

# Annual Report

For the year ended 30 June 2011

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New Zealand  
thriving through  
people and work

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#### OUR VISION

# New Zealand thriving through people and work

#### OUR DEPARTMENTAL OUTCOME

Grow New Zealand's economy and improve the quality of lives through a high-performing labour market and immigration system

#### OUR INTERMEDIATE OUTCOMES

- › A more effective immigration system
- › A more effective labour market
- › A better performing accident compensation system

#### ORGANISATIONAL DEVELOPMENT GOALS

- › Knowledgeable, influential and collaborative experts on labour and immigration
- › A facilitative, responsive and effective regulator providing high-quality and innovative services
- › Our people, working environment and shared culture support excellent performance
- › A highly capable Department with integrated systems, processes and policies

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## Chief Executive's foreword

In recent years the Department has developed into a more integrated organisation, providing consolidated, strategic advice on the labour market and improved frontline services.

The Department makes a significant contribution to the Government's overall goals by helping to grow the economy and improve the quality of New Zealanders' lives through a high-performing labour market and immigration and accident compensation systems.

Economic and fiscal uncertainty, the Pike River Coal mine tragedy, and the Canterbury earthquakes are all testing the Department. However, the Department has remained committed to delivering the Government's priorities and improving organisational performance. Resources were re-prioritised, and staff demonstrated commitment and resilience to ensure core services continued to be provided.

I am pleased to report that the Department has delivered on ministerial priorities and achieved most of the performance measures set for the organisation. This was all achieved while undertaking significant organisational change that is designed to position the Department to deliver targeted and higher-quality services.

### ■ Maximising our outcome contribution

Our focus over the year has been on developing:

- › a more effective immigration system
- › a more effective labour market
- › a better performing accident compensation system.

To achieve a more effective immigration system, the Department – through Immigration New Zealand – made significant improvements to service delivery, best illustrated by the improvements in the quality of our visa decision-making. These changes have

seen an overall increase in the satisfaction levels of both clients and employers in the services that we offer.

Vital to achieving a more effective immigration system was the implementation of the Immigration Act 2009. This Act provides a modern legislative framework for Immigration New Zealand to function effectively in an increasingly complex global market.

This progress to a more effective immigration system has seen some real benefits for New Zealand. Over the last two years, Immigration New Zealand has attracted \$660 million in potential investment capital through its Business Migration Package. In the last year, over 11,500 migrants came to New Zealand under the Skilled Migrant Category. The Department has also increased its support to the tourism and export education sectors to maximise their economic contribution.

Developing an integrated labour market perspective enabled the Department to provide advice to decision-makers on welfare reform and Auckland's economic potential.

The Department focused on improving the quality and performance of the labour market through regulatory and legislative changes, primarily to the Holidays Act 2003 and Employment Relations Act 2000.

The Department continued to develop innovative initiatives to bring down the death and injury rates in our workplaces. The Harm Reduction Programme was introduced which targets key sectors, such as agriculture, that have persistent health and safety problems. Health and safety has had a high profile over the last year and it is encouraging to see more employers being proactive in addressing hazards.

The Department provided policy advice about future options for the accident compensation scheme, including the introduction of choice into the Work Account and extending the successful Accredited Employers' Programme.

### ■ Responding to external events

The Pike River Coal mine tragedy and Canterbury earthquakes have placed extraordinary demands on the Department. In both cases, our staff mobilised to provide operational support to the first responders to the events, and followed up with quality policy initiatives to support Canterbury.

The Department's investigation into the Pike River Coal mine tragedy is one of the largest it has ever undertaken. An independent safety audit of other underground coal mines concluded there were no immediate dangers in the mines. The Department is supporting the work of the Royal Commission of Inquiry into the Pike River Coal mine tragedy by providing information about the mine and the Department's regulatory framework. At year end, the Government provided financial support for the Department to establish the High Hazards Unit. This unit will improve the Department's capability and capacity to discharge our duties in the extractives and petroleum/geothermal sectors.

The Department's response to the Canterbury earthquakes was across the spectrum of our services – health and safety, employment relations, immigration, and labour market advice. The Department supported businesses by providing health and safety and employment advice, and also has a continuing role to ensure damaged buildings are assessed and demolished safely and efficiently. Immigration New Zealand issued automatic six-month visa extensions for any foreign national whose visa application could not be processed because of the earthquake. The Department worked closely

with the Canterbury Earthquake Recovery Authority (CERA) to assist with labour market issues.

It is a credit to the professional commitment of our staff that the Department successfully managed these significant impacts while continuing to transform the organisation and meet service and advisory commitments.

### ■ A changing organisation

I have continued to drive organisational and operational change with the assistance of my Strategic Leadership Team. I am determined that the Department's structural base and operational processes are fit for purpose and enable us to deliver improved services with sustainable funding.

Our policy and research teams were consolidated into a strategically focused Policy and Research Group with clear objectives. The new structure is a better framework for providing the Government with authoritative and credible advice.

The Labour Group has begun a restructuring process that will conclude in mid 2012. The intent is to develop a Group that provides more direct, targeted, high-quality services delivered more efficiently and effectively.

Immigration New Zealand has addressed nearly all the recommendations from reviews undertaken internally and by the Office of the Controller and Auditor-General, the State Services Commission, and Ernst and Young. A new leadership structure and team is in place. There have been improvements in core service delivery, increased focus on attracting the skills and investment the country needs, and enhancements to the integrity of the immigration system.

Corporate functions were centralised to provide shared services and eliminate duplication.

## ■ Improving value for money

The Department is operating under a fixed base-line with significant cost pressures that are being managed within the context of Four Year Budget Plans.

The staff ceiling cap for the Department has also reduced from 2,044 at the end of 2009/10 to 2,024 at 30 June 2011 and is forecast to reduce further over the next year. Despite the cost pressures and reducing staff numbers, the Department will continue to deliver its outputs in a cost-effective way.

The Better Administrative and Support Services (BASS) benchmarking report released by the Treasury in 2010 found that a more efficient public sector could return significant savings. On the basis of these results the Department established a target of one percent savings per annum for administrative and support costs (refer *Statement of Intent 2011–2014*).

The Immigration and Labour change programmes are focused on business process and operational improvements to provide more flexible, lower-cost delivery models over the medium term.

## ■ Looking ahead

We can take pride in what the Department has achieved in 2010/11. The organisation has demonstrated resilience and flexibility in delivering planned services and new initiatives, while responding to unprecedented demands from external events.

I will be leaving the Department of Labour at the end of 2011 to take up a position as Chief Executive of the New Zealand Symphony Orchestra.

I am proud of how the Department has developed and want to place on the record my thanks to all those who have helped the organisation improve its performance over the last four years. In particular, I want to thank staff for their dedication and professionalism in helping to achieve my vision for the organisation.

I believe the Department is now well positioned to deliver targeted and high-quality services to its customers at reduced cost. It can provide integrated and collaborative leadership to build a more flexible and dynamic labour market that is capable of delivering a better standard of living for all New Zealanders. I look forward to it realising that potential.



**Christopher Blake**  
SECRETARY OF LABOUR

## Nature and scope of functions

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The Department aims to grow New Zealand's economy and improve the quality of lives through a high-performing labour market and immigration and accident compensation systems.

The Department's vision is *New Zealand thriving through people and work*.

### **The Department's activities include:**

- › attracting the people and investment New Zealand needs from overseas
- › providing policy advice and immigration services to manage immigration flows, border security, and migrant and refugee settlement services
- › providing employment relations services
- › providing workplace health and safety services
- › providing policy advice and monitoring of the accident compensation system and the Accident Compensation Corporation (ACC)
- › providing labour market and human capital analysis and advice
- › ensuring efficient labour market regulation and legislation
- › providing analysis and advice to support others to improve workforce skills and job opportunities
- › meeting New Zealand's international labour and immigration obligations.

## ■ Ministers and portfolios

The Department administers the four Votes of Labour, Immigration, Employment, and ACC. The Ministers associated with these Votes and departmental output expenses are summarised in Table 1.

**Table 1: Votes and departmental output expenses associated with Ministers**

<b>Hon Kate Wilkinson</b> MINISTER OF LABOUR MINISTER RESPONSIBLE FOR THE DEPARTMENT OF LABOUR	<b>Hon Dr Jonathan Coleman</b> MINISTER OF IMMIGRATION	<b>Hon Paula Bennett</b> MINISTER FOR SOCIAL DEVELOPMENT AND EMPLOYMENT	<b>Hon Dr Nick Smith</b> MINISTER FOR ACC
<b>Vote Labour</b>	<b>Vote Immigration</b>	<b>Vote Employment</b>	<b>Vote ACC</b>
<i>Output expenses</i> International services Policy advice – labour Services to promote and support fair and productive employment relationships Services to promote and support safe and healthy people and workplaces Services to promote and support the safe management of hazardous substances in the workplace and amusement devices	<i>Output expenses</i> Immigration Advisers Authority Services to increase the capacity of New Zealand through immigration Services to position New Zealand as an international citizen with immigration-related interests and obligations	<i>Output expenses</i> Labour market analysis and knowledge Policy, research, and evaluation	<i>Output expenses</i> Regulatory services Policy and monitoring

## ■ Governance

The Secretary of Labour – as Chief Executive of the Department – chairs the Strategic Leadership Team. This team is the governance committee for the Department. It comprises the Secretary of Labour and the six deputy chief executives.

The Strategic Leadership Team is supported by the Organisational Capability and Culture, Investment and Finance, and Performance and Risk Committees.

## ■ Organisational structure

The Department is organised into six groups.

<p>The <b>Immigration Group</b> delivers immigration services (through Immigration New Zealand).</p>	<p>The <b>Labour Group</b> delivers workplace health and safety and employment relations services.</p>	<p>The <b>Policy and Research Group</b> delivers research, evaluation, monitoring, and policy advice across Votes Labour, Immigration, Employment, and ACC.</p>
<p>The <b>Legal and International Group</b> delivers legal services for the Department and manages internal audits, international engagements, and the Immigration Advisers Authority.</p>	<p>The <b>Business Services Group</b> provides support services for the Department in the areas of human resources, finance, information and communications technology, information management, and communications and marketing.</p>	<p>The <b>Executive Group</b> provides support services for the Department in the areas of organisational strategy, planning and performance, portfolio and risk management, executive governance, and executive support.</p>

## ■ Legislation administered

The Department administers 23 statutes and 67 sets of regulations, together with a number of international conventions. A list of statutes can be found in the appendices.

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## Responding to external events

The *Statement of Intent 2010/11–2013/14* sets out the Department’s commitments for 2010/11 and beyond, with progress detailed in section 4: Achieving our outcomes. During the year, the Department’s operating environment changed considerably with two tragic external events.

The Pike River Coal mine tragedy and the Canterbury earthquakes placed additional demands on the organisation and were a focal point for the Department during 2010/11. As outlined below, the Department responded immediately and has undertaken significant follow-up work across the organisation that will continue into 2011/12.

### ■ Pike River Coal mine tragedy

The Pike River Coal mine tragedy occurred on 19 November 2010 with the death of 29 miners. The Department played an important role in the days immediately after this event, providing technical advice to the Police, Mines Rescue Service and mine management. An investigation team was on the ground within days.

The Department’s investigation into this event is one of the largest it has ever undertaken under the Health and Safety in Employment Act. The information-gathering phase of the investigation was undertaken during the year, and analysis of this information is underway. The report will be finalised later in 2011. This work is progressing alongside the Police investigation.

At the Prime Minister’s request, the Department initiated an underground coal mine safety audit using overseas experts. This concluded there were no immediate dangers in the mines, but identified various improvements that are being implemented. The Department also made significant contributions to the early stages of the Royal Commission of Inquiry into the event by providing information about the mine and the Department’s regulatory framework, and will continue to play an important role in the hearings.

International regulatory experts were brought to New Zealand to consider the Department’s interactions with Pike River Coal prior to the explosions. The reviewers concluded that the Mines Inspectors’ work with Pike River Coal was commendable, and they have made a number of operational recommendations which the Department is now implementing.

After the end of the financial year, the Government announced it would provide new funding for a Department initiative to set up a High Hazards Unit focusing on the extractives and petroleum/geothermal sectors. The unit will provide the Department and the sectors with increased capacity and capability to manage responsibilities for workplace health and safety.

### ■ Supporting Canterbury earthquake recovery efforts

The Department responded immediately to the September 2010 and February 2011 Canterbury earthquakes with operational support and advice for employers and employees. Despite the effect on its own staff, and the closure of its Christchurch offices, the Department was able to mobilise to assist first responders to the disaster and to support ongoing deconstruction and recovery work.

As the recovery got underway, the Department supported the main construction companies with health and safety standards for contractors during deconstruction, repair, and rebuild. A measure of the effectiveness of the Department’s operational health and safety response is that no serious injuries have occurred in central Christchurch’s ‘red zone’ since the 22 February 2011 earthquake, despite more than 500 workers involved in the demolition and recovery operations entering the area daily.

Local staff supported by National Office provided affected businesses with expert help on employment relations issues focusing on wellbeing and coping with stress, legislative and regulatory changes, and good employment practices.

Immigration New Zealand issued an automatic six-month visa extension for any foreign national whose work, visitor or student visa application could not be processed because of the earthquake.

To support future planning, the Department helped establish and resource the Canterbury Employment and Skills Board. This Board's role is to bring together the supply and demand sides of the Canterbury labour market and help shape the rebuild and long-term recovery planning. To forecast the demand for labour and skills, the Board is using a model developed by the Canterbury Development Corporation and Market Economics in conjunction with the Department.

The Department is also working closely with the Canterbury Earthquake Recovery Authority (CERA). A senior manager was seconded to CERA to support its establishment. Work is focused on identifying the employment needs for the region, especially the skills that will be needed for the Christchurch rebuild. Programmes will balance highly skilled migrant attraction with domestic skill development and training.

The Government declared the Canterbury earthquake an adverse event. The Department assisted in a regulatory change process to ensure that employers would not receive levy penalties arising from this adverse event.

The Canterbury earthquakes tested the Department's business continuity and emergency management response (see box).

### *Maintaining core services in a crisis*

The earthquake in Canterbury on 22 February 2011 resulted in the loss of life and severe damage to buildings, particularly in the central business district. The Department's response during the first few days was crucial for the recovery process.

Staff provided personal and professional help to those immediately affected by the tragedy, and were instrumental in helping people out of badly damaged buildings.

The Chief Executive declared a national departmental crisis, and the National Crisis Management Team coordinated the Department's response and supported staff as they attempted to deal with the aftermath of the earthquake. This was informed by lessons learnt from the September 2010 earthquake.

Staff completed health and safety, and hazardous substances inspections of damaged buildings.

Passports and other documents were retrieved from the Crystal Plaza immigration office before it was declared inaccessible, enabling visas to be issued. Staff ensured a speedy immigration process for emergency response teams and their equipment from around the world.

Messages were released to the local refugee community whose members had been fearful after the September 2010 earthquake, with enquiries redirected to Wellington.

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## Achieving our outcomes

The overall outcome for the Department noted in the *Statement of Intent 2010/11–2013/14* is ‘Grow New Zealand’s economy and improve the quality of lives through a high-performing labour market and immigration system’. The 2010/11 outcomes framework from the *Statement of Intent 2010/11–2013/14* is set out in Table 2.

**Table 2: Outcomes framework 2010/11**

Departmental outcome			
Grow New Zealand’s economy and improve the quality of lives through a high-performing labour market and immigration system			
Intermediate outcomes			
A more effective immigration system	More productive workplaces and sectors	More people in quality work	A better performing accident compensation system

During 2010/11, the Department revised the middle two intermediate outcomes to place more focus on the Department’s role in the labour market as a contributor to more productive workplaces and sectors and more people in quality work. The Department’s immediate outcomes were also updated to provide a sharper focus on the organisation’s core business. This change provides the Department with an improved performance framework for reporting purposes while still enabling the Department to report against the commitments set out in the *Statement of Intent 2010/11–2013/14*.

The Department’s progress towards achieving its outcomes is detailed in the following pages.

Progress is reported against the updated strategic framework outlined in Table 3, and expectations set out in the *Statement of Intent 2010/11–2013/14*. Outcome performance measures and results are provided for each intermediate outcome to quantify the Department’s progress towards the outcomes the Department was seeking to influence. The measures are those set out in the *Statement of Intent 2010/11–2013/14*, with some additional results to reflect the updated outcomes framework.

The Department measures shorter-term performance against the outputs for each Vote, with the results for 2010/11 identified in the Statement of Objectives and Service Performance (section 10).

**Table 3: Updated strategic framework**

<b>Departmental outcome</b>		
Grow New Zealand's economy and improve the quality of lives through a high-performing labour market and immigration system		
<b>Intermediate outcomes</b>		
A more effective immigration system	A more effective labour market	A better performing accident compensation system
<b>Immediate outcomes</b>		
The attraction and retention of the people New Zealand needs is improved The delivery of visa services is improved The integrity of New Zealand's immigration system is maintained	Labour market decision-makers are better informed Employers have greater access to the skills and workers they need Employer–employee relationships are improved Workplaces are healthier and safer	A comprehensive 24/7, no-fault coverage system, designed to support: <ul style="list-style-type: none"> <li>› injury prevention</li> <li>› effective rehabilitation</li> <li>› appropriate compensation</li> </ul> The system is administered in a way that is sustainable and represents value for money
<b>Vote and output expenses</b>		
<i>Vote Immigration</i> Immigration Advisers Authority Services to increase the capacity of New Zealand through immigration Services to position New Zealand as an international citizen with immigration-related interests and obligations	<i>Vote Employment</i> Labour market analysis and knowledge Policy, research, and evaluation <i>Vote Labour</i> International services Policy advice – labour Services to promote and support fair and productive employment relationships Services to promote and support safe and healthy people and workplaces Services to promote and support the safe management of hazardous substances in the workplace and amusement devices <i>Vote Immigration</i> Services to increase the capacity of New Zealand through immigration	<i>Vote ACC</i> Regulatory services Policy and monitoring

## ■ INTERMEDIATE OUTCOME 1: A MORE EFFECTIVE IMMIGRATION SYSTEM

Immigration plays a key part in growing New Zealand’s economy.

Migrants make up more than one quarter of New Zealand’s workforce and contribute around \$1.9 billion to gross domestic product. Business and skilled migration, together with export education and tourism, also help stimulate growth. Each year, export education contributes about \$1.8 billion to the economy and tourism about \$5 billion.

Immigration’s contribution is important in ensuring that New Zealand remains an attractive destination for skilled migrants, workers, students and tourists.

The revised immediate outcomes the Department sought to achieve in 2010/11 were:

- › the delivery of visa services is improved
- › the attraction and retention of the people New Zealand needs is improved
- › the integrity of New Zealand’s immigration system is maintained.

In particular, Immigration New Zealand paid significant attention to improving service delivery, supporting economic growth through facilitating the attraction and entry to New Zealand of

high-worth and highly skilled migrants, and supporting export-earning industries.

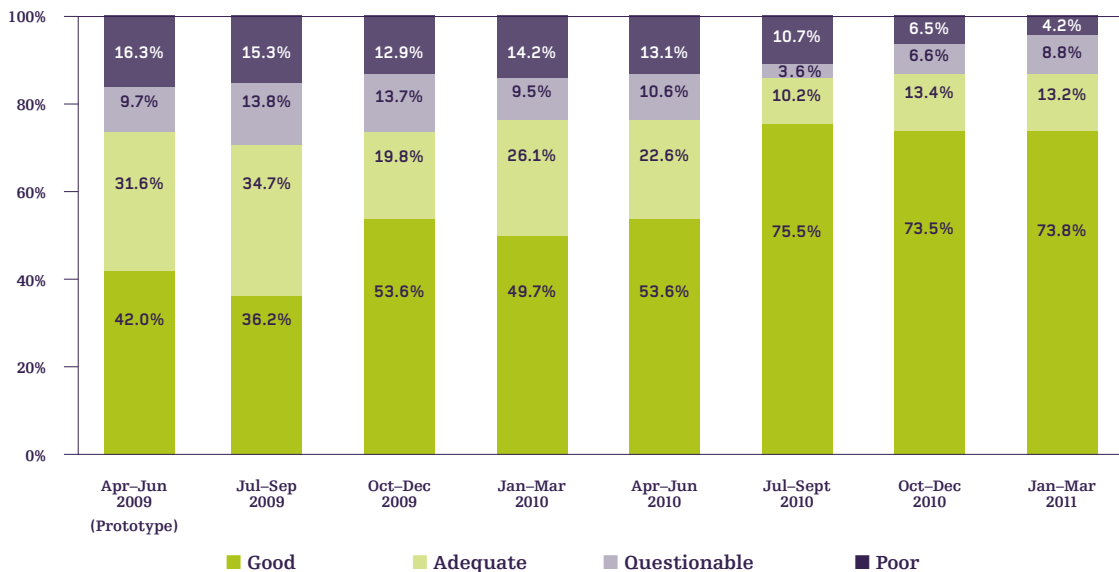
### Improving the delivery of immigration services

Immigration New Zealand has addressed all but 11 of the 226 recommendations across reviews undertaken internally and by the Office of the Controller and Auditor-General, State Services Commission, and Ernst and Young. The remaining recommendations are being actively worked on. A critical issue raised by the review into Immigration New Zealand by the Office of the Controller and Auditor-General was the inconsistent and poor-quality decision-making.

During 2010/11, the Department placed significant emphasis on improving the core delivery of immigration services. This resulted in significant improvements in the quality of decision-making and a strong increase in the satisfaction of employers with Immigration New Zealand services. In addition, efforts to clear backlogs of (particularly) student applications resulted in a five percent reduction overall.

Figure 1 is a good example of the improved delivery of immigration services and demonstrates the

Figure 1: Overall quality of decision-making April 2009–March 2011



shift in quality over the two year period to 31 March 2011. Decisions rated “good” improved by more than 31 percent while “poor” declined in the same period by more than 12 percent, to 4.2 percent.

A new leadership structure and senior leadership team is in place in Immigration New Zealand (since March 2011), ensuring a continued focus on strong leadership for performance and immigration outcomes.

**Supporting economic growth**

During the year, the Department continued to support the development and implementation of immigration products for the business sector and investors. As a result, long-term business visas increased over the year with just under 700 visas issued, bringing in entrepreneurial skills to support economic growth.

In addition, over the last two years New Zealand attracted \$660 million in potential investment capital through its Business Migration Package. By 30 June 2011, almost \$195 million was transferred and invested in New Zealand, with an additional \$234 million approved for funds transfer. Applications from investors worth an additional \$232 million are being processed. Figure 2 demonstrates this growth.

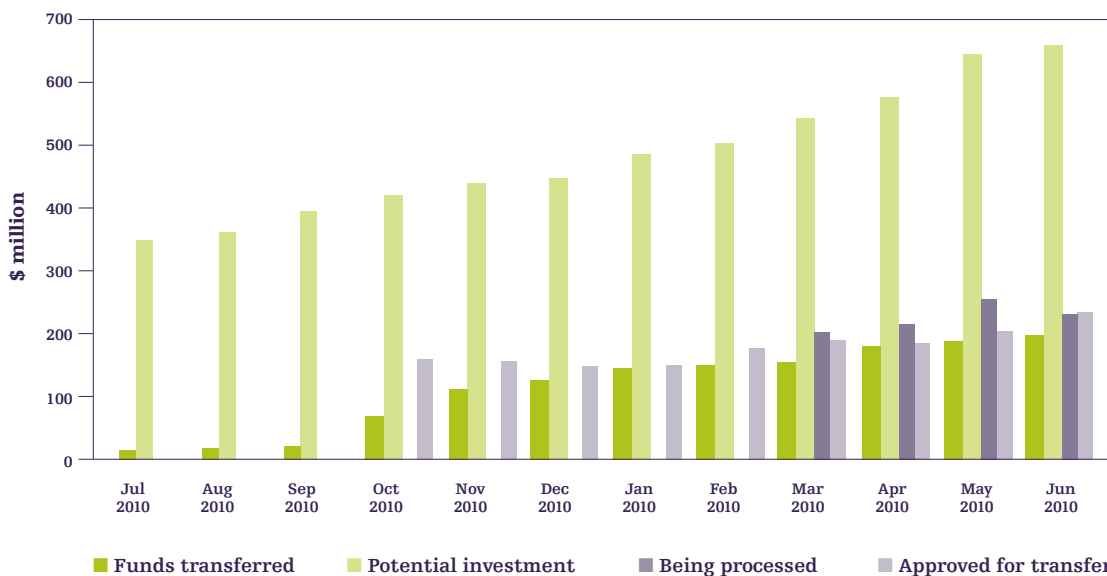
The Department also undertook a significant body of work to ensure that immigration supports the Government’s economic growth objectives. Consistent with the work, the Department completed a number of major policy reviews. This resulted in wide-ranging changes to Student policy and pathways to residence for international graduates, the Skilled Migrant Category, and the Essential Skills in Demand lists.

**Supporting export industries**

Tourism and export education deliver significant economic inflows to New Zealand. The Department has supported these sectors to remain internationally competitive by:

- › establishing quarterly strategic forums with tourism and export education sectors to ensure immigration settings and, delivery support, for these sectors to successfully implement their growth strategies
- › aligning its planning with these sectors to support the emergence and growth of new markets, including:
  - » ensuring the Department’s response to the entry of Southern China Airlines into New Zealand is effective, including

**Figure 2: Investor inflows**



- the expansion of in-country capacity to process visa applications
- » establishing in Mumbai (in March 2011) a second branch in India to support significant growth in the region
- › implementing ambitious performance improvement targets to drive more timely decision-making for students.

This year, the Department also improved the Study to Work programme to encourage high-value students to come to New Zealand, and introduced numerous changes to export education policies to make the system work better for the people New Zealand wants to attract.

Although the Canterbury earthquakes resulted in a decline in visitors (and applications for visitors' visas), the Department expects a recovery in demand over time.

### **Delivering better immigration outcomes**

During the year, the Department continued to focus on driving effective immigration outcomes by:

- › implementing the Immigration Act 2009, which is designed to create a system that is fairer, more transparent, easier to use, more flexible, and modernises New Zealand's immigration laws to ensure they will be fit for the future
- › working with industries, such as dairy, as part of the Vulnerable Migrant Project, to ensure migrants are not vulnerable to poor employment practices
- › resettling 527 refugees to New Zealand as part of our international commitments for refugees, which was less than planned primarily due to a shortage of adequate housing as a result of the Canterbury earthquake
- › facilitating the education and professional development of approximately 500 immigration advisers through the Immigration Advisers Authority, with 67 percent of advisers saying they are able to provide a better service to clients,

- and 75 percent of customers expressing satisfaction with the overall quality of service provided by their immigration adviser
- › continuing the effective settlement of migrants through a range of programmes, with 85 percent of migrants reporting satisfaction with life in New Zealand
- › investigating systemic immigration fraud to expand the collection and use of fingerprint and face biometrics to address identity fraud and other risks
- › continuing to participate in the Five Country Conference – a partnership of five countries that aims to promote immigration security.

To meet New Zealand's immigration-related commitments, the Department also participated in three significant international engagements during 2010/11. These were the:

- › Intergovernmental Consultations on Migration, Asylum and Refugees, which met to discuss strategies, trends and challenges in migratory and refugee movements worldwide
- › Bali process on People Smuggling, Trafficking in Persons and Related Transnational Crime, which met to combat these crimes
- › Pacific Immigration Directors' Conference (PIDC) annual meeting and PIDC sponsored workshops, which discussed human trafficking and people smuggling, and assists with border security in the Pacific.

In addition, the Department led the joint procurement of Smart passport readers with the New Zealand Customs Service. These readers have resulted in financial savings and faster transit for passengers. The Department is also leading the development of a border sector biometric policy framework and standardised border identity management training. Through expanded Advance Passenger Processing, the Department's Border Operations Centre staff were able to identify a number of high-risk people, and stop them from reaching New Zealand's border.

**Table 4: Intermediate outcome 1: A more effective immigration system**

Indicators of success	Measures	Result	Baseline trend
The delivery of immigration services is improved.	The quality of immigration decision-making improves. Source: Q3 Report, Department of Labour.	<i>2010/11 Result:</i> 74% rated as good (March 2011). (Refer to Figure 1 on page 14).	<i>2009/10 Baseline:</i> 54% rated as good (June 2010).
Facilitation of entry for migrants, international students and tourists is improved.	Customer satisfaction with the overall service provided by Immigration New Zealand increases. Source: Quarterly Immigration New Zealand Customer Satisfaction Survey, Department of Labour.	<i>2010/11 Result:</i> 74% of customers were satisfied with overall service delivery (June 2011).	<i>2009/10 Baseline:</i> 80% of customers were satisfied with overall service delivery (March 2010).
	Timeliness standards for immigration decision-making are achieved. Source: Operational Data, Department of Labour.	<i>2010/11 Result:</i> 90% of decisions relating to work visa applications were made within 60 days. Standard achieved. 89% of decisions relating to student visa applications were made within 60 days. Standard not achieved. 96% of decisions relating to visitor visa applications were made within 60 days. Standard achieved (June 2011). <i>Refer to Statement of Objectives and Service Performance for further information, page 47.</i>	<i>2009/10 Baseline:</i> 92% of decisions relating to work visa applications were made within 60 days. 90% of decisions relating to student visa applications were made within 60 days. 96% of decisions relating to visitor visa applications were made within 60 days (June 2010).
	Consumer trust and confidence in immigration advisers increases. Source: Survey of New Zealand Visa and Permit Applicants who have used an Immigration Adviser, Immigration Advisers Authority.	<i>2010/11 Result:</i> 75% of customers were satisfied with the overall quality of service provided by their immigration adviser (June 2011).	<i>2009/10 Baseline:</i> 75% of customers were satisfied with the overall quality of service provided by their immigration adviser (June 2010).
	The perceived value of immigration adviser licensing improves for licensed immigration advisers. Source: Survey of Licensed Immigration Advisers, Immigration Advisers Authority.	<i>2010/11 Result:</i> 67% of respondents thought that licensing had enabled them to provide a better service to their clients (May 2011).	<i>2009/10 Baseline:</i> New measure.
	The economic contribution of international students <sup>1</sup> and tourists <sup>2</sup> to the New Zealand economy increases. Source: Balance of Payments, Statistics New Zealand.	<i>2010/11 Result:</i> \$4,991 million contribution by international tourists (March 2011). \$1,799 million contribution from export education (March 2011).	<i>2009/10 Baseline:</i> \$5,539 million contribution by international tourists (March 2010). \$1,735 million contribution from export education (March 2010).

1 New Zealand's earnings from educational tourism are referred to as "exports of travel education services" in the Balance of Payments. This represents expenditure on tuition fees and living costs by foreign students in New Zealand.

2 New Zealand's earnings from tourism are referred to as "exports of travel services" in the Balance of Payments. This represents expenditure by international visitors while in New Zealand, but excludes earnings from educational tourism and earnings from transportation for travel to and from New Zealand.

Indicators of success	Measures	Result	Baseline trend
Settlement of migrants is improved.	<p>The percentage of recent permanent migrants who say they are satisfied or very satisfied with living in New Zealand is maintained.</p> <p>Source: Immigration Survey Monitoring Programme, Department of Labour.</p>	<p><i>2010/11 Result:</i></p> <p>85% of respondents were satisfied or very satisfied with life in New Zealand (September 2010).</p>	<p><i>2009/10 Baseline:</i></p> <p>89% of respondents were satisfied or very satisfied with life in New Zealand (October 2009).</p>
	<p>The percentage of recent permanent migrants who would recommend New Zealand to friends and family as a place to work and live increases.</p> <p>Source: Immigration Survey Monitoring Programme, Department of Labour.</p>	<p><i>2010/11 Result:</i></p> <p>87% of respondents would recommend New Zealand to friends and family as a place to work and live (September 2010).</p>	<p><i>2009/10 Baseline:</i></p> <p>New measure.</p>
	<p>The proportion of recent permanent migrants receiving a core welfare benefit reduces.</p> <p>Source: Benefit Receipt by Migrants to New Zealand 2007–2010, Department of Labour.</p>	<p><i>2010/11 Result:</i></p> <p>14,026 working-age migrants, or 5.2% of the working-age migrant population, received a benefit. The main driver for this pattern has been the increase in need for Unemployment Benefits as a result of the economic recession (June 2010).</p>	<p><i>2009/10 Baseline:</i></p> <p>11,640 working-age migrants, or 4.7% of the working-age migrant population, received a benefit (June 2009).</p>
<p>The integrity of New Zealand's immigration system is maintained.</p> <p>New Zealand's international reputation is maintained.</p>	<p>International confidence in New Zealand's immigration security is maintained.</p> <p>Source: Operational Data, Department of Labour.</p>	<p><i>2010/11 Result:</i></p> <p>Officials from the Department represented New Zealand at immigration security-related events such as the Five Country Conference (FCC) and the Border Sector Governance Group (BSGG). At the FCC event, officials developed a strategic policy framework to align policy objectives between the five partner countries, and also ways to improve data sharing. At BSGG events, the focus was on increasing overall border efficiency including streamlining travel between New Zealand and Australia (June 2011).</p>	<p><i>2009/10 Baseline:</i></p> <p>Officials from the Department represented New Zealand at international immigration security-related events including the Five Country Conference (June 2010), and a number of workshops during the year.</p>
	<p>New Zealand meets its international commitments relating to the movement of people.</p> <p>Source: Operational Data, Department of Labour.</p>	<p><i>2010/11 Result:</i></p> <p>527 mandated refugees were resettled in New Zealand. The lower level of settlement was primarily due to a shortage of adequate housing as a result of the Canterbury earthquakes (June 2011).</p>	<p><i>2009/10 Baseline:</i></p> <p>709 mandated refugees were resettled in New Zealand (June 2010).</p>

## ■ INTERMEDIATE OUTCOME 2: A MORE EFFECTIVE LABOUR MARKET

New Zealand must improve its work-place productivity and labour force participation to improve the country's economic growth.

Productivity is slowly growing (3.7 percent increase in the year to March 2010) but is still low by international standards.

The proportion of New Zealanders working is high by international standards with the annual average labour participation rate at 68.3 percent (as at June 2011). There are pockets of disparity – especially Māori (66.1 percent), Pacific people (61.3 percent) and youth (60.7 percent).

Too many New Zealanders continue to be killed or seriously injured at work. In addition, occupational disease is estimated to lead to 700–1,000 fatalities and 17,000–20,000 new cases a year. The social and economic cost of work-related injury and disease is estimated to be about \$16 billion per annum: a significant drain on productivity.

The Department's role is to provide both labour market policy leadership and regulatory services that focus on healthy and safe working environments, and fairness and flexibility for employers and employees.

The revised immediate outcomes the Department sought to achieve in 2010/11 were:

- › labour market decision-makers are better informed
- › employers have greater access to the skills and workers they need
- › employer–employee relationships are improved
- › workplaces are healthier and safer.

The Department has delivered in all four areas.

### Labour market decision-makers are better informed

The labour market functions most effectively when all participants have access to the best information.

The Department is the Government's primary advisor on the labour market and human capital, providing advice on longer-term issues as well as current conditions. It also provides authoritative,

credible research and evaluation to central and local government, labour market participants and other interested parties.

The Department's information and advice supported a number of initiatives as outlined below.

### Planning for productivity in Auckland

The new Auckland Council's Plan for the city has a strong focus on productivity, reflecting significant input from the Department.

As part of a collaborative partnership between central government and the Auckland Council, the Department successfully championed its position that skill requirements, employment outcomes, immigration, and successful migrant settlement need to be at the forefront of work on economic growth and social development in Auckland.

The Department went on to lead work on skills development and productivity that fed into the Auckland Economic Development Strategy, which forms part of the overall plan. This strategy aims to improve the skills of the current workforce, identify current and future shortages, and minimise barriers to growth.

### Supporting a work focus in welfare reform

The Welfare Working Group's focus on getting more people off the benefit and into paid work is likely to increase participation in the labour market. The Department supported the Welfare Working Group with information on labour market trends and the implications of those trends for individuals on a working-age benefit who want to move into paid work.

Following the Welfare Working Group's report, the Department is continuing to work with the Ministry of Social Development to identify sectors with a potential for employment growth and job opportunities for beneficiaries.

### Improving skills to increase productivity

Increasing productivity by improving the skills of the New Zealand workforce is an ongoing focus for the Department. The Department is continuing to work with other agencies and labour market participants to improve the connection between employers, education and training providers.

Work during 2010/11 is contributing to the development of a longer-term strategic approach to increasing labour market skills.

This draws on departmental research including the *Skills Challenges Report: New Zealand's skill challenges over the next 10 years*. This report noted that the significant employment demand for higher vocational qualifications across a wide range of occupations is likely to face supply constraints.

### **Improving workplace literacy**

The Skills Highway Award for 2010 was won by Liddell Contracting, a West Coast engineering and infrastructure firm, in recognition of its literacy training programme that helped lift the company's annual income by 64 percent over three difficult recessionary years. This award is part of the Skills Highway Programme, a partnership between the Department, employers and other stakeholders to provide practical assistance to employers wanting to improve their employees' reading, maths and communication skills, and consequently their business outcomes (see [www.skillshighway.govt.nz](http://www.skillshighway.govt.nz)).

### **Improving participation of under-represented groups**

Groups under-represented in the workforce, such as Māori, Pacific people and youth, plus those who are not in employment, education, or training, were provided with targeted information, training and employment opportunities. Initiatives in this area included pilot programmes in the Auckland Region that:

- › identified entry-level opportunities in the digital industry for disengaged young Māori and Pacific people in South Auckland

- › established the Futures Pilot initiative for years 7 and 8 Māori and Pacific students to provide customised career information such as the likely skills and qualifications needed for the future job market.

### **Employers have greater access to the skills and workers they need**

A more effective labour market requires a better match between the demand for, and supply of, skills and workers. The Department works with other agencies to help firms overcome barriers to enterprise and access the skills they need to grow. Where necessary, immigration is used to supplement the domestic workforce.

### **Working with partners to develop skills plans and address barriers to workforce capacity**

The *Built Environment Skills Strategy* was launched in June 2011. This is part of the work of the Building and Construction Productivity Partnership to increase the productivity of the construction sector by 20 percent by 2020. The Department will continue to be involved as a member of the Skills Working Group supporting the implementation of the strategy to drive employment and develop the skills required over the coming decade.

The Department also advised on broader skills and labour demand and supply issues including:

- › the skills and employment implications of the Government's broadband roll-out project
- › the supply and demand of aged-care caregivers to address the issue of meeting the needs of an increasingly ageing population.

## Attracting the people and skills New Zealand needs

Attracting migrants to fill the skills gaps in the labour force is critical to improving productivity.

In 2010/11, Immigration New Zealand continued to play a critical role supporting employers to access the labour they need. Over 11,500 migrants came to New Zealand under the Skilled Migrant Category, meeting demand in critical skill shortage areas.

The Silver Fern Job Search Visa attracted 300 highly skilled young migrants. This scheme was filled within 30 minutes of its opening on the internet, suggesting opportunities exist to expand the scheme further.

The Recognised Seasonal Employer Scheme has continued to flourish. This year, Immigration New Zealand facilitated the entry of 7,091 Recognised Seasonal Employer workers to meet labour shortages in the horticulture and viticulture industries. This process delivered tangible benefits to Pacific Forum Countries (see box).

### *Recognised Seasonal Employer Scheme demonstrates best practice*

The Recognised Seasonal Employer Scheme has been described as “best practice” and offering a potential “triple-win”, benefiting migrant workers, workers’ home countries and New Zealand growers.<sup>3</sup>

In June 2011, the Department won the Russell McVeagh Award for Excellence in Working Together for Better Services category of the Institute of Public Administration New Zealand Gen-i Public Sector Excellence Awards for the scheme. This award recognises “outstanding performance and achievement of results achieved through partnering with others”.

The scheme went live in April 2007 and facilitates the temporary entry of additional workers from overseas to plant, maintain, harvest, and pack crops in the horticulture and viticulture industries to meet labour shortages in these areas. This helps New Zealand to remain competitive with the rest of the world.

The scheme has also been a significant economic boost to the Pacific countries involved, with workers able to achieve many outcomes in their home countries with the income they have earned in New Zealand.

Temporary migrant workers are admitted only when no New Zealanders are available.

## Employer–employee relationships are improved

To create employment and lift productivity, the regulatory framework for employment relations needs to provide both fairness and flexibility in the workplace. In 2010/11, there were changes in employment relations legislation to improve the employer–employee relationship, and provide clarity around rights and obligations in the workplace.

## Improving fairness and flexibility for employers and employees

The Employment Relations Act 2000 was amended to improve the fairness and flexibility of the employment relations framework. The amendments changed labour inspectors’ enforcement powers, the delivery of mediation services, and the operation of the Employment Relations Authority. The changes extend trial periods, address the balance of expectations around personal grievances, modernise the enforcement regime of minimum employment standards, and clarify the terms of union access

3. D McKenzie and J Gibson, *The Development Impact of a Best Practice Seasonal Worker Policy*, Policy Research Working Paper 5488, The World Bank, November 2010.

to the workplace and communications with employees during collective bargaining.

The Employment Court Regulations 2000 were amended to give effect to the new section 178A of the Act which allows parties to challenge Employment Relations Authority determinations in respect of dismissal of frivolous or vexatious proceedings in the Employment Court. A broader review of the Regulations is continuing.

During the year, the status of film actors and production staff was clarified. Workers in the film industry are to be construed as independent contractors unless otherwise specified.

The Department ran an awareness-raising campaign on new requirements for employers to retain an up-to-date copy of an employee’s employment agreement. This is designed to reduce problems in employment relationships caused by the absence of records of agreements.

The Holidays Act 2003 was amended to allow “cashing in” of up to one week of annual holidays and extend the ability of employers and employees to negotiate the observance of public holidays. The amendments also introduced requirements to provide proof

of sickness, and calculations for paying sick leave, bereavement leave, public holidays, and alternative holidays for employees with irregular hours and pay.

### Improving dispute resolution

Over the last six months, mediators increasingly provided early assistance mediation to employers or employees, with 136 such interventions delivered (against a standard of 100). This early intervention, outside or before a formal mediation, can help prevent the escalation or continuance of a problem.

In 2010/11, there were over 5,500 mediations in disputes, with over 4,000 mediated to settlement. This was particularly pleasing in a year when the Department received many more notices than expected of potential strikes or lockouts, demonstrating how mediation can contribute to a decrease in work stoppages during the year.

The number of work stoppages continued to decline. There were 17 work stoppages in the year to December 2010; a decrease of 14 stoppages from 2009 and the lowest number since the current time series began in 1986. There has been a corresponding decline in estimated wages and salaries lost (Figure 3).

**Figure 3: Work stoppages – days, wages and salaries lost**



Source: Work Stoppages: December 2010 quarter, Statistics New Zealand (2011)

Note: results for 2008 are not available from Statistics New Zealand.

### *Operational statistics: employment relations*

In 2010/11, the Department:

- › made 2,100 workplace employment relations visits (including preparing for the Rugby World Cup)
- › completed 2,400 investigations into complaints of breaches of minimum employment standards
- › completed 1,300 investigations into applications for minimum wage exemptions
- › completed 5,674 mediations
- › completed 4,187 recorded settlements
- › received 1.9 million employment relations website visits
- › drafted and distributed 647,000 electronic information publications
- › responded to 161,000 phone calls on employment relations matters
- › received a satisfaction rating of 83.1% from customers who received employment relations-related services.

#### **Working towards fair international labour practices**

The Department has continued to work with partners in the Asia–Pacific region and through the Asia–Pacific Economic Cooperation Human Resources Working Group and the International Labour Organisation. This year has seen ongoing negotiations on the labour aspects of the Trans-Pacific Partnership and India–New Zealand Closer Economic Partnership.

#### **Workplaces are healthier and safer**

Workplace injury and death rates are not falling fast enough in New Zealand. In 2010/11, the Department developed a new measurement tool to effectively track progress and the impact of initiatives designed to reduce the rate of death and injury in the workplace.

#### **Reducing the work toll**

The *State of Workplace Health and Safety* report measures not only actual rates of death, injury and occupational disease, but also provides a

performance rating in these areas which will provide the Government, industry, employers and employees with an annual update of the impact of their activities.

One of the most significant initiatives designed to reduce the work toll is the *National Health and Safety Action Agenda*. This agenda identifies five sectors in which the Department believes substantial progress can be made using a very focused and collaborative series of sector harm reduction programmes.

The five sectors (agriculture, forestry, construction, manufacturing and fishing) all have high levels of workplace deaths and injuries and account for 37 percent of all work-related ACC claims. The Construction and Forestry Sector Action Plans have been launched; agriculture will be launched shortly and others will follow.

Specific harm reduction programmes are being implemented by the Department. These innovative programmes target key sectors with persistent health and safety problems, and involve intervention from the Department through education, engagement and enforcement.

### *Quad Bike harm reduction programme – a targeted approach*

On average 850 people are injured, and five die, while riding quad bikes on farms every year. The quad bike campaign is targeting a 30 percent reduction in significant injuries involving quad bikes on farms by 2013.

It encourages farmers to take four basic safety steps to prevent accidents happening and reduce the risk of harm.

- › Wear a helmet.
- › Ensure riders are trained or experienced.
- › Don't let children ride adult quad bikes (over 90cc).
- › Choose the right vehicle for the job – pay close attention to what the quad bike owner's manual says about carrying passengers, and the maximum towing and carrying limits.

**Education:** The safety campaign has involved distributing education and information at national agricultural field days and publishing guidance materials, media updates, and other publicity documents.

**Engagement:** The Department is working with the main industry players to distribute and promulgate the safety messages, and working with retailers to post flyers and make information available to the public.

**Enforcement:** Between April and June 2011 almost 400 farms were visited, with 117 farmers issued with written warnings or improvement notices. Where notices or warnings were issued, many farmers improved their practices within days of an inspector visiting.

The Department's focus on quad bike safety will continue over the next 18 months.

Research shows that a commitment by organisational leadership to workplace health and safety has a positive impact on death and injury rates. The Business Leaders' Health and Safety Forum was launched in July 2010 to engage, encourage, and enable business leaders to develop health and safety leadership. Over 120 Chief Executives have signed up to the commitment to zero harm in the workplace.

The Department has been working closely with the adventure tourism sector to develop new regulations to improve safety in the outdoor adventure tourism sector. Regulations requiring safety audits will come into force in November this year.

### *Operational statistics: health and safety*

In 2010/11, the Department:

- › completed 5,465 workplace assessments to promote good health and safety practices
- › completed 4,013 notified incidents that did not proceed to an investigation
- › completed 5,351 investigations of health and safety incidents and complaints
- › made 5,096 forums and workplace visits to promote good health and safety practices
- › received 506,044 health and safety website visits
- › distributed 171,984 electronic information publications
- › responded to 21,442 phone calls relating to health and safety matters
- › completed 217 investigations in relation to hazardous substances in the workplace
- › made 1,224 forums and workplace visits about hazardous substances
- › completed 4,139 workplace assessments for safe management of hazardous substances
- › received a satisfaction rating of 84.7% and 82.4% from customers who received health and safety-related services, and hazardous substances and amusement device-related services respectively.

#### **Improving Māori and Pacific access to information and services**

The Department's *Māori Strategy 2008–2013* and the new *Pacific Strategy 2010–2015* guide, prioritise, and coordinate the organisation's work to deliver improved outcomes for Māori and Pacific communities. A particular focus is on improving access to information and services, which during the year included:

- › improving quad bike health and safety outcomes at the Ahuwhenua National Farmer of the Year events
- › providing employment and health and safety information to young Māori at the National Kapahaka Tuarua–Rotorua 2010 and Te Matatini o Te Rā–Gisborne 2011
- › preparing for an intensive radio campaign through the Pacific Media Network to highlight changes to employment legislation, as well as raising awareness of workplace health and safety among Pacific communities
- › providing health and safety training directly to workplaces with large numbers of

Pacific workers to raise their awareness of health and safety practices as part of the Puataunofo inter-agency project in Manukau.

#### **Improving service delivery for the future**

The Department's strategic approach to workplace activities has been updated to focus on:

- › **educating** workplaces on their health and safety responsibilities and better practices
- › **engaging** with workplaces to help them prevent harm
- › **enforcing** compliance when workplaces fail to comply with their responsibilities.

This will ensure the activities undertaken by the Department achieve the desired outcome, and are provided as efficiently as possible. For example, health and safety inspectors have now been trained to perform hazardous substance inspections at the same time as their usual health and safety work. As part of this integrated approach, the Department has developed an eight-point action plan to begin delivering its Hazardous Substances and New Organisms (HSNO) Service Delivery Strategy.

**Table 5: Intermediate outcome 2: A more effective labour market**

Note: Table identifies outcome measures for 2010/11 ordered by 2011/12 immediate outcome statements.

**Labour market decision-makers are better informed**

Indicators of success	Measures	Result	Baseline trend
Productivity in key sectors is improved.	<p>The understanding of key sectors about labour market constraints on growth improves.</p> <p>Source: Report on Survey of Stakeholder Satisfaction, Department of Labour.</p>	<p><i>2010/11 Result:</i></p> <p>Results indicate:</p> <ul style="list-style-type: none"> <li>› Labour market advisory and skills planning work undertaken by the Department is viewed positively by stakeholders, with the ICT sector and the Construction Sector Productivity Working Party highly valued.</li> <li>› Some respondents commented that the Department’s work to identify skills needed in response to the Canterbury earthquakes was an example of high-quality analysis completed in a collaborative way.</li> <li>› Respondents also commented that reports produced by the Department were useful in assisting with labour market discussions with sector representatives (June 2011).</li> </ul>	<p><i>2009/10 Baseline:</i></p> <p>New measure.</p>
	<p>Labour productivity increases.</p> <p>Source: Productivity Statistics, Statistics New Zealand.</p>	<p><i>2010/11 Result:</i></p> <p>Labour productivity increased by 3.7% in the year to March 2010 due to the fall in labour input being greater than the fall in output (March 2010).</p>	<p><i>2009/10 Baseline:</i></p> <p>Labour productivity decreased by 1.5% in the year to March 2009 due to a fall in output and labour input<sup>4</sup> (March 2009).</p>

4. 2009/10 measure relating to workplace productivity described as “Percentage growth of labour productivity”

Indicators of success	Measures	Result	Baseline trend
Access to work is increased.	Labour participation rates are maintained. Source: Household Labour Force Survey, Statistics New Zealand.	<i>2010/11 Result:</i> 68.3% annual average labour participation rate (June 2011).	<i>2009/10 Baseline:</i> 68.1% annual average labour participation rate (June 2010).
	Labour participation rate of under-represented groups increases. Source: Household Labour Force Survey, Statistics New Zealand.	<i>2010/11 Result:</i> Annual average labour participation rate for under-represented groups: Youth = 60.7% Pacific = 61.3% Māori = 66.1% Female = 62.4% Older = 45.4% (June 2011)	<i>2009/10 Baseline:</i> Annual average labour participation rate for under-represented groups: Youth = 60.9% Pacific = 61.5% Māori = 66.6% Female = 62.1% Older = 44.1% (June 2010)
	Rehabilitation and return to work rates following injury improves. Source: Australia and New Zealand Return to Work Monitor, Campbell Research & Consulting.	<i>2010/11 Result:</i> 78% Durable Return to Work Rate <sup>5</sup> (June 2011).	<i>2009/10 Baseline:</i> 77% Durable Return to Work Rate (July 2010).
People have the right skills to improve their employment opportunities.	Access to information about the skills that are needed by employers improves. Source: Operational data, Department of Labour. <sup>6</sup>	<i>2010/11 Result:</i> 43,697 visits to online skills-related information by the public over 10 months, with the <i>Quarterly Employment and Unemployment Reports</i> and <i>Monthly Jobs Online</i> being the two most accessed information sources <sup>7</sup> (June 2011).	<i>2009/10 Baseline:</i> 11,997 visits to online skills-related information by the public (May and June 2010). <sup>8</sup>

5. The Durable Return to Work Rate is the proportion of injured workers who had returned to work and were still working seven to nine months after making their claim.

6. The Department plans to complete the Google Analytics analysis every two months throughout 2011/12. The first year of full data is, therefore, expected to be available at the end of 2011/12.

7. Google Analytics completed for 10 months only in 2010/11. Due to technical issues data was not available between September and October 2010.

8. Google Analytics completed for two months only in 2009/10.

Supplementary measure

Indicators of success	Measures	Result	Baseline trend
<p>Labour market decision-makers are better informed.</p>	<p>Provision to Ministers of authoritative, strategic and integrated advice on improving the labour market and its contribution to the economy.</p> <p>Source: Discussions with Vote Ministers as reported in the Department of Labour's Annual Reports (2009/10 and 2010/11), and the New Zealand Institute of Economic Research's Review of the Quality of Policy Advice Provided by the Department of Labour.</p>	<p><i>2010/11 Result:</i></p> <p>The Minister of Labour, the Minister of Immigration and the Minister for Social Development and Employment's ratings of "Good" and the New Zealand Institute of Economic Research's assessment of 7.5 out of 9 (note: 7.5 represents the averaged score for quality policy advice for Votes Labour, Immigration and Employment) (June 2011).</p>	<p><i>2009/10 Baseline:</i></p> <p>The Minister of Labour and the Minister of Immigration's ratings of "satisfied" and the Minister for Social Development and Employment's rating of "partly satisfied", and the New Zealand Institute of Economic Research's assessment of 7.6 out of 10 (note: 7.6 represents the averaged score for quality policy advice for Votes Labour, Immigration and Employment) (June 2010).</p>

## Employers have greater access to the skills and workers they need

Indicators of success	Measures	Result	Baseline trend
Employers' access to the skills they need is increased. Employers' access to the workers they need is increased.	Key agencies' awareness of skill gaps and shortages improves. Source: Brand Health Survey, (May 2011), and the Report of Survey of Stakeholder Satisfaction (June 2011), Department of Labour.	<i>2010/11 Result:</i> Results indicate: <ul style="list-style-type: none"> <li>› Two thirds of employers are aware of labour market information provided by the Department and this has been broadly consistent across the last two years.<sup>9</sup></li> <li>› Agencies are increasingly using the <i>Likely Areas of Growth in Employment Opportunities</i> quarterly reports.</li> <li>› Respondents commented on the value of the Department's work with Ngāi Tahu in using the Tū Mai Iwi Tool to provide information on the labour market needs of Māori in Christchurch after the Canterbury earthquakes.</li> <li>› Respondents also indicated that the <i>Jobs Online</i> report provides useful employment data (June 2011).</li> </ul>	<i>2009/10 Baseline:</i> Revised measure.
	Percentage of businesses that identify difficulty in recruiting workers reduces. Source: Quarterly Survey of Business Opinion data, New Zealand Institute of Economic Research.	<i>2010/11 Result:</i> <ul style="list-style-type: none"> <li>› For the quarter to 30 June 2011, a greater proportion of employers surveyed reported difficulty sourcing skilled workers when compared to the same period last year. The net percent<sup>10</sup> of firms reporting it "being easier to find skilled labour today when compared to three months ago" was -15%. This compares with a net -2% of firms reporting the same for the quarter to 30 June 2010.</li> <li>› For the quarter to 30 June 2011, a greater proportion of employers surveyed reported difficulty sourcing unskilled workers when compared to the same period last year. In the quarter to 30 June 2011, the net percent of firms reporting it "being easier to find unskilled labour today when compared to three months ago" was 11%. This compares with a net 23% of firms reporting the same for the quarter to 30 June 2010.</li> </ul>	<i>2009/10 Baseline:</i> Businesses found it more difficult to find skilled and unskilled workers over the course of 2009/10 (June 2010).

9. Labour market information includes information on skill gaps and shortages. Employers' awareness of labour market information was last evaluated in November 2010.

10. The net percent of respondents is obtained by subtracting the percentage of respondents saying "down" from those saying "up" and dividing the value by a corrective factor (100 – percent of "N/A" responses).

Indicators of success	Measures	Result	Baseline trend
Employers' access to the skills they need is increased. Employers' access to the workers they need is increased.	The percentage of skilled migrants whose occupation in New Zealand is a match with their skills improves. Source: Immigration Survey Monitoring Programme, Department of Labour.	<i>2010/11 Result:</i> 81% of employed skilled principal migrants report their current job matches their skills and qualifications (September 2010).	<i>2009/10 Baseline:</i> 82% of employed skilled principal migrants report their current job matches their skills and qualifications (October 2009).
	The percentage of employers satisfied with the overall quality of service provided by Immigration New Zealand improves. Source: Employers of Migrants Survey, Department of Labour.	<i>2010/11 Result:</i> 94% of employers were satisfied or very satisfied with the overall quality of service (June 2010).	<i>2009/10 Baseline:</i> 70% of employers were satisfied with the Department's assistance provided to facilitate them in recruiting skilled migrants (June 2009).
	Employers' satisfaction with the migrants they hire improves. Source: Immigration Survey Monitoring Programme, Department of Labour.	<i>2010/11 Result:</i> 99% of employers said they rated their migrant employees as good or very good (October 2010). <sup>11</sup>	<i>2009/10 Baseline:</i> 87% of employers rated their migrant employees as good or very good (June 2009).

#### Employer–employee relationships are improved

Indicators of success	Measures	Result	Baseline trend
Adoption of high-performance workplace practices by New Zealand workplaces is increased. Employer–employee relationships are more effectively managed.	Rate of work stoppages decreases. Source: Work Stoppages, Statistics New Zealand.	<i>2010/11 Result:</i> 17 work stoppages (December 2010). <sup>12</sup>	<i>2009/10 Baseline:</i> 31 work stoppages (December 2009).
	Proportion of employment relations problems resolved without referral to Employment Relations Authority or Employment Court increases. Source: Operational Data, Department of Labour.	<i>2010/11 Result:</i> 96% of all mediations were resolved without referral to the Employment Relations Authority or the Employment Court (June 2011).	<i>2009/10 Baseline:</i> 92% of all mediations were resolved without referral to the Employment Relations Authority or the Employment Court (June 2010).

11. The 2010/11 results are based on survey responses that have been adjusted to better reflect the target population (weighted), while responses to the 2009/10 survey were not adjusted (unweighted).

12. From January 2011 Statistics New Zealand will collect data on a calendar year basis rather than a financial year.

Indicators of success	Measures	Result	Baseline trend
Productivity in workplaces is improved.	Employers and other stakeholders report improved ability to comply with Holidays Act. Source: Operational Data, Department of Labour.	<i>2010/11 Result:</i> Implementation of legislative changes occurred on 1 April 2011. A post-implementation evaluation has been completed, with findings indicating key objectives were significantly achieved. An outcome evaluation is scheduled for completion in October 2012 (June 2011).	<i>2009/10 Baseline:</i> New measure.
	Workplace productivity improvements are determined through evaluation of specific workplace productivity demonstration projects. Source: Operational Data, Department of Labour.	<i>2010/11 Result:</i> A Workplace Productivity Agenda Project was evaluated. Two other projects are to be evaluated in 2011/12 (June 2011).	<i>2009/10 Baseline:</i> New measure.
Quality work in New Zealand continues to be supported by fair international labour practices.	New Zealand's participation in international labour forums is recognised and respected. Source: Operational Data, Department of Labour.	<i>2010/11 Result:</i> <ul style="list-style-type: none"> <li>› All reporting obligations arising from New Zealand's International Labour Organisation membership or ratification of international labour standards were met within agreed timeframes.</li> <li>› The Department led the New Zealand delegation to the 2011 International Labour Conference.</li> <li>› The New Zealand delegation at the 2011 International Labour Conference was invited to lead two committees: the Committee on Domestic Workers and the Committee on Social Protection.</li> <li>› A departmental official was invited to represent the Asia Pacific Government Group on the Drafting Committee for Labour Inspection and Administration (June 2011).</li> </ul>	<i>2009/10 Baseline:</i> <ul style="list-style-type: none"> <li>› All reporting obligations arising from New Zealand's International Labour Organisation membership or ratification of international labour standards were met within agreed timeframes.</li> <li>› 20 Vote Labour international reports and questionnaires submitted within agreed timeframes (June 2010).</li> </ul>
	Settled trade labour agreement obligations are met within agreed timeframes. Source: Operational Data, Department of Labour.	<i>2010/11 Result:</i> All obligations regarding settled trade labour agreements were met within agreed timeframes and are consistent with the Government's mandate (June 2011).	<i>2009/10 Baseline:</i> All obligations regarding settled trade labour agreements were met within agreed timeframes and are consistent with the Government's mandate (June 2010).

### Workplaces are healthier and safer

Indicators of success	Measures	Result	Baseline trend
Workplaces provide healthier and safer environments. Adoption of high-performance workplace practices by New Zealand workplaces is increased.	Rate of serious workplace injuries reduces.  Source: <i>The State of Workplace Health and Safety in New Zealand</i> , Department of Labour.	<i>2010/11 Result:</i> 20 work-related serious non-fatal injuries per 100,000 workers (2009).	<i>2009/10 Baseline:</i> 23 work-related serious non-fatal injuries per 100,000 workers (2008).
	A new surveillance framework for occupational disease is implemented and operational in the period 2010–2013.  Source: Operational Data, Department of Labour.	<i>2010/11 Result:</i> A model for the surveillance of occupational cancer, respiratory diseases and dermatitis is being developed and will be piloted by December 2011 (June 2011).	<i>2009/10 Baseline:</i> New measure.

### Supplementary measure

Indicators of success	Measures	Result	Baseline trend
Workplaces are healthier and safer.	Healthy and safe workplaces, as measured by the rate of workplace fatalities per 100,000 workers.  Source: <i>The State of Workplace Health and Safety in New Zealand</i> , Department of Labour.	<i>2010/11 Result:</i> 3.4 work-related fatalities per 100,000 workers (2008).	<i>2009/10 Baseline:</i> 3.5 work-related fatalities per 100,000 workers (2007).
	Healthy and safe workplaces, as measured by the rate of serious workplace injuries in priority sectors.  Source: Work Related Claims, Injury Statistics, Statistics New Zealand.	<i>2010/11 Result:</i> Incidence rate for claims involving entitlement payments for work-related injuries in priority sectors: <ul style="list-style-type: none"> <li>› 27 claims per 1,000 workers in the agriculture and forestry sector (includes serious workplace injuries in the fishing industry)</li> <li>› 24 claims per 1,000 workers in the manufacturing sector</li> <li>› 24 claims per 1,000 workers in the construction sector</li> </ul> ( <i>Provisional Data</i> , 2009).	<i>2009/10 Baseline:</i> Incidence rate for claims involving entitlement payments for work-related injuries in priority sectors: <ul style="list-style-type: none"> <li>› 33 claims per 1,000 workers in the agriculture and forestry sector (includes serious workplace injuries in fishing industry)</li> <li>› 30 claims per 1,000 workers in the manufacturing sector</li> <li>› 31 claims per 1,000 workers in the construction sector</li> </ul> ( <i>Actual Data</i> , 2008).
	Healthy and safe workplaces, as measured by the percentage of workplaces that, within six months, have satisfactorily addressed compliance or enforcement requirement(s) for health and safety and/or hazardous substances and new organisms.  Source: Operational Data, Department of Labour.	<i>2010/11 Result:</i> <ul style="list-style-type: none"> <li>› 95% of workplaces addressed compliance or enforcement requirements for health and safety within six months.</li> <li>› 74% of workplaces addressed compliance or enforcement requirements for hazardous substances and new organisms within six months (June 2011).</li> </ul>	<i>2009/10 Baseline:</i> 92% of workplaces addressed compliance or enforcement requirements within six months (June 2010).

## ■ INTERMEDIATE OUTCOME 3: A BETTER PERFORMING ACCIDENT COMPENSATION SYSTEM

The Department is responsible for advising the Government on the effective design and administration of the accident compensation system.

The accident compensation scheme is administered by the Accident Compensation Corporation (ACC).

The objective is to continue to have comprehensive, 24/7, no-fault coverage that is accessible and affordable for all New Zealanders, and to ensure the system delivers rapid and sustainable rehabilitation so people return to work after injury where possible. Returning to work at an appropriate point is better for the individual and better for the economy.

The revised immediate outcomes the Department sought to achieve in 2010/11 were:

- › a comprehensive 24/7, no-fault coverage system, designed to support:
  - » injury prevention
  - » effective rehabilitation
  - » appropriate compensation
- › the system is administered in a way that is sustainable and represents value for money.

### Improving the performance of the accident compensation system

The Department's advice and analysis during 2010/11 focused on the recent history of increasing costs and deteriorating rehabilitation rates and how to address this situation.

This has included monitoring and providing advice to the Government on the scheme's financial sustainability and ACC's performance. It has focused on how to mitigate cost increases for individuals, businesses, and the Government, and ensure better value for money.

ACC has already achieved improved results. The number of ACC claims has stabilised and rehabilitation rates have improved. The Return to Work Rate<sup>13</sup> and Durable Return to Work Rate<sup>14</sup> improved one percentage point in 2010/11 on the previous year (which equates to an approximate reduction in liabilities of \$500 million for long term claims).<sup>15</sup> Improved rehabilitation has resulted in a continued reduction in the number of people on long-term compensation, which is ACC's biggest cost.

ACC achieved a significant surplus for 2010/11 — much higher than ACC's budget projection.<sup>16</sup> This turnaround comes from improved rehabilitation, stabilised claim numbers, investment returns and better cost management. The net ACC debt has fallen from \$10.3 billion in 2009/10 to \$6.7 billion in 2010/11. This provides scope to hold or reduce levies.

### Investigating choice in the Work Account

The Department advised the Government on options for introducing choice into the Work Account. The proposal would give employers a choice of purchasing work-related personal injury insurance from ACC or a private insurer. In June 2011, Cabinet released the discussion document *Increasing Choice in Workplace Accident Compensation* for consultation. Further advice and decisions are due in the 2011/12 year.

### Introducing experience rating

The Department advised the Government on the development and implementation of experience rating, which was introduced in April 2011. This is a system of modifying the Work Account levy a business pays based on its claims history.

Experience rating provides stronger incentives for employers to improve workplace safety by rewarding those with good safety records. It also provides incentives for businesses to engage with health professionals on worker rehabilitation.

13. The Return to Work Rate is the proportion of injured workers who had returned to work after making their claim.

14. The Durable Return to Work Rate is the proportion of injured workers who had returned to work and were still working seven to nine months after making their claim.

15. Annual Report 2010, Accident Compensation Corporation, page 106.

16. Refer to the Accident Compensation Corporation Annual Report 2011.

### **Responding to the Canterbury earthquakes**

Under the Accident Compensation (Experience Rating) Regulations 2011, where levy rates are adjusted to take account of past ACC claims history, employers who had staff injured or killed in their workplace in the February earthquake could have been unjustly penalised for having a poor health and safety record. To remedy this anomaly, the Government declared the Canterbury earthquake an adverse event. The Department assisted in this regulatory change process to ensure that employers would not receive levy penalties arising from this adverse event.

In addition, the Government passed urgent regulations, under the Canterbury Earthquake Response and Recovery Act 2010, to enable ACC to promptly pay the first week's compensation to workers injured as a direct result of the February earthquake. The Department assisted in this process.

### **Extending the Accredited Employers' Programme**

The Department also advised the Government on options for extending the Accredited Employers'

Programme. Accredited employers enter an agreement with ACC to manage claims and pay the costs of claims for an agreed period and in return they pay lower levies.

Public consultation on extending the Accredited Employers' Programme started in June 2011, with decisions expected during 2011/12.

### **Improving dispute resolution within the accident compensation scheme**

The Government decided in April 2011 to separate Dispute Resolution Services Ltd (DRSL) from ACC. This was supported by the Department providing advice that this would increase the independence of the existing accident compensation dispute resolution system.

The Department also advised on establishing DRSL as an independent Crown company from July 2011.

### **Ensuring good governance**

The Department advised the Government on the appointment of a new ACC deputy chair, two new board members, and renewing the term of another board member during 2010/11. This ensures a diverse and strong range of skills is available for governing ACC.

**Table 6: Intermediate outcome 3: A better performing accident compensation system**

Indicators of success	Measures	Result	Baseline trend
Rehabilitation and return to work rates meet relevant national and international best practice.	Benchmarks are introduced and used in monitoring performance.  Source: Australia and New Zealand Return to Work Monitor, Campbell Research & Consulting.	<i>2010/11 Result:</i> New Zealand: <ul style="list-style-type: none"> <li>› 87% Return to Work Rate</li> <li>› 78% Durable Return to Work Rate</li> </ul> Australia: <sup>17</sup> <ul style="list-style-type: none"> <li>› 86% Return to Work Rate</li> <li>› 77% Durable Return to Work Rate (June 2011).</li> </ul>	<i>2009/10 Baseline:</i> New Zealand: <ul style="list-style-type: none"> <li>› 86% Return to Work Rate</li> <li>› 77% Durable Return to Work Rate</li> </ul> Australia: <sup>17</sup> <ul style="list-style-type: none"> <li>› 85% Return to Work Rate</li> <li>› 75% Durable Return to Work Rate (June 2010).</li> </ul>
The rate of increase in new injury claims on the accident compensation system is reduced.	Return on investment of injury prevention activities is monitored.  Source: Fourth Quarter Performance Report, Accident Compensation Corporation.	<i>2010/11 Result:</i> Accident Compensation Corporation (ACC) reported an increase of 4.9% for high-cost workplace claims. This compares with an original forecast of a 2% reduction. Although ACC's key performance indicator was not achieved, claims against priority areas in workplaces declined by 15.1% which can be partly attributed to ACC's injury prevention activities (June 2011).	<i>2009/10 Baseline:</i> New measure.
The cost of the scheme and levy prices are calculated and set in a more consistent and transparent way.	A new monitoring framework is implemented and operates effectively in the period 2010/11 to 2012/13.  Source: Operational Data, Department of Labour.	<i>2010/11 Result:</i> The Department has responded to the recommendations of reviews and has strengthened and broadened its scrutiny of scheme costs and prices to ensure more consistency and transparency in its analysis and reporting on ACC performance, pricing and funding. The Department's monitoring framework is being re-evaluated in anticipation of possible changes to management of the scheme (June 2011).	<i>2009/10 Baseline:</i> New measure.
Demonstrated accountability for performance of the accident compensation scheme is improved.	Advice on levies will explicitly explain how the proposals are consistent with the funding policies agreed by Cabinet.  Source: Policy Advice, Department of Labour.	<i>2010/11 Result:</i> The Department draws on a wide range of data to assess levy proposals. Analysis includes consideration of ACC's funding targets, the appropriateness of ACC's levy-setting methodology, implications for levy stability, and impacts on levy payers. This is consistently reflected in all of the Department's advice to the Minister and Cabinet (June 2011).	<i>2009/10 Baseline:</i> New measure.

17. The figures provided for Australia's Return to Work Rate and Durable Return to Work Rate are an average over the Australian jurisdictions.

Indicators of success	Measures	Result	Baseline trend
Cover and entitlement settings within the accident compensation scheme are more affordable and sustainable.	<p>Advice on any cover and entitlement changes will, in addition to cost estimates, contain explicit advice on the likely impact on levies required to maintain the scheme's overall funding position.</p> <p>Source: Policy Advice, Department of Labour.</p>	<p><b>2010/11 Result:</b></p> <p>The Department's policy work incorporates careful consideration of the likely financial impact of ACC's proposed changes. During 2010/11, this specifically occurred in relation to hearing loss proposals and entitlement changes in response to the Canterbury earthquake of 22 February 2011 (June 2011).</p>	<p><b>2009/10 Baseline:</b></p> <p>New measure.</p>

### Supplementary measure

Indicators of success	Measures	Result	Baseline trend
The system is administered in a way that is sustainable and represents value for money.	<p>System performance, as measured by:</p> <ul style="list-style-type: none"> <li>› progress to full funding of Accident Compensation Corporation accounts</li> <li>› the rate of change in levy rates</li> <li>› the rate of change in the Government's direct investment</li> <li>› the number and cost distribution of claims to Accident Compensation Corporation (workplace injuries).</li> </ul> <p>Source: Operational Data, Accident Compensation Corporation.</p>	<p><b>2010/11 Result:</b></p> <p>Full funding: progress has been made with the Earners' and Work Accounts achieving 100% solvency in 2010/11.</p> <p>The levy rates were:</p> <ul style="list-style-type: none"> <li>› for employers and self-employed people in the Work Account \$1.47 per \$100 liable earnings (GST excl)</li> <li>› the combined average motor vehicle levy in the Motor Vehicle Account is \$334.52</li> <li>› the combined earners' levy in the Earners Account is \$1.78 per \$100 liable earnings (GST excl)</li> </ul> <p>Direct investment: Non-departmental output expenses totalled \$1,247 million (budget). The number and cost distribution of claims was:</p> <ul style="list-style-type: none"> <li>› 76% of claims for workplace injuries cost a maximum of \$500</li> <li>› approximately 21% of claims were in a cost range of \$501 to \$20,000</li> <li>› a 2% increase in the number of claims costing more than \$20,000 (June 2011).</li> </ul>	<p><b>2009/10 Baseline:</b></p> <p>Full funding: progress has been made.</p> <p>The levy rates were:</p> <ul style="list-style-type: none"> <li>› for employers and self-employed people in the Work Account \$1.31 per \$100 liable earnings (GST excl)</li> <li>› the combined average motor vehicle levy in the Motor Vehicle Account is \$287</li> <li>› the combined earners' levy in the Earners Account is \$1.70 per \$100 liable earnings (GST excl)</li> </ul> <p>Direct investment: Non-departmental output expenses totalled \$1,263 million (actual). The number and cost distribution of claims was:</p> <ul style="list-style-type: none"> <li>› 78% of claims for workplace injuries cost a maximum of \$500</li> <li>› approximately 21% of claims were in a cost range of \$501 to \$20,000</li> <li>› a small number of claims costing more than \$20,000 (June 2010).</li> </ul>

## Organisational capability

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The Department is building its capability to create a high-performing organisation that delivers excellent services to its customers.

### ■ Building a more integrated and customer-focused organisation

Over the last two years, the Department has reorganised itself so it can better provide Ministers and other stakeholders with a consolidated, authoritative and strategic perspective on the labour market and its contribution to the economy. Centralising policy, research and evaluation functions in December 2010 created a stronger and more integrated capacity to provide authoritative and credible policy advice. An increase in policy capability has already been demonstrated. The New Zealand Institute of Economic Research (NZIER) noted in June 2011 that “the Department has most of the foundations in place to be a high class policy shop”.<sup>18</sup> NZIER’s assessment of policy papers for 2010/11 saw the Department rated in the top five out of 17 agencies. Overall ministerial satisfaction also increased with 2010/11 results being either achieved or exceeded.

A new immigration organisational structure was put in place from March 2011. This brought “like” functions together into four new divisions, better integrated Immigration New Zealand within the wider Department, and positioned the Group to improve service delivery and value for money.

To further improve immigration customer services, the Department is implementing a new operating model to be supported by investment in better technology, streamlined business processes, and skill development for staff and managers. The Minister of Immigration, in a speech in May 2011, noted “Immigration New Zealand is moving in the right direction to build trust and the sort of services our international visitors, students, temporary workers and new migrants expect and deserve”.<sup>19</sup>

The Department has developed a future state for its Labour functions, with decisions on the senior management structure of the Labour Group announced in June 2011. The changes will also implement a sustainable financial strategy, and services focused around core functions.

### ■ Improving the Department’s capability to support work with Māori and Pacific communities

The Department is using the *Māori Strategy 2008–2013* and *Pacific Strategy 2010–2015* to guide, prioritise, and coordinate the Department’s work with Māori and Pacific communities.

A national hui held at Tūrangawaewae Marae in August 2010 provided a forum for the Department’s business groups to report back on the Department’s *Māori Strategy 2008–2013* recent activities, and provide direction on ways to further implement the strategy.

To grow internal staff capability, the Department launched the Effectiveness for Māori Capability Framework and the Te Reo Māori and Manaakitanga Policies. By 30 June 2011, a total of 445 staff had participated in Māori Cultural Awareness Training, Effectiveness for Māori Capability Framework Clinics, Te Reo and Tikanga Courses, and a Te Tiriti o Waitangi Course.

The Department launched its *Pacific Strategy 2010–2015* to improve its services to Pacific peoples. The strategy was accompanied by an internal Pacific Implementation Plan that will be revised and reported against each year.

18. New Zealand Institute of Economic Research (2011) *Quality review 2011*. Draft report to the Department of Labour.

19. <http://www.beehive.govt.nz/speech/immigration-new-zealand039s-contribution-growing-economy>

## ■ Working to enhance organisational performance

### Developing a shared culture

The Department must operate as a single entity to create value. A one-department approach has been progressively introduced with consistent and aligned policies, processes and systems, departmental values, a Service Promise, and an explicit relationship approach underpinning how all departmental staff are to work with each other and with other stakeholders.

Staff engagement is a building block for a high-performing organisation. All managers undertook planning with their teams to address areas for improvement identified in the 2010 annual engagement survey. The May 2011 engagement survey showed “satisfaction with the Department as a place to work” increased slightly. Plans are being updated to improve engagement results.

### Developing our people

The organisation uses training and development to strengthen the confidence and ability of managers and to equip them to undertake new initiatives and achieve results. The Leadership Development Programme develops leadership and management skills, and is helping to embed a stronger performance culture in the Department. During 2010/11, the senior level programme was evaluated, and 78 percent of relevant managers attended mid-level workshops. The Manager Competency Framework workshops were attended by 183 participants.

The Department is also developing the technical skills and competencies that staff need through performance development plans. In 2010/11, 1,425 onshore staff attended core curriculum courses, such as writing, problem-solving and decision-making, and project management. In addition, service delivery staff received technical training relevant to their roles.

### *Equality and Diversity*

The Department is undertaking an Equality and Diversity Review to analyse data on recruitment, the gender pay gap, participation, and employee engagement by gender and ethnicity as a basis for human resources initiatives. Integration of equality and diversity into strategic and annual business planning continues to be driven through the Department’s engagement programme and strategies for Māori, Pacific peoples, people with disabilities, and a renewed Ethnic Responsiveness Strategy. The Department’s ethnic distribution is based on primary ethnicity as recorded by employees at appointment (see Figure 4).

**Figure 4: Ethnic composition of the Department of Labour (onshore and offshore permanent staff), 30 June 2011**

<b>Ethnic Group</b>	<b>Onshore only</b>	<b>Offshore only</b>
Asian	14.8%	55%
Middle Eastern/Latin American/African	0.6%	0.3%
NZ European	41.5%	11.9%
Māori	7.0%	1.6%
Pacific People	7.4%	14.1%
Other European	9.1%	6.6%
Other Ethnic Group	11.9%	1.6%
Not Recorded	7.7%	9.1%

## ■ Better integrated systems and processes

### Centralising corporate functions

On 1 July 2010, the Department centralised corporate functions to provide shared services to the whole Department, reduce duplication, and better support delivery groups. A series of organisational reviews are being undertaken over 2010/11–2011/12 for the five Divisions in the Business Services Group. These reviews will ensure the corporate centre can support a high level of service delivery in a cost-effective way.

An internal corporate group survey indicates an overall customer satisfaction rate of 66 percent. This is an increase from December 2010. A number of service improvement initiatives are planned for 2011/12, which are focused on streamlining business processes, communication, and understanding customers' needs.

The Department was one of 33 government agencies that provided data (from 2009/10) for the Better Administrative Support Services (BASS) benchmarking exercise. For each service, the Department outperformed other comparable government agencies. The Department has set a savings target to reduce total administrative and support service costs by at least one percent per year from 2011/12.

### Improving core infrastructure

The Department has improved its foundation infrastructure to ensure systems are stable and to help staff become more agile and mobile in their work practices. This included:

- › introducing the Financial Management Information System on 1 October 2010 to automate much of the back office workflow, integrate financial information, and provide department-wide, real-time financial information for users

- › improving human resources management information by implementing the Learning Management System, which uses online modules to deliver training in a more time-, cost- and learning-effective way for staff and management
- › upgrading the information and communications technology infrastructure, including a new telephony system, active directory, and tele- and video-conferencing.

The Department also worked to improve and integrate its information management to enable staff to more easily access and share reliable information, which will increase productivity. This included:

- › utilising the data warehouse to enable reporting of immigration and labour performance and operational activity integrated with finance and human resource information
- › implementing phase 1 of the Electronic Data Records Management System to assist with managing business records and documents.

The Information Systems Strategic Plan was completed during the year. This plan provides a long-term, organisation-wide view of future information systems needs and the projects required if the Department is to meet its strategic goals. This will enable more efficient use of information systems, more effective spending, and reduced risk of systems failure.

**Table 7: Measures and standards for monitoring organisational capability**

Aspect of performance	Indicators of success	Desired result or trend			
		2010/11 Indicator	2010/11 Result	2009/10 Result	Comments
Financial performance	Office of the Auditor-General grading for:		<i>Results are provisional</i>		<b>Partially Achieved</b>
	› Management control environment	Good	Good	Good	
	› Financial information systems and controls	Good	Very good	Very good	
	› Service Performance information and associated systems and controls	Good	Needs improvement	Needs improvement	
Staff engagement	Staff participation in Gallup Survey	90% or above	85%	87%	<b>Not Achieved</b> (Refer page 38)
Core corporate services' performance	Corporate Group meets or exceeds customer expectations	75% or above	66%	Not Measured	<b>Not Achieved</b> (Refer page 39)
External customer satisfaction	Percentage of customers who indicated they were satisfied with the overall quality of service delivery received (Vote Labour)	80%	82%	Not Measured	<b>Achieved</b>
	The percentage of customers satisfied that Department staff did "what they said they would" (Vote Immigration)	80%	73%	78%	<b>Not Achieved</b> (Refer page 62)
Leadership	Leadership Development Programme: mid-level managers' attendance	50%	78%	New Measure	<b>Achieved</b>
Continuous Improvement	Completion of value for money reviews	Completed by June 2010	Not Applicable	Completed by June 2010	<b>Not Applicable</b>

**Core Infrastructure: Foundation Capabilities Programme**

Project	Milestone	Result
Information and communications technology infrastructure	By January 2011 (This date was updated internally to a revised date of June 2011)	<b>Not Achieved</b> Six work streams out of eight completed. The remaining two streams were delayed to address technical issues and are expected to be implemented by December 2011.
Financial Management Information System	By November 2011	<b>On Track</b>
Electronic Document and Records Management System (Phase 1)	By October 2010 (This date was updated internally to a revised date of July 2011)	<b>Not Achieved</b> The scope of the EDRMS was changed to ensure that the solution implemented was Windows 7 compliant. Phase 1 was completed at the end of August 2011.
Human Resources Management Information System (Phase 2)	By August 2010 (This date was updated internally to a revised date of June 2011)	<b>Not Achieved</b> The HRMIS is substantially complete. The Learning Management System was successfully implemented. The Health and Safety module was implemented in September 2011.

# Managing in a changing environment

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## ■ Environmental scanning

The Department regularly scans the environment in which it operates to keep abreast of issues and manage risk to its business and New Zealand's interests.

The Department continues to carry out a variety of research and evaluative activities. This enables the Department to monitor the impacts of its policies and trends. Information about these activities is reflected under the Department's intermediate outcomes.

The Department's research programme provides an evidence base on international migration, settlement, employment, and the labour market. The Department regularly communicates with its customers across government, business, industry, and migrant communities to meet the needs of stakeholders. The Department also conducts annual stakeholder surveys to build a comprehensive understanding of their needs and to ensure products and services meet expectations.

## ■ Risk management, assurance, and business continuity management

### Risk management

The Department has a risk management framework modelled on the Australian and New Zealand Risk Management Standard and aligned with international standard ISO 31000. The framework and its tools provide a consistent way for the Department

to identify risks and assess them to determine the most important risks. The risks and actions to address them are reviewed at least every three months. Reports on the risk management arrangements go quarterly to the Audit Committee and to the Strategic Leadership Team through the Performance and Risk Committee. During the year, the Department reviewed its risk management and internal assurance arrangements.

### Assurance – internal assurance and legislative compliance

The Department has well-established internal assurance and legislative compliance processes. The fifth whole-of-department Assurance Review took place in April and May 2011. The review tests that the Department's key controls are working and that the Department is meeting its legislative compliance obligations. The results of the review identified areas in the control environment that could be improved, and these are being addressed.

### Business continuity management

The Department has business continuity and crisis management arrangements that the National Crisis Management Team oversees. The Canterbury earthquakes tested the Department's ability to restore normal operations under crisis circumstances. A "lessons learnt" review was undertaken to identify what worked well, areas needing development, and work proposed to achieve this development.

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# Future strategic direction

To better reflect the drivers of the transformational change the Department is undergoing, the intermediate outcomes for the organisation have been revised to place more focus on the Department’s role in the labour market and to improve the understanding of the links between outcomes and outputs for staff. Table 8 summarises the overall strategic framework for 2011/12 and the agreed ministerial priorities as set out in the *Statement of Intent 2011–2014*.

**Table 8: 2011/12 strategic framework and ministerial priorities**

<b>Departmental outcome</b>		
Grow New Zealand’s economy and improve the quality of lives through a high-performing labour market and immigration system		
<b>Intermediate outcomes</b>		
A more effective immigration system	A more effective labour market	A better performing accident compensation system
<b>Immediate outcomes</b>		
<p>The attraction and retention of the people New Zealand needs is improved</p> <p>The delivery of visa services is improved</p> <p>The integrity of New Zealand’s immigration system is maintained</p>	<p>Labour market decision-makers are better informed</p> <p>Employers have greater access to the skills and workers they need</p> <p>Employer–employee relationships are improved</p> <p>Workplaces are healthier and safer</p>	<p>A comprehensive 24/7, no-fault coverage system, designed to support:</p> <ul style="list-style-type: none"> <li>› injury prevention</li> <li>› effective rehabilitation</li> <li>› appropriate compensation</li> </ul> <p>The system is administered in a way that is sustainable and represents value for money</p>
<b>Ministerial priorities</b>		
<p><i>Vote Immigration</i></p> <p>Implementing a new service delivery model to ensure that Immigration New Zealand services are financially sustainable into the future</p> <p>Improving Immigration New Zealand’s systems and delivery of services</p> <p>Improving the economic and social outcomes from immigration</p> <p>Building Immigration New Zealand’s capacity and capability to manage risk</p>	<p><i>Vote Employment</i></p> <p>Providing strategic labour market intelligence</p> <p>Contributing to economic and employment growth</p> <p>Supporting workforce development for economic growth</p> <p>Maximising the impact of government investment</p> <p><i>Vote Immigration</i></p> <p>Improving the economic and social outcomes from immigration</p> <p><i>Vote Labour</i></p> <p>Ensuring the regulatory framework for employment relations provides flexibility in workplaces to increase employment and productivity</p> <p>Promoting workplace productivity by reducing workplace accidents</p>	<p><i>Vote ACC</i></p> <p>Improving choice concerning the ongoing development and improvement of the accident compensation scheme</p> <p>Sustaining performance improvements</p> <p>Improving dispute resolution</p> <p>Improving the monitoring of the scheme and the Accident Compensation Corporation, including some targeted (non-financial) monitoring</p>
<b>Organisational development goals</b>		
Knowledgeable, influential, and collaborative experts on labour and immigration	A facilitative, responsive, and effective regulator providing high-quality and innovative services	
Our people, working environment, and shared culture support excellent performance	A highly capable department with integrated systems, processes and policies	

# Statement of management responsibility

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In terms of the Public Finance Act 1989, I am responsible, as Chief Executive of the Department of Labour, for the preparation of the Department's Financial Statements and Statement of Service Performance, and for the judgements made in them.

I have the responsibility for establishing, and I have established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these Financial Statements and the Statement of Service Performance fairly reflect the financial position and operations of the Department for the year ended 30 June 2011.



Christopher Blake  
**SECRETARY OF LABOUR**  
30 September 2011



*Countersigned by:* Meaw-Fong Phang  
**DIRECTOR FINANCE**  
30 September 2011

To the readers of the Department of Labour's financial statements, non-financial performance information and schedules of non-departmental activities for the year ended 30 June 2011.

The Auditor-General is the auditor of the Department of Labour (the Department). The Auditor-General has appointed me, Phil Kennerley, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, the non-financial performance information and the schedules of non-departmental activities of the Department on her behalf.

We have audited:

- › the financial statements of the Department on pages 79 to 112, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2011, the statement of comprehensive income, statement of changes in taxpayers' funds, statement of departmental expenditure and capital expenditure against appropriations, statement of unappropriated expenditure and capital expenditure and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- › the non-financial performance information of the Department that comprises the report about outcomes on pages 12 to 36 and the statement of objectives and service performance on pages 47 to 78; and
- › the schedules of non-departmental activities of the Department on pages 113 to 123 that comprise the schedule of assets, schedule of liabilities, schedule of commitments and schedule of contingent liabilities and contingent assets as at 30 June 2011, the schedule of expenses, schedule of expenditure and capital expenditure against appropriations, and schedule of income

for the year ended on that date and the notes to the schedules that include accounting policies and other explanatory information.

## Opinion

In our opinion:

- › the financial statements of the Department on pages 79 to 112:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Department's:
    - financial position as at 30 June 2011;
    - financial performance and cash flows for the year ended on that date;
    - expenses and capital expenditure incurred against each appropriation administered by the Department and each class of outputs included in each output expense appropriation for the year ended 30 June 2011; and
    - unappropriated expenses and capital expenditure for the year ended 30 June 2011.
- › the non-financial performance information of the Department on pages 12 to 36 and 47 to 78:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the Department's service performance and outcomes for the year ended 30 June 2011, including for each class of outputs:
    - its service performance compared with the forecasts in the statement of forecast service performance at the start of the financial year; and

- its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.
- › the schedules of non-departmental activities of the Department on pages 79 to 112 fairly reflect:
  - the assets, liabilities, contingencies, commitments and trust monies as at 30 June 2011 managed by the Department on behalf of the Crown; and
  - the revenues, expenses, expenditure and capital expenditure against appropriations and unappropriated expenditure and capital expenditure for the year ended on that date managed by the Department on behalf of the Crown.

Our audit was completed on 30 September 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and our responsibilities, and we explain our independence.

### **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, the non-financial performance information and the schedules of non-departmental activities are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, the non-financial performance information and the schedules of non-departmental activities. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, the non-financial performance information and the schedules of non-departmental activities. The procedures

selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, the non-financial performance information and the schedules of non-departmental activities, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Department's preparation of the financial statements, the non-financial performance information and the schedules of non-departmental activities that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.

An audit also involves evaluating:

- › the appropriateness of accounting policies used and whether they have been consistently applied;
- › the reasonableness of the significant accounting estimates and judgements made by the Chief Executive;
- › the appropriateness of the reported non-financial performance information within the Department's framework for reporting performance;
- › the adequacy of all disclosures in the financial statements, the non-financial performance information and the schedules of non-departmental activities; and
- › the overall presentation of the financial statements, the non-financial performance information and the schedules of non-departmental activities.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, the non-financial performance information and the schedules of non-departmental activities. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### **Responsibilities of the Chief Executive**

The Chief Executive is responsible for preparing:

- › financial statements and non-financial performance information that:
  - comply with generally accepted accounting practice in New Zealand;

- fairly reflect the Department's financial position, financial performance, cash flows, expenses and capital expenditure incurred against each appropriation and its unappropriated expenses and capital expenditure; and
  - fairly reflect its service performance and outcomes; and
- › schedules of non-departmental activities, in accordance with the Treasury Instructions 2010 that fairly reflect those activities managed by the Department on behalf of the Crown.

The Chief Executive is also responsible for such internal control as is determined is necessary to enable the preparation of financial statements, non-financial performance information and schedules of non-departmental activities that are free from material misstatement, whether due to fraud or error.

The Chief Executive's responsibilities arise from the Public Finance Act 1989.

#### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements, the non-financial performance information and the schedules of non-departmental activities and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

#### **Independence**

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

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



**Phil Kennerley**

*Audit New Zealand*

On behalf of the Auditor-General

Wellington, New Zealand

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#### **Matters relating to the electronic presentation of the audited financial statements, non-financial performance information and schedules of non-departmental activities**

This audit report relates to the financial statements of the Department of Labour for the year ended 30 June 2011 included on the Department of Labour's website. The Department of Labour's Chief Executive is responsible for the maintenance and integrity of the Department of Labour's website. We have not been engaged to report on the integrity of the Department of Labour's website. We accept no responsibility for any changes that may have occurred to the financial statements, non-financial performance information and schedules of non-departmental activities since they were initially presented on the website.

The audit report refers only to the financial statements, non-financial performance information and schedules of non-departmental activities named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these

financial statements, non-financial performance information and schedules of non-departmental activities. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, non-financial performance information, schedules of non-departmental activities and related audit report dated 30 September 2011 to confirm the information included in the audited financial statements, non-financial performance information and schedules of non-departmental activities presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements, non-financial performance information and schedules of non-departmental activities may differ from legislation in other jurisdictions.

# Statement of objectives and service performance

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This section provides summaries, for the year ended 30 June 2011, of the actual performance of the Department of Labour against the performance standards set out in the Statements of Forecast Service Performance in the Information Supporting the Estimates for the four Votes for which the Department is responsible.

Performance is assessed for the output expenses defined for appropriation purposes under the Public Finance Act 1989. For each output expense, actual performance can be measured against the following criteria:

- › cost – budget expenditure attributable to the output expense
- › quality – measures of quality include peer reviews and the level of satisfaction with the Department's services
- › quantity – indicators of the number of outputs to be produced
- › timeliness – scheduled delivery times for outputs.

Supplementary information has been added to the Statement of Objectives and Service Performance to provide a more balanced performance story. This information was sourced from the Department's Output Plan for 2010/11.

Where activity information was identified in a Vote's Estimates documentation, it is also included. Activity information identifies output volume measures that are demand driven and outside the Department's control.

2009/10 results are only included if they were part of the audited measures in the 2010 Annual Report.

## ■ Vote Labour

### Output expense: International services

#### Scope of appropriation

Manage New Zealand's labour related international obligations and interests through the International Labour Organisation (ILO), and the Government's trade agenda as it relates to the Labour portfolio. Provide advice and support to ministers on international labour-related issues.

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
The Minister of Labour is satisfied with the quality of advice, support and representation provided to meet New Zealand's labour related international obligations.	Ministerial rating as Satisfied or above determined through feedback	Good	Satisfied	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>
Tripartite partners and senior officials are satisfied with quality of support and representation, including stakeholder consultation, provided to meet New Zealand's labour related international obligations. <sup>20</sup>	Improve the satisfaction rating from Satisfied to Satisfied Above Expectations	Satisfied Above Expectations to Very Satisfied	Satisfied Above Expectations	<b>Achieved</b>
Negotiations on trade labour agreements conducted by officials are consistent with the Government's mandate for the negotiations.	100%	100%	100%	<b>Achieved</b>
Government's trade and labour obligations for implementing trade labour agreements are met within agreed timeframes in accordance with the requirements of each agreement.	100%	100%	100%	<b>Achieved</b>
The percentage of reports and questionnaires coordinated and submitted within agreed timeframes.	100%	100%	100%	<b>Achieved</b>

20. Ratings used in satisfaction surveys are: Unsatisfied, Partly Satisfied, Satisfied Above Expectations, and Very Satisfied.

Activity information	Standard	2010/11 Actual	2009/10 Actual	Comments
The number of international events and meetings attended including: <ul style="list-style-type: none"> <li>› International Labour Organisation meetings</li> <li>› Multilateral and bilateral meetings</li> <li>› Trade labour agreement negotiation and implementation.</li> </ul>	10–18 international meetings and events	23	12	<b>Above Forecast</b>
The number of proceedings held or coordinated including: <ul style="list-style-type: none"> <li>› assistance based activities</li> <li>› cooperative activities</li> <li>› incoming international visits by overseas delegates.</li> </ul>	15–25 proceedings	10	15	<b>Below Forecast</b> The Asia-Pacific regional meeting of the ILO, scheduled to be held in Japan in April 2011, was postponed due to the Japanese tsunami. This affected a range of associated activities planned to be held or coordinated by the Department.
The number of international labour reports and questionnaires that are coordinated and submitted as required.	20–25 reports and questionnaires are coordinated and submitted	54	20	<b>Above Forecast</b>

### Financial performance

Figures are GST exclusive

Actual 2009/10 \$000		Actual 2010/11 \$000	Main estimates 2010/11 \$000	Supplementary estimates 2010/11 \$000
<b>REVENUE</b>				
752	Crown	990	927	990
17	Department	10	12	12
<b>769</b>	<b>TOTAL REVENUE</b>	<b>1,000</b>	<b>939</b>	<b>1,002</b>
<b>759</b>	<b>EXPENSES</b>	<b>918</b>	<b>939</b>	<b>1,002</b>
10	Net Surplus/(Deficit)	82	-	-

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$63,000 is due to:

- › a fiscally neutral transfer from Vote Foreign Affairs and Trade for travel relating to the closer economic partnership/free trade agreement negotiations (\$61,000)
- › a forecast change for increases in the government superannuation fund employer contribution rates (\$2,000).

Approval 'in principle' was given to transfer up to \$37,000 of funding to 2011/12.

Actual expenditure was \$84,000 or 8% lower than the Supplementary Estimates mainly due to staff vacancies, savings in membership fees as a consequence of the exchange rates, and the deferral or cancellation of some planned international activity.

## Output expense: Policy advice – labour

### Scope of appropriation

Provide policy advice and facilitation of policy implementation through developing and delivering tools and resources, research and evaluation about the labour market and workplace practices and includes ministerial servicing and administrative and advisory support for bodies including the Workplace Health and Safety Council and the National Advisory Council on the Employment of Women.

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
The Minister of Labour is satisfied with the quality and timeliness of the Department's policy advice.	Ministerial rating as Satisfied or above determined through feedback	Good	New Measure	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>
The policy process and advice is assessed as good quality through external and internal review of specific projects.	Meet or exceed good quality standard <sup>21</sup>	Adequate	Result not available for Annual Report	<b>Not Achieved</b> NZIER provided an average rating of 7.6 out of 9. 100% were assessed as being "adequate" or higher. This includes 43% assessed as "good". NZIER's assessment of policy papers for 2010/11 saw the Department rated in the top five out of 17 agencies.
The National Advisory Council on the Employment of Women (NACEW), the Workplace Health and Safety Council (WHSC) and the Employment Relations Education Advisory Committee (EREAC) are satisfied with the quality of the Department's support services.	Rated as Satisfied or above <sup>22</sup>	Satisfied to Satisfied Above Expectations	Some members indicated a rating of Partly Satisfied	<b>Achieved</b> <b>NACEW:</b> <b>Achieved</b> Satisfied. <b>WHSC:</b> <b>Achieved</b> Satisfied Above Expectations. <b>EREAC:</b> <b>Not Applicable</b> The Minister of Labour did not convene the EREAC committee during 2010/11. A policy review of this initiative is planned for 2011/12.
Policy advice is delivered as agreed with the Minister of Labour.	Policy work programme is documented and delivered to agreed timeframes	Advice delivered according to agreed policy work programme.	Advice delivered as detailed in Output Plan	<b>Achieved</b>

21. NZIER criteria rates 8 as "good" on a scale of 1 to 9.

22. Ratings used in satisfaction surveys are: Unsatisfied, Partly Satisfied, Satisfied, Satisfied Above Expectations, Very Satisfied.

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
Ministerial servicing is delivered as agreed with the Minister of Labour.	Ministerial rating as Satisfied or above determined through feedback	Good	Satisfied	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>
The Department completes all ministerial correspondence in a timely manner.	Ministerial rating as Satisfied or above determined through feedback	Good	Satisfied	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>
<b>Supplementary measures</b>				
The Minister of Labour is satisfied with the quality of the Department's monitoring, research and evaluation outputs.	Ministerial rating as Satisfied or above determined through feedback	Good	New Measure	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>
Monitoring, research and evaluation outputs are delivered as agreed with the Minister of Labour.	Monitoring, research and evaluation is documented and delivered to agreed timeframes	Delivered according to agreed monitoring, research and evaluation programme	New Measure	<b>Achieved</b>
The Minister of Labour is "satisfied" with the quality and timeliness of the Department's ministerial servicing.	Ministerial rating as Satisfied or above determined through feedback	Good	New Measure	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>

**Financial performance** Figures are GST exclusive

Actual 2009/10 \$000		Actual 2010/11 \$000	Main estimates 2010/11 \$000	Supplementary estimates 2010/11 \$000
<b>REVENUE</b>				
9,150	Crown	9,191	9,579	9,191
116	Department	122	124	124
-	Other	54	-	-
<b>9,266</b>	<b>TOTAL REVENUE</b>	<b>9,367</b>	<b>9,703</b>	<b>9,315</b>
<b>8,983</b>	<b>EXPENSES</b>	<b>7,965</b>	<b>9,703</b>	<b>9,315</b>
283	Net Surplus/(Deficit)	1,402	-	-

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$388,000 is due to:

- › Expense transfers to 2011/12 for:
  - » workplace productivity – high-performance work initiative (\$275,000)
  - » productivity working group (\$57,000)
  - » Departmental-wide transformation projects<sup>23</sup> (\$73,000)
- › a fiscally neutral transfer to output expense Services to Support and Promote Safe and Healthy People and Workplaces for reprioritisation of funding to cover Adventure Tourism and Safety (\$1.100 million).

This was partially offset by:

- › additional funding for the workplace productivity – high performance work initiative (\$1.000 million)
- › a forecast change for increases in the government superannuation fund employer contribution rates (\$15,000)
- › Expense transfers from 2010/11 for Departmental-wide transformation projects (\$102,000).

Approval 'in principle' was given to transfer up to \$93,000 of funding to 2011/12.

Actual expenditure was \$1.350 million or 14% lower than the Supplementary Estimates mainly due to the 2010 Budget Initiative for high-performance work commencing part-way through the year, the work programmes of the policy teams being delayed due to several unexpected events (including the Pike River Coal mine tragedy) and staff vacancies.

23. Departmental-wide transformation projects included centralising corporate and policy, research and evaluation functions and improving the Department's foundation infrastructure.

## Output expense: Services to promote and support fair and productive employment relationships

### Scope of appropriation

Provision of information, guidance, investigation, mediation and decision-making regarding employment rights and upholding regulatory standards including support services provided to employment relations institutions.

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
The percentage of customers who indicated they were satisfied with the overall quality of service delivery received. Satisfaction to be measured by the Workplace Service Excellence Survey using the Common Measurement Tool.	80%	For employment relations-related services the result was 83.1%	Not Measured	<p><b>Achieved</b></p> <p><b>Contact Centre:</b></p> <p><b>Achieved</b></p> <p>Of the 699 Contact Centre customers surveyed, 87% were satisfied.<sup>24</sup></p> <p><b>Labour Inspection:</b></p> <p><b>Achieved</b></p> <p>Of the 149 surveyed customers of Labour Inspection Services, 81% were satisfied.<sup>25</sup></p> <p><b>Small Business Information Unit:</b></p> <p><b>Achieved</b></p> <p>Of the 133 surveyed customers of the Small Business Information Unit, 91% were satisfied.<sup>26</sup></p> <p><b>Mediation Services:</b></p> <p><b>Not Achieved</b></p> <p>Of the 454 Mediation Services' customers surveyed, 75% were satisfied.<sup>27</sup></p> <p>The Department is considering ways to improve service delivery through its transformational change programme.</p>
A report to be provided to the Minister of Labour summarising key service excellence results.	Report provided to the Minister by December 2010	Report provided 5 July 2011 <sup>28</sup>	Report provided to the Minister in December 2009	<p><b>Not Achieved</b></p> <p>The Minister of Labour approved a variation to this performance standard to allow the Department to improve the design of the Service Excellence Survey. Analysis of the survey was completed in May 2011. The subsequent delay in submitting results was due to additional quality assurance being applied.</p>

24. The margin of error for the Contact Centre sample is 3.7%.

25. The margin of error for the Labour Inspection sample is 7.9%.

26. The margin of error for the Small Business Information Unit sample is 6.1%.

27. The margin of error for the Mediation Services sample is 5.5%.

28. In February 2011, the Minister of Labour approved varying the standard of this performance measure from a "Report is provided to the Minister by December 2010" to a "Report is provided to the Minister by June 2011".

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
The Chief of the Employment Relations Authority (ERA) and Remuneration Authority Chair are satisfied with the quality of the Department's support services.	Rated as Satisfied or above <sup>29</sup>	Satisfied Above Expectations	Satisfied Above Expectations	<b>Achieved</b> <b>Remuneration Authority:</b> <b>Achieved</b> Satisfied Above Expectations. <b>Employment Relations Authority:</b> <b>Achieved</b> Satisfied Above Expectations.
Percentage of investigations into complaints regarding breaches of regulatory standards of employment legislation completed within six months of receipt.	90%	93%	93%	<b>Achieved</b>
Percentage of requests for mediation settled before or at mediation.	75–85%	80%	78%	<b>Achieved</b>
<b>Supplementary measures</b>				
The abandonment rate of calls to the contact centre.	Less than 5%	6.8%	New Measure	<b>Not Achieved</b> Standard not achieved due to increasing complexity of calls, extended hours in response to the Canterbury earthquakes, and staff training on legislative implementation. Capacity management, prioritisation and recruitment are being used to improve performance.
The percentage of investigations of minimum wage exemptions completed before the previous exemption expires.	95%	96%	New Measure	<b>Achieved</b>
Partnership initiatives with Small Medium Enterprise (SME) intermediaries by sector to improve workplace practices.	25–35	26	New Measure	<b>Achieved</b>
Where a notice of strike, or lockout, in essential industries is received, the percentage of occurrences where an appropriately experienced mediator is made available within two working days.	100%	100%	New Measure	<b>Achieved</b>

29. Ratings used in satisfaction surveys are: Unsatisfied, Partly Satisfied, Satisfied, Satisfied Above Expectations, Very Satisfied.

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
The percentage of matters completed through a mediated process within expected timeframes.	75%	89%	New Measure	<b>Achieved</b>
The percentage of recorded settlements completed within 10 working days.	80%	89%	New Measure	<b>Achieved</b>
The number of early interventions into employment problems that reduce the need for higher level problem resolution.	100	136	New Measure	<b>Achieved</b>

### Financial performance

Figures are GST exclusive

Actual 2009/10 \$000		Actual 2010/11 \$000	Main estimates 2010/11 \$000	Supplementary estimates 2010/11 \$000
<b>REVENUE</b>				
23,960	Crown	24,621	25,672	24,621
298	Department	282	299	299
10	Other	53	202	202
<b>24,268</b>	<b>TOTAL REVENUE</b>	<b>24,956</b>	<b>26,173</b>	<b>25,122</b>
<b>24,026</b>	<b>EXPENSES</b>	<b>24,678</b>	<b>26,173</b>	<b>25,122</b>
242	Net Surplus/(Deficit)	278	-	-

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$1.051 million is due to:

- › Expense transfers to 2011/12 for Departmental-wide transformation projects (\$216,000)
- › a fiscally neutral transfer to output expense Services to Support and Promote Safe and Healthy People and Workplaces to meet funding pressures as a result of the Pike River Coal mine tragedy (\$1.200 million).

This was partially offset by:

- › a forecast change for increases in the government superannuation fund employer contribution rates (\$41,000)
- › Expense transfers from 2010/11 for Departmental-wide transformation projects (\$324,000).

Approval 'in principle' was given to transfer up to \$41,000 of funding to 2011/12.

Actual expenditure was only \$444,000 or 2% lower than the Supplementary Estimates.

## Output expense: Services to promote and support safe and healthy people and workplaces

### Scope of appropriation

Provision of information, education and support for workplaces regarding effective workplace health and safety practice, and enforcement action to promote compliance with the HSE Act.

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
The percentage of customers who indicated they were satisfied with the overall quality of service delivery received. Satisfaction to be measured by the Workplace Service Excellence Survey using the Common Measurement Tool.	80%	For health and safety-related services the result was 84.7%	Not Measured	<p><b>Achieved</b></p> <p><b>Contact Centre:</b></p> <p><b>Achieved</b></p> <p>Of the 699 Contact Centre customers surveyed, 87% were satisfied.<sup>30</sup></p> <p><b>Health and Safety Inspection Services:</b></p> <p><b>Not Achieved</b></p> <p>Of the 359 surveyed customers of Health and Safety Inspection Services, 78% were satisfied.<sup>31</sup></p> <p>The Department is considering ways to improve service delivery through its transformational change programme.</p>
A report to be provided to the Minister of Labour summarising key service excellence results.	Report provided to the Minister by December 2010	Report provided 5 July 2011 <sup>32</sup>	Report provided to the Minister in December 2009	<p><b>Not Achieved</b></p> <p>The Minister of Labour approved a variation to this performance standard to allow the Department to improve the design of the Service Excellence Survey. Analysis of the survey was completed in May 2011. The subsequent delay in submitting results was due to additional quality assurance being applied.</p>
The percentage of investigations completed within five months of notification of the event.	90%	96%	95%	<b>Achieved</b>
The percentage of workplaces that, after six months, have satisfactorily addressed the compliance or enforcement requirements identified.	80%	95%	92%	<b>Achieved</b>

30. The margin of error for the Contact Centre sample is 3.7%.

31. The margin of error for the Health and Safety sample is 5.1%.

32. In February 2011, the Minister of Labour approved varying the standard of this performance measure from a "Report is provided to the Minister by December 2010" to a "Report is provided to the Minister by June 2011".

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
<b>Supplementary measures</b>				
The percentage of e-enquiries requiring a substantive response that are responded to within three working days.	95%	99%	New Measure	<b>Achieved</b>
The percentage of workplace assessments targeted at industries identified in the Workplace Health and Safety Strategy Action Plan.	70%	78%	New Measure	<b>Achieved</b>

### Financial performance

Figures are GST exclusive

Actual 2009/10 \$000		Actual 2010/11 \$000	Main estimates 2010/11 \$000	Supplementary estimates 2010/11 \$000
<b>REVENUE</b>				
35,759	Crown	38,297	36,845	38,297
918	Department	895	924	924
0	Other	10	300	300
<b>36,677</b>	<b>TOTAL REVENUE</b>	<b>39,202</b>	<b>38,069</b>	<b>39,521</b>
<b>35,904</b>	<b>EXPENSES</b>	<b>38,873</b>	<b>38,069</b>	<b>39,521</b>
773	Net Surplus/(Deficit)	329	-	-

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$1.452 million is due to:

- › Expense transfers from 2010/11 for Departmental-wide transformation projects (\$511,000)
- › a fiscally neutral transfer from output expense Services to Promote and Support Fair and Productive Employment Relationships to meet funding pressures as a result of the Pike River Coal mine tragedy (\$1.200 million)
- › a forecast change for increases in the government superannuation fund employer contribution rates (\$92,000).

This was partially offset by:

- › Expense transfers to 2011/12 for Departmental-wide transformation projects (\$351,000).

Approval 'in principle' was given to transfer up to \$66,000 of funding to 2011/12.

Actual expenditure was only \$648,000 or 2% less than the Supplementary Estimates.

## Output expense: Services to promote and support the safe management of hazardous substances in the workplace and amusement devices

### Scope of appropriation

Provision of information, education, and enforcement services relating to the safe management of hazardous substances in the workplace, and the registration and inspection of amusement devices.

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
The Environmental Risk Management Authority (ERMA) is satisfied with the Department's delivery of the activities identified within the 2010/11 Intentions Report agreed between the Department and ERMA. <sup>33</sup>	Service quality and quantity are rated as Satisfied or above	Satisfied to Satisfied Above Expectations	Satisfied to Satisfied Above Expectations	<b>Achieved</b>
The percentage of customers who indicated they were satisfied with the overall quality of service delivery received. Satisfaction to be measured by the Workplace Service Excellence Survey using the Common Measurement Tool.	80%	For hazardous substances and amusement device-related services the result was 82.4%	Not Measured	<b>Achieved</b> Of the 165 surveyed customers of HSNO Inspection Services, 82.4% were satisfied.
A report to be provided to the Minister of Labour summarising key service excellence results.	Report provided to the Minister by December 2010	Report provided 5 July 2011 <sup>34</sup>	Report provided to the Minister in December 2009	<b>Not Achieved</b> The Minister of Labour approved a variation to this performance standard to allow the Department to improve the design of the Service Excellence Survey. Analysis of the survey was completed in May 2011. The subsequent delay in submitting results was due to additional quality assurance being applied.
The percentage of investigations completed within five months of notification of event.	90%	92%	New Measure	<b>Achieved</b>
The percentage of workplaces that, within six months, have satisfactorily addressed the compliance or enforcement requirements identified in relation to hazardous substances.	75%	74%	New Measure	<b>Not Achieved</b> Timeframes were exceeded later in the year due to competing demands for technical expertise in the Canterbury region.

33. The Environmental Protection Authority replaced ERMA on 1 July 2011.

34. In February 2011, the Minister of Labour approved varying the standard of this performance measure from a "Report is provided to the Minister by December 2010" to a "Report is provided to the Minister by June 2011".

**Financial performance** Figures are GST exclusive

Actual 2009/10 \$000		Actual 2010/11 \$000	Main estimates 2010/11 \$000	Supplementary estimates 2010/11 \$000
<b>REVENUE</b>				
5,222	Crown	5,303	5,282	5,303
34	Department	64	35	35
<b>5,256</b>	<b>TOTAL REVENUE</b>	<b>5,367</b>	<b>5,317</b>	<b>5,338</b>
<b>EXPENSES</b>				
<b>5,114</b>	<b>EXPENSES</b>	<b>5,082</b>	<b>5,317</b>	<b>5,338</b>
142	Net Surplus/(Deficit)	285	-	-

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$21,000 is due to:

- › Expense transfers from 2010/11 for Departmental-wide transformation projects (\$43,000)
- › a forecast change for increases in the government superannuation fund employer contribution rates (\$7,000).

This was partially offset by:

- › Expense transfers to 2011/12 for Departmental-wide transformation projects (\$29,000).

Approval 'in principle' was given to transfer up to \$5,000 of funding to 2011/12.

Actual expenditure was only \$256,000 or 5% less than the Supplementary Estimates.

## ■ Vote Immigration

### Output expense: Immigration Advisers Authority

#### Scope of appropriation

Regulation of persons who give immigration advice, and facilitation of education and professional development and of public awareness by the Immigration Advisers Authority, pursuant to the functions described in section 35 of the Immigration Advisers Licensing Act 2007.

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
The percentage of District Court Cases where the Immigration Advisers Authority is successful.	At least 80%	No decisions on appeals were made during the financial year	Revised Measure	<b>Not Applicable</b> There were two appeals outstanding at year end.
New Immigration Adviser Licence applications are processed within 50 working days of receiving a full application.	90% <sup>35</sup>	81%	Revised Measure	<b>Not Achieved</b> The revised standard was achieved.
Immigration Adviser Licence renewal applications are processed within 40 working days of receiving a full application.	80%	93%	Revised Measure	<b>Achieved</b>
Complaint cases closed within six months.	At least 80%	100%	96%	<b>Achieved</b>

Activity information	Standard	2010/11 Actual	2009/10 Actual	Comments
The number of new licence applications completed.	60–120	199	New Measure	<b>Above Forecast</b> Higher volume partially caused by group of previously licensed advisers applying for new licences rather than renewals. <sup>36</sup>
The number of licence renewal applications completed.	390–440	280	New Measure	<b>Below Forecast</b> Lower volume partially caused by situation outlined above.
The number of complaint cases.	10–25	31	New Measure	<b>Above Forecast</b>

35. In May 2011, the Minister of Immigration approved a variation to the standard for this performance measure from “90%” to “70%” for the Output Plan.

36. This group of 33 advisers who were licensed under the Trans-Tasman Mutual Recognition Arrangement chose to allow licences to expire and then applied for new licences (in contrast to renewing licences).

**Financial performance** Figures are GST exclusive

Actual 2009/10 \$000		Actual 2010/11 \$000	Main estimates 2010/11 \$000	Supplementary estimates 2010/11 \$000
<b>REVENUE</b>				
1,369	Crown	1,172	1,159	1,172
26	Department	37	21	21
391	Other	372	1,727	745
<b>1,786</b>	<b>TOTAL REVENUE</b>	<b>1,581</b>	<b>2,907</b>	<b>1,938</b>
<b>2,563</b>	<b>EXPENSES</b>	<b>2,475</b>	<b>2,907</b>	<b>2,920</b>
(777)	Net Surplus/(Deficit)	(894)	-	(982)

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$13,000 is due to:

- › Expense transfers from 2010/11 for Departmental-wide transformation projects (\$30,000)
- › a forecast change for increases in the government superannuation fund employer contribution rates (\$8,000).

This was partially offset by:

- › Expense transfers to 2011/12 for:
  - » Departmental-wide transformation projects (\$25,000).

Approval 'in principle' was given to transfer up to \$5,000 of funding to 2011/12.

Actual expenditure was \$445,000 or 15% lower than the Supplementary Estimates due to a deliberate and planned reduction in expenditure to minimise the operating deficit in the Immigration Advisers memorandum account.

## Output expense: services to increase the capacity of New Zealand through immigration

### Scope of appropriation

Provision 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 Review Board and Removal Review Authority, is also funded by this appropriation.

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
The quality of immigration visa and permit decision-making improves.	By 31 December 2010, the percentage of audited decisions rated as poor is reduced to 3% or less	6.5%	New Measure	<b>Not Achieved</b> Overall, the level of poor decisions is declining (refer Figure 1, page 14). By March 2011, poor decisions had reduced to 4.2%.
The percentage of customers satisfied that Departmental staff "did what they said they would".	80%	73%	Revised Measure	<b>Not Achieved</b> The Department has identified ways to improve service delivery focusing on timeliness and improving communication.
The percentage of employers satisfied with the overall quality of service provided by the Department's Relationship Managers in recruiting skilled migrants.	80%	94%	New Measure	<b>Achieved</b>
The percentage of immigration compliance activities assessed as meeting immigration policy.	95%	98%	99%	<b>Achieved</b>
The percentage of border activities assessed as meeting immigration policy.	95%	97%	98%	<b>Achieved</b>
The percentage of stakeholder requests for settlement information and access to mainstream services that are addressed.	80%	99%	99%	<b>Achieved</b>
The percentage of identified migrant settlement information issues that are addressed.	75%	95%	83%	<b>Achieved</b>
The percentage of student applications that will be decided in 0-60 days.	95%	89%	90%	<b>Not Achieved</b> The Department has acted to improve processing by increasing the use of Students Online by institutions and reviewing policy settings. A new office opened in Mumbai will help improve service delivery in the South Asian market (refer to page 16).

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
The percentage of visitor applications that will be decided in 0–60 days.	95%	96%	96%	<b>Achieved</b>
The percentage of work applications that will be decided in 0–60 days.	90%	90%	92%	<b>Achieved</b>
The number of people approved for residence under the New Zealand Residence Programme.	Set annually by Cabinet (45,000 to 50,000) <sup>37</sup>	40,737 people approved	45,719 people approved	<b>Not Achieved</b> The Department achieved the revised estimate of 40,000 for residence applications following the Canterbury earthquake in February 2011. 57% of approvals were in the skilled/business stream.
The Minister of Immigration is satisfied with the quality and timeliness of the Department's policy advice.	Ministerial rating as Satisfied or above determined through feedback	Good	Satisfied	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>
Policy advice is delivered according to the policy work programme and timeframes (and any subsequent amendments) as negotiated between the Minister of Immigration and the Secretary of Labour.	Policy work programme is documented and delivered to agreed timeframes	Delivered according to agreed policy work programme	The policy work programme delivered to agreed timeframes	<b>Achieved</b>
The policy process and advice is assessed as good quality through external and internal review of specific projects.	90% rated as good quality or above <sup>38</sup>	Adequate	Results unavailable for Annual Report	<b>Not Achieved</b> Average rating of 7.6 out of 9. 80% were assessed as "adequate" or higher. This includes 63% assessed as "good". NZIER's assessment of policy papers for 2010/11 saw the Department rated in the top five out of 17 agencies.
The Minister of Immigration is satisfied with the quality of the Department's monitoring, research and evaluation of outputs.	Ministerial rating as Satisfied or above determined through feedback	Good	Satisfied	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>

37. Refer to Immigration Amendment Circular No. 2010/07.

38. NZIER criteria rates 8 as "good" on a scale of 1 to 9.

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
Monitoring, research and evaluation outputs are delivered according to the research and evaluation work programme and timeframes (and any subsequent amendments) as negotiated between the Minister of Immigration and the Secretary of Labour.	Work programme is documented and delivered to agreed timeframes	Delivered according to agreed research and evaluation work programme	Research and evaluation work programme delivered to agreed timeframes	<b>Achieved</b>
The content of research and evaluation reports are assessed as good quality through external and internal review of projects.	Rated as good quality or above <sup>39</sup>	Adequate	Results unavailable for Annual Report	<b>Not Achieved</b> Average rating of 7.6 out of 9. 80% were assessed as "adequate" or higher. This includes 63% assessed as "good". NZIER's assessment of policy papers for 2010/11 saw the Department rated in the top five out of 17 agencies.
The Minister of Immigration is satisfied with the quality and timeliness of the Department's ministerial servicing.	Ministerial rating as Satisfied or above determined through feedback	Very Good	Satisfied	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>
The Associate Minister of Immigration is satisfied with the quality and timeliness of ministerial appeals.	Ministerial rating as Satisfied or above determined through feedback	Good	Revised Measure	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>
The Removal Review Authority members are satisfied with the quality of the Department's secretariat services. <sup>40</sup>	Rated as Satisfied or above	Not Applicable	Satisfied Above Expectations	Measure is not reported as the Removal Review Authority was disestablished from 29 November 2010 and replaced by the Immigration and Protection Tribunal administered by the Ministry of Justice.
The Residence Review Board members are satisfied with the quality of the Department's secretariat services. <sup>41</sup>	Rated as Satisfied or above	Not Applicable	Satisfied Above Expectations	Measure is not reported as the Residence Review Board was disestablished from 29 November 2010 and replaced by the Immigration and Protection Tribunal administered by the Ministry of Justice.

39. NZIER criteria rates 8 as "good" on a scale of 1 to 9.

40. Ratings used in satisfaction surveys are: Unsatisfied, Partly Satisfied, Satisfied, Satisfied Above Expectations and Very Satisfied.

41. Ratings used in satisfaction surveys are: Unsatisfied, Partly Satisfied, Satisfied, Satisfied Above Expectations and Very Satisfied.

Activity information	Standard	2010/11 Actual	2009/10 Actual	Comments
The percentage of approved Skilled Migrant Category principal applicants who will have a job or job offer.	60–80%	90%	83%	<b>Above Forecast</b> Higher volume as only migrants with a high potential to readily obtain skilled employment in New Zealand are granted residence without a job or job offer.
The number of Skilled Migrant Category decisions made.	13,000–14,000	11,618	New Measure	<b>Below Forecast</b> Lower volume primarily due to the Canterbury earthquake in February 2011. Reassessments of continued job offers from Canterbury employers were required. <sup>42</sup>
The number of student visa and permit decisions made.	110,000–120,000	101,881	New Measure	<b>Below Forecast</b> Lower volumes as the introduction of the automated interim visas system meant the number of decisions made onshore reduced (a 5% reduction in overall totals).
The number of visitor visa and permit decisions made.	180,000–190,000	169,694	New Measure	<b>Below Forecast</b> Lower volume due to decreased demand following the Canterbury earthquakes.
The number of work visa and permit decisions made.	180,000–190,000	162,085	New Measure	<b>Below Forecast</b> Lower volumes due to the introduction of the single visa system in the second half of the year.
The number of people who will be removed, deported, depart voluntarily, be referred to a branch to apply for a Section 35A permit, or be granted a special direction or Ministerial direction.	1,800–2,000	2,086	New Measure	<b>Above Forecast</b>
The number of Ministerial appeals completed.	1,800–2,000	1,540	New Measure	<b>Below Forecast</b> There were fewer requests for appeals received than anticipated.

42. The tighter labour market resulted in the selection of fewer expressions of interest thereby reducing the number of Skilled Migrant Category applications available for decision.

Activity information	Standard	2010/11 Actual	2009/10 Actual	Comments
The number of Removal Review Authority appeals finalised.	250–300	127 appeals finalised to 26 November 2010	New Measure	The Removal Review Authority was disestablished under the implementation of the Immigration Act 2009 with the establishment of the Immigration and Protection Tribunal administered by the Ministry of Justice from 29 November 2010.
The number of Residence Review Board appeals finalised.	350–380	125 appeals finalised to 26 November 2010	New Measure	The Residence Review Board was disestablished under the implementation of the Immigration Act 2009 with the establishment of the Immigration and Protection Tribunal administered by the Ministry of Justice from 29 November 2010.

**Financial performance** Figures are GST exclusive

Actual 2009/10 \$000		Actual 2010/11 \$000	Main estimates 2010/11 \$000	Supplementary estimates 2010/11 \$000
<b>REVENUE</b>				
55,933	Crown	59,046	58,900	59,046
2,041	Department	2,580	1,633	2,786
104,366	Other	108,083	134,114	135,553
<b>162,340</b>	<b>TOTAL REVENUE</b>	<b>169,709</b>	<b>194,647</b>	<b>197,385</b>
<b>174,044</b>	<b>EXPENSES</b>	<b>188,795</b>	<b>193,510</b>	<b>196,248</b>
(11,704)	Net Surplus/(Deficit)	(19,086)	1,137	1,137

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$2.738 million is due to:

- › Expense transfers from 2010/11 for:
  - » Departmental-wide transformation projects (\$2.589 million)
  - » Business Process Design (\$900,000)
  - » Biometrics Evaluation (\$913,000)
  - » Immigration Act implementation (\$600,000)
  - » Immigration New Zealand Change Programme (\$500,000)
  - » Survey Monitoring Programme, Global Visa and Permit Survey (\$102,000)

- › a fiscally neutral transfer from Vote Foreign Affairs and Trade for Pacific Security Funding and New Zealand Aid projects (\$1.153 million)
- › a fiscally neutral transfer for assets for Pretoria (\$24,000)
- › a forecast change for increases in the government superannuation fund employer contribution rates (\$222,000).

This was partially offset by:

- › Expense transfers to 2011/12 for:
  - » Departmental-wide transformation projects (\$1.827 million)
  - » Immigration Act Implementation (\$250,000)
  - » Immigration ICT System upgrade (\$1.000 million)
  - » Longitudinal Survey New Zealand (\$250,000)
- › a fiscally neutral transfer to the Ministry of Justice for the Immigration and Protection Tribunal (\$381,000)
- › an expense transfer from 2010/11 of \$350,000 for the Survey Monitoring Programme (2011/12 \$250,000 and 2012/13 \$150,000)
- › a reduction in funding for the Migrant Levy (\$207,000).

Approval 'in principle' was given to transfer up to \$66,000 of funding to 2011/12.

Actual expenditure was \$7.453 million or 4% lower than the Supplementary Estimates reflecting lower volumes, savings from vacant positions and project delays.

### **Output expense: Services to position New Zealand as an international citizen with immigration-related interests and obligations**

#### **Scope of appropriation**

Provision 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 is also funded by this appropriation.

<b>Output performance measure</b>	<b>Performance standard</b>	<b>2010/11 Actual</b>	<b>2009/10 Actual</b>	<b>Comments</b>
Asylum seeker claims for refugee status are decided in a fair manner.	No complaints to the Ombudsman are upheld	No complaints received	New Measure	<b>Achieved</b>
The United Nations High Commissioner for Refugees (UNHCR) confirms that international standards relating to the processing, assessment and detention procedures for refugee status claimants and UNHCR mandated refugees have been met.	Standards met	Most decisions assessed as meeting UNHCR standards	All decisions assessed as meeting UNHCR standards	<b>Partially Achieved</b> UNHCR assessed most decisions as meeting standards and viewed the quality of refugee status determinations in New Zealand as of a high standard. The UNHCR assessment identified some processing gaps and identified some improvements for the small number of refugees detained in corrections facilities.

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
The percentage of the annual refugee quota who successfully complete initial refugee resettlement programmes and transition to mainstream services.	50%	85%	79%	<b>Achieved</b>
The average age of undecided asylum seeker claims for refugee status.	20 weeks maximum	14 weeks	7.4 weeks	<b>Achieved</b>
The annual quota of UNHCR mandated refugees who travel to New Zealand and undertake an initial orientation programme.	750	527	709	<b>Not Achieved</b> The shortfall of 223 UNHCR mandated refugees was due primarily to a shortage of adequate housing as a result of the Canterbury earthquake.
The Refugee Status Appeals Authority Members are satisfied with the quality of the Department's secretariat services. <sup>43</sup>	Rated as Satisfied or above	Not Applicable	Satisfied Above Expectations.	This measure is not reported as the Refugee Status Appeals Authority was disestablished from 29 November 2010, and replaced by the Immigration and Protection Tribunal administered by the Ministry of Justice.
The Minister of Immigration is satisfied with the quality and timeliness of the Department's policy advice.	Ministerial rating as Satisfied or above determined through feedback	Good	Satisfied	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>
Policy advice is delivered according to the policy work programme and timeframes (and any subsequent amendments) as negotiated between the Minister of Immigration and the Secretary of Labour.	Policy work programme is documented and delivered to agreed timeframes	Delivered according to agreed policy work programme	The policy work programme delivered to agreed timeframes	<b>Achieved</b>
The policy process and advice is assessed as good quality through external and internal review of specific projects.	90% rated as good quality or above <sup>44</sup>	Adequate	Results not available for Annual Report	<b>Not Achieved</b> Average rating of 7.6 out of 9. 80% were assessed as "adequate" or higher. This includes 63% assessed as "good". NZIER's assessment of policy papers for 2010/11 saw the Department rated in the top five out of 17 agencies.

43. Ratings used in satisfaction surveys are: Unsatisfied, Partly Satisfied, Satisfied, Satisfied Above Expectations, and Very Satisfied.

44. NZIER criteria rates 8 as "good" on a scale of 1 to 9.

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
The Minister of Immigration is satisfied with the quality of the Department's monitoring, research and evaluation outputs.	Ministerial rating as Satisfied or above determined through feedback	Good	Satisfied	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>
Monitoring, research and evaluation outputs are delivered according to the research and evaluation work programme and timeframes (and any subsequent amendments) as negotiated between the Minister of Immigration and the Secretary of Labour.	Work programme is documented and delivered to agreed timeframes	Delivered according to agreed research and evaluation work programme	The research and evaluation work programme was delivered to agreed timeframes	<b>Achieved</b>
The content of research and evaluation reports are assessed as good quality through external and internal review of projects.	Rated as good quality or above <sup>45</sup>	Adequate	Results not available for Annual Report	<b>Not Achieved</b> Average rating of 7.6 out of 9. 80% were assessed as "adequate" or higher. This includes 63% assessed as "good". NZIER's assessment of policy papers for 2010/11 saw the Department rated in the top five out of 17 agencies.

**Financial performance** Figures are GST exclusive

Actual 2009/10 \$000		Actual 2010/11 \$000	Main estimates 2010/11 \$000	Supplementary estimates 2010/11 \$000
<b>REVENUE</b>				
14,729	Crown	13,565	14,196	13,565
1,248	Department	946	1,309	1,387
1,171	Other	1,121	1,394	1,394
<b>17,148</b>	<b>TOTAL REVENUE</b>	<b>15,632</b>	<b>16,899</b>	<b>16,346</b>
<b>EXPENSES</b>				
<b>16,609</b>	<b>EXPENSES</b>	<b>15,613</b>	<b>16,899</b>	<b>16,346</b>
539	Net Surplus/(Deficit)	19	-	-

45. NZIER criteria rates 8 as "good" on a scale of 1 to 9.

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$553,000 is due to:

- › Expense transfers to 2011/12 for Departmental-wide transformation projects (\$127,000)
- › a fiscally neutral transfer to the Ministry of Justice for the Immigration and Protection Tribunal (\$701,000).

This was partially offset by:

- › Expense transfers from 2010/11 for Departmental-wide transformation projects (\$181,000)
- › a fiscally neutral transfer for the Recognised Seasonal Employer Scheme (\$78,000)
- › a forecast change for increases in the government superannuation fund employer contribution rates (\$16,000).

Approval 'in principle' was given to transfer up to \$73,000 of funding to 2011/12.

Actual expenditure was only \$733,000 or 4% less than the Supplementary Estimates.

## ■ Vote Employment

### Output expense: Labour market analysis and knowledge

#### Scope of appropriation

Provides labour market information; analysis and validation of regional labour market information; participation on regional and sector labour market focused groups; and connections back to and across government.

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
Stakeholders are satisfied with the timeliness and quality of labour market reports, analysis tools, seminars, analysis advice and relationships with the Department. Satisfaction to be measured by the Annual Stakeholder Satisfaction Survey.	Maintain or improve satisfaction level compared to the previous year	General stakeholder feedback was positive on a range of issues	Partially Achieved	<b>Achieved</b> Refer to Immediate outcome 2: <i>A more effective labour market</i> for additional information, page 19
Labour market reports and tools are fit for purpose for the Minister for Social Development and Employment.	Ministerial rating as Satisfied or above determined through feedback	Satisfied	Partially Achieved	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>
Labour market reports and tools are fit for purpose for stakeholders. Satisfaction to be measured by the Annual Stakeholder Satisfaction Survey.	Maintain or improve satisfaction level compared to the previous year	General stakeholder feedback on labour market reports and tools was positive	Partially Achieved	<b>Achieved</b> Refer to Immediate outcome 2: <i>A more effective labour market</i> for additional information, page 19
Labour market reports and tools are delivered on time to the Minister for Social Development and Employment and relevant stakeholders.	Reports and tools are delivered to agreed timeframes	All reports and tools were delivered within agreed timeframes	Partially Achieved	<b>Achieved</b> Refer to Immediate outcome 2: <i>A more effective labour market</i> for additional information, page 19
Stakeholders are satisfied with the quality of the advice and support provided by the Department. Satisfaction to be measured by the Annual Stakeholder Satisfaction Survey.	Maintain or improve satisfaction level compared to the previous year	General stakeholder feedback on labour market reports and tools was positive	Partially Achieved	<b>Achieved</b> Refer to Immediate outcome 2: <i>A more effective labour market</i> for additional information, page 19
Stakeholders of identified priority sectors and industries of the Economic Growth Agenda are satisfied with the quality of advice and support given by the Department for developing their Skills Action Plans. Satisfaction to be measured by the Annual Stakeholder Satisfaction Survey.	Maintain or improve satisfaction level compared to the previous year	General stakeholder feedback on advice and support provided by the Department was positive	Partially Achieved	<b>Achieved</b> Refer to Immediate outcome 2: <i>A more effective labour market</i> for additional information, page 19

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
<b>Supplementary measure</b>				
The Minister for Social Development and Employment is satisfied with the Department's advice on the labour market.	Ministerial rating as Satisfied or above determined through feedback	Good	New Measure	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>

**Financial performance** Figures are GST exclusive

Actual 2009/10 \$000		Actual 2010/11 \$000	Main estimates 2010/11 \$000	Supplementary estimates 2010/11 \$000
<b>REVENUE</b>				
7,994	Crown	8,341	8,280	8,341
137	Department	70	279	279
<b>8,131</b>	<b>TOTAL REVENUE</b>	<b>8,411</b>	<b>8,559</b>	<b>8,620</b>
<b>EXPENSES</b>				
<b>7,269</b>	<b>EXPENSES</b>	<b>8,008</b>	<b>8,559</b>	<b>8,620</b>
862	Net Surplus/(Deficit)	403	-	-

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$61,000 is due to:

- › Expense transfers from 2010/11 for Departmental-wide transformation projects (\$94,000)
- › a forecast change for increases in the government superannuation fund employer contribution rates (\$13,000).

This was partially offset by:

- › Expense transfers to 2011/12 for Departmental-wide transformation projects (\$46,000).

Actual expenditure was \$612,000 or 7% lower than the Supplementary Estimates, mainly due to staff vacancies and contractors' costs being lower than forecast.

## Output expense: Policy, research and evaluation

### Scope of appropriation

Provision of strategic policy advice and information about the labour market and its role in improving employment, social and economic outcomes for New Zealand. Includes provision of services to Ministers.

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
The policy process and advice is assessed as good quality through external and internal review of projects.	90% rated as good quality or above <sup>46</sup>	Adequate	Results not available for Annual Report	<b>Not Achieved</b> Average rating of 7.3 out of 9. 78% were assessed as "adequate" or higher. This includes 29% assessed as "good". NZIER's assessment of policy papers for 2010/11 saw the Department rated in the top five out of 17 agencies.
The Minister for Social Development and Employment is satisfied with the quality and timeliness of the Department's policy advice.	Ministerial rating as Satisfied or above determined through feedback	Good	Partly Satisfied	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>
Policy advice is delivered as agreed with the Minister for Social Development and Employment.	Policy work programme is documented and delivered to agreed timeframes	Delivered according to agreed policy work programme	The policy work programme was delivered to agreed timeframes	<b>Achieved</b>
Monitoring and evaluation outputs are delivered according to a research and evaluation work programme and timeframes.	Work programme is documented and delivered to agreed timeframes	Delivered according to research and evaluation work programme	The work programme was delivered to agreed timeframes	<b>Achieved</b>
Stakeholders are satisfied with the quality and timeliness of the research reports. Satisfaction to be measured by the Annual Stakeholder Satisfaction Survey.	Research reports are produced as per the schedule	General stakeholder feedback on the quality and timeliness of the research reports was positive	New Measure	<b>Achieved</b>

46. NZIER criteria rates 8 as "good" on a scale of 1 to 9.

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
The Minister for Social Development and Employment is satisfied with the quality and timeliness of the Department's ministerial servicing.	Ministerial rating as Satisfied or above determined through feedback	Good	Partly Satisfied	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>
<b>Supplementary measures</b>				
The Minister for Social Development and Employment is satisfied with the quality of the Department's monitoring, research and evaluation outputs.	Ministerial rating as Satisfied or above determined through feedback	Good	New Measure	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>
Research and evaluation reports are assessed as good quality through external and internal review of projects.	Rated as Good quality or above <sup>47</sup>	Adequate	New Measure	<b>Not Achieved</b> Average rating of 7.3 out of 9. 78% were assessed as "adequate" or higher. This includes 29% assessed as "good". NZIER's assessment of policy papers for 2010/11 saw the Department rated in the top five out of 17 agencies.
Undertake research to create an evidence base on future labour market issues as per the Workforce 2020 Work Programme.	Work programme is documented and delivered to agreed timeframes	Delivered according to Workforce 2020 Work Programme	New Measure	<b>Achieved</b>

47. NZIER criteria rates 8 as "good" on a scale of 1 to 9.

**Financial performance** Figures are GST exclusive

Actual 2009/10 \$000		Actual 2010/11 \$000	Main estimates 2010/11 \$000	Supplementary estimates 2010/11 \$000
<b>REVENUE</b>				
5,669	Crown	5,412	5,483	5,412
134	Department	72	177	177
-	Other	99	-	-
<b>5,803</b>	<b>TOTAL REVENUE</b>	<b>5,583</b>	<b>5,660</b>	<b>5,589</b>
<b>EXPENSES</b>				
<b>5,228</b>		<b>4,707</b>	<b>5,660</b>	<b>5,589</b>
575	Net Surplus/(Deficit)	876	-	-

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$71,000 is due to:

- › Expense transfers to 2011/12 for Departmental-wide transformation projects (\$31,000)
- › a fiscally neutral transfer to Vote Education for the Literacy, Language and Numeracy Research and Evaluation Programme: Next Steps (\$100,000).

This was partially offset by:

- › Expense transfers from 2010/11 for Departmental-wide transformation projects (\$52,000)
- › a forecast change for increases in the government superannuation fund employer contribution rates (\$8,000).

Actual expenditure was \$882,000 or 16% lower than the Supplementary Estimates due to expenditure in employment skills and policy work having been delayed, savings due to the Policy, Research and Evaluation and Vote Employment review, and staff vacancies in the new structure (implemented 1 December 2010).

## ■ Vote ACC

### Output expense: Policy and monitoring

#### Scope of appropriation

To provide policy advice, analysis, evaluation, research, monitoring, purchase advice, legislation and regulatory support, and ministerial servicing on the ACC scheme and the performance of the Accident Compensation Corporation (ACC).

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
Policy and monitoring advice will be delivered as agreed with the Minister for ACC.	Policy and monitoring advice work programme is documented and delivered to agreed timeframes	Delivered according to policy and monitoring work programme	Policy and monitoring advice was delivered to the Minister as detailed in the 2009/10 Output Plan	<b>Achieved</b>
The Minister for ACC is satisfied with the quality and timeliness of the Department's policy and monitoring advice.	Ministerial rating as Satisfied or above determined through feedback <sup>48</sup>	Good	Satisfied	<b>Achieved</b> Amended five-point rating scale used: <ul style="list-style-type: none"> <li>› Very Poor</li> <li>› Poor</li> <li>› Satisfied</li> <li>› Good</li> <li>› Very Good.</li> </ul>
Ministerial advisory groups are satisfied with the quality of the Department's administrative support.	Ministerial advisory groups' rating as Satisfied or above determined through feedback <sup>49</sup>	Not Applicable	Not Measured	The ministerial advisory group was disestablished in March 2010 and did not meet during 2009/10.
<b>Supplementary measure</b>				
The policy process and advice is assessed as "good" quality through external and internal review of specific projects.	Meet or exceed good quality standard <sup>50</sup>	Adequate	New Measure	<b>Not Achieved</b> Average rating of 7.2 out of 9. 60% were assessed as "adequate" or higher. This includes 33% assessed as "good". NZIER's assessment of policy papers for 2010/11 saw the Department rated in the top five out of 17 agencies.

48. Ratings used in satisfaction surveys are: Unsatisfied, Partly Satisfied, Satisfied, Satisfied Above Expectations, and Very Satisfied.

49. Ratings used in satisfaction surveys are: Unsatisfied, Partly Satisfied, Satisfied, Satisfied Above Expectations, and Very Satisfied.

50. NZIER criteria rates 8 as "good" on a scale of 1 to 9.

**Financial performance** Figures are GST exclusive

Actual 2009/10 \$000		Actual 2010/11 \$000	Main estimates 2010/11 \$000	Supplementary estimates 2010/11 \$000
<b>REVENUE</b>				
3,261	Crown	4,630	4,628	4,630
74	Department	64	64	64
<b>3,335</b>	<b>TOTAL REVENUE</b>	<b>4,694</b>	<b>4,692</b>	<b>4,694</b>
<b>EXPENSES</b>				
<b>3,313</b>	<b>EXPENSES</b>	<b>4,206</b>	<b>4,692</b>	<b>4,694</b>
22	Net Surplus/(Deficit)	488	-	-

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$2,000 is due to:

- › Expense transfers from 2010/11 for Departmental-wide transformation projects (\$8,000)
- › a forecast change for increases in the government superannuation fund employer contribution rates (\$13,000).

This was partially offset by:

- › Expense transfers to 2011/12 for Departmental-wide transformation projects (\$19,000).

Approval 'in principle' was given to transfer up to \$200,000 of funding to 2011/12.

Actual expenditure was \$488,000 or 10% lower than the Supplementary Estimates due to delays in government decisions to consult on choice proposals, and the sequencing of work (to near the end of the year) to scope implementation requirements and undertake preliminary design work.

## Output expense: Regulatory services

### Scope of appropriation

To manage the residual long-term responsibility related to the Crown's ongoing risks resulting from the introduction of the competitive accident insurance market during 1999/2000.

Output performance measure	Performance standard	2010/11 Actual	2009/10 Actual	Comments
The Accident Insurance Regulator will respond to complaints and enquiries according to timeliness standards.	Within five days of receipt, including responding within five days of receipt to notices of insurers failing to comply with their obligation under the 1998 Act	One enquiry (and no complaints) was received in 2010/11. This enquiry was responded to within five days of receipt	Four enquiries (and no complaints) were received in 2009/10. All were responded to within five days	<b>Achieved</b>

### Financial performance Figures are GST exclusive

Actual 2009/10 \$000		Actual 2010/11 \$000	Main estimates 2010/11 \$000	Supplementary estimates 2010/11 \$000
<b>REVENUE</b>				
159	Crown	162	162	162
1	Department	2	2	2
<b>160</b>	<b>TOTAL REVENUE</b>	<b>164</b>	<b>164</b>	<b>164</b>
<b>Expenses</b>				
<b>141</b>	<b>Expenses</b>	<b>161</b>	<b>164</b>	<b>164</b>
19	Net Surplus/(Deficit)	3	-	-

# Financial statements

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## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 30 JUNE 2011

Actual 2010 \$000		Note	Actual 2011 \$000	Main estimates 2011 \$000	Supp estimates 2011 \$000
<b>INCOME</b>					
163,957	Revenue Crown		170,730	171,113	170,730
5,044	Revenue Departments	4	5,144	4,879	6,110
105,938	Revenue other	5	111,470	137,737	139,872
79	Finance income	6	76	335	335
275,018	<i>Total income</i>		287,420	314,064	317,047
<b>EXPENDITURE</b>					
156,758	Personnel costs	7	159,930	153,768	155,147
11,098	Depreciation and amortisation	13,14	15,073	20,541	22,227
5,173	Capital charge	8	4,906	5,896	5,012
111,639	Other operating costs	9	122,898	132,387	134,171
398	Finance expenses	10	548	–	–
285,066	<i>Total expenditure</i>		303,355	312,592	316,557
<b>(10,048)</b>	<b>NET SURPLUS/(DEFICIT)</b>		<b>(15,935)</b>	<b>1,472</b>	<b>490</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
(9)	Property, plant and equipment revaluation gains/(losses)	13	–	–	–
(9)	<i>Total other comprehensive income</i>		–	–	–
<b>(10,057)</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(15,935)</b>	<b>1,472</b>	<b>490</b>

Explanations of significant variances against budget are detailed in note 30.

## ■ STATEMENT OF FINANCIAL POSITION

### AS AT 30 JUNE 2011

Actual 2010 \$000		Note	Actual 2011 \$000	Main estimates 2011 \$000	Supp estimates 2011 \$000
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
55,767	Cash and cash equivalents		42,238	52,070	48,125
1,706	Prepayments		1,461	1,520	1,706
4,307	Debtors and other receivables	11	3,797	3,151	3,247
411	Inventories	12	342	500	411
47	Property, plant and equipment	13	642	-	-
62,238	<i>Total current assets</i>		48,480	57,241	53,489
<b>NON-CURRENT ASSETS</b>					
196	Debtors and other receivables	11	1,126	-	-
34,402	Property, plant and equipment	13	37,380	46,746	41,729
23,053	Intangible assets	14	27,484	29,884	31,424
57,651	<i>Total non-current assets</i>		65,990	76,630	73,153
<b>119,889</b>	<b>TOTAL ASSETS</b>		<b>114,470</b>	<b>133,871</b>	<b>126,642</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
37,072	Creditors and other payables	15	39,825	32,884	32,261
123	Insurance liabilities	17	96	-	-
10,095	Provision for employee entitlements	18	10,081	14,192	13,694
1,883	Other provisions	19	3,895	826	2,006
49,173	<i>Total current liabilities</i>		53,897	47,902	47,961
<b>NON-CURRENT LIABILITIES</b>					
36	Insurance liabilities	17	25	69	36
4,473	Provision for employee entitlements	18	2,709	3,750	4,473
4,509	<i>Total non-current liabilities</i>		2,734	3,819	4,509
<b>53,682</b>	<b>TOTAL LIABILITIES</b>		<b>56,631</b>	<b>51,721</b>	<b>52,470</b>
<b>66,207</b>	<b>NET ASSETS</b>		<b>57,839</b>	<b>82,150</b>	<b>74,172</b>
<b>TAXPAYERS' FUNDS</b>					
61,288	General funds	20	52,920	77,222	69,253
4,919	Property, plant and equipment revaluation reserves	20	4,919	4,928	4,919
<b>66,207</b>	<b>TOTAL TAXPAYERS' FUNDS</b>		<b>57,839</b>	<b>82,150</b>	<b>74,172</b>

The accompanying notes form part of these financial statements.

## ■ STATEMENT OF CHANGES IN TAXPAYERS' FUNDS

### FOR THE YEAR ENDED 30 JUNE 2011

Actual 2010 \$000		Note	Actual 2011 \$000	Main estimates 2011 \$000	Supp estimates 2011 \$000
<b>69,027</b>	<b>BALANCE AT 1 JULY</b>	<b>20</b>	<b>66,207</b>	<b>74,260</b>	<b>66,207</b>
(10,057)	Total comprehensive income		(15,935)	1,472	490
7,345	Capital contribution		7,567	7,890	7,965
(108)	Capital withdrawal – non cash		–	–	–
–	Repayment of surplus to the Crown		–	(1,472)	(490)
<b>66,207</b>	<b>BALANCE AT 30 JUNE</b>	<b>20</b>	<b>57,839</b>	<b>82,150</b>	<b>74,172</b>

## ■ STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 30 JUNE 2011

Actual 2010 \$000		Note	Actual 2011 \$000	Main estimates 2011 \$000	Supp estimates 2011 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
172,957	Receipts from Crown		172,408	171,113	170,730
5,044	Receipts from Departments		5,144	4,879	6,110
105,073	Other receipts		110,406	137,602	139,450
(155,828)	Payments to employees		(161,285)	(151,886)	(153,184)
(106,947)	Payments to suppliers		(118,604)	(132,905)	(140,705)
(5,173)	Payments for capital charge		(4,906)	(5,896)	(5,012)
79	Interest – non-New Zealand Debt Management Office		76	335	335
(113)	Goods and services tax (net)		8	164	2,869
<b>15,092</b>	<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>22</b>	<b>3,247</b>	<b>23,406</b>	<b>20,593</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
120	Receipts from sale of property, plant and equipment		110	–	–
(9,950)	Purchase of property, plant and equipment		(14,174)	(21,500)	(21,500)
(10,027)	Purchase of intangible assets		(9,753)	(14,700)	(14,700)
<b>(19,857)</b>	<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(23,817)</b>	<b>(36,200)</b>	<b>(36,200)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
7,237	Capital contribution		7,567	7,890	7,965
(6,785)	Repayment of surplus		–	–	–
<b>452</b>	<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>7,567</b>	<b>7,890</b>	<b>7,965</b>
(4,313)	Net increase/(decrease) in cash		(13,003)	(4,904)	(7,642)
60,473	Cash at 1 July		55,767	56,974	55,767
(393)	Net foreign exchange (gain)/loss		(526)	–	–
<b>55,767</b>	<b>CASH AT 30 JUNE</b>		<b>42,238</b>	<b>52,070</b>	<b>48,125</b>

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes, and to be consistent with the presentation basis of the other primary financial statements.

## ■ STATEMENT OF COMMITMENTS

### AS AT 30 JUNE 2011

#### Capital commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and intangible assets that have not been paid for or not recognised as a liability at the balance sheet date.

#### Non-cancellable operating lease commitments

The Department leases property, plant and equipment in the normal course of its business. The majority of these leases are for premises, which have a non-cancellable leasing period ranging from three to 10 years.

#### Other non-cancellable commitments

The Department has entered into non-cancellable contracts for computer maintenance, cleaning services and other contracts for service.

Actual 2010 \$000		Actual 2011 \$000
<b>CAPITAL COMMITMENTS</b>		
–	Property, plant and equipment	1
26	Intangible assets	–
26	<i>Total capital commitments</i>	1
<b>NON-CANCELLABLE OPERATING LEASE COMMITMENTS</b>		
15,145	Not later than one year	16,471
30,792	Later than one year and not later than five years	28,410
2,324	Later than five years	4,379
48,261	<i>Total non-cancellable operating lease commitments</i>	49,260
<b>OTHER NON-CANCELLABLE COMMITMENTS</b>		
4,147	Not later than one year	29,995
7,903	Later than one year and not later than five years	10,669
–	Later than five years	1,621
12,050	<i>Total other non-cancellable commitments</i>	42,285
<b>60,337</b>	<b>TOTAL COMMITMENTS</b>	<b>91,546</b>

The total minimum future sublease payments expected to be received under non-cancellable subleases at 30 June 2011 is \$19,125 (2010: \$19,125).

The Department's non-cancellable operating leases have varying terms, escalation clauses and renewal rights. There are no restrictions placed on the Department by any of its leasing arrangements.

## ■ STATEMENT OF CONTINGENT LIABILITIES AND CONTINGENT ASSETS

AS AT 30 JUNE 2011

### Quantifiable contingent liabilities

Actual 2010 \$000		Actual 2011 \$000
496	Legal proceedings and disputes	1,800
20	Personal grievances	–
<b>516</b>	<b>TOTAL QUANTIFIABLE CONTINGENT LIABILITIES</b>	<b>1,800</b>

### Legal proceedings and disputes

Legal proceedings and disputes represent amounts claimed by plaintiffs in relation to the performance of the Department's statutory role. The Department is currently disputing these claims.

### Personal grievances

Personal grievances represent amounts claimed by employees for an alleged breach of contract.

### Guarantees

The Department has not given any guarantees under section 65ZE of the Public Finance Act 1989 at 30 June 2011 (2010: Nil).

### Contingent Assets

The Department has no contingent assets at 30 June 2011 (2010: Nil).

### After Balance Date Disclosure

An additional contingent liability of \$2.6 million under Legal proceedings and Disputes has been identified for disclosure. The Department is currently disputing this claim.

## STATEMENT OF DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS

FOR THE YEAR ENDED 30 JUNE 2011

Exp. after remeasure 2010 \$000		Exp. before remeasure 2011 \$000	Remeasure 2011 \$000	Exp. after remeasure 2011 \$000	Appropriation voted* 2011 \$000
<b>DEPARTMENTAL OUTPUT EXPENSES</b>					
<b>VOTE LABOUR</b>					
8,983	Policy advice – labour	7,970	(5)	7,965	9,315
759	International services	917	1	918	1,002
35,904	Services to promote and support safe and healthy people and workplaces	38,893	(20)	38,873	39,521
24,026	Services to promote and support fair and productive employment relationships	24,686	(8)	24,678	25,122
5,114	Services to promote and support the safe management of hazardous substances in the workplace and amusement devices	5,084	(2)	5,082	5,338
<b>74,786</b>	<b>TOTAL VOTE LABOUR</b>	<b>77,550</b>	<b>(34)</b>	<b>77,516</b>	<b>80,298</b>
<b>VOTE IMMIGRATION</b>					
174,044	Services to increase the capacity of New Zealand through immigration	189,518	(723)	188,795	196,248
16,609	Services to position New Zealand as an international citizen with immigration-related interests and obligations	15,635	(22)	15,613	16,346
2,563	Immigration advisers authority	2,477	(2)	2,475	2,920
<b>193,216</b>	<b>TOTAL VOTE IMMIGRATION</b>	<b>207,630</b>	<b>(747)</b>	<b>206,883</b>	<b>215,514</b>
<b>VOTE EMPLOYMENT</b>					
7,269	Labour market analysis and knowledge	7,991	17	8,008	8,620
5,228	Policy, research and evaluation	4,710	(3)	4,707	5,589
<b>12,497</b>	<b>TOTAL VOTE EMPLOYMENT</b>	<b>12,701</b>	<b>14</b>	<b>12,715</b>	<b>14,209</b>
<b>VOTE ACC</b>					
3,313	Policy and monitoring	4,208	(2)	4,206	4,694
141	Regulatory services	161	–	161	164
<b>3,454</b>	<b>TOTAL VOTE ACC</b>	<b>4,369</b>	<b>(2)</b>	<b>4,367</b>	<b>4,858</b>
<b>283,953</b>	<b>TOTAL APPROPRIATIONS FOR OUTPUT EXPENSES</b>	<b>302,250</b>	<b>(769)</b>	<b>301,481</b>	<b>314,879</b>
<b>DEPARTMENTAL OTHER EXPENSES</b>					
<b>VOTE LABOUR</b>					
–	Recovery from February 2011 Christchurch Earthquake	1,105	–	1,105	1,678
19,975	Departmental Capital Expenditure	23,927	–	23,927	36,200

\* These amounts include adjustments made in the Supplementary Estimates and transfers under the Public Finance Act 1989.

### Recovery from February 2011 Christchurch Earthquake Costs

Christchurch city suffered a 6.3 magnitude earthquake on 22 February 2011. That event, and subsequent large aftershocks prior to balance date, caused significant damage to the Department's leasehold properties at Crystal Plaza Avenue and Kilmore Street.

Those properties are both situated within the central city cordon. Access to those premises has been severely restricted due to their location. The Department has not been permitted to occupy those premises since the earthquake and therefore has decided to write off the net value of the assets situated within the premises. The Department has also incurred additional costs as a consequence of the earthquake.

All of the costs are included in the total expenditure in the Statement of Comprehensive Income.

Details of the costs appear in the following table:

	Actual 2011 \$000
Assets written off on property, plant and equipment	652
Operating lease payments	181
Other property-related costs	52
Other operating costs	185
Information systems and communication costs	35
<b>TOTAL OF CHRISTCHURCH COSTS</b>	<b>1,105</b>

The Department has notified claims for both properties to its insurer QBE Insurance (International) Ltd. As the claims are not sufficiently advanced at the date of publication of the Annual Report, no insurance recoveries have been disclosed as income in the Statement of Comprehensive Income.

## ■ STATEMENT OF DEPARTMENTAL UNAPPROPRIATED EXPENDITURE AND CAPITAL EXPENDITURE

### FOR THE YEAR ENDED 30 JUNE 2011

The Department has not incurred unappropriated expenditure and capital expenditure for the year ended 30 June 2011 (2010: Nil).

## ■ NOTES TO THE DEPARTMENTAL FINANCIAL STATEMENTS

### STATEMENT OF ACCOUNTING POLICIES

#### 1. Reporting entity

The Department of Labour is a government department as defined by section 2 of the Public Finance Act 1989 and is domiciled in New Zealand. The Department's principal activities are outlined in the Statement of Service Performance on pages 47 to 78.

The Department also administers trust monies and memorandum accounts for the sale of visas and permits, the Immigration Advisers Authority and the provision of Health and Safety in Employment (HSE) levy-funded services. This report also covers those activities as well as various non-departmental activities as outlined in the schedules on pages 113 to 123.

For the purposes of financial reporting the Department is a public benefit entity as defined in NZ IAS 1: *Presentation of Financial Statements*.

#### 2. Basis of preparation

##### (a) Statement of compliance

These financial statements and schedules have been prepared in accordance with the requirements of the Public Finance Act 1989, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and Treasury Instructions.

These financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards, as appropriate for public benefit entities.

##### (b) Changes in accounting policies

There have been no changes in accounting policies during the financial year.

The Department has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect.

NZ IAS 24 *Related Party Disclosures* (Revised 2009) – The effect of early adopting the revised NZ IAS 24 is:

- › more information is required to be disclosed about transactions between the Department and entities controlled, jointly controlled, or significantly influenced by the Crown
- › commitments with related parties require disclosure
- › information is required to be disclosed about any related party transactions with Ministers of the Crown.

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Department are:

NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ending 30 June 2014. The Department has not yet assessed the effect of the new standard and expects it will not be early adopted.

*FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments)* – These were issued in May 2011 with the purpose of harmonising Australia and New Zealand's accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The amendments must be adopted for the year ending 30 June 2012. The Department has not yet assessed the effects of FRS-44 and the Harmonisation Amendments.

As the External Reporting Board is to decide on a new accounting standards framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS with a mandatory effective date for annual reporting periods commencing on or after 1 January 2012 will not be applicable to public benefit entities. This means that the financial reporting requirements for public benefit entities are expected to be effectively frozen in the short term. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

The financial statements were authorised for issue by the Chief Executive on 30 September 2011.

### **(c) Basis of measurement**

The measurement base applied to the financial statements is historical cost modified by the revaluation of certain items of property, plant and equipment and the revaluation of forward exchange contracts.

### **(d) Reporting period and currency**

The reporting period for these financial statements is the year ended 30 June 2011. The budget figures are those presented in the Main Estimates on 20 May 2010 and those amended by the Supplementary Estimates on 19 May 2011, and any transfers made by Order in Council under the Public Finance Act 1989.

The reporting currency used in the preparation of these financial statements is New Zealand dollars rounded to the nearest thousand (\$000). The functional currency of the Department is New Zealand dollars (NZ\$).

### **(e) Use of judgements and estimates**

The preparation of financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlining assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in the notes to the financial statements.

Note 17 provides an analysis of the Department's insurance liability in the ACC Partnership Programme.

Note 18 provides the key assumptions used in determining the estimates for long-service leave and retirement leave.

Note 19 contains an estimate for redundancy, restructuring, lease make-good costs and other legal disputes, which is expected to be paid out in the 2011/12 financial year.

## **3. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**(a) Revenue**

Revenue is measured at the fair value of consideration received or receivable.

*Crown funding*

Revenue earned from the supply of outputs to the Crown is recognised as revenue when earned.

*Rendering of services*

Revenue from applications for processing visas and permits is recognised by reference to the stage of completion at the balance sheet date. Application fees received in advance of any service provided are recognised as deferred revenue in the Statement of Financial Position.

*Interest revenue*

Interest earned from Westpac Trust and overseas bank accounts is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

**(b) Expenses***Grants and subsidies*

Where grants and subsidies are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled and notice has been given to the Department.

Discretionary grants are those grants where the Department has no obligation to award on receipt of the grant application.

*Capital charge*

The capital charge represents a charge by the Crown on the Department's taxpayer funds as at 30 June and 31 December each year. The capital charge is recognised as an expense in the period to which the charge relates.

*Income tax*

The Department as a public authority is exempt from the payment of income tax in terms of the Income Tax Act 2004. Accordingly, no charge for income tax is recognised.

**(c) Cost accounting policies**

The Department's accounting systems record costs by outputs. The costs may be direct or indirect. Costs that can be causally linked and assigned to an output economically are direct costs. Costs incurred to produce more than one output and that are shared across several work groups, such as corporate costs, are indirect costs. Indirect costs are allocated to outputs according to staff numbers, the amount of resource consumption, or use. There have been no changes in cost accounting policies since the date of the last audited financial statements.

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

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

**(e) Foreign currency**

Transactions in foreign currencies are translated to New Zealand dollars at the average rates for the month of the transaction, approximating the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at balance date are translated to New Zealand dollars at the foreign exchange rate at balance date. Foreign exchange gains or losses arising from translation of monetary assets and liabilities are recognised in the Statement of Comprehensive Income.

#### **(f) Financial instruments**

Financial assets and financial liabilities are initially measured at fair value plus transaction costs, unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit.

##### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, cash in transit, bank accounts and deposits with a maturity of no more than three months from the date of acquisition.

##### *Debtors and other receivables*

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less impairment charges. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the receivable is impaired. Impairment losses are recognised in the Statement of Comprehensive Income.

Impairment of a receivable is established when there is objective evidence that the Department will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

##### *Creditors and other payables*

Creditors and other payables represent liabilities for goods and services provided to the Department prior to the end of the financial year which are unpaid. These are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

#### **(g) Inventories**

Inventories held for distribution for public benefit purposes such as freely available publications and brochures as well as the inventory of visa labels are recorded at the estimate of lower of cost or current replacement cost.

#### **(h) Property, plant and equipment**

Property, plant and equipment consist of land, buildings, leasehold improvements, furniture and office equipment, and motor vehicles.

Items of property, plant and equipment are initially recorded at cost. Cost includes expenditure that is directly attributable to the acquisition of the item. Any borrowing costs incurred during the period required to complete and prepare the asset for its intended use are expensed. Subsequent to acquisition, items of property, plant and equipment (excluding land and buildings) are stated at cost less accumulated depreciation and impairment.

##### *Revaluation*

Subsequent to acquisition, land and buildings are measured at fair value less depreciation accumulated since the assets were last revalued. The fair value of land and buildings is based on an independent valuation prepared by external valuation experts. Land and buildings are valued at least every three years or whenever the carrying amount differs materially to fair value. Unrealised gains and losses arising from changes in the fair value of land and buildings are recognised at the balance date. To the extent that a gain reverses a loss previously charged to the Statement of Comprehensive Income for the asset class, the gain is credited to the Statement of Comprehensive Income. Otherwise, gains are credited to an asset

revaluation reserve for that class of asset. To the extent that there is a balance in the asset revaluation reserve for the asset class, any loss is debited to the reserve. Otherwise, losses are reported in the Statement of Comprehensive Income.

**Additions**

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Department and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

**Disposals**

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit. When a revalued asset is sold, the amount included in the property revaluation reserve in respect of the disposed asset is transferred to general funds.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Department and the cost of the item can be measured reliably.

Estimated useful lives of property, plant and equipment	
<i>Buildings</i>	15 to 37 years
<i>Leasehold improvements</i>	1 to 18 years
<i>Motor vehicles</i>	4 to 6 years
<i>Furniture and fittings</i>	
Fixtures and fittings	4 to 15 years
EDP Equipment	2 to 10 years
Office equipment	4 to 12 years
<i>Specialised equipment</i>	4 to 8 years

**Depreciation**

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its estimated useful life.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

Realised gains and losses arising from the disposal of property, plant and equipment are recognised

in the Statement of Comprehensive Income in the period in which the transaction occurs. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to Taxpayers' Funds.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

**(i) Intangible assets – computer software**

Computer software is initially recorded at cost.

**Software acquisition and development**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

The cost of internally generated computer software represents expenditure incurred in the development phase of the software only. The development phase occurs after the following can be demonstrated: technical feasibility, ability to complete the asset, intention and ability to sell or use the asset, and development expenditure can be reliably measured. Expenditure incurred on research of an internally generated intangible asset is expensed when it is incurred. Where the research phase cannot be distinguished from the development phase, the expenditure is expensed when it is incurred.

Staff training costs are recognised as an expense when incurred.

### *Amortisation*

Subsequent to acquisition, all computer software is recorded at cost less any amortisation and impairment losses. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

Amortisation is charged to the Statement of Comprehensive Income over the useful life of the asset (not more than seven years).

### **(j) Impairment of property, plant and equipment and intangible assets**

The carrying amounts of property, plant and equipment and intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an item's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Department would, if deprived of the asset, replace its remaining future economic benefits or service potential.

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment.

Losses resulting from impairment are reported in the Statement of Comprehensive Income, unless the item is land and buildings in which case any impairment loss is treated as a revaluation decrease.

### **(k) Employment entitlements**

#### *Pension liabilities*

Obligations for contributions to the State Services Retirement Savings Scheme and the Government Superannuation Fund are recognised in the Statement of Comprehensive Income as they fall due. Any reimbursement of these costs from the State Services Commission is recognised as revenue in the Statement of Comprehensive Income.

#### *Other employment entitlements*

Employee entitlements for salaries and wages, annual leave, long-service leave, retiring leave, sick leave and other similar benefits are recognised in the Statement of Comprehensive Income when they accrue to employees. Employee entitlements to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

Employee benefits that are due to be settled beyond 12 months after the end of the reporting period in which the employee renders the related service, such as long-service leave and retiring leave, are calculated on an actuarial basis. The liability for long-term employee entitlements is reported as the present value of the estimated future cash outflows. Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

Sick leave, annual leave, vested long-service leave, and non-vested long-service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

### *Termination benefits*

Termination benefits are recognised in the Statement of Comprehensive Income only when there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash outflows.

### **(l) Insurance liabilities**

The Department belongs to the ACC Partnership Programme whereby the Department accepts the management and financial responsibility of work-related illnesses and accidents of employees. The liability of the ACC Partnership Programme is revalued annually based on an actuarial valuation using actuarial techniques at the present value of expected future payments to be made in respect of the employee injuries and claims up to the balance date. Consideration is given to anticipated future wage and salary levels and experience of employee claims and injuries. Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Obligations for managing workplace injury claims under the ACC Partnership Programme are recognised as a liability in the Statement of Financial Position. Movements in the liability are recognised in the Statement of Comprehensive Income.

### **(m) Leases**

Finance leases transfer to the Department (the lessee) substantially all the risks and rewards incidental to the ownership of the leased items. Initial recognition of a finance lease results in an asset and liability being recognised at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments. The Department does not have any finance leases.

Operating leases, where the Department is a lessee, the lessor substantially retains the risk and rewards of ownership of the leased items. Leasehold improvements are capitalised and the cost is amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

### **(n) Provisions**

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

### *Restructuring provisions*

A provision for restructuring is recognised when the Department has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan; or announcing its main features to those affected by it.

### *Redundancy Provisions*

A provision for redundancy is recorded at the best estimate of the expenditure required to settle the obligation.

### *Other provisions*

Other provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

### **(o) Taxpayers' funds**

Taxpayers' funds represent the Crown's net investment in the Department and are measured as the difference between total assets and total liabilities. Taxpayers' funds is disaggregated and classified as general funds and property, plant and equipment revaluation reserves.

#### *Property revaluation reserves*

These reserves relate to the revaluation of land and buildings to fair value.

### **(p) Contingent liabilities and contingent assets**

Contingent liabilities and contingent assets are recorded in the Statement of Contingent Liabilities and Contingent Assets at the point when the contingency arises from past events. Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

### **(q) Commitments**

Future expenses 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. Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the statement of commitments at the value of that penalty or exit cost.

### **(r) Comparatives**

When presentation or classifications of items in the financial statements are amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

#### 4. Revenue Departments

Actual 2010 \$000		Actual 2011 \$000
468	Ministry of Economic Development: Energy Safe	468
2,027	State Services Commission – State Sector Retirement Savings Scheme	1,943
657	State Services Commission – KiwiSaver	833
1	Ministry of Foreign Affairs and Trade – Pacific Security Fund Project	–
771	Ministry of Foreign Affairs and Trade – Pacific Immigration Directors Conference	1,062
215	Ministry of Foreign Affairs and Trade – Consolidating Pacific States' Participation in Recognised Seasonal Employer Scheme	172
54	Ministry of Health – Partnership Resource Centre (Recovery)	–
851	Ministry of Social Development – Refugee Services	666
<b>5,044</b>	<b>TOTAL REVENUE DEPARTMENT</b>	<b>5,144</b>

#### 5. Revenue other

Actual 2010 \$000		Actual 2011 \$000
104,758	Immigration fees	108,304
391	Immigration Advisers Authority	372
789	Other	2,794
<b>105,938</b>	<b>TOTAL REVENUE OTHER</b>	<b>111,470</b>

#### 6. Finance income

Actual 2010 \$000		Actual 2011 \$000
79	Interest income on cash at bank	76
<b>79</b>	<b>TOTAL FINANCE INCOME</b>	<b>76</b>

## 7. Personnel costs

Actual 2010 \$000		Actual 2011 \$000
151,885	Salaries and wages	157,205
3,906	Employer contributions to defined contribution schemes	4,503
967	Increase/(decrease) in employee entitlements	(1,778)
<b>156,758</b>	<b>TOTAL PERSONNEL COSTS</b>	<b>159,930</b>

Employer contributions to defined contribution plans include contributions to the State Sector Retirement Savings Scheme, KiwiSaver, the Government Superannuation Fund, and the Defined Benefit Plan Contributors Scheme.

## 8. Capital charge

The Department pays a capital charge to the Crown on its taxpayers' funds as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2011 was 7.5% (2010: 7.5%).

## 9. Other operating costs

Actual 2010 \$000		Actual 2011 \$000
286	Audit fees for the financial statement audit	286
25,571	Operating lease payments	27,111
29	Net loss on disposal of property, plant and equipment	3
4,010	Other property-related costs	4,243
6	ACC Partnership Programme (note 17)	(38)
18,084	Information systems and communication costs	20,064
21,083	Professional services	26,977
16,644	Immigration services direct operating costs	17,029
411	Inventories distributed and consumed	529
25,515	Other operating costs	26,694
<b>111,639</b>	<b>TOTAL OTHER OPERATING COSTS</b>	<b>122,898</b>

## 10. Finance expenses

Actual 2010 \$000		Actual 2011 \$000
393	Net foreign exchange losses	526
5	Bad debts written off	22
<b>398</b>	<b>TOTAL FINANCE EXPENSES</b>	<b>548</b>

## 11. Debtors and other receivables

Actual 2010 \$000		Actual 2011 \$000
<b>CURRENT</b>		
4,316	Other debtors	3,823
4,316	Total debtors	3,823
(9)	Less: provision for doubtful debts	(26)
4,307	<i>Total current receivables</i>	3,797
<b>NON-CURRENT</b>		
196	Debtors and other receivables	1,126
196	<i>Total non-current receivables</i>	1,126
<b>4,503</b>	<b>TOTAL DEBTORS AND OTHER RECEIVABLES</b>	<b>4,923</b>

The carrying value of debtors and other receivables approximates their fair value.

The non-current portion of debtors and other receivables relate to bonds given to property owners to secure offshore rental accommodation and offices from July 2013 to October 2016.

The ageing profile of receivables at year end is detailed below:

Actual	Gross \$000	2010 Doubtful debts \$000	Net \$000	Gross \$000	2011 Doubtful debts \$000	Net \$000
Not past due	3,019	–	3,019	3,647	–	3,647
Past due 1–30 days	1,307	–	1,307	1,251	–	1,251
Past due 31–60 days	145	–	145	14	–	14
Past due 61–90 days	1	–	1	11	–	11
Past due > 90 days	40	(9)	31	26	(26)	–
<b>TOTAL</b>	<b>4,512</b>	<b>(9)</b>	<b>4,503</b>	<b>4,949</b>	<b>(26)</b>	<b>4,923</b>

The provision for doubtful debts has been calculated based on a review of specific overdue receivables. The doubtful debts provision is based on an analysis of past collection history and debt write-offs.

Movements in the provision for doubtful debts of receivables are as follows:

Actual 2010 \$000		Actual 2011 \$000
10	Balance as at 1 July	9
5	Additional provisions made	39
(6)	Receivables written off	(22)
<b>9</b>	<b>CLOSING BALANCE AT 30 JUNE</b>	<b>26</b>

The Department holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

## 12. Inventories

Actual 2010 \$000		Actual 2011 \$000
100	Publications and brochures held for distribution	80
311	Visa labels	262
<b>411</b>	<b>TOTAL INVENTORIES</b>	<b>342</b>

No inventories are pledged as security for liabilities (2010: Nil).

## 13. Property, plant and equipment

	Land \$000	Buildings \$000	* Furniture and fittings \$000	Specialised equipment \$000	Motor vehicles \$000	Total \$000
<b>COST OR VALUATION</b>						
Balance at 1 July 2009	3,302	1,687	50,553	689	7,786	64,017
Additions	–	–	15,067	72	123	15,262
Other asset movement	–	–	(5,384)	72	–	(5,312)
Revaluation increase/(decrease)	–	–	(9)	–	–	(9)
Disposals	–	–	(2,730)	(24)	(381)	(3,135)
Balance at 30 June 2010	3,302	1,687	57,497	809	7,528	70,823
Balance at 1 July 2010	3,302	1,687	57,497	809	7,528	70,823
Additions	–	22	22,786	126	26	22,960
Other asset movement	–	–	(8,785)	–	–	(8,785)
Disposals	–	–	(4,140)	(45)	(353)	(4,538)
Balance at 30 June 2011	3,302	1,709	67,358	890	7,201	80,460
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b>						
Balance at 1 July 2009	–	39	28,190	408	3,213	31,850
Depreciation expense	–	97	6,739	89	589	7,514
Eliminate on disposal	–	–	(2,770)	38	(258)	(2,990)
Balance at 30 June 2010	–	136	32,159	535	3,544	36,374
Balance at 1 July 2010	–	136	32,159	535	3,544	36,374
Depreciation expense	–	96	9,043	112	572	9,823
Eliminate on disposal	–	–	(3,499)	(22)	(239)	(3,760)
Balance at 30 June 2011	–	232	37,703	625	3,877	42,437
<b>NET BOOK VALUE</b>						
At 1 July 2009	3,302	1,648	22,363	280	4,574	32,167
At 1 July 2010	3,302	1,551	25,338	274	3,984	34,449
At 30 June 2011	3,302	1,477	29,655	264	3,324	38,022

\* Furniture and fittings includes leasehold improvements, office equipment, EDP equipment and furniture.

In accordance with the Department's asset management plan at 30 June 2011, the Department intends to sell and replace various motor vehicles worth \$641,740 (2010: \$46,523). These vehicles do not meet the criteria for "held for sale" as they are still in use and not yet marketed for sale. In accordance with NZ IAS 1: *Presentation of Financial Statements* the value of these motor vehicles has been recorded as a current asset as it is intended they will be realised within the next 12 months of the balance sheet date.

Land and buildings in Suva were revalued at fair value as at 13 May 2009, by an independent registered valuer, Ramesh Behari, of Fairview Valuations. Land and buildings at the Mangere Resettlement Centre in Auckland were revalued at fair value as at 10 February 2009, by an independent registered valuer, Richard S Arlidge, of Tse Wall Arlidge.

The total amount of property, plant and equipment in the course of construction is \$5,661,000 (2010: \$3,141,000).

The Christchurch earthquake on 22 February 2011 and subsequent large aftershocks, prior to balance date, caused significant damage to the Department's assets resulting in \$0.652 million of assets being written off.

The net carrying amount of plant and equipment held under finance leases is Nil (2010: Nil).

#### 14. Intangible assets

	Acquired software \$000	Internally generated software \$000	Total \$000
<b>COST</b>			
Balance at 1 July 2009	13,496	38,606	52,102
Additions	9,134	891	10,025
Balance at 30 June 2010	22,630	39,497	62,127
Balance at 1 July 2010	22,630	39,497	62,127
Additions	1,616	8,137	9,753
Disposals	–	(4,519)	(4,519)
Balance at 30 June 2011	24,246	43,115	67,361
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES</b>			
Balance at 1 July 2009	3,820	31,670	35,490
Amortisation expense	535	3,049	3,584
Balance at 30 June 2010	4,355	34,719	39,074
Balance at 1 July 2010	4,355	34,719	39,074
Amortisation expense	731	4,519	5,250
Disposals	(1,166)	(3,281)	(4,447)
Balance at 30 June 2011	3,920	35,957	39,877
<b>NET BOOK VALUE</b>			
At 1 July 2009	9,676	6,936	16,612
At 1 July 2010	18,275	4,778	23,053
At 30 June 2011	20,327	7,158	27,484

There are no restrictions over the title of the Department's intangible assets, nor are any intangible assets pledged as security for liabilities.

### 15. Creditors and other payables

Actual 2010 \$000		Actual 2011 \$000
21,934	Creditors and accrued expenses	25,301
14,448	Income in advance	13,826
690	GST payable	698
<b>37,072</b>	<b>TOTAL CREDITORS AND OTHER PAYABLES</b>	<b>39,825</b>

Creditors and payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

### 16. Finance leases

The Department does not have any finance leases.

### 17. Insurance liabilities

Actual 2010 \$000		Actual 2011 \$000
	The total insurance liabilities is represented by:	
123	Current	96
36	Non-current	25
<b>159</b>	<b>TOTAL INSURANCE LIABILITIES</b>	<b>121</b>

The movement in the liabilities is represented by:

Actual 2010 \$000		Actual 2011 \$000
153	Opening balance at 1 July	159
6	Movement in provisions made	(38)
<b>159</b>	<b>CLOSING BALANCE AT 30 JUNE</b>	<b>121</b>

### *Insurance risk*

The Department's insurance liabilities arise from the Department's membership in the ACC Partnership Programme under the Full Self-Cover Plan. Under this plan it assumes full financial and injury management responsibility for work-related injuries and illnesses for a selected management period and continuing financial liability for the life of the claim to a pre-selected limit.

The Department is responsible for managing claims for a period of up to 48 months since the lodgement date. At the end of 48 months, if an injured employee is still receiving entitlements, the financial and management responsibility of the claim will be transferred to ACC for a price calculated on an actuarial valuation basis.

The Department has chosen a stop loss limit of 192% of the industry premium for the 2011 cover year. The stop loss limit means the Department will only carry the total cost of claims of up to \$338,000. Similar levels of stop loss cover apply for most previous cover years.

The Department manages its exposure arising from the programme by promoting a safe and healthy working environment by:

- › implementing and monitoring health and safety policies
- › improving awareness of health and safety through meetings and induction processes
- › managing workplace injuries to ensure employees return to work as soon as practical
- › recording and monitoring workplace injuries and near misses to identify risk areas and implementing mitigating action
- › identifying workplace hazards and implementation of appropriate safety procedures.

The Department is not exposed to any significant concentrations of insurance risk as work-related injuries are generally the result of an isolated event affecting an individual employee.

### *Liability valuation*

An independent actuarial valuation was undertaken by Melville Jessup Weaver to calculate the Department's liability, and the valuation is effective 31 March 2011. The actuary has attested to being satisfied as to the nature, sufficiency, and accuracy of the data used to determine the outstanding claims liability. There are no qualifications contained in the actuary's report.

### *Central estimate*

The liability has been set to achieve a 50% probability of the liability being adequate to cover the cost of injuries and illnesses that have occurred up to balance date. Accordingly, no risk margin has been included.

### *Key assumptions*

The key assumptions used in determining the outstanding claims liability are:

- › The Bornheutter-Fergusson methodology has been used and the principal assumption of the method is that the development pattern of claims payments is the same for all loss periods.
- › The assumed 'loss ratio' of 0.12% of liable earnings was determined by considering the observed loss ratios for all the loss quarters.
- › Allowance for claims development beyond 11 years after injury (the duration since the inception of the ACC Partnership Programme) was made by including a "tail" factor.
- › Projected future payments were discounted based on Government bond rates.
- › The Department will remain in the ACC Partnership Programme for the foreseeable future. If the Department was to exit immediately, a margin of 12.8% would apply.

## 18. Provision for employee entitlements

Actual 2010 \$000		Actual 2011 \$000
<b>CURRENT LIABILITIES</b>		
9,215	Annual leave	9,099
112	Sick leave	182
260	Long-service leave	217
508	Retirement leave	583
10,095	<i>Total current portion</i>	10,081
<b>NON-CURRENT LIABILITIES</b>		
1,753	Long-service leave	71
2,720	Retirement leave	2,638
4,473	<i>Total non-current portion</i>	2,709
<b>14,568</b>	<b>TOTAL PROVISION FOR EMPLOYEE ENTITLEMENTS</b>	<b>12,790</b>

An independent actuarial valuation was undertaken by Melville Jessup Weaver as at 30 June 2011 to estimate the present value of retirement leave and long-service leave. The key assumptions used in determining the present values were:

- › discount rate for the 2011 financial year 2.82% p.a. (2010: 5.80% p.a.).
- › salary growth rate for the 2011 financial year 2.50% p.a. (2010: 3.00% p.a.).

The appropriate risk-free discount rates applied were forward rates published by the Treasury for the purpose of preparing the Financial Statements of the Government of New Zealand. Any changes in these assumptions will impact on the carrying amount of the liability. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary.

If the discount rate were to lower/higher by 1% from the Department's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$258,000 higher/lower.

If the salary inflation factor were to lower/higher by 1% from the Department's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$264,000 lower/higher.

## 19. Other provisions

Actual 2010 \$000		Actual 2011 \$000
<b>OTHER PROVISIONS ARE REPRESENTED BY:</b>		
29	Refund of INZ lapsed General Skills	–
917	Redundancy costs	885
400	Restructuring costs	2,064
302	Lease make-good costs	833
235	Other legal disputes	113
<b>1,883</b>	<b>TOTAL OTHER PROVISIONS</b>	<b>3,895</b>

2010	Refund of INZ lapsed general skills applications \$000	Redundancy \$000	Restructuring \$000	Lease make-good \$000	Other legal disputes \$000	Total \$000
Opening balance at 1 July	29	713	–	–	–	742
Amounts used	–	(596)	–	–	–	(596)
Additional provisions made	–	800	400	302	235	1,737
<b>CLOSING BALANCE AT 30 JUNE</b>	<b>29</b>	<b>917</b>	<b>400</b>	<b>302</b>	<b>235</b>	<b>1,883</b>

2011	Refund of INZ lapsed general skills applications \$000	Redundancy \$000	Restructuring \$000	Lease make-good \$000	Other legal disputes \$000	Total \$000
Opening balance at 1 July	29	917	400	302	235	1,883
Amounts used	(29)	(32)	(11)	–	(122)	(194)
Additional provisions made	–	–	1,675	531	–	2,206
<b>CLOSING BALANCE AT 30 JUNE</b>	<b>–</b>	<b>885</b>	<b>2,064</b>	<b>833</b>	<b>113</b>	<b>3,895</b>

### Refund of Immigration New Zealand (INZ) lapsed General Skills applications

A provision for refunding of lapsed General Skills immigration applications was established in June 2003. Refunding has been completed.

### Redundancy costs

The redundancy provision was established in 2008/09. The current redundancy relates to the Department's Corporate Model Implementation Project. These costs are expected to be paid out during 2011/12.

### Restructuring costs

The provision for restructuring costs arose as a result of the Department's Corporate Model Implementation Project.

### Lease make-good costs

In respect of a number of its leased premises, the Department is required at expiry of the lease term to make good any damage caused to the premises and to remove any fixtures or fittings installed by the Department. In many cases the Department has the option to renew these leases, which impacts on the timing of expected cash outflows to "make good" the premises.

### Other legal disputes

Provision has been made for the settlement of legal disputes relating to the supply of materials and human resources issues. It is anticipated that the disputes will be resolved within 12 months of the balance sheet date.

## 20. Taxpayers' funds

Actual 2010 \$000		Actual 2011 \$000
<b>GENERAL FUNDS</b>		
64,099	Balance at 1 July	61,288
7,345	Capital contribution	7,567
(108)	Capital withdrawal – non cash	–
(10,048)	Surplus/(deficit) for the year	(15,935)
61,288	<i>General funds at 30 June</i>	<b>52,920</b>
<b>REVALUATION RESERVES</b>		
4,928	Balance at 1 July	4,919
(9)	Revaluation gains/(losses)	–
4,919	<i>Revaluation reserves at 30 June</i>	4,919
<b>66,207</b>	<b>TOTAL TAXPAYERS' FUNDS</b>	<b>57,839</b>
	Revaluation reserves consist of:	
3,016	Land	3,016
1,903	Buildings	1,903
<b>4,919</b>	<b>TOTAL REVALUATION RESERVES</b>	<b>4,919</b>

## 21. Capital management

The Department's capital is its taxpayers' funds, which comprises general funds and revaluation reserves. Taxpayers' funds are represented by net assets.

The Department manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Department's equity is largely managed as a by-product of managing income, expenses, assets, liabilities and compliance with the Government Budget processes, Treasury instructions and the Public Finance Act 1989.

The objective of managing the Department's equity is to ensure the Department effectively achieves its goals and objectives for which it has been established, while remaining a going concern.

## 22. Reconciliation of net surplus/(deficit) to net cash flows from operating activities

Actual 2010 \$000		Actual 2011 \$000	Main estimates 2011 \$000	Supp estimates 2011 \$000
<b>(10,048)</b>	<b>NET SURPLUS/(DEFICIT)</b>	<b>(15,935)</b>	<b>1,472</b>	<b>490</b>
	<i>Add/(less) non-cash items:</i>			
11,098	Depreciation and amortisation	15,073	20,541	20,549
393	Net foreign exchange (gain)/loss	526	–	–
(2)	Other operating costs	–	–	–
11,489	Total non-cash items	15,599	20,541	20,549
	<i>Add/(less) movements in working capital items:</i>			
8,137	(Increase)/decrease in debtors and receivables	(420)	(135)	1,256
(186)	(Increase)/decrease in prepayments	245	–	–
89	(Increase)/decrease in inventories	69	–	–
3,581	Increase/(decrease) in creditors and payables	2,745	706	(7,835)
(113)	Goods and services tax (net)	8	164	2,869
973	Increase/(decrease) in employee entitlements	(1,816)	993	3,599
1,141	Increase/(decrease) in other provisions	2,012	–	–
13,622	Net movements in working capital items	2,843	1,728	(111)
	<i>Add/(less) item classified as investing activities:</i>			
29	Net loss/(profit) on sale of fixed assets	740	(335)	(335)
<b>15,092</b>	<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>3,247</b>	<b>23,406</b>	<b>20,593</b>

## 23. Financial instrument risks

The Department's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Department has several policies to manage the risk associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

### Market risk

#### *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Department's greatest direct foreign exchange exposure arises from the offshore branch and agency network that provides immigration services. Application fees are collected in more than 30 foreign currencies through this network. The offshore branch network incurs significant local expenses, providing a natural hedge for the branch revenue. The Department's convention is for branches to retain buffers in foreign currency accounts up to the value of an average month's expenditure.

The Department's foreign exchange management policy requires the Department to manage direct foreign currency exposure by entering into forward exchange contracts when it is considered certain that currency risk will arise. As there is a natural hedge between revenue and expenditure at the Department's

offshore branches, only the net exposure is covered. Net certain monthly cash surplus per currency will be identified at budget stage.

Application fees are set by regulation in New Zealand dollars, updated annually. Foreign currency equivalent fees are set by the Department to reflect the New Zealand amount. Foreign currency transaction exposure is also mitigated to some extent by the ability of the Department to initiate updates of foreign currency fees to bring them into line with prevailing market conditions.

#### *Sensitivity analysis*

At 30 June 2011, if the NZ dollar had weakened/strengthened by 5% against the US dollar with all other variables held constant, the surplus/deficit for the year would have been \$60,000 (2010: \$75,000) higher/lower. This movement is attributable to the foreign exchange gains and losses on translation of the US dollar currency held by the Department in its foreign currency account.

At 30 June 2011, if the NZ dollar had weakened/strengthened by 5% against the Australian dollar with all other variables held constant, the surplus/deficit for the year would have been \$10,000 (2010: \$143,000) higher/lower. This movement is attributable to the foreign exchange gains and losses on translation of the Australian dollar currencies held in its foreign currency account.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates. The Department has no interest rate risk as it has no interest bearing financial instruments.

#### **Credit risk**

Credit risk is the risk that a third party will default on its obligations to the Department, causing the Department to incur a loss. Financial instruments, which potentially subject the Department to credit risk, principally consist of cash on hand, bank balances, forward exchange contracts and accounts receivable. The Department's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, net debtors (note 11) and derivative forward exchange contracts. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

The Department holds cash with Westpac Bank. There are no major concentrations of credit risk with respect to accounts receivable other than the amount due to the Crown.

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 by only opening accounts with banks following Treasury approval. The Department deals only, where there is a choice, with banks that have a high credit rating. Exposure to any 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. This limit does not apply when the counterparty is the Westpac New Zealand, New Zealand Debt Management Office (NZDMO) or the Reserve Bank of New Zealand.

#### *Liquidity risk*

Liquidity risk is the risk that the Department will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the Department closely monitors its forecast cash requirements with expected cash draw downs from the NZDMO.

The table below analyses the Department's financial liabilities that will be settled based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are on the contractual undiscounted cash flows.

**Liquidity risk**

	Less than 6 months \$000	Between 6 months and 1 year \$000	Between 1 and 5 years \$000	Over 5 years \$000
<b>2010</b>				
Creditors and other payables (note 15)	37,072	–	–	–
Cash and cash equivalents	55,767	–	–	–
<b>2011</b>				
Creditors and other payables (note 15)	39,825	–	–	–
Cash and cash equivalents	42,238	–	–	–

**24. Categories of financial instruments**

The carrying amounts of financial assets and financial liabilities in each of the NZ IAS 39 categories are as follows.

Actual 2010 \$000		Actual 2011 \$000
<b>LOANS AND RECEIVABLES</b>		
55,767	Cash and cash equivalents	42,238
4,503	Debtors and other receivables (note 11)	4,923
<b>60,270</b>	<i>Total loans and receivables</i>	<b>47,161</b>
<b>FINANCIAL LIABILITIES MEASURED AT AMORTISED COSTS</b>		
37,072	Creditors and other payables (note 15)	39,825
<b>37,072</b>	<i>Total financial liabilities measured at amortised cost</i>	<b>39,825</b>

**25. Related-party information**

All related party transactions have been entered into on an arm's-length basis. The Department is a wholly owned entity of the Crown.

*Significant transactions with government-related entities*

The Department has been provided with funding from the Crown of \$170.730 million (2010: \$163.957 million) and funding from Revenue Department of \$5.144 million (2010: \$5.044 million) for specific purposes as set out in its founding legislation and the scope of the relevant government appropriations.

*Collectively, but not individually, significant, transactions with government-related entities*

In conducting its activities, the Department is required to pay various taxes and levies (such as GST, FBT, PAYE, Withholding Tax and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The Department matches the employee's superannuation contribution to State Sector Retirement Savings Scheme, the cost of which is funded in full by the State Services Commission. The Department is exempt from paying income tax.

The Department also purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2011 totalled \$10.3 million (2010: \$9.7 million). These purchases included agencies fees for offshore posts from Ministry of Foreign Affairs and Trade, legal fees from Crown Law, air travel from Air New Zealand and postal services from New Zealand Post.

Apart from those transactions described above, the Department has not entered into any related-party transactions.

### Key management personnel compensation

Actual 2010 \$000		Actual 2011 \$000
2,195	Salaries and other short-term employee benefits	2,003
69	Other long-term benefits	99
110	Termination benefits	–
<b>2,374</b>	<b>TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION</b>	<b>2,102</b>

The Department's key management personnel are defined as the Secretary of Labour and the Strategic Leadership Team. All these personnel have authority and the primary responsibility for planning, directing, and controlling the activities of the Department.

There were no transactions with Ministers which require disclosures under the revised NZ IAS 24.

### 26. Trust monies

The Department operates trust accounts as the agent under section 66 of the Public Finance Act 1989. The transactions through these accounts and their balances at 30 June 2011 are not included in the Department's own financial statements. Movements in these accounts during the year ended 30 June 2011 were as follows.

### ■ Statement of Trust Monies

#### For the year ended 2011

Account	As at 2010 \$000	Contribution \$000	Distribution \$000	Revenue \$000	Expense \$000	As at 2011 \$000
Employment Relations Service Trust	27	256	(254)	–	(6)	23
Employment Relations Act Security of Costs Trust	88	14	(88)	–	–	14
NZ Immigration Trust	3,666	867	(1,990)	64	–	2,607
<b>TOTAL</b>	<b>3,781</b>	<b>1,137</b>	<b>(2,332)</b>	<b>64</b>	<b>(6)</b>	<b>2,644</b>

The Employment Relations Service Trust (previously called the Industrial Relations Trust) was established in September 1988 and handles trust monies received by Labour Inspectors on behalf of workers.

The Employment Relations Act Security of Costs Trust (previously called the Employment Court Trust) was established in February 1990 and handles monies held at the direction of the Employment Relations Authority.

The NZ Immigration Trust was established in 1999 to hold bonds required to be paid by visitors with a higher risk profile.

## 27. Memorandum account – visas and permits

Actual 2010 \$000		Actual 2011 \$000
<b>PROVISION FOR STATUTORY INFORMATION</b>		
10,569	Balance at 1 July	(1,369)
104,400	Revenue	107,700
(116,338)	Expenses	(129,076)
<b>(1,369)</b>	<b>BALANCE AT 30 JUNE</b>	<b>(22,745)</b>

This memorandum account summarises financial information relating to the accumulated financial surplus and deficits incurred in the sale of visas and permits by the Department.

Memorandum accounts are notional accounts that are not formal assets or liabilities of the Crown. The accounts record the accumulated balance of surpluses and deficits incurred in the provision of certain outputs on a full cost recovery basis. The surplus/deficit levels are dependent upon the business conditions and Government's policy settings prevailing during that period.

This memorandum account has been operating since 1 July 1999. The shortfall in revenue is primarily due to lower volume in visa applications (particularly in Student and Residence visa applications), as well as the impact of the Christchurch earthquake in February 2011.

The current deficit will be managed over a period of time through fee setting, cost structure changes and business improvements. Immigration New Zealand is working through and implementing a number of identified cost savings, as well as considering opportunities to increase revenue.

## 28. Memorandum account – Immigration Advisers Authority

Actual 2010 \$000		Actual 2011 \$000
<b>PROVISION FOR STATUTORY INFORMATION</b>		
(904)	Balance at 1 July	(1,799)
391	Revenue	372
(1,286)	Expenses	(1,242)
<b>(1,799)</b>	<b>BALANCE AT 30 JUNE</b>	<b>(2,669)</b>

The Immigration Advisers Authority was established in May 2007 following the implementation of the Immigration Advisers Licensing Act 2007. Mandatory licensing was in place for advisers onshore in May 2009, and offshore in May 2010.

The memorandum account records the revenue from licence fees paid by immigration advisers seeking to be licensed, fee renewals or upgrades, and the costs arising from employment of resources to carry out licensing, and educational functions. A key factor in the amount of the fee revenue is the number of licensed advisers (including offshore advisers).

The lower revenue from fees received is due to the number of license holders being lower than forecasted. The Department is reviewing the cost allocation for licensing and enforcement functions. Also, the Department will prepare a report to Ministers, which will include future options relating to fees and licensees.

## 29. Memorandum account – Provision for Health and Safety in Employment (HSE Levy) – Funded Services

Actual 2010 \$000		Actual 2011 \$000
<b>PROVISION FOR STATUTORY INFORMATION</b>		
3,494	Balance at 1 July	13,866
49,017	Revenue	43,802
(38,645)	Expenses	(41,894)
<b>13,866</b>	<b>BALANCE AT 30 JUNE</b>	<b>15,774</b>

This notional account was established on 1 July 2007 in accordance with the Cabinet Economic Development Committee Decision EDC Min (07) 29/14.

The account does not hold accessible funds. It records Health and Safety in Employment (HSE) levy revenue accumulated by the Crown, offset by the amount of levy revenue spent by the Department of Labour and other designated agencies (the Civil Aviation Authority and Maritime New Zealand) on appropriated HSE activity. The account balance is determined at the end of each financial year. If the balance is greater than zero it means the revenue collected to that point is higher than expenses and, conversely, a negative balance denotes higher accumulated expenses compared to revenue.

The accumulated balance in the account, the forecast revenue and known future expenses to be appropriated will be considered annually in determining changes to the HSE levy rates within set parameters. The rate of the HSE levy is currently set in the Health and Safety in Employment Regulations 1994, at 5c per \$100 of leviable earnings.

## 30. Explanation of major variances against budget

The variance between the Main Estimates and the Supplementary Estimates are mainly due to the following items:

ITEM	\$000
In-principle expenditure transfers from 2009/10 to 2010/11	7,278
New funding	1,000
Expenditure transfers from 2010/11 to 2011/12	(6,355)
Fiscally neutral transfers	134
Forecast changes	437
Funding change	(207)
<b>TOTAL</b>	<b>2,287</b>

Vote	Main estimates 2011 \$000	Supp estimates 2011 \$000	Variance higher/ (lower) 2011 \$000
Labour	80,201	80,298	97
Immigration	213,316	215,514	2,198
Employment	14,219	14,209	(10)
ACC	4,856	4,858	2
<b>TOTAL FOR OUTPUT EXPENSES</b>	<b>312,592</b>	<b>314,879</b>	<b>2,287</b>

For more detail of the changes in budgets between Main Estimates and Supplementary Estimates, see Statement of Objectives and Service Performance.

Explanations for major variances from the Department's Supplementary Estimates are as follows:

### Expenditure

The output expenses appropriations for Vote Immigration were within appropriation by \$8.631 million during 2010/11. The under-expenditure is largely due to lower volumes, savings from vacant positions and project delays in the output expense services to increase the capacity of New Zealand through immigration. 'In principle' expense transfers from 2010/11 into 2011/12 for Vote Immigration totalling \$0.984 million were approved during 2010/11.

The output expenses appropriations for Vote Labour were within appropriation by \$2.782 million, mainly due to the High Performance Work Initiative only commencing part way through the year. The work programmes of the policy teams were delayed due to several unexpected events (including the Pike River Coal mine tragedy), and staff vacancies. 'In principle' expense transfers from 2010/11 into 2011/12 for Vote Labour totalling \$0.242 million were approved during 2010/11.

### Revenue

Revenue Other received is \$28 million lower than forecast primarily due to lower volume in visa applications (particularly in Student and Residence visa applications), as well as the impact of the Christchurch earthquake in February 2011.

## STATEMENT OF COMPREHENSIVE INCOME

Vote	Variance to budget higher/(lower) \$000	Variance to budget %	'In-principle' transfers to 2011/12 \$000
Labour	(2,782)	(3.5%)	242
Immigration	(8,631)	(4.0%)	984
Employment	(1,494)	(10.5%)	–
ACC	(491)	(10.1%)	200
<b>TOTAL FOR OUTPUT EXPENSES</b>	<b>(13,398)</b>	<b>(4.3%)</b>	<b>1,426</b>

## ■ STATEMENT OF FINANCIAL POSITION

	Variance higher/ (lower) \$000
<b>CASH AND CASH EQUIVALENTS</b>	
The variance was due to reduction on capital projects expenditure and reduction in Immigration revenue.	(5,887)
<b>PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS</b>	
There were delays in some of the capital projects: remedial work on the Application Management System, Shanghai office fit out, Financial Management Information System and ICT infrastructure programme.	(7,647)
<b>CREDITORS AND OTHER PAYABLES</b>	
The Department had an increase in accrued expenditure at year-end which was not included in the forecast.	7,564

## ■ STATEMENT OF CASH FLOWS

	Variance higher/ (lower) \$000
<b>NET CASH FROM OPERATING ACTIVITIES</b>	
The lower operating cash flow was due to both lower revenue and lower expenditure.	(17,346)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	
Purchases of property, EDP equipment and software were lower due to delays in the Department's capital expenditure programme.	12,383

### 31. Events after the balance sheet date

There were no events occurring between year-end and the signing of the financial statements that would have a significant effect on these financial statements.

## ■ NON-DEPARTMENTAL STATEMENTS AND SCHEDULES

### FOR THE YEAR ENDED 30 JUNE 2011

Actual 2010 \$000		Actual 2011 \$000	Main estimates 2011 \$000	Supp estimates 2011 \$000
63,140	Revenues and receipts	56,033	50,585	55,343
1,273,063	Expenses	1,228,895	1,256,709	1,255,439
21,350	Assets	20,492	27,229	21,891
3,071	Liabilities	1,802	3,555	3,612

The following non-departmental statements and schedules record the income, expenses, assets, liabilities, commitments, contingent liabilities and contingent assets that the Department manages on behalf of the Crown.

Further details of the Department's management of these Crown assets and liabilities are provided in the Statement of Objectives and Service Performance section of this Annual Report.

These non-department balances are consolidated into the Crown Financial Statements. Therefore, readers of these statements and schedules should also refer to the Crown Financial Statements for 2010/11.

## ■ STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS

FOR THE YEAR ENDED 30 JUNE 2011

Exp. after re meas. 2010 \$000		Exp. before re meas. 2011 \$000	Re meas. 2011 \$000	Exp. after re meas. 2011 \$000	Appropriation voted* 2011 \$000
<b>VOTE LABOUR</b>					
<b>APPROPRIATION FOR OUTPUT EXPENSES</b>					
2,025	Employment Relations Education Contestable Fund	-	-	-	889
869	Health and Safety in Employment Levy – Collection Services	869	-	869	869
2,894	<i>Total appropriations for output expenses</i>	869	-	869	1,758
<b>APPROPRIATION FOR OTHER EXPENSES TO BE INCURRED BY THE CROWN</b>					
1,512	International Labour Organisation	1,381	-	1,381	1,400
943	Joint Equal Employment Opportunities Trust	943	-	943	943
15	New Zealand Industrial Relations Foundation	15	-	15	15
2,938	Employment Relations Authority Members' salaries and allowances (Employment Relations Act 2000, Section 171)	3,055	-	3,055	3,402
2	Bad debt expense	-	-	-	15
5,410	<i>Total appropriations for other expenses to be incurred by the Crown</i>	5,394	-	5,394	5,775
8,304	<b>TOTAL VOTE LABOUR</b>	6,263	-	6,263	7,533
<b>VOTE ACC</b>					
<b>APPROPRIATION FOR OUTPUT EXPENSES</b>					
59,187	Case management and supporting services	64,783	-	64,783	64,783
692,729	Claim entitlements and services	624,392	-	624,392	649,392
241,103	Public health acute services	265,847	-	265,847	265,847
-	Service for treatment injuries	212,069	-	212,069	212,069
993,019	<i>Total appropriations for output expenses</i>	1,167,091	-	1,167,091	1,192,091
<b>BENEFITS AND OTHER UNREQUITED EXPENSES</b>					
269,891	Other compensation	35,771	-	35,771	35,771
-	Other compensation – treatment injuries for non-earners'	18,959	-	18,959	18,959
269,891	<i>Total appropriations for benefits &amp; unrequited expenses</i>	54,730	-	54,730	54,730
1,262,910	<b>TOTAL VOTE ACC</b>	1,221,821	-	1,221,821	1,246,821
<b>VOTE IMMIGRATION</b>					
<b>APPROPRIATION FOR OTHER EXPENSES TO BE INCURRED BY THE CROWN</b>					
1,849	Residence Review Board, Removal Review Authority and Refugee Status Appeals Authority members' salaries and allowances	811	-	811	1,085
1,849	<i>Total appropriations for other expenses to be incurred by the Crown</i>	811	-	811	1,085
1,849	<b>TOTAL VOTE IMMIGRATION</b>	811	-	811	1,085
1,273,063	<b>TOTAL APPROPRIATIONS FOR OUTPUT EXPENSES</b>	1,228,895	-	1,228,895	1,255,439
-	Non-Departmental Capital Expenditure (Disputes Resolution Services Limited share Capital)**	1,335	-	1,335	-

The accompanying notes form part of these financial statements.

GST of \$166.5 million (2010: \$124.6 million) has been excluded from non-departmental expenditure and capital appropriations in accordance with the accounting policy on GST. The GST is not recoverable from the IRD and is an expense which requires no appropriation as it is funded by the Crown. The expense is therefore not included in the Statement of Non-Departmental Expenditure and Capital Appropriations.

\* These amounts include adjustments made in the Supplementary Estimates and transfers under the Public Finance Act 1989.

\*\*An item of unappropriated expenditure has been identified in Vote ACC which relates to the transfer of Disputes Resolution Services Limited (DRSL) from the ownership of Accident Compensation Corporation (ACC) to the Crown. The value of the shares transferred was \$2.67 million, of which 50% (\$1.335 million) is attributable to Vote ACC and 50% (\$1.335 million) to Vote Finance.

On 6 April 2011, Ministers agreed (EGI Min (11) 6/10) that DSRL be transferred as a going concern from ACC ownership to the Crown, at no cost to the Crown, by mutual agreement with the ACC Board. Ministers approved this paper and stated that the transfer would be effective from 1 July 2011. In the expectation of a 1 July 2011 transfer, the appropriation for the equity transfer was approved in 2011/12. The Department actioned the share transfer on 22 June 2011 following Ministerial approval to ensure that it was effective on 1 July 2011. This means that the share transfer occurred within the 2010/11 financial year without appropriation and therefore is unappropriated non-departmental capital expenditure in 2010/11.

In accordance with Section 26C of the Public Finance Act, on 19 September 2011, the Department sought Joint ministerial approval to validate the Vote ACC portion of \$1.335 million as unappropriated non-departmental capital expenditure in 2010/11.

## SCHEDULE OF NON-DEPARTMENTAL EXPENDITURE

### FOR THE YEAR ENDED 30 JUNE 2011

Actual 2010 \$000		Actual 2011 \$000	Main estimates 2011 \$000	Supp estimates 2011 \$000
<b>VOTE LABOUR</b>				
2,894	Non-departmental output expenses	869	1,758	1,758
5,410	Other expenses to be incurred by the Crown	5,394	5,553	5,775
8,304	<b>TOTAL NON-DEPARTMENTAL EXPENDITURE: VOTE LABOUR</b>	6,263	7,311	7,533
<b>VOTE ACC</b>				
993,019	Non-departmental output expenses	1,167,091	1,192,091	1,192,091
269,891	Benefits and other unrequited expenses	54,730	54,730	54,730
1,262,910	<b>TOTAL NON-DEPARTMENTAL EXPENDITURE: VOTE ACC</b>	1,221,821	1,246,821	1,246,821
<b>VOTE IMMIGRATION</b>				
1,849	Other expenses to be incurred by the Crown	811	2,577	1,085
1,849	<b>TOTAL NON-DEPARTMENTAL EXPENDITURE: VOTE IMMIGRATION</b>	811	2,577	1,085
1,273,063	<b>TOTAL NON-DEPARTMENTAL EXPENSES</b>	1,228,895	1,256,709	1,255,439

Note: Annual and other appropriations have been classified together in the above schedule, but are separately disclosed in the Statement of Non-Departmental Expenditure and Capital Appropriations.

## ■ SCHEDULE OF NON-DEPARTMENTAL INCOME

### FOR THE YEAR ENDED 30 JUNE 2011

Actual 2010 \$000		Note	Actual 2011 \$000	Main estimates 2011 \$000	Supp. estimates 2011 \$000
<i>Administered on behalf of the Minister of Labour</i>					
189	Employment Relations Authority fees		163	193	193
49,017	Health and safety in employment levy		43,802	40,147	43,911
34	Health and safety fees and licences		30	33	33
37	Revenue from prior year Pay and Employment Equity Contestable Fund		35	-	-
7	Employment Relations Authority reimbursement of costs		1	-	-
-	Revenue from prior year Employment Relations Education Contestable Fund		164	-	-
240	Recovery of Remuneration Authority costs of setting local authority members' remuneration		262	250	262
7	Infringement notice fines		15	247	247
<b>49,531</b>	<b>TOTAL NON-DEPARTMENTAL INCOME ADMINISTERED ON BEHALF OF THE MINISTER OF LABOUR</b>		<b>44,472</b>	<b>40,870</b>	<b>44,646</b>
<i>Administered on behalf of the Minister of Immigration</i>					
10,391	Migrant levy		9,490	9,715	9,715
428	Immigration adviser levy		494	-	982
828	Visitor bonds		-	-	-
1,962	Forfeited English for Speakers of Other Languages fees (ESOL)		1,577	-	-
<b>13,609</b>	<b>TOTAL NON-DEPARTMENTAL INCOME ADMINISTERED ON BEHALF OF THE MINISTER OF IMMIGRATION</b>		<b>11,561</b>	<b>9,715</b>	<b>10,697</b>
-	<b>TOTAL NON-DEPARTMENTAL INCOME ADMINISTERED ON BEHALF OF THE MINISTER FOR ACC</b>		-	-	-
<b>63,140</b>	<b>TOTAL NON-DEPARTMENTAL INCOME ADMINISTERED BY THE DEPARTMENT</b>		<b>56,033</b>	<b>50,585</b>	<b>55,343</b>

## ■ SCHEDULE OF NON-DEPARTMENTAL ASSETS

AS AT 30 JUNE 2011

Actual 2010 \$000		Note	Actual 2011 \$000	Main estimates 2011 \$000	Supp estimates 2011 \$000
<b>CURRENT ASSETS</b>					
7,518	Cash and cash equivalents		14,740	24,783	18,749
13,832	Receivables and prepayments	4	4,417	2,446	3,142
21,350	<b>TOTAL CURRENT ASSETS</b>		<b>19,157</b>	<b>27,229</b>	<b>21,891</b>
<b>NON-CURRENT ASSETS</b>					
	Investment in Disputes Resolution Services Limited (DRSL)		1,335	-	-
	<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,335</b>	<b>-</b>	<b>-</b>
<b>21,350</b>	<b>TOTAL NON-DEPARTMENTAL ASSETS</b>		<b>20,492</b>	<b>27,229</b>	<b>21,891</b>

## ■ SCHEDULE OF NON-DEPARTMENTAL LIABILITIES

AS AT 30 JUNE 2011

Actual 2010 \$000		Note	Actual 2011 \$000	Main estimates 2011 \$000	Supp estimates 2011 \$000
<b>CURRENT LIABILITIES</b>					
2,573	Creditors and other payables	5	1,434	2,887	3,003
346	Provision for employee entitlements	6	272	419	444
<b>2,919</b>	<b>TOTAL CURRENT LIABILITIES</b>		<b>1,706</b>	<b>3,306</b>	<b>3,447</b>
<b>NON-CURRENT LIABILITIES</b>					
152	Provision for employee entitlements	6	96	249	165
<b>152</b>	<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>96</b>	<b>249</b>	<b>165</b>
<b>3,071</b>	<b>TOTAL LIABILITIES</b>		<b>1,802</b>	<b>3,555</b>	<b>3,612</b>

## ■ SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS

### AS AT 30 JUNE 2011

Actual 2010 \$000		Actual 2011 \$000
	<b>OTHER NON-CANCELLABLE COMMITMENTS</b>	
1,246,843	Not later than one year	1,088,886
<b>1,246,843</b>	<b>TOTAL OTHER NON-CANCELLABLE COMMITMENTS</b>	<b>1,088,886</b>

The operating commitments comprise:

- › Employment Relations Education Contestable Fund contracts are \$0.500 million as at 30 June 2011 (2010: \$22,000)
- › the 2011/12 purchase agreement with ACC. The Minister for ACC entered into a purchase agreement with ACC on 30 June 2010. The purchase agreement outlines the outputs the Minister has agreed to purchase from ACC on behalf of non-earners for 2011/12. The total cost of the outputs that the Minister committed to on 30 June 2011 was \$1,088.386 million (2010: \$1,246.821 million).

## ■ SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### AS AT 30 JUNE 2011

There were no non-departmental contingent liabilities or contingent assets as at 30 June 2011 (2010: Nil).

## ■ NOTES TO THE NON-DEPARTMENTAL FINANCIAL STATEMENTS

### 1. Reporting entity

These non-departmental schedules and statements present financial information on public funds managed by the Department on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, reference should also be made to the Financial Statements of the Government.

### 2. Basis of preparation

#### (a) Statement of compliance

The non-departmental schedules and statements have been prepared in accordance with the accounting policies of the Financial Statements of the Government, Treasury instructions and Treasury circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as appropriate for public benefit entities.

The schedules and statements are prepared using New Zealand International Financial Reporting Standards (NZ IFRS).

There have been no changes in accounting policies during the financial year.

#### (b) Reporting period and currency

The reporting period for these non-departmental financial statements is the year ended 30 June 2011. The budget figures are those presented in the Main Estimates on 20 May 2010 and those amended by the Supplementary Estimates on 19 May 2011, and any transfers made by Order in Council under the Public Finance Act 1989.

The reporting currency used in the preparation of these non-departmental financial statements is New Zealand dollars rounded to the nearest thousand (\$000). The functional currency of the Department is New Zealand dollars (NZ\$).

#### (c) Use of judgements and estimates

The preparation of financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlining assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in the notes to the financial statements.

Note 6 provides the key assumptions used in determining the estimates for long-service leave and retirement leave.

### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The following particular accounting policies have been applied.

### **(a) Revenue – levies**

Levy revenue includes the Health and Safety in Employment Levy and the Migrant Levy, which are legislated under the Health and Safety in Employment Act 1992 (section 59) and the Immigration Act 2009 (section 399) respectively. Revenue from levies is recognised as revenue when the obligation to pay the levy is incurred.

### **(b) Grant expenditure**

Non-discretionary grants are those grants awarded if the application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Department has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the grants approvals committee and the approval has been communicated to the applicant.

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

All items in the non-departmental financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis. In accordance with Treasury instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on the consolidation of the Government financial statements.

### **(d) Debtors and other receivables**

Debtors and other receivables are recognised initially at fair value and subsequently measured at amortised cost. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the receivable is impaired. Impairment losses are recognised in the schedule of non-departmental expenses.

### **(e) Equity investments**

Equity Investments are initially measured at fair value plus transaction costs. After initial recognition, these investments are measured at their fair value with gains and losses recognised in other comprehensive income, except for impairment losses which are recognised in the surplus or deficit.

### **(f) Derivatives**

Forward exchange contracts are recognised at fair value as either assets or liabilities with fair value gains or losses recognised in the non-departmental financial statements. Further details on these contracts and the objectives for entering into forward exchange contracts are provided in note 7.

### **(g) Employment entitlements**

#### *Other employment entitlements*

Employee entitlements for salaries and wages, annual leave, long-service leave, retiring leave, sick leave and other similar benefits are recognised in the non-departmental financial statements when they accrue to employees. Employee entitlements to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

Employee benefits that are due to be settled beyond 12 months after the end of the reporting period in which the employee renders the related service, such as long-service leave and retiring leave, are calculated on an actuarial basis. The liability for long-term employee entitlements is reported as the present value of the estimated future cash outflows. Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

Sick leave, annual leave, vested long-service leave, and non-vested long-service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

#### *Termination benefits*

Termination benefits are recognised in the non-departmental financial statements only when there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash outflows.

#### **(h) Commitments**

Future expenses and liabilities to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations. Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel, are included in the statement of commitments at the value of that penalty or exit cost.

#### **(i) Changes in accounting policies**

There have been no changes in accounting policies since the date of the last audited financial statements. All policies have been applied on a basis consistent with other years.

## ■ Notes to Schedules

### 4. Debtors and other receivables

Actual 2010 \$000		Actual 2011 \$000
12,981	Debtors and other receivables	3,622
851	Prepayments	795
<b>13,832</b>	<b>TOTAL DEBTORS AND OTHER RECEIVABLES</b>	<b>4,417</b>

The carrying value of debtors and other receivables approximates their fair value.

The ageing profile of receivables at year end is detailed below.

Actual	2010 Gross \$000	Doubtful debts \$000	Net \$000	2011 Gross \$000	Doubtful debts \$000	Net \$000
Not past due	12,979	–	12,979	3,614	–	3,614
Past due 1–30 days	1	–	1	2	–	2
Past due 31–60 days	–	–	–	4	–	4
Past due 61–90 days	–	–	–	–	–	–
Past due > 90 days	1	–	1	2	–	2
<b>TOTAL</b>	<b>12,981</b>	<b>–</b>	<b>12,981</b>	<b>3,622</b>	<b>–</b>	<b>3,622</b>

## 5. Creditors and other payables

Actual 2010 \$000		Actual 2011 \$000
1,147	Creditors and other payables	309
1,426	GST payable	1,125
<b>2,573</b>	<b>TOTAL CREDITORS AND OTHER PAYABLES</b>	<b>1,434</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

## 6. Provision for employee entitlements

Actual 2010 \$000		Actual 2011 \$000
<b>CURRENT LIABILITIES</b>		
346	Annual leave	272
346	Total current liabilities	272
<b>NON-CURRENT LIABILITIES</b>		
16	Long-service leave	12
136	Retirement leave	84
152	Total non-current liabilities	96
<b>498</b>	<b>TOTAL PROVISIONS FOR EMPLOYEE ENTITLEMENTS</b>	<b>368</b>

An independent actuarial valuation was undertaken by Melville Jessup Weaver as at 30 June 2011 to estimate the present value of retirement leave and long service leave. The key assumptions used in determining the present values were:

- › discount rate for the 2011 financial year 2.82% p.a. (2010: 5.80% p.a.).
- › salary growth rate for the 2011 financial year 2.50% p.a. (2010: 3.00% p.a.).

The appropriate risk-free discount rates applied were forward rates published by the Treasury for the purpose of preparing the Financial Statements of the Government of New Zealand. Any changes in these assumptions will impact on the carrying amount of the liability. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary.

If the discount rate were to lower/higher by 1% from the Department's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$7,000 higher/lower.

If the salary inflation factor were to lower/higher by 1% from the Department's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$7,000 lower/higher.

## 7. Derivative financial instruments

The notional principal amount of outstanding forward exchange contracts at 30 June 2011 was Nil (2010: Nil).

The fair value of forward exchange contracts has been determined using quoted market rates provided by the New Zealand Debt Management Office.

## **8. Vote ACC**

Funding is provided by the Government through the Department of Labour to ACC for costs relating to the Non-Earners Account. The Non-Earners Account covers all personal injuries to people not in the paid workforce: students, beneficiaries, older people and children. The Non-Earners Account also funds injuries for non-earners sustained as a result of medical treatment through the Treatment Injury Account.

For claims that originated after 1 July 2001, ACC funding is provided based on an actuarial assessment of the whole-of-life cost. This is reassessed annually and funding appropriated from the Crown and provided to ACC. This is referred to as “fully funded” and in 2011 cost \$1,084.650 million (2010: \$1,141.038 million).

For claims that originated prior to 1 July 2001, ACC funding is provided to cover the costs relating to claims in the year the costs are incurred. The cost of this is actuarial assessed and appropriation sought from the Crown and funding provided to ACC. This is referred to as “pay as you go” and, in 2011, cost \$127.246 million (2010: \$121.872 million).

## **9. Explanation of major variances against budget**

The major variance from the Supplementary Estimates in the Schedule of Non-Departmental expenditure is in the Claim Entitlements and Services (\$25 million) which is due to reduced funding in the Vote ACC Non-Earners Account. There are no major variances in the Schedule of Non-Departmental income, the Schedule of Non-Departmental Assets and the Schedule of Non-Departmental Liabilities.

## **10. Events after the balance sheet date**

There were no events occurring between year-end and the signing of the financial statements that would have a significant effect on these financial statements.

## Appendices

### ■ Workplace fatalities 2010/11

Workplace fatalities are an important indicator because of the enormous social impact and the resource commitment for the Department of Labour to investigate. It is one of many indicators of occupational health and safety trends that the Department investigates and monitors. On its own, the number of fatalities investigated by the Department is not a reliable guide to levels of safety performance in the workplace (see the discussion of data limitations below).

In 2010/11, the Department received reports of 73 workplace deaths. Table 9 shows the number of work-related deaths reported to the Department and investigated under the Health and Safety in Employment Act 1992. These deaths involve the death of an employee, a self-employed person, or a person in or in the vicinity of a place of work. All data is based on the year ending 30 June and is part of a revised time series.

**Table 9: Work-related deaths by industry, 2010/11 and 2009/10**

Industry	Number of work-related deaths	
	2010/11	2009/10
Forestry	3	4
Construction	5	15
Manufacturing	-	5
Agriculture/horticulture	23	11
Recreation	5	8
Mines/extractive	30	-
Other	7	13
<b>TOTAL</b>	<b>73</b>	<b>56</b>

Notes:

The statistics do not include workplace fatalities as a result of the Canterbury earthquake on 22 February 2011.

The industry classifications of workplace fatalities for both 2010/11 and 2009/10 now match the Australia New Zealand Specific Industry Classification for notification of fatalities.

#### *Data limitations*

The Department's fatality investigation statistics are administrative statistics arising from coverage of the Health and Safety in Employment Act 1992. These statistics do not show overall fatality trends in New Zealand workplaces.

The Department's statistics do not include fatalities in the maritime or aviation sectors, and fatalities due to work-related crashes on the road. These deaths are investigated by Maritime New Zealand, the Civil Aviation Authority, and the New Zealand Police respectively.

The Department's statistics do not include fatalities from long-latency diseases caused by exposure to hazardous substances.

The annual statistics published on this website may differ from those published previously by the Department of Labour because further information about fatalities for the period may have become available after publication. The statistics on the website are updated if additional information becomes available following subsequent enquiries.

## ■ Migrant Levy and allocation

A migrant levy is charged to most categories of migrants when granted residence. Citizens of Samoa, refugees, family members of refugees and people approved through the Victims of Domestic Violence Policy are not charged the migrant levy.

The current levy rate is set at \$310 per person aged five years and over for all residence categories, except for those approved under the Pacific Access Category. For Pacific Access Category migrants, and for children under five years in all categories, the migrant levy charge is \$155. The maximum total migrant levy payable per residence application is the sum of the amount payable by the four oldest people included in the application.

The migrant levy helps fund programmes to assist settlement of migrants. These include a contribution to:

- › the tuition of English for Speakers of Other Languages (ESOL) in the compulsory school sector
- › the Department of Internal Affairs' Office of Ethnic Affairs' telephone interpreter service (Language Line)
- › migrant employment assistance provided by the Ministry of Social Development
- › settlement services funded by the Department.

The levy also helps fund the Department's immigration research into settlement issues and the impacts of immigration.

The allocation of funds for the 2011/12 year, 2010/11 year and the three previous years is outlined on the following page.

**Table 10: Allocation of Migrant levy**

Vote	Programme	2007/08 \$000	2008/09 \$000	2009/10 \$000	2010/11 \$000	2011/12 \$000
Education	ESOL in the compulsory school sector	2,460	2,460	2,460	2,460	2,460
Education	ESOL in schools (material for parents and professional development)	400	400	400	400	400
Education	ESOL for adults (home and community based)	353	426	426	426	426
Immigration	Levy administration	422	629	629	422	422
Immigration	Immigration Research Programme, including evaluation	2,253	2,473	2,473	2,313	2,253
Immigration	Immigration Research Programme: Longitudinal Survey of Immigrants to New Zealand	431	707	694	714	200
Immigration	Settlement services	1,700	1,780	1,780	1,780	1,780
Statistics	Immigration Research Programme: Longitudinal Survey of Immigrants to New Zealand	1,000	650	250	150	0
Social Development	Migrant employment assistance	711	782	782	782	782
Internal Affairs	Language Line	537	669	743	790	790
	<b>SUBTOTAL</b>	<b>10,267</b>	<b>10,976</b>	<b>10,637</b>	<b>10,237</b>	<b>9,513</b>
	Contestable (One-off) settlement initiatives	1,202	1,649	616	571	768
		<b>11,469</b>	<b>12,625</b>	<b>11,253</b>	<b>10,808</b>	<b>10,281</b>

A memorandum account for the migrant levy was established in July 2008 with an opening balance of \$4.410 million [EDC Min (07) 29/23]. At 30 June 2011, \$0.055 million remained in the memorandum account after allocations.

**Memorandum Account – Migrant Levy**

Actual 2010 \$000		Actual 2011 \$000
2,235	Balance at 1 July	1,373
10,391	Revenue	9,490
(11,253)	Allocations	(10,808)
<b>1,373</b>	<b>BALANCE AT 30 JUNE</b>	<b>55</b>

## ■ The Department's Legislative Framework

As at 13 July 2011, the Department administered 23 statutes and 67 sets of regulations, together with a number of international conventions. Statutes are listed below.

### General

- › Labour Department Act Repeal Act 1989

### Employment relations

- › Employment Relations Act 2000
- › Equal Pay Act 1972
- › Holidays Act 2003
- › Marine and Power Engineers Institute Industrial Disputes Act 1974
- › Minimum Wage Act 1983
- › Parental Leave and Employment Protection Act 1987
- › Disabled Persons Employment Promotion Repeal Act 2007
- › Remuneration Authority Act 1977 (formerly named the Higher Salaries Commission Act 1977)
- › 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

### Health and safety in the workplace

- › Health and Safety in Employment Act 1992
- › Machinery Act 1950
- › Mines Rescue Trust Act 1992

### Immigration

- › Immigration Act 2009
- › Immigration Advisers Licensing Act 2007

### Injury prevention, rehabilitation and compensation

- › Accident Compensation Act 2001

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## Where to find us

The Department of Labour has 47 offices at 18 New Zealand locations, including the national office in Wellington. It also has 18 immigration branches (one each in Australia, Africa and the Middle East, 10 in Asia, two in Europe and three in the Pacific). Immigration services on behalf of the Department are also provided through the Ministry of Foreign Affairs and Trade posts overseas.



## ■ Overseas locations

### Immigration branches

Apia, Bangkok, Beijing, Dubai, Ho Chi Minh City, Hong Kong, Jakarta, London, Manila, Moscow, Mumbai, New Delhi, Nuku'alofa, Pretoria, Shanghai, Singapore, Suva, Sydney.



- Immigration branches
- Ministry of Foreign Affairs and Trade posts

### Ministry of Foreign Affairs and Trade posts

Ankara, Berlin, Brasilia, Brussels, Buenos Aires, Canberra, Cairo, Geneva, Hanoi, Honiara, Kuala Lumpur, Los Angeles, Madrid, Mexico City, Niue, Noumea, Ottawa, Paris, Port Moresby, Port Vila, Rarotonga, Riyadh, Rome, Santiago, Seoul, Taipei, Tarawa, Tehran, The Hague, Tokyo, Warsaw, Washington, DC.

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