

**Statement of Intent
2011–2014**

Department of Labour
TE TARI MAHI



New Zealand thriving through people and work

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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Presented to the House of Representatives

Pursuant to Section 39 of the Public Finance Act 1989

The Government is committed to building the foundations for a strong economy and delivering better results from public services.

■ Building a strong economy

Building a strong economy, based on sustainable growth, will provide New Zealanders with the jobs, higher incomes and improved living standards they desire and deserve. New Zealand must expand and upskill its labour force, if it is to expand the economy.

The Government's focus is firmly on lifting economic performance. The Department of Labour has a significant part to play in supporting the Government's Economic Growth Agenda. The span of the Department's activities enables it to take an integrated approach across the spectrum of policy choices – to develop, enhance and attract the skills New Zealand needs.

The Department is the Government's primary adviser on the labour market and human capital, informing macroeconomic policy and assisting ministers and organisations to identify skills and obtain the workplace conditions needed to support economic growth. This is particularly important when considering how best to rebuild Christchurch and realise the potential of Auckland.

■ Improving public services

The Government is committed to getting better results from public services, getting better value for money for taxpayers, and improving outcomes for the people who use these services.

Ministers want to ensure that every taxpayer dollar is being spent carefully and effectively. It is vital that the public service delivers improved services at a reduced cost. The Department has implemented organisational changes to reprioritise resources to higher-value work. Ministers have asked the Department to think systematically about how to do things differently to achieve more significant gains over the medium

term. This Statement of Intent looks out three to five years. It shows where the Department will strengthen frontline delivery (increasing the value of these services to the economy) and reduce back office costs.

■ Delivering on ministerial priorities

The Government's focus on economic growth and improved public services is clearly reflected in the 2011 ministerial priorities for each departmental Vote as set out below. This Statement of Intent confirms that the Department's strategic direction and work priorities are aligned with the Government's goals.

Vote Labour

Work within Vote Labour supports the Government's Economic Growth Agenda by providing the tools to enable the labour market to operate effectively. Improving the quality and performance of the labour market is critical to strengthening New Zealand's economic prospects.

The ministerial priorities for Vote Labour are:

- › ensuring the regulatory framework for employment relations provides flexibility in workplaces to increase employment and productivity
- › promoting workplace productivity by reducing workplace accidents.

Vote Immigration

Work within Vote Immigration supports the Government's Economic Growth Agenda by attracting and retaining people with the skills needed to fill gaps in the labour market, facilitating the entry of visitors and international students, and making it easier for businesses and entrepreneurs to invest their skills and capital in New Zealand.

The ministerial priorities for Vote Immigration are:

- › implementing a new service delivery model to ensure that Immigration New Zealand services are financially sustainable into the future
- › improving Immigration New Zealand's systems and delivery of services
- › improving the economic and social outcomes from immigration
- › building Immigration New Zealand's capacity and capability to manage risk.

Vote Employment

Vote Employment provides integrated, strategic advice on the labour market and its contribution to New Zealand's economy. The work programme under this Vote includes providing advice on emerging employment and skills challenges and identifying opportunities for government, employers and employees to support strong economic growth.

The ministerial priorities for Vote Employment are:

- › providing strategic labour market intelligence
- › contributing to economic and employment growth

- › supporting workforce development for economic growth
- › maximising the impact of government investment.

Vote ACC

The accident compensation scheme provides all New Zealanders with 24/7 no-fault personal injury cover. The Department is working to keep the scheme accessible and affordable for all people in New Zealand, and to ensure the system delivers rapid and sustainable rehabilitation after injury to mitigate the personal cost of injury and the associated loss of economic productivity.

The ministerial priorities for Vote ACC are:

- › improving choice concerning the ongoing development and improvement of the accident compensation scheme
- › sustaining performance improvements
- › improving dispute resolution
- › improving the monitoring of the scheme and the Accident Compensation Corporation, including some targeted (non-financial) monitoring.



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 the Department of Labour 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 2011

Introduction from the Secretary of Labour

New Zealand's wealth and social capital are created by people through their work. Skilled people in the right jobs in the right places at the right time build and develop higher standards of living and an improved quality of life for all New Zealanders.

The span of the Department's activities, from service delivery to research and policy, enables an integrated approach across the spectrum of regulatory and policy choices for New Zealand's labour market, creating the best mix of policies to develop, enhance and attract the skills New Zealand needs.

The Department is a frontline agency delivering a wide variety of services to the public. In 2011/12 the Department expects to make decisions on over 500,000 visa applications, complete 5,000 assessments to promote good workplace health and safety practices, and complete 5,500 employment mediations. Other sectors of the economy also rely on the Department's services. The Department's visa processing services for students and tourists support two of New Zealand's largest export earning industries – education and tourism.

Economic and fiscal uncertainty, the Canterbury earthquakes, and the Pike River Coal Mine tragedy are all testing the Department. However, it remains committed to delivering critical government priorities while implementing significant organisational change. The Department's buildings in Christchurch may be damaged and some staff may not have homes, but staff continue to provide services to other New Zealanders with remarkable resilience and a keen sense of commitment and dedication to serving New Zealand.

The Department contributes 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. This Statement of Intent builds on the Department's progress and retains a sharp focus on developing:

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

During the next three years, the Department will concentrate on increasing the economic value it can deliver from the immigration system, improving workplace health and safety practices, supporting others to increase workplace productivity and skill levels, delivering more effective labour market regulation, and making the accident compensation system sustainable.

Over the last two years, the Department has been developing into a more integrated organisation so that it can provide ministers and other stakeholders with a consolidated, authoritative and strategic perspective on the labour market and its contribution to the economy. The Department is entering year three of a five-year change programme to transform its business structure and operations. This programme is

delivering better value for money and improving the quality of services across the whole Department. Changes have included:

- › centralising corporate functions to provide shared services and reduce duplication
- › creating an integrated and leaner policy, research, evaluation and monitoring function to provide integrated labour market information and advice.

The next phase of transformation involves moving to lower-cost delivery models. This phase includes developing and aligning the information and communications technology infrastructure to better support business needs, identifying business process and operational improvements, and setting the direction for lower-cost delivery and processing channels. The investment resources to support transformational change are coming from ongoing operational efficiencies.

The Department will work with other government and local agencies to support the long-term recovery of Canterbury following the earthquakes in September 2010 and February 2011. It will also continue to support the Royal Commission of Inquiry on the Pike River Coal Mine tragedy.

I am confident that by working as an integrated organisation the Department can meet the challenges it and the nation are facing.



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 this 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 (2011/12 Estimates) Bill, as presented to the House of Representative 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 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
- › 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.

■ Organisational structure

The Department is organised into six groups:

The **Immigration Group** delivers immigration services (through Immigration New Zealand).

The **Labour Group** delivers workplace health and safety, and employment relations services.

The **Policy and Research Group** delivers research, evaluation, monitoring and policy advice across Votes Labour, Immigration, Employment and ACC.

■ Ministers and portfolios

The Department administers four Votes: 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

Hon Kate Wilkinson Minister of Labour Minister Responsible for the Department of Labour	Hon Dr Jonathan Coleman Minister of Immigration	Hon Paula Bennett Minister for Social Development and Employment	Hon Dr Nick Smith Minister for ACC
Vote Labour	Vote Immigration	Vote Employment	Vote ACC
Output expenses <ul style="list-style-type: none"> › 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 	Output expenses <ul style="list-style-type: none"> › 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 	Output expenses <ul style="list-style-type: none"> › Labour market analysis and knowledge › Policy, research and evaluation 	Output expenses <ul style="list-style-type: none"> › Regulatory services › Policy and monitoring

The **Legal and International Group** delivers legal services for the Department and manages internal audits, international engagements, and the Immigration Advisers Authority.

The **Business Services Group** provides support services for the Department in the areas of human resources, finance, information and communications technology, information management, and communications and marketing.

The **Executive Group** provides support services for the Department in the areas of organisational strategy, planning and performance, portfolio and risk management, executive governance and executive support.

Investment in productive capacity and skills is a fundamental requirement for a strong economy. Improving per capita growth in New Zealand is integral to the Government's Economic Growth Agenda.

■ Department's role and reach

The Department is uniquely placed to play an important role in supporting New Zealand's economic growth, particularly in relation to the people in the labour market – New Zealand's human capital. Through the Department's onshore and global service delivery network it influences and supports all aspects of New Zealand's labour market, from New Zealand workplaces and firms to global markets and international institutions.

By combining practical experience and connections from our frontline services with evidence-based information and integrated analysis, the Department's activities and advice across all four Votes are directed towards developing New Zealand's human capital by:

- › bringing people into the country as consumers and workers
- › improving the quality of employment relationships and settings
- › reducing the economic, social and personal costs of workplace practices that lead to employment problems and work-related injuries and disease
- › advising on skill development in emerging and current workforces.

The Department is focused on strengthening New Zealand's labour market and economic prospects. New Zealand's economy remains vulnerable due to the ongoing impact of the global economic recession. Volatility in the labour market has made assessing underlying conditions difficult, but the impact on New Zealand has been low growth rates and high unemployment levels. Over the second

half of 2010, labour market recovery slowed. The employment rate fell 0.5 percent and the unemployment rate increased to 6.8 percent.¹

New Zealand's ability to take advantage of the opportunities presented by the global recovery will largely depend on the strength and resilience of the country's labour market. The Department's immediate priority is to help the labour market respond to the challenges presented by the economic downturn, and position the labour market for future economic opportunities. To do this the Department is:

- › assisting New Zealand businesses and regions to access workers with the necessary skills
- › limiting recessionary impacts on the labour market through efficient and effective regulation, analysis and advice
- › creating healthy, safe and fair workplace conditions that improve productivity and stimulate growth.

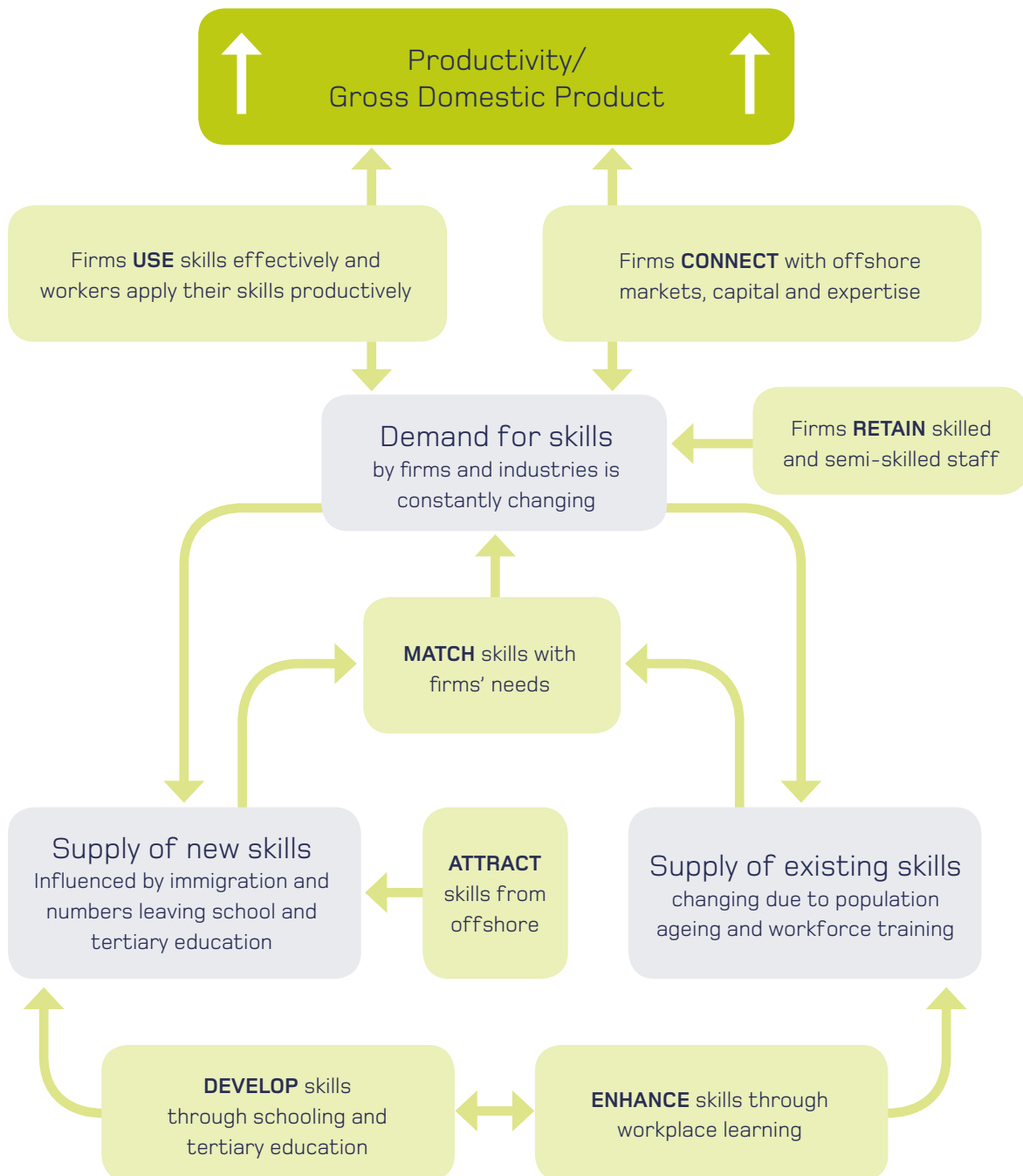
The Department's medium to long-term priority for New Zealand is a skilled workforce and productive workplaces in a flexible labour market. This will support a high-performing economy and build a solid platform for future growth.

■ Skills system and productivity

New Zealand must expand its human capability by upskilling the labour force, if it is to expand the economy. The country, and particularly the cities of Christchurch and Auckland, needs all types of workers – knowledge workers, skilled workers and lower-skilled workers – in efficient workplaces.

1. Statistics New Zealand, Household Labour Force Survey: December 2010 quarter, 2011

Figure 1: Contribution of the policy mix to economic growth



The Department helps the Government to choose and then deliver a mix of policies to **develop** the skills of emerging workers, **enhance** the skills of existing workers, and **attract** workers from overseas with the skills to fill the gaps in New Zealand's labour force. Figure 1 illustrates how this mix of policies feeds into the growth of productivity and gross domestic product.

Policies to **develop** the emerging workforce involve the Department working closely with industries, regions and sectors to learn about and understand their current and future needs. The Department then advises the decision-makers in vocational, government and other sectors who create the basic skill base to meet these needs (Vote Employment).

Policies and activities to **enhance** skills involve the Department:

- › working with industry and training organisations to improve workers' skills and improve workplaces use of those skills (Vote Employment)
- › setting and enforcing workplace minimum standards and advising on healthy, safe and fair workplace practices to improve productivity (Vote Labour)
- › providing research, information, analysis and advice about how to raise the quality and value of work (Votes Employment and Labour)
- › providing policy advice about, and monitoring of, the accident compensation system to support injury prevention and effective rehabilitation (Vote ACC).

Policies and activities aim to **attract** skilled workers from overseas and help employers to retain these workers (Vote Immigration).

Using a comprehensive range of labour market information and tools, including forecasting, the Department provides advice to inform the decision-making of government agencies, education and training providers, industry, sectors and employers as they develop and enhance skills. To attract skilled workers the Department provides advice and delivers immigration services. The result of these activities is the best mix of evidence-based

policies and delivery to develop, enhance and attract the skills and talents New Zealand needs.

■ **Cross-agency leadership**

The Department understands workplaces, employer needs and demands, and the skills workers need now and into the future. Through a coordination and partnership approach, the Department's leadership spans the social, educational and economic interventions available to the Government.

The Department assists the Ministry of Education and the Tertiary Education Commission, by advising on ways to create the basic skill base needed by New Zealand's developing workforce. It also works closely with the Ministry of Social Development to balance the need to attract and retain skilled migrants with the need to protect New Zealanders' jobs.

In developing and delivering regulation in relation to the labour market and in attracting skills and workers from offshore, the Department works closely with employers, industry groups and other economic agencies, including the Ministry of Economic Development.

Together with employers and other agencies, the industries, sectors and workplaces with the highest health and safety risks and employment relations risks are targeted. Examples of the Department's leadership to improve productivity include working with the newly established Business Leaders' Forum to address health and safety leadership, working in partnership with the Accident Compensation Corporation to support a better performing accident compensation system, and working with the Ministry for the Environment, the Environmental Risk Management Authority (which will be replaced by the Environmental Protection Authority from 1 July 2011), and other enforcement agencies to make sure the hazardous substances and new organisms compliance system is effective.

Departmental staff are expected to work cooperatively on shared outcomes and in partnership with external organisations to achieve results. Partnerships also exist with senior officials groups with Chief Executive and Ministerial governance arrangements, such as those in relation to the

border sector (see page 23). Issues related to developing New Zealand's human capital and improving productivity can be addressed only with such cross-Vote and cross-agency approaches.

■ **Delivering value from an improved immigration system**

Immigration is not only an important component of the skills system, it is also a critical economic enabler for important New Zealand industries. Export education and tourism are major export earners for New Zealand, with export education contributing over \$2 billion per year to the economy and tourism contributing \$9.5 billion per year. Immigration New Zealand's management of visas for students and tourists makes a major contribution to these industries.

Changes in legislation, policy and service delivery are ensuring New Zealand will have the best possible immigration system. The Government is focused on improving the contribution immigration makes to economic growth. This drives the overall direction for immigration policy focus and expectations for business improvement.

The Immigration Act 2009 came into force on 29 November 2010 and introduced new and refreshed immigration policies. The Department has also revised its service standards and business processes to create significant improvements in service delivery.

To build on the changes it has already made, the Department is working to deliver systemic, transformational change in the delivery of immigration services over the next five years. This change includes developing a sustainable funding strategy for immigration.

The Department is also redesigning immigration business services to move to a lower-cost service delivery model. The Department is improving the information it gives to potential migrants to attract them to New Zealand, improving quality and timeliness in application processing, and managing risk and information to attract and retain quality migrants in the future. These improvements will help Immigration New Zealand to become sustainable into the future and continue its substantial contribution to developing a strong economy.

■ **Delivering improved workplace health and safety and employment relations – educate, engage, enforce**

New Zealand workplaces need to increase their productivity. Workforce skill levels are one component of productivity – higher skill levels mean higher productivity. Enhancing workplace skills through healthier, safer and fairer workplace practices will improve productivity. New Zealand's workplace fatality, injury and disease rates are unacceptably high. Too many employees do not receive their minimum working entitlements. Unresolved disputes disrupt workplaces. All of these things negatively affect productivity.

Government priorities include an improved regulatory environment for business to encourage productivity and innovation; greater support for business through improved workforce skill levels and education; fair, healthy and safe workplaces (including the management of hazardous substances); and improved safety in the adventure tourism industry.

The Department plans to support these priorities by:

- › maintaining an effective regulatory function for workplace health and safety
- › focusing on the clear regulation of employment relations
- › educating and engaging industry to achieve voluntary compliance with regulation
- › enforcing minimum regulated standards.

The Department aims to reprioritise its activities to sharpen its focus on core services that will help workplaces to meet their obligations and enforce their compliance when they do not. Accordingly, the Department is reviewing how it delivers employment relations and health and safety services. This change programme seeks to maximise the Department's contribution to government priorities by developing a service delivery model that:

- › is more efficient and effective
- › is more customer-centric
- › targets areas of greatest need and benefit

- › makes the best use of its frontline resources
- › provides a consistent, high-quality service.

Educating workplaces about what they need to do to have good health and safety and employment practices makes it easier for workplaces to comply with regulations. Engaging with workplaces to prevent harm, uphold fair employment relationships, and resolve employment disputes results in early intervention and reduces the negative impact of disputes on productivity. Enforcing compliance with minimum workplace standards and employment entitlements, through monitoring and interventions such as prosecution, upholds the integrity of the labour market's regulatory system and maintains the country's international commitments to labour market functions.

■ **Driving regulatory change**

Government priorities and the Vote priorities within them determine the Department's activities and the services it provides. The Department aims to maximise economic growth and maintain positive social outcomes as it delivers on ministerial priorities. One way in which it does this is through regulatory reform. The Department continues to examine the regulation under its administration for alignment with the Government's objective of better and less regulation, annually scanning to identify those regulations that are no longer fit for purpose.

Over the next three years, the Department will advise on and assist with the implementation of changes to the accident compensation system. This assistance will include providing strategic advice to underpin the development of reform legislation and on options to increase the sustainability of the system.

The Department will also ensure the regulatory framework for employment relations provides sufficient flexibility in workplaces for increased employment and productivity. Through the employment relations policy work programme, the Department is examining the employment relations framework for opportunities to remove legislative barriers to increased workplace productivity.

■ **Economic and environmental uncertainty presents challenges and opportunities**

The Department's work programme is being delivered in a constrained and volatile economic environment. The September 2010 and February 2011 earthquakes in Canterbury will have a significant impact on the regional and national economies. These and other global economic and environmental factors affect the flow of migrants, students and tourists to New Zealand. All of these combine to affect both government and departmental revenue at a time when fees are expected to remain unchanged and agencies are expected to manage with existing resources. A solid platform for economic growth requires public spending to grow at a slower pace than the rest of the economy, and the Department is continuing to make significant changes to reduce costs while improving the value of the services it delivers.

In addition to the constrained and volatile economic environment, four external events in particular are providing challenges for departmental expenditure and activities:

- › the Royal Commission of Inquiry on the Pike River Coal Mine tragedy
- › whole-of-government efforts for Christchurch's recovery
- › the formation of the Auckland Council
- › the 2011 Rugby World Cup.

The Department will continue to support the Royal Commission of Inquiry on the Pike River Coal Mine tragedy. The Department has established a formal work programme that covers its usual regulatory response (an investigation under the Health and Safety in Employment Act 1992) as well as a safety audit of New Zealand mines, and an internal operational review by independent experts. The health and safety investigation is expected to be the largest the Department has undertaken.

The Department is taking a leadership role in the whole-of-government efforts to support Christchurch's recovery. This includes helping to

define how Christchurch could recover, particularly in regard to skills and human capital, and supporting the recovery through effective front-line service delivery. Implications for the health and safety of workers and businesses, people's employment relations responsibilities, and visa processing are an immediate focus in 2011, along with providing staff and support for the new Canterbury Earthquake Recovery Agency.

The formation of the Auckland Council provides a significant economic opportunity for New Zealand. The Department will work to maximise the opportunities presented in the Economic Growth Agenda priority sectors of food processing, finance and high-value manufacturing in the Auckland region. To do this, the Department will use sector skills plans and associated activities.

The Department is contributing to the economic opportunity offered by New Zealand's hosting of the 2011 Rugby World Cup. Immigration New Zealand has specific responsibility for the efficient and effective visa and border facilitation processes for genuine Rugby World Cup travellers, as well as for security risk profiling and risk management of the increased number of travellers to New Zealand.

■ **Updating the Department's outcome framework and performance measurement**

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 improve the line of sight between outcomes and outputs for staff.

The Department's *intermediate* outcomes for the next three years are:

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

The *immediate* outcomes beneath these intermediate outcomes have also been updated to provide a sharper focus on the Department's core business (see Table 2). They will provide a more enduring framework, with ministers' priorities driving the choice of interventions to achieve the outcomes (as set out in the section about the Department's Operating Intentions on page 18).

The Department has also reviewed its performance measurement framework to support the revised outcomes and demonstrate how it will assess results at outcome, impact and output levels.²

Typically, outcomes cannot be immediately quantified. They are achieved over years as the result of a cumulative series of interventions by the Department and other agencies. The next section, Operating Intentions, reports on a high-level set of outcome and impact measures. These measures should enable the Department's outcome contribution to be assessed over the medium term.

The Department measures shorter-term performance against the output measures set out for each Vote in the Information Supporting the Estimates. Recent legislative changes have affected some of the Department's services, so some performance standards have been adjusted.

The Department will continue to use outcome, impact and output measure information, combined with periodic reviews, to help provide assurance that its work is cost effective. The Department will report on medium- and short-term measures in its Annual Report and continue to improve its performance measures for 2012/13.

The Department will be involved in a performance improvement framework review with central agencies, and this may shape its future measures and improvement plans.

2. Outcome measures demonstrate the benefit for the community of the intermediate and immediate outcomes, but the Department may not be wholly responsible for these benefits. Impact measures demonstrate how the Department is directly contributing to intermediate outcomes and delivering value.

Table 2: Significant changes in intermediate and immediate outcomes for 2011/12

Intermediate outcome: A more effective labour market	
The Department merged the activities of the previous intermediate outcomes of <i>more productive workplaces and sectors</i> and <i>more people in quality work</i> to provide greater clarity and line of sight between outcomes and outputs for staff and to remove duplication	
Immediate outcome	Description
Labour market decision-makers are better informed	This new immediate outcome more accurately reflects the Department's role as the Government's primary adviser on the labour market and New Zealand's human capital by providing authoritative labour market advice and information to stakeholders to prompt and support action
Intermediate outcome: A more effective immigration system	
Immediate outcome	Description
The attraction and retention of the people New Zealand needs is improved	This new immediate outcome reflects increased activity and focus on attraction and retention
Intermediate outcome: A better performing accident compensation system	
Immediate outcomes	Description
A comprehensive 24/7 no-fault coverage system, designed to support: <ul style="list-style-type: none"> › injury prevention › effective rehabilitation › appropriate compensation 	This new immediate outcome reflects the Department's role in designing the accident compensation system
The system is administered in a way that is sustainable and represents value for money	This new immediate outcome reflects the Department's role in monitoring and providing policy advice on the administration of the accident compensation system

Strategic framework



Operating intentions

Intermediate outcome 1: A more effective immigration system

Intermediate outcome

A more effective immigration system

Immediate outcomes

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

Our contribution

Providing policy, research and evaluation

Attracting the people and skills New Zealand needs

Supporting migrants and refugees to settle

Making fast and accurate immigration and asylum decisions

Managing the movement of people across the border

Ensuring compliance with New Zealand's immigration laws

Regulating immigration advisers

Maintaining international relationships

Our outputs and activities

Providing research, design, development and implementation of advice and policy

Providing migrant customer services

Providing support services for the Minister

Providing settlement services

Managing Immigration Advisers Authority

Providing refugee customer services

Our output expenses

Vote Immigration

Services to increase the capacity of New Zealand through immigration

Vote Immigration

Immigration Advisers Authority

Vote Immigration

Services to position New Zealand as an international citizen with immigration-related interests and obligations

We work with

Government departments, agencies and associated Crown entities, including the Ministry of Economic Development (Tourism), Ministry of Education, Ministry of Foreign Affairs and Trade, Department of Internal Affairs, New Zealand Customs Service, Ministry of Agriculture and Forestry, New Zealand Police and local government

Specialist groups, including immigration advisers, refugee and migrant bodies

Industry, sector, union and employer groups, including Business New Zealand, New Zealand Council of Trade Unions and Chambers of Commerce

International agencies, including International Organisation for Migration, Intergovernmental Consultation on Migration, Asylum and Refugees, United Nations High Commissioner for Refugees, Asia Pacific Economic Community and Five Countries Conference

■ What we are seeking to achieve

Immigration is a critical economic enabler for New Zealand. Migrants make up more than 25 percent of New Zealand's workforce and make an annual net fiscal contribution to gross domestic product through the workforce of about \$1.9 billion. Immigration New Zealand's services also play an important role in export education and tourism, with export education contributing over \$2 billion per year to the economy and tourism contributing \$9.5 billion per year.

The importance of immigration services is also highlighted by the number of migrants and visitors coming to New Zealand. Although five percent fewer than in 2009, there were still 82,500 permanent and long-term arrivals in 2010 (including New Zealanders returning from overseas). Net migration was 10,500 in 2010 compared with 21,300 in 2009. However, the 2.525 million annual visitor arrivals to New Zealand in 2010 was three percent

higher than in 2009. Visitor arrivals have increased 41 percent over the last decade, from 1.789 million in 2000.

To maximise immigration's contribution to economic growth over the next five years, the Department will improve systems and service delivery. The Department also wants immigration services to be financially sustainable into the future and to effectively manage risk in an environment of increasingly sophisticated criminal activity.

The immediate outcomes the Department seeks to achieve for a more effective immigration system are:

- › 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.

■ How we will demonstrate success in achieving this

Indicators of success	Desired result or trend
A more effective immigration system	
Outcome measures	
Level of economic contribution of international students and tourists to the New Zealand economy.	<p><i>Growing financial value</i></p> <p>Baseline: Contribution by international tourists in New Zealand was \$9.5 billion. Contribution from export education was over \$2 billion.</p> <p>Source: Tourism Satellite Account, Statistics New Zealand (2010) and Education Counts, Ministry of Education (2008).</p>
Proportion of recent permanent migrants who say they are satisfied or very satisfied with life in New Zealand.	<p><i>Improving levels of satisfaction</i></p> <p>Baseline: 88 percent of respondents were satisfied or very satisfied with life in New Zealand.</p> <p>Source: Immigration Survey Monitoring Programme, Department of Labour (2010).</p>
Proportion of recent permanent migrants who would recommend New Zealand to friends and family as a place to work and live.	<p><i>Improving levels of recommendation</i></p> <p>Baseline: 87 percent of respondents said they would recommend New Zealand to friends and family as a place to work and live – 52 percent with enthusiasm and 35 percent with reservations.</p> <p>Source: Immigration Survey Monitoring Programme, Department of Labour (2010).</p>
Proportion of permanent migrants receiving a core welfare benefit.	<p><i>Improving levels of migrants in work</i></p> <p>Baseline: 14,026 working-age migrants, or 5.2 percent of the working-age migrant population, received a benefit in 2010.</p> <p>Source: Benefit Receipt by Migrants to New Zealand 2007–2010, Department of Labour (2011).</p>
International confidence in New Zealand's immigration security.	<p><i>Maintaining confidence</i></p> <p>Baseline: Representation at international events such as the Five Countries Conference.</p> <p>Source: Annual Report, Department of Labour (2009/10).</p>
The attraction and retention of the people New Zealand needs is improved	
Impact measures	
Skilled migrants whose occupations in New Zealand match their skills.	<p><i>Improving skills matching</i></p> <p>Baseline: 81 percent of skilled principal migrants responded that their current job matched their skills and qualifications.</p> <p>Source: Immigration Survey Monitoring Programme, Department of Labour (2010).</p>
Recent migrants who report access to the services they need.	<p><i>Improving access</i></p> <p>Baseline: New measure – baseline to be established during 2011/12.</p> <p>Source: Immigration Survey Monitoring Programme, Department of Labour (2011).</p>
Value of migrant investors' investment in New Zealand.	<p><i>Improving levels of investment</i></p> <p>Baseline: Level of investment by migrants under the Migrant Investors Policy for July 2009 – March 2011 was \$155 million.</p> <p>Source: Operational Data, Department of Labour (2011).</p>

Indicators of success	Desired result or trend
The delivery of visa services is improved	
Impact measures	
<p>Customers satisfied with the overall quality of service delivery by the Department of Labour (Immigration New Zealand).</p> <p>Note: Customers surveyed were customers of Immigration New Zealand branches.</p>	<p><i>Increasing satisfaction</i></p> <p>Baseline: 75 percent of customers were satisfied with overall service delivery.</p> <p>Source: Quarterly Immigration New Zealand Customer Satisfaction Survey, Department of Labour (December 2010).</p>
<p>Accurate immigration decision-making, as measured by internal quality assessment processes.</p>	<p><i>Improving quality</i></p> <p>Baseline: 75 percent rated as good (Quarter 1).</p> <p>Source: Q3 Assessment Report, Department of Labour (2010).</p>
The integrity of New Zealand's immigration system is maintained	
Impact measures	
<p>Border services effectively deter illegal migration and fraud, as measured by:</p> <ul style="list-style-type: none"> › number of people deported › number of non-bona fide people denied boarding aircraft to New Zealand › an increase in the number of people who depart voluntarily. 	<p><i>Improving security</i></p> <p>People deported</p> <p>Baseline: 720 deportations and removals.</p> <p>Boarding denied</p> <p>Baseline: 1,341 non-bona fide people denied boarding aircraft.</p> <p>Voluntary departures</p> <p>Baseline: 1,367 voluntary departures.</p> <p>Source: Operational Data, Department of Labour (2009/10).</p>
<p>Customers' overall satisfaction with immigration advisers.</p> <p>Note: Customers surveyed were customers of immigration advisers.</p>	<p><i>Improving satisfaction</i></p> <p>Baseline: 75 percent of customers were satisfied.</p> <p>Source: Survey of New Zealand Visa and Permit Applicants who have used an Immigration Adviser, Immigration Advisers Authority (2009/10).</p>
<p>Perceived value of immigration adviser licensing improves for licensed immigration advisers.</p>	<p><i>Improving value</i></p> <p>Baseline: Survey completed 2010/11 – baseline to be established during 2011/12.</p> <p>Source: Survey of Licensed Immigration Advisers, Immigration Advisers Authority.</p>

■ What we will do to achieve this

The attraction and retention of the people New Zealand needs is improved

The Department facilitates the entry of skilled migrants, tourists, business migrants and international students to New Zealand. One focus of the Department will be to attract investors to New Zealand to contribute to economic growth. The Department also assists migrants to settle in New Zealand by supporting settlement programmes. A focus of immigration is:

- › reviewing skill shortages and developing effective strategies to attract and retain migrants with the skills needed to meet labour market gaps
- › implementing a strategy to attract investors and channel their investments into key areas of the economy
- › facilitating the growth of export education and tourism
- › reviewing key policies that support improving the economic and social outcomes from immigration
- › leading the coordination, across the public sector, of effective settlement strategies that support successful integration, promote positive social outcomes, and foster better employer utilisation of migrant skills and talents.

The delivery of visa services is improved

The Department is improving the systems and performance of visa services within its existing service delivery model, as well as proposing changes to delivery systems so it can deliver greater economic value and be financially sustainable into the future.

Over the next two to three years, the Department will consider options to reduce the cost of delivering services and to improve delivery of visa

services. The Department will progressively move immigration service delivery to lower-cost forms of delivery and processing channels that meet customer needs and provide access to target markets.

The integrity of New Zealand's immigration system is maintained

The Department is a member of the cross-government Border Sector Governance Group. This group provides the mechanism for coordinated border management in New Zealand (see further information on the border sector shared outcomes on page 23).

The Department needs to improve its delivery of immigration services while maintaining existing services and managing risk. The Department will focus on:

- › implementing the processes necessary to effectively manage the influx of visitors for the 2011 Rugby World Cup
- › supporting initiatives of the Five Countries Conference (United States, United Kingdom, Canada, Australia and New Zealand) to integrate systems, passenger information and intelligence to improve the transition of passengers while also managing risk
- › working on the Border Sector Governance Group to implement streamlined processes, increase efficiencies, share intelligence across agencies, and improve risk management by improving the adoption of enhanced passenger assessment and screening procedures
- › developing systems and processes that enable intelligence, identity information and biometric information to be used in business processes and be shared within New Zealand and international agencies.

■ Border sector shared outcomes

The Border Sector Governance Group, comprising five agencies with responsibility for managing New Zealand’s borders or with a particular border interest, has been operating since 2007/08. The five agencies are the Department of Labour, Ministry of Agriculture and Forestry, Ministry of Transport, New Zealand Customs Service and Department of Internal Affairs.

A governance structure, including a ministerial group, provides leadership and strategic direction to the sector and promotes a whole-of-government view of border sector management. The work programme focuses on increasing the efficiency and effectiveness of border management. A performance framework has been developed with a focus on two key end outcomes: protection and facilitation.

- › **Protection** – New Zealand is protected from people, goods and organisms that pose a risk to New Zealand’s interests.
- › **Facilitation** – New Zealand’s economic and social interests are enhanced by facilitating the legitimate flow of trade and travel.

Supporting these end outcomes are intermediate outcomes – the short- to medium-term effects that serve as building blocks towards achieving the end outcomes (see Table 3). 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 is also shown in Table 3.

Table 3: Departmental activity to achieve border sector outcomes

End outcome	Intermediate outcome	Departmental activity
Protection	Deterrence	Increasing the number of people who depart voluntarily (encouraging voluntary compliance)
	Interception	Improving risk profiling and identity management
	Reducing harm	Increasing the number of people refused boarding offshore (so they do not reach New Zealand’s border)
Facilitation	Compliance costs	Running cost recovery and fees programmes
	Facilitation of trade and travel	Running the trans-Tasman travel programme Facilitating major events (eg, 2011 Rugby World Cup)
	Reputation	Participating in the Asia Pacific Economic Community, the International Organisation for Migration and the Five Country Conference

Intermediate outcome 2: A more effective labour market

Intermediate outcome

A more effective labour market

Immediate outcomes

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

Our contribution

Authoritative labour market advice and information is provided to stakeholders

Authoritative labour market analysis informs immigration and skills policy

The labour market regulatory system is more effective

Employers and employees understand their rights and comply with their obligations

Workplaces develop better workplace practices

Our outputs and activities

Providing analysis of labour market information, and labour market development

Providing policy advice, research and evaluation and ministerial servicing

Managing New Zealand's international labour commitments

Providing migrant customer services

Educate: providing authoritative information, guidelines and standards to workplaces

Engage: working with a range of stakeholders to effect change in workplaces

Enforce: monitoring compliance in workplaces and taking enforcement action as required

Our output expenses

Vote Employment
Labour market analysis and knowledge

Vote Employment
Policy, research and evaluation

Vote Labour
International services

Vote Labour
Policy advice – labour

Vote Immigration
Services to increase the capacity of New Zealand through immigration

Vote Labour
Services to promote and support fair and productive employment relationships

Vote Labour
Services to promote and support safe and healthy people and workplaces

Vote Labour
Services to promote and support the safe management of hazardous substances in the workplace and amusement devices

We work with

Core government agencies and other government agencies, including central agencies, Ministry of Education, Tertiary Education Commission, Ministry of Economic Development, Ministry of Social Development, Accident Compensation Corporation, Maritime New Zealand, Environmental Risk Management Authority (which will be replaced by the Environmental Protection Authority from 1 July 2011) and Civil Aviation Authority

Industry, sector, union and employer groups, including Business New Zealand, New Zealand Council of Trade Unions, industry training organisations, Chambers of Commerce, Site Safe and Federated Farmers

Authorities and advisory groups, including local government

International agencies, including the International Labour Organisation, Asia Pacific Economic Community, and the Organisation for Economic Co-operation and Development

■ What we are seeking to achieve

The new immediate outcome of a more effective labour market has been created to recognise the potential for the Department to provide leadership on the labour market and its contribution to the economy. A more effective labour market will be achieved with improved workplace productivity and higher labour force participation.

Skill and labour shortages have a significant negative effect on business growth and unemployment and incur substantial economic and social costs. A well-functioning labour market provides people with opportunities to progress to higher-value and more productive jobs, which contributes to better pay and improved job satisfaction for individuals, greater profits for firms, and stronger economic growth for New Zealand.

The labour market functions best when all participants have access to the best information. If the Department better explains or describes current and emerging market conditions, especially during times of rapid change, market participants, regulators and other stakeholders can make more informed decisions, which will maximise individual and overall outcomes, including economic growth.

Supporting the provision of the workforce New Zealand needs is a primary function of the Department. The Department works in a variety of sectors with stakeholders who contribute to the skill development of workers, including supporting initiatives to help firms overcome barriers

to enterprise and access the skills they need to grow and succeed. Where necessary, immigration is used to supplement the domestic workforce.

The Department also engages internationally to ensure New Zealand's interests in international labour and immigration issues are protected and promoted over the medium to longer term.

Improving the quality and performance of the labour market is critical to strengthening New Zealand's future economic prospects. Changes to regulatory functions can provide greater flexibility and more choice for employers and employees. Achieving good workplace health and safety practices, particularly in priority sectors and areas, improves workplace productivity and mitigates the economic, social and personal costs of work-related injuries, fatalities and disease. This cost is estimated at \$16 billion each year, the majority of which is loss of life and loss of quality of life.

The immediate outcomes the Department seeks to achieve for a more effective labour market are:

- › 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.

How we will demonstrate success in achieving this

Indicators of success	Desired result or trend
A more effective labour market	
Outcome measures	
<p>New Zealand is internationally recognised as having a fair employment regulation system, as measured by international benchmarking on labour market inefficiencies.</p> <p>Note: Fair as defined in current legislation through minimum standards.</p>	<p><i>Maintaining (or improving) international ratings</i></p> <p>Baseline: New Zealand is rated as having an overall low labour market inefficiency level (2010).</p> <p>Source: Indicators from OECD Going for Growth, World Economic Forum Global Competitiveness Report, and Economic Freedom of the World Report of the Fraser Institute (2010).</p>
<p>Labour market effectiveness, as measured by labour productivity.</p> <p>Note: Labour productivity is measured as a ratio of output to labour input.</p>	<p><i>Improving productivity</i></p> <p>Baseline: Labour productivity increased by 3.7 percent in the year to March 2010, due to the fall in labour input (down 4.3 percent) being greater than the fall in output (down 0.8 percent).</p> <p>Source: Productivity Statistics, Statistics New Zealand 1978 – 2010 (March 2010).</p>
<p>Labour market effectiveness, as measured by general labour participation rates.</p>	<p><i>Maintaining (or improving) participation</i></p> <p>Baselines: Annual average labour participation rate for June 2010 was 68.1 percent, compared with 68.6 percent for June 2009.</p> <p>Source: Labour Market Factsheets December 2010, Department of Labour (2010).</p>
<p>Labour market effectiveness, as measured by labour participation rates of vulnerable groups.</p>	<p><i>Maintaining (or improving) participation</i></p> <p>Baselines: Annual average labour participation rates for June 2010:</p> <ul style="list-style-type: none"> › young people 60.8 percent › Māori 66.6 percent › Pacific people 61.5 percent. <p>Source: Labour Market Factsheets December 2010, Department of Labour (2010).</p>
<p>Dispute resolution, as measured by the number of Employment Court cases.</p>	<p><i>Maintaining (or improving) early dispute resolution</i></p> <p>Baseline: 158 cases decided by the Employment Court (2009/10).</p> <p>Source: Ministry of Justice, Employment Court New Zealand, Judgements of the Court (2009/10).</p>
<p>Dispute resolution, as measured by the number of workplace stoppages.</p>	<p><i>Maintaining (or improving) early dispute resolution</i></p> <p>Baseline: 29 workplace stoppages recorded (2009/10).</p> <p>Source: Work Stoppages, Hot Off The Press, Statistics New Zealand (2010).</p>
<p>Healthy and safe workplaces, as measured by the rate of workplace fatalities per 100,000 workers.</p>	<p><i>Fewer workplace fatalities</i></p> <p>Baseline: 3.4 work-related fatalities per 100,000 workers (2008).</p> <p>Source: Chart-book of the New Zealand Injury Prevention Strategy Serious Injury Outcome Indicators (1994–2009).</p> <p>Supporting information: 56 workplace fatalities reported to the Department of Labour; Annual Report, Department of Labour (2009/10).</p>
<p>Healthy and safe workplaces, as measured by the rate of serious workplace injuries per 100,000 workers.</p>	<p><i>Improving safety</i></p> <p>Baseline: 20 work-related serious non-fatal injuries per 100,000 workers (2009).</p> <p>Source: Chart-book of the New Zealand Injury Prevention Strategy Serious Injury Outcome Indicators (1994–2009).</p>
Labour market decision-makers are better informed	
Impact measures	
<p>Provision to Ministers of authoritative, strategic and integrated advice on improving the labour market and its contribution to the economy.</p>	<p><i>Maintaining (or improving) ratings</i></p> <p>Baseline: 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).</p> <p>Source: Discussions with Vote Ministers as reported in the Department of Labour's Annual Report (2009/10); and the New Zealand Institute of Economic Research, Quality of Policy Review 2010: Report to the Department of Labour (2009/10).</p>
<p>Employers, employees and key sector stakeholders reporting that labour market advice, products and services are useful.</p>	<p><i>Improving usefulness</i></p> <p>Baseline: Revised measure – baseline to be established during 2011/12.</p> <p>Source: Key Sector Stakeholder Interviews, Department of Labour.</p>

Indicators of success	Desired result or trend
Employers have greater access to the skills and workers they need	
Impact measures	
Access to skills and workers, as measured by percentage of skilled migrants whose occupations in New Zealand match their skills.	<p><i>Improving skills matching</i></p> <p>Baseline: 81 percent of skilled principal migrants report that their current job matches their skills and qualifications.</p> <p>Source: Immigration Survey Monitoring Programme, Department of Labour (2010).</p>
Access to skills and workers, as measured by public access to information about the skills employers need.	<p><i>Improving access to information</i></p> <p>Baseline: 11,997 visits to skills-related information by the public during May 2010 to June 2010.</p> <p>Source: Operational Data, Department of Labour (2010).</p>
Employer–employee relationships are improved	
Impact measures	
Employers who report they made changes to their workplace practices as a result of contact with the Department of Labour.	<p><i>Improving workplace practices</i></p> <p>Baseline: Revised measure – baseline to be established during 2011/12.</p> <p>Source: Service Excellence Survey (Labour Group), Department of Labour (2010/11).</p>
Employers who report that employment agreements are in place.	<p><i>Improving workplace practices</i></p> <p>Baseline: 93 percent of employers surveyed reported that written employment agreements were in place (2010).</p> <p>Source: Brand Health Survey, Department of Labour (2010).</p>
Members of the public who report that employment agreements are in place.	<p><i>Improving workplace practices</i></p> <p>Baseline: 91 percent of the public surveyed reported that written employment agreements were in place (2010).</p> <p>Source: Brand Health Survey, Department of Labour (2010).</p>
Employment relations problems resolved at mediation (without referral to the Employment Relations Authority or Employment Court).	<p><i>Maintaining (or improving) early dispute resolution</i></p> <p>Baseline: Revised measure – baseline to be established during 2011/12.</p> <p>Source: Operational Data, Department of Labour.</p>
Workplaces are healthier and safer	
Impact measures	
<p>Healthy and safe workplaces, as measured by the rate of serious workplace injuries in priority sectors.</p> <p>Note (a): the Department of Labour’s priority sectors are agriculture, construction, forestry and manufacturing.</p> <p>Note (b): Maritime New Zealand investigates serious workplace injuries in the fishing industry.</p>	<p><i>Decreasing workplace injuries</i></p> <p>Baseline: Incidence rate for claims involving entitlement payments for work-related injuries in priority sectors:</p> <ul style="list-style-type: none"> › 27 claims per 1,000 workers in the agriculture and forestry sector (includes serious workplace injuries in the fishing industry) › 24 claims per 1,000 workers in the manufacturing sector › 24 claims per 1,000 workers in the construction sector. <p>Source: Work Related Claims, Injury Statistics, Statistics New Zealand (2009).</p>
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.	<p><i>Improving compliance and action</i></p> <p>Baseline: 95 percent of workplaces addressed compliance or enforcement requirements within six months (December 2010).</p> <p>Source: Operational Data, Department of Labour (2010).</p>

■ What we will do to achieve this

Labour market decision-makers are better informed

The Department provides vital information on the performance of the labour market, including advice on emerging labour market challenges and opportunities, to the Government and stakeholders. The Department will provide labour market intelligence to ensure that opportunities for employment and economic growth are maximised.

The Department will support cross-agency initiatives to improve workforce development and maximise the impact of the Government's investment in infrastructure development.

Specifically, the Department will focus on:

- › developing and refining the range of labour market information and tools to ensure the information it collates is relevant, timely, and accessible
- › working with central and local government, businesses, and other business and community organisations by providing practical and robust advice to inform and influence activities focused on getting people into jobs, meeting skill shortages, ensuring labour supply and demand are well aligned, improving workforce productivity, and supporting long-term economic growth, as well as, in collaboration with other agencies and organisations:
 - working with central and local government agencies to identify skills and labour market needs to help shape and support the long-term recovery of Christchurch
 - improving Auckland's economic performance by working with the Auckland Council and others to improve regional labour market performance
 - supporting the identification of short- to intermediate-term job opportunities and potential for job creation by extending reports to

include likely areas of employment growth, particularly for lower-skilled, unemployed and young people

- improving the labour market resilience of vulnerable groups (Māori, Pacific peoples, lower-skilled and young people)
- supporting the development of interagency work on the youth 'pipeline' initiatives aimed at refocusing efforts on how to find, connect and deliver services to young people who are not in employment, education or training
- supporting New Zealand's export-related and tradeable sectors by helping address relevant skills and labour issues through regional and industry-led engagements
- supporting actions to improve the literacy, language and numeracy skills of the workforce
- developing cross-agency proposals on options to address identified skills challenges over the next 10 years.

Employers have greater access to the skills and workers they need

The Department will work with other agencies to ensure that the Government's significant investment in the skills system and infrastructure, and role as a procurer of services, such as aged-care services, will improve employment and skills outcomes and contribute to economic growth. The Department will also contribute to initiatives in industries and sectors that have the potential to improve employment and skills outcomes and economic growth. Opportunities include:

- › scoping joint agency work to support the increased demand for workers in the aged-care sector
- › building employer and sector knowledge and capability to maximise working relationships with migrant employees from diverse backgrounds, such as in the dairy sector

- › contributing to industry-led initiatives to increase productivity, such as those in the building, housing and construction sector
- › supporting sector-led initiatives in the information and communications technology sector, such as meeting increasing demand for entry-level staff in the animation industry.

Although New Zealanders are given preference in the labour market, employers continue to seek migrants to fill positions in areas of skill and labour shortages. A focus of the Department will be:

- › providing authoritative labour market analysis to inform immigration and skills policy
- › developing an attraction and retention strategy and working with employers and industry groups to address skill and labour shortages, which includes people entering New Zealand under the Recognised Seasonal Employer Policy.

Employer–employee relationships are improved

The Department is focused on ensuring the regulatory framework for employment relations provides flexibility in the workplace to create employment and lift productivity. Activities include:

- › completing a stock-take of the employment relations secondary regulations to assess their quality and identify opportunities for reducing compliance costs
- › examining the need for further clarification of the status of independent contractors in the labour market
- › reviewing the status of the Employment Court
- › implementing changes to the Holidays Act 2003 and Employment Relations Act 2000.

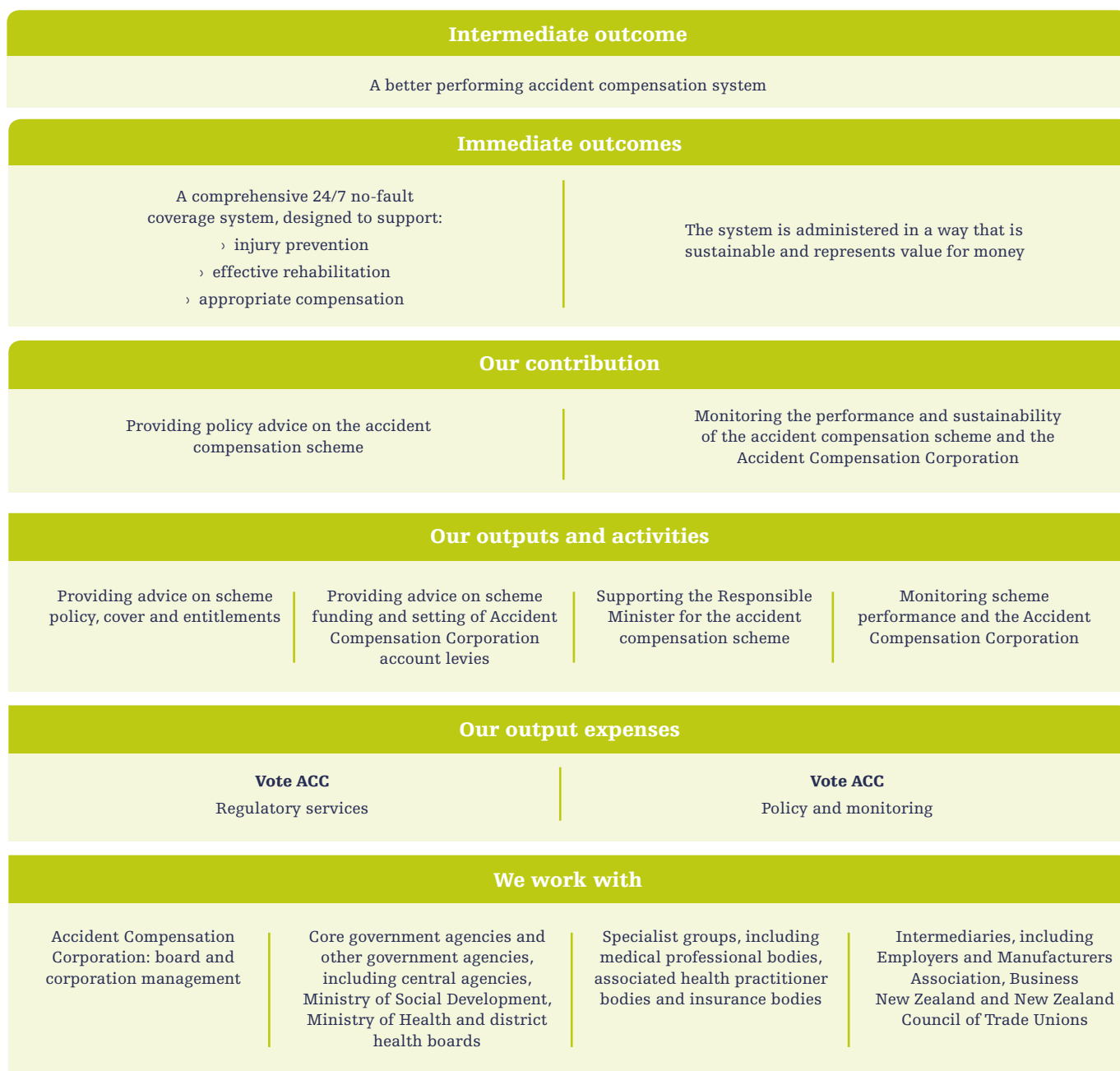
Workplaces are healthier and safer

The Department’s focus on promoting workplace productivity by reducing workplace accidents includes:

- › implementing the Workplace Health and Safety Strategy National Action Agenda – for the next year the Department will focus on:
 - developing sector action plans for construction, forestry, agriculture and manufacturing
 - developing an occupational health action plan
 - undertaking operational activity to support this strategic direction with a focus on reducing accidents on quad bikes and falls from heights in construction.
- › implementing the outcomes of the review of safety in the adventure tourism industry
- › supporting business leaders to take greater leadership of, and promote, improved health and safety practices in workplaces through the Department’s support of the Business Leaders’ Forum
- › undertaking an investigation into and supporting inquiries into the Pike River Coal Mine tragedy.

The Department will also contribute to the Minister for the Environment’s priority of reviewing frameworks for managing the risks posed by chemical and biological hazards. The Hazardous Substances and New Organisms Act 1996 is administered by the Ministry for the Environment and enforced within workplaces containing hazardous substances by the Department of Labour.

Intermediate outcome 3: A better performing accident compensation system



■ What we are seeking to achieve

The accident compensation scheme provides all New Zealanders with 24/7 no-fault personal injury cover. Affordable, efficient compensation and rehabilitation so people can be appropriately compensated after an accident and return to work quickly after injury are essential for economic growth.

A departmental priority is to improve the scheme, consistent with the Government's commitment to a 24/7 no-fault comprehensive accident compensation scheme.

The objective is for the scheme to continue to be both accessible and affordable for all people in New Zealand and to ensure the system delivers rapid and sustainable rehabilitation after injury. This objective mitigates both the economic and

personal cost of injury and the associated loss of productivity. However, the scheme's costs have increased dramatically over recent years, while rehabilitation rates deteriorated significantly. Changes are needed to ensure it delivers better value for money.

The immediate outcomes the Department seeks to achieve for a better performing accident compensation system are:

- › 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.

■ How we will demonstrate success in achieving this

Indicators of success	Desired result or trend
A better performing accident compensation system	
Outcome measures	
Healthy and safe workplaces, as measured by the rate of serious workplace injuries per 100,000 workers.	<p><i>Improving safety</i></p> <p>Baseline: 20 serious workplace injuries per 100,000 workers (2009). Source: Chart-book of the New Zealand Injury Prevention Strategy Serious Injury Outcome Indicators (1994-2009).</p>
Effective rehabilitation, as measured by durable return to work rates.	<p><i>Improving rehabilitation</i></p> <p>Baseline: Durable return to work rate was 77 percent for New Zealand compared to 75 percent for Australia (2009/10).³ Source: Return to Work Monitor New Zealand, Campbell Research & Consulting (2010).</p>
A comprehensive 24/7 no-fault coverage system, designed to support injury prevention, effective rehabilitation and appropriate compensation	
Impact measures	
Claimants' concerns about compensation and coverage being reviewed, as measured by results from an independent disputes resolution process.	<p><i>Reducing the number of claimant cases necessitating an independent disputes resolution process</i></p> <p>Baseline: 239 District Court decisions; 72 percent of decisions upheld the Accident Compensation Corporation's original operational decision. Source: New Zealand Legal Information Institute/Ministry of Justice (2010).</p>
Provision to Minister of authoritative, strategic and integrated advice on improving the labour market and its contribution to the economy.	<p><i>Maintaining (or improving) ratings</i></p> <p>Baseline: The Minister for ACC's rating of 'satisfied', and the New Zealand Institute of Economic Research's assessment of 7.3 out of 10 for quality policy advice for Vote ACC. Source: Discussions with the Minister for ACC as reported in the Department of Labour's Annual Report (2009/10); and the New Zealand Institute of Economic Research, Quality of Policy Review 2010: Report to the Department of Labour (2009/10).</p>
The system is administered in a way that is sustainable and represents value for money	
Impact measures	
Fund performance of accident compensation investment, as measured by monitoring progress relative to the agreed benchmark on level of returns.	<p><i>Maintaining (or increasing) fund performance relative to market benchmarks</i></p> <p>Baseline: Investment level return on funds under management for 2010: 12.6 percent. Source: Annual Portfolio Report, Crown Ownership Monitoring Unit (2010).</p>
System performance, as measured by: <ul style="list-style-type: none"> › progress to full funding of Accident Compensation Corporation accounts › the rate of change in levy rates › the rate of change in the Government's direct investment › the number and cost distribution of claims to Accident Compensation Corporation (workplace injuries). 	<p><i>Increasing system performance</i></p> <p>Baseline:</p> <ul style="list-style-type: none"> › levy rates: The levy rate of the Work Account is set at \$1.47 per \$100 liable earnings for 2010/11 (GST excl) › direct investment: Non-departmental output expenses totalled \$1,262,910,000 for 2009/10 (actual) › number and cost distribution of claims: 78 percent of claims for workplace injuries cost a maximum of \$500; approximately 21 percent of claims are in a cost range of \$501 to \$20,000, with a very small number of claims costing more than \$20,000. <p>Source: Annual Report, Accident Compensation Corporation (2009/10); Annual Report, Department of Labour (2009/10).</p>

Note: The Department is refining its impact measures to better reflect what the Department can contribute to and be held responsible for in comparison with the Accident Compensation Corporation's functions and role.

3. The durable return to work rate is the proportion of injured workers who had returned to work and were still working at the time of interview, seven to eight months after making their claim.

■ **What we will do to achieve this**

A comprehensive 24/7 no-fault coverage system, designed to support injury prevention, effective rehabilitation and appropriate compensation

To improve the accident compensation system, the Department will provide advice to the Government on:

- › making the scheme more efficient through better pricing incentives for both injury prevention and rehabilitation that will be achieved through the implementation of experience rating
- › reducing employer compliance costs through the promotion and expansion of the Accredited Employers Programme and the provision of a greater range of risk-sharing arrangements tailored to small and large employers
- › developing future options for choice concerning the ongoing development and improvement of the accident compensation scheme, including consultation in 2011 on a proposal to allow employers to insure with the Accident Compensation Corporation or a registered private insurer of their choosing
- › establishing an independently owned dispute resolution service that is separate from the Accident Compensation Corporation and developing an independent approach to the administration of disputes involving the Accident Compensation Corporation.

The system is administered in a way that is sustainable and represents value for money

For New Zealand's unique accident compensation scheme to be affordable, recent performance gains must be sustainable and durable. The Department will give high priority to policy work that:

- › locks in performance gains relating to scheme costs and scheme debt (the outstanding claims liability)
- › enables sustainable scheme performance and ensures increases in levies or appropriations to achieve full funding are necessary and justifiable
- › ensures that each account becomes solvent or fully funded by 2019, noting that for the Non-Earners' Account this imperative applies only to claims after 2001.

The Department's priorities for improving monitoring of the scheme and the Corporation's performance are:

- › providing prompt advice to the Government on scheme issues
- › supporting Government decisions on strategic scheme issues by providing better quality information and using more transparent processes
- › ensuring recent improvements by the Corporation can be sustained
- › benchmarking the Corporation's performance against comparable jurisdictions in New Zealand and overseas
- › locking in performance gains from the Corporation's improved rehabilitation rates.

Managing in a changeable operating environment

■ Managing change

The external challenges facing the Department are described in the section about the Department's strategic direction (see page 10).

The Department is transforming itself so it can meet economic and environmental challenges and opportunities. It is now entering year three of a five-year change programme to radically transform its business structure and operations. This will ensure that the Department operates efficiently and effectively, meets the expected needs of current and future governments, and manages ongoing financial pressures.

Changes to date include:

- › a 'one-department' approach with consistent and aligned policies, processes and systems, new departmental values and a service promise, and an explicit relationship approach underpinning how all departmental staff are to work, both with each other and with other stakeholders (which took effect from 1 July 2010).
- › recruiting a new strategic leadership team based on three delivery groups supported by corporate functions and establishing strong governance structures and leadership capability (recruitment will be completed in 2010/11)
- › centralising corporate functions to provide shared services to the whole Department, reduce duplication, and better support the Department's delivery groups (which took effect from 1 July 2010)
- › creating an integrated policy, research and evaluation function across all four Votes to enable sustainable funding and increase the quality of labour market information and advice (which took effect from 1 December 2010).

The changes listed above have already realised more than \$20 million,⁴ some of which has been returned to the Crown and some reinvested to continue the necessary transformational change.

Customers of the Department's services expect it to provide its services efficiently, accurately, and cost effectively, while also expecting high levels of service. Changing patterns of demand and changing operating environments require delivery models that are flexible and can respond quickly without increasing costs. To meet these challenges the remainder of the transformation is focused on:

- › developing and aligning the information and communications technology infrastructure to support business needs
- › identifying business process and operational improvements across the Department to reduce costs
- › continuing to ensure functional alignment with government priorities
- › moving to more flexible, lower-cost delivery models, particularly in the delivery of immigration, health and safety, and employment relations services. Two recent examples are:
 - new mobile service delivery approaches developed in response to the Canterbury earthquakes
 - service improvements and changes in branch configuration in China to meet increased demand for visas created by the establishment of new direct air links.

The immigration and labour change programmes will drive this transformational work, together with smaller projects ensuring the Department maximises results while moderating and managing risks.

4. A cost reduction of \$17 million was realised for Budget 2009 with \$6 million returned to the Crown and \$11 million reinvested into the Department's change programme. This was followed by a further cost reduction of \$3.4 million.

■ Managing risk

The Department has a risk management framework modelled on the Australian/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. These risks are addressed through action plans. Treatments for these risks and actions to address risks 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 when developing and reviewing their business plans. Anyone developing a project plan must consider, assess and manage risks.

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

Table 4 summarises the key risks the Department faces.

Table 4: Key risks the Department faces

Risk	Treatments (page reference in this document)
If strategic leadership opportunities were not recognised or maximised.	<p>Establish the Policy and Research Group to provide integrated labour market and immigration advice (pages 7 and 34)</p> <p>Work in partnership with other agencies to implement agreed sector strategies and action agendas, for example, attraction (pages 22 and 29), border sector (page 23), and health and safety (page 12)</p> <p>Improve stakeholder management processes (page 36) and work with key agencies to maximise outcome contribution (pages 18, 24 and 30 – from outcome diagrams)</p>
If the quality and responsiveness of services to the public were not maintained or improved.	<p>Improve business processes and service delivery, for example:</p> <ul style="list-style-type: none"> › Improve business development in immigration (page 13) › Review immigration and labour service delivery models (pages 13 and 37) › Upgrade the Department's business systems and processes (page 38)
If information management and technology infrastructure were unable to support ongoing organisational and business information technology systems and services.	<p>Upgrade the Department's business systems and processes (page 38)</p> <p>Better integrate strategy, planning, budgeting, and risk and portfolio management (page 38)</p> <p>Improve financial management and planning (page 38)</p> <p>Implementing the Electronic Document and Records Management System (page 38)</p>
If the Department were unable to recruit, retain and develop the staff necessary to deliver the Department's work programme effectively and meet customer expectations.	<p>Improve departmental reputation (pages 36–38)</p> <p>Create performance development plans (page 37)</p> <p>Build leadership skills (page 37)</p> <p>Build staff skills through the core curriculum and technical training (page 37)</p> <p>Undertake supportive work environment initiatives (page 37)</p>
If change and required response to external events (eg, Pike River Coal Mine tragedy, Canterbury earthquakes) were to put pressure on core service delivery and performance improvement.	<p>Develop an integrated one-organisation approach (page 34)</p> <p>Undertake supportive work environment initiatives (page 37)</p> <p>Update the Risk Management Framework (page 38)</p>
If the Department were unable to demonstrate value for money and improved financial management.	<p>Revise outcome framework (page 17) and associated reporting on ministerial priorities and financial and non-financial performance measures</p> <p>Better integrate strategy, planning, budgeting and risk and portfolio management (page 38)</p>

Organisational health and capability

The Department has four organisational development goals that are driving organisational change. The goals will help to ensure that the Department has the capability to meet the needs of current and future governments and deliver positive outcomes for New Zealand.

The first two goals ensure the Department has the optimum business model to deliver high-quality services to its customers. The second two goals ensure the Department has the inputs, systems and processes it needs to be a high-performing, sustainable organisation.

The following section discusses the priorities for these goals for the next three to five years.

■ Goal 1: Knowledgeable, influential and collaborative experts on labour and immigration

Goal 1 envisages that the Department's staff will be highly skilled and their expertise recognised, acknowledged and sought after across the wider public domain. Government as a whole will acknowledge the Department as a leader, value its work highly, and constantly seek its input and advice.

Actions to achieve this goal include:

- › providing integrated policy advice and a strategic overview of the labour market and immigration – the Department is strengthening its ability to synthesise and generate innovative solutions to issues by drawing on experience and knowledge from across the whole Department
- › improving stakeholder engagement to strengthen how the Department works on shared outcomes with other agencies and organisations

- › progressively developing an integrated research, evaluation and monitoring work programme to improve the evidence base for labour and immigration to better target the Department's services and advice
- › using the Māori Strategy 2008–2013 and Pacific Strategy 2010–2015 and their associated implementation plans to guide, prioritise and coordinate the Department's work with Māori and Pacific communities and strengthen its internal capability and capacity to deliver positive outcomes for Māori and Pacific people.

■ Goal 2: A facilitative, responsive and effective regulator providing high-quality and innovative services

Goal 2 envisages that improvements to the Department's business intelligence, processes and models will increase its ability to provide comprehensive services on labour and immigration.

Actions to achieve this goal include:

- › providing integrated and efficient services as a result of recent organisational change and using existing good practice from across the Department and other organisations to deliver innovative and cost-effective frontline services
- › improving the use of information and analysis to support innovative solutions and better decision-making, including

improving the Department's knowledge of customer needs and their experience of services received and providing cost-effective frontline services

- › sharing learning and identifying opportunities for whole-of-department approaches when undertaking business improvement, including:
 - reviewing existing business models for frontline services and moving to lower-cost delivery and processing channels
 - refining regulatory and enforcement frameworks and how the Department targets its resources.

■ Goal 3: Our people, working environment and shared culture support excellent performance

Goal 3 envisages that the Department's culture will develop and mature around its values and service principles. The Department's people will be empowered in their work through training and support and by effectively using all departmental systems. A special focus will be on leadership at all levels of the organisation.

Actions to achieve this goal include:

- › developing the technical skills and competencies that staff will need in the future, through performance development plans, and helping staff to manage the transition to improved business service delivery models
- › building leadership skills by using training and development to strengthen the confidence and ability of managers and

equip them to take new initiatives and achieve results by working collaboratively

- › developing a supportive work environment that:
 - builds a shared culture based on the Department's core values – integrity, respect, excellence – and that is collaborative, positive, dynamic and innovative
 - uses action plans to build staff engagement, which is a key building block for a high-performing organisation
 - promotes a collaborative and service-oriented approach that is based on the principles set out in the Department's internal culture for how the Department works.
- › developing an Equality and Diversity Strategy and implementation plan – draft strategy goals have been identified following analysis of engagement, integrity and conduct results, exit questionnaires, and human resource data, with consultation proceeding to validate themes and identify practicable actions for the Strategy.

■ Goal 4: A highly capable Department with integrated systems, processes and policies

Goal 4 envisages that strong integration and connections across the organisation will provide the mechanism for all to share knowledge and easily draw on the experiences of others and to reduce manual effort and duplication in business processes.

Actions to achieve this goal include:

- › realising greater efficiency from the corporate model, with a focus on maximising value from centrally provided corporate services
- › upgrading the Department's business systems and processes to ensure they do not constrain a more customer-focused, flexible and effective delivery approach, including:
 - refreshing the Department's Information Systems Strategic Plan to enable the Department to make consistent and transparent information systems investment decisions
 - phasing the implementation of the Electronic Document and Records Management System, which will improve storage and the sharing of information
 - improving the Department's external websites to ensure they inform, engage and interact with key audiences and support and enhance the Department's strategic outcomes
 - improving the use of information available through the Department's data warehouse to provide greater visibility of the Department's performance.
- › better integrating strategy, planning, budgeting, risk, and portfolio management processes by:
 - using the Financial Management Information System adopted in 2010 to improve budget management and forecasting
 - updating the Risk Management Framework and addressing implications for departmental policies and practices
 - centralising organisational strategy, planning and monitoring processes and better aligning business planning and project approval and development.
- › implementing additional performance improvement actions arising from the performance improvement framework review that the Department will undertake and from government-wide work on improving administrative and support services.

■ Monitoring organisational capability

Table 5 shows the main measures and standards the Department will use to monitor progress on building organisational capability.

Table 5: Measures for monitoring progress on building organisational capability

Aspect of performance	Indicators of success	Desired result or trend
External customer satisfaction Note: customers are employers and the public who have had telephone, in person, letter/fax, or email contact with the Department within the last 12 months	Percentage of customers satisfied that departmental staff 'did what they said they would'	<i>Maintain or improve satisfaction</i> Baseline: 63 percent of surveyed employers and 60 percent of surveyed public (2010). Source: Brand Health Survey, Department of Labour (2010).
Public trust	Percentage of the public who would recommend using departmental services to friends and colleagues	<i>80 percent or higher</i> Baseline: 81 percent of the public (2010). Source: Brand Health Survey, Department of Labour (2010).
Quality policy advice	New Zealand Institute of Economic Research (NZIER) assessment of policy papers in comparison with those from other government agencies	<i>Maintain or improve rating</i> Baseline: fourth of 19 agencies (2009/10 actual). Source: New Zealand Institute of Economic Research, Quality of Policy Review 2010: Report to the Department of Labour (2009/10).
Effectiveness for Māori	Implementation of Māori strategy	<i>Business group implementation plans in place by 30 June 2012</i> <i>Review of strategy by 30 June 2013.</i> Source: Quarterly reporting to Strategic Leadership Team.
Effectiveness for Pacific people	Implementation of Pacific strategy	<i>Business group implementation plans in place by 30 June 2012</i> Source: Quarterly reporting to Strategic Leadership Team.
Staff turnover	Core unplanned turnover relative to public service average	<i>Core unplanned turnover is no greater than the previous year's public service average of 11 percent</i> Baseline: 12.6 percent core unplanned turnover (December 2010). Source: Quarterly reporting to Strategic Leadership Team.
Staff engagement	Participation in annual staff engagement survey Staff satisfaction with the Department as a place to work	<i>90 percent or higher</i> Baseline: 86 percent (2009/10 actual). Source: Annual staff engagement survey. <i>3.75 or above (grand mean)</i> Baseline: Grand mean 3.71 (2009/10 actual). Source: Annual staff engagement survey.
Core corporate services' performance	Internal customer satisfaction with core corporate services' performance	<i>75 percent or higher</i> Baseline: New measure – baseline to be established during 2011/12. Source: Internal Survey, Department of Labour.

Aspect of performance	Indicators of success	Desired result or trend
Financial performance	Office of the Auditor-General grading for: <ul style="list-style-type: none"> » Management control environment » Financial information system and controls » Service performance information and associated systems and controls 	<p><i>Rating of good</i> Baseline: Good (2009/10 actual).</p> <p><i>Rating of good</i> Baseline: Very good (2009/10 actual).</p> <p><i>Rating of good</i> Baseline: Needs improvement (2009/10 actual). Source: Office of the Auditor-General rating (grades used are poor, needs improvement, good, and very good).</p>
Administrative and support services	Total administrative and support services costs as a proportion of total running costs for the Department	<p><i>Reduction of costs by at least 1 percent on previous year's result</i> Baseline: New measure. Source: Annual data return to the Treasury.</p>

■ Departmental capital and asset management intentions

Asset management capability

The Department has been improving its asset management. These improvements will continue with the introduction of a new motor vehicle policy. Work will also continue to ensure 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 information technology-related assets. The performance of these assets is managed centrally following departmental policies that ensure assets are maintained at an acceptable performance level.

Performance criteria are set for particular asset categories or identified assets (Table 6).

Table 6: Performance criteria for asset categories

Asset	Performance criteria	Assessment
Leasehold improvements	Occupancy rates	All locations are fully utilised
Motor vehicles	Business mileage used	Annual mileage is monitored and those with low or high mileage are investigated
Information technology equipment and software	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 five-year planning process is conducted to ensure the Department invests in capital items that are of the highest priority for meeting the needs of the organisation and replaces assets at the optimum time.

The Department forecasts for capital expenditure over a five-year period are shown in Table 7. For 2011/12 to 2014/15 the forecast is for replacement items only and does not represent approved capital spend or new capital projects. The Department will undertake approval of the 2011/12 capital expenditure (including new assets) as part of its annual planning process.

Table 7: Capital expenditure forecasts 2010/11–2014/15

Asset	Forecast (\$m)				
	2010/11	2011/12	2012/13	2013/14	2014/15
Leasehold improvements	2.854	4.748	7.050	7.160	2.720
Motor vehicles	0.200	2.430	0.648	1.540	0.696
Information technology equipment and software	19.643	15.571	10.025	11.036	19.600
Other	0.347	0.200	0.200	0.200	0.200
Total	23.044	22.949	17.923	19.936	23.216

Included in the 2011/12 forecast are the following capital expenditure projects.

- › *Leasehold improvements* – Included in the programme are projects that started in 2010/11, but are forecast to be completed in 2011/12. These projects include work at Christchurch airport that is occurring later than expected.
- › *Motor vehicles* – The Department’s motor vehicle replacement programme has been put on hold until the completion of a review of motor vehicle usage. This review is expected to be completed by 30 June 2011 and the replacement programme will resume for 2011/12.
- › *Information technology equipment and software* – The Department continues to invest in the infrastructure of its information technology equipment. Much of the spend is on reinvestment following the capital injection over the previous four years and recognises the need to maintain this pool of assets.

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