

Department
of Labour

2010/11–
2013/14

Statement of Intent

VISION

New Zealand
thriving through
people and work



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

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ISBN 978-0-478-36024-0



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Ministers' Foreword

As the global economy moves out of recession and New Zealand faces new challenges, this Government's priorities continue to be on delivering prosperity, security and opportunities for all New Zealanders.

New Zealand has the potential to emerge from the recession in a position that can take advantage of export competitiveness and global labour market opportunities. The Government's Economic Growth Agenda is designed to support this by improving economic fundamentals and creating a better environment for growth.

Over the past year, the Government has focused on keeping people in employment. However, as we emerge from the recession, the Department's work programme will change as it has a significant part to play in supporting the Government's Economic Growth Agenda. The Department's key role in supporting economic growth is its responsibility for the effective operation of the labour market as the foundation for economic growth. Immigration also plays a key role as it facilitates the entry of skilled migrants, international students and tourists.

Immigration

Immigration is a powerful driver of economic growth. Between 2001 and 2006, migrants contributed \$8.1 billion to the economy and accounted for 60% of the growth in the working-age population. In 2007/8, export education contributed \$2.3 billion and ranked as the fourth largest export sector. In the year ended March 2007, tourism contributed \$8.8 billion. The Department is focused on maximising the economic impact of immigration and the tourism and education sectors through a range of targeted policies and marketing programmes.

New investment and entrepreneur policies have made it easier to link potential business migrants into local business networks and make the sort of investments that create jobs for New Zealanders and develop new export markets for our products.

Immigration also plays an important part in meeting immediate and long-term skill shortages. The Department's Skilled Migrant Marketing Programme provides cost-effective

access to a wide range of migrants who are ready to move here and have the skills New Zealand business needs.

The following have been established as some of the key priorities for Immigration:

- » Develop and implement a long-term immigration strategy for New Zealand that supports sustained economic growth
- » Improve Immigration New Zealand's systems and delivery of services
- » Implement a sustainable funding strategy for Immigration New Zealand.

Labour

Improving labour market regulation through the provision of more effective services and information remains a fundamental objective. Policies and services that build healthy and productive workplaces help facilitate economic development. The costs of doing business must be reduced by achieving a more appropriate balance between the interests of employers and employees.

In the coming year, the following have been established as three of the key priorities for the Minister of Labour:

- » Holidays Act Review
- » Employment Relations Act Review
- » Renewed Health and Safety Strategy.

Employment

The Department provides a whole-of-labour market and skills perspective that is vital to future economic growth. People not only need to have access to quality work, they also need to have the right skills to support economic growth. Timely and robust labour market advice is essential to this process. We need to be able to identify current and emerging skill shortages and ensure that employers have access to the skills they need to expand their businesses.

To ensure these objectives are achieved, the Government has established four employment priorities:

- » Monitoring labour market trends
- » Growing employment and the economy
- » Maximising the impact of government investment
- » Ensuring a capable workforce.

Accident Compensation

The cost of workplace injuries continues to rise, and this increase threatens the viability of the accident compensation scheme. Preventing workplace injuries is fundamental to the Department of Labour's function, and this is being addressed through the renewed Health and Safety Strategy. However, with the economic and social cost of workplace injuries now reaching an estimated \$16 billion a year, significant changes are needed to mitigate further increases in costs and ensure that the scheme remains affordable.

To help achieve this, the Department of Labour will undertake work on the following key priorities:

- » Scheme stocktake and benchmarking
- » Investigation of choice in scheme provision.

The Department

Improving public sector performance is an important component of the Government's growth strategy. Over the past year, the Department has been fundamentally assessing how it delivers services and finding new ways to deliver better public services for less. There are a number of change programmes in place, which are being supported by the Department's Business Improvement and Change Unit.

During the coming year, the Government's focus will continue to be on the economy and jobs. The Department has an important role to play in this process. It now has an even greater opportunity to contribute to the process of economic growth and renewal that the Government has set in train.

These broad objectives underpin the specific priorities identified in this Statement of Intent. Achieving them will do much to lift the long-term performance of the economy and make New Zealand a more prosperous country.



Hon. Kate Wilkinson
Minister of Labour



Hon. Dr Nick Smith
Minister for ACC



Hon. Paula Bennett
*Minister for Social
Development and Employment*



Hon. Dr Jonathan Coleman
Minister of Immigration

Ministerial Statement of Responsibility

I am satisfied that the information on future operating intentions provided by my Department in this Statement of Intent and the Information Supporting the Estimates is in accordance with sections 38, 40 and 41 of the Public Finance Act 1989 and is consistent with the policies and performance expectations of the Government.



Hon. Kate Wilkinson
Responsible Minister for the Department of Labour
May 2010

Introduction from the Secretary of Labour

During the past year, the Department of Labour has focused on minimising the immediate social and economic impacts of the recession. Now that the economy is starting to recover, the Department faces a new set of challenges.

The labour market is one of the foundations of economic growth. As we emerge from recession, New Zealand's ability to take advantage of the opportunities presented by the global recovery will be largely dependent on the strength and resilience of the New Zealand labour market.

This Statement of Intent builds on the work undertaken in the past year to protect and stimulate the labour market. The Department has focused on ensuring as many New Zealanders as possible retain a connection with the workforce and that current and potential employees have the opportunity to acquire the skills they need to participate productively in a modern economy. At the same time, the immigration programme has been carefully managed to ensure that it complements the focus on connecting New Zealanders with the labour market, while still enabling employers to access the global skills they need.

The pace and pressure of external change has quickened over the last year as we aim to meet the challenges of a tightened fiscal environment and to lift the performance of the Department. To achieve this, we have been reviewing our operating systems and seeking efficiencies and improvements across the organisation.

The functions and services provided by the Department of Labour are wide and diverse. This means our sense of being 'one department' is even more important as we continue to make progress in developing a concerted approach to how we deliver our work.

The Department is undertaking a significant Business Improvement and Change Programme to transform itself. The focus is on building a stronger, more integrated Department and on identifying opportunities for more efficient and effective service delivery. Like all government agencies, the Department faces a tighter fiscal operating environment and heightened expectations of the Public Service, and it has a particular responsibility to demonstrate that its services provide value for money.

Responsiveness and improved performance are critical in times of fiscal constraint. Our new Corporate Model will continue to be informed by the findings of current and ongoing value-for-money reviews. The Department has also taken note of Audit New Zealand's demand for the adoption of measurable performance criteria in the State sector. This Statement of Intent reflects the 'change of state' required by Audit New Zealand and establishes many new performance criteria that measure the Department's success in more tangible ways.

We continue to work towards delivering an improved immigration service. The Immigration New Zealand Change Programme (INZCP) is a comprehensive response to improving the services delivered by Immigration New Zealand across business processes, people, tools and strategy. Improved quality of immigration decision-making and an increase in customer satisfaction with our services are the two key outcomes the INZCP aims to deliver. This process of renewal

and innovation will continue alongside the day-to-day work of Immigration New Zealand.

As the new Immigration Act comes into force, it will provide the Department with a modern and enduring legislative framework. I am confident that implementing this Act over the next two to three years, along with updates in information technology, will deliver significant improvements in the quality and efficiency of our services.

Significant improvements are required to the accident compensation scheme, and the Department has prioritised resources to ensure it can deliver on the Government's intention to deliver a 24-hour no-fault, comprehensive accident insurance scheme that is affordable to government and levy payers.

This Statement of Intent constitutes a challenging work programme that touches every area of the Department's activities. It is imperative that we continue to keep a sharp focus on delivering more of the type and quality of services that the times demand. With imagination and forward thinking, the Department can both do more for less and also help New Zealand maximise the opportunities the global economy now seems set to deliver.



Christopher Blake
Secretary of Labour

Secretary of Labour Statement of Responsibility

In signing this statement, I acknowledge that I am responsible for the information contained in the Statement of Intent for the Department of Labour. This information has been prepared in accordance with the Public Finance Act 1989. It is also consistent with the proposed appropriations set out in the Appropriations (2010/11 Estimates) Bill, as presented to the House of Representatives in accordance with section 13 of the Public Finance Act 1989, and with existing appropriations and financial authorities.



Christopher Blake
Secretary of Labour



Meaw-Fong Phang
Director Finance

Nature and Scope of Functions

The role of the Department

The Department of Labour provides advice and delivers services aimed at growing New Zealand’s economy and improving the quality of lives through a high-performing labour market and immigration system. The Department’s activities include administering effective labour market and immigration regulation, providing labour market information and advice, increasing employment opportunities and workforce skills, managing border security, supporting safe and healthy workplaces, and assisting workplace and sector productivity improvements.

The Department provides advice to Government about the operation of accident compensation arrangements in New Zealand. It also manages various immigration and labour market international obligations and engagements.

Ministerial priorities 2010/11 and Vote functions

The Minister of Labour is designated as Responsible Minister for the Department of Labour. The Department administers four Votes: Immigration; Labour; Employment; and ACC. The ministerial portfolios associated with these Votes, ministerial priorities and key functions are shown below:

Vote Immigration	
Ministers	<ul style="list-style-type: none"> Minister of Immigration Associate Minister of Immigration
Ministerial priorities 2010/11	<ul style="list-style-type: none"> A long-term immigration strategy that supports sustained economic growth Improved Immigration New Zealand systems and delivery of services A sustainable funding strategy for Immigration New Zealand Optimising potential and building on existing initiatives (particularly export education and business migration)
Key Vote functions	<ul style="list-style-type: none"> Attracting the people New Zealand needs by identifying who they are and where they are and assisting them to come to New Zealand Identifying the people New Zealand doesn’t want and keeping them out Making immigration decisions in a way that is facilitative, efficient and effective Supporting settlement to maximise the contribution made by migrants and to minimise social issues Managing enforcement to protect the integrity of the immigration system

Vote Labour	
Minister	<ul style="list-style-type: none"> Minister of Labour
Ministerial priorities 2010/11	<ul style="list-style-type: none"> Holidays Act review Employment Relations Act (including review of personal grievances provisions and reducing business compliance costs) Renewed Health and Safety Strategy Skills Forum
Key Vote functions	<ul style="list-style-type: none"> Advising on health and safety and employment relations policy Providing employment relations and health and safety education and enforcement to support safe, fair and productive workplaces Managing New Zealand’s international labour commitments (including trade labour components of free trade agreements)

Vote Employment	
Minister	<ul style="list-style-type: none"> Minister for Social Development and Employment
Ministerial priorities 2010/11	<ul style="list-style-type: none"> Monitoring labour market trends Growing employment and the economy Maximising impacts of Government investment Ensuring a capable workforce
Key Vote functions	<ul style="list-style-type: none"> Providing information and strategic advice about the current state of the labour market Providing advice to improve labour market performance Providing advice on the future supply of, and demand for, skilled labour Producing reports and information tools designed for industry and community use Providing economic advice and labour market analysis to support policy and programme development

Vote ACC	
Ministers	<ul style="list-style-type: none"> Minister for ACC Associate Minister for ACC
Ministerial priorities 2010/11	<ul style="list-style-type: none"> Cost containment and levy management Scheme stocktake and benchmarking Investigation of choice in scheme provision Improving dispute resolution
Key Vote functions	<ul style="list-style-type: none"> Providing policy advice on the accident compensation scheme Monitoring and advising on the performance of the Accident Compensation Corporation Providing non-departmental funding for the ACC Non-Earners' Account

Strategic Direction

The Department of Labour is focused on improving the quality and performance of the labour market in order to strengthen New Zealand's economic prospects.

The Department has a presence that stretches from New Zealand workplaces and firms to global markets and international institutions. It is therefore well placed to influence and support all aspects of the functioning of New Zealand's labour market, including the direct contribution to the workforce and economy through migration.

The long-term outcome the Department aims to achieve through its work is to:

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

Over the next three to five years, the Department is aiming to achieve the following intermediate outcomes:

- **A more effective immigration system**
- **More productive workplaces and sectors**
- **More people in quality work**
- **A better performing accident compensation system.**

An overview of the contribution that the Department is making to each of these outcomes is provided below. The subsequent Operating Intentions section expands on why these outcomes are important, how we will measure success and what we will be doing to achieve these results.

A more effective immigration system

Immigration is a critical economic enabler for New Zealand. Global patterns of trade and migration are significant drivers of change in New Zealand's economy. Strong international commitments and relationships, both regionally and globally, are crucial components for New Zealand's development. To optimise economic growth, New Zealand needs people with the right skills and training at the right time to lift capacity in the workforce.

The Department's policy priority is for immigration to develop and implement a long-term immigration strategy

for New Zealand that supports sustained economic growth. This strategy will provide a clear framework for policy formation for the foreseeable future and position immigration to help address future economic challenges and opportunities.

As a key part of this, the Department is committed to improving the delivery of immigration services and developing an immigration system that increases New Zealand's international competitiveness. By improving the quality of Immigration New Zealand's service delivery, the Department is better able to support labour productivity, business innovation and trade.

More productive workplaces and sectors

Effective workplace practices lift firm productivity and economic returns. High-performing workplaces generate economic growth and social benefit for New Zealand. A substantial improvement in productivity is needed to achieve the Government's goal of catching up with Australia's per capita income by 2025. The Department is therefore focused on developing productive, high-performing workplaces that are fair, safe and healthy and to improve the functioning of key sectors of the labour market.

The Department's workplace regulatory services will concentrate on getting the regulatory balance right, thus minimising the cost of compliance to businesses, while ensuring adherence to fundamental standards and obligations. The Department continues to engage internationally to ensure New Zealand's interests in international labour and immigration-related issues are protected and promoted.

The Department works with the many parties that influence the supply of skills and labour to make sure New Zealand has the workforce it needs, including operating the immigration system to supplement the domestic workforce. It is particularly focusing on working with the industry sectors identified as a priority through the Government's Economic Growth Agenda to ensure they have access to the skilled workers needed to support their growth.

More people in quality work

A well functioning labour market provides people with opportunities to progress to higher value and more productive jobs, resulting in better pay and satisfaction for individuals and greater profits for firms. As employment growth over the next year is likely to be modest, it will be important that people are provided with the support and incentives to find paid work, especially those at risk of long-term unemployment.

The Department is focused on identifying sectors that provide opportunities for employment growth to support increased opportunities for workers impacted through the recession. It will also be working with other agencies to support pathways for people into the jobs that are being created in the economy. As skills are often a key determinant of a person's ability to access quality work, the Department will be particularly focused on supporting improvements to the education and training system to meet current and future skill demands including literacy, numeracy and other essential skills.

The Department is also concerned about improving the overall quality of work in New Zealand and is responsible for the Government's Health and Safety Strategy, which aims to create safer and healthier jobs and a more productive workforce. The Department is particularly focused on promoting an understanding that good workplace employment relations and health and safety practices are good for business and on providing tailored health and safety services for sectors with high rates of injury or illness. The Department will also continue to promote better access to work through flexible work arrangements.

A better performing accident compensation system

A key focus for the Department is improving New Zealand's accident compensation scheme, while maintaining the Government's commitment to a 24-hour no-fault, comprehensive accident compensation scheme. In the medium to long term the priority is to provide affordable, efficient compensation and rehabilitation so that people can be appropriately compensated following an accident and return to work quickly following injury.

Over the last five years, the costs of the accident compensation scheme have dramatically increased. Significant changes are needed to the scheme to mitigate further increases for individuals, businesses and the Government and to ensure better value for money.

The Department will be advising on and assisting with the implementation of change within New Zealand's accident compensation system over the next two to three years. This includes strategic advice to underpin the development of draft reform legislation. The Department will also provide independent advice to Government on the future options and form of the scheme, including advice on the introduction of choice and competition, and other policy to increase the sustainability of the accident compensation scheme.

Strategic environment: lifting departmental performance

The Department recognises that the Government requires agencies to find new ways to deliver better public services in an effective and efficient way. The Department is undertaking a significant Business Improvement and Change Programme to transform all parts of its operations. This programme is enabling the Department to systematically evaluate its business and explore innovative ways to lift performance and drive productivity. More details on this change programme are provided in the Driving Organisational Change section.

Central agencies are expecting the Department to make demonstrable progress and work over the medium term to complete work on clarifying the Department's performance framework. During 2009/10, the Department focused on producing a robust Outcomes and Performance Measurement Framework. This has led to the development of the Department's new Strategic Framework where elements fit an 'outcomes approach'.

The Department aims to further refine the current Outcomes and Performance Measurement Framework to ensure that clarity and relevance of performance measures and targets including baselines are well established. The Department will continuously work to improve the quality of performance information with support from the central agencies.

Cost-effectiveness

The Department is continuing to work on the development of cost-effectiveness measures. From improvements the Department has made to the Outcomes and Performance Measurement Framework, there is a clearer line of sight between the deliverables and the outcomes the Department is seeking to achieve. In addition, outputs are able to be linked more closely to the Department's activities. A detailed classification of activities informed Budget 2010.

Department of Labour Strategic Framework

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

Immediate outcomes

- The delivery of immigration services is improved
- Facilitation of entry for migrants, international students and tourists is improved
- Settlement of migrants is improved
- The integrity of New Zealand’s immigration system is maintained
- New Zealand’s international reputation is maintained

- Adoption of high-performance workplace practices by New Zealand workplaces is increased
- Employers’ access to the skills they need is increased
- Employers’ access to the workers they need is increased
- Productivity in workplaces is improved
- Productivity in key sectors is improved

Votes

Vote Immigration

Vote Labour
Vote Employment
Vote Immigration
Vote ACC

More people in quality work

- Workplaces provide healthier and safer environments
- Employer/employee relationships are more effectively managed
- People have the right skills to improve their employment opportunities
- Access to work is increased
- Quality work in New Zealand continues to be supported by fair international labour practices

Vote Employment
Vote Labour
Vote ACC

A better performing accident compensation system

- Rehabilitation and return to work rates meet relevant national and international best practice
- The rate of increase in new injury claims on the accident compensation system is reduced
- The cost of the scheme and levy prices are calculated and set in a consistent and transparent way
- Demonstrated accountability for performance of the accident compensation scheme is improved
- Cover and entitlement settings within the accident compensation scheme are more affordable and sustainable

Vote ACC

Operating Intentions

Intermediate outcome 1:

A more effective immigration system

What we are seeking to achieve over the next 3–5 years and why it's important

Immigration is a critical economic enabler for New Zealand. Migrants make up more than 25% of New Zealand's workforce, bringing investment, skills and international connections that generate growth in New Zealand's economy – currently an annual net fiscal contribution of more than \$3 billion, before counting the additional positive impacts of tourism and export education discussed below.

Immigration has the potential to greatly advance the Government's Economic Growth Agenda. If New Zealand maintained its net overseas-born migration at the 2009 level of 40,000, there would be a significant impact by 2021, including:

- » real GDP per capita would increase by 1.5%
- » exports would grow by 8.5%
- » the working-age population would expand by 7.4%.

Immigration services also support New Zealand's economic growth by managing the entry of visitors and international students and making it easier for businesses and entrepreneurs to invest their skills and capital in the New Zealand economy. Immigration is a key enabler for the \$8.8 billion tourism industry and for the \$2 billion plus export education sector.

The Department makes a critical difference through the positioning of immigration strategy, the efficiency of operational processes and systems and the positive experience migrants and visitors have of its services.

Immigration New Zealand ensures the Government's immigration objectives are implemented for the management of the volume and mix of migrants and facilitating entry of those with valuable skills and assets while maintaining New Zealand's security. Through travel and entry arrangements for tourists and international students, Immigration New Zealand also supports some of New Zealand's largest export-earning sectors.

How we will demonstrate success in achieving this

To indicate progress in achieving the outcome, the Department will monitor:

Immediate outcomes 2010–2012/3	Measures
<p>The delivery of immigration services is improved</p> <p>Facilitation of entry for migrants, international students and tourists is improved</p>	<ul style="list-style-type: none"> • The quality of immigration decision-making improves • Customer satisfaction with the overall service provided by Immigration New Zealand increases • Timeliness standards for immigration decision-making are achieved • Consumer trust and confidence in immigration advisers increases • The perceived value of immigration adviser licensing improves for licensed immigration advisers • The economic contribution of international students and tourists to the New Zealand economy increases
<p>Settlement of migrants is improved</p>	<ul style="list-style-type: none"> • The percentage of recent permanent migrants who say they are satisfied or very satisfied with living in New Zealand is maintained • The percentage of recent permanent migrants who would recommend New Zealand to friends and family as a place to work and live increases • The proportion of recent permanent migrants receiving a core welfare benefit reduces
<p>The integrity of New Zealand's immigration system is maintained</p>	<ul style="list-style-type: none"> • International confidence in New Zealand's immigration security is maintained
<p>New Zealand's international reputation is maintained</p>	<ul style="list-style-type: none"> • New Zealand meets its international commitments relating to the movement of people

To achieve improved performance from Immigration New Zealand, performance indicators have been determined and a timeline for measurable improvement is in place to lift productivity and improve service.

What we will do to achieve this

This section describes the Department's key activities and new areas of focus during the period of this Statement of Intent.

■ Key activities

Facilitating entry to New Zealand

The Department facilitates the entry to New Zealand of permanent and temporary migrants. This includes tourists, business visitors, international students, working holiday makers and people temporarily filling skill gaps to contribute to New Zealand's economy. The Department will continue to facilitate movement of people across borders while maintaining security. Particular attention will continue to focus on high-risk or undesirable classifications. Initiatives branded NZ Inc. include improved coordination, both offshore and onshore, between agencies most closely involved in offshore operations, and new branches. These will improve facilitation of entry for both temporary and permanent migrants during 2010/11 and beyond.

Migrant settlement

The Department assists migrants to settle well. Immigration New Zealand supports a number of regional and national migrant and refugee programmes. Services offered include English language tuition, information on buying and renting homes and tax and business information.

Border management

For the full benefits of international trade and travel and migration to be realised, integrated, effective and efficient border management is required. The Border Sector Governance Group (BSGG) provides the mechanism for coordinated border management in New Zealand. It has delivered excellent results to date, including streamlined trans-Tasman travel, better connected frontline service delivery (for example, at international airports) and potential savings through combined and complementary development proposals for information systems.

The Department will continue to participate in BSGG with the New Zealand Customs Service, the Ministry of Agriculture and Forestry and the Ministry of Transport. The Chief Executives have agreed on the following focus areas for 2010/11:

- » Joint border management systems / immigration global management system
- » Continuing to streamline trans-Tasman travel
- » Continuing to streamline trade
- » Integrating intelligence and risk management
- » Developing a shared culture.

The shared outcome for border sector agencies is described in Appendix A.

Meeting international commitments and maintaining confidence

The Department's activities ensure that New Zealand:

- » meets its international commitments by managing the humanitarian stream of the New Zealand Residence Programme
- » receives and assists in the resettlement of refugees mandated by UNHCR and meets international obligations under the Refugee Convention 1951 by determining claims for asylum.

The Department participates in a range of international immigration forums focused on both facilitation and security aspects of migration. This ensures that the policies, strategies and delivery processes Immigration New Zealand develops to address skill, settlement and security needs are in line with international best practice and protect New Zealand's reputation.

■ New areas of focus

Over the next one to two years, the Department will be focused on:

- » developing a long-term immigration strategy for New Zealand
- » the Immigration New Zealand Change Programme to lift service quality
- » a sustainable funding strategy for immigration operations.

Developing a long-term immigration strategy

A long-term immigration strategy that supports sustained economic growth will provide targeted actions over the next five years and a clear direction for policy formation over the next 20 years to address future economic challenges and opportunities.

Immigration New Zealand Change Programme (INZCP)

Throughout 2010/11 and the following year, Immigration New Zealand will concentrate on improving the efficiency and effectiveness of immigration service delivery. A comprehensive and integrated INZCP is under way. This programme has been designed to lift the quality of immigration service delivery over the medium term. The initial programme is for two years and will provide the foundations for an immigration system that is fit to support the government's Economic Growth Agenda. This includes the implementation of the new Immigration Act. This significant change programme has been identified as one of the Department's Performance Improvement Actions (PIAs).

Sustainable funding strategy for immigration operations

In support of its aims for improved service delivery and recognising the tight fiscal environment, Immigration New Zealand will develop a sustainable funding strategy to improve management of cost, risk and demand pressures.

Intermediate outcome 2: More productive workplaces and sectors

What we are seeking to achieve over the next 3–5 years and why it's important

The Department is focused on improving the quality and performance of the labour market in order to strengthen New Zealand's economic prospects. It works to develop productive, high-performing workplaces that are fair, safe and healthy. A well functioning labour market leads to increased productivity, which is a key component of economic growth.

Productive workplaces are those that can best utilise available labour and skills, make successful innovations, adopt new technologies and improve workplace organisation. Smart business practices such as these lead to real improvements in the quantity and quality of the products and services produced, leading to higher profit and business growth and higher wages and business growth. This also improves businesses' resilience – the ability of businesses to withstand economic downturns as they are more productive with better systems and processes in place.

The labour market is working well for individuals, workplaces, industries and regions when:

- » the value and quality of work increases and fundamental rights at work are recognised
- » skills are developed, attracted, retained and utilised
- » participation in work is optimised
- » people can make smooth transitions between and within workplaces, education and other activities of value to society.

It is critical that New Zealand lift its overall level of productivity to produce the wealth needed to make sure we have a high standard of living. New Zealand's continued wealth will depend on the skills of its workers and how firms and

industry support New Zealanders to work to their best potential. This is one of the biggest long-term challenges facing New Zealand's labour market and economy.

Work to develop skills and a productive workforce is focused around three key components that aim to ensure that:

- » new entrants to the workforce have the skills businesses require
- » the skills of the existing workforce are developed
- » migrants are available to meet skill shortages.

Immigration is a key enabler of productivity via both skilled workers and business migration. Immigration policies and services also play a significant role in supporting increased productivity for firms and sectors. It does this by attracting people for permanent and temporary roles not able to be filled by New Zealanders and through policies supporting business migration, investment and entrepreneurship that enable sectors and firms to build their capacity and address labour market constraints.

The Department's work on employment relations, health and safety, and workplace practices is referred to in intermediate outcome 3 (*More people in quality work*), and it also has strong links to an increase in workplace productivity. Workplaces that have good employment practices are able to build environments where businesses preserve and increase profitability and workers retain and enhance employment prospects. Maximum workplace productivity is only possible where the health and safety and employment relations practices in the workplace are conducive to this.

How we will demonstrate success in achieving this

To indicate progress in achieving the outcome, the Department will monitor:

Immediate outcomes 2010–2012/3	Measures
Adoption of high-performance workplace practices by New Zealand workplaces is increased	<ul style="list-style-type: none"> • Rate of work stoppages decreases • Rate of serious workplace injuries reduces • A new surveillance framework for occupational disease is implemented and operational in the period 2010–2013
Employers' access to the skills they need is increased	<ul style="list-style-type: none"> • Key agencies' awareness of skill gaps and shortages improves • Percentage of businesses that identify difficulty in recruiting workers reduces • The percentage of skilled migrants whose occupation in New Zealand is a match with their skills improves • The percentage of employers satisfied with the overall quality of service provided by Immigration New Zealand improves • Employers' satisfaction with the migrants they hire improves
Employers' access to the workers they need is increased	
Productivity in workplaces is improved	<ul style="list-style-type: none"> • Employers and other stakeholders report improved ability to comply with Holidays Act • Workplace productivity improvements are determined through evaluation of specific workplace productivity demonstration projects
Productivity in key sectors is improved	<ul style="list-style-type: none"> • The understanding of key sectors about labour market constraints on growth improves • Labour productivity increases

What we will do to achieve this

This section describes the Department's key activities and new areas of focus during the period of this Statement of Intent.

■ Key activities

Monitoring the labour market and providing analysis and advice

The Department monitors the labour market and provides analysis and advice to support Government's understanding of future labour market challenges. This evidence base of labour market knowledge enables assessment of the impacts of key policy and programme changes so that New Zealand can be well placed for future economic developments.

Information on occupations in shortage, the skills and training needed, the supply of skilled labour, industry needs and practices and assistance such as the online employment agreement builder and the info line enable the Department to support employers to hire people who are properly matched to industry's current and future needs.

Working with sector groups, social partners and industry training organisations to develop skills plans and address barriers to workforce capacity

The Department continues to support industry reference groups in the Government's priority sectors, including education and training providers, to develop skills action plans to meet future skills and labour demands to prepare a capable workforce and to ensure the availability of the right mix of skilled labour needed to fuel growth. The Department also works with other stakeholders to encourage a more adaptable workforce, to minimise barriers to capacity and maximise opportunities for growth.

Supporting employers to have relationships with workers that lead to higher performance and productivity

The Department works to resolve workplace problems and improve workplace practices through information and guidance provided by the 0800 freephone service and the Department's website. Online tools include the employment agreement builder, small business hazard identification and monitoring tool and parental leave and holiday calculators.

Providing resources to improve literacy, numeracy and other essential skills of New Zealand's workforce

A more highly skilled and productive workforce with improved literacy, numeracy and language skills contributes to building more productive businesses. The Department will continue to provide advice on new opportunities to improve the uptake of these fundamental skills. The Department will be providing evidenced-based relevant information and tools for employers to encourage and support them to take action on literacy, numeracy and language provision.

Targeted immigration to meet shortages in New Zealand's skills base

Through its immigration policy work, the Department will continue to identify and develop opportunities for effective responses to labour market shortages and will continue to deliver services to facilitate the recruitment of skilled migrants, as well as provide appropriate settlement support.

The Department will ensure that immigration policies continue to support New Zealand's economic development by targeting the skills and capital for growth, taking into account the needs of employers and reflecting the changes in the economy. The Department also issues temporary visas and permits to help meet short-term labour shortages, such as the Recognised Seasonal Employer policy that ensures horticulture and viticulture employers have access to adequate labour supply for seasonal work.

■ New areas of focus

Maximising impacts of Government investment

The Department provides advice on employment and skills impacts of key policy and programme changes across government. The Department is part of a joint venture with the building, construction and housing sector aimed at increasing sector productivity by 20% over the next 7 to 10 years. The Department is supporting this Chief Executive-level industry-led joint venture by focusing on the skills and procurement work streams in the joint venture's work programme. These are likely to result in inter-agency policy proposals to Ministers and Cabinet during the 2010/11 financial year.

Ensuring a capable workforce

The Department supports the Government's Economic Growth Agenda by working with key sectors to ensure they have the capable workforce needed to grow. This work will be delivered through a new industry sector engagement programme that will see the Department working with targeted industries to identify the skills issues that may act as a barrier to growth.

Reviews of Holidays Act and Employment Relations Act

The Department will be reviewing the Holidays Act and Employment Relations Act to reduce compliance and direct costs to business while maintaining fairness for both employers and employees. Personal grievance provisions within the Employment Relations Act will be reviewed to ensure individual workplace disputes are resolved in a fair and reasonable manner.

Intermediate outcome 3: More people in quality work

What we are seeking to achieve over the next 3–5 years and why it's important

An active and responsive labour market is driven by the availability of and access to quality work. Quality work is built from excellent workplace practices that attract local and international talent as well as from improving workforce skills and matching them to current and future industry needs.

Quality work at quality workplaces lifts firm productivity and economic performance, and it is high-performing workplaces that generate economic growth and social benefit for New Zealand. Unfair workplace practices hamper economic growth and create poor working conditions. Having safe and healthy workplaces will lead to a reduction in social and economic costs.

The level of labour market participation will have a substantial impact on the future performance of the New Zealand economy. Increasing the availability of quality work means minimising barriers to work. This includes promoting flexible work practices in terms of hours of work and leave arrangements that recognise personal obligations outside of work.

Through its ratification of 51 International Labour Organisation (ILO) conventions and active participation in the ILO's ongoing work programme, New Zealand has committed to ensure quality work is available to people in New Zealand. The Department maintains strong connections with the Council of Trade Unions and Business New Zealand (the Government's partners in the ILO tripartite arrangements) in order to ensure it meets its commitments.

The Department also engages actively in the ILO and maintains relationships with a range of bilateral and multilateral partners to fulfil international labour obligations, protect New Zealand's international labour interests and promote New Zealand's reputation. It actively seeks to shape the agenda being set by the ILO to ensure that it is in keeping with the needs of the domestic labour market. The Department also negotiates the labour and immigration-related provisions of free trade agreements to enable fair access to the markets of our trading partners. This, in turn, will enable New Zealand exporters to access world markets and to compete with countries on the basis of mutual commitments to fair labour practices.

How we will demonstrate success in achieving this

To indicate progress in achieving the outcome, the Department will monitor:

Immediate outcomes 2010–2012/3	Measures
Workplaces provide healthier and safer environments	<ul style="list-style-type: none"> • Rate of serious workplace injuries reduces
Employer/employee relationships are more effectively managed	<ul style="list-style-type: none"> • Rate of work stoppages decreases • Proportion of employment relations problems resolved without referral to Employment Relations Authority or Employment Court increases
People have the right skills to improve their employment opportunities	<ul style="list-style-type: none"> • Access to information about the skills that are needed by employers improves • Percentage of businesses that identify difficulty in recruiting workers reduces
Access to work is increased	<ul style="list-style-type: none"> • Labour participation rates are maintained • Labour participation rate of under-represented groups increases • Rehabilitation and return to work rates following injury improves
Quality work in New Zealand continues to be supported by fair international labour practices	<ul style="list-style-type: none"> • New Zealand's participation in international labour forums is recognised and respected • Settled trade labour agreement obligations are met within agreed timeframes

What we will do to achieve this

This section describes the Department's key activities and new areas of focus during the period of this Statement of Intent.

■ Key activities

Development of national and international policy and regulatory standards

The Department leads and contributes to national and international policy development. Policy advice is provided to improve the participation in employment of under-represented groups and to ensure that people have the right skills for the work they will be undertaking. The Department engages with key agencies, employer groups and unions to help ensure that employment opportunities are available for all.

Key policy priorities include ensuring employment and skills needs are taken into account in infrastructure projects and reviewing the Holidays Act and Employment Relations Act to reduce compliance and direct costs to business.

Over the medium term, the Department will be reviewing minimum standards to assess whether they are set at the right level to maximise fairness and safety while minimising the costs of compliance.

Provision of advice and information to enable the resolution of employment problems and health and safety issues

The Department will continue to set effective regulatory standards and review and update its understanding of the role effective regulation plays in supporting the growth of modern economies that offer quality work. Some direct services are provided to businesses for clarifying and investigating problems related to health and safety and hazardous substances and to enable the resolution of employment relationship issues. More information on these activities

is described in intermediate outcome 2 (*More productive workplaces and sectors*).

Promotion of quality work practices and environments, and removal of barriers

The Department works to resolve workplace problems and improve workplace practices through information and guidance provided by the 0800 freephone service and the Department's website. Online tools include the employment agreement builder, small business hazard identification and monitoring tool and parental leave and holiday calculators. Additionally, the Department hosts forums and workshops to brief employers on developments and runs targeted campaigns in high injury-risk areas, for example, to reduce fatalities in agriculture and construction.

The Department delivers many of its services in partnership with business representative groups, working together to design and implement solutions for identified problems. This focus on responsiveness allows for continual quality gains and sharing of good practice in workplaces throughout the country.

The Department analyses patterns in labour market participation of New Zealanders, focusing on analysing results for groups with low levels of labour market participation, to identify where policy interventions may be needed to increase participation opportunities. Groups of particular focus include: youth, older workers, women, Māori and Pacific people populations. Demographic changes in New Zealand are likely to put downward pressure on the overall labour force participation rate, making policy interventions more significant in addressing this trend.

Provision of relevant labour market information to employers and job-seekers to inform business and career choice decision-making

The Department will work with industry, Career Services, tertiary education providers and other government agencies to maximise the potential of labour market participants, particularly employers and job-seekers. Employer provision of literacy, numeracy and language skills is key to reaching workers whose skills in these areas are under-developed and to help increase workplace productivity. More information on these activities is described in intermediate outcome 2 (*More productive workplaces and sectors*).

Negotiation of the trade labour and immigration components of international trade agreements and actively maintaining relationships with trade partners

The Department also jointly leads the labour and immigration components of New Zealand's free trade agreement negotiations. Free trade agreement negotiations are currently under way with South Korea and will commence with India later this year. Additionally, negotiations are under way with the United States, Australia, Peru and Vietnam as part of an extension of the current Pacific Four agreement into a Trans-Pacific Partnership.

Participation for groups under-represented in the labour market

The Department provides advice and services, based on robust analysis and research, to improve the opportunities for New Zealanders to access quality work by building their skills and shifting into higher-value jobs. Particular emphasis is given to older workers, youth and Māori.

■ New areas of focus

Growing employment and the economy

The Department will be supporting Government to grow employment and the economy by delivering proactive labour market advice about opportunities to maximise economic growth.

Health and Safety Strategy

The Department will be continuing with the implementation of the Workplace Health and Safety Strategy to 2015 to ensure practical and constructive improvement to health and safety provisions and, in turn, to business performance. The Department intends to keep working with high-risk industries and sectors to create a healthier and more productive workforce, with an approach that emphasises provision of information and tools without the need for enforcement action.

Intermediate outcome 4: A better-performing accident compensation system

What we are seeking to achieve over the next 3–5 years and why it's important

New Zealand has a world-leading approach to compensating and rehabilitating people who have been injured in work or in their daily activities. The Department is responsible for advising on the effective design and operation of this accident compensation scheme.

The accident compensation scheme provides comprehensive 24-hour no-fault cover and entitlements for all New Zealanders, residents and temporary visitors to New Zealand. The scheme aims to prevent injuries and, where injuries occur, restore people's health and independence to the maximum extent practicable and provide compensation for injury losses.

The accident compensation scheme impacts on businesses and the community through its focus on the

prevention of injuries and provision of financial support when injuries do occur. The accident compensation scheme contributes to New Zealand's economic growth by ensuring people return to work, thus reducing the economic costs to employers and the Government and by supporting people until they can return to work.

The current settings of the scheme and its management mean that the scheme itself is not stable. In recent years, claims and liabilities have increased rapidly (from \$9 billion to \$23 billion between 2005 and 2010), which has resulted in higher costs for taxpayers and levy payers. Significant reassessment of the scheme is needed to mitigate further increases in costs for families, businesses and the Government to ensure that the scheme remains affordable.

How we will demonstrate success in achieving this

To indicate progress in achieving the outcome, the Department will monitor:

Immediate outcomes 2010–2012/3	Measures
Rehabilitation and return to work rates meet relevant national and international best practice	<ul style="list-style-type: none"> Benchmarks are introduced and used in monitoring performance
The rate of increase in new injury claims on the accident compensation system is reduced	<ul style="list-style-type: none"> Return on investment of injury prevention activities is monitored
The cost of the scheme and levy prices are calculated and set in a more consistent and transparent way	<ul style="list-style-type: none"> A new monitoring framework is implemented and operates effectively in the period 2010/11 to 2012/13
Demonstrated accountability for performance of the accident compensation scheme is improved	<ul style="list-style-type: none"> Advice on levies will explicitly explain how the proposals are consistent with the funding policies agreed by Cabinet
Cover and entitlement settings within the accident compensation scheme are more affordable and sustainable	<ul style="list-style-type: none"> 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.

What we will do to achieve this

This section describes the Department's key activities and new areas of focus during the period of this Statement of Intent.

■ Key activities

Ongoing operational and financial monitoring of the scheme

The Department's traditional role includes administering accident compensation legislation and regulations, providing strategic policy advice to Ministers, assisting in governance arrangements and monitoring of service performance for the Accident Compensation Corporation.

The Department will continue to monitor the accident compensation scheme both operationally and financially, which includes independently analysing the levies recommended by ACC throughout the annual levy-setting process.

The Department provides independent policy advice on these issues as well as more generally on the accident compensation scheme's regulation, policies and practices. It also interfaces with the health and welfare systems and the workplace health and safety system. More recently, this advice has been augmented with servicing arrangements for the Stocktake of ACC Accounts steering group.

The Department will increase its resources dedicated to providing purchase advice and monitoring of the performance of the accident compensation scheme. This monitoring activity is especially important to ensure better value for money, improved frameworks for pricing decisions and clearer accountability for performance. The Department is also reprioritising resources to boost the policy capacity of its accident compensation function to support the amendments to the scheme, which will ensure levy stability and fair compensation outcomes.

■ New areas of focus

Responding to the Stocktake of ACC Accounts and undertaking policy work on cost containment

The Department will lead the implementation of the Government's response to the recommendations from the Stocktake of ACC Accounts and is also undertaking policy work to contain the costs of the scheme and to ensure that there are effective levy management practices.

Building capacity to provide purchase advice, monitor provider performance and undertake policy work related to scheme amendments

The Department has been tasked with providing independent advice on future options and form of the scheme. Particular areas of emphasis will be establishing the right mix of options for the scheme. This work includes:

- » analysis of issues specific to each of the ACC accounts – such as Non-Earners', Earners', Work, Motor Vehicle, and Treatment Injury Accounts
- » funding scenarios and models for accident compensation
- » options under a monopoly and a competitive market
- » implications for the Crown's accounts and for the wider economy.

Policy development to ensure entitlements provided are fair to both levy and tax payer claimants

The Department intends working over the medium term to develop a suitable structure for the accident compensation scheme that will deliver fair 24-hour rehabilitation and compensation to those who have been injured, whilst also ensuring the scheme is affordable for the Government, businesses and individuals. The result of this work will be an accident compensation scheme that is both appropriate for New Zealand and offers better value for money.

Managing in a Changing Operating Environment

The Department uses its workplace and sector networks and its international connections to stay abreast of changes in its operating environment, including critical information on what safeguards are required to protect New Zealand's border.

Frontline staff form an important part of the Department's knowledge – providing up-to-date market information about opportunities and risks across the organisation.

The Department's research programme provides a solid evidence base on international migration, settlement, employment and the labour market. The Department is also building an evidence base on the drivers that shape the future workforce, through its futures work programme Workforce 2020.

To ensure that work undertaken is aligned with stakeholders' needs, the Department regularly communicates with its customers across government, business, industry and migrant communities. The Department conducts annual stakeholder surveys to build a comprehensive understanding of their needs and ensure that products and services meet expectations.

Current environment

The current operating environment is influenced by a number of external drivers, including:

- » the global economic recovery and relatively weak labour market
- » demand for improved public sector services with less resources
- » projected ongoing deficits
- » an ageing and diverse population and global competition for skills.

The recovery in the New Zealand economy will take some time to filter through to the labour market. The Department will continue to focus on strategies that limit job losses, whilst also working to stimulate the labour market. The Department has an important role in developing the economy by supporting workplaces to attract and keep people in employment and to improve business productivity. The international demand for labour to meet skill shortages will continue, further

increasing pressure for an effective immigration system that can deliver the skills that employers need.

Managing risks

The Department has an internal assurance and risk management framework modelled on the Australian/New Zealand Risk Management Standard and aligned with the new 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. These risks are addressed through action plans. The risks and actions to address them are reviewed at least every three months.

The Department has well established internal assurance and legislative compliance processes, which include six-monthly reviews of the effectiveness of risk controls, identification of areas of weakness and action plans to improve them. Managers consider their risks through the development and review of their business plans. There is a requirement to consider, assess and manage risks in the development of project plans.

Over the next year, the Department is focused on managing risks associated with an ambitious change programme, including restructuring and realigning a range of corporate services functions and policy, research and evaluation activities. Steps taken by the Department to manage these risks include the establishment of a dedicated Business Improvement and Change Unit, delivery of a comprehensive change leadership development programme and governance through a steering committee made up of the Department's Strategic Leadership Team (SLT) and external members with significant public sector change experience.

Reports on the risk management arrangements go quarterly to the Audit Committee and to the Strategic Leadership Team through the Performance and Risk Committee.

Driving Organisational Change

The Department needs to have the right skills, resources and structure in place to achieve its labour market and immigration work programmes and contribute to the Government's Economic Growth Agenda.

This means having expert labour market knowledge and immigration capability to build a skilled workforce and support economic growth. It also needs to have workplace and sector expertise to help regulate the labour market and create productive workplaces. This all needs to be supported by a strong organisational centre, which is the focus of the Corporate Model review outlined below.

To drive organisational change and lead capability-building, the Department's organisational development goals are to create value for New Zealand through:

- » being knowledgeable, influential and collaborative experts on labour and immigration
- » being a facilitative, responsive and effective regulator providing high-quality and innovative services
- » having our people, working environment and shared culture support excellent performance
- » being a highly capable Department with integrated systems, processes and policies.

■ Transforming the Department

The Department is undertaking a significant Business Improvement and Change Programme to transform all parts of its business. The focus is on building a stronger, more integrated Department and on identifying opportunities for more efficient and effective service delivery. Like all government agencies, the Department faces a tighter fiscal operating environment and heightened expectations of the Public Service, particularly to demonstrate that its services provide value for money.

The Business Improvement and Change Programme brings together existing change programmes and value-for-money reviews within the Department, including:

- » Corporate Model Implementation Project
- » Policy, Research and Evaluation, and Vote Employment Review
- » Immigration New Zealand Change Programme
- » Workplace Review
- » Foundation Capabilities Programme.

Corporate Model Implementation Project

The Corporate Model Implementation Project institutes a new model for the Department's central functions in order to lift the Department's performance, improve services and increase value for money. There will be stronger relationships between business and corporate groups and greater clarity and certainty about roles and responsibilities, leading to a more responsive organisation and more effective service delivery. This significant change project has been identified as one of the Department's Performance Improvement Actions.

Policy, Research and Evaluation, and Vote Employment Review

This review is examining how the Department is configured to best support the Government's Vote Employment objectives and provide policy, research and evaluation functions and the Department's outcomes outlined in the Strategic Direction. The outcome of this review is expected to establish a more integrated approach to managing policy, research and evaluation functions that strengthens the Department's role as an authoritative expert on the labour market and immigration.

Immigration New Zealand Change Programme (INZCP)

The INZCP is a comprehensive programme to significantly improve the services delivered by Immigration New Zealand and to deliver on the Department's intermediate outcome 1 (*A more effective immigration system*). The programme comprises four streams: Business Processes (process design and organisational structure), People (staff capability), Tools (IT systems and enabling legislation) and Strategy.

A core component of the INZCP is the replacement of the existing immigration ICT system, which is no longer fit for purpose and limits the contribution immigration can make to the Government's Economic Growth Agenda.

■ Creating a successful working environment

A common vision and a shared set of values are important tools in building successful, high-performing organisations. The Department has been working towards a 'one department' culture through more cross-departmental initiatives. A vision and set of values that are relevant to the whole Department were developed and are being embedded in key documents and processes.

A Service Promise was introduced in 2009 to underpin how staff provide services to customers and to reinforce expectations of a service delivery culture. This outlines the level of service that clients can expect and is the first time that the Department has had a single framework to guide consistent standards of service delivery.

The Department held its second Gallup Staff Engagement Survey at the end of June 2009. Key results indicated improvement over 2008, and satisfaction with the Department as a place to work has increased. All managers are undertaking action planning with their teams to identify opportunities for improvement.

■ Equal Employment Opportunities

The Department is implementing an Equality and Diversity Strategy from mid-2010 as part of its commitment to equal employment opportunities and equality and diversity.

Integration of equality and diversity into strategic and annual business planning continues to be driven through strategies for Māori, Pacific peoples and disabled people and a renewed Ethnic Responsiveness Strategy.

■ Strengthening governance and foundations

Governance system

An integrated governance system has been implemented recently through sub-committees of the SLT and is already improving the quality and effectiveness of executive management and decision-making.

Foundation Capabilities Programme

This is a comprehensive programme to upgrade and replace core systems and processes needed to manage resources and assist the Department to operate more effectively. Key remaining projects include:

- » upgrading the ICT infrastructure
- » implementing a new Financial Management Information System and an Electronic Document and Records Management System
- » upgrading the Human Resources Management Information System
- » implementing a Leadership Development Programme.

Information Systems Strategic Plan

Work is under way to deliver an Information Systems Strategic Plan (ISSP) for the Department in 2010. The ISSP is providing a long-term, organisation-wide view of future information systems needs and the projects required for the Department to meet its strategic goals. This will lead to more efficient use of information systems, more effective spending and reduced risk of system failure.

Department of Labour Te Tari Mahi Māori Strategy 2008–2013

This enters its second year of implementation to support Māori workforce development and Māori business development. Internal capacity and capability are being strengthened with the implementation of the Effectiveness for Māori Capability Framework, Cultural Awareness and Te Tiriti o Waitangi courses, and proposed Te Reo Māori and Manaakitanga policies.

Department of Labour Pacific Strategy

The Department is finalising its Pacific Strategy in 2010, aimed at improving the Department's capability and responsiveness to Pacific peoples on issues relevant to the Department's work. The Pacific Strategy will guide, prioritise and focus the Department's activities over the next five years.

■ Monitoring organisational capability

The table below outlines the main measures and standards the Department uses to monitor progress in building organisational capability.

Measures and standards for monitoring organisational capability

Measure	2008/09 actual	2009/10 indicator	2010/11 indicator
Office of the Auditor-General grading ¹			
Management control environment	Good	Good	Good
Financial information systems and controls	Good	Good	Good
Service performance information and associated systems and controls	Needs improvement	Good	Good
Staff participation in Gallup Survey	86%	90% or above	90% or above
Corporate Group meet or exceed customer expectations	66%	70% or above	75% or above
The percentage of customers who indicated they were satisfied with the overall quality of service delivery received ²	78%	At least 80%	At least 80%
The percentage of customers satisfied that Department staff did "what they said they would" ³	New measure	80%	80%
Leadership Development Programme – mid-level managers' attendance	New measure	New measure	50%
Completion of value-for-money reviews	By June 2010		
Project completion of Foundation Capabilities Programme			
ICT infrastructure	By January 2011		
Financial Management Information System	By November 2011		
Electronic Document and Records Management System (phase one)	By October 2010		
Human Resources Management Information System (phase two)	By August 2010		

1. The grades used by the Office of the Auditor-General are poor, needs improvement, good, and very good.

2. Vote Labour.

3. Vote Immigration/Migrant Services.

■ Departmental Capital and Asset Management Intentions

Asset management capability

The Department has been making improvements in its asset management over recent years. These improvements will continue with the introduction of several asset-specific strategic plans, which will be implemented over the next five-year period. Work will also continue to ensure that all major categories of asset are adequately covered with asset management plans.

Performance of physical assets

The Department’s three main asset categories are leasehold improvements, motor vehicles and IT-related assets. The performance of these assets is managed centrally following Departmental policies, which ensure that assets are maintained at an acceptable performance level.

Performance criteria are set for particular asset categories or identified assets. These are summarised below:

Asset	Performance criteria	Assessment
Leasehold improvements	Occupancy rates	All locations will be fully utilised
Motor vehicles	Business mileage used	Annual mileage is monitored, and those with low or high mileage are investigated
IT equipment	Life of asset	The lifetime of an asset is monitored and replaced according to the Asset Management Policy

Internal capital expenditure intentions

An annual capital expenditure planning process is conducted to ensure that the Department invests in capital items that are of the highest priority in meeting the needs of

the organisation and replaces assets at the optimum time.

The Department forecasts the following capital expenditure over the next five years. This is a forecast only and does not represent approved capital spend.

Asset	Forecast 2009/10 \$m	Forecast 2010/11 \$m	Forecast 2011/12 \$m	Forecast 2012/13 \$m	Forecast 2013/14 \$m
Leasehold improvements	7.8	9.4	4.4	5.0	5.0
Motor vehicles	0.2	3.5	2.3	1.0	0.5
IT equipment	9.5	8.4	8.1	5.6	11.1
IT software	9.5	14.7	2.6	5.0	5.0
Other	1.1	0.2	0.2	0.2	0.2
Total	28.1	36.2	17.6	16.8	21.8

Further information on the Department's 2010/11 forecast for leasehold improvements, motor vehicles and IT software is provided below:

LEASEHOLD IMPROVEMENTS – The Department will invest in several of its existing offshore locations and complete interim work at the Mangere Refugee and Settlement Centre.

MOTOR VEHICLES – The Department's motor vehicle replacement programme was delayed in 2009/10 until the completion of a review of motor vehicle usage.

IT SOFTWARE – There are two large projects driving the increase in IT software investment:

- » Financial Management Information System (FMIS) – the implementation of the new FMIS is forecast to begin in 2010/11.
- » Remedial work on the Immigration ICT Systems – the project is expected to incur increased spending in 2010/11 as the project implementation continues.

Appendix: Border sector shared outcomes

A border sector, comprising the four agencies with primary responsibility for managing New Zealand's borders,⁴ along with other agencies with particular border interests,⁵ has been operating since 2007/08.

A governance structure, including a ministerial group, provides leadership and direction on strategy for the sector, promoting a whole-of-government view to border sector management. A work programme that focuses on increasing the efficiency and effectiveness of border management is under way and a performance framework has been developed. The framework focuses on two key end outcomes: protection and facilitation.

PROTECTION – New Zealand is protected from people, goods and organisms that pose a risk to our interests.

FACILITATION – New Zealand's economic and social interests are enhanced by facilitating the legitimate flow of trade and travel.

Beneath these end outcomes are a number of intermediate outcomes – the short- to medium-term effects that serve as building blocks towards achieving end outcomes (see diagram opposite). All border sector agencies contribute to the achievement of some or all of these intermediate outcomes in the pursuit of their current strategic objectives.

Recent and ongoing Departmental activity aimed at achieving the border sector intermediate outcomes are:

Protection	Deterrence	Increasing the number of people who depart voluntarily (encouraging voluntary compliance)
	Interception	Improved risk profiling and identity management
	Reducing harm	Increasing the number of people refused boarding offshore (so that they don't even reach our border)
Facilitation	Compliance costs	Cost recovery and fees programmes
	Facilitation of trade and travel	Trans-Tasman travel programme Facilitation of major events (Under-19 Cricket World Cup, 2011 Rugby World Cup)
	Reputation	Participation in APEC, the International Organisation for Migration and the Five Country Conference

4. Department of Labour, Ministry of Agriculture and Forestry, Ministry of Transport and New Zealand Customs Service.

5. Notably the NZ Food Safety Authority and the Department of Internal Affairs.

