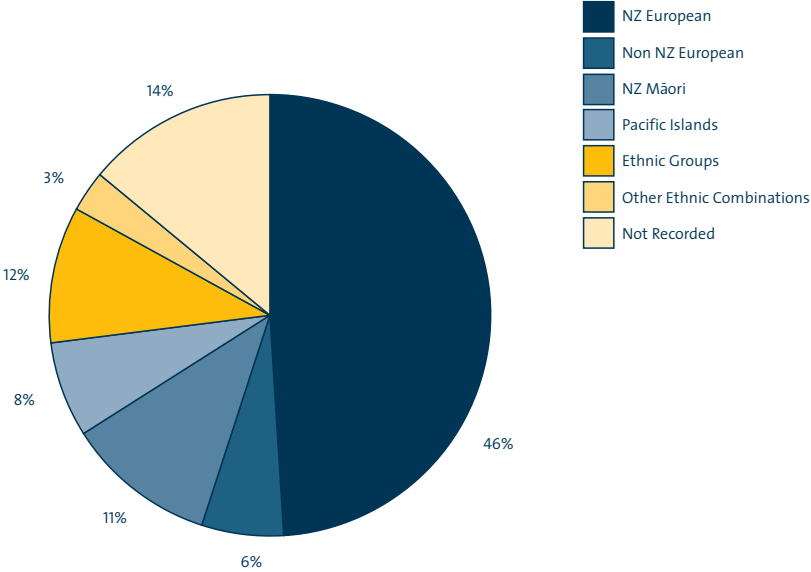
- Accident Insurance (Payment of Base Premiums) Regulations 1999
- Accident Insurance (Prescribed Rate of Interest) Regulations 1999
- Accident Insurance (Regulator’s Funding Levy) Regulations 2000
- Accident Insurance (Regulator’s Funding Levy) Regulations 2001
- Accident Rehabilitation and Compensation Insurance (Motor Spirits Excise Duty) Order 1998
- Amusement Devices Commencement Order 1968
- Amusement Devices Regulations 1978
- Dangerous Goods (Class 2 - Gases) Regulations 1980
- Dangerous Goods (Class 3 – Flammable Liquids) Regulations 1985
- Dangerous Goods (Class 4 - Flammable Solids or Substances and Class 5 - Oxidising Substances) Regulations 1985
- Dangerous Goods (Licensing Fees) Regulations 1976
- Disabled Persons Employment Promotion Order 2001
- Electroplating Regulations 1950
- Employment Court Regulations 2000
- Employment Relations Authority Regulations 2000
- Employment Relations (Prescribed Matters) Regulations 2000
- Explosives Amendment Act Commencement Order 1979
- Explosives Authorisation Order 1994
- Explosives Regulations 1959
- Factories and Commercial Premises (First Aid) Regulations 1985
- Framework for the Accredited Employers Programme (deemed “regulations”)
- Health and Safety in Employment (Asbestos) Regulations 1998
- Health and Safety in Employment (Mining Administration) Regulations 1996
- Health and Safety in Employment (Mining – Underground) Regulations 1999
- Health and Safety in Employment (Petroleum Exploration and Extraction) Regulations 1999
- Health and Safety in Employment (Pipelines) Regulations 1999
- Health and Safety in Employment (Prescribed Matters) Regulations 1993
- Health and Safety in Employment (Pressure Equipment, Cranes, and Passenger Ropeways) Regulations 1999
- Health and Safety in Employment (Rates of Funding Levy) Regulations 1994
- Health and Safety in Employment Regulations 1995
- Higher Salaries Commission Act Commencement Order 1978
- Higher Salaries Commission (Jurisdiction) Order 1988
- Immigration Act Commencement Order 1987
- Immigration (Refugee Processing) Regulations 1999
- Immigration Regulations 1999
- Immigration (Special Regularisation) Regulations 2000
- Immigration (Transit Visas) Regulations 1999
- Industrial Training Levies Order 1987
- Injury Prevention, Rehabilitation, and Compensation (Ancillary Services) Regulations 2002
- Injury Prevention, Rehabilitation, and Compensation (Earnings’ Levy and Earnings’ Account Residual Levy) Regulations 2002

- Injury Prevention, Rehabilitation, and Compensation (Employer Levy) Regulations 2003
- Injury Prevention, Rehabilitation, and Compensation (Indexation of Maximum Weekly Compensation) Regulations 2002
- Injury Prevention, Rehabilitation, and Compensation (Interest Rate for Late Payment of Levies) Regulations 2002
- Injury Prevention, Rehabilitation, and Compensation (Interim Indexation of Weekly Abatement Amounts) Regulations 2002
- Injury Prevention, Rehabilitation, and Compensation (Lump Sum and Independence Allowance) Regulations 2002
- Injury Prevention, Rehabilitation, and Compensation (Motor Vehicle Levy and Motor Vehicle Account Residual Levy) Regulations 2001
- Injury Prevention, Rehabilitation, and Compensation (Public Health Acute Services) Regulations 2002
- Injury Prevention, Rehabilitation, and Compensation (Residual Claims Levy) Regulations 2003
- Injury Prevention, Rehabilitation, and Compensation (Review Costs and Appeals) Regulations 2002
- Injury Prevention, Rehabilitation, and Compensation (Self-Employed Work Account Levies) Regulations 2003
- Labour Relations Regulations 1987
- Lead Process Regulations 1950
- Machinery Amendment Act Commencement Order 1967
- Machinery (Exclusion of Some Pressure Equipment, Cranes, and Passenger Ropeways) Order 1999
- Minimum Wage Act Commencement Order 1985
- Minimum Wage (Industry Training) Regulations 1999
- Minimum Wage Order 2003
- Minimum Wage Regulations 1946
- Noxious Substances Regulations 1954
- Parental Leave and Employment Protection Regulations 2002
- Parliamentary Salaries and Allowances Determination 2001
- Sharemilking Agreements Order 2001
- Spray Coating Regulations 1962
- Union Representations Education Leave Act Repeal Act Commencement Order 1992
- Workers' Compensation Order 1969

# STAFFING AS AT 31 MARCH 2003

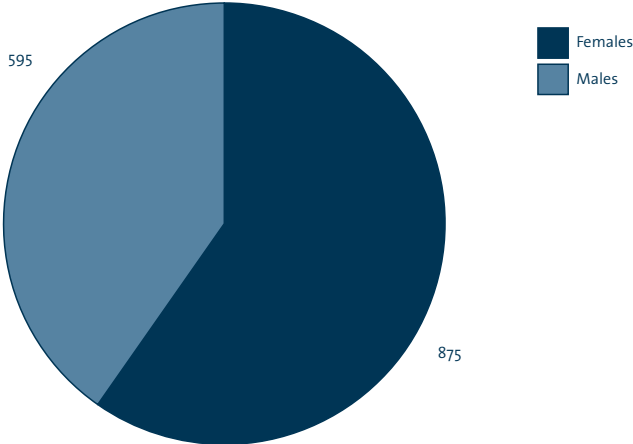
## ETHNIC COMPOSITION OF THE WORKFORCE AS AT 31 /03/03

Note: Includes all staff apart from New Zealand-based casuals and statutory officers.

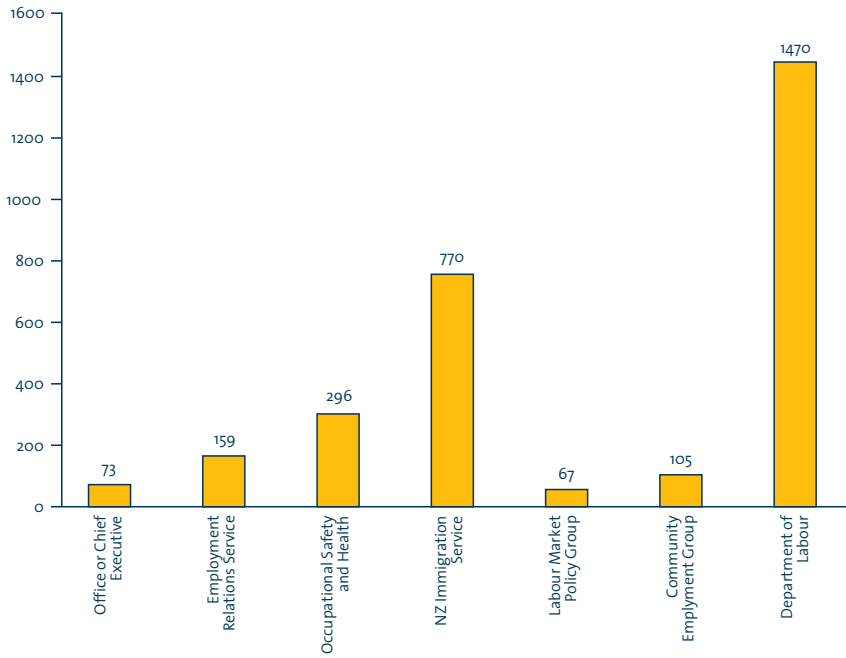


## DEPARTMENT OF LABOUR STAFF BY GENDER 31/03/03

Note: Includes all staff apart from New Zealand-based casuals and statutory officers.



### STAFF NUMBERS BY SERVICE UNIT AS AT 31 MARCH 2003



Note: Includes all staff apart from NZ based casuals and statutory officers.

## DIRECTORY

### Office of the Chief Executive

Department of Labour

PO Box 3705

WELLINGTON

Phone (04) 915-4400

Fax (04) 915-4015

Website: [www.dol.govt.nz](http://www.dol.govt.nz)

### Employment Relations Service

Department of Labour

PO Box 3705

WELLINGTON

Phone (04) 915-4500

Fax (04) 915-4567

Website: [www.ers.dol.govt.nz](http://www.ers.dol.govt.nz)

### Employment Relations Information Centre

Phone: 0800-800-863

### Workplace Health and Safety Group

Department of Labour

PO Box 3705

WELLINGTON

Phone (04) 915-4444

Fax (04) 499-0891

Website: [www.osh.dol.govt.nz](http://www.osh.dol.govt.nz)

### New Zealand Immigration Service

Department of Labour

PO Box 3705

WELLINGTON

Phone (04) 915-4222

Fax (04) 915-4242

Website: [www.immigration.govt.nz](http://www.immigration.govt.nz)

Immigration information: 0508 55 88 55

**Labour Market Policy Group**

Department of Labour

PO Box 3705

WELLINGTON

Phone (04) 915-4742

Fax (04) 915-4040

Website: [www.lmpg.govt.nz](http://www.lmpg.govt.nz)

**Community Employment Group**

Department of Labour

PO Box 3705

WELLINGTON

Phone (04) 915-4300

Fax (04) 914-4901

Website: [dol.govt.nz/CEG2.htm](http://dol.govt.nz/CEG2.htm)