



Statement of Intent

➤ 2009/10–2012/13



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

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Ministers' Foreword

AS THE GLOBAL ECONOMY CHANGES AND THE NEW ZEALAND LABOUR MARKET FACES NEW CHALLENGES, THIS GOVERNMENT'S PRIORITIES ARE ON DELIVERING PROSPERITY, SECURITY AND OPPORTUNITIES TO ALL NEW ZEALANDERS.

A concerted effort is required to keep the economy running as strongly as possible in the short term, while making necessary changes to stimulate long-term economic growth.

The Department of Labour plays a vital role in this change process, and how it responds to these uncertainties and challenges is critical. The Government's immediate priority is to keep New Zealanders in work. The Department supports Government to achieve this through:

- » labour market information to inform decisions on labour market policies and programmes aimed at stimulating employment
- » skills plans for industries and sectors that provide opportunities for growth in employment and improved productivity
- » improved understanding of the causes of employment problems.

The Department will also support the further development of initiatives that arose from the Prime Minister's Summit on Employment, including providing enhanced advice to employers and workers about ways to manage through the recession. As New Zealanders must remain connected to the workforce and contribute to improving the New Zealand economy, the Department will also focus on ways to ensure potential workers have the skills they need to work productively. In particular, it will focus on improving the employment opportunities for young people, for older workers and for Māori.

Economic growth needs to be underpinned by sound immigration policies. The Government's top immigration priorities are to:

- » better match immigration to New Zealand's economic development needs
- » retain skilled workers and attract skilled expatriates back to New Zealand

- » focus on the effectiveness and efficiency of Immigration New Zealand.

Immigration policies must work better for New Zealand employers and take better account of changes in the economy. To achieve this, the Department will:

- » open up channels for investment by setting new investment capital and English language requirements for business migrants and better focusing policy on job creation and export earnings
- » streamline procedures for accredited employers to recruit internationally and more readily access skills and experience not available in New Zealand
- » introduce a Silver Fern Visa for top overseas tertiary graduates seeking highly skilled employment
- » develop a new Retirement Visa for high net worth retirees.

To facilitate the return of expatriate New Zealanders, the Department will assess how it can develop a one-stop information source for expatriate Kiwis and develop new policy initiatives to streamline processes for family members who do not have New Zealand residence.

To deliver world class immigration services, the immigration system needs to be strengthened. The new Immigration Act will provide the basis for a more efficient system. This legislation will be underpinned by other measures designed to strengthen the Department's immigration services. These include:

- » implementing the findings of the Office of the Auditor General and the State Services Commissioner
- » instituting an end-to-end review of Immigration New Zealand's business processes
- » maintaining the IT infrastructure supporting Immigration New Zealand's Application Management System (AMS)
- » developing a plan to replace AMS with a modern IT system.

Reducing compliance costs for business while maintaining fairness for employees is a priority. A flexible labour market that helps firms respond

effectively to changes in the economy is also a priority. The Department is to review aspects of the Employment Relations Act and Holidays Act to ensure that this legislation meets contemporary business needs and does not impose unnecessary costs.

The Government faces a major challenge with the rising costs of injury. There is an immediate need to undertake a stocktake of the accident compensation scheme and consider what legislative and operational measures may need to be implemented, while maintaining an efficient accident insurance scheme that is affordable for New Zealand families and businesses.

Underlying the financial pressure on the scheme is an increase in Accident Compensation Corporation (ACC) costs over recent years, and cost

containment measures are now required. Some of these areas will be addressed by amendments to the Injury Prevention, Rehabilitation, and Compensation Act 2001. For other areas, a full stocktake will be undertaken in each of the ACC accounts to identify how the scheme's performance can be improved to deliver value for money to levy payers and the taxpayer.

This Government is building a wave of momentum by identifying what will make the biggest contribution to growing the New Zealand economy. The Department's programme of activities will help build that wave. It presents an ambitious combination of measures that will both help sustain business activities during the downturn and lay a firm foundation for future economic growth.

Hon. Kate Wilkinson
MINISTER OF LABOUR

Hon. Dr Nick Smith
MINISTER FOR ACC

Hon. Paula Bennett
MINISTER FOR SOCIAL
DEVELOPMENT AND
EMPLOYMENT

Hon. Dr Jonathan Coleman
MINISTER OF IMMIGRATION

Ministerial Statement of Responsibility

I am satisfied that the information on future operating intentions provided by my Department in this Statement of Intent 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

20 April 2009

Introduction from the Secretary of Labour

THE DEPARTMENT OF LABOUR IS RESPONSIBLE FOR THE EFFECTIVE OPERATION OF THE LABOUR MARKET AS THE FOUNDATION OF ECONOMIC GROWTH.

New Zealand's economy has been greatly impacted by the global economic downturn, and its effects are being sharply seen in the labour market, as high levels of participation and low unemployment are being replaced by a contracting labour market and rising unemployment. This operating environment poses many challenges, and positive labour market outcomes are therefore critical to support New Zealand's economic recovery.

The Department will respond to these challenges in a number of ways – through its expertise in labour market economics, its regulatory and policy settings for employment, workplace health and safety and through managing the volume and mix of migrants to New Zealand. Our work programme needs to balance what is required to protect jobs for New Zealanders, limit recessionary impacts on the labour market and build the skills and workplace conditions that will increase productivity.

Our global and national service delivery network provides the Department with up-to-date labour market intelligence. This will be used to advise Government and business on how best to address changing labour market needs and remedy any failures or inefficiencies identified in the labour market. This is key to delivering a flexible and resilient labour market that will keep New Zealanders in work and businesses operating – maintaining standards of fairness and safety and putting in place practices that will improve productivity in the long term. A number of legislative reviews and a focus on cost drivers of injury prevention and rehabilitation for ACC will also be a priority for the Department. These aim to

strengthen workplaces while reducing compliance costs.

Immigration services also need to respond to changes in demand in a way that will strengthen New Zealand's labour market and economy. The Department will focus on what is needed to deliver a world-class immigration service and will continue addressing the performance issues that have been the focus of a number of reviews. Programmes will centre on improving efficiencies, strengthening core capability and processes, and delivering targeted initiatives that address short-term skill and investment needs.

Organisational development goals have been established, which I expect the Department to deliver by 2012. These will rebuild and improve our operating infrastructure and core systems, processes and capabilities that are essential to our service delivery. An ongoing priority for the Department is to ensure the cost-effectiveness of our work and to maximise the value it creates. Alongside core processes to measure savings and benefits, a programme of internal value-for-money reviews is being implemented that will produce a mix of additional efficiency and savings gains.

This Statement of Intent sets out the Department's strategic direction and work programme for the next three years. We need to build a new momentum, and I look forward to leading the Department in implementing the Ministers' priorities. The gains from optimal labour market performance will benefit all New Zealanders and will accelerate the growth of New Zealand's economy.



Christopher Blake
SECRETARY OF LABOUR

Secretary of Labour Statement of Responsibility



In signing this statement, I acknowledge that I am responsible for the information contained in the Statement of Intent for the Department of Labour. This information has been prepared in accordance with the Public Finance Act 1989. It is also consistent with the proposed appropriations set out in the Appropriations (2009/10 Estimates) Bill, as presented to the House of Representatives in accordance with section 13 of the Public Finance Act 1989, and with existing appropriations and financial authorities.

Christopher Blake
SECRETARY OF LABOUR

Meaw-Fong Phang
DIRECTOR FINANCE

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Nature and Scope of Functions

THE ROLE OF THE DEPARTMENT

The Department of Labour's primary role is to improve the performance of the labour market. The number of skilled workers, and the quality and organisation of their work, are the major drivers of labour productivity improvements that provide the foundation for economic growth. New Zealand's capacity to recover from the economic downturn will be influenced by employers' ability to attract and retain workers with essential skills and adjust effectively to changing conditions.

The Department's core functions include:

- » labour market information, analysis and forecasting
- » effective and efficient management of migrant flows and border security systems
- » responsive, consistent and effective labour market regulation
- » ensuring employment relationship problems and disputes are effectively resolved
- » ensuring safe and healthy workplaces
- » strategic leadership of skills planning and development
- » policy, governance and monitoring advice for the ACC scheme
- » meeting mandated international obligations.

VOTE STRUCTURE AND MINISTERIAL PORTFOLIOS

The Department administers four Votes. The ministerial portfolios associated with these Votes are shown below. The Minister of Labour is designated as Responsible Minister for the Department of Labour.

Minister	Vote
Minister for ACC Associate Minister for ACC	ACC
Minister for Social Development and Employment	Employment
Minister of Immigration Associate Minister of Immigration	Immigration
Minister of Labour	Labour



WORKGROUPS

The Department is organised into six workgroups. A brief outline of their key functions is provided below:

WORKFORCE manages immigration in the best interests of New Zealand's economy and labour market. It manages the volume and mix of migrants to New Zealand and balances the skills and value they bring with the need to maintain security. Workforce does this by delivering customer services that facilitate migrant recruitment and ensures effective risk and security management, visa and permit decision-making, migrant settlement and regulatory compliance. Workforce meets New Zealand's international humanitarian obligations by managing the annual refugee quota and providing policy advice and intelligence on refugee and international protection matters. It also provides advice, research and evaluation on immigration, employment and skills policies to help build the capacity of New Zealand's workforce.

WORKPLACE delivers policy and services related to employment relationships, workplace practices and workplace health and safety, to help build healthy and productive workplaces. It does this through a continued focus on effective workplace regulation. This includes work ensuring the quality of the legislative framework and related standards, and assisting workplace participants by providing information and self-help tools, dispute resolution assistance and enforcement activities. Workplace provides services and support for the Employment Relations Authority and the Remuneration Authority. It also provides policy, governance and monitoring advice to the Government on injury prevention, rehabilitation and compensation to ensure that the ACC scheme is an efficient accident insurance scheme that is affordable for New Zealand families and businesses.

WORK DIRECTIONS supports improvements in the performance of the labour market and fosters economic growth by providing analysis and advice about factors affecting labour market efficiency. It does this through providing advice on the supply of skilled labour, industry needs and practices, and demographic issues and trends. It produces a range of reports and information tools designed for use by industry and the community in workforce planning activities. Work Directions also contributes to the work of the Department and other government agencies by providing economic advice and labour market analysis to support policy and programme development.

LEGAL AND INTERNATIONAL provides legal services, advice and support to the Department and Ministers and manages labour-related international engagements. The group also provides an independent Immigration Advisers Authority and support staff for immigration appeal bodies.

CORPORATE supports the Chief Executive and whole-of-department capability through a range of central services including advice and services for human resources, information technology and management, communications and marketing, financial management, planning and reporting and property management.

EXECUTIVE BRANCH supports the Chief Executive and Strategic Leadership Team by providing assurance on departmental systems, processes and policies. The group also supports the Chief Executive's management of critical issues that relate to the reputation and performance of the Department.

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Strategic Direction

OUR ECONOMY IS BUILT BY PEOPLE, AND A STRONG NEW ZEALAND WORKFORCE – WORKERS, MANAGERS, ENTREPRENEURS AND BUSINESS OWNERS – IS THE BEST GUARANTOR OF OUR CURRENT AND FUTURE PROSPERITY.

It is in the workplace that people apply their skills to generate value – where they innovate, apply new technologies and convert capital investment into wealth.

The Department of Labour is focused on improving the quality and performance of the labour market in order to strengthen New Zealand's future economic prospects. It works to develop productive, high-performing workplaces that have fair, safe and healthy workplace cultures. To ensure that New Zealand has the people and skills to better meet the employment needs of our economy, the Department produces in-depth analyses of the skill needs of particular sectors and industries. This helps Government and industry make informed decisions about workforce development.

The Department is also focused on providing immigration services and developing strategies aimed at recruiting overseas workers into skill-shortage areas and encouraging expatriates to return to New Zealand. Retention of skilled New Zealand workers is always a priority.

Immigration services also support overall economic growth by managing the entry of visitors and international students and making it easier for investors and entrepreneurs to invest their skills and capital in our economy.

The Department's short-term priority is to assist the labour market to respond to the challenges presented by the current economic downturn and position the market for future economic opportunities. Businesses need to know how to effectively negotiate changes to employment arrangements that could enable them to remain viable through the recession, in a way that doesn't constrain their future potential. The Department will support resilience and flexibility in the labour market through:

- » services and tools that support safe and healthy workplaces, minimise compliance costs while providing clear net benefits to the economy, and the development of policies that support keeping New Zealanders in work
- » provision of information on restructuring, redundancy and problem-resolution services to support those affected
- » supplementing the domestic workforce, using targeted immigration to meet critical skill shortages in some industries
- » supporting Government to reduce the rising cost of injury by undertaking a stocktake of the accident compensation scheme.



The Department's medium to long-term priority is for New Zealand to have a skilled workforce and a flexible labour market that supports a high-performing economy. It will achieve this through:

- » ensuring employers have access to people who have the capacity and skills to match current and future workplace needs
- » supporting a more responsive and adaptable labour market, and education and training system
- » facilitating the development of comprehensive skills plans for industries and sectors to provide opportunities for growth in employment and competitiveness
- » changing workplace practices to support greater workplace productivity
- » improving skills, including literacy and numeracy and other essential work skills, through influencing employer and workplace practices.

The Department will continue to place a priority on understanding labour market needs and challenges over the next 10 years, and design policies and programmes to ensure New Zealand is well prepared for the future.

The Department's Strategic Framework outlines the immediate outcomes the Department is seeking to achieve over the next year, aligned to each of its longer-term (three to five year) intermediate outcomes. This work ultimately influences the achievement of the overall departmental outcome: Productive Work and High-Quality Working Lives.





Strategic Direction

OUR WORKFORCE:

New Zealand has the workers it needs

OUR PEOPLE:

New Zealanders are in meaningful work

Knowledge by employers and their agents of the location and availability of foreign nationals who can fill vacancies unable to be filled by New Zealanders is increased

Awareness of foreign nationals of the employment opportunities in New Zealand is increased

Awareness of tertiary education providers, employers and learners about future job opportunities is increased

The capability of key industries to undertake workforce planning and address skill needs is increased

Awareness of decision-makers about labour market conditions and influences in their area is increased

Māori business development and Māori workforce development is improved

Employers and employees comply with regulatory standards and increasingly adopt initiatives that improve the quality of their working lives

Access by New Zealanders to affordable and efficient accident rehabilitation is improved

VOTE IMMIGRATION

Services to increase the capacity of New Zealand through immigration:

- Targeted immigration to meet New Zealand's skill needs

VOTE EMPLOYMENT

Labour market analysis and knowledge:

- Matching education and training needs through development of comprehensive skills plans for industries and sectors
- Changing employer and workplace practices around improving literacy, language and numeracy skills

Policy, research and evaluation:

- Developing a comprehensive analysis of the approach to skills development and retention needed for New Zealand

VOTE EMPLOYMENT

Labour market analysis and knowledge:

- Removing barriers to participation by supplying up-to-date and detailed labour market information
- Inter-agency policy work to smooth and accelerate employee transitions following restructuring, redundancy or accidents

Policy, research and evaluation:

- Build an understanding of factors that improve labour market participation and the transition into work for groups under represented in the labour market
- Advice to help improve the transitions of young people from school to work or training activities

VOTE ACC

Policy and monitoring:

- Monitor and report on the performance of the accident compensation scheme

Operating Intentions

THIS SECTION OF THE STATEMENT OF INTENT SETS OUT HOW THE DEPARTMENT INTENDS TO PERFORM ITS FUNCTIONS AND CONDUCT ITS OPERATIONS TOWARDS ACHIEVING ITS OUTCOMES IN THE PERIOD 2009/10–2012/13. IT SETS OUT WHY THESE OUTCOMES ARE A PRIORITY, WHAT THE DEPARTMENT IS SEEKING TO ACHIEVE FOR EACH AND HOW IT WILL DEMONSTRATE SUCCESS.

Intermediate outcome 1: Our place in the world

NEW ZEALAND IS PROSPEROUS AND ENRICHED

WHAT WE ARE SEEKING TO ACHIEVE AND WHY IT'S IMPORTANT

Migrants make a significant contribution to New Zealand's economy and society. By managing New Zealand's immigration services, the Department facilitates the entry of new migrants who will contribute valuable skills or qualifications, set up a business or make financial investments. Family reunification is enabled by allowing residents and citizens to sponsor family members for residence.

The Department assists migrants and refugees to participate in the labour market and settle well in New Zealand. Effective settlement influences how successful migrants are in their work and whether or not they decide to remain resident in New Zealand. Well-settled migrants can add to prosperity through labour market participation and by contributing to our society. A total of 23% of the current New Zealand population were born overseas, up from 18% in 1996.

The work of the Department also ensures tourists and international students add value to the New Zealand economy. Tourists and international students are significant contributors to our foreign exchange earnings. Tourism expenditure reached \$20.1 billion in the year ended March 2007,¹ and international students contributed \$2.3 billion in 2007/08.²

The Department's policies make it easier for investors and entrepreneurs to invest. International entrepreneurs and investors contribute to the economy through the exchange of skills and technology, investment of capital and the expansion of international networks.

These benefits must, however, be balanced with the risk inherent in the movement of people – our security depends on the way our borders are managed. We will continue to ensure New Zealand's immigration security standards are not compromised.

International connections are critical to New Zealand's prosperity and security. The Department builds connections and relationships through a wide variety of international partnerships and engagements. These are designed to fulfil international obligations, enhance our reputation and contribute to the economy. Regular engagement with international organisations ensures standards adopted by the International Labour Organisation (ILO) and Asia-Pacific Economic Cooperation (APEC) are consistent with our national interests. This is achieved through labour and immigration standards and practices, and technical co-operation and assistance between countries.



HOW WILL WE DEMONSTRATE SUCCESS IN ACHIEVING THIS?

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

Immediate Outcome Statements	Intermediate Outcome Indicators	Progress Indicators
Facilitation of entry for migrants, international tourists, students, entrepreneurs, investors and retirees to New Zealand is improved	The economic contribution that migrants, international tourists, students and retirees make to the New Zealand economy	The number of migrants who settle in New Zealand The number of international tourists, students and retirees who visit New Zealand
The number of people who entered New Zealand but do not meet criteria to remain in New Zealand is decreased	The number of deportations, removals and revocations	The number of overstayers The number of people who enter New Zealand that do not meet criteria
	The number of migrants deported as a result of criminal conviction	The number of migrants deported as a result of criminal conviction
Awareness of migrants and refugees of information that will help them settle in New Zealand is increased	The number of migrants on welfare benefits	The number of migrants on welfare benefits
New Zealand's international reputation is maintained	New Zealand has met its international humanitarian obligations	United Nations High Commissioner for Refugees (UNHCR) measurement of refugee service delivery
	New Zealand has met its ILO reporting obligations	The number of international reporting and questionnaire obligations met within agreed timeframes New Zealand is an active member of the international network that sets standards for the management of migration, regionally and globally
	The percentage of obligations arising from settled trade labour and immigration agreements implemented within agreed timeframes	Trade labour and immigration agreement negotiations are consistent with the Government's mandate

WHAT WILL WE DO TO ACHIEVE THIS?

Immigration strategy and change programme

To keep New Zealand's immigration services up to date and fit for the future, the Department has developed an immigration strategy and change programme. Within this, three strategic objectives will drive changes to legislation, policy and service delivery:

- » Skills – to attract migrants who can help the New Zealand economy grow.
- » Security – to manage risks associated with the movement of people.
- » Settlement – to assist migrants to settle quickly and contribute to the economy.

The system currently used to manage immigration services and operations across the world relies on older technologies, restricting services. Ongoing maintenance of the current operating system will ensure that it continues to fulfil its core functions while a new system is planned.

Proposed legislative changes to the Immigration Bill will simplify and streamline immigration processes, ensuring a more efficient immigration system. The Immigration Bill also formalises the process for people to lodge claims under the Convention Against Torture and the International Covenant on Civil and Political Rights. The Bill is expected to be passed by mid 2009 and be implemented by the end of 2010.

Facilitating entry to New Zealand

The Department will continue to review, develop and manage the New Zealand Residence Programme. To assist expatriate New Zealanders who want to return to New Zealand, the Department will continue to give high priority to residence applications for the partners and dependent children of expatriates. Alongside this, it will inves-

tigate how to further streamline its processes for family members of returning expatriates and better facilitate their entry to New Zealand. This will include looking at how the planned new legislation can prioritise the movement of families to permanent status and how costs to them can be reduced.

The Department will continue to facilitate the entry to New Zealand of tourists, business visitors, international students, working holiday makers and people filling skill gaps to contribute to New Zealand's economy.

A new temporary visa, the Retirement Visa, will be developed to enable high net worth retirees to spend longer periods in New Zealand at no cost to the New Zealand taxpayer.

New business migrant policy settings will also be developed to ensure that realistic requirements are set and to better match the experience of potential business migrants with their proposed investment in New Zealand.

Immigration security arrangements

The Department will continue to facilitate movement of people across borders while maintaining security. Particular attention will continue to focus on high-risk or undesirable classifications. The current strategy of "moving the border offshore" will continue, so that high-risk and undesirable people do not land in New Zealand – a far more cost-effective option than allowing them to land and then removing them.

The Department will continue to participate in the Border Sector Governance Group (BSGG) with the New Zealand Customs Service, the Ministry of Agriculture and Forestry and the Ministry of Transport. The BSGG directs and oversees an intensive work programme for border agencies to collaborate more effectively and remove duplication in service provision.

International connections

International forums

New Zealand has a number of obligations under conventions or agreements with international organisations, including the UNHCR, APEC and the ILO.

The Department's activities ensure that New Zealand:

- » meets its international obligations by managing the humanitarian stream of the New Zealand Residence Programme
- » receives and assists in the resettlement of refugees mandated by UNHCR and meets international obligations under the Refugee Convention 1951 by determining claims for asylum
- » leads negotiations on labour and immigration components of free trade negotiations, and implements any agreements³
- » actively engages with the ILO and provides robust reporting mechanisms for ILO Conventions, and maintains engagement between Government and social partners.

The Department participates in a range of immigration forums focused on both the facilitation and the security aspects of migration. This provides an opportunity to ensure that our policies, strategies and delivery processes developed to address skill, settlement and security issues are in line with international best practice. These include APEC, the International Organisation for Migration (IOM) and the Five Country Conference.

The Department leads a number of technical assistance projects in the Pacific that are designed to bolster security in the region.

Free trade agreement negotiations and implementation

The Department leads the labour and immigration components of New Zealand's free trade agreement negotiations. Free trade agreement negotiations are currently under way with Malaysia and the Gulf Cooperation Council. In 2009, negotiations will commence with Korea, Hong Kong and India. Additionally, negotiations will commence to extend the current Pacific Four agreement into a Trans-Pacific Partnership including Peru, Vietnam and Australia.

Managing the Humanitarian Stream of the immigration programme

The Department manages the Humanitarian Stream of the New Zealand Residence Programme. This involves receiving the annual quota of UNHCR-mandated refugees and determining claims for asylum.

As part of this work, the Department manages the Mangere Refugee Resettlement Centre. The Mangere Centre will be developed to provide a healthier and safer environment for quota refugees as resources permit. By enabling asylum seekers, currently placed at a hostel in Takanini, to be housed at the Centre, this redevelopment will improve service delivery by housing refugee and asylum-seeker services on a single site.

3. Free trade agreements have been successfully negotiated with China; Thailand; the Philippines; and Singapore, Chile and Brunei Darussalam (Pacific Four agreement).

Intermediate outcome 2: Our workplaces
NEW ZEALAND WORKPLACES ARE
PRODUCTIVE AND RESILIENT

WHAT WE ARE SEEKING TO ACHIEVE AND WHY IT'S IMPORTANT

Future economic growth and social wellbeing in New Zealand depends on how well the economy and labour market responds to economic challenges and opportunities.

In the current environment, the way in which businesses and workers preserve profitability and income and retain employment for skilled staff is of vital importance for business resilience in the short term and for positioning the labour market to achieve rapid recovery in a time of positive growth. The challenges associated with the recession also provide the opportunity to create long-lasting improvements to business practices that will improve New Zealand's ongoing productivity in the longer term.

The Department provides employers and workers with greater operational certainty by ensuring workplaces have the information, support and tools they need to meet regulatory standards.

To do this, the Department provides accurate and timely advice and services that aim to ensure that workplace regulation is effective and provides

clear net benefits for the economy without unnecessary costs. This includes setting minimum conditions for employment, setting standards that keep people healthy and safe, resolving employment disputes at the earliest opportunity and at lowest cost and advising on an affordable and efficient accident rehabilitation and compensation scheme. The Department's regulatory role sits firmly in the context of the importance of the productivity gains that stem from improved workplace practices.

Productive workplaces are those that can best utilise available labour and skills, make successful innovations, adopt new technologies and improve workplace organisation. Smart business practices such as these lead to real improvements in the quantity and quality of the products and services produced. This, in turn, leads to greater resilience, profit, higher wages and economic growth.

It is also critical to address the rising cost of workplace injury on businesses, families and the wider economy. This requires focus from agencies like the Department in their safety and health regulatory roles, and will also be addressed through a stocktake of the accident compensation scheme.



HOW WILL WE DEMONSTRATE SUCCESS IN ACHIEVING THIS?

Operating Intentions

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

Immediate Outcome Statements	Intermediate Outcome Indicators	Progress Indicators
Awareness of employers and employees of the drivers and benefits of workplace productivity is increased and relevant policies and practices in their workplaces are adopted	Percentage growth of labour productivity	Percentage of workplaces that have workplace productivity programmes
Compliance by employers and employees with regulatory standards and adoption of effective employment relations processes and systems is increased	Rate of employment relations disputes	Percentage of workplaces that have employment relations processes and systems
Compliance by employers, employees and other workplace participants with regulatory standards and adoption of practices and technology to protect individuals' safety and wellbeing in workplaces is increased	Rate of workplace accidents Rate of occupational disease	Percentage of workplaces that have safety programmes, processes and systems
		Percentage of workplaces that have wellbeing programmes, processes and systems
Access of employers, employees and other workplace participants to affordable and efficient accident compensation and rehabilitation is improved	Rates of durable return to work	Percentage of workplaces that have rehabilitation programmes, processes and systems
		The rate of cost distribution of claims to ACC (workplace injuries)

WHAT WILL WE DO TO ACHIEVE THIS?

Advice and services based on high-quality analysis and research

The Department leads and contributes to national and international policy development. Key policy priorities include reviewing the Holidays Act and Employment Relations Act to reduce compliance and direct costs to business, and reviewing the Workplace Health and Safety Strategy to ensure practical and constructive improvement to health and safety and business performance. The focus on improving workplace productivity will also continue.

The Department will continue to set effective regulatory standards and review and update its understanding of the role effective regulation plays in supporting the growth of modern economies. Research and evaluation will continue to pursue research priorities, such as understanding workplaces of the future, and ensuring new knowledge informs the setting of regulatory standards and the provision of advice and services.

Providing services

The Department works to resolve workplace problems and improve workplace practices through:

- » information and guidance using our 0800 freephone service and website
- » hosting of forums and workshops by departmental staff and/or third party networks
- » self-help tools to enable workplaces to answer questions and resolve problems themselves when it suits them – online tools include the

employment agreement builder, small business hazard identification and monitoring tool, and parental leave and holidays calculators

- » targeted campaigns in high injury-risk work areas, for example, to reduce seasonal fatalities in agriculture and construction
- » direct delivery of services to individual workplaces:
 - › clarifying and resolving problems related to minimum conditions of employment
 - › resolving workplace disputes and conflict through the provision of information and mediation assistance
 - › clarifying and investigating problems related to health and safety in employment
 - › inspecting the management of hazardous substances in the workplace.

The Department delivers many of its services in partnership with representatives of the regulated community to design and implement solutions for any identified problems. This focus on responsiveness allows for continual quality gains in workplaces throughout the country.

ACC legislative framework

The Department will provide support for a comprehensive stocktake of the accident compensation scheme accounts and advice on the legislative framework for accident compensation and rehabilitation. This will be supported by monitoring and reporting on the performance of the scheme and the ACC's performance in administering it.

Intermediate outcome 3: Our workforce

NEW ZEALAND HAS THE WORKERS IT NEEDS

WHAT WE ARE SEEKING TO ACHIEVE AND WHY IT'S IMPORTANT

New Zealand needs a workforce that is adaptable and resilient – available and able to undertake new, more efficient work and use new technologies.

The Department plays an important strategic role in encouraging and supporting skill development, optimising labour market participation and ensuring skill alignment with employer needs. It provides an evidence base through its labour market research and analysis and tools to support improvements in business and industry workforce planning. In particular, the Department works with industries, sectors and agencies to create a better match between the skill needs of employers and available workers.

Although the priority is to give New Zealanders first preference in the labour market, New Zealand will still need to supplement its domestic workforce with migrants who possess skills that our employers would otherwise be unable to access.

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

- » new entrants to the workforce have the skills businesses require

- » the skills of the existing workforce are developed
- » migrants are available to meet skill shortages.

It is critical that workplaces have access to the right workers with the right skills at the right time. For the past several years, New Zealand has suffered skill shortages across a number of occupational groups, and this has limited economic growth. Despite the current economic downturn, some skill shortages will continue, and skilled migrants will continue to remain vital to New Zealand's economic growth.

It is increasingly important that our workforce, including new entrants, know what skills to invest in and how best to apply the skills they have. Maintaining and improving the skill levels of our workforce will lift individual performance and workplace productivity.

In the long term, working with industry and the tertiary sector to match skills and training to labour market needs will make New Zealand less dependent on immigration.

Targeted immigration is, however, a useful tool for addressing short and medium-term workforce needs. Properly matched, talented and skilled migrants enhance the local workforce by sharing skills, experience and knowledge.

HOW WILL WE DEMONSTRATE SUCCESS IN ACHIEVING THIS?

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

Immediate Outcome Statements	Intermediate Outcome Indicators	Progress Indicators
<p>Knowledge by employers and their agents of the location and availability of foreign nationals who can fill vacancies unable to be filled by New Zealanders is increased</p> <p>Awareness of foreign nationals of the employment opportunities in New Zealand is increased</p>	<p>Percentage of businesses that identify difficulty in recruiting workers</p>	<p>Number of workers coming to New Zealand to meet identified skill shortages</p>
<p>Awareness of tertiary education providers, employers and learners about future job opportunities is increased</p>	<p>Qualitative skills indicator (in development)</p>	<p>Tertiary education providers, employers and learners that use labour market information in their planning</p>
<p>The capability of key industries to undertake workforce planning and address skill needs is increased</p>	<p>Rates of workplace literacy, language and numeracy</p> <p>Rates of uptake of unit standards by employees</p>	<p>Key industries that have workforce planning in place</p> <p>Key industries that have skill assessments in place</p>

WHAT WILL WE DO TO ACHIEVE THIS?

Matching education and training needs

Skills

The Department places a priority on the development and application of skills in workplaces, to help ensure that workers have the skills they need.

The Department will support the development of comprehensive skills plans for industries and sectors, involving tertiary education providers, to develop opportunities for growth in employment. The Department is, for example, working with the infrastructure, aged-care and dairy industries to develop skills plans that will address their immediate and longer-term needs. These programmes are designed to help workers take up job opportunities and increase their skill levels over the next 12–18 months.

The Department also leads work focused on changing employer and workplace practices around improving literacy, language and numeracy skills. This seeks to ensure the skills of the existing workforce better meet the needs of New Zealand businesses.

Improving productivity

The Department will continue to develop a comprehensive analysis of the approach to skills development and retention needed for New Zealand. The aim is to achieve annual productivity growth of 3% per annum and meet the Government's objective of closing the wage gap with Australia.

Targeted immigration to meet New Zealand skill needs

The Department will ensure that immigration policies continue to support New Zealand's economic development by supplying the skills and capital for growth, taking into account the needs of employers and reflecting the changes in the economy. Targeted immigration will continue to assist New Zealand businesses to better match the skills of migrants with the country's employment needs.

Through its immigration policy work, the Department will continue to identify and develop opportunities for effective responses to skill and talent shortages, focusing on attracting the talented people New Zealand businesses need – both expatriate New Zealanders and immigrants.

Skilled Migrant Category

The Department will continue to deliver services to facilitate the recruitment of skilled migrants through a range of policies aimed at meeting employers' and skilled migrants' needs as well as providing appropriate settlement support.

Work Visas and Permits

The Department issues temporary visas and permits to help meet short-term skill shortages. The number of temporary labour market-tested work visas and permits issued will be regularly monitored to track changes in the labour market. Policy settings ensure that work visas and permits are only granted where there are no suitable New Zealanders available to undertake the work.

The Department will develop a new temporary work visa, the Silver Fern visa, to attract top overseas tertiary graduates to work in New Zealand for up to two years while they seek highly skilled work.

The employer accreditation process, which enables employers to recruit internationally for migrants with skills and experience not available in New Zealand, will be reviewed to see whether it can be streamlined for employers.

The Recognised Seasonal Employer (RSE) scheme will continue to meet seasonal labour shortages in the horticulture and viticulture industries, where New Zealand workers are not available. In conjunction with the issuing of visas and permits under this scheme, the Department will also use a facilitative approach to ensure that RSE employers comply with employment relations law, immigration policy and workplace health and safety regulations.

Intermediate outcome 4: Our people

NEW ZEALANDERS ARE IN MEANINGFUL WORK

WHAT WE ARE SEEKING TO ACHIEVE AND WHY IT'S IMPORTANT

The Department is focused on keeping New Zealanders in meaningful work or in training in the current environment. This will help reduce the impact of the recession on individuals, families and New Zealand businesses. People who are in work contribute to maintaining and growing the economy through their employment and participation in the economy as consumers.

During the economic downturn, it is important for New Zealanders to have the right skills to participate in the labour market to remain connected to the workforce and to contribute to improving the New Zealand economy by increasing labour productivity. The Department is looking at ways to improve the opportunities for New Zealanders to access meaningful work by building their skills and shifting into higher-value jobs. Particular emphasis will be given to older workers, youth and Māori.

Older workers who lose jobs during the recession may find it harder to get back into work. International research suggests that, when older workers lose their jobs, they are more likely to become long-term unemployed or exit the labour market. The proportion of New Zealand's population aged 55 years and over is likely to grow from about one in six of the labour force now to around one in four by 2020. New Zealand's ageing population means that, in the future, the Department will need to ensure that older workers maintain the skills and knowledge required and have the opportunities to continue to contribute their experience through paid work.

Youth who are inactive in the labour market and not in training are more likely to have poor

job outcomes when they are older. The transition from school into work or into further education and training opportunities ensures that young people are involved in activities that will enable them to engage in productive work and reduces the risk of long-term disengagement from work and economic dependence on the Government.

Improving Māori labour market and workforce development continues to be a focus for the Department. While strong gains in the labour market have been made in the past few years, many challenges remain before Māori can realise their full potential. Māori labour force participation rates lag behind those of non-Māori, and the Māori unemployment rate is higher than that for non-Māori.

The Department will continue to place a priority on smoothing the transition between jobs or recovery from injury, to ensure unproductive time out of work is minimised. Smoothing transitions, particularly for people facing redundancy, will ensure that New Zealanders are protected from the downturn as much as possible and will be able to contribute to economic growth when the economy recovers.

Within a tightened job market, there will be heightened challenges in returning formerly injured people into the workforce and achieving successful rehabilitation outcomes. It is therefore important that all New Zealanders have access to an efficient accident insurance scheme that is affordable and that supports smooth transitions back to work.

The Department will also look at the longer-term opportunities and threats that the labour market will have on the economy, to ensure that New Zealand is well placed to respond and prosper.



HOW WILL WE DEMONSTRATE SUCCESS IN ACHIEVING THIS?

Operating Intentions

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

Immediate Outcome Statements	Intermediate Outcome Indicators	Progress Indicators
Awareness of decision-makers about labour market conditions and influences in their area is increased	Employment rate Labour participation rate	Geographical employment rate for: <ul style="list-style-type: none"> • Youth • Māori • Pacific people • Older people
Māori business development and Māori workforce development is improved		Geographical labour participation rate for: <ul style="list-style-type: none"> • Youth • Māori • Pacific people • Older people
Employers and employees comply with regulatory standards and increasingly adopt initiatives that improve the quality of their working lives	Labour participation rate Survey of working life indicators	Labour participation rate for people with caring responsibilities
		Uptake of flexible work arrangements
		Uptake of paid parental leave
Access by New Zealanders to affordable and efficient accident rehabilitation is improved	Rates of durable return to health and independence	Percentage of ACC claimants who have completed effective rehabilitation programmes Rate of cost distribution of claims to ACC (all injuries)

WHAT WILL WE DO TO ACHIEVE THIS?

Keeping New Zealanders in work

The Department will continue to supply up-to-date and detailed labour market information to inform decisions about labour market policies and programmes aimed at stimulating growth.

Inter-agency policy work will focus on helping smooth and accelerate employee transitions following restructuring, redundancy or accidents. This work is designed to provide greater security for individuals affected by the economic downturn and promote labour market participation and more effective use of New Zealand's available workforce.

Removing barriers to participation

The Department will ensure its labour market policies effectively respond to changes in the labour market, particularly to maximise the opportunities for youth, older people and Māori.

Ongoing research and analysis will continue to build an understanding of factors that improve labour market participation and smooth the transition into work for groups under represented in the labour market.

This policy work will include ways to make the most of labour market opportunities for older people – to help ensure that people have the skills, knowledge and opportunities to remain in paid work. The Department will explore ageing issues in greater depth, providing insights for Government and stakeholders, especially on how best to use, retain and develop the skills of older workers.

The Department will implement its Māori Strategy, focusing on areas where it can make the biggest difference to enhancing Māori economic and labour market development outcomes. Two high-level supporting outcome areas have been identified within the strategy – Māori business development and Māori workforce development.

Smoothing transitions

The Department has two areas of focus relating to transitions – to support young people moving from school to work or training, and to ensure the effective return to work of those re-entering the workforce following injury.

The inter-agency policy work to improve the transitions of young people from school to work or training activities supports the outcome shared by Government and the Mayors Taskforce for Jobs, that all young people are in education, training, employment or other options leading to their long-term wellbeing. The Department will co-lead the national partnership between agencies and the Mayors Taskforce for Jobs.

The Department will continue to monitor and report on the performance of the accident compensation scheme. It will focus on improving rehabilitation outcomes to ensure the cost-effectiveness of the scheme and better opportunities for injured people to be independent and contribute to the economy. The Department will also advise on the policies and frameworks for more effective rehabilitation back to work and economic independence for injured people within the ACC scheme.



6

Managing in a Changeable Operating Environment

THE DEPARTMENT HAS A NUMBER OF MEASURES IN PLACE TO IDENTIFY AND RESPOND TO OPERATIONAL AND ORGANISATIONAL RISKS AND A CHANGING ENVIRONMENT SO THAT IT CAN MEET ITS OUTCOMES.

OPERATING ENVIRONMENT

As described in earlier sections of this Statement of Intent, the operating environment has been impacted significantly by recent changes in the world economy. The Department has an important role in responding to the economic downturn by supporting workplaces to keep people in employment and improving business productivity to stimulate the economy. The international demand to fill skill shortages will continue, and New Zealand will face strong competition globally for people and talent. The Department will also face increasing border security demands. The environment will remain changeable as the effects of various stimulus packages on the global economy become known, including how they impact on immigration and the New Zealand labour market.

RISK ASSESSMENT AND MANAGEMENT

The Department has developed an internal assurance and risk management framework modelled on the Australian/New Zealand Risk Management Standard.

A risk management toolkit was rolled out in 2007/08, and the Department now has a single process for identifying, assessing and managing risks. Workgroups have risk registers in place, and critical operational risks are reported to the Strategic Leadership Team.

The Department is also implementing assurance arrangements, including internal assurance and legislative compliance control systems.

The Strategic Leadership Team receives quarterly reports on departmental risks and reviews critical risks on a monthly basis. The Department's Audit Committee also receives an update report on risk management and assurance at its quarterly meetings.



ENVIRONMENTAL SCAN

The Department, through its expertise in labour market economics, provides analysis to monitor changes in the labour market environment, in the short, medium and long term. The global environment is also closely monitored, using immigration trends to ensure jobs for New Zealanders are balanced with employers' needs for skilled workers and to match immigration to New Zealand's economic needs. Information from our global and national service network also enhances our labour market understanding of why those changes are occurring.

This work will continue to enable the Department to make decisions on where to focus its resources and to advise Government and business on the services required to address the changing labour market needs and remedy labour market failures or inefficiencies.

OPERATING MODEL

The Department's operating model is driven by the dynamic interaction of knowledge, influence and service delivery. By increasing its knowledge and monitoring changes in the labour market, the Department anticipates, responds to and adapts to changes. The value created is in its ability to influence businesses, unions, workers, local authorities and government agencies to continually improve the labour market. These close relationships enable the Department to provide effective, efficient and more targeted services. Intelligence gathered through services is, in turn, fed back to understand and interpret the labour market.

Figure 1: Department of Labour operating model



ORGANISATIONAL CAPABILITY

The Department has developed a range of initiatives to strengthen its capability, so that the organisation can deliver its services more effectively. Areas of particular focus include management and leadership development, financial management, planning and performance management, governance, risk management and infrastructure development. The dimensions identified by the Department will also respond to concerns raised in external reviews of the Department.

To guide the capability building within the Department, five Organisational Development Goals were agreed in July 2008:

1. **KNOWLEDGE AND EXPERTISE** – be knowledgeable, influential and collaborative experts on labour and immigration.
2. **SERVICE DELIVERY** – be a facilitative, responsive and effective regulator providing high-quality and innovative services.
3. **LEADERSHIP AND CULTURE** – have our people, working environment and shared culture support excellent performance.
4. **SYSTEMS, POLICIES AND PROCESSES** – be a highly capable Department with integrated systems, processes and policies.
5. **VALUE FOR MONEY** – create value for New Zealand.

These goals align with and articulate how the Department will give effect to the Development Goals for the State Services and the capability management framework developed by central agencies, as well as supporting the organisation's service delivery.

■ Goal 1: Knowledge and expertise

It is vital that departmental staff have the knowledge and capability to deliver the Department's work programme. Specific areas of expertise required to fulfil the organisation's functions include providing legal expertise to design legislation for Government, labour market economists to analyse labour market performance information, occupational health and safety expertise, and immigration advice and relationships that

will enhance our ability to influence our international work. Training programmes will be prioritised based on analysis of competency gaps and the critical technical skills required for the Department to deliver its core business.

■ Goal 2: Service delivery

The Department will ensure its service delivery is underpinned by a culture of continuous improvement. The Department will ensure frontline staff have the skills and knowledge required to provide excellent service.

A service promise will be implemented that will outline the level of service that our clients can expect when they interact with the Department.

■ Goal 3: Leadership and culture

The Department's vision and values will be embedded in key documents and processes.

The Department is implementing a targeted Leadership Development Programme to embed a stronger performance culture in the Department. The Department provides managers with appropriate training and support to use existing systems and processes so that performance is monitored appropriately and that relevant action plans are implemented.

■ Goal 4: Systems, policies and processes

The comprehensive Foundation Capability Programme to upgrade and replace the core systems and processes needed to manage resources and performance continues as a priority investment. This includes upgrading the ICT infrastructure, implementing a new Financial Management Information System and an Electronic Document Management System, upgrading the Human Resources Information System, providing an integrated suite of websites and implementing appropriate reporting tools.

Data and voice capability will be enhanced to support current and projected future operations. A range of network initiatives, started in 2008/09, will be completed in 2009/2010.

The programme to improve financial management capability will continue. In addition, a redesign of the governance structure and the cen-

tralised corporate model, to ensure all corporate functions are located centrally to maximise efficiency and effectiveness, will be fully implemented.

■ Goal 5: Value for money

The Department faces a number of cost pressures and is undertaking a number of specific internal value-for-money projects consistent with the Government's expectations for improving value for money in the State sector. This will help strengthen capital planning and other processes to identify and monitor the savings and benefits.

Cost-effectiveness

Early in 2009, savings options were identified following the line-by-line expenditure review. In the 2009/10 year, the savings will be made, supporting the value-for-money projects outlined above. Satisfaction surveys and evaluations of services and policy advice will continue to ensure services are of a high standard.

An ongoing priority will be to continue to develop meaningful cost-effectiveness measures on interventions delivered or administered by the Department. In consultation with central agencies, several projects will be finalised, including:

- » outcome measurement – linking activities to shared intermediate outcomes, immediate outcomes and key outputs
- » output cost allocation methodology – to improve the links between outputs and costs
- » integration and ongoing improvement of business planning and budgeting.

Equal employment opportunities

Equality and diversity policy

A 2008/09 equality and diversity policy and guidelines were launched in April 2008.

These set out the Department's requirement for leadership in modelling and valuing equal employment opportunities, which will be integrated into all services through a strategy that will be introduced in 2009/10.

This will be monitored by gathering data on gender and ethnicity distribution in each of our business units, staff exit data and through

evaluation of the Gallup staff engagement survey. Trends will be reported on and action taken where necessary.

Pay and employment equity

A 2006 pay and employment equity review led to a plan, which was reviewed in November 2008. The Department will continue to monitor the plan and address any related issues.

Monitoring organisational capability

The Department will use surveys, including our second Gallup engagement survey in 2009; key indicators, such as unplanned absenteeism and turnover; and recruitment activity to provide a benchmark to measure progress against.

Trends will be analysed to assess movement over time and identify options for interventions. Action will be informed by benchmarking against practice in the public sector as a whole.

Commissioned reports chosen from open tenders and feedback from key stakeholders, including Ministers, other government departments and the Government's social partners on services and operations, will inform capability options on gaps that exist and inform progress on issues that still need to be addressed.



8

Departmental Capital and Asset Management Intentions

CAPITAL EXPENDITURE INTENTIONS

The Department is facing a high level of demand for capital expenditure. An annual capital expenditure planning process is conducted to ensure that the Department:

- » invests in capital items that are of the highest priority
- » replaces assets at the optimum time
- » meets the needs of the organisation.

The capital plan is monitored monthly, and reviewed twice during the year. The review is completed to ensure that approved capital expenditure projects continue to meet the departmental requirements and that the needs of new high priority projects are met.

CAPITAL EXPENDITURE FORECAST

	Forecast 2009/10 \$m	Forecast 2010/11 \$m	Forecast 2011/12 \$m	Forecast 2012/13 \$m
Leasehold	3.3	3.7	3.4	3.5
Motor vehicles	2.5	1.9	2.4	0.7
IT equipment	3.2	3.2	3.2	3.2
IT software	15.8	10.0	4.0	4.0
Other	1.0	1.0	1.0	1.0
Total	25.8	19.8	14.0	12.4

CAPITAL ASSET MANAGEMENT

The Department is implementing the Treasury initiative around Capital Asset Management (CAM) and, during the 2009/10 year, will complete management plans for the following major asset categories:

- » Property
- » IT equipment
- » Motor vehicles.



