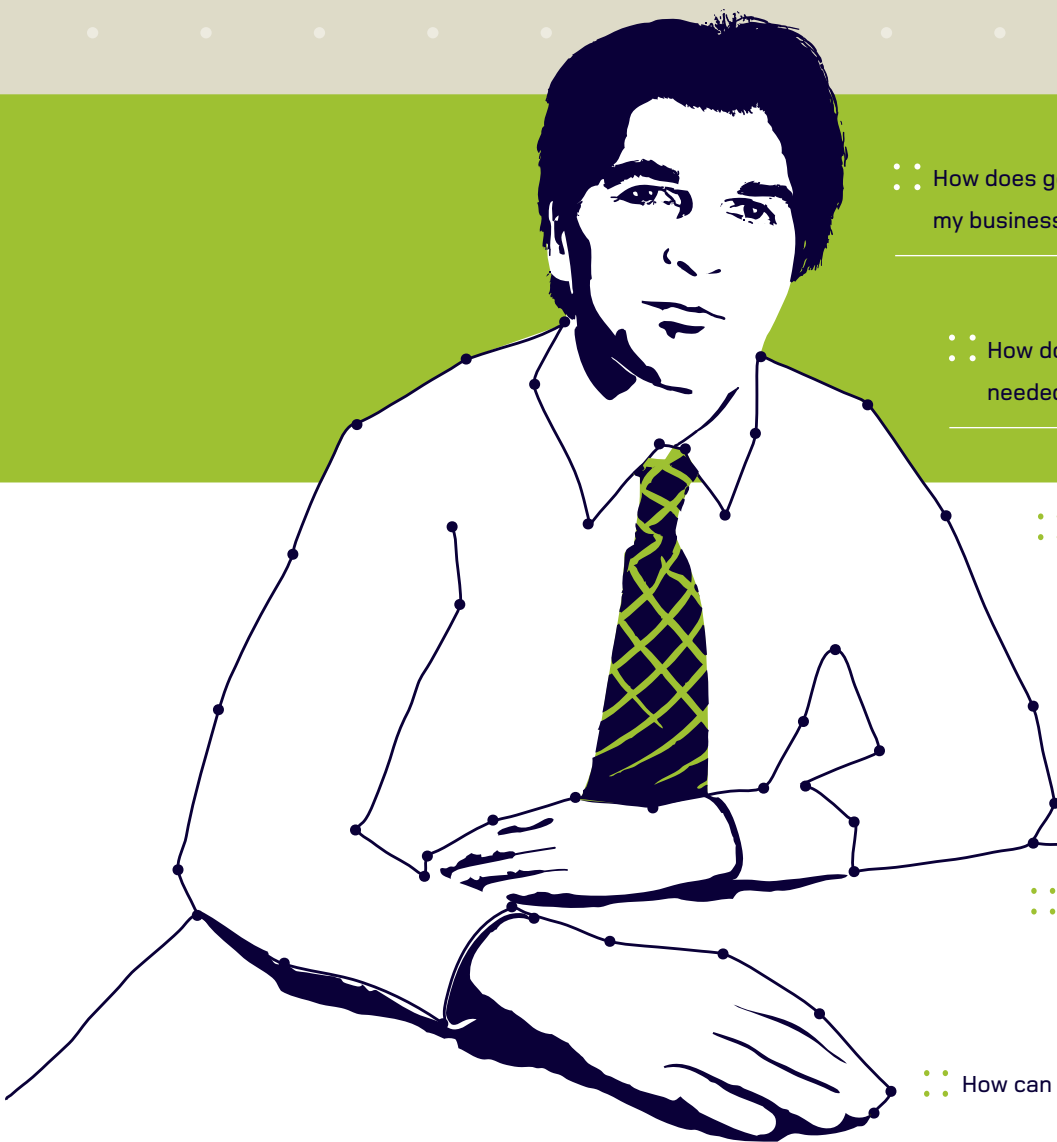


**WE'RE HELPING
NEW ZEALAND
WORK BETTER**

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2005





⋮ How does good practice help my business?

⋮ How do I know if my skills are needed in New Zealand?

⋮ What's going to happen in the labour market?

⋮ How can I make my workplace healthier?

⋮ How do I find the right people for my business?

⋮ How can I get help on employment issues?

DEPARTMENT OF LABOUR
Wellington
October 2005

The Hon Minister of Labour

I have the honour of presenting the Annual Report of the Department of Labour Te Tari Mahi for the period 1 July 2004 to 30 June 2005.



James Buwalda
Secretary of Labour

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DEPARTMENT OF LABOUR

Operational highlights for the 2004/05 year

We ensured new workers and their skills were available to the labour market by:

- ∴ approving 48,815 people for residence this year, issuing 113,719 work permits
- ∴ granting 8,321 principal applicants and their families residence under the Skilled Migrant Category – 91% of the principal applicants had jobs or job offers relevant to their occupations
- ∴ approving 2,973 residents under the Samoan Quota and Pacific Access Category – all the principal applicants had jobs or job offers

We played a key role in changes to the following legislation:

- ∴ Parental Leave and Employment Protection Act 1987
- ∴ Employment Relations Act 2000
- ∴ Injury Prevention & Rehabilitation Compensation Amendment Act 2001

We played a key role in developing:

- ∴ an enhanced Labour Market and Employment Strategy *Better Work, Working Better*
- ∴ the Workplace Health and Safety Strategy
- ∴ the Workplace Productivity Agenda

“ “

We improved the quality of people's working lives through:

”

- making 8,936 health and safety workplace visits

- undertaking 8,492 health and safety compliance assessments

- answering 236,967 employment relations contact centre calls

- answering 8,036 health and safety contact centre calls

- our employment relations website, www.ers.govt.nz, which had 408,395 visits this year

- our health and safety website, www.osh.govt.nz, which had 309,808 visits this year

- implementing the Holidays Act 2003

“ “

We represented New Zealand's international labour and security interests through:

”

- our work with leading international agencies, such as the UN's International Labour Organisation and APEC

- helping to build the capacity of Pacific nations' immigration processes and infrastructure

- negotiating New Zealand's first-ever Free Trade Arrangement on Labour with the Kingdom of Thailand

CHIEF EXECUTIVE'S OVERVIEW



● JAMES BUWALDA – *Chief Executive*

The Department of Labour has always played an important role in helping New Zealand work better. Our work matters because it affects people's lives – their opportunities to work, the quality and value of the work they do, and their overall quality of life. We are now playing an increasingly vital role in helping to secure New Zealand's economic future.

Over the past five years, the New Zealand labour environment has changed dramatically. We now have over 270,000 more people in employment than in 2000. Our unemployment rate of 3.7% is the lowest in the developed world and our labour force participation rate has reached an all-time high.

This rapid growth creates new challenges for us as a nation – rather than a shortage of jobs, we now have a growing and increasingly urgent shortage of appropriately skilled workers. While our economy has grown, this has predominantly been through increasing numbers in the workforce. And economic growth based on workforce growth in an environment of high participation, low unemployment and skill shortages such as New Zealand is experiencing at the moment, is simply not sustainable.

The challenge is very clear: How to build on New Zealand's successes, to help create a dynamic and adaptable labour environment, where real productivity gains are sustainable, long into New Zealand's future.

The Department is one of a number of government agencies who are facing this challenge head-on. For us it has meant a reassessment of what we did, how we did it and how we could do things better. Throughout the 2003/04 year, we redeveloped our strategic focus and started a major organisational restructure. On the first day of this reporting year, 1 July 2004, our new Strategic Leadership Team, structure and refined outcome framework were in place. Within this new structure, the Department now provides its services through two labour market service delivery and policy advice groups, Workforce and Workplace, two labour market support groups, Work Opportunities and Strategy, and three departmental support groups, Corporate, Legal and Māori Perspectives.



The Department's reorganisation is an enormous undertaking, one that will take three to five years to complete. This year we have put in place the second and third tiers of management across the organisation. Implementation is carefully managed, so all levels of the Department can remain focused on our core day-to-day business and the many national, regional and sectoral projects and initiatives in which we are involved. This year we not only achieved our business-as-usual goals, but also achieved a number of significant milestones.

Firstly, we developed an enhanced Labour Market and Employment Strategy for the Government, *Better Work, Working Better* – the key to the role the labour market can play.

We exceeded our immigration programme target of 45,000 new residents, and continued to identify and implement changes to immigration criteria and practices to help ensure our changing workforce needs were met. These included a redefinition of the Skilled Migrant Category, targeted marketing to potential immigrants and ensuring that social services were individually customised to provide the support each needed while settling in to their adopted country. Through changes to the ballot criteria, we exceeded our targets for Pacific migrants for the first time. We also set up a new decision-making unit for high risk immigration applications.

The Department worked closely with key industries, such as roading, horticulture and viticulture, tourism and fishing, on short-, medium- and long-term labour and skills action plans to help ensure they have the skilled labour they need to thrive.

We launched the workplace productivity agenda and are now taking it forward through the Workplace Productivity Reference Group. We established the Pay and Employment Equity Unit, the Partnership Resource Centre, and the Small Business Information Unit to provide small businesses with the information they need from us and to assist our own learning about this key sector. Our online Employment Agreement Builder continued to be popular and won two awards.

In June 2005, the Associate Minister of Labour launched the Workplace Health and Safety Strategy for New Zealand to 2015. Addressing one of the six national priorities in the New Zealand Injury Prevention Strategy – Workplace injuries (including occupational diseases) – the Strategy provides a framework for the workplace health



and safety activities of government agencies, local government, unions, employer and industry organisations, other non-government organisations, and workplaces.


In September 2004, Cabinet substantially increased its expectations of the Department in terms of local and regional labour market knowledge, analysis, engagement and communication. This new 'knowledge' leadership role was taken up by Work Opportunities, and required a major change in focus, priorities and outcomes for the group. At the same time, Cabinet moved the work of the community-based labour market development role from the Department to the Ministry of Social Development.

We completed, and are continuing to work on, some significant legislative and policy changes. For example, we helped amend the Employment Relations Act 2000, implemented the new Holidays Act 2003, supported advances in paid parental leave, led an update of the Injury Prevention and Rehabilitation Compensation Amendment Act, and developed proposals for Cabinet on attracting New Zealanders back from overseas. The Immigration Advisers Licensing Bill has been introduced to Parliament and we've started a major review of the entire Immigration Act.

To help cement the change and reposition ourselves in the marketplace, we developed a new department-wide identity, which was launched simultaneously in the Statement of Intent 2005/06 in March 2005 and on our www.dol.govt.nz website. Our new logo represents looking ahead, and focusing on the interests of New Zealand and its people.

And throughout the year, we continued to effectively deliver day-to-day services to our customers. Our workplace call centre answered over 200,000 calls, we provided health and safety advice nationwide, we settled migrants, helped with employment disputes and processed 385,862 visas.

As the year progressed and the labour environment and Government strategy evolved, so did our vision of how and what we could achieve within the dynamics of our new structure and new strategic goals. We further refined our outcomes for the coming year, clearly identifying where we want to be through a new set of long-term goals, with progress towards these measured through prescribed short- and medium-term goals.



As we continue to improve our abilities to help achieve the Government's economic and social goals, the next important step for the Department is its Strategic Baseline Review. Begun in partnership with Treasury and the State Services Commission in March 2005, the review builds on our work in the 'Connecting for Outcomes' re-organisation and our new Statement of Intent, by confirming our key business areas, identifying improvements in what we do and how we operate, identifying new areas for development, and ensuring that these areas and improvements are appropriately resourced.

Finally, the Department's staff make a vital contribution to New Zealand's future, through their day-to-day work and through the wide range of projects and initiatives in which they are involved. I want to take this opportunity to thank them all for their hard work and commitment through this time of change.

Throughout, we have never lost focus on what the change was all about: to create a single, outcome- and customer-focused Department, better able to deliver better services to our stakeholders.

Naku noa na.

James Buwalda
Chief Executive
Department of Labour

OUR WORK

The Department of Labour – who we are and what we do

As the experts on a critical part of the economy – the labour market – the Department of Labour works for and with New Zealanders to improve their working lives and the quality of the work they do.

Through our day-to-day work, as well as through a wide range of specific projects and initiatives, we make important contributions towards achieving the Government's economic and social objectives.

The Department manages four financial votes and provides services to the following Ministers and their associates:

- Vote: Labour – Minister of Labour
- Vote: Immigration – Minister of Immigration
- Vote: Employment – Minister for Social Development and Employment
- Vote: ACC – Minister for ACC.

Legislation

We administer more than 20 statutes and 80 sets of regulations relating to:

- employment relations and issues such as wages, holidays and employment conditions
- workplace health and safety
- hazardous substances and dangerous goods
- injury prevention, rehabilitation and compensation
- immigration and border security.

A complete list can be found on pages 150-152.

Responsibilities

The Department's responsibilities include:

- working with industries, regions and educational agencies to address skill shortages and ensure skills training contributes to higher-value work and higher productivity
- helping create a highly-skilled workforce by attracting and retaining skilled migrants and encouraging New Zealanders living abroad to come back and work in New Zealand
- helping employers and employees increase productivity by encouraging workplace health and safety, fairness and innovation
- researching the labour market, disseminating information and providing the Government with policy advice on labour market issues such as productivity, employment skills, immigration, workplace health and safety, accident compensation and international labour matters
- helping maintain the security of our borders and assisting refugees and migrants to settle so they are able to participate in the economic and social life of their communities
- making around 400,000 decisions each year on visa and entry permit applications to enter New Zealand
- providing information and support relating to health and safety and employment relationships to help prevent problems from arising and to promote self-resolution of workplace issues

- managing the Government's relationship with the International Labour Organisation and helping to manage labour market issues associated with our relationships with other countries and international organisations.

Our work is guided by an outcome framework, which is summarised on the following pages.

Better Work, Working Better

In order to create a healthy future labour environment for New Zealand, the Department has a vital role to identify and facilitate opportunities for change at all levels of New Zealand's labour market.

Better Work, Working Better is the Department's blueprint for change. It builds on and widens the scope of the previous employment strategy and was approved in May 2005 in response to the significant changes in the labour market over the last five years.

Better Work, Working Better focuses on the role the labour market can play in improving social and economic outcomes. Its four goals are:

- Participation – high levels of participation in high-quality, well paid and diversified employment
- Skills – a diverse, adaptable and highly skilled workforce
- Workplaces – high-quality and productive workplaces, within an effective regulatory environment
- Sectors and regions – high performing sector and regional labour markets.

The Department uses three key approaches to implement *Better Work, Working Better*:

- encouraging and supporting businesses and individuals to take action
- major change projects, such as the Workplace Productivity Agenda, and the Workplace Health and Safety Strategy
- aligning the activities and programmes of government agencies, industry and business organisations.