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Report of the
Department of Labour
Te Tari Mahi

for the year ended 30 June 2003



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Department of Labour
Te Tari Mahi

for the year ended
30 June 2003

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

Department of Labour
Wellington
October 2003

The Hon Minister of Labour

I have the honour to present the Annual Report of the Department of Labour Te Tari Mahi for the period 1 July 2002 to 30 June 2003.

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James Buwalda
Secretary of Labour

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TERMS AND DEFINITIONS USED

| | |
|-------|--|
| ACC | Accident Compensation Corporation |
| AMS | Application Management System |
| APC | Asia Pacific Consultations |
| APEC | Asian and Pacific Economic Cooperation |
| APP | Advance Passenger Processing |
| ATV | All Terrain Vehicle |
| CAA | Civil Aviation Authority |
| CEDAR | Community Economic Development Action Research |
| CEG | Community Employment Group |
| CEO | Community Employment Organisation |
| DIA | Department of Internal Affairs |
| DoL | Department of Labour |
| ECP | Electronic Channels Programme |
| ERA | Employment Relations Act 2000 |
| ERE | Employment Relations Education |
| ERMA | Environmental Risk Management Authority |
| ERS | Employment Relations Service |
| FoW | Future of Work |
| FTE | Full Time Equivalent |
| GDP | Gross Domestic Product |
| GIF | Growth and Innovation Framework |
| HCF | Human Capability Framework |
| HLFS | Household Labour Force Survey |
| HR | Human Resources |
| HRMIS | Human Resources Management Information System |
| HSE | Health and Safety in Employment |
| HSNO | Hazardous Substances and New Organisms |
| ICT | Information and Communications Technology |
| ILO | International Labour Organisation |
| IT | Information Technology |
| LCI | Labour Cost Index |
| LiSNZ | Longitudinal Survey of Migrants New Zealand |
| LMPG | Labour Market Policy Group |

| | |
|--------|--|
| MFAT | Ministry of Foreign Affairs and Trade |
| MPIA | Ministry of Pacific Island Affairs |
| MPU | Maori Perspective Unit |
| MSA | Maritime Safety Authority |
| MSD | Ministry of Social Development |
| NACEW | National Advisory Committee on the Employment of Women |
| NECBOP | Northland, East Coast, and Eastern Bay of Plenty |
| NGO | Non Governmental Organisation |
| NZDMO | New Zealand Debt Management Office |
| NZIPS | New Zealand Injury Prevention Strategy |
| NZIS | New Zealand Immigration Service |
| OECD | Organisation for Economic Co-operation and Development |
| OCE | Office of the Chief Executive |
| OSH | Occupational Safety and Health Service |
| PACRIM | Pacific Rim Immigration Intelligence Conference |
| PIDC | Pacific Immigration Director's Conference |
| PNG | Papua New Guinea |
| RAA | Residence Appeal Authority |
| RRA | Removal Review Authority |
| RSAA | Refugee Status Appeal Authority |
| SERA | Survey of Employers who have Recently Advertised |
| SOPEMI | (OECD) Sub Committee on Trends in Migration |
| SSC | State Services Commission |
| TEC | Tertiary Education Commission |
| TFP | Total Factor Productivity |
| TPK | Te Puni Kokiri |
| UNHCR | United Nations High Commissioner for Refugees |
| VSR | Vocational Services Review |

Chief Executive's Overview

James Buwalda

Chief Executive

The challenge ahead

The Department of Labour has a unique role in New Zealand's workplaces. We are the link between social development and sustainable economic development, through ensuring productive, fair and safe working lives, well-performing businesses, and thriving communities where work and life are in balance.

All our work and challenges ahead lead to the outcome for New Zealand of *People with high-quality working lives in thriving and inclusive communities*.

At the end of the 2002/03 year, John Chetwin, Secretary of Labour for the past nine years retired from the Public Service. Chet has made a very significant contribution to the Department of Labour, to many services across government and to New Zealand's workplaces in the time he held this position. He brought clarity of thought, innovative service delivery, practical skills, interconnectedness, and a spirit of continuous development and improvement to the Department. I wish Chet well and look forward to continuing his work of placing the Department of Labour at the forefront of workplace support and innovation.

The world of work is changing fast and we face a variety of challenges. I will work closely with our social partners in business and unions, community groups, iwi, other government agencies and international partners to realise the Department's full potential for contributing to New Zealand's development. We will build on our existing knowledge and capability and share that knowledge widely; contribute to growth and innovation through focused support for workplaces and developing employment; develop and resource staff well, and always maintain the 'bottom line' – ensuring and enforcing minimum workplace standards.

The year past

During 2002/03 the Department has made good progress on that journey. We continued to develop and promote support for New Zealand workplaces and to develop our own capability and knowledge. We have met increased demands for services, implemented new legislation, and continued to support the Government's policy work programme and wider aims for New Zealand.

2002/03 was our first full year of managing for outcomes and the Annual Report reflects this focus. Major achievements are detailed below. We work across the Department and with other agencies to attain these outcomes which contribute to our overarching goal. Highlights of 2002/03 include:

- responding effectively to a 33% increase in demand for services supporting fair employment relationships
- changes to immigration policy to enhance migrant settlement outcomes and contribute to New Zealand's economy and workforce skills
- a record number of fieldwork interventions to build capacity and develop opportunities and employment in disadvantaged and remote communities

- enhanced information on jobs, skills and future work including a cross-agency labour market portal
- a groundbreaking report – *Aftermath* – looking at the personal social and economic consequences of workplace injuries and illness
- a focus on partnerships and information-giving to support healthy, safe and fair work and prevent workplace injuries
- the successful implementation of paid parental leave
- production of a comprehensive *Briefing to Incoming Ministers* after the July 2002 election.

Greater opportunities for all in New Zealand

We continued to lead the Government's employment strategy, and worked with the Ministry of Social Development and other agencies on systems for sustainable employment. Earlier this year we launched the second in a series of publications reporting on the employment strategy's progress.

To achieve sustainable employment and greater opportunities for all we need a common understanding of future trends in work and their implications for the workplace, workforce, and employment. The Department's continuing Future of Work (FoW) programme aims to increase that understanding. During the year we established the Future of Work website to publish research, information and activity updates from the FoW programme, and began the work/life balance project.

The Department's New Zealand Immigration Service facilitated the entry of visitors and international students, which contributed to the growing tourism and international education industries. Both of these industries have large net positive fiscal impacts and employ large numbers of New Zealanders. The Immigration Service also contributed to substantial international investment in New Zealand through the entry of migrants in the Business Investor category.

Improved labour market participation particularly for those disadvantaged in the labour market

The Department's Community Employment Group (CEG) continued to actively identify and support communities facing labour market disadvantages. We worked in partnership with Maori and Pacific communities and disadvantaged urban and rural groups to build capacity and develop projects to increase employment and economic development opportunities.

CEG also partnered local groups to identify the success factors affecting community development, through the Community Economic Development Action Research (CEDAR) project; and co-ordinated the *Connecting Communities* strategy across government.

Our Employment Relations and Occupational Safety and Health Services provided information and support throughout the year to employers, employees, self-employed and others, including support for people in vulnerable employment positions, to enable them to participate fairly in the labour market.

More skilled and knowledgeable workforce which is able to meet future needs

The Government's skilled immigration policy to increase New Zealand's pool of skilled workers able to contribute to the economy, and enhance settlement outcomes

for migrants, was further developed by the New Zealand Immigration Service, in preparation for enabling legislation introduced in July 2003.

Work to improve connections between job seekers, education providers, skilled and developing workers and the world of work continued on many fronts. Our Labour Market Policy Group co-ordinated the government's Skills Action Plan which aims to lift the capacity of New Zealand's workforce and reduce future skills shortages. Highlights here include introducing the Labour Market information portal, **WorkSite PaeMahi**; and a new publication, **workINSIGHT**.

The Department also contributed to regional skills and employment fora and initiatives, including the Mayors' Taskforce for Jobs and Tairāwhiti Forestry Labour and Skills strategy.

Thriving, well-settled and inclusive communities

The Department participated in several cross-government "circuit-breaker" teams which use frontline staff's knowledge and experience to develop innovative ways of solving long-term problems within communities.

Working together with *Make the Net Work*, our Community Employment Group led the *Connecting Communities* ICT strategy. This co-ordinates government assistance across sectors to enhance communities' access to information and communications technology and the benefits it brings.

We continued to provide settlement information and support to aid new migrants. This included an accessible Settlement Kit; development of the skilled migrant category which aims to select applicants who are able to settle well and contribute positively to New Zealand, and timely information on New Zealand's employment relations and workplace health and safety requirements.

Māori tourism is a growing community opportunity, and during the year CEG developed a Māori Tourism kit to assist existing and prospective Māori Tourism operators grow a successful business.

Fair and productive employment relationships

There was continued growth in demand for our services in employment problem-resolution. We aim to resolve employment relationship issues at the earliest stage possible to prevent problems developing, particularly through providing accessible information and mediation services.

The Employment Relations 0800 Infoline successfully handled 249,589 calls - 33% up on the previous year. Applications for mediation services also increased with 9,256 applications (23% more than the higher level of the range anticipated). This resulted in an increase in outstanding applications for the year, but despite the increase in workload 91% of mediations were resolved within three months. Government has provided additional funding from 2003/04 to address current demand patterns and the outstanding workload.

The Labour Inspectorate received around 35% more complaints than last year, leading to a small increase in outstanding complaints. However, timeliness targets were still met.

Major policy work on employment relations included supporting the review of Holidays legislation, and a review of the Employment Relations Act to help ensure it meets the objectives of promoting productive employment relationships through good faith, collective bargaining and the settlement of collective agreements.

Adverse environmental impact of work and workplaces minimised

The Department's Occupational Safety and Health Service contributed to a Ministry of Environment-led review of the HSNO (Hazardous Substances and New Organisms) enforcement regime, which reported to Government in June 2003. Aspects of the regime particularly related to hazardous substances will be revisited, to improve workability and clarify the role of the Environmental Risk Management Authority (ERMA).

Work on the longer-term aspects of this review is expected to be finally completed by July 2005. This review has meant further delays in planned implementation of the legislation. Meanwhile the Department continued to operate the transitional enforcement regime for HSNO.

This outcome has been renamed *Environmentally-sound work practices*.

Social consequences and economic costs of injury minimised

A major focus was preparation for the Health and Safety in Employment Amendment Act, and implementing changes from the legislation. The intent behind the Amendment is to position workplace health and safety as part of inclusive and participatory employment relationships. The key areas of change are enhanced employee participation in managing workplace health and safety; extending the coverage of the Act to include crew aboard ships and aircraft, and volunteers; reinforcing coverage of mobile workers; clearly identifying stress and fatigue as workplace hazards and ensuring effective and consistent enforcement.

Preparation included a comprehensive information campaign for employers, employees, businesses and unions. OSH provided relevant fact sheets, booklets and brochures; ran 140 seminars attended by 7,500 people throughout New Zealand; and established an information website (www.workinfo.govt.nz) and freephone infoline.

Implementing the legislative changes over the past six months has, as expected, changed the balance of field activities from 'compliance assessment' visits to workplaces, to proactively providing information and support to workplace participants to enable them to actively manage their health and safety.

The level of workplace fatalities in New Zealand remains an area of concern. Seventy-three workplace fatalities were investigated by OSH last year - the same as the number of fatalities investigated in 2001/02.

The New Zealand Injury Prevention Strategy, the overarching framework for a whole-of-government approach to injury prevention, was approved by Cabinet in May 2003 and launched in June. It is supported by a number of area-specific strategies, and the Department has the lead role in developing related workplace health and safety injury-prevention strategies.

Our work on ACC policy and legislation continued, including participation in the review of medical misadventure.

This outcome has been renamed *Safe and healthy people and workplaces*.

Enhanced trust in the institutions of Government through access to independent review and decision-making

The Department provides administrative support for independent, decision-making bodies including the Employment Relations Authority (ERA), Employment Court,

Residence Appeal Authority (RAA), Removal Review Authority (RRA) and Refugee Status Appeal Authority (RSAA).

The Employment Relations Authority received 14% more applications than in the previous year and 32% more than forecast, leading to an increase in the number of outstanding cases. The Government has provided additional resourcing for the Authority from 2003/04 to help deal with the backlog. The Residual Employment Tribunal closed on 30 September 2002, and the remaining cases at that point transferred to the Employment Relations Authority.

The Immigration Appeal Authorities (Residence Appeal Authority, Removal Review Authority and Refugee Status Appeal Authority) continued to process appeals against decisions. In total, the Appeal Authorities Secretariat referred 1,644 cases to Members in the three Authorities for decision during the year. The Refugee Status Appeal Authority had an additional eight members (some of whom are part-time) appointed during the year to help deal with a backlog of cases.

Good international citizen

New Zealand continued to provide safe haven and settlement services for refugees and fulfil our international immigration-related obligations. Refugee status determination cases by the Department's Immigration Service have been included in a United Nations High Commissioner for Refugees (UNHCR) database of best practice cases to assist other governments and UNHCR staff in refugee status determination.

During the year New Zealand ratified ILO Convention 98 on the *Right to Organise and Collective Bargaining*. The Department also led the Child Labour Officials Advisory Committee in its work in New Zealand of eliminating the worst forms of child labour; and prepared for involvement in Closer Economic Partnership negotiations related to labour standards.

The Department continued active participation in the International Labour Organisation including attending meetings of the ILO Governing Body alongside tripartite partners, and as part of New Zealand's delegation to the annual ILO Conference.

Capability development to support achieving our outcomes

We continued work this year on a range of strategies to ensure the Department has the long-term capability to deliver on outcomes.

Central to our customer service is collaboration across the Department and with other agencies and organisations, as well as with customers. This service delivery concept evolved out of our management philosophy, purpose and values, and is aimed squarely at achieving outcomes. Over the coming year our focus will increasingly be on combining all the Department's knowledge and connections to meet customers' real needs and achieve outcomes.

Examples of such collaboration are the Workinfo project between Employment Relations Service and Occupational Safety and Health to improve customer connections, access to information, and data collection; participation in cross-agency "circuit-breaker" teams; combined DoL information visits and seminars, and regional Maori and Pacific strategy activities towards shared goals.

The New Zealand Immigration Service has developed a customised way of working with potential and new migrants so that positive outcomes are achieved for New Zealand. Customised Service is a long-term, outcomes-orientated strategy that will

take several years to fully implement. It is being implemented in 2003/04 for customers applying under the new Skilled Migrant Category.

Further details are in the Departmental Capability section of this report.

Conclusion

These achievements over the past year are a reflection of the commitment, energy and talents of all the people who work in the Department of Labour. I am confident that we will continue to contribute innovatively and positively to improved opportunities and outcomes for all in New Zealand. We will maintain high standards of integrity, and work to hold and deserve the trust and respect of citizens.

A handwritten signature in blue ink, appearing to read 'Buwalda', is centered on the page. The signature is fluid and cursive, with a large initial 'B'.

James Buwalda

The Department of Labour's Strategic Direction

Strategic Direction

The Department of Labour works to contribute to the overarching outcome:

People with high-quality working lives in thriving and inclusive communities.

We have a unique role in New Zealand workplaces. Through ensuring productive, fair and safe working lives, well-performing businesses, and communities where work and life are in balance, plus advising the Government on labour-related issues, the Department links social and economic development.

The DoL Strategic Direction is made up of seven parts that are closely inter-related. The ideas captured in the Department's Purpose, Mission, Outcomes, Management Philosophy, Values, Service Delivery Concept and 'Must Haves' have developed and evolved into a framework to guide the Leadership Team, managers and staff in what they do every day.

Purpose

The DoL Strategic Direction is based on the Department's Purpose, which is to:

Link social and economic issues to enable people to develop and use their potential for the advantage of themselves and New Zealand.

Our purpose is why we exist as an organisation.

Mission

The DoL Mission is to be:

Wired for work and wellbeing.

Our Mission is what we aspire to achieve. It describes both an internal state: that we'll be connected across government, with customers, communities, businesses and international organisations; and an external aim: helping people to have high-quality work situations and achieve the wellbeing flowing from that.

Outcomes

Outcomes are our contribution to New Zealand – what things will look like when we achieve our Mission.

The overarching DoL Outcome is *People with high-quality working lives in thriving and inclusive communities.*

These second-tier outcomes identify Department contributions in more detail, and enable progress towards achievement to be measured.

- *Greater opportunities for all in New Zealand*
- *Improved labour market participation, particularly for those disadvantaged in the labour market*
- *More skilled and knowledgeable workforce which is able to meet future needs*
- *Thriving, well-settled and inclusive communities*
- *Fair and productive employment relationships*
- *Safe and healthy people and workplaces*
- *Environmentally sound work practices*
- *Enhanced trust in the institutions of government through access to independent review and decision-making*
- *Good international citizen.*

Management Philosophy

The Department of Labour's management philosophy guides our decision-making and operations. This philosophy holds that:

- decision-making takes place at the point closest to the customer, by the people who have the greatest understanding of customers' needs, with lead times minimised and customised decision-making maximised.

To achieve this we need:

- staff who have all the skills, information and authority to do their job and are held accountable for their actions
- outcome-focused managers working within a framework of principles and policies to achieve agreed goals.

Values

Our values shape the way we work.

- *Customers and their needs* – We are responsive to our customers through listening, understanding and acting. We work in partnership with our customers to achieve high-quality results.
- *Giving and taking responsibility* – We are all responsible for our actions and the outcomes we achieve.
- *Excellence and continuous development* – We engage in learning and development which supports and motivates us to achieve results.
- *Diversity for the strength that it brings* – We appreciate and encourage difference.
- *Working together* – We support and encourage each other and share our successes.

Service Delivery Concept

The Service Delivery Concept is central to the Department's Strategic Direction. Based on the DoL management philosophy and values, it describes the way we will work with and for our customers towards achieving outcomes and, ultimately, the DoL purpose. This way of working will be put in place through the actions and behaviour of staff, underpinned by their knowledge, skills and experience. It will be supported by the actions and behaviour of managers, the knowledge held within DoL, a variety of support and service delivery systems, and the removal of any barriers to excellent service delivery.

Key points about our future service delivery are:

- the services we offer are driven by customer needs
- we listen, identify customer needs, and accurately match the service(s) required in a timeframe acceptable to the customer
- we will provide access for customers to the knowledge of the whole Department of Labour (and eventually whole of government) from any entry point
- Services will each retain their specialist expertise and focus
- we will take advantage of all our knowledge, skills and experience to provide new or better services through increased regional connections, integrated staff training and enhanced information-sharing.

Must Haves

Our 'Must Haves' are shaped by the service delivery concept and Outcome, and the capabilities the Department needs to deliver on these.

- Relentless focus on our Outcome and customer needs
- Telling the story - internally and externally
- Staff tooled up to deliver service
- Connectedness - internally and externally
- Building and sharing our knowledge
- Systems for service and support to achieve outcomes and the service delivery concept
- Effective management of change.

Human Capability Framework

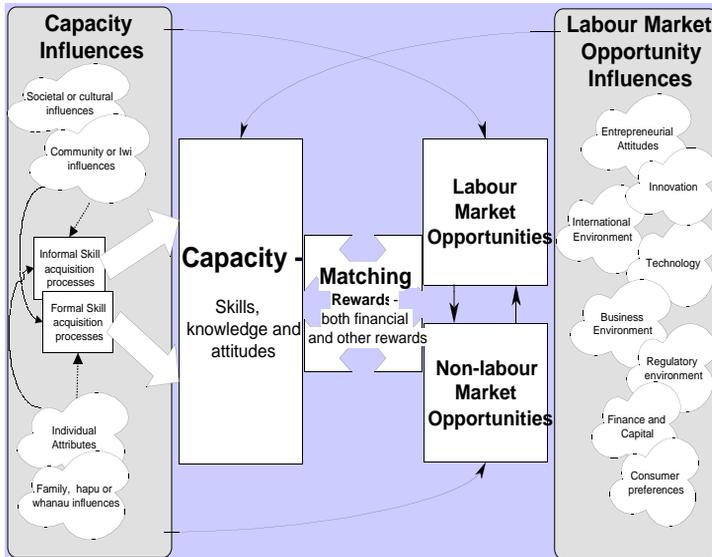
The Human Capability Framework (HCF) was developed by the Department of Labour in 1999 as a way of thinking about the labour market and the influences or potential influences on it.

The model has three elements: capacity, opportunity, and the matching of one to the other.

Capacity is the skills, experience and knowledge that people have. Opportunity includes all the chances to put this capacity to use in the labour market. Matching is the process of bringing the two together, so useful work (whether paid or unpaid) can be done by those able to do it.

From these three core parts, the model expands to include the various influences on capacity and opportunities that exist in our society and economy. On the capacity side these include societal, cultural, community, iwi and family/hapu/whanau influences - as well as individual attributes. On the opportunity side, influences include business, regulatory and international environments, technology, innovation, finance and entrepreneurial and consumer attitudes. Capacity and opportunity also influence each other.

Influences on the matching process include, amongst other factors, the availability and accessibility of information, geographic considerations and people's attitudes.



How it can be used

The HCF forms a basis on which to formulate and understand policy to do with the labour market (and other situations involving people applying their skills for a purpose). In any given situation, are we trying to affect the capacity that people have to offer, the opportunities for them to use it, or the extent to which given capacity can be brought to bear on a specific opportunity?

The Department's various activities have been mapped onto the HCF, to form a picture of how our Services' actions impact on the labour market.

The HCF has also been used within DoL to formulate and clarify the aims of human resources policies and programmes.

Part of the power of the Human Capability Framework is that it can be applied at every scale - from global to New Zealand to regional to enterprise level to one's own career. It can also be used to think about specific types of industry or "market" - for example, an adaptation of it has been used to develop strategies for a national arts organisation.

Department Responsibilities

The Department of Labour has these major functions:

- **delivering services** - public services including information, advice and support to businesses, employers, employees, unions, workplaces, communities and community groups, migrants and refugees; and enforcement of employment, immigration and health and safety law
- **policy advice and analysis** - research, analysis, evaluation, information and policy advice on social and economic issues related to the labour market and workplaces
- **purchase advice and monitoring** - advice to government on the performance of other key agencies that affect people's working lives and communities: the Accident Compensation Corporation; the Ministry of Social Development (employment); the Inland Revenue Department (paid parental leave); and the Tertiary Education Commission
- **international relationships** - on behalf of the Government we manage relationships with international labour-related agencies, including the International Labour Organisation and OECD, and maintain an overview of the links between international and domestic issues.

Areas of Work

The areas the Department had direct responsibility for during 2002/03 and which contributed to our outcomes are set out below.

Employment

- policy advice to the Government on employment and related issues, including community employment
- purchase and monitoring advice to Ministers on employment service delivery by the Ministry of Social Development. From April 2003, advice on the performance of the Tertiary Education Commission in respect of employment-related issues.

Community Development

- working with communities and groups in their journey to achieve social and economic prosperity through community enterprise and employment development
- improving labour market participation, developing sustainable communities and encouraging opportunity uptake, with priority given to vulnerable communities.

Employment Relations

- Promoting and supporting the achievement of fair and productive working relationships by:
 - providing policy advice to the Government and supporting the operation of employment legislation and policy, including advice to Ministers on the implementation of paid parental leave by the Inland Revenue Department
 - providing information and assistance to employees, employers, unions and businesses in developing good employment relationships and resolving problems

- enforcing minimum statutory entitlements.

Occupational Safety and Health

- working to reduce work-related death and injury rates by:
 - providing advice to the Government and supporting the implementation of relevant legislation and policy
 - promoting and sharing knowledge and information on health and safety in the workplace
 - enforcing health and safety legislation.

Immigration

- increasing the skills, knowledge and capacity of New Zealand through:
 - policy advice to the Government on immigration
 - managing the flow of people into New Zealand, both for permanent residence, and short-term and long-term stays
 - ensuring compliance with immigration and security legislation and policy
 - providing settlement information and services, and continued research on refugee and migrant settlement experiences in New Zealand
- positioning New Zealand as a good international citizen by managing New Zealand's refugee programme and providing refugee resettlement services.

Labour Market Policy Advice, Research and Analysis

- policy advice to the Government on the labour market impacts of a wide range of policy initiatives, including linking these issues to other social and economic aims
- analysis on labour market trends and the economic outlook, evaluating the effectiveness of policies and programmes, and research on labour market dynamics to inform policy advice
- public information on skills, work, education, training and the future of work.

International Labour Issues

- managing the Government's relationship with the International Labour Organisation, OECD and other global agencies
 - maintaining an overview of links between international labour-related developments and domestic issues.

Accident Insurance

- policy advice to the Government on accident prevention, compensation and rehabilitation issues, including purchase and monitoring advice to the relevant Ministers on the performance of the Accident Compensation Corporation
- monitoring accident insurance claims made against contracts entered into in 1999/2000.

Environmental Assessment

A wide range of factors impact on the environment in which the Department of Labour operates. The most significant are changing demographics, global markets, the future of work, and expectations of the public service.

Demographics

Changing demographics in New Zealand impact strongly on current and future work.

An increasing proportion of the population is older, and many wish to work up to and beyond traditional retirement age. There is a need to tap into the capability of those no longer in the workforce, as well as those looking for new opportunities.

More people, with varying skills, are migrating to New Zealand. These arrivals are changing New Zealand's ethnic makeup and population distribution.

Birth rates vary markedly between population groups, with Maori and Pacific populations increasing more rapidly than other groups. Raising educational achievement among Maori and Pacific school leavers is therefore central to sustaining economic growth, as well as social inclusion.

Infrastructure, including transport systems, roading, and telecommunications, affects labour market capability. The increasing differences in income, support structures, educational achievement and opportunities between rural and urban populations, and the differences between geographical regions add further complexity.

Disparities in employment outcomes continue for some groups facing disadvantages in the labour market, though work to address disadvantages and overall employment growth are now providing increased opportunities for groups including Maori and Pacific peoples.

The costs of education, including people coming on to the labour market with student loans to repay, affects both supply of skilled labour and wage expectations.

Global markets

New Zealand is isolated both in geographic and economic terms. We need to take a global focus and look beyond our borders for ideas, wider connections, markets and opportunities. The implications of globalisation for the New Zealand labour market include possible transfer offshore of some manufacturing jobs, the ability to tap into expertise and skills located anywhere in the world, and potential wage and tariff pressures. Perhaps the greatest challenge for New Zealand lies in the demand in countries with even faster-ageing populations, for educated young New Zealanders.

War and terrorism continue to affect the world and New Zealand. There is heightened focus on national security including border control; the impact of refugees; effects on international travel and tourism, and changes to migration patterns. New Zealand has been seen as a safe haven for migrants, and an even more attractive destination for visitors.

Future of work

The way we work is changing. Major forces influencing the changing nature of work include:

- *Social* - family structures, employee/employer relations, ethnic diversity, population growth and structure, work/life balance, societal values and sustainability

- *Economic* - globalisation, employment growth, corporate strategies, changing demand for skills, changing demand for goods and services
- *Technology* - computerisation, medical science, rate of technology development and adoption.

Some of the challenges that face us as a result are:

- **Increasing skills** - as technology and global markets open more opportunities for those who have access to the tools to build their skills, the supply of 'lower-end' and unskilled jobs is reducing
- **Flexibility and family balance** - as employers seek more flexibility to compete globally, workers pursue more opportunities to spend time with family and outside-work activities
- **Destiny and diversity** - employers will be able to hire from a more diverse pool of workers in the future, creating new opportunities for economic growth but also raising the potential for persistent discrimination and inequality.

Growth and Innovation

Improving New Zealand's long-term rate of economic growth is a key objective for the Government. Sustainable growth in real income, and building capability and skills, contribute to rising living standards. The Department contributes through policies and programmes to improve the responsiveness of education and training to the labour market; and by matching people to opportunities to use and develop their skills, including attracting skilled migrants to New Zealand.

Expectations of public service

The Public Service generally is under pressure to meet increased expectations of customers - both to deliver effective and efficient service, and to provide customers with a greater say in how that service is provided. While communities are demanding more involvement, they still want swift action and efficient implementation. Strong links between the public sector and communities are essential for success.

The Government's *Review of the Centre* has heightened the emphasis on 'whole of government' approaches to issues and outcomes, and the importance of strong, collaborative working relationships with other contributing agencies. To be successful the approach must focus on 'whole of customer' outcomes – providing services which enable customers' needs to be identified and met in a coherent way. The Department is basing our approach to service delivery on this concept.

Positioning the Department to deliver over the long term in this environment exposes some risks. Policy and service delivery development processes may take longer and be more complex, but the pressures to deliver will not change. Ensuring we have the capacity and capability to deliver on the expectations of the Government and the community is a major area of focus.

The Department of Labour has some unique opportunities to make an impact, through workplaces, on the development of New Zealand. By making the most of our connections, including links with the education and business sectors, our work with communities and the wider labour market, and international connections, we can provide ideas and solutions and positively influence outcomes for New Zealand.

Key Government Goals

During 2002/03, the Department contributed to the following Government goals:

- 1. Strengthen national identity and uphold the principles of the Treaty of Waitangi**
- 2. Grow an inclusive, innovative economy for the benefit of all**
- 3. Maintain trust in Government and provide strong social services**
- 4. Improve New Zealanders' skills**
- 5. Reduce inequalities in health, education, employment and housing**
- 6. Protect and enhance the environment.**

Achieving Outcomes

This was the first year an outcomes framework was used for the Department's work. NZIS applied the outcomes approach throughout their operations during 2002/03, and other Services moved further towards an outcomes-management approach.

These outcomes have a medium to long-term focus. This table sets out Departmental contributions and key relationships to achieve them.

| Outcome | Departmental Contributions | Key Relationships |
|--|---|---|
| Greater opportunities for all in New Zealand | <ul style="list-style-type: none"> services to generate sustainable community wealth and wellbeing effective advice on job opportunities employment purchase advice and monitoring Labour market interests inform New Zealand's participation in the ILO policy processes are informed by international labour-related development. growing business and employment opportunities in New Zealand through skilled and business migration, and student and visitor entry. | <p>Communities, the Department of Internal Affairs and other organisations and government agencies focused on community development.</p> <p>Ministry of Social Development, and other departments with an interest in the labour market.</p> <p>International institutions with a focus on labour-related issues, and departments developing labour-related policy.</p> <p>The business community, Ministry of Economic Development, Ministry for Research Science and Technology, New Zealand Trade and Enterprise, and the education and tourism sectors.</p> |
| Improved labour market participation particularly for those disadvantaged in the labour market | <ul style="list-style-type: none"> effective employment policy advice community employment and development services services to generate sustainable community wealth and wellbeing. | <p>Ministry of Social Development, and other departments with an interest in the labour market.</p> <p>Communities, other organisations and government agencies focused on community development.</p> <p>Business, other departments focused on promoting New Zealand's interests offshore, and settlement service providers.</p> |

| Outcome | Departmental Contributions | Key Relationships |
|---|--|--|
| <p>More skilled and knowledgeable workforce which is able to meet future needs.</p> | <ul style="list-style-type: none"> • effective employment advice • interagency work on skills and talent • information to participants and potential participants in the workforce • policies which bring new and different skills to New Zealand • strategies to facilitate the effective settlement of migrants so they can contribute to the New Zealand economy and society. • providing information to the workforce to enable fair and safe workplace participation. • services to generate sustainable community wealth and wellbeing. • ensuring international best practice and information is available for policy and operations. | <p>Business, Ministry of Social Development, Tertiary Education Commission and other departments with an interest in the labour market.</p> <p>Business, other departments focused on promoting New Zealand's interests offshore, settlement service providers, and the New Zealand Qualifications Authority.</p> <p>Employers, employees, unions, industry groups, and the Accident Compensation Corporation.</p> <p>Communities, other organisations and government agencies focused on community development.</p> |
| <p>Thriving, well-settled and inclusive communities.</p> | <ul style="list-style-type: none"> • services to generate sustainable community wealth and wellbeing • advice on community development policies • ensuring any adverse effects of immigration are minimised • strategies to facilitate the effective settlement of migrants so they can contribute to the New Zealand economy and society • promoting a widespread social sense of responsibility for sustaining healthy and safe workplaces • providing employment information • ensuring minimum terms and conditions of employment. | <p>Communities, Department of Internal Affairs and other organisations and government agencies focused on community development.</p> <p>Communities, business, other departments focused on promoting New Zealand's interests offshore, and settlement service providers.</p> <p>Accident Compensation Corporation, industry groups, employers and employees and other workplace health and safety providers</p> <p>Employers, employees, unions, and industry groups.</p> |

| Outcome | Departmental Contributions | Key Relationships |
|---|--|--|
| Fair and productive employment relationships | <ul style="list-style-type: none"> • ensuring employees exercise rights and responsibilities • problem resolution • better employment practices and changed employment relationship behaviour • ensuring workplaces are healthy and safe. | Employment Relations Institutions, employers, employees, their representatives, unions, industry groups, ACC and other workplace health and safety providers. |
| Adverse environmental impact of work and workplaces minimised | <ul style="list-style-type: none"> • prevention of major incidents with serious consequences in high-hazard industries. | The Environmental Risk Management Authority, territorial authorities, industries, other interested government agencies. |
| Social consequences and economic costs of injury minimised | <ul style="list-style-type: none"> • effective Accident Compensation advice • ACC purchase advice and monitoring • contributing to reduced rates of injury and work-related ill-health • ensuring that domestic law, policy and practice meet or exceed ILO labour standards. | <p>Accident Compensation Corporation, Land Transport Safety Authority, Maritime Safety Authority, Civil Aviation Authority, industry groups, employers and employees, and other workplace health and safety providers.</p> <p>Departments developing labour-related policy.</p> |
| Enhanced trust in the institutions of Government through access to independent review and decision-making | <ul style="list-style-type: none"> • support services to immigration appeal authorities and employment relations institutions which provide independent decisions. | The Immigration Review and Appeal Authorities, the Employment Relations Authority, the Employment Court, claimants, parties appearing, and their representatives. |
| Good international citizen | <ul style="list-style-type: none"> • fulfilling international obligations • providing a safe haven for refugees • ensuring domestic law policy and practice meet or exceed ILO Labour standards, and social dialogue is an integral part of decision-making on labour issues • ensuring New Zealand meets, and is seen to meet, its international obligations • implementing systems which are consistent with international standards. | <p>The United Nations, other departments focused on promoting New Zealand's interests offshore, the Refugee and Migrant Service and settlement service providers.</p> <p>International institutions, in particular the International Labour Organisation, all departments involved in developing labour-related policy and legislation, employer and employee representatives.</p> <p>Employers, employees, unions, the Accident Compensation Corporation and industry groups.</p> |

Joint Outcomes with other Departments and Organisations

The Department cannot achieve these outcomes on our own. We work with a number of other departments and organisations through joint outcomes which are a focus for our respective contributions.

Ministry of Social Development

During 2002/03, the Department and the Ministry of Social Development agreed the following joint outcome which encompasses our strong working connections in achieving employment outcomes:

People achieving economic independence throughout their working life

The Department of Labour contributes through work related to a more skilled and knowledgeable workforce, greater opportunities for all in New Zealand, and improved labour market participation. The MSD's contributions focus on the achievement of sustainable employment, and this will be the primary measure of progress towards achievement of the joint outcome.

Accident Compensation Corporation

The Accident Compensation Corporation is a key associate for the Department in achieving safe and healthy workplaces. The following joint outcome was agreed with the Corporation in 2002.

Safe and healthy people and workplaces

This encompasses our focus on workplaces and our advice to Government on ACC.

Department of Internal Affairs

The New Zealand Immigration Service's work directed to thriving and well-settled communities, and providing greater opportunities for all in New Zealand, and the Department of Internal Affairs' work related to identifying services and ethnic affairs are closely interrelated. We have agreed a joint outcome with Internal Affairs.

Thriving, well-settled and inclusive communities supported by trusted identity information.

A joint programme of work has been established and there will be further development during 2003/04.

Further Joint Outcomes

In the year ahead, we expect to develop joint outcomes with the Tertiary Education Commission, with whom we share common interest in developing a more skilled and knowledgeable workforce; and with the NZ Customs Service with whom we share management of the border.

Key Areas Of Work in 2002/03

During 2002/03, these were the Department's key areas of work based on outcomes.

Developing and sharing information on **future trends in work** and their implications for the workplace.

Major areas of activity in 2002/03 were:

- launched the *Future of Work* website to communicate a wide range of information about work over the next ten to twenty years
- convened a cross-agency workshop on technology and the labour market, skill acquisition, youth labour market transitions in New Zealand and maximising the potential of older workers
- established a new contestable fund for research on future trends in work, and funded three research projects on firm-based training, labour market participation and transitions from small to medium-size firms.

Providing information to address **skills shortages and skill development** to increase opportunities for sustainable employment outcomes and support the development of a more skilled work force.

Major areas of activity in 2002/03 were:

- led inter-agency policy work on achieving the Government's goal of ensuring that by 2007 all 15-19 year olds will be engaged in appropriate education, training, work or other options, which will lead to long-term independence and wellbeing
- convened the Talent and Skills stream of work supporting the Growth and Innovation Framework (GIF) and developed a framework for a co-ordinated budget bid
- oversaw the implementation and monitoring of the Government's Employment Strategy work programme
- continued work on understanding the nature of skills shortages and the scope for better matching the supply of skills with current and future demands through involvement with various New Zealand industry groups
- established an integrated portal (**WorkSite PaeMahi**) and launched the first phase in November 2002. **WorkSite PaeMahi** offers everything job-seekers, employers, educators, migrants and others want to know about the New Zealand labour market
- published the first of the six-monthly Skills Reports (workINSIGHT) in November 2002. The report summarises existing information on the supply of and demand for skills, including areas of actual or forecasted shortage
- started work on a project that integrates data on employees and their jobs, to better understand the processes of job creation, job retention and skill development
- developed a new survey of employers who have recently advertised (SERA) that will improve our knowledge of the demand for skills. Began analysis of job vacancy information in newspapers and employer telephone surveys to provide new insights into skill shortages.

Actively identifying and supporting **community capacity and capability building** opportunities.

Major areas of activity in 2002/03 were:

- continued contribution to improving the employment, economic and social development of Maori and Pacific peoples and other disadvantaged people (as set out in the *Reducing Inequalities Annual Report* at Appendix 8)
- continued the Government's Capacity Building, Social Entrepreneur Fund and Community Employment Organisation initiatives
- completed Phase II of the three-year evaluation of capacity building initiatives delivered by the Department, which aim to improve the capacity of Maori and Pacific communities
- implemented the *Connecting Communities* strategy to enhance community access to information and communications technology (ICT), including the development of three pilot areas and brokering many cross-government and cross-sectoral relationships
- successful implementation of the Community Employment Group's Maori Tourism strategy, including the launch of *He kete tapoi Maori* (a Maori tourism resource kit), development of a virtual tourism incubator park and brokerage of key relationships with industry and community representatives
- continuation of the three-year *Community Economic Development Action Research* (CEDAR) pilot project examining the link between development assistance provided and the achievement of community outcomes. Field research continued in Twizel, Napier and Christchurch
- achievement of community participation through providing community information on immigration policy changes and collaboration with other government agencies, community organisations and Non Government Organisations (NGOs) on projects for Pacific people. This included maintaining close links with community reference groups and excellent progress on the MPIA Programme of Action, with positive feedback received from these groups on the Department's contribution
- holding seminars for Maori and Pacific audiences aimed at improving their knowledge of employment relations issues.

Implementing changes from the **review of the Health and Safety in Employment Act 1992** and supporting the New Zealand Injury Prevention Strategy.

Major areas of activity in 2002/03 were:

- support and advice to Ministers and the Transport and Industrial Relations Select Committee on the Health and Safety in Employment Amendment Act 2002, and to the Implementation Advisory Panel made up of employer and employee representatives
- development of the Workinfo website and 0800 20 90 20 information line, plus public seminars and best practice information documents
- release of the *Aftermath* report into the social and economic consequences of workplace injury and illness
- contributing to development of the New Zealand Injury Prevention Strategy, which was launched in June 2003, through participation on the Government Interagency Steering Group, and contributing to the implementation plan

- starting development of a Workplace Health and Safety Strategy aligned to the New Zealand Injury Prevention Strategy, and formation of a government agency group to assist with its development
- review of the current medical misadventure system and public consultation on options for providing cover for medical misadventure under the Injury Prevention Rehabilitation and Compensation Act 2001
- research into the costs of injury in New Zealand
- advice and legislative support (including regulation changes for employers account, self-employed work account and residual claims account) for the Injury Prevention, Rehabilitation, and Compensation Act 2001.

Researching and monitoring employment practices to raise awareness of **best practice employment relationships** so that problems can be dealt with by the parties themselves.

Major areas of activity in 2002/03 were:

- evaluation of the Employment Relations Act 2000 (ERA), including surveys of employers, employees, union members and officials; and undertaking case studies
- monitoring and review of institutional arrangements and services provided under the ERA, and quarterly reports to the Minister
- policy advice on the Holidays Bill and supporting the associated legislative and Select Committee processes
- policy advice on potential changes to the Employment Relations Act
- working with other government departments on the establishment of the Pay Equity taskforce
- research into the impact of employment relations reforms on the workplace
- starting a small business pilot to gain knowledge from small business owners about best ways to provide information and guidance on good practice in employment relations, health and safety and immigration issues.

Improving **matching of migrant skills with opportunities** to participate in the labour market, and increasing understanding that migrants' contributions create greater opportunities for all in New Zealand.

Major areas of activity in 2002/03 were:

- continuation of long-term and short-term research programmes including analysis of the Longitudinal Survey of Immigrants (LisNZ) pilot data; and completion of a range of short-term research projects to inform the General Skills policy review
- analysis of employment outcomes for migrants based on data from the 2001 Census
- enhanced migrant settlement through strengthening community linkages and relationships with regional representatives, and working in collaboration with other agencies and groups providing services to new migrants. This included support for the establishment of the Auckland and Manukau Regional Migrant Resource Centres

- ongoing involvement in the regional immigration initiative piloted in Southland and Wellington, to attract and settle migrants through community involvement
- completing a first principles review of the General Skills category with a view to maximising the contribution of migrants to the New Zealand economy and society. The new Skilled Migrant Category is based on responding to New Zealand's needs and attracting potential migrants who have the skills in shortage areas or where there are future growth needs
- developing a customised service strategy which is outcomes-based and designed to target potential migrants with the skills New Zealand needs, and to provide tailored information for migrants to ensure their settlement information needs are met.

Contributing to improved inter-agency strategic **co-ordination of border activities** to ensure appropriate facilitation of those entering and leaving New Zealand while also effectively managing risk.

Major areas of activity in 2002/03 were:

- contributing to the improvement of border security through development of an Advance Passenger Processing (APP) system for New Zealand that allows the pre-screening of individuals before they board a flight
- ongoing inter-agency work with the New Zealand Customs Service and Department of Internal Affairs to ensure appropriate facilitation of those entering and leaving New Zealand while also effectively managing risks around identity information.

Department Capability

During 2002/03, the Department worked on a number of overarching strategic projects aimed at building departmental capability to deliver on outcomes. As well as these developments across the Department, Service initiatives addressed specific capability-building issues. Progress on projects and initiatives during the year is reported under the critical factor ("must have") to which they contribute.

A relentless focus on our Outcome and customer needs to ensure Departmental focus is maintained on providing excellent customer service.

Outcomes Project

Good progress was made on the Outcomes project in developing the outcome framework and moving towards managing for outcomes.

Outcomes and contributing hierarchies were reviewed; outcome performance indicators were strengthened, and several output classes were aligned with the outcome framework. Joint outcomes with the Accident Compensation Corporation, the Ministry of Social Development and the Department of Internal Affairs were further refined. The outcome framework, environmental indicators and alignment with output classes were reflected in the 2003/04 *Statement of Intent* and Output Plans with the Department's four Vote Ministers.

The Department continued as one of eight agencies participating in the Pathfinder project, sponsored by the State Services Commission and the Treasury. This project encourages and supports the development of outcome definitions and measurement across the Public Service by developing guidance material based on the experiences of participating agencies.

The Department also contributed to the central agency-led Managing for Outcomes initiative by sharing our experience in workshop sessions and providing advice to other Departments in the initial stages of outcome development.

Strategic Direction Alignment Project

The Strategic Direction Alignment Project aims to ensure that all strategies, policies and processes within the Department, now and in the future, are aligned with the strategic direction of the Department, and in particular are focused on customers and their needs. In late 2001 and early 2002, the Management Board (now Leadership Team) reviewed the Department's overall strategic direction, and this project was established to plan and help implement the outcomes of that review.

In 2002/03, criteria were confirmed (after a piloting phase) for assessing the alignment of strategies, policies and processes that fall within the scope of the project. Workshops were held for staff on the use of these criteria. By 30 June 2003 good progress had been made on assessing the alignment of existing strategies, policies and processes with the strategic direction.

Excellent Customer Service Projects

OSH and ERS responded to the Health and Safety in Employment (HSE) Amendment Act 2002 with the Workinfo project. This included a joint OSH/ERS Workinfo website and 0800 infoline to provide information to employers and employees, and the development and distribution of customer-focused information material on Amendment Act changes. The project is now focused on developing a joint OSH/ERS database to enable staff from both Services to provide a more effective service to internal and external customers.

OSH also developed a new compliance strategy following enactment of the HSE Amendment Act in May 2003. It provides customer clarity on the approach to compliance under the amended Act, and will be implemented in the 2003/04 financial year.

Telling the story of the Department's work, expertise, outcome focus and achievements - internally to staff and externally to our stakeholders.

Strategic Direction Communications

The *Strategic Direction Communications Strategy* helps build understanding of, support for and commitment to our strategic direction across the Department's staff, and explains our approach to stakeholders.

Effective communication to staff, stakeholders and the public is critical in achieving our purpose and outcomes, and supporting cross-Service connections that enable customer focus. The strategy covers internal communication and information-sharing to support strategic and operational aims; public information; external relations; and media management. In addition to the DoL-wide communications strategy, Services manage specific, Service-related public information campaigns, internal communications and media issues.

During the year, the Department presented information and advice to communities and workplaces through a number of displays, seminars, hui, fono and public expos such as Pasifika and Mystery Creek Fieldays. A range of new presentation and customer information material; the revised DoL website; WorkSite PaeMahi and Workinfo websites; and our intranet all supported the Department's joint focus on workplaces and community wellbeing. Connections between Services' information campaigns, and access to comprehensive customer information via a united Department, were maintained through the monthly communications forum.

Regular information publications including the *Statement of Intent*, DoL *Strategic Directions*, internal magazines and advisory material were produced as scheduled; and external directories were updated to reflect customer-focused development and progress. The work of the Chief Executive and Management Board was supported by ongoing strategic communications and issues-management. The Department's branding was enhanced through consistent presentation material and style guidelines, and communications activities supported the managers' and staff fora, cross-government information-sharing and other initiatives.

Staff "tooled up" to deliver on outcomes.

These training and development projects are to ensure our staff have the skills, knowledge and confidence to deliver outcomes for customers, drawing on the combined capability of the whole Department.

Service Delivery Competency Model

The Service Delivery Concept is about how the Department delivers services to ensure our outcomes are achieved. One of the first steps was identifying and developing a set of competencies that staff will need to operate and deliver connected service.

The Service Delivery Competency Model was developed after extensive data-gathering and consultation with managers and staff across the Department, and specialist fora. Development of the model has raised some wider issues that will be fully considered before implementation can begin.

Excellent People Project

This long-term project is designed to:

- upskill and equip managers, and measure their performance against clear and widely-understood standards
- build leadership capability for all staff.

It involves several sub-projects including manager training, 360-degree review and personal leadership skills, and is supported by communication, monitoring and evaluation.

The Excellent People project was put in holding mode during the year to ensure that the development of longer-term people strategies are clearly aligned with outcomes. However, some component parts were undertaken, such as delivering a *managing for excellence* course to new managers. *Managing for excellence* is a skills-based course designed to ensure high standards in the performance management of staff. It has now been mainstreamed into ongoing departmental operation.

The personal leadership programme for staff was also piloted. The programme aims to encourage staff to 'take the lead at work' through using initiative, developing capability, and self-development. Fourteen facilitators were trained, and they delivered pilot programmes in ten DoL centres throughout New Zealand. The pilot is currently being evaluated.

Health and Safety Management Project

As part of the Department's commitment to the health and safety of staff, this project aims at ensuring best practice across the Department. Services have adopted health and safety as a prime business target and all managers have received specific training. A health and safety co-ordinator works across the Department, and the Occupational Safety and Health Service provides technical expertise to line managers. Service health and safety committees have been established, together with regional and executive committees to deal with central issues. An intranet site has also been established and it provides all information on health and safety for every Department workplace.

Achievements during 2002/03 included:

- entering the ACC Partnership Programme at a tertiary level from 1 January 2003. The Audit was undertaken in November 2002
- four regional health and safety meetings and two Executive committee meetings to review health and safety practice across the Department
- case management for all work-related personal injury that occurred within the Department of Labour. A third party claims manager was appointed to assist the Department
- audits of workplaces undertaken by health and safety committees of other Department workplaces
- six-monthly workplace self-assessments and development of action plans to address any issues identified
- training of fire wardens.

Maori Strategy

The Department's Maori Strategy, which builds on the collective experience, knowledge and skills of staff and their Maori networks, includes five key strategic goals to be progressed between 2001-2006:

- establish active relationships with other government departments to ensure a co-ordinated approach to achieving Government's key goals for Maori
- design products and services that will be effective in building Maori social and economic development
- increase the Department's capability to support Maori social and economic development
- develop direct linkages with Maori to achieve long-term sustainable relationships
- develop flexible and responsive policy and operational processes to ensure Maori participation.

These goals align with the Government's key goals for Maori and provide a framework through which policy development and service delivery will meet Treaty of Waitangi obligations and respond to Maori needs, while including Maori in the process.

While the strategy concentrates initially on internal capacity, the aim is to increase the Department's capability to improve our work in Maori communities, our ability to support Maori development, and to increase our understanding of Maori issues.

During 2002/03, the Department implemented the Nga Rangatahi Toa Maori Scholarships programme, with three undergraduate scholarships and one post-graduate scholarship being awarded for the 2003 academic year. Through this programme the Department invests in increasing our own capability, as well as that of the Maori community through the wider networks the scholars represent.

The Department explored options for providing training in te reo, tikanga and Treaty awareness through electronic media, including the Te Rito interactive learning programme and a CD-based te reo course. Due consideration has been given to the importance of te reo, tikanga and Treaty awareness as necessary competencies for Department staff.

Maori staff network hui were held during the year to develop inter-Service Maori networks and reinforce the value to the Department of our Maori staff.

A significant change in the delivery of the Department's Maori Strategy in 2002/03 was a focus on inter-Service regional activity to supplement existing Service strategies. This change responds to the preference of Maori communities for dealing with the Department as a whole, and aligns with the Department's strategic direction. Further detail on this and our engagement with Maori is included in Appendix 8, *Reducing Inequalities for Disadvantaged Groups*.

Pacific Strategy

The Department's Pacific Strategy is in its third year since its development in 2000. It was designed to ensure that future initiatives to address the needs of Pacific peoples are better co-ordinated throughout the Department and are part of an overall strategy towards achieving shared goals.

The strategy aims to ensure that the Department is well equipped to provide the best possible assistance, information, support and advice to Pacific peoples and communities, and that there are opportunities for input into the development of policies that affect Pacific peoples. It focuses on building the skills, knowledge and

experience of all staff to address the needs of Pacific peoples; making better use of our existing networks; and strengthening relationships between the Department and the Pacific community.

The Pacific strategy has three outcomes:

- **Leadership:** The Department of Labour will be recognised by Pacific people as a preferred employer who offers opportunities to staff.
- **Building influence:** The Department of Labour will have strong internal networks and links with the Pacific community we serve, to help inform and influence our approach to how we work and policy development.
- **Policy advice and service delivery:** The Department of Labour will be recognised as a mainstream agency that is a leading edge provider of labour market policy advice on and service delivery to Pacific peoples.

Implementation of the strategy during the year was led by the DoL Pacific Strategy Team established to work with Services to progress and develop initiatives based on the above outcomes. This team includes one Pacific Island staff member from each Service who reports monthly on strategy progress within their Service, and other Pacific-related activities. The Pacific Strategy Coach was appointed in July 2002 on an 18-month secondment to provide advice and assistance on the implementation of the Pacific strategy. The Coach's tasks include overview of the Department's strategy, performance monitoring, and planning and development.

All Services have developed Pacific Strategies and related initiatives based on the departmental strategy, and have established Pacific Advisory Groups to assist with their initiatives. The DoL Pacific Strategy has now been reviewed to ensure it remains relevant both to the needs and aspirations of Pacific peoples and to the emerging concerns of the Department.

The annual Departmental fono for Pacific staff to network and discuss initiatives to improve responsiveness to Pacific peoples was held in early July 2002 and was attended by more than 80 staff. The Pacific Strategy pages on the Department's intranet were improved to encourage staff and managers to access information on Pacific issues, and to provide resources and tools to assist them in reaching out to Pacific communities. Department policy staff and managers attended the Pacific Analysis Framework training delivered by the Ministry of Pacific Island Affairs, and managers were provided with Pacific consultation guidelines. Details of the work to build external relationships are included in Appendix 8.

Disability Strategy

The Department's Disability Strategy contributes towards the Government's New Zealand Disability Strategy, which aims to identify and remove barriers faced by people with disabilities to enable their full participation in society. The Department's strategy was finalised in January 2002 and encompasses policy work, opportunities and operational changes across all Services.

In 2002/03 the Department continued to progress work on the strategy. The key focus for the year was on 'tooling up' staff and managers to ensure that fair and consistent processes and systems are in place to recruit and retain staff with disabilities. Work also went into raising staff awareness about disability issues.

Service Specific Projects

Services have also progressed a number of initiatives associated with "tooling up" staff during the year.

A Community Employment Group training framework that addresses service delivery competencies was designed during the year, and a resource kit to identify individual

staff training needs was developed. The framework was used at a workshop held to identify CEG's collective training needs and priorities, and formed the basis for a training plan that will be implemented in 2003/04.

Ten existing CEG staff were appointed to newly-established Senior Field Adviser roles in which they will assist with the coaching and mentoring of staff and contribute to CEG's strategic development.

A staff Information Communication Technology (ICT) forum was established to support development of an ICT strategy that will provide the technical infrastructure to support CEG as a learning organisation.

The Labour Market Policy Group is working on proactive and structured training and development specifically for Department policy staff. A programme of regular training and development was established for DoL policy people, combining identified training needs from all Services. Workshops were held on each of the key areas identified in the *Guide to Excellent Policy Advice* (project planning, writing, consultation and problem definition/option analysis).

New Zealand Immigration Service is developing case management/individualised service approaches for customers, and training staff in these methods. NZIS's customised service strategy was developed ready for launch in selected branches during the year. Customised service is a long-term, outcomes orientated strategy that involves tailoring the service offered to customers, based on their individual needs, to ensure they receive appropriate information from the time of their initial interest in New Zealand to their settlement onshore. Customised service will be rolled out to all branches during 2003/04 for customers applying under the new Skilled Migrant Category. A learning strategy has been developed to enhance the capability of staff to deliver this type of service.

Three Employment Relations Service business innovation projects are related to staff development, and include core competencies, business results and behaviours, customer-centred service delivery and building best practice into daily operations.

The ERS information Centre carried out a customer service project aimed at improving efficiency and effectiveness in meeting customer needs. Responsiveness to customer needs improved significantly as a result. The Centre also handled calls from the public concerning information on the HSE Amendment Act 2002.

ERS and OSH, which have customers in common, are working together on the Workinfo programme. This includes practice change, knowledge management and application development components. Current OSH and ERS case management systems are independent.

The Workinfo application will enable ERS and OSH to better target their activities with employers and employees to build knowledge and capacity for best practice in these sectors and improve co-ordination of joint interactions.

Internal and external connectedness – all staff making the links to achieve the Outcome and cohesive service delivery across the Department.

The "connectedness" project is making the most of inter-Service operational connections, local networks, community and business links, agreements with providers, and other "joined up" Government activities.

Inter-Service internal groupings meet regularly to ensure opportunities for working together are maximised. These include the IT, HR, Policy, Operations, Maori, Pacific, Communications, Finance and regional connectedness fora. The annual

managers' forum and twice-yearly regional fora for staff provide the opportunity for staff to meet colleagues from other Services and contribute to the strategic direction.

A number of projects and initiatives have resulted from the exchange of information and focus on working together. Examples include the Decent Work Taskforce, which involves ERS, OSH, and NZIS working together to address situations involving the worst cases of worker abuse, and a whole-of-Department representation in Heartland offices. The Department also jointly attends events such as the Pasifika Festival, Mystery Creek Fieldays, and other regional expos and events.

We have continued to develop and maintain relations with our key government agencies, and participated in whole-of-government initiatives such as Review of the Centre. We also continued to consolidate and strengthen the Department's Partnership for Quality with the Public Service Association.

Building and sharing our knowledge — to develop and enhance the intellectual base of the Department.

Knowledge Management

Knowledge management has been central to capability development during the year. Services have established programmes of work to institute cultural and process changes as well as implement support tools for Knowledge Management.

In ERS the focus has been on changing from a 'managing events' approach to a relationship management approach. This requires a culture of information-sharing, openness to learning and integration of service delivery, supported by good knowledge management tools.

In NZIS the Customised Service strategy is heavily reliant on Knowledge Management. Customised Service involves a shift from managing applications to targeted and tailored customer relationship management. This proactive approach depends on effective brokering of current and relevant information and sharing staff knowledge. During the year a comprehensive intranet-based Knowledge Management tool was developed.

The joint ERS and OSH Workinfo project includes knowledge management support tools to enable the sharing of experiences, information and knowledge.

CEG has a significant resource of specialist knowledge, skill and talent in its field workers. The Service has developed a simple intranet tool to make this information about each field worker available to the whole team, so fieldworkers can quickly access information and support for their work with customers. CEG also defined a programme to share information about projects and good practice guidelines, which is available to all staff and, as appropriate, community groups.

Excellent Policy Advice

This project aims to enhance the quality of the Department's policy advice to Ministers, including operational policy advice. During 2002/03 achievements included:

- identifying additional areas to provide guidance on *Excellent Policy Advice* (in relation to consultation processes and the use of advisory groups) and areas for revision of existing guidance (eg processes for Official Information Act requirements). Initial scoping work was undertaken and will be included in a review of the *Excellent Policy Advice* guide in 2003/04
- collecting information to inform the annual updating of the Department's combined research/evaluation strategy

- oversight of policy contributions to the *Briefing for Incoming Ministers 2002*
- shared work planning processes to improve the co-ordination of work planning across Department Services
- workshops for staff to support the Department's *Guide to Excellent Policy Advice and Guide to Excellent Writing*, and identified training and development needs related to core competencies for policy staff
- completing the trials of the stakeholder feedback and peer review process commenced in 2001/02, and agreeing arrangements for the future use of this process. Work on reviewing a subsequent project (the *Briefing for Incoming Ministers 2002*) started in 2002/03 for completion in 2003/04
- starting a review of recruitment issues for policy staff (for completion in 2003/04).

Systems for services and support — to ensure the Department's infrastructure is robust and able to support outcomes.

The Department has progressed a number of systems projects that will ensure appropriate infrastructure to support the strategic direction. Particular areas of focus during 2002/03 were electronic channels; information management systems, including a Human Resources management information system; and two NZIS systems-related projects.

Electronic Channels

In 2000/01, the Department commenced an Electronic Channels Programme (ECP) for strategy development and implementation of electronic service delivery through the Internet, phone systems and related emerging technologies. This programme is about giving our customers – Ministers, communities, employers, employees, migrants, other government agencies and businesses – seamless access through electronic channels to DoL information, services and transactions. These channels will be aligned with our other service delivery methods, and provide a useful, easily accessible alternative.

As a first step the programme created a strategic framework within which Service electronic service delivery initiatives could be managed. The framework includes a departmental vision, guiding principles and an approach for co-ordination between Services.

The Department's Services continued to work towards electronic service delivery by progressing and defining projects that included the NZIS *Access from Anywhere* strategy, the ERS/OSH Workinfo programme and LMPG's work leading the development of WorkSite PaeMahi.

An IT infrastructure upgrade plan and design was developed, based on technology that will closely integrate systems across the Department. A specific design choice was made to create a single IT environment rather than the current Service-based design.

This work is closely aligned with, and is the Department's response to, the overall e-government strategy being facilitated by the State Services Commission's (SSC) e-Government unit.

The Department's Chief Executive is a member of the e-Government Advisory Board and the Department is represented on the shared workspace project steering committee. During the year, the Department also supported the SSC's e-government unit in a variety of ways including metadata collection for the

e-government portal and the development of the e-Government interoperability framework.

The Department's website was redeveloped and launched during the year to provide an easy to navigate, customer-friendly current website that supports the Department's strategic direction and meets government guidelines.

Information Management

The Department's Information Technology (IT) strategy developed in 2000 provides an overarching framework focused on ensuring connectivity within the Department, the effective development and management of any shared infrastructure and systems, and IT security.

During 2002/03, the Department reviewed our IT policies and prepared a new set based on industry good practice and our own management policy framework.

Within the framework of this strategy the Department's Services manage their individual IT infrastructure and develop their own applications aligned with their specific business needs.

Human Resources Management Information System

A key information management project undertaken in 2002/03 was the Human Resources Management Information System (HRMIS). The project aimed to develop an information technology system to better manage the Department's human resource information. Initially the project scoped Departmental requirements for human resource strategic and operational information, and established whether the Department needed further options to meet our information needs.

Once the Department's strategic and operational human resources information needs were determined, an implementation project commenced. The key project milestones were moving the payroll to the new supplier, merging six Service payrolls into one, setting up a staff self-service kiosk, and developing manager reports for operational and strategic purposes. The project is progressing well, with full implementation expected in the 2003/04 year.

NZIS Projects

New Zealand Immigration Service is working on two systems-related projects: *Access from Anywhere* for on-line applications, and continuous improvement for the management operating system.

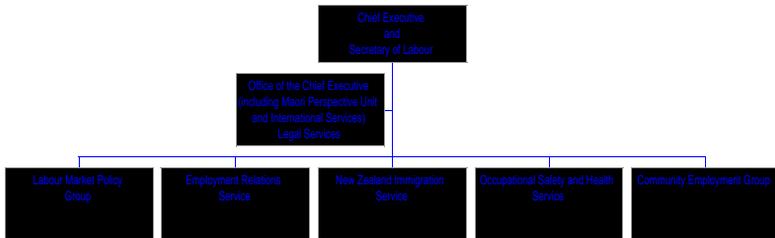
In September 2002 NZIS introduced online services for customers to extend visitor permits, and approximately 2,500 online applications were completed. Development of online services for students through tertiary institutions was progressed. A new passenger screening system, APP was developed during the year and piloted in July 2003.

NZIS's quarterly release cycle of changes to the operating system continued as new policies or service enhancements were implemented. During the year, a number of Continuous Improvement Process (CIPs) suggestions from branches were implemented.

Department Structure

The Department of Labour employs approximately 1,480 staff across the five Services and the Office of the Chief Executive.

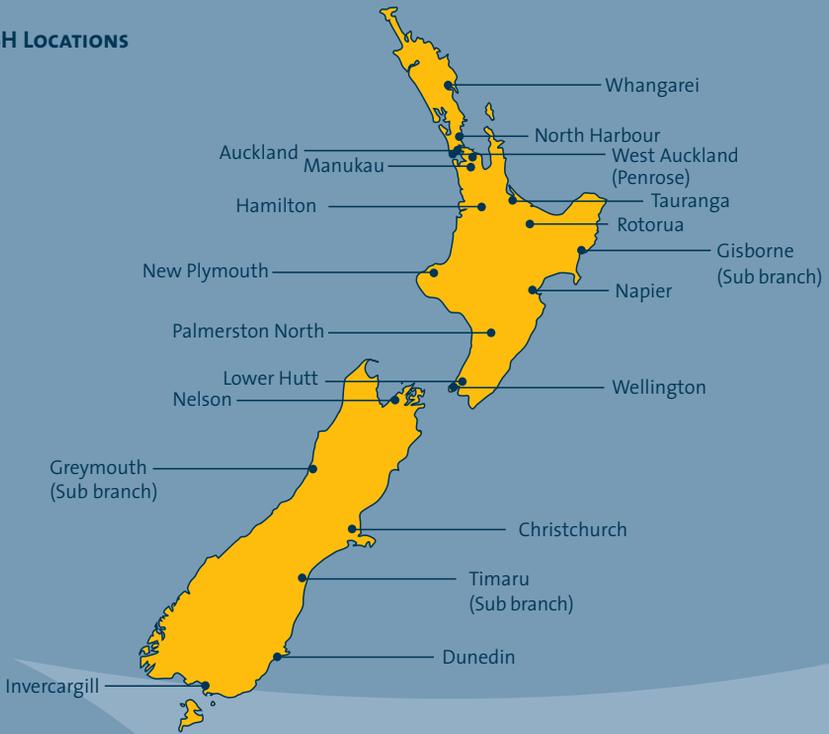
Each Service is headed by a general manager, and has its own management structure, service delivery networks and policy capability. Our advice to the Government involves both a strategic outcome and operational focus from the Department as a whole.



Five Centres of Excellence within the Services provide a range of financial, human resource, information, and technology support services to the Department as a whole.

The Department has 60 offices in 20 locations in New Zealand, and 16 offices overseas, plus staff in some MFAT posts.

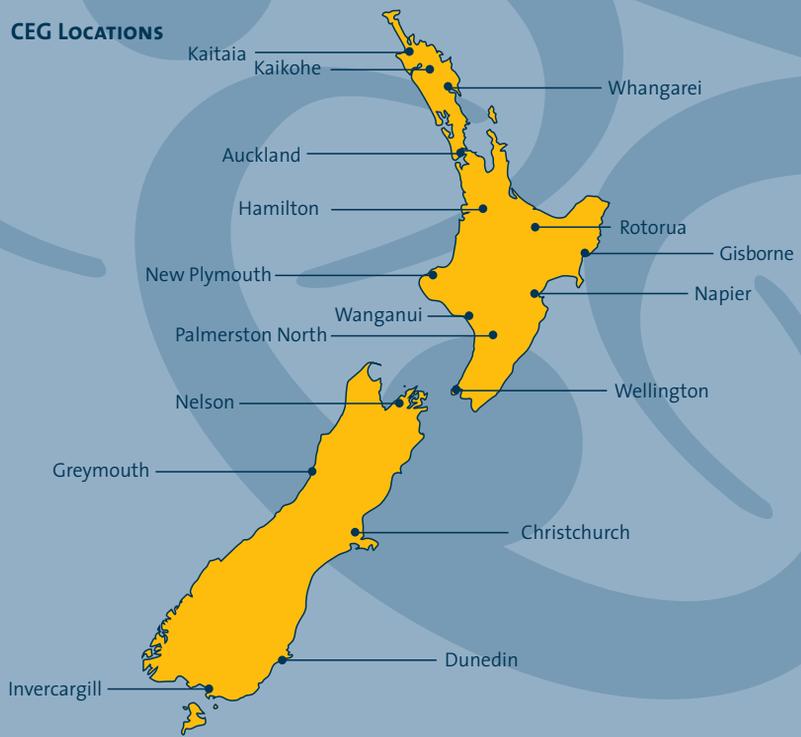
OSH LOCATIONS



ERS LOCATIONS



CEG LOCATIONS



NZIS LOCATIONS



- The locations in white are NZIS branches and the locations in teal are MFAT/Trade NZ posts

Policy Advice: Overview

The Department provides policy advice under the four Departmental Votes: Labour, Immigration, Accident Insurance and Employment, in the areas of employment relations, workplace health and safety, immigration, accident compensation and employment.

New Zealand Immigration Service (NZIS), Occupational Safety and Health Service (OSH), Employment Relations Service (ERS), Community Employment Group (CEG) and Labour Market Policy Group (LMPG) all contribute to the Department's policy analysis and advice. LMPG provides strategic policy advice, supported by its labour market analysis and research and evaluation, whilst the other Services bring perspectives and expertise based on their knowledge of the sectors they operate in. Services work with LMPG to develop co-ordinated Department of Labour advice to the Government.

The Office of the Chief Executive (OCE) supports Service policy advice under all four Votes; and also provides direct purchase advice and monitoring to Government in the areas of employment, ACC and, since April 2003, tertiary education.

Significant policy issues considered during the 2002/03 year are discussed in the Service and OCE Overviews that follow.

Labour Market Policy Group: Overview

Geoff Bascand
General Manager
Labour Market Policy Group

Policy settings are the foundation for achieving outcomes. These are determined by the Government – therefore our outcome is:

Fully-informed policy decisions.

Ministers are fully-informed by advice that's analytically rigorous, empirically sound and reflects on-the-ground observation and community interaction.

The Department of Labour has unique knowledge and understanding of the labour market, our workplaces and working lives. LMPG provides a strategic overview of labour market policies, and links between labour market and other economic and social policies.

LMPG provides analysis and advice on:

- policies aimed at helping to enhance individuals' and New Zealand's human resource capacity
- opportunities and people's access to earnings and employment
- management of, and protection against, risks to people's ability to earn an adequate income
- matching people's skills and interests with employers' needs, job opportunities and employment conditions.

The Department of Labour is the Government's principal adviser on employment policy and ACC policy. The Department also provides advice on issues such as the future of work, immigration, the interaction of education and training within the labour market, labour market regulation, job creation, labour market disadvantage, and safety and health issues. LMPG works with DoL Services and other government agencies on these issues.

LMPG gives the breadth of perspective on what matters for New Zealanders to have high-quality working lives in thriving and inclusive communities. It does this through:

- developing and maintaining overall frameworks for explaining outcomes and the effects of policies
- assessing policy priorities
- evidence-based advice – doing research and evaluation that is closely linked into advice
- connecting New Zealanders with information on skills and work.

LMPG contributes to most of the Department's second-level outcomes.

- To a *more skilled and knowledgeable workforce* by leading work on addressing skill shortages and skill development. The Group worked with New Zealand industry groups on the nature of skills shortages and the scope for better matching the supply of skills with current and future demands. Industries included the Nelson-Marlborough Seafood Cluster; Wood Processing Labour and Skills subgroup; and the Textiles, Clothing, Footwear and Carpet sector. Work progressed on the Skills Action Plan, aimed at increasing public knowledge of skills information related to job-seeking and employment opportunities. Initiatives included:
 - launching WorkSite PaeMahi, an integrated website (portal) “shopping mall”, in November 2002. WorkSite PaeMahi offers full government information on the New Zealand labour market - for job seekers, employees, employers, students, educators, migrants and others. Phase Two of this project incorporating further information, started in June 2003
 - publishing two issues of workINSIGHT, a six-monthly skills report and information package for careers advisers, students, job seekers and employers.

With the New Zealand Immigration Service, LMPG analysed migrants' employment outcomes, based on data from the 2001 Census. The Group continued to work on a longitudinal survey of migrants and contributed to immigration policy advice.

- LMPG contributed to the outcomes of *greater opportunities for all* and *improved labour market participation* through analysis of job vacancy information and employer surveys to provide new insights into skill shortages. A survey was piloted for collating data on employers who have recently advertised jobs. Work has also commenced on analysis of newspaper and Internet job advertisements. Quantitative research examined factors affecting supply and demand in selected occupations.

LMPG continued to oversee the implementation and monitoring of the Government's Employment Strategy work programme. The Group worked with the Ministry of Social Development (MSD) to develop definitions and new behaviours around the concept of sustainable employment.

The *Future of Work* website was launched in November 2002 to communicate and consult on a wide range of information about work over the next ten to twenty years. A number of research proposals were accepted under the new contestable fund for research on future trends in work, with research completed by June 2003.

The Group led inter-agency policy work on youth transitions, aimed at achieving the Government's goal of ensuring that by 2007 all 15-19 year olds will be engaged in appropriate education, training, work, or other options which will lead to long-term independence and wellbeing.

- LMPG's contributions to *thriving, well-settled and inclusive communities* included work with the Community Employment Group on community economic development action research in three communities: Napier, Christchurch and Twizel. This research aims to understand the factors that help and hinder communities in making their journey towards economic development.
- LMPG also contributed to *minimising social consequences and economic costs of injury*, and the *achievement of fair and productive employment relationships* through advice related to accident compensation and injury prevention;

supporting the New Zealand Injury Prevention Strategy; undertaking the annual review of the minimum wage; advice on employment relations policies such as pay equity; and evaluating the Employment Relations Act 2000.

Policy work also began on the work/life balance project which aims to achieve co-ordination across government agencies in developing family-friendly and other policies that promote work/life balance.

LMPG also co-led with ACC a review of the current medical misadventure system, assessing the funding implications of medical misadventure which covers medical error and medical mishap. Public consultation started on options for providing cover for medical misadventure under the Injury Prevention Rehabilitation and Compensation Act 2001.

Research into the costs of injury in New Zealand was conducted and included holding a symposium to explore information needs and measurement approaches. LMPG also led a strategy for improving injury information over the next five to ten years, and undertook a stock-take of relevant administrative data.

- LMPG contributed to the outcome of *New Zealand as a good international citizen* and whole-of-government principles through co-ordinating the development of policy guidelines on addressing global integration issues.

The Group also provided regular briefings to Ministers on a range of economic and statistical trends, including skill imbalances, economic forecasts, the labour market outlook, and key statistical releases; plus six-monthly regional labour market reports.

During the year, LMPG collaborated with Services and other government agencies on a range of evaluation and research projects, including:

- the value of post-school qualifications
- preliminary research on youth minimum wage changes
- contributing to evaluation of Domestic Purposes Benefit (DPB) reforms
- research into New Zealand's productivity performance
- developing linked employer-employee data.

Employment Relations Service: Overview

Andrew Annakin
General Manager
Employment Relations Service

The Employment Relations Service Outcome (and Mission) is:
Excellent employment relationships - a fact of working life.

The Employment Relations Service promotes and supports fair and productive working relationships between employers and employees by:

- providing information and assistance on employment rights and obligations that promote best practice
- providing mediation services to facilitate the voluntary, consensual resolution of problems between employers, employees and unions
- providing support to the specialist employment institutions that provide employment relationship problem-resolution services
- providing policy analysis and advice to the Government and monitoring the operation of the employment relations system
- enforcing statutory minimum employment standards
- administering the Employment Relations Education (ERE) Contestable Fund that supports productive employment relationships through courses that improve employer and employee understanding of employment relations.

The Service also provides administrative support to the Remuneration Authority (formerly the Higher Salaries Commission).

During the 2002/03 year, ERS continued to work towards *excellent employment relationships – a fact of working life* through a range of policy and operational activities.

The major focus of policy work was support for reviews of the Employment Relations Act 2000, Holidays Act 1981, and Paid Parental Leave scheme. Substantial work on the review of the Employment Relations Act will contribute towards legislative amendments designed to better realise the Act's objectives. The review of the Holidays Act culminated in the introduction of the Holidays Bill to Parliament in February 2003. Evaluation of the Paid Parental Leave scheme started. Challenges for the year ahead include completing the Employment Relations Act Review, and advising on issues including pay equity and work/life balance.

Fair and Productive Employment Relationships

ERS aims to resolve employment relationship problems at the lowest possible level before they escalate further. This starts with information services through the ERS Infoline and website, and continues through the problem-resolution continuum of

mediation services, the Labour Inspectorate, the Employment Relations Authority and Employment Court.

ERS is working to enhance these channels to better meet the needs of people seeking information on employment relationship matters and/or solutions to workplace problems. ERS has put considerable effort into building employer and employee capability in best practice employment relations, with the aim of reducing the number and severity of problems. This included seminars and talks by information officers, mediators, labour inspectors and Authority members to targeted sectors to improve their understanding of employment rights and obligations. A number of written guides were also produced.

OSH joined with the ERS Information Centre to provide information to customers on the Health and Safety Amendment Act 2002 through the 0800 20 90 20 freephone and www.workinfo.govt.nz. Greater co-ordination of information-delivery and problem-solving directed at employment relations in the widest sense is a priority area for both Services.

Good service delivery requires a careful balancing of client needs and demand against available resources. Throughout the year, ERS focused efforts on maintaining good customer service while coping with considerably more demand than in the previous twelve months. With excellent endeavour from staff, output also increased from the previous year. In particular:

- enquiries about employment rights continued to increase, with the ERS Infoline processing 249,589 enquiries by year's end, compared with 203,230 in 2001/02. There were also more than 170,000 unique visitors to the website
- Mediation Services received 9,256 applications for assistance, and completed 9,278 in the year. This compares with 8,134 received and 8,187 completed in 2001/02
- the workload of the Labour Inspectorate increased slightly over the year, with complaints received about breaches of the minimum code increasing from 2,020 in 2001/02 to 2,166 in 2002/03
- pressure continued in the Employment Relations Authority with 2,384 applications received in the year compared with 2,098 in the 2001/02 year. However, despite this, the Authority completed 2,225 cases compared with 1,720 in 2001/02.

Despite these pressures, customer feedback and satisfaction levels continued at generally high levels. ERS will continue to pay close attention to workflows, demand, and work practices to ensure that the right mix of services responsive to customer needs continues.

The residual Employment Tribunal was closed on 30 September 2002 with the remaining outstanding cases transferred to the Employment Relations Authority. The Tribunal had 105 applications outstanding at 30 June 2002 but this has now reduced to 34. This includes 17 new cases received and 157 re-opened during the year. 256 cases were completed or closed during the year.

Occupational Safety and Health: Overview

Bob Hill
General Manager
Occupational Safety and Health Service

Occupational Safety and Health Service Outcome is:
Enabled people taking active responsibility for their safety, health and working environments.

The Occupational Safety and Health Service concentrates on minimising the social consequences and economic costs of workplace illnesses and injuries through information, advice, promotion and facilitation.

A major focus for the year was preparation for the Health and Safety in Employment Amendment Act, and implementing changes arising out of the legislation. The intent behind the amendment is to position workplace health and safety as part of inclusive and participatory employment relationships. The key areas of change are: enhanced employee participation in managing workplace health and safety; extending the coverage of the Act to include crew aboard aircraft and ships, and volunteers; reinforcing coverage of mobile workers; clearly identifying stress and fatigue as workplace hazards; and ensuring effective and consistent enforcement.

Field Operations and Statistics

During 2002/2003, under the Health and Safety in Employment Act (HSE) 1992, OSH covered around 29,000 workplaces to promote and advise on health and safety. This number was significantly boosted by attendance at OSH's seminars on amendments to the HSE Act, which came into force from 5 May 2003. OSH also completed 10,599 investigations, and initiated 136 prosecutions.

OSH investigated 73 workplace deaths during the year. The number and industry pattern of fatalities investigated was similar to 2001/02 when 73 deaths were investigated, but represents a sharp increase over the total of 40 in 2000/01. Nearly one-quarter of the victims of the fatal accidents investigated by OSH this year were bystanders (eg customers, passers-by). During the 2001/02 year OSH introduced a new business process for filtering, prioritising and investigating complaints and notifications of serious harm. The process has led to the identification of a higher number of 'bystanders' in OSH's fatality figures this year compared to previous years. It's important to note that the workplace fatality investigation statistics collated by OSH are administrative statistics arising from coverage of the HSE Act. They do not purport to give an accurate measure of New Zealand's workplace fatalities as a whole.

The increase in fatalities has occurred in the general category of "Industrial/ Commercial" and the accident causes in this category are very diverse. OSH continues to monitor for identifiable factors that can be addressed, bearing in mind the limitations of statistical reliability (ie a small number over a large base).

In the agricultural sector, tractor and all-terrain vehicle (ATV) accidents were the leading causes of deaths. In the construction industry, falls from heights continued to be the leading cause. In the forestry sector, where felling of trees has traditionally been a leading cause of death, there were six deaths from tree-felling in 2002/2003.

HSE Amendment Act

The Act was passed on 20 December 2002 and came into effect on 5 May 2003. During the year, principal areas of activity to increase awareness and implementation of workplace health and safety were:

- consultation with stakeholders and provision of policy advice
- producing information such as *Guide to Employers*, *Employee Participation*, and a range of fact sheets to reflect both the technical provisions of the legislation and the Government's wider policy intent
- setting up an 0800 20 90 20 freephone and a website www.workinfo.govt.nz for enquiries.

Following the enactment of the Bill in December 2002, OSH:

- completed second-order policy issues to ensure all aspects of the regulatory framework were in place when the Act came into effect, including:
 - policy advice on the appointment of 'Designated Agencies' to administer the Amendment Act in the maritime and aviation sectors
 - advice to the Minister of Labour on approving training of health and safety representatives under the terms of the Amendment Act
 - managing the process relating to amendments to the HSE Prescribed Matters Regulations (eg the form of Infringement Notices and Hazard Notices, and the format for providing advice to OSH on private prosecutions).
- implementing the HSE Amendment Act communications strategy which included:
 - direct information on the amended Act to thousands of employers and self-employed
 - a public seminar programme in March 2003. OSH regional staff ran 140 seminars, delivering information to approximately 6,600 participants. Building on these seminars, the information programme has continued at small group presentations and individual workplaces.

Designated Agencies

On 5 May 2003 the Maritime Safety Authority (MSA) and the Civil Aviation Authority (CAA) were appointed Designated Agencies under the HSE Act. The CAA will administer the Act for the aviation sector, specifically for aircraft while in operation; and the MSA will administer the Act for ships. Memoranda of Understanding were developed with both agencies and DoL staff were seconded to the CAA to assist the Authority to implement its new responsibility.

Hazardous Substances and New Organisms (HSNO) Act 1996

The hazardous substances provisions of the Hazardous Substances and New Organisms (HSNO) Act 1996 came into effect on 2 July 2001. OSH has been heavily engaged in contributing to implementation of the HSNO Act, and to the outcome of *Ensuring that adverse environmental impacts of workplaces are minimised*. During 2002/03 OSH continued to operate the HSNO enforcement regime under the transitional arrangements agreed with the Environmental Risk

Management Agency. Regional OSH staff were trained in preparation for the explosives transfer scheduled to occur in August 2003.

Support for Ministerial Initiatives

OSH provided advice and administrative support to the Ministerial Inquiry into the Management of Certain Hazardous Substances in Workplaces, and the appointment of a National Occupational Health and Safety Advisory Committee.

The report from the Ministerial inquiry into the management of certain hazardous substances, in particular glutaraldehyde, other aldehydes and solvents in workplaces in the health, printing and manufacturing sectors, was officially released on 25 July 2003.

The five-person National Occupational Health and Safety Advisory Committee was established by the Minister of Labour to provide independent assessment to the Minister on:

- major occupational health and safety issues for New Zealand
- measures that would deliver greatest benefit for the prevention of occupational injury and disease
- an evidence-based approach to occupational safety and health issues through a research programme.

The first meeting of the Committee was scheduled for August 2003.

Accident Insurance Regulator

The Accident Insurance Regulator was established by the Accident Insurance Act 1998 to monitor the performance of the accident insurance market. The provision of accident insurance returned to a single public fund administered by ACC from 1 July 2000, and since that time all employers have been covered by ACC. All private insurance contracts terminated on 30 June 2000.

In 2002/03 the Regulator's office managed residual functions related to:

- monitoring the performance of registered insurers with respect to claims made against accident insurance contracts during 1999/00
- collection of penalties imposed against those employers who failed to have an accident insurance contract in force at all times they were employing during 1999/00
- managing enquiries relating to the Regulator's functions prescribed by the Accident Insurance Act 1998 (functions preserved in the Injury Prevention Compensation and Rehabilitation Act 2001)
- collecting information relating to personal injury claims made under the Accident Insurance Act 1998.

New Zealand Immigration Service: Overview

Andrew Lockhart
General Manager
New Zealand Immigration Service

The New Zealand Immigration Service Outcomes are:
Increasing the capacity of New Zealand through immigration.
***Positioning New Zealand as an international citizen with
immigration-related interests and obligations***

The New Zealand Immigration Service (NZIS) manages immigration for national advantage in accordance with the Government's objectives and policies. The Service provides advice on New Zealand's immigration policies to achieve the Government's immigration objectives, and facilitates the entry of people into New Zealand while managing the risks involved. NZIS operates a resettlement programme for refugees; and supports initiatives and leads research to improve settlement outcomes for migrants.

Increasing the Capacity of New Zealand Through Immigration

NZIS's work towards this outcome aims to increase the capacity of New Zealand through the participation and contribution of migrants to New Zealand society and the economy.

Selecting quality skilled migrants and ensuring they are able to contribute by gaining employment and using their skills, achieves this aim. In the 2002/03 year, 62.7% of the 48,538 people approved for residence were approved under the Skilled stream. In the case of General Skills principal applicants, 74% of job offers matched their home country occupations, suggesting that they identified opportunities to match their skills. Analysis of 2001 Census data also revealed that 64.4% of all migrants were in employment. This information gives a good picture of the contribution skilled migrants make to New Zealand by bringing marketable skills that enable them to find work. Research commissioned by NZIS during the year also found that overall there was a \$1.7 billion net positive fiscal impact of immigration.

NZIS also plays an important role in growing business and employment opportunities in New Zealand. Applicants approved under the Business Investor category during the year intended to invest \$1.271 billion in New Zealand. In addition NZIS facilitated the entry of tourists and foreign students by making 153,682 visitor visa and permit decisions and 124,572 student visa and permit decisions. These sectors contributed \$6.2 billion and \$1.7 billion to the New Zealand economy respectively. The 86,084 work visas and permits that were issued also facilitated the short-term transfer of skills to New Zealand.

NZIS focused on building relationships with regions and employers during the year to address particular areas of skills shortage. Initiatives such as the Talent Visa scheme, which has accredited 167 employers since its introduction in April 2002, and

the regional pilots and matching schemes, have gone some way to addressing skills shortages. An analysis of work permits granted during the year established that 36% of work permits issued were for occupations in known areas of skills shortage.

Facilitating positive settlement outcomes for migrants is an important part of NZIS activity. NZIS will continue to focus on ensuring migrants have realistic expectations of life in New Zealand and are well prepared before they arrive. A number of settlement provider contracts that provide a range of services for migrants have been maintained, including support for the opening of the Auckland Regional Migrant Centre during the year. The settlement information programme has continued to produce quality information for migrants about life in New Zealand. During the year focus groups were held to assist NZIS in identifying areas where settlement information can be improved.

It is vital that the benefits of immigration outweigh the costs on infrastructure. During the year NZIS progressed a number of border-related initiatives which are aimed at reducing the potential adverse impacts of immigration. This included the introduction of the Advance Passenger Processing system which allows for better application verification and the screening out of risk passengers pre-arrival, and an interdiction programme.

In New Zealand there has also been a focus on minimising adverse impacts through initiatives such as delivering employer education programmes. A total of 450 visits were made to employers to encourage compliance through providing information on the Immigration Act. Compliance activity has also seen an increase in the number of individuals removed from New Zealand, with a particular focus on removing non-genuine refugee claimants, which reduces incentives to overstay.

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

In terms of this outcome, New Zealand's position as an international citizen is enhanced by NZIS reliably fulfilling international obligations, such as by providing refugees with safe haven.

During the year NZIS's Refugee Services contributed significantly to positioning New Zealand as a good international citizen. There was considerable international interest, in the form of familiarisation delegations from foreign governments, in New Zealand's first-level refugee determination processes. These processes are increasingly seen as best practice and have been included in the UNHCR database of model cases. NZIS was also asked by UNHCR to present the New Zealand first-level refugee status determination process and detention model at workshops for Pacific states which are considering becoming signatories to the UN Convention on Refugees. These states will need to develop their own infrastructure and process to be able to respond to illegal migration and mass arrivals.

The Refugee Quota programme also attracted international interest for the quality of the multi-disciplinary on-arrival orientation programme, and the co-ordination of settlement services. This includes collaborative service delivery by NZIS, mental health, health, education and community settlement representatives, and the delivery of a comprehensive orientation programme that covers issues such as basic English language training, schooling, and housing.

In 2002/03, a total of 604 refugees were provided with settlement services under the quota. The annual target of 750 was not met because of international events such as the Iraq war and a travel advisory for Pakistan, preventing selection missions.

In 2002/03, New Zealand became a member of the Executive Committee of the UNHCR (Ex Com) and NZIS supported the Ex Com process through working group and standing committee activities.

Operationally as at 30 June 2003 there was no longer a backlog of refugee status cases, with 317 cases on hand at year-end. The year opened with 572 cases on hand. The number of new claims lodged, at 952, was the lowest for a number of years.

Another key area is promoting New Zealand's immigration-related interests through participation in multilateral initiatives. During the year NZIS participated in, and contributed to, a number of international meetings and initiatives, including:

- hosting the Pacific Rim Immigration Intelligence Conference (PACRIM)
- attendance at the Pacific Immigration Directors' Conference (PIDC) forum meetings, and the provision of secretariat support for the forum
- the APEC business mobility group - a working group within the APEC forum that focuses on making it easier for business people to move around the APEC region
- the Bali Ministerial working group process, including leading a project on lost, stolen, and non-genuine passport information-sharing
- Asia Pacific Consultations (APC) - a process for promoting dialogue and exploring opportunities for greater regional co-operation on matters relating to population movements, including refugees, displaced persons and migrants
- Four Nations - a forum in which immigration agencies from the USA, UK, Australia and Canada discuss issues of mutual interest
- UNHCR Convention Plus – the development of tools for better global management of refugee problems in order to build on the 1951 Refugee Convention.

A number of the fora in which NZIS participates are focused on improving information-sharing, capacity building, and co-operation in the Pacific region.

NZIS has maintained preparedness for a humanitarian crisis and has in place a humanitarian crisis plan covering all internal markets and key external linkages.

Community Employment Group: Overview

Charlie Moore
General Manager
Community Employment Group

The Community Employment Group Outcome is:
***Successful local community enterprise and employment development
for communities disadvantaged in the labour market.***

The Community Employment Group works with communities that face a range of disadvantage in the labour market: in particular Maori, Pacific peoples, women and those living in disadvantaged urban and rural areas. Through an extensive network of field advisors, CEG works alongside communities and organisations within them to strengthen collective human capabilities; grow skills and knowledge; establish effective working partnerships; and build capacity for positive change. Assistance is tailored case-by-case to meet the specific needs of diverse communities. CEG is also able to support many communities by providing grants at appropriate stages of development. In doing this work, CEG assists communities to develop sustainable community enterprise and employment development opportunities.

CEG also has a small policy team that contributes advice to Government on employment-related policy and reducing inequalities for disadvantaged groups.

Service Delivery

During the year, CEG assisted 1,898 new or developing community projects, providing a record 43,125 fieldwork interventions. Grants worth \$22.832 million were expended, including \$7.768 million on capacity building and development initiatives for Maori and Pacific peoples. Capacity building also forms the core component of field intervention work. Targets for work with Maori and Pacific communities were once again exceeded, reflecting the key priority for CEG to contribute towards the reduction of inequalities for these communities. The Community Employment Organisations initiative continued, with 72 community-based enterprises now established since the start of the initiative in 2000. CEG also supported 53 new Social Entrepreneurs with grants through the Social Entrepreneurs Fund.

CEG continued to develop its published resources available to communities in support of community employment development. A further eleven editions of the long-established *Employment Matters* publication were produced, with on-line editions remaining available during the year through a dedicated website. An index is also available to provide access to archival stories on a huge range of enterprise and development experiences to help inspire and inform community responses to local development opportunities.

CEG started implementing the *Connecting Communities* strategy, which aims to co-ordinate government assistance to enhance community access to information and communications technology (ICT). Three communities (Otara, Tokoroa and Southland) were established as pilots to develop community planning processes to

identify and address their ICT needs. Much development work focused on brokering cross-government and cross-sectoral relationships, which will be further enhanced by a national conference in November 2003 to bring together ICT intermediaries and community stakeholders at a national level.

During the year, CEG also continued to implement its Maori tourism strategy. This included developing tourism sector relationships and networks, holding wananga for Maori interested in tourism development, and producing *He kete tapoi Maori*, a Maori tourism resource kit and video to help increase Maori participation in the sector and to grow the commercial capability of Maori tourism operators. Development also continued of a pilot 'virtual' tourism incubator park.

Short-term outcome evaluations for Community Employment Organisations and capacity building initiatives were undertaken during the year, and work continued on the Community Economic Development Action Research (CEDAR) project, in conjunction with the Labour Market Policy Group.

CEG continues to grow and improve its services that contribute to creating sustainable community enterprise and employment development outcomes for communities.

Office of the Chief Executive: Overview

**The Office of the Chief Executive outcome is the overarching DoL Outcome:
*People with high-quality working lives in thriving and inclusive communities.***

The Office of the Chief Executive supports the Chief Executive, Department's Leadership Team and Ministers by:

- advising on strategic management issues including human resources, finance , communications, information technology, and information and knowledge management within the Department
- quality assuring the Department's accountability and reporting framework, including co-ordinating preparation of the *Statement of Intent*, Main Estimates of Appropriation and the Output Plans with Vote Ministers
- managing relationships with external stakeholders and Services
- providing quality assurance and an overview of risk-management strategies across the Department, including an internal audit function
- providing legal advice and services for the Chief Executive, departmental Services and Ministers
- managing the Government's relationship with the International Labour Organisation and other institutions with an interest in labour market administration
- facilitating relationship management with key Maori stakeholders and advice to ensure that policy development and service delivery impacting on Maori communities meet Maori needs, reflect Maori perspectives, processes and practices, and recognise the regional variances within Maori communities
- facilitating relationship management with key Pacific peoples and advice on service delivery to Pacific peoples
- monitoring and purchase advice to the relevant Ministers on the performance of the Accident Compensation Corporation; and on employment service delivery by the Ministry of Social Development. This role was extended in April 2003 to include purchase and monitoring on employment outcomes delivered by the Tertiary Education Commission
- co-ordinating the accountability and reporting requirements of Paid Parental Leave.

Strategic and Organisational Performance

The focus during the year was on communicating and implementing the Department's strategic direction, including projects to build capability and further refine the Department's outcomes framework.

As part of our ACC purchase advice and monitoring role, advice was provided to the Minister for ACC on the claim liability forecasts, levy recommendations and the appropriation for the Non-Earners' Account; and a review of ACC's investment policy

and practices was completed. The Department also provided advice and support for appointments to the ACC Board, ACC Ministerial Advisory Panel and the Injury Surveillance Ministerial Advisory Panel. A key area was working with ACC to develop a joint evaluation strategy.

Our employment purchase advice and monitoring role focused on key projects of the Ministry of Social Development, including the Work Services Design Model and the development of the sustainable employment concept underpinning our joint outcome.

Maori Perspective Unit

The major focus of MPU in 2002/03 was overseeing the implementation of the Department's Maori strategy. Advisers facilitated the development and implementation of regional Maori Strategy action plans in four regions, to create opportunities for staff to engage with Maori communities and present the Department as a single entity providing a range of services. The Nga Rangatahi Toa Maori Scholarships programme was revived, with three Maori undergraduates and one Maori post-graduate scholar receiving the Department's support.

Pacific Strategy Coach

A new Pacific Coach was appointed in July 2002. The Pacific Coach, supported by the DoL Pacific Strategy Team, provided advice to the Department and our Services on achieving their Pacific Strategy goals; and co-ordinated progress reporting. The Coach also continued to ensure that Pacific perspectives are incorporated into policy development and encouraged collaboration in delivering service to Pacific people.

Legal Services

The Department's Legal Services Group is an in-house legal bureau that supplies legal advice and services to managers and staff within Services; and to Ministers. As well as advising on legal matters, the Legal group represents the Department in courts and tribunals, such as conducting health and safety prosecutions. Legal Services also performs a key role in the development of legislative reforms and their passage through Parliament.

In 2002/03 the legislative focus was on completing the passage of the Health and Safety in Employment Amendment Act (and support of its implementation); preparation of the Holidays Bill for introduction; and preparation of two Immigration Amendment Bills later in the year.

International Services

The International Services unit works with other parts of the Department to manage the Government's relationship with the International Labour Organisation, and maintain an overview of the two-way linkages between international labour-related developments and domestic policy issues.

During 2002/03 areas of focus included management of the labour component of Closer Economic Partnership Agreements (CEP), raising awareness of child labour issues, and regional involvement with the ILO.

Departmental officials attended meetings of the Governing Body of the ILO in Geneva, and a tripartite New Zealand delegation attended the Annual Conference in Geneva, participating in the Conference Committees.

The Minister of Labour delivered the papers of ratification to the ILO to implement the Government's decision to ratify Convention 98, *Right to Organise and Collective Bargaining*.

Statement of Management Responsibility

In terms of sections 35 and 37 of the Public Finance Act 1989, I am responsible, as Chief Executive of the Department of Labour, for the preparation of the Department's financial statements and the judgements made in the process of producing those statements.

I have the responsibility of establishing and maintaining, and I have established and maintained a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements fairly reflect the financial position and operations of the Department for the year ended 30 June 2003.



James Buwalda
Secretary for Labour
30 September 2003



Countersigned by:
Brett Mudgway
Chief Financial Officer
30 September 2003

REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF THE DEPARTMENT OF LABOUR FOR THE YEAR ENDED 30 JUNE 2003

We have audited the financial statements on pages 64 to 181. The financial statements provide information about the past financial and service performance of the Department of Labour and its financial position as at 30 June 2003. This information is stated in accordance with the accounting policies set out on pages 149 to 152.

Responsibilities of the Chief Executive

The Public Finance Act 1989 requires the Chief Executive to prepare financial statements in accordance with generally accepted accounting practice in New Zealand that fairly reflect the financial position of the Department of Labour as at 30 June 2003, the results of its operations and cash flows and service performance achievements for the year ended on that date.

Auditor's responsibilities

Section 15 of the Public Audit Act 2001 and section 38(1) of the Public Finance Act 1989 require the Auditor-General to audit the financial statements presented by the Chief Executive. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you. The Auditor-General has appointed H C Lim, of Audit New Zealand, to undertake the audit.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- ▲ the significant estimates and judgements made by the Chief Executive in the preparation of the financial statements; and
- ▲ whether the accounting policies are appropriate to The Department of Labour's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have carried out assurance related assignments for the Department of Labour in the area of quality assurance over a cost allocation model, tax compliance and review of internal controls at branch offices. Other than these assignments and in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in the Department of Labour.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion the financial statements of the Department of Labour on pages 64 to 181:

- ▲ comply with generally accepted accounting practice in New Zealand; and
- ▲ fairly reflect:
 - the Department of Labour's financial position as at 30 June 2003;
 - the results of its operations and cash flows for the year ended on that date; and
 - its service performance achievements in relation to the performance targets and other measures set out in the forecast financial statements for the year ended on that date.

Our audit was completed on 30 September 2003 and our unqualified opinion is expressed as at that date.



H C Lim
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Statement of Objectives and Service Performance

Performance Reporting

During 2002/03, performance against outcomes was reported on through a hierarchy of measures:

Environmental information: indicators for the high-level outcomes, where the Department can demonstrate that our contributions are having a positive impact, but for which we are not entirely accountable because of factors outside our control.

Results Information: result indicators for outcomes where the Department can show a direct and substantial contribution and we will be held accountable.

Activity information: information on numbers of processes, activities and tasks undertaken to inform results information. These are not set as accountability targets but provide supporting information on actual activities undertaken.

VOTE: LABOUR

Contributed to by the Employment Relations Service, the Occupational Safety and Health Service, the Labour Market Policy Group and the International Services section of the Office of the Chief Executive.

Summary Financial Performance: Vote Labour

| Year ended 30 June 2003 | Actual \$000 | Voted ¹ \$000 | Variance Fav / (Unfav) \$000 |
|---|-----------------|-----------------------------|------------------------------------|
| Revenue Crown (GST excl) | | | |
| Policy Advice – Labour | 5,935 | 5,935 | - |
| International Services | 333 | 333 | - |
| Support Services - Industrial Relations Institutions | 5,308 | 5,308 | - |
| Problem Resolution | 11,149 | 11,149 | - |
| Promoting Excellence in Self Managing Occupational Health and Safety Hazards in the Workplace | 24,938 | 25,382 | (444) |
| Regulatory Functions Outside the Health and Safety in Employment Act 1992 | 1,708 | 1,708 | - |
| Sub total | 49,371 | 49,815 | (444) |
| Revenue Department (GST excl) | | | |
| Policy Advice – Labour | 127 | 158 | (31) |
| Sub total | 127 | 158 | (31) |
| Revenue Other (GST excl) | | | |
| Support Services - Industrial Relations Institutions | 183 | 180 | 3 |
| Promoting Excellence in Self Managing Occupational Health and Safety Hazards in the Workplace | 132 | 300 | (168) |
| Regulatory Functions Outside the Health and Safety in Employment Act 1992 | 12 | 12 | - |
| Sub total | 327 | 492 | (165) |
| Total | 49,825 | 50,465 | (640) |

¹ Voted figures include adjustments made in the Supplementary Estimates.

| Year ended 30 June 2003 | Actual \$000 | Voted ² \$000 | Variance Fav / (Unfav) \$000 |
|--|-----------------|-----------------------------|------------------------------------|
| <u>Departmental Output Classes (GST excl)</u> | | | |
| Policy Advice — Labour | 6,044 | 6,093 | 49 |
| International Services | 333 | 333 | - |
| Support Services — Industrial Relations Institutions | 5,475 | 5,488 | 13 |
| Problem Resolution | 11,143 | 11,149 | 6 |
| Promoting Excellence in Self Managing Occupational Health and Safety Hazards in the Workplace | 24,897 | 25,682 | 785 |
| Regulatory Functions Outside the Health and Safety in Employment Act 1992 | 1,686 | 1,720 | 34 |
| Total | 49,578 | 50,465 | 887 |
| <u>Non-Departmental Revenue (GST excl)</u> | | | |
| Employment Court, Employment Relations Authority and Employment Tribunal Fees | 248 | 300 | (52) |
| Recovery of Higher Salaries Commission costs of setting Local Authority Members' remuneration ³ | 236 | 300 | (64) |
| Health and Safety in Employment Levy | 28,085 | 25,569 | 2,516 |
| OSH Fees and Licences | 157 | 200 | (43) |
| Programme Recoveries | 1 | - | 1 |
| Total | 28,727 | 26,369 | 2,358 |
| <u>Output Classes Supplied by Other Parties (GST incl where applicable)</u> | | | |
| Employment Relations Education Contestable Fund | 1,333 | 2,393 | 1,060 |
| Health and Safety in Employment Levy - Collection Services | 978 | 978 | - |
| Promotion of Equal Employment Opportunities | 37 | 38 | 1 |
| Sub total | 2,348 | 3,409 | 1,061 |

² Voted figures include adjustments made in the Supplementary Estimates.

³ The Higher Salaries Commission became the Remuneration Authority from 1 April 2003 as the result of the passing of the Remuneration Authority (Members of Parliament) Amendment Act 2002.

| Year ended 30 June 2003 | Actual \$000 | Voted ⁴ \$000 | Variance Fav / (Unfav) \$000 |
|--|-----------------|-----------------------------|------------------------------------|
| <u>Other Expenses to be Incurred by the Crown (GST incl where applicable)</u> | | | |
| Employment Court Judges' Salaries and Allowances | 1,210 | 1,400 | 190 |
| Employment Relations Authority Members' Salaries and Allowances | 1,975 | 2,100 | 125 |
| International Labour Organisation | 1,272 | 1,400 | 128 |
| Joint EEO Trust | 1,061 | 1,061 | - |
| New Zealand Industrial Relations Foundation | 15 | 15 | - |
| Sub total | 5,533 | 5,976 | 443 |
| Total | 7,881 | 9,385 | 1,504 |

⁴ Voted figures include adjustments made in the Supplementary Estimates.

VOTE: LABOUR

The output classes in Vote Labour contribute to a number of Departmental outcomes related to Government's Key Goals.

These outcomes, Vote Labour contributions, and the environmental information which can be used to measure progress towards the outcomes, are set out below.

| Environmental Information | Performance to 30 June 2003 |
|---|--|
| <p>Outcome: Adverse environmental impact of work and workplaces minimised.</p> | |
| <p>Contribution: Prevention of incidents with environmental implications in high hazard industries.</p> | |
| <p>Report on the number of incidents arising out of work and workplaces that have adverse environmental effects (ERMA).</p> | <p>ERMA reports that 32 incidents were recorded in the year ended 30 June 2003, compared with 34 incidents in 2001/02.</p> |
| <p>Incident rates by sector which have environmental implications (ACC).</p> | <p>Incident rates by industry sector are reported in injury statistics collected by the Accident Compensation Commission. However they do not include environmental implications as ACC does not collect this information.</p> |
| <p>Outcome: Enhanced trust in the institutions of Government through access to independent review and decision-making.</p> | |
| <p>Contribution: Support services to Employment Relations institutions.</p> | |
| <p>Client feedback surveys on problem-resolution process.</p> | <p>During 2002/03, external client feedback surveys were conducted in respect of the Employment Relations Authority, the Mediation Service, the Labour Inspectorate and the Employment Relations Service Information Centre.</p> <p>In respect of the Employment Relations Authority, these surveys demonstrated that 92% of applicants were satisfied, compared with 87% of respondents, giving an average of 90% satisfaction. This was the first year that these surveys were carried out.</p> <p>86% of external clients of the Mediation Service surveyed in 2002/03 were very satisfied or satisfied, compared with 87% in 2001/02.</p> <p>The averaged results of monthly surveys about the Labour Inspectorate's enforcement activities indicate that 89% of employee clients and 85% of employer clients surveyed were satisfied or very satisfied with the overall conduct of investigations. The results in 2001/02 were 95% for employees and 87% for employers, compared with 92% and 82% respectively in 2000/01.</p> <p>Sample surveys of clients of the Employment Relations Service Information Service were commenced in June 2003 but the numbers surveyed to date are insufficient to produce a credible result.</p> |

| Environmental Information | Performance to 30 June 2003 |
|---|--|
| | <p>Six-monthly surveys of Employment Relations institutions were also conducted to assess the standard of performance of the support services provided by the Department to the institution and the level of satisfaction with these services. One survey of each institution was completed in December 2002 and a further survey sent to each institution in June 2003. The results of the June 2003 surveys have not yet been received back.</p> <p>As at December 2002, the Chief of the Employment Relations Authority rated both performance and satisfaction at 4 on a 1 to 5 scale with 5 being the highest. A rating of 4 was also achieved for both performance and satisfaction in the December 2001 and June 2002 surveys.</p> <p>In December 2002, the Chief Judge of the Employment Court assessed both performance and satisfaction at 3, the same rating as in December 2001. This rating increased to 4 for both performance and satisfaction in the June 2002 survey.</p> <p>As at December 2002, the Chair of the Remuneration Authority (formerly the Higher Salaries Commission⁵) assessed both performance and satisfaction at 4, the same rating as in the December 2001 and June 2002 surveys.</p> <p>No surveys were undertaken of the Residual Employment Tribunal which ceased operations on 30 September 2002.</p> |
| <p>Outcome: Fair and productive employment relationships.</p> <p>Contribution: Policy advice and services directed to promote better employment behaviour and problem resolution.</p> | |
| <p>Evaluation of the objectives of the Employment Relations legislation.</p> | <p>The evaluation of the Employment Relations Act 2000 continued through the 2002/03 year.</p> <p>Research into responses to the legislation, including surveys of employers, workers, and unions as well as case studies, was completed. Results have been summarised in a report to be made public later in 2003. The research covered issues relating to good faith, promotion of individual choice, addressing inequalities of bargaining power and disputes resolution.</p> |
| <p>Administrative and survey data measuring the knowledge and implementation of best practice in the conduct of employment relationships.</p> | <p>The Department has continued to build awareness of information and knowledge on best practice employment relations. In 2002/03 161,364 customers received information through the 0800 phone service of the Employment Relations Service Information Centre (up 33% from 121,250 in 2001/02) and 173,985 sought information via the Internet (up 57% from 110,675 in 2001/02).</p> <p>Customer satisfaction surveys undertaken indicate a high level of satisfaction with the services provided (see above). In addition the Department has provided information via the Heartlands Centres, hui-a-iwi, Pokai and through talks and seminars to targeted groups such as in the education and agriculture sectors.</p> |

⁵ The Higher Salaries Commission became the Remuneration Authority from 1 April 2003 as the result of the passing of the Remuneration Authority (Members of Parliament) Amendment Act 2002.

| Environmental Information | Performance to 30 June 2003 |
|--|--|
| | <p>Proactive visits have also been undertaken by Labour Inspectors and Mediators aimed at building capability in best practice employment relations in targeted sectors. Responses from proactive interactions are used to better target future interactions with customer groups.</p> <p>In 2003/04 reference and/or focus groups will be used to assist in the measurement of how best practice is implemented in workplaces.</p> |
| <p>Outcome: Good International citizen. Contribution: Ensuring domestic law policy and practice meet or exceed ILO labour standards.</p> | |
| <p>Positive outcomes from any complaints lodged with relevant United Nations bodies.</p> | <p>No complaints were lodged with the International Labour Organisation (ILO).</p> |
| <p>No adverse comments received through ILO supervisory mechanisms.</p> | <p>In addition to the 13 regular reports requested for 2003, the ILO Committee of Experts made four direct requests for further in-depth information.</p> <p>Three of these requests sought confirmation or progress on previous reports. The fourth request sought an indication of measures to ensure the application of the ILO Convention 47 on the Forty-Hour Week.</p> |
| <p>New Zealand examples used to demonstrate best practice in these fora.</p> | <p>New Zealand best practice is provided through ILO reporting and in subsequent ILO publications.</p> <p>The Minister of Labour gave two presentations at the International Labour Conference in June 2003 on:</p> <ul style="list-style-type: none"> • actions to promote gender equality in New Zealand; and • collective bargaining and the process of ratification of Convention 98 in New Zealand. <p>New Zealand's speech to the Conference on the Director General's report <i>Working out of Poverty</i> highlighted New Zealand best practice in this area.</p> <p>New Zealand's speech on the Global Report <i>Time for Equality at Work</i> highlighted best practice in New Zealand in eliminating discrimination.</p> <p>The Minister of Labour also gave a presentation at the ILO Governing Body session in November 2002 on New Zealand's employment relations reforms.</p> <p>New Zealand has arranged to host an Asia Pacific sub-regional forum on National Plans of Action for Decent Work in October 2003 to demonstrate how to develop National Plans of Action.</p> <p>New Zealand is hosting increasing numbers of ILO and international visitors seeking information and advice on New Zealand's employment framework.</p> |

| Environmental Information | Performance to 30 June 2003 |
|--|--|
| <p>Outcome: Greater opportunities for all in New Zealand.</p> | |
| <p>Contribution: Policy advice on interventions that most affect employers' willingness to create jobs.</p> | |
| <p>Productivity growth.</p> | <p>Employment growth has been high, which is the outcome of active labour market employment policy. Total factor productivity (TFP)⁶ over the period 1993-2002 has also increased, implying that policies have encouraged the employment of productive workers, not just increasing the number of employed people.</p> <p>All of the indicators below, which added together show growth in Gross Domestic Product (GDP) per capita⁷, have increased from 1993 onwards compared with the period 1986—1992:</p> <ol style="list-style-type: none"> 1. Changes in the ratio of working age population (15-64 years) to total population from 0.3 to 0.2. 2. Changes in the ratio of those in the labour force to working-age population, which is the labour force participation rate, from – 0.8 to 0.5. 3. Changes in the ratio of those employed to the labour force, ie, unemployment, from – 1.0 to 0.6. 4. Changes in the GDP per person employed from 0.8 to 1.3. <p>The sum of the above four indicators shows GDP per capita has increased from – 0.7 pre-1993 to 2.6 from 1993 onwards.</p> |
| <p>Employment growth (Household Labour Force Survey).</p> | <p>Employment increased by 1.5 percent (28,000 people) in the year to March 2003. This was a smaller increase than in the previous March year when employment increased by 3.5 percent (64,000 people).</p> <p>The lower employment growth in the recent period appears to be the result of skill shortages constraining employment growth and falling business confidence as a result of the deteriorating world economy.</p> |
| <p>Wage growth (Quarterly Employment Survey, Labour Cost Index).</p> | <p>Wage growth in the year to March 2003, according to the Labour Cost Index, was 2.3 percent. This was a six-year high and reflects the tight labour market conditions with high reported skill shortages and low unemployment. (The Labour Cost Index measures wage growth for a fixed quantity and quality of labour input.)</p> |

⁶ **Total Factor Productivity (TFP)** is one common economic measure of efficiency of how labour and capital (factor inputs in the production process of goods) are combined to produce output.

⁷ **Gross Domestic Product (GDP) per capita** is another measure of productivity. It means the total value added of domestic production averaged over the total population. GDP per capita depends on (1) productivity and (2) the proportion of people in the population who are working. Thus GDP per capita can be decomposed into the labour input components, which are labour utilisation (hours worked per head of population), and labour productivity (output per hour worked). It should be noted that employing more people might reduce productivity if they are less skilled or unskilled. The two components are not independent.

| Environmental Information | Performance to 30 June 2003 |
|--|---|
| <p>Labour force participation rates, and reductions in the unemployment rates (Household Labour Force Survey).</p> | <p>The labour force participation rate⁸ fell in the past year from a recent high of 66.8 percent in the March 2002 quarter to 66.2 percent in the March 2003 quarter. The fall in the participation rate appears to be related to increased participation in education by young people and increased retirement rates for older people.</p> <p>The unemployment rate declined from 5.3 percent in the March 2002 quarter to 5.0 percent in the March 2003 quarter. The fall in the unemployment rate was due to moderate employment growth and a decline in the participation rate which restrained growth in the labour force.</p> |
| <p>Outcome: Social consequences and economic costs of injury minimised.</p> | |
| <p>Contribution: Policy advice and services directed to reducing the incidence of workplace illness and injury.</p> | |
| <ul style="list-style-type: none"> • Benchmarking data: OECD social indicators: disability, occupational injury, sickness benefits (OECD) • Quality adjusted life years (QALYs) • Disability adjusted life years (DALYs) • Healthy year equivalents (HYEs) • Cases of injuries with lost workdays by economic activity (ILO) • Rates of occupational injuries, by economic activity (ILO) • Days lost by economic activity (ILO). | <p>In November 2001, the Government commissioned a New Zealand Injury Prevention Strategy (NZIPS) that involved public consultation to gain agreement to high-level indicators of the progress toward the achievement of outcomes. It was envisaged that the strategy could include indicators such as those listed.</p> <p>The strategy was launched in June 2003. The first implementation plan for the strategy is expected to take effect from 1 July 2004.</p> <p>The strategy as launched does not contain high-level indicators of outcomes such as those listed. However, the implementation plan currently being developed is likely to include a range of activities that will advance knowledge and information relating to injury prevention, including the development and monitoring of national strategies for priority areas.</p> <p>The Injury Data Review, jointly undertaken by the Department and Statistics New Zealand in 2000/01, identified a framework, indicators and ideal minimum dataset for injury-related information.</p> <p>In May 2003, Statistics New Zealand published its first report under its role as Injury Information Manager - <i>Injury Statistics 2001/02: Work-Related Injuries</i>. The report presented information on more than half the variables in the minimum dataset. These data relate to the year ending June 2002 (as reported by 30 September 2002), and are based on ACC claims data only.</p> <p>Some key indicators during the 2001/02 year:</p> <ul style="list-style-type: none"> • There were 229,489 work-related injuries. This was an increase of 0.7% from 2000/01. The incidence rate (defined as number of injuries/1,000 FTEs) dropped from 144 in 2000/01 to 141. • Total cost of treatment, compensation and rehabilitation for new injuries was \$129.3 million. This compared with \$123.6 million in 2000/01. • For 90% of injuries, the person had returned to work within one week, and 98% had returned within six months. These indicators were unchanged from 2000/01. |

⁸ The labour force participation rate is the proportion of the working age population which is participating in the labour force either by working or seeking and being available for work. It is a measure of the performance of the labour market, ie a higher participation rate is a good result.

VOTE: LABOUR

Output Class D1: Policy Advice — Labour

Description

Through this output class, the Minister purchases policy advice, including research and evaluation which contributes ultimately to the following outcomes:

- Greater opportunities for all in New Zealand
- Fair and productive employment relationships
- Social consequences and economic costs of injury minimised.

The Department contributes through Vote Labour to greater opportunities for all in New Zealand by providing advice based on research on government interventions that most affect employers' willingness to create jobs. This output class also supports the National Advisory Council for the Employment of Women, which is aimed at improving employment opportunities for women.

The Department contributes to the achievement of fair and productive employment relationships through advice, administration of the Employment Relations Education Fund and course approval process, and interventions that support the legislative framework. We also provide policy advice, purchase advice and monitoring services in relation to paid parental leave.

We contribute to minimising the social consequences and economic costs of injury by providing information on the incidence of injury, illness and fatalities; and policy advice, monitoring and evaluation of the appropriate legislative and regulatory framework to encourage injury prevention and promote health and safety in the workplace.

Through research and evaluation, the Department assists in testing the links between interventions and desired outcomes.

Activities include:

- advising on policy to achieve the Government's labour market, employment relations, and workplace safety and health goals
- monitoring and reporting on developments in the employment relations system, workplace safety and health, and labour market trends and statistics
- providing advisory support and information for Ministers, Cabinet committees and select committees
- administrative, advisory and research services to the National Advisory Council on the Employment of Women (NACEW).

Performance Information

Output Class D1: Policy Advice — Labour

| Performance Standard | Performance to 30 June 2003 |
|--|--|
| Results Information | |
| <p>The Minister's view of the quality of policy advice and ministerial servicing will be sought six-monthly through questionnaires or other appropriate means. The performance standards for policy advice are set out in Appendix 1.</p> | <p>The Minister's view of the quality of policy advice and ministerial servicing were sought six-monthly by way of a questionnaire.</p> <p>The Minister ranked the service provided by the Department at 3 (average) on a scale from 1 (very poor) to 5 (excellent) for both the July – December 2002 period and the January – June 2003 period.</p> <p>Advice provided conformed to the quality standards set out in Appendix 1 to this report.</p> |
| <p>As much of our work is undertaken in conjunction with other agencies, stakeholders will be canvassed for their views on the Department's processes, the outputs produced by the Department and whether these outputs are consistent with the achievement of the outcome(s).</p> | <p>During the year the Department conducted an external agency peer review of two major projects as part of an effort to continuously improve the Department's policy analysis and advice process.</p> <p>The first project was the <i>Vocational Services Review (VSR)</i>. The VSR was carried out to establish a coherent policy and funding framework to inform Government provision of vocational support services through MSD. The Department led this interdepartmental review and other participants included the Ministry of Social Development, the Ministry of Health and the Treasury.</p> <p>The external review of the VSR process identified where the project had met expectations and where there may have been areas that required attention. It also enabled the development of an improved process for use in the review of further projects.</p> <p>The second project, currently still being reviewed, is the Department's <i>Briefing for Incoming Ministers 2002</i>. Preparatory work was undertaken on this review, and follow up work is due to occur in July – August 2003. The review includes input from Ministers' offices.</p> <p>In both of the above reviews, external groups were questioned on areas such as use of best practice in relation to processes and methodologies.</p> <p>The next major project for review had not yet been determined as at 30 June 2003.</p> |
| <p>The Department will commence an evaluation of the paid parental leave scheme which will be undertaken over the first three years of its operation.</p> | <p>The Department commenced the first phase of its three-year evaluation of the paid parental leave scheme. This covered the setting up of the overall evaluation and the evaluation of administrative data.</p> |
| <p>Ministerial servicing will be provided in timeframes agreed with Ministers and in accordance with relevant Cabinet and legislative standards.</p> | <p>Ministerial servicing was provided in timeframes agreed with Ministers and in accordance with relevant Cabinet and legislative standards with the exception of some replies to ministerial correspondence as detailed under Activity Information below.</p> |

| Performance Standard | Performance to 30 June 2003 |
|--|---|
| <p>The NACEW chair and members will be surveyed annually to establish the level of satisfaction with the quality of services provided.</p> | <p>The survey for 2001/02 was completed in August 2002. NACEW members reported a high level of satisfaction with the relevance, timeliness and quality of services provided.</p> <p>The gradings given show that, overall, NACEW members have a high level of satisfaction with the quality of services provided. In all but two areas the majority of responses indicated a rating of between 7 and 9, with 9 being the highest. Areas where members indicated they would like improvement were in the time taken to write up the minutes after each meeting, and the quality of background information or advice offered in discussion papers.</p> <p>The annual survey for the 2002/03 year was sent to NACEW members in June 2003 with the results expected in September 2003.</p> |
| Activity Information | |
| <p>Policy advice will be delivered as agreed with the Minister and as detailed in the Vote Labour Output Agreement.</p> | <p>Policy advice was delivered as agreed with the Minister and as detailed in the Vote Labour Output Agreement.</p> |
| <p>The Department will provide responses to Official Information Act requests, Parliamentary questions and Ministerial correspondence as required, and report on the numbers actioned.</p> | <p>451 draft replies were provided during the year, compared with 450 in 2001/02 and 573 in 2000/01.</p> <p>423 (94%) of these replies were provided within the specified timeframe. 28 were provided late. An extension to the "due" date was sought and granted for a significant number of responses to Ministerial correspondence addressing last minute concerns about the coverage of volunteers under the Health and Safety in Employment Amendment Act. The extension enabled the responses to outline the final coverage provided for by the Act.</p> <p>A total of 81 draft replies to Parliamentary Questions were provided, all within the specified deadlines. This compares with 295 in 2001/02, 78 in 2000/01 and 165 in 1999/00.</p> <p>30 draft replies to requests for official information were provided, of which 25 (83%) were within the required timeframe and five were late. In 2001/02, 23 replies were provided, 19 on time and four late.</p> |
| <p>We will monitor and report on the uptake of paid parental leave.</p> | <p>Quarterly reports on the operation of the paid parental leave scheme, including application activity, were provided to the Minister of Labour.</p> |

Financial Performance

Vote Labour: Policy Advice — Labour

Figures are GST exclusive

| Year ended 30 June 2003 | Actual \$000 | Main Estimates \$000 | Supp. Estimates \$000 | Actual as a % of Supp. Estimates |
|----------------------------|-----------------|----------------------------|-----------------------------|--|
| Revenue: | | | | |
| Crown | 5,935 | 5,828 | 5,935 | 100.0% |
| Department | 127 | 158 | 158 | 80.4% |
| Total Revenue | 6,062 | 5,986 | 6,093 | 99.5% |
| Total Expenses | 6,044 | 5,986 | 6,093 | 99.2% |
| Net Surplus/(Deficit) | 18 | - | - | - |

The increase in appropriation of \$107,000 in the Supplementary Estimates was made up of:

- funding of \$222,000 for the Inquiry into the Management of Hazardous Substances in the Workplace
- a fiscally neutral transfer of (\$115,000) to Support Services – Employment Relations Institutions output class to fund the Residual Employment Tribunal.

VOTE: LABOUR

Output Class D2: International Services

Description

The main outcome this output class contributes to is Good International Citizen.

We do this through managing the Government's relationship with the International Labour Organisation, and maintaining an overview of linkages between international labour-related developments and domestic policy issues, to ensure domestic law, policy and practice meet or exceed ILO standards.

Activities include:

- providing advice to the Minister on relevant issues
- assessing the impact of international developments on New Zealand's labour interests
- co-ordinating interdepartmental advice to Ministers on the implications of ratifying ILO Conventions
- providing regular reports to the ILO about New Zealand's compliance in law and practice with ILO Conventions
- consulting with designated representative organisations of employers and workers on all reports submitted to the ILO and other related matters
- reporting to Parliament on the texts of newly adopted ILO standards
- arranging and funding the attendance of New Zealand delegates at:
 - the annual ILO Conference
 - two sessions of the ILO Governing Body per year
 - regional ILO conferences
- arranging visits to New Zealand by ILO fellows and other overseas labour officials.

Performance Information

International Services

| Performance Standard | Performance to 30 June 2003 |
|--|--|
| Results Information | |
| Advisory and administrative servicing, including input to policy processes across the Department, will be provided in a timely and effective manner. | Advisory and administrative servicing, including input to policy processes across the Department, was provided in a timely and effective manner to the full satisfaction of clients. See the last measure under Results Information for this output class. |
| The Minister's view of the quality and timeliness of advisory support will be sought six-monthly through questionnaires or other appropriate means. | The Minister rated the quality and timeliness of the advisory support provided by the Department at 3 (average) on a scale from 1 (very poor) to 5 (excellent) in the six-monthly surveys completed by the Minister for the July – December 2002 and January – June 2003 period. |

| Performance Standard | Performance to 30 June 2003 |
|--|---|
| All reporting requirements required by the ILO Constitution will be met within the timeframes requested. | All reporting requirements required by the ILO Constitution were met within agreed timeframes. See the last measure under Activity Information for details of the reports provided. |
| Report A7 of the New Zealand Government Delegates to the ILO Conference will be presented to Parliament within 12 to 18 months of the close of the Conference. | The A7 report of the 89 th International Labour Conference held in June 2001 was tabled in Parliament in December 2002 within the 18-month deadline. The Department is currently finalising the report on the June 2002 Conference for presentation to Parliament within 18 months of the close of the conference in June 2002. |
| Feedback will be sought on the Government's satisfaction that its interests are promoted at ILO meetings through effective representation. | The Government's interests were promoted through effective representation at: <ul style="list-style-type: none"> • the November 2002, March and June 2003 sessions of the ILO Governing Body • the Pacific Multi-Islands Training Workshop on Ratification and Implementation of ILO Conventions 138 and 182 and the high-level Tripartite Pacific Islands Seminar on Decent Work in November 2002 • the Declaration Seminar on the Application of the ILO Declaration on Fundamental Principles and Rights at Work in February 2003 • the 91st session of the International Labour Conference in June 2003. |
| The provision of timely and full briefing material for meetings as assessed by delegates. | Full and timely briefing material was provided to delegates to the above ILO meetings. A survey of delegates to the ILO Conference in June 2002 indicated that all delegates were satisfied with the timeliness and content of the briefings. Informal feedback from tripartite delegates and the Minister of Labour, who attended the ILO Conference in June 2003, was that briefing material was timely and comprehensive. A formal survey has now indicated that over 70% of the delegates were satisfied or very satisfied with the timeliness and comprehensiveness of the briefing material. |
| Activity Information | |
| Reporting will be provided as required in accordance with ILO constitutional requirements. | Article 22 reports on ratified ILO Conventions, Declaration Reports on unratified core ILO Conventions and 91 st Session of the ILO Conference technical Item Questionnaires were submitted to the ILO in the 1 st quarter of 2002/03. Further Article 19 reports were submitted to the ILO in February/March 2003 within the set deadlines. |

| Performance Standard | Performance to 30 June 2003 |
|---|---|
| Details of reports provided during the year will be reported. | Reports submitted to the ILO during the year included: <ul style="list-style-type: none"> • 14 Article 22 reports, all submitted within agreed deadlines • two Declaration Reports within the set timeframe • three questionnaires for the 2003 International Conference submitted within the set deadlines. |

Financial Performance

Vote Labour: International Services

Figures are GST exclusive.

| Year ended 30 June 2003 | Actual \$000 | Main Estimates \$000 | Supp. Estimates \$000 | Actual as a % of Supp. Estimates |
|----------------------------|-----------------|----------------------------|-----------------------------|--|
| Revenue: Crown | 333 | 333 | 333 | 100.0% |
| Total Revenue | 333 | 333 | 333 | 100.0% |
| Total Expenses | 333 | 333 | 333 | 100.0% |
| Net Surplus/(Deficit) | - | - | - | - |

There was no change in appropriation during the year.

VOTE: LABOUR

Output Class D3: Support Services – Employment Relations Institutions

Description

Through this output class the Minister purchases support services to the Employment Relations Authority and the Employment Court, which operate under the Employment Relations Act 2000; and to the Higher Salaries Commission⁹ established by the Higher Salaries Commission Act 1977. Ultimately this service contributes to the outcomes of enhancing trust in the institutions of government through access to independent review and decision-making; and fair and productive employment relationships through providing fair and balanced decisions that also enable parties to learn for future relationships.

The Department is responsible for support services related to:

- processing cases and providing administrative support for the Employment Relations Authority
- providing legal, research and monitoring services to the Employment Relations Authority
- processing applications and servicing hearings in the Employment Court
- providing legal, library and monitoring services to the Employment Court
- promulgating Determinations on Remuneration issued by the Higher Salaries Commission
- during the transitional period, processing residual applications and servicing hearings in the Employment Tribunal.

Performance Information

Support Services – Employment Relations Institutions

| Performance Standard | Performance to 30 June 2003 |
|---|--|
| <i>Support Services to the Employment Relations Authority</i> | |
| <i>Results Information</i> | |
| All applications made to the Authority for problem resolution will be receipted and acknowledged within one working day of being received by the Authority. | 98% of applications were acknowledged within one working day of receipt by the Authority. Higher than anticipated volumes of cases put pressure on the processing of applications within the targeted timeframes. |
| Decisions on the disposition of applications either referred to mediation, or to be investigated by the Authority, will be made and communicated to parties within 14 working days of receipt of the application. | 99% of applicants were notified within 14 working days of receipt of the application of its disposition by way of referral to mediation or commencement of an investigation. |

⁹ The Higher Salaries Commission became the Remuneration Authority from 1 April 2003 as the result of the passing of the Remuneration Authority (Members of Parliament) Amendment Act 2002.

| Performance Standard | Performance to 30 June 2003 |
|--|--|
| <p>External client surveys will demonstrate 90% satisfaction with the administrative services provided by the Department in respect of Authority operations.</p> | <p>External client surveys demonstrated an average of 90% satisfaction with the administrative services provided by the Department in respect of Authority operations. 92% of applicants were satisfied, compared with 87% of respondents.</p> <p>For every determination issued by the Authority, a client satisfaction survey is mailed to the applicant and respondent parties. In the June 2003 year, 653 determinations were issued. The client satisfaction survey results for the June 2003 year were based on the return and analysis of 210 applicant surveys and 172 respondent surveys.</p> |
| <p>Service performance will be assessed six-monthly against standards specified in the Department's service contract with the Employment Relations Authority or as advised by the Chief of the Authority from time to time.</p> <p>Satisfaction will be assessed six-monthly and will confirm that the Chief of the Authority is satisfied that performance reaches at least 3 on a scale of 1 to 5 (5 being the highest).</p> | <p>One survey was completed in 2002/03. As at December 2002 the Chief of the Authority rated both performance and satisfaction at 4 on a 1 to 5 scale with 5 being the highest.</p> <p>A further survey was sent to the Chief of the Authority in June 2003 but the results have not yet been received back.</p> |
| Activity Information | |
| <p>The Authority expects to receive and process up to 1,800 applications for problem resolution in 2002/03.</p> | <p>A total of 2,384 applications was received and processed by the Authority and 2,225 cases were completed by 30 June 2003.</p> <p>The numbers of applications received and processed were 32% higher than forecast and 14% higher than in 2001/02 when 2,098 applications were received. The numbers completed were 29% more than in 2001/02.</p> |
| Support Services to the Employment Court | |
| Results Information | |
| <p>Transcripts for the purposes of appeals to the Court of Appeal will be produced on demand within two months of receiving the appeal notice.</p> | <p>Transcripts of all Court hearings are produced as a matter of course and are immediately available on demand.</p> |
| <p>Performance will be assessed six-monthly against standards specified in the Department's service contract with the Employment Court, standards contained in the Registry Handbook, or as advised by judges from time to time.</p> <p>Satisfaction will be assessed six-monthly and will confirm that the Chief Judge of the Employment Court is satisfied that performance reaches at least 3 on a scale of 1 to 5 (5 being the highest).</p> | <p>In December 2002, the Chief Judge assessed both performance and satisfaction at 3 on a 1 to 5 scale with 5 being the highest.</p> <p>A further survey was sent to the Chief Judge in June 2003 but the results have not yet been received back.</p> |

| Performance Standard | Performance to 30 June 2003 |
|---|---|
| Activity Information | |
| <p>The Department expects to:</p> <ul style="list-style-type: none"> receive and process up to 400 applications | <p>199 applications were received, compared with 283 in 2002/03, 286 in 2000/01 and 327 in 1999/00.</p> <p>259 applications were closed or completed, compared with 331 in 2001/02.</p> <p>While this was below the 400 applications expected, these are demand-driven.</p> |
| <ul style="list-style-type: none"> schedule between 250 and 350 hearings service between 250 and 350 hearings produce headnotes for up to 400 judgements. | <p>308 hearings were scheduled compared with 477 in 2002/03, 342 in 2000/01 and 448 in 1999/00.</p> <p>169 hearings were serviced, compared with 266 in 2002/03, 184 in 2000/01 and 270 in 1999/00.</p> <p>An average of 40% of applications are withdrawn either prior to scheduling the hearing or between the time of scheduling and holding the hearing.</p> <p>171 headnotes were produced, compared with 168 in 2001/02, 178 in 2000/01 and 308 in 1999/00.</p> |
| Support Services to the Higher Salaries Commission¹⁰ | |
| Results Information | |
| <p>Performance will be assessed six-monthly against standards specified in the Department's service contract with the Higher Salaries Commission, standards contained in the Commission procedures sheets, or as advised by Commissioners from time to time.</p> <p>Satisfaction will be assessed six-monthly and will confirm that the Higher Salaries Commission Chair is satisfied that performance reaches at least 3 on a scale of 1 to 5 (5 being the highest).</p> | <p>One survey was completed. As at December 2002 the Chair of the Remuneration Authority assessed both performance and satisfaction at 4 on a 1 to 5 scale with 5 being the highest.</p> <p>A further survey was sent to the Chief of the Authority in June 2003 but the results have not yet been received back.</p> |
| Activity Information | |
| <p>The Higher Salaries Commission expects to produce between 200 and 250 Determinations including for local authorities and community boards.</p> | <p>65 Determinations were produced by the Remuneration Authority (compared with 66 in 2002/03 and 63 in 2000/01).</p> <p>The determinations for local authorities and community boards were counted as one determination.</p> |

¹⁰ The Higher Salaries Commission became the Remuneration Authority from 1 April 2003 as the result of the passing of the Remuneration Authority (Members of Parliament) Amendment Act 2002.

| Performance Standard | Performance to 30 June 2003 |
|--|--|
| <i>Transitional Support Services to the Residual Employment Tribunal - Results Information</i> | |
| All applications will be received and processed, and hearings to dispose of the residual work will be scheduled and serviced. | 17 new applications were received during the year, compared with 106 in 2001/02, 2,390 in 2000/01 and 4,200 in 1999/00. 256 cases were completed or closed, compared with 2,007 in 2001/02. 210 hearings were scheduled during the year and 69 hearings serviced. In 2001/02, 1,628 hearings were scheduled and 418 hearings were serviced. The 54 cases outstanding when the Tribunal closed at the end of September 2002 were passed to the Employment Relations Authority. As at 30 June 2003, 34 cases were outstanding. |
| Headnotes will be produced for all adjudication decisions. | 413 headnotes were produced, compared with 750, 712 and 895 in each of the previous three years. |
| Transcripts for the purposes of appeals to the Employment Court will be produced on demand within one to two months of receipt of the appeal notice. | 24 transcripts were produced on demand within the set timeframe. 82 were produced in 2001/02, 56 in 2000/01 and 109 in 1999/00. |
| Performance will be assessed six-monthly against the standards contained in the Department's service contract with the Employment Tribunal, standards contained in the Registry Handbook, or as advised by Tribunal members from time to time. Satisfaction will be assessed six-monthly and will confirm that the Chief of the Employment Tribunal is satisfied that performance reaches at least 3 on a scale of 1 to 5 (5 being the highest). | As the Residual Employment Tribunal finally closed at the end of September 2002, no survey of the Tribunal was undertaken. |

Financial Performance

Vote Labour: Support Services — Employment Relations Institutions

Figures are GST exclusive

| Year ended 30 June 2003 | Actual \$000 | Main Estimates \$000 | Supp. Estimates \$000 | Actual as a % of Supp. Estimates |
|----------------------------|-----------------|----------------------------|-----------------------------|--|
| Revenue: | | | | |
| Crown | 5,308 | 5,000 | 5,308 | 100.0% |
| Other | 183 | 180 | 180 | 101.6% |
| Total Revenue | 5,491 | 5,180 | 5,488 | 100.1% |
| Total Expenses | 5,475 | 5,180 | 5,488 | 99.8% |
| Net Surplus/(Deficit) | 16 | - | - | - |

The increase in appropriation of \$308,000 in the Supplementary Estimates was due to a fiscally neutral transfer from the "Policy Advice – Labour" and "Problem Resolution" output classes to fund the Residual Employment Tribunal.

VOTE: LABOUR

Output Class D4: Problem Resolution

Description

This output class is focused on the outcome of fair and productive employment relationships, through the proactive provision of information and advice and reactive resolution of employment problems in the workplace.

The outcome of fair and productive employment relationships can be best achieved when employers and employees take responsibility for resolving problems themselves wherever possible. The objective is to “tool up” employers and employees so that some employment problems are averted, and to assist by providing advice or through mediation services so that experience can be gained for the future.

When a problem cannot be resolved without third party assistance, the Department seeks to have the matter resolved as quickly as possible so the problem does not escalate.

This output class covers the provision of public information and advice about the employment relations framework and statutory minimum terms and conditions delivered through the Information Centre and the Labour Inspectorate, and the provision of nationwide mediation services. It includes the investigation and resolution of complaints relating to breaches of statutory and regulatory provisions and, where necessary, enforcement action provided by the Labour Inspectorate. The functions of the Registrar of Unions are also included in this class.

Performance Information

Problem Resolution

| Performance Standard | Performance to 30 June 2003 |
|---|--|
| Mediation Service | |
| Results Information | |
| 80% of mediations undertaken will be resolved within three months. ¹¹ | 91% of mediations were resolved within three months. 91% was also achieved in 2001/02. |
| External client surveys will demonstrate 90% satisfaction with the Mediation Service. | 86% of external clients surveyed were very satisfied or satisfied with the Mediation Service, compared with 87% in 2001/02. Upon the completion of a mediation, all parties involved (employee, employer, representatives) are mailed client satisfaction surveys. While 9,278 mediations were completed, the exact number of surveys that was sent out during the June 2003 year is not known, as the number of people attending any one mediation will vary. The June 2003 year survey results are based on the return and analysis of 5,254 surveys of employees, employers and representatives. |

¹¹ Resolved means settlement reached or no further action taken.

| Performance Standard | Performance to 30 June 2003 |
|---|---|
| 100% of requests for mediation assistance will receive an initial response within three working days. | 86% of requests for mediation assistance received an initial response within three working days. In 2001/02, 88% of requests received an initial response within two working days. The response rate was slightly lower than the performance standard due to the high volume of requests for mediation assistance placing pressure on support resources. A total of 9,256 applications for mediation services were received, over 23% more than the 6,500 — 7,500 expected during the year. |
| 100% of cases who request urgent mediation services will have assistance provided within 10 days. | Assistance was provided within 10 days to 96% of cases who requested urgent mediation services. The rate was slightly lower than the target due to the high volume of applications. |
| 100% of cases will be offered mediation services within 20 days. | 89% of applicants were offered mediation services within 20 working days. In 2001/02, 84% of applicants were offered mediation services within 10 working days. The rate was slightly lower than the target due to the high volume of applications. |
| 100% of mediation cases referred from the Employment Relations Authority will have mediation services provided within two working days, as agreed by the parties or on the date set by the Authority. | Mediation services were provided to 100% of cases referred from the Employment Relations Authority within two working days, as agreed by the parties or on the date set by the Authority. |
| When a notice of strike or lockout in essential industries is received, an appropriately experienced Mediator will be made available within two days. | When a notice of strike or lockout in essential industries was received, an appropriately experienced Mediator was made available within two days in all cases. |
| Information Centre and Labour Inspectorate | |
| Results Information | |
| 90% of clients surveyed about the Inspectorate's enforcement activities will be either satisfied or very satisfied with the overall conduct of investigations. | The averaged results of monthly surveys indicate that 89% of employee clients and 85% of employer clients surveyed were satisfied or very satisfied. The results in 2001/02 were 95% for employees and 87% for employers and in 2000/01 were 92% and 82% respectively. Labour Inspectorate client satisfaction surveys are sent to employee and employer parties upon the completion of an investigation. In the June 2003 year, the Inspectorate completed 2,140 investigations. The June 2003 year client satisfaction results were based on the return and analysis of 384 employee surveys and 354 employer surveys. |
| 95% of Information Centre clients surveyed will be either satisfied or very satisfied with the quality of the information services provided. | Sample surveys of clients of the Employment Relations Service Information Service were commenced in June 2003 but the numbers surveyed to date are insufficient to produce a credible result. |

| Performance Standard | Performance to 30 June 2003 |
|--|---|
| 100% of telephone enquiries answered relating to statutory terms and conditions of employment, will be responded to within one working day. | 100% of telephone enquiries were responded to within one working day. |
| 100% of written enquiries will be responded to within five working days by either a substantive response or an interim response giving the timeframe for a substantive response. | 98.3% of the 5,672 written enquiries received were responded to within five working days by either a substantive response or an interim response giving the timeframe for a substantive response. This was the same response rate as in 2001/02 compared with 93.6% in 2000/01 and 98.6% in 1999/00. |
| 95% of formal complaints will have investigations commenced within one month of receipt. | In 96% of cases, investigations commenced within one month of receipt of the formal complaint, compared with 94% in 2001/02, 91% in 2000/01 and 94% in 1999/00. |
| 90% of formal complaints will be resolved, or be referred to the Employment Relations Authority, within six months of receipt. | 91% of formal complaints were resolved, or referred to the Employment Relations Authority, within six months of receipt. This compares with 89%, 88% and 90% in the previous three years. |
| Applications for union registration will be processed and applicants notified of the outcome within one month of receipt. | All applications for union registration were processed and the applicants notified of the outcome within one month of receipt of the application. |
| Activity Information | |
| <p>The Department expects that:</p> <ul style="list-style-type: none"> • approximately 200,000 inquiries will be received and responded to • approximately 96,000 inquiries will be received via the Internet and major activity areas will be reported • 1,600 formal complaints will be received and actioned by the Labour Inspectorate • 1,600 formal complaints will be completed by the Labour Inspectorate • between 6,500 and 7,500 requests will be received for mediation assistance • between 6,500 and 7,500 requests for mediation will be closed | <p>249,589 inquiries were received and answered, 25% more than expected. This compares with 203,230 in 2001/02, 198,765 in 2000/01 and 191,456 in 1999/00.</p> <p>173,985 inquiries were received via the Internet, 81% more than expected. The fact sheets were the main activity area.</p> <p>The Labour Inspectorate received 2,166 formal complaints, 35% more than expected. 2,020 were received in 2001/02, 1,720 in 2000/01 and 1,873 in 1999/00.</p> <p>2,140 investigations were completed, 34% more than expected, compared with 2,136 in 2001/02.</p> <p>9,256 requests for mediation assistance were received, 23% more than expected and 14% more than the 8,134 applications received in 2001/02.</p> <p>9,278 applications were completed or closed, 13% more than the 8,187 completed or closed in 2001/02.</p> |

| Performance Standard | Performance to 30 June 2003 |
|---|---|
| <ul style="list-style-type: none"> around 800 cases will be referred to mediation services from the Employment Relations Authority | 1,425 cases were referred to mediation services from the Employment Relations Authority, 74% more than expected. |
| <ul style="list-style-type: none"> 100 proactive visits will occur to employers in targeted industries | 148 proactive visits to employers in targeted industries were undertaken. |
| <ul style="list-style-type: none"> up to 150 information talks, seminars or presentations will be given | 457 information talks, seminars and presentations were given by Information Officers, Labour Inspectors and Mediators. In 2001/02, the total was 106, twice the number in 2000/01. |
| <ul style="list-style-type: none"> up to 20 applications for union registration will be received and processed | 14 applications for union registration were received and processed, compared with 34 in 2001/02. |
| <ul style="list-style-type: none"> up to 20 Certificates of Union Registration will be issued. | <p>14 Certificates of Union Registration were issued, compared with 36 in 2001/02.</p> <p>As at 30 June 2003, there were 181 registered unions under the provisions of the ERA — ie the 170 registered at 30 June 2002 plus 14 new registrations and less three unions de-registered during the 2002/03 year.</p> |

Financial Performance

Vote Labour: Problem Resolution

Figures are GST exclusive

| Year ended 30 June 2003 | Actual \$000 | Main Estimates \$000 | Supp. Estimates \$000 | Actual as a % of Supp. Estimates |
|----------------------------|-----------------|----------------------------|-----------------------------|--|
| Revenue: | | | | |
| Crown | 11,149 | 11,342 | 11,149 | 100.0% |
| Total Revenue | 11,149 | 11,342 | 11,149 | 100.0% |
| Total Expenses | 11,143 | 11,342 | 11,149 | 99.9% |
| Net Surplus/(Deficit) | 6 | - | - | - |

This appropriation was decreased by \$193,000 in the Supplementary Estimates. The change represented a fiscally neutral transfer to "Support Services – Employment Relations Institutions" output class to fund the Residual Employment Tribunal.

VOTE: LABOUR

Output Class D5: Promoting Excellence in Self-Managing Occupational Health and Safety Hazards in the Workplace

Description

Through this output class the Minister of Labour purchases services with the overarching outcome of reducing the social consequences and economic costs of work-related injury and ill-health. Specifically, the activities purchased by the Minister of Labour are designed to reduce the incidence and severity of workplace illness and injury and to promote compliance with the Health and Safety in Employment (HSE) Act 1992. This is achieved through a range of activities, including:

- co-ordinating Government's effort in ensuring the consistent application of the Health and Safety in Employment Act 1992
- influencing community attitude and tolerance toward health and safety in the workplace
- providing information that promotes awareness of health and safety risk in the workplace
- promoting, facilitating and supporting the self-management of health and safety in the workplace
- enabling workplaces to manage their health and safety risk by facilitating the sharing of technical health and safety knowledge
- investigating incidents of harm to people arising out of the workplace
- enforcing compliance where health and safety systems do not meet the minimum requirements of the HSE Act.

Compliance assessment visits are undertaken proactively by approaching the workplace to assess whether it meets the requirements of the HSE Act. If the compliance assessment visit shows that a site does not comply with the legislation, appropriate action is taken to ensure that it is brought up to the standard required.

Investigations under the HSE Act cover the investigation of notified events such as accidents, incidents, complaints and notifiable occupational diseases. The objective of an investigation is to:

- identify causes of accidents and incidents
- identify possible non-compliance with the HSE Act and hold persons accountable for the non-compliance
- effect remedial action in terms of the site and the industry at large.

Enforcement activities are taken against those who breach the legislation and include improvement notices, prohibition notices and prosecutions.

In order to extend reach beyond what can be achieved by the Department's field staff alone, alliances will be developed with other government agencies, industry sector groups, union and employer representative groups and significant enterprises that will enable self-management of occupational health and safety hazards in the workplace.

Targeting these activities through national strategies ensures that the maximum impact of the activities is on workplaces with the highest rates of workplace illnesses and injuries.

Performance Information

Promoting Excellence in Self-Managing Occupational Health and Safety Hazards in the Workplace

| Performance Standard | Performance to 30 June 2003 |
|--|---|
| Results Information | |
| Benchmark information will be gathered on the percentage of workplaces assessed as compliant with the HSE at time of first visit. | Compliance assessments were completed at 9,411 workplaces. 50% were assessed as compliant with the Health and Safety in Employment Act at the initial visit. |
| 50% of workplaces assessed as compliant with the HSE Act three months following the time of first visit. | 83% of the above workplaces were assessed as compliant with the Health and Safety in Employment Act within three months following the initial visit. No ready explanation is apparent. The targeting of difficult situations through OSH's Industry Sector Plans may be a contributing factor. |
| All events of a serious or significant nature will have an investigation commenced within two working days. | 92% of investigations into events categorised as of a serious or significant nature commenced within two working days. Recording and reporting of serious events commenced in September 2002 following completion of the development of a data capture method to enable serious or significant events to be distinguished from less serious or significant events. Although operative only from partway through the year, it provides a substantial sample to ensure statistical validity. The number of events categorised as serious or significant is around 6% of total volume or approximately 635. |
| 80% of information requests met within five working days. | In November 2002, a week-long sample was undertaken using a web-based method of data capture. Of the 961 calls reported on, 93% were responded to within five working days. 66% were responded to on the same day. |
| Benchmark information will be gathered on the percentage of workplace participants ¹² surveyed who are either satisfied or very satisfied with the manner of the Department's interaction with them in relation to a notification or complaint. | Following completion of the qualitative phase involving case studies and in-depth interviews to develop the survey questionnaire, a telephone survey was undertaken of 400 employers who had recently been investigated following a complaint or serious harm notification. On a 10-point scale from 0 (extremely poor) to 10 (extremely good), 83% of employers rated OSH's overall handling of the investigation at 7, 8, 9, or 10. A survey of employees has also been carried out and the results of this survey are being collated. |

¹² Including members of the public who initiate a notification or complaint.

| Performance Standard | Performance to 30 June 2003 |
|--|---|
| 90% of workplace participants surveyed will be satisfied or very satisfied with the quality of the information services provided by the Department. | 90% of attendees at the seminars held on the amendments to the Health and Safety in Employment Act found the content of these seminars to be very good or good. <i>[This is the same measure reported on under the Regulatory Functions outside the Health and Safety in Employment Act output class.]</i> |
| 75% of HSE prosecution cases will result in a conviction. | 84% (119) of the 141 cases determined during the year resulted in a conviction, compared with 92% of the 143 cases in 2001/02. |
| Benchmark information will be gathered on the percentage of workforce exposed to health and safety best practice information through working relationships with strategic partners (eg other government and non- governmental agencies, unions and employer representative groups, industry sector organisations). | During the year, strategic partners (including government and non-governmental agencies, unions, and employer representative groups) in the agriculture, construction, extractives, forestry, and meat industries were identified and information collected on the number of workers covered by these sectors. <i>(This is being progressed in conjunction with the same measure for the Regulatory Functions outside the Health and Safety in Employment Act output class.)</i> |
| Benchmark data information will be gathered on employer health and safety behaviours to inform targeting and over time to measure the efficacy of interventions (eg recidivism rate). | During the year, two major steps were taken to help better inform the effectiveness of OSH's proactive interventions. A measure of the effectiveness of OSH compliance assessments was introduced that measures: <ul style="list-style-type: none"> • the % of workplaces for which compliance or enforcement action is taken on the first visit of a compliance assessment • the % of those same workplaces which continue to have outstanding compliance or enforcement issues three months after the date of first visit. <p>A new data report was developed and introduced in early 2003 which records activity by industry sector against the performance measures for OSH's proactive interventions included in the Vote Labour Output Plan for 2003/04, including those referred to above. As yet, it is too early to gauge the results of its use.</p> |
| Progress towards the Workplace Health and Safety Group ¹³ 's achievement of their overall goal of a 30% improvement in workplace health and safety by 2005/06, including the rates of injury and ill-health, and associated economic costs will be reported to the Minister annually. | This performance standard, which was first adopted in 1999/00, represented an early attempt to adopt a high-level outcome standard against which to assess OSH's effectiveness. Initial measures underpinning the performance standard included an assessment of regulatory compliance by a selection of employers who had been visited by OSH, workplace injury rates (initially collected by DoL's Accident Insurance Regulator, and subsequently by ACC), and occupational health indicators (to be collated from New Zealand Health Information Service data, and other surveys). |

¹³ During 2002/03, the Workplace Health and Safety Group was renamed the Occupational Safety and Health Service.

| Performance Standard | Performance to 30 June 2003 |
|--|---|
| | <p>In the event, it has proved extremely difficult and statistically problematic to collate such a range of data into a single performance standard. For this reason OSH has discontinued its attempt to collate this range of administrative and other data into a single outcome performance standard and has now moved to a wider range of outcome assessments structured around four activity streams: Information, Motivation, Sector Enablement, and Societal Influence. This approach is integrated into DoL's Outcome Performance Assessment Project and provides the potential to accommodate cross-agency contributions (eg including from ACC).</p> |
| Activity Information | |
| <p>The Department expects to directly visit 12% of employers¹⁴ and their work sites (20,000 unique workplaces) during the 2002/03 year, to impact on health and safety behaviours through maintenance of a credible field presence.</p> | <p>29,168 workplaces were covered with the various OSH service delivery activities.</p> <p>This number is substantially greater (46%) than the 20,000 forecast, due mainly to the number of workplaces represented at the nationwide public seminar programme and at the presentations on the amended Health and Safety in Employment Act.</p> <p>Coverage is a new measure introduced in 2002/03. However, it is a measure which needs to be treated with some caution. It should be read as a comparative indicator rather than as an absolute quantity. This is because of the way in which employers and their workplaces have historically been defined and set up in HASARD, with one consequence being that there are numerous duplications. The effect is therefore to overstate coverage to an extent which has not been determined. The problem is deeply embedded in HASARD, and needs to be addressed in the context of a replacement system.</p> |
| <p>The Department expects to:</p> <ul style="list-style-type: none"> • respond to 10,000 notifications or complaints received under the HSE Act | <p>10,604 investigations were opened in response to notifications or complaints received under the HSE Act and 10,599 investigations were closed. 10,971 investigations were completed in 2001/02 and 8,984 in 2000/01.</p> <p>This includes "Limited Responses" which are events that do not meet the threshold for full investigation, and an initial assessment only is carried out.</p> |
| <ul style="list-style-type: none"> • respond to 20,000 requests for information | <p>In November 2002, a week-long sample was undertaken using a web-based method of data capture. The total number of telephone enquiries at regional offices captured by this method was 961. However, a one-day "snapshot" in May 2002 showed that regional staff nationwide received a total of 666 telephone enquiries on that day.</p> |

¹⁴ Including self-employed persons.

| Performance Standard | Performance to 30 June 2003 |
|---|--|
| <ul style="list-style-type: none"> <li data-bbox="169 602 557 638">• conduct 10,000 workplace compliance assessments <li data-bbox="169 820 557 857">• provide 10,000 education and advice sessions including through workplace visits <li data-bbox="169 993 557 1030">• issue 17,000 improvement or prohibition notices <li data-bbox="169 1303 557 1339">• initiate 120 prosecution cases for breaches of the HSE Act. | <p data-bbox="562 276 947 414">The flow of telephone enquiries is reported to have altered significantly since these surveys with the advent of the WorkInfo information centre which became operational in December 2002. As at 30 June 2003, a total of 4,614 enquiries about the amendments to the Health and Safety in Employment Act had been received by the WorkInfo centre.</p> <p data-bbox="562 424 947 564">Prior to the introduction of the WorkInfo centre, the annual volume of enquiries received by regional offices was estimated at 120,000 based on the one-day snapshot in May 2002. It is difficult and impractical to reliably capture the number of telephone enquiries received at OSH regional offices on a continuous basis, as there is a very high volume of short transactions.</p> <p data-bbox="562 602 947 657">9,411 workplace compliance assessments were completed, compared with 10,123 in 2001/02 and 12,154 in 2000/01.</p> <p data-bbox="562 666 947 702">97% of compliance assessment visits were to target groups, compared with 98% in 2001/02.</p> <p data-bbox="562 711 947 778">The volume fell short of the forecast because staff resources were diverted to give priority and emphasis to information delivery on the amended Health and Safety in Employment Act.</p> <p data-bbox="562 820 947 857">11,206 education and advice sessions or workplace visits were undertaken.</p> <p data-bbox="562 866 947 957">The volume exceeded the forecast because staff resources were diverted to give priority and emphasis to information delivery on the amended Health and Safety in Employment Act (the converse of compliance assessments).</p> <p data-bbox="562 993 947 1030">15,642 improvement or prohibition notices were issued, comprising:</p> <ul style="list-style-type: none"> <li data-bbox="562 1039 947 1093">• 14,652 improvement notices (76% of which were consequent to a compliance assessment) <li data-bbox="562 1102 947 1157">• 990 prohibition notices (70% of which were consequent to a compliance assessment). <p data-bbox="562 1148 947 1270">17,302 formal improvement notices and prohibition notices were issued in 2001/02, and 18,847 notices in 2000/01. The volume fell below the forecast because fewer compliance assessments were conducted as a result of priority being given to information delivery on the amended Health and Safety in Employment Act.</p> <p data-bbox="562 1303 947 1357">136 prosecution cases were initiated in 2002/03, compared with 145 in 2001/02 and 118 in 2000/01.</p> |

Financial Performance

Vote Labour: Promoting Excellence in Self-Managing Occupational Health and Safety Hazards in the Workplace

Figures are GST exclusive

| Year ended 30 June 2003 | Actual \$000 | Main Estimates \$000 | Supp. Estimates \$000 | Actual as a % of Supp. Estimates |
|----------------------------|-----------------|----------------------------|-----------------------------|---|
| Revenue: | | | | |
| Crown ¹⁵ | 24,938 | 25,382 | 25,382 | 98.3% |
| Department | - | 330 | - | 0.0% |
| Other | 132 | 300 | 300 | 44.0% |
| Total Revenue | 25,070 | 26,012 | 25,682 | 97.6% |
| Total Expenses | 24,897 | 26,012 | 25,682 | 96.9% |
| Net Surplus/(Deficit) | 173 | - | - | - |

This appropriation was decreased by \$330,000 in the Supplementary Estimates. The change represented:

- a final expense transfer adjustment of (\$25,000) from 2002/03 to 2003/04 for EnergySafe, the enactment of the Energy Safety Bill.
- a return of savings to the Crown of (\$305,000) due to the EnergySafe – enactment of the Energy Safety Bill not occurring before 30 June 2003.

¹⁵ The difference between Actual and Supplementary Estimates is a \$444,000 "in principle" estimated expense transfer to 2003/04. It is a combination of a forecast reduction in publication revenue and for the HSE Amendment Act implementation programme that was drawn down but not recognized at year-end.

VOTE: LABOUR

Output Class D6: Regulatory Functions Outside the Health and Safety in Employment Act 1992

Description

Through this output class the Minister of Labour purchases services which are designed to promote compliance with safety legislation where either people in places of work or the public are affected by work activities, amusement devices, hazardous substances, equipment, and explosives or dangerous goods.

It covers the provision of advice to the Environmental Risk Management Authority (ERMA) on the operation of the transitional provisions of the Hazardous Substances and New Organisms (HSNO) Act 1996¹⁶, and on draft controls for new substances being considered by ERMA. It also provides enforcement services for the HSNO Act. These activities will replace the administration of the Explosives Act 1957 and the Dangerous Goods Act 1974, both repealed by the HSNO Act.

The output class also covers the administration of the Machinery Act 1950 and regulations pursuant to that Act, specifically the Amusement Devices Regulations. This involves the registration of machines and inspection of these on-site.

The Department has responsibility (under section 97 of the HSNO Act) for enforcement of that Act in places of work. This enforcement is primarily carried out while inspectors are at places of work for the purpose of enforcing the HSE Act. Transitional activity in respect of dangerous goods licensing and approvals remains in place for the first three quarters of the 2003/04 year, but once this transition is completed ongoing HSNO activity will be undertaken as part of the Department's enforcement of the HSE Act. The additional HSNO component is reflected in the intermediate outcome of minimising the adverse environmental impact of work and workplaces. There is a close inter-relationship between this output class and output class D5 as they both contribute to minimising the social consequences and economic costs of injury, as contributing causes to work-related injury and ill health can also have environmental repercussions.

This output class promotes compliance through:

- information delivery and marketing
- compliance assessment visits
- investigations of notified events
- enforcement activities including improvement notices, stop notices, infringement notices and prosecutions
- undertaking the licensing of dangerous goods in five Territorial Authority areas under delegation from ERMA
- approval of dangerous goods installations, importing and manufacture over the threshold levels specified in the HSNO Transitional Regulations.

¹⁶ Transitional arrangements for the 2003/04 year will relate to dangerous goods only. The transitional period for explosives is due to expire on 30 June 2003.

Performance Information

Note: The HSNO Act came into force on 2 July 2001. The forecast activity levels below therefore represented estimates and baseline information to be gathered to form the basis for monitoring in outyears.

Regulatory Functions Outside the Health and Safety in Employment Act 1992

| Performance Standard | Performance to 30 June 2003 |
|--|---|
| Results Information | |
| Benchmark information will be gathered on the percentage of workplaces assessed as compliant with HSNO at time of first visit. | Collection of benchmark information in 2002/03 had to be abandoned due to cross-mixing of numerous HSNO and HSE cases in data entry, preventing the HSNO component being separated out in such cases. |
| Benchmark information will be gathered on the percentage of workplaces assessed as compliant with HSNO three months following the time of first visit. | As above. |
| All events of a serious or significant nature will have an investigation commenced within two working days. | Recording and reporting of serious events commenced in March 2003 following completion of the development of a data capture method to enable serious or significant events to be distinguished from less serious or significant events. 33 serious events were recorded between March and June 2003. All investigations commenced within two working days. |
| 80% of information requests will be met within five working days. | A week-long sample using a web-based method of data capture was run during November 2002. Of the 961 calls assessed, 93% were responded to within five working days. 66% were responded to on the same day. 65 (7%) of the total calls recorded related specifically to the HSNO Act. <i>[This is the same measure reported on under the Promoting Excellence output class.]</i> |
| 75% of amusement device registrations and re-registrations will be issued within 15 working days following receipt at the processing centre. | 55% of the 173 amusement device registrations and re-registrations issued during the year were issued within 15 working days following receipt at the processing centre. Revised methods of capturing registration data and monitoring and reporting have provided more accurate information and last year's performance at 100% is now considered to have been overstated. Work is underway to streamline processing of applications. |
| Benchmark information will be gathered on the percentage of workplace participants ¹⁷ surveyed who are either satisfied or very satisfied with the manner of the Department's interaction with them in relation to a notification or complaint. | Following completion of the qualitative phase involving case studies and in-depth interviews to develop the survey questionnaire, a telephone survey was undertaken of employers who had recently been investigated following a complaint or serious harm notification. |

¹⁷ Including members of the public who initiate a notification or complaint.

| Performance Standard | Performance to 30 June 2003 |
|---|---|
| | <p>On a 10-point scale from 0 (extremely poor) to 10 (extremely good), 83% of employers rated OSH's overall handling of the investigation at 7, 8, 9, or 10. A survey of employees has also been carried out and the results of this survey are being collated.</p> |
| <p>90% of workplace participants surveyed will be satisfied or very satisfied with the quality of the information services provided by the Department.</p> | <p>90% of attendees at the seminars held on the amendments to the Health and Safety in Employment Act found the content of these seminars to be very good or good.</p> <p><i>(This is the same measure reported on under the Promoting Excellence output class.)</i></p> |
| <p>75% of HSNO prosecution cases will result in a conviction.</p> | <p>One HSNO prosecution case was initiated and determined during the year. This was the first prosecution taken by any agency under the HSNO Act. The result was a guilty verdict and a \$4,000 fine.</p> |
| <p>Benchmark information will be gathered on the percentage of workforce exposed to health and safety best practice information through working relationships with strategic partners (eg other government and non-governmental agencies, unions and employer representative groups, industry sector organisations).</p> | <p>During the year, strategic partners (including government and non-governmental agencies, unions, and employer representative groups) in the agriculture, construction, extractives, forestry, and meat industries were identified and information collected on the number of workers covered by these sectors.</p> |
| <p>Feedback from ERMA will indicate that it is satisfied that HSNO activities carried out by the Department meet those specified in the Memorandum of Understanding.</p> | <p>An audit carried out in June 2003 by ERMA concluded that HSNO activities carried out by the Department to approve various explosives and dangerous goods applications were in accordance with the HSNO Act, its associated Regulations and current occupational safety and health policy and guidelines.</p> |
| Activity Information | |
| <p>The Department expects to directly visit 12% of employers¹⁸ and their work sites (20,000 unique workplaces) during the 2002/03 year for the purpose of enforcing the HSE Act (Output class D5 refers).</p> <p>In assessing compliance with the HSE Act, the Department expects that 90% of these visits (18,000) will also involve assessing HSNO compliance.</p> | <p>29,168 workplaces were covered with the various OSH service delivery activities.</p> <p>This number is substantially greater (46%) than the 20,000 forecast due mainly to the number of workplaces represented at the nationwide public seminar programme and at the continuing presentations on the amended Health and Safety in Employment Act.</p> <p>Coverage is a new measure introduced in 2002/03. However, it is a measure which needs to be treated with some caution. It should be read as a comparative indicator rather than as an absolute quantity. This is because of the way in which employers and their workplaces have historically been defined and set up in HASARD, with one consequence being that there are numerous duplications. The effect is therefore to overstate coverage to an extent which has not been determined. The problem is deeply embedded in HASARD, and needs to be addressed in the context of a replacement system.</p> |

¹⁸ Including self-employed persons.

| Performance Standard | Performance to 30 June 2003 |
|---|--|
| <p>In addition, the Department expects to directly visit a further 1.6% of employers and their work sites (2,500 unique employers) during the 2002/03 year to impact on HSNO health and safety behaviours through maintenance of a credible field presence.</p> | <p>At least 1,106 workplaces were visited during the year (subject to the qualifications on "coverage", as referred to under the Promoting Excellence output class).</p> <p>The forecast was excessive because it was set before having reliable information about the previous year's actual activity levels. The HSNO programme for 2003/04 plans for coverage of 1,755 unique workplaces in total.</p> |
| <p>The Department expects to:</p> <ul style="list-style-type: none"> • respond to 500 notifications or complaints received under the HSNO Act • respond to 1,000 requests for information • undertake 350 workplace visits in relation to assessing compliance with the Machinery Act 1950 • register or re-register 300 amusement devices • issue 100 enforcement notices • initiate 15 prosecutions for breaches of the HSNO Act. | <p>33 investigations were opened and 23 investigations were completed in response to notifications or complaints received under the HSNO Act. 99 investigations were completed in 2001/02.</p> <p>This forecast was very excessive because it was set before having reliable information about the previous year's actual activity levels.</p> <p>A week-long sample using a web-based method of data capture was run during November 2002. Of the 961 calls assessed, 93% were responded to within five working days. 66% were responded to on the same day.</p> <p>65 (7%) of the total calls recorded related specifically to the HSNO Act.</p> <p><i>(This is the same measure reported on under the Promoting Excellence output class.)</i></p> <p>318 compliance assessments of amusement devices were completed, compared with 372 in 2001/02 and 311 in 2000/01.</p> <p>173 amusement devices were registered or re-registered during the year and 47 applications were being processed as at 30 June 2003.</p> <p>The maximum number of potential registrations and re-registrations is currently around 225. The forecast for the 2003/04 Output Plan was therefore set at 225.</p> <p>394 enforcement notices were issued.</p> <p>As reported above, one HSNO prosecution case was initiated and determined during the year. This was the first prosecution taken by any agency under the HSNO Act and resulted in a guilty verdict and a \$4,000 fine.</p> <p>The forecast was an estimate made in anticipation of the new HSNO regime which is yet to be fully implemented.</p> |

Financial Performance

Vote Labour: Regulatory Functions Outside the Health and Safety in Employment Act 1992

Figures are GST exclusive

| Year ended 30 June 2003 | Actual \$000 | Main Estimates \$000 | Supp. Estimates \$000 | Actual as a % of Supp. Estimates |
|----------------------------|-----------------|----------------------------|-----------------------------|--|
| Revenue: | | | | |
| Crown | 1,708 | 1,395 | 1,708 | 100.0% |
| Other | 12 | 12 | 12 | 100.0% |
| Total Revenue | 1,720 | 1,407 | 1,720 | 100.0% |
| Total Expenses | 1,686 | 1,407 | 1,720 | 98.0% |
| Net Surplus/(Deficit) | 34 | - | - | - |

This appropriation was increased by \$313,000 in the Supplementary Estimates. The change represented funding to enable current responsibilities to implement the Hazardous Substances and New Organisms Act to be continued.

VOTE: IMMIGRATION

Contributed to by the New Zealand Immigration Service and the Labour Market Policy Group.

Summary Financial Performance: Vote Immigration

| Year ended 30 June 2003 | Actual \$000 | Voted ¹⁹ \$000 | Variance Fav / (Unfav) \$000 |
|--|-----------------|------------------------------|------------------------------------|
| Revenue Crown (GST excl) | | | |
| Services to Increase the Capacity of New Zealand through Immigration | 20,406 | 20,406 | - |
| Services to Position New Zealand as an International Citizen with Immigration-Related Interest and Obligations | 12,900 | 12,900 | - |
| Sub total | 33,306 | 33,306 | - |
| Revenue Department (GST excl) | | | |
| Services to Position New Zealand as an International Citizen with Immigration-Related Interest and Obligations | 923 | 846 | 77 |
| Sub total | 923 | 846 | 77 |
| Revenue Other (GST excl) | | | |
| Services to Increase the Capacity of New Zealand through Immigration | 62,562 | 76,773 | (14,211) |
| Services to Position New Zealand as an International Citizen with Immigration-Related Interest and Obligations | 457 | 680 | (223) |
| Sub total | 63,019 | 77,453 | (14,434) |
| Interest – non-NZDMO (GST n/a) | 17 | - | 17 |
| Total (incl Interest) | 97,265 | 111,605 | (14,340) |

¹⁹ Voted figures include adjustments made in the Supplementary Estimates.

| Year ended 30 June 2003 | Actual \$000 | Voted ²⁰ \$000 | Variance Fav / (Unfav) \$000 |
|--|-----------------|------------------------------|------------------------------------|
| <u>Departmental Output Classes (GST excl)</u> | | | |
| Services to Increase the Capacity of New Zealand through Immigration | 83,064 | 95,609 | 12,545 |
| Services to Position New Zealand as an International Citizen with Immigration-Related Interest and Obligations | 12,651 | 14,411 | 1,760 |
| Total | 95,715 | 110,020 | 14,305 |
| <u>Crown Revenue (GST excl)</u> | | | |
| Migrant Levy | 7,257 | 7,600 | (343) |
| Total | 7,257 | 7,600 | (343) |

²⁰ Voted figures include adjustments made in the Supplementary Estimates.

VOTE: IMMIGRATION

Description of Outcomes

The Department of Labour's services and activities all contribute to the achievement of the overarching outcome *People with high-quality working lives in thriving and inclusive communities*. The New Zealand Immigration Service (NZIS) contributes to this outcome through increasing the capacity of New Zealand through immigration, and through positioning New Zealand as a good international citizen with immigration-related interests and obligations.

Immigration contributes to an increase in the capacity of New Zealand through the participation and contribution of migrants (temporary and permanent) to New Zealand society and the economy. The creation of new business and labour market opportunities occur through the facilitation of business investment, innovation and new skills and support of key industries such as tourism and international education. There is international competition for particular skills, foreign investment and tourism. Potential migrants base decisions on their understanding of what New Zealand has to offer them and must select New Zealand from a range of other countries. Recognising that there can be adverse impacts arising from immigration, the immigration programme must ensure the costs to the community of non-compliance, health and security risks and the need for income assistance are limited.

Immigration contributes to the positioning of New Zealand as a good international citizen. This takes place through the promotion of New Zealand's interests as a participant in multilateral immigration fora and the provision of a safe haven for refugees in a manner that provides protection and surety to refugees, while honouring international commitments. If required, responses to humanitarian crises are implemented and they help fulfil New Zealand's obligations as a member of the international community.

Immigration's contribution to the above outcomes, and the contribution made by NZIS through the delivery of output classes, outputs and activities has been determined using intervention logic.

VOTE: IMMIGRATION

Output Class D1: Services to Increase the Capacity of New Zealand through Immigration

Description

Through this output class the Minister purchases a range of services aimed at increasing the capacity of New Zealand through the participation and contribution of migrants to New Zealand society and the economy. The three objectives in this output class are to:

- ensure migrants are able to contribute to the New Zealand economy and society
- grow business and employment opportunities in New Zealand through the importation of new skills, expertise and investment and through the facilitation of tourism and international education
- minimise the adverse impacts of immigration on New Zealand's society and infrastructure.

Migrants able to contribute to the New Zealand economy and society

This objective will be achieved through the delivery of services to select migrants and to facilitate their entry and settlement. These services include the provision of advice on appropriate policy settings to attract skilled migrants, the facilitation of application and entry, the provision of settlement information and the facilitation of settlement and related services. Initiatives require close liaison with other government departments and agencies providing settlement or employment-related services. Targeted communication on immigration policy and the benefits of immigration is used to raise the awareness of the community. Research and evaluation of migrant labour market participation, migration trends and statistics inform the relative success of the interventions.

Building the capacity of New Zealand through immigration means migrants must be able to participate in, and make contributions to, the New Zealand economy and society. Effective matching of potential with opportunities by new migrants through labour market participation is important for positive settlement outcomes. Sound social and community support systems for new migrants and refugees also contribute to the ease of settlement and enable participation. The host community's attitude to migrants is important and needs to be welcoming and well - informed if the benefits of immigration are to be realised.

Performance Information

Migrants able to contribute to the New Zealand economy and society

| Performance Standard | Performance to 30 June 2003 |
|---|--|
| <i>Environmental Information</i> | |
| <p>A report on labour force participation, employment and unemployment for migrants compared with non-migrants will be provided (Source: Commissioned study — Labour Market Policy Group)</p> | <p>Employment is a key factor in successful settlement outcomes for migrants.</p> <p>In December 2002, an analysis of migrant employment data from the 2001 Census was completed. Overall migrants in the prime working age group (25-54) had higher labour market participation rates than at the 1996 Census.</p> <p>64.4% of all migrants were found to be in employment, 52.7% of females and 72.5% of males. This represents an improvement in participation of 7.5% and 7.4% respectively since the 1996 census and compares with an improvement of 2% for New Zealand-born males and 3.2% for New Zealand-born females.</p> <p>Migrants from non-English speaking countries (with the exception of Eastern Europe) have lower employment rates than migrants from English speaking countries. Migrants from north-east Asia, the Pacific and south-east Asia continued to have the lowest relative employment rates.</p> <p>Overall the employment rate for new migrants is lower than for New Zealand-born people with 73.6% of females and 86.3% of males born in New Zealand in employment.</p> <p>There are higher rates of unemployment amongst recent migrants than New Zealand-born people. 8.4% of migrants in the prime working age group are unemployed, compared with 4% of New Zealand-born people.</p> <p>New migrants also have a higher level of non-participation in the workforce, at 30% compared with 16% for the New Zealand-born population.</p> <p>The analysis established that employment rates and labour force participation improve with the length of time the migrant has spent in New Zealand. Migrants who have lived in New Zealand for more than 10 years have an employment rate of 72% compared with 73% for New Zealand-born individuals.</p> <p>It should be noted that the Census data includes both temporary and permanent migrants and does not allow for analysis by category type.</p> |
| <p>An analysis of the proportion of approved residents who arrived in the 1998 calendar year and remain in New Zealand as at 30 June 2003. (Source: NZIS movements data)</p> | <p>One measure of successful settlement is the extent to which migrants remain in a country in the years following their approval for residence or arrival in the country.</p> <p>An analysis of the status of the 27,338 people approved for residence in the 1998 calendar year was completed.</p> <p>97% of the sample had arrived in New Zealand, or had been approved onshore. As at 30 June 2003, 25% were absent from the country. 19% had been absent for six months or more, and 16% for more than a year.</p> |

| Performance Standard | Performance to 30 June 2003 |
|---|--|
| | <p>Absences from New Zealand, or a limited duration of a migrant's contribution, do not necessarily represent poor outcomes.</p> <p>Analysed by category, the highest rate of absenteeism occurred in the Business Investor category, at 28%, while the lowest rates were in the International/Humanitarian categories. There was a 22% absenteeism rate in the General Skills category.</p> |
| Results Information | |
| <p>At least 90% of those people approved residence overseas in the 2001 calendar year, will arrive and take up residence in New Zealand by 30 June 2003.</p> | <p>Arriving in New Zealand and taking up residence is a prerequisite for a migrant's ability to contribute to New Zealand's capacity.</p> <p>94% or 28,116 of the 29,659 people approved for residence in the 2001 calendar year arrived in New Zealand in the 2002/03 year.</p> |
| <p>At least 75% of job offers for General Skills principal applicants will correlate to the occupation held in the applicants' home country.</p> | <p>Gaining employment in an occupation in which the applicant is experienced in their home country is a good indicator of the transfer and utilisation of skills in New Zealand.</p> <p>74% of job offers for General Skills applicants approved in the 2002/03 year matched their home country occupation.</p> |
| <p>The proportion of migrants who take up pre-purchased English language training will increase by 10% compared with 2001/02. (Source: Skill NZ)</p> | <p>Migrants have three years in which to take up pre-purchased English language training.</p> <p>In 2001/02, 47% of migrants had taken up training after one year's entitlement, and 58% after two years.</p> <p>During 2002/03, the target of an increase of 10% over the 2001/02 take-up rate was not achieved, with 50% of migrants having taken up training after one year's entitlement and 60% after two years.</p> <p>To encourage migrants to take up English language training, NZIS has developed a flier in English and Chinese to give to migrants explaining their English language entitlement and advising how to access it. In addition NZIS staff discuss the benefits of English language training with customers.</p> |
| <p>The Minister's view of the quality of policy advice on increasing the capacity of New Zealand through immigration will be sought six-monthly through questionnaires or other appropriate means. The performance standards for policy advice are set out in Appendix 1.21</p> | <p>The Minister's view was sought six-monthly by way of questionnaires in respect of the July – December 2002 period and the January – June 2003 period. For the first period, the Minister rated NZIS's advice as excellent in all areas, and commented that the Service continues to outperform expectations.</p> |

²¹ Applies to all objectives in this output class.

| Performance Standard | Performance to 30 June 2003 |
|--|--|
| | <p>For the second period, the Minister rated NZIS's advice as excellent in all areas except the timeliness and quality of replies to Ministerial correspondence, Parliamentary questions and Official Information requests, speech notes, briefings and other information. The latter were rated at average to good, but the Minister recognised that the Service had been under pressure over the period, resulting in timeliness being affected.</p> |
| <p>The Skills, Family and International streams of the New Zealand Immigration Programme will be managed within their agreed levels, and at least 60% will be approved under skills stream categories.</p> | <p>48,538 people were approved for residence during the year, compared with 52,856 in 2001/02, 45,011 in 2000/01 and 36,529 in 1999/00.</p> <p>62.7%, or 30,443, of the people approved for residence were approved under the Skilled stream.</p> <p>30.5%, or 14,809, of the total people approved were approved under the Family stream.</p> <p>6.8%, or 3,286 people, were approved under the International/Humanitarian stream.</p> |
| <p>An annual survey of awareness of immigration policy and requirements among identified stakeholder groups to result in a rating in the upper quartile.</p> | <p>NZIS undertook a survey of three stakeholder groups to assess their awareness of immigration policies and requirements. The three groups surveyed were education providers, tourist operators, and employers accredited by the Employer Accreditation Unit of NZIS. The groups were asked to rate their awareness of policy and requirements out of 4, as well as rating NZIS's effectiveness in communicating its policies and requirements.</p> <p>When asked about their knowledge of immigration policies, there was an overall rating of 2.7 on a scale of 1 to 4. The same rating was given in respect of their knowledge of immigration requirements (such as those relating to lodging a visa). This rating is just below the upper quartile.</p> <p>However, with respect to policies or requirements specific to their sector, a higher rating was achieved, with education providers rating awareness of Code of Practice requirements as 3.7, employers rating their awareness of employer obligations as 3.0, and tourist operators rating awareness of group visa processes as 2.8.</p> <p>All three groups surveyed indicated that NZIS policies and requirements had an impact on their day-to-day business, and rated the degree of the impact as "some impact".</p> <p>When asked how effective NZIS is in communicating policies and requirements, a rating of 2.4 was given. However, information provided by NZIS was rated at 2.9 in terms of usefulness and ease of understanding.</p> |

| Performance Standard | Performance to 30 June 2003 |
|--|--|
| <p>Focus groups on the type, relevance and quality of available support from community sources and the Department will show acceptable levels of support available for identified groups.</p> | <p>NZIS commissioned an independent research company to conduct focus groups with recent migrants to gather information about the type, relevance and quality of support they received. Four focus groups were held, three in Auckland and one in Wellington, with groups of six to eight migrants who had arrived in New Zealand since 1 April 2002 participating.</p> <p>The focus groups found that a number of migrants were under-prepared for life in New Zealand when they arrived, and that there was a low level of awareness of support provided by NZIS. Where there was a level of awareness of NZIS settlement information, it was felt that while the information provided a good general overview, it lacked critical information about the reality of living in New Zealand, for example that employers often require New Zealand work experience. The gaps in information were identified as relating to employment, housing, health, and daily living.</p> <p>The groups also identified issues with the timing of information from NZIS, stating that receiving it upon approval was too late, particularly if they were approved onshore. NZIS has recently taken steps to address this issue by making settlement information available at the time of application and to a wider group of applicants.</p> <p>NZIS has considerable work to do to increase the level of preparedness by migrants for life in New Zealand. The research findings have been fed into the development of NZIS's customised service strategy which is designed to provide tailored information and the development of closer relationships with customers to ensure their settlement information needs are met.</p> <p>In respect of support available in the community, there was a low overall level of awareness. The most commonly identified sources were the Citizens Advice Bureaux and Work and Income service of the Ministry of Social Development.</p> |
| <p>An independent annual survey of customers will confirm that the Department has maintained its overall level of customer service in terms of customer satisfaction in the upper quartile.²²</p> | <p>The annual independent NZIS global customer satisfaction survey asks customers to rate NZIS's performance out of 9 (9 being good and 1 being poor) in five areas:</p> <ul style="list-style-type: none"> • overall level of service • NZIS service compared with other immigration services • whether NZIS helped applicants come to New Zealand • overall ease of the application process • whether NZIS helped solve any application problems. |

²² Applies to all objectives in this output class.

| Performance Standard | Performance to 30 June 2003 | | | | | | |
|--|---|---------|---------|---------|---------|------|--------|
| | <p>Overall NZIS was rated in the upper quartile (higher than 6.75) in all five areas, with an overall score of 7.1.</p> <p>The results are slightly lower than last year, with an overall rating in 2001/02 of 7.4. However, given the delays in processing some applications due to service queues, and the number of applicants affected by policy changes during the year, the maintenance of an upper quartile rating is seen as positive.</p> | | | | | | |
| Activity Information | | | | | | | |
| <p>A breakdown of the number and timeliness of visa and permit decision-making for major categories will be provided (approximately 300,000 visitor, student and work application decisions will be made). ²³</p> | <p>A total of 364,338 visa and permit decisions were made during the year, comprising the following:</p> <table data-bbox="564 615 815 698"> <tr> <td>Visitor</td> <td>153,682</td> </tr> <tr> <td>Student</td> <td>124,572</td> </tr> <tr> <td>Work</td> <td>86,084</td> </tr> </table> <p>Compared with original forecasts, the main factors causing increased volumes were growth in short-term students and an increase in demand for work permits as a result of continuing skills shortages in the labour market.</p> <p>The increased volumes also impacted on timeliness standards below.</p> <ul data-bbox="564 877 943 1153" style="list-style-type: none"> • 86% of high-risk²⁴ student applications were decided within 60 calendar days. This compares with 92% in 2001/02. • 86% of high-risk work applications and 84% of high-risk visitor applications were decided in 30 calendar days. This compares with 95% and 97% respectively in 2001/02. • 84% of moderate risk temporary entry visa applications were decided within 15 calendar days. This compares with 98% in 2001/02. • 89% of temporary permit applications were decided in 15 calendar days and 96% in 45 calendar days. This compares with 88% and 98% respectively in 2001/02. | Visitor | 153,682 | Student | 124,572 | Work | 86,084 |
| Visitor | 153,682 | | | | | | |
| Student | 124,572 | | | | | | |
| Work | 86,084 | | | | | | |

Growing business and employment opportunities in New Zealand through immigration

This objective will be achieved through visa and permit application services that are facilitative and based on policy designed to deliver positive economic advantages for New Zealand. Dedicated business migration services, including a business migrant liaison unit, are provided to facilitate business investment and assist with information on the New Zealand business environment. Activities also include the facilitation of people seeking temporary entry such as visitors, students and skilled workers.

²³ Applies to all objectives in this output class.

²⁴ High-risk status applies to nationalities for whom visas are required and the timeframes reflect extra time for checking particular details of an application.

Facilitation initiatives require close liaison with other government departments and agencies such as Ministry of Foreign Affairs and Trade, Tourism New Zealand, Trade New Zealand (now New Zealand Trade and Enterprise) and the business sector. Research and evaluation of the impacts on the business sector and the economy inform the relative success of the interventions. Advice on appropriate immigration policy settings to achieve these outcomes will be provided.

Providing skills, expertise and investment to generate business and employment opportunities increases New Zealand's capacity. New skills and business experience is recruited internationally to meet New Zealand's needs. Foreign exchange earnings are generated through trade and tourism as students and visitors to New Zealand participate in the economy. Increased investment in New Zealand by business migrants also benefits the economy as business opportunities, jobs and international linkages are created.

Performance Information

Growing business and employment opportunities in New Zealand through immigration

| Performance Standard | Performance to 30 June 2003 |
|--|--|
| Environmental Information | |
| The value of the export industries of tourism and international education will be reported annually. (Source: Tourism New Zealand and Trade New Zealand) | <p>The latest definitive information available on the value of the tourism industry comes from the annual summary of the Tourism Satellite Account for the year ended March 2002. Information on the 2002/03 year will not be available until May 2004. Analysis of the Tourism Satellite Account established that international visitors contributed \$6.2 billion to the New Zealand economy. This represents 14.3% of New Zealand's total export earnings and makes tourism the second largest export earner behind the dairy industry. International tourism, as opposed to domestic tourism, is a growing segment of New Zealand's tourism industry increasing its share of total money spent on tourism from 38% in 1997 to 43% in 2002.</p> <p>A more recent survey, the International Visitors Survey for the 12 months to September 2002, found that foreign visitor expenditure totalled an estimated \$5.9 billion, an increase of 14% over the previous year's survey.</p> <p>Education New Zealand full fee student statistics for the 2002 calendar year state that international students contributed \$1.709 billion in foreign exchange earnings last year. \$1.515 billion was attributable to the Asian market, followed by Europe on \$68.7 million, the Americas and Oceania on \$50 million and \$55 million respectively, Africa on \$7 million and the Middle East on \$6 million.</p> <p>The largest earnings came from the university sector which contributed \$0.529 billion, the secondary school sector on \$0.384 billion and the English language sector on \$0.321 billion.</p> |
| A report on identifiable asset and investment transfers from overseas to New Zealand attributable to migrants will be reported annually. (Source: NZIS) | <p>In 2002/03, applicants approved residence under the General Skills category and the Investor category intended to invest \$1.518 billion in New Zealand, of which \$1.271 billion was attributable to the Investor category.</p> <p>It should be noted that these amounts represent how much the applicant indicated they intended to invest as part of their application.</p> |

| Performance Standard | Performance to 30 June 2003 |
|--|--|
| Results Information | |
| <p>A report on initiatives taken to improve the facilitation of migrants (temporary, permanent and business migrants) to New Zealand will be provided quarterly.</p> | <p>NZIS's facilitation initiatives in 2002/03 included working with regions and industry groups to get a better understanding of New Zealand's needs, developing online services, accrediting employers to search for suitable talent offshore and improving settlement service availability.</p> <p>During the year two regional immigration pilots were launched with the Southland/Clutha and Wellington Regional Councils. The pilots involve NZIS facilitating high-level skills and opportunity matching between Regional Councils, economic development agencies, and New Zealand employers, and the global labour market, as well as supporting settlement outcomes.</p> <p>The Occupational Shortage and Priority Occupation lists were reviewed, in consultation with industry groups, to reflect New Zealand's needs. Applicants with job offers in those occupations listed on either of the lists are not required to undergo a labour market test before a work permit is issued.</p> <p>NZIS participated in the two EMIGRATE fairs in the UK during the year. The London job match database was used at the shows, giving prospective migrants the opportunity to learn about job opportunities in New Zealand before submitting an application.</p> <p>The London/Southland matching pilot resulted in migratory and financial inflow into the region. Mid Canterbury is also now supplying details of vacancies.</p> <p>Online services were introduced for visitor permit renewals during the year. 2,516 applications have been approved online since the service was introduced in September 2002.</p> <p>Memorandums of Understanding with Lincoln University and Manukau Institute of Technology were agreed in respect of the online and length of course pilots. The service is aimed at facilitating international students by enabling them to renew their permit online, or be granted a student permit for the full duration of their course. Five other universities have expressed a keenness to participate in the scheme. It is expected that the service will be available to these institutions by December 2003.</p> <p>Since the Talent Visa category was introduced in April 2002, 167 employers have been accredited, and 459 corresponding work visas have been issued. Applications for renewal of accreditation have been received from employers.</p> <p>Contracts with providers of a range of settlement services to migrants were monitored throughout the year. The Auckland Regional Migrant Centre was opened during the year with the support of NZIS, as a result of central agency, local government and community sector co-operation. The centre is a one-stop shop for migrants that provides advice and support for migrants that will contribute to positive settlement outcomes.</p> |

| Performance Standard | Performance to 30 June 2003 |
|---|--|
| <p>A report on the impact of immigration on skills shortage areas through an analysis of work permits and talent visas granted in known shortage areas will be provided quarterly to establish a benchmark for future performance.²⁵</p> | <p>An analysis of a sample of work permit and Talent visas issued was undertaken to establish a benchmark for the impact of immigration on skills shortage areas.</p> <p>The sample captured work permits and Talent visas issued between 1 April 2003 and 30 June 2003. Skills shortages were defined as those occupations on the priority occupation list and the skills shortage list.</p> <p>The sample established that a total of 6,904 work and talent permits had been issued in the sample period. Of the 6,904, occupation information had not been entered by staff into the application management system in 2,709 cases. Of the remaining 4,195 cases, where occupation information had been entered 1,512, or 36%, were issued for occupations on either the skills shortage list or the priority occupation list.</p> <p>Initiatives are underway to improve data entry standards in NZIS branches.</p> |
| <p>The proportion of people on temporary permits approved for residence under the skills stream will increase compared with 2001/02 and a breakdown by category will be provided.</p> | <p>58% of skilled stream approvals converted from a temporary permit compared with 46% in 2001/02.</p> <p>This figure represents 6,896 conversions to skilled stream from:</p> <ul style="list-style-type: none"> 293 student permits (4%) 1,276 visitor permits (19%) 5,291 work permits (77%) <p>486 of the 5,291 individuals who converted to residence from a work permit had previously held a student permit.</p> |
| <p>Activity Information</p> | |
| <p>A breakdown of the number and timeliness of visa and permit decision-making for major categories will be provided (approximately 300,000 visitor, student and work application decisions will be made).²⁶</p> | <p>See Objective 1.</p> |

Adverse impacts of immigration minimised

This objective will be achieved through the delivery of services to manage the possible adverse impacts of immigration. These services will include the provision of advice on appropriate policy to ensure benefits of New Zealand's immigration programme outweigh the costs on health, education and welfare. The quantum and policy criteria for the programme need to take into account the impact on the infrastructure. Consultation with appropriate government departments and agencies on the immigration programme will take place.

²⁵ Changes as a result of a review of work policy were implemented in April 2001 so benchmark performance information will be established during 2002/03.

²⁶ Applies to all objectives in this output class.

Interventions used to reduce the risk and cost of non-compliance include high-quality visa and permit decision-making and verification processes. High-risk markets can present risks of fraudulent applications, people smuggling and the abuse of New Zealand's status as a safe haven for genuine refugees. An appropriate visa framework; verification and risk management; interdiction; border services; investigation; detention; removals; voluntary departures and prosecutions are the activities that contribute to this objective.

Adverse impacts can occur if the selection system lacks transparency, decision-making is poor or there is no review process. Enhanced trust in the institutions of government is fostered through access to independent review through the Residence Appeal Authority and Removal Review Authority. The Department provides support services for these authorities and for the Minister of Immigration (on personal representations outside the delegated authority of the Department, Ministerial correspondence, Parliamentary questions and the Ministerial Advisory Group) and to protect the interests of the Crown in court proceedings under the Immigration Act.

Performance Information

Adverse impacts of immigration minimised

| Performance Standard | Performance to 30 June 2003 |
|---|---|
| <p><i>Environmental Information</i></p> <p>A report on the take-up of emergency income support benefits within the first two years of arrival by migrants will be provided. (Source: Annual datamatch with MSD)</p> | <p>Migrants are not automatically entitled to income support in the first two years of arriving in New Zealand. During June 2003, an information match with the Ministry of Social Development records and NZIS residence records was completed²⁷ to establish the number of recent migrants accessing emergency benefits.</p> <p>The analysis of the information match focused on the effects of the October 2001 policy changes for sponsorship on emergency benefit take-up by new migrants. Those changes tightened the obligations of sponsors of family members.</p> <p>2,912 files were matched, ie had been approved for residence in the last two years and accessed an emergency benefit. 732 people had been approved for residence and taken up an emergency benefit since the introduction of the new sponsorship policy in October 2001. A total of 89,887 migrants had been approved since October 2001.</p> <p>As with previous matches, the largest source of matched records was for migrants under the Family Parent category. However, the proportion was considerably lower in the June 2003 match, at 14.8%, than in the June 2002 match at 47%. These results confirm that the sponsorship changes have been effective in reducing the take-up of emergency benefits by Family Parent category migrants.</p> <p>Individuals approved under the General Skills category made up 5.5% of the total number accessing emergency benefits, or 160 out of 2,912. General Skills category applicants had also spent the lowest average time on emergency benefits.</p> |

²⁷ The information gathered in the information match does not disclose the identity of individuals, and the results are used for research purposes only.

| Performance Standard | Performance to 30 June 2003 |
|--|--|
| | <p>Of the 2,912 files matched, 41% were individuals of retirement age who were awaiting access to superannuation.</p> |
| <p>A six-monthly report on the estimated levels and composition of the overstayer population will be provided. (Source: NZIS movements data)</p> | <p>Samples were completed in October 2002 and April 2003. As at 29 April 2003 the overstayer population was estimated to be between 16,768 and 20,042, with a mid point estimate of 18,405. This is comparable with the last estimate produced in October 2002 of 18,134.</p> <p>The number of individuals who have overstayed by three to 18 months has increased to 4,780, compared with 4,534 in October 2002. Similarly the number of long-term overstayers (five years and over) has increased by 217 to 6,303 over the October 2002 estimate.</p> <p>As a snapshot the results are consistent with earlier samples. Continual refinements in the sample methodology will ensure greater certainty as to size of the overstayer population.</p> |
| Results Information | |
| <p>A report on risk management initiatives taken to minimise the level of non-compliance will be provided quarterly.</p> | <p>NZIS's risk management initiatives in 2002/03 focused on the areas of enhancing border security, improved verification, and reducing non-compliance by international students.</p> <p>The Advance Passenger Processing (APP) system, that allows for the screening of individuals before they board a flight, was introduced during the year and rolled out to the first participating airline during July 2003.</p> <p>A verification project, focusing on targeting risks and reducing applicant fraud through targeted in-country verification, was undertaken during the year. The project involved site visits for verification of documents in randomly selected applications. 24% of the site visits resulted in a finding of fraud, or raised serious concerns about applications. The information is being used to inform future risk profiling.</p> <p>Resources to focus on verification of job offers onshore were also increased.</p> <p>Initiatives to reduce the level of non-compliance by international students have been a feature during the year. Systems and processes were introduced during December 2002 to ensure NZIS's support of the Ministry of Education Code of Practice requirements. The changes have improved overall governance for foreign students, and help to ensure that key risks, such as pastoral care, are effectively managed by institutions. Onshore branches continue to work closely with providers to remind them of these and other obligations. Non-compliance data, collected online, is being used to take action against non-performing students. Since its introduction in August 2002, the electronic notification scheme has generated 6,539 notifications and resulted in 568 student permit revocations.</p> <p>There has been a particular focus on working with educational institutions and employers to increase their knowledge of immigration policies. During the year 450 employer site visits were conducted to encourage compliance through providing information on the Immigration Act 1987.</p> |

| Performance Standard | Performance to 30 June 2003 |
|---|---|
| The number of undocumented passengers arriving in New Zealand will be no greater than the total number arriving in 2001/02. ²⁸ | 260 undocumented passengers arrived in New Zealand, compared with 276 in 2001/02. |
| Approximately 1,600 investigations and removals, deportations, section 35A permits and voluntary departures will take place during the year, and at least 50% will be voluntary departures. | A total of 1,761 investigations and removals, section 35A permits and voluntary departures took place during the year, compared with 1,594 in 2001/02. 48% of the 1,761 were voluntary departures. However, the target of at least 50% of 1,600 investigations, removals, deportations, and 35A permits being voluntary departures was exceeded with 846 during the year. |
| A sample audit of enforcement activities will confirm that 95% were decided in accordance with critical elements of Government policy. | The Border and Investigation internal quality assurance process found that 98% of enforcement activities were conducted in accordance with critical elements of Government policy, compared with 97% in 2001/02 and 98% in 2000/01. |
| A sample audit of visa and permit decisions will confirm that 95% were decided in accordance with critical elements of Government policy. | Nine branch audits of residence visa and permit decisions were undertaken during the year. The internal audit covered a range of measures, including best practices and customer processes, as well as the critical elements of government policy. The wider focus of the audits resulted in an overall standard of 92% of residence decisions meeting the above range of measures. An internal residence quality assurance process that focuses on the critical elements of Government policy has been developed and is being rolled out to branches for the 2003/04 year. The weekly internal temporary quality assurance process found that 98% of temporary decisions were made in accordance with critical elements of government policy. All audit reports are discussed with the Service and Market Managers, and a final report is produced for the General Manager. |
| Residence Appeal Authority (RAA) and Removal Review Authority (RRA) members' satisfaction with the Department's support services will result in an upper quartile rating annually. | An overall satisfaction rating of 4.57 out of 5 was achieved in a survey of RAA and RRA members. |
| Activity Information | |
| The numbers of residence declines based on medical and character will be monitored. | The numbers of residence declines based on medical and character were monitored. In 2002/03, 241 applications for residence were declined on medical grounds and 31 on character grounds. This represents 1% of the residence decisions made during the year. |

²⁸ Assumes a similar total passenger flow compared with 2001/02.

| Performance Standard | Performance to 30 June 2003 |
|---|---|
| <p>Volumes of the following activities will be monitored:</p> <ul style="list-style-type: none"> • RAA appeals (approximately 300 – 350 appeals will be received) • RRA appeals (approximately 400 – 450 appeals will be received) • Ministerial appeals (approximately 2,000 appeals will be received) • Ministerial services – correspondence, Parliamentary Questions and Ministerial Advisory Group • Courts proceedings | <p>418 appeals were referred to the Residence Appeal Authority compared with 322 in 2001/02. Services in this area are demand driven.</p> <p>298 appeals were referred to the Removal Review Authority compared with 322 in 2001/02.</p> <p>2,640 draft responses to Ministerial representations were provided, compared with 2,710 in 2001/02.</p> <p>A total of 634 draft replies were provided during the year, all within the specified timeframe. 486 replies were provided within the timeframe in 2001/02.</p> <p>301 draft replies to Parliamentary Questions were provided, all within the set deadlines, as specified in Standing Orders. 331 replies were provided in 2001/02.</p> <p>81 draft replies to requests for official information were provided during the year, compared with 38 in 2001/02.</p> <p>36 proceedings were finalised, compared with 43 in 2001/02.</p> |
| <p>Volumes of the following activities will be monitored:</p> <ul style="list-style-type: none"> • visa declines <ul style="list-style-type: none"> – Residence – Visitor – Student – Work • interdiction programme • persons refused entry at the border • non-genuine asylum claimants removed • detention | <p>During the year, a total of 21,963 visa applications were declined, consisting of the following:</p> <ul style="list-style-type: none"> – 1,526 residence decisions (11% of all residence applications) – 13,061 visitor decisions (13% of all visitor applications) – 5,910 student decisions (15% of all student applications) – 1,466 work decisions (3% of all work applications). <p>120 people were interdicted offshore.</p> <p>570 people were refused entry at the border.</p> <p>470 non-genuine refugees either voluntarily left New Zealand or were removed.</p> <p>15 people were sent to the Auckland Central Remand Corrections facility.</p> |

| Performance Standard | Performance to 30 June 2003 |
|---------------------------------|---|
| • open and secure accommodation | 131 people were detained in open and secure accommodation at Mangere Accommodation Centre. |
| • community-based accommodation | 68 people were released on conditions. |
| • prosecutions | 22 prosecutions were completed, compared with eight in 2001/02. Charges were laid in 48 cases in 2002/03. |
| • removals | 738 removals took place, including 183 non-genuine refugees. |
| • voluntary departures | 846 voluntary departures, including 287 non-genuine refugees. |
| • section 35As. | 128 people were granted section 35A permits. |

Financial Performance

Vote Immigration: Services to Increase the Capacity of New Zealand through Immigration

Figures are GST exclusive

| Year ended 30 June 2003 | Actual \$000 | Main Estimates \$000 | Supp. Estimates \$000 | Actual as a % of Supp. Estimates |
|----------------------------|-----------------|----------------------------|-----------------------------|--|
| Revenue: | | | | |
| Crown | 20,406 | 18,849 | 20,406 | 100.0% |
| Other | 62,562 | 66,547 | 76,773 | 81.5% |
| Total Revenue | 82,968 | 85,396 | 97,179 | 84.9% |
| Total Expenses | 83,064 | 74,036 | 95,609 | 86.9% |
| Net Surplus/(Deficit) | (96) | 11,360 | 1,570 | - |

This appropriation was increased by \$21,573 million in the Supplementary Estimates. The changes are due to:

- a fiscally neutral transfer of (\$1.070 million) to "Services to Position New Zealand as an International Citizen with Immigration-Related Interest and Obligation" output class for additional funding to process claims for refugee status and manage the backlog of such claims
- increased funding of \$1.837 million for the Migration Levy
- a fiscally neutral transfer of (\$350,000) to "Services to Position New Zealand as an International Citizen with Immigration-Related Interest and Obligation" output class for overhead allocation adjustment as more activity in the regional initiatives output than planned
- funding of \$1.858 million for suspension of Thai visa waiver

- a forecast change of \$19.300 million to reflect changes in demand
- a fiscally neutral transfer of \$534,000 from "Services to Position New Zealand as an International Citizen with Immigration-Related Interest and Obligation" output class for Community-Based Accommodation – output class correction from Main Estimates
- funding of \$1.500 million to improve Skilled Immigration Outcomes – to allow fee refunds for General Skills applicants choosing to withdraw their applications
- a forecast change of \$217,000 for increase in the foreign exchange losses as a result of the strengthening New Zealand dollar
- funding of \$360,000 for new fees for student visas
- a forecast change of (\$958,000) to allow volume adjustment for changes in demand for Visa and Permit Services
- a final expense transfer adjustment of (\$1.500 million) from 2002/03 to 2003/04 for Improving Skilled Immigration – relating to the cost of refunding resident application fees to those no longer eligible for job search visas
- a final expense transfer adjustment of (\$198,000) from 2002/03 to 2003/04 for LisNZ – delay sampling and interviewing for the project until the shape and impacts of proposed changes to skilled immigration policy become clearer
- a final expense transfer adjustment of (\$87,000) from 2002/03 to 2003/04 for Auckland Regional Migrant Services relating to a delay in finding suitable premises and concluding the necessary tenancy arrangements
- funding of \$37,000 for the implementation of Zimbabwe Visa Waiver Suspension
- funding of \$93,000 for the implementation of Security/Counter-Terrorism.

VOTE: IMMIGRATION

Output Class D2: Services to Position New Zealand as an International Citizen with Immigration-Related Interest and Obligations

Description

Through this output class the Minister of Immigration purchases a range of services aimed at positioning New Zealand internationally and using NZIS's offshore network and alliances. The main focus of the contribution by this output class is in the provision of a safe haven for refugees in a manner that provides protection and surety to refugees, while honouring international commitments. The three objectives of this output class are to:

- promote New Zealand's immigration-related interests
- provide a safe haven for refugees
- fulfil international obligations.

Promoting New Zealand's immigration-related interests

This objective is achieved through the successful participation in multilateral initiatives to advance New Zealand's immigration-related interests. Involvement requires close liaison with other government departments and agencies. Research and evaluation will inform the relative success of the interventions. Advice on appropriate immigration policy to achieve these outcomes will be provided.

Promoting New Zealand's immigration-related interests contributes to a greater presence or reach internationally and plays an important role in the international community. Departmental representation of immigration-related interests offshore is formed in conjunction with other relevant departments.

Performance Information

| Performance Standard | Performance to 30 June 2003 |
|--|--|
| Results Information | |
| The Minister's view of the quality of policy advice on positioning New Zealand as an international citizen with immigration-related interests and obligations will be sought six-monthly through questionnaires or other appropriate means. The performance standards for policy advice are set out in Appendix 1. ²⁹ | The Minister's view was sought six-monthly by way of questionnaires in respect of the July – December 2002 period and the January – June 2003 period. For the first period, the Minister rated NZIS's advice as excellent in all areas, and commented that the Service continues to outperform expectations. For the second period, the Minister rated NZIS's advice as excellent in all areas except the timeliness and quality of replies to Ministerial correspondence, Parliamentary questions and Official Information Act requests, speech notes, briefings and other information. The latter were rated at average to good, but with the caveat that the Service had been under pressure over the period, resulting in timeliness being affected. |

²⁹ Applies to all objectives in this output class.

| Performance Standard | Performance to 30 June 2003 |
|---|---|
| <p>Results Information</p> <p>A report on initiatives taken to promote New Zealand's immigration-related interests will be provided quarterly.</p> | <p>During the year the APEC central committee accepted Advance Passenger Processing (APP) as a "Pathfinder" initiative. NZIS has undertaken to present a report back on implementation of the scheme at the next meeting in August 2003.</p> <p>NZIS contributed to standing committee work on draft conclusions on International Protection in the lead-up to the Executive Committee (Ex Com) of UNHCR. NZIS provided support for the Minister of Immigration's involvement at an Ex Com meeting.</p> <p>A report to the OECD Sub Committee on Trends in Migration, known as SOPEMI, was prepared which analysed New Zealand's immigration policy and programme.</p> <p>New Zealand's refugee system is increasingly being recognised as best practice and some first instance determinations have been included in the UNHCR database of model cases. During the year, foreign government representatives visited for familiarisation with the New Zealand first level determination process. The quota programme also attracted interest for the quality of the multi-disciplinary arrival programme and the co-ordination of settlement services.</p> <p>NZIS's Refugee Status branch assisted UNHCR in delivering training to Pacific states on developing refugee determination systems and capacity to respond to mass arrivals.</p> <p>The Service continued to fund a seconded officer to the Pacific Immigration Director's Conference (PIDC) secretariat. In addition to secretariat duties, this officer has participated in an expert working group on transnational organised crime.</p> |
| <p>Participation in multilateral initiatives will be monitored and an update provided quarterly on the results of the initiative.</p> | <p>NZIS has been involved in all follow-up working group meetings aimed at progressing the mandate of the Bali Ministerial Process on regional co-operation on people smuggling. At the Bali II meeting in June 2003, NZIS presented a paper on the electronic exchange of lost, stolen, or non-genuine travel document information.</p> <p>In the first half of the year, NZIS hosted the Pacific Rim Immigration Intelligence Conference (PACRIM) conference, at which several projects to further co-operation in the management of regional risks and sharing of information were initiated.</p> <p>NZIS has continued to support the Asia Pacific Consultations (APC) forum, through maintaining and updating the APC website and engaging in dialogue on planning and preparation for sub-regional and Plenary meetings. NZIS provided the Chair for the sub-regional meeting in November 2002.</p> <p>The seconded officer to the Pacific Immigration Directors' Conference (PIDC) Secretariat participated in an expert working group meeting on work against transnational organised crime.</p> |

| Performance Standard | Performance to 30 June 2003 |
|----------------------------|---|
| Results Information | |
| | <p>NZIS participated in the UNHCR's first Forum on Convention Plus in Geneva.</p> <p>NZIS provided practical tools and guidance at a planning meeting in Papua New Guinea (PNG) on emergency response. Expressions of appreciation for NZIS's contribution to Pacific capacity building to date were received from PNG officials and the UNHCR regional representative.</p> <p>NZIS attended a Four Nations meeting as an observer. Four Nations is a forum in which immigration agencies from the USA, UK, Australia and Canada discuss issues of mutual interest.</p> |

Safe Haven for Refugees

This objective will be achieved through selection and determination systems for quota refugees and refugee status seekers respectively, and the independent Refugee Status Appeal Authority process. It also includes the accommodation and induction of quota refugees at the Mangere Refugee Resettlement Centre and ongoing resettlement services. Research and evaluation will inform the relative success of the interventions. Advice on appropriate immigration policy settings to achieve these outcomes will be provided.

The provision of safe haven for refugees contributes to the positioning of New Zealand as a good international citizen. Protection and resettlement services are provided to United Nations High Commissioner for Refugees (UNHCR) mandated refugees. Safe haven is also provided to spontaneous asylum seekers during the determination process and resettlement support is provided where appropriate. In both cases the selection or determination system demonstrate fairness and natural justice.

Performance Information

| Performance Standard | Performance to 30 June 2003 |
|---|--|
| Environmental Information | |
| An annual report will be provided based on preliminary findings of longitudinal research on recent refugee resettlement experiences in New Zealand. (Source: Refugee Voices research) | The Refugee Voices Research Project provides information about the experiences of refugees resettling in New Zealand. The information collected is being used to help the Government better understand the needs and experiences of refugees resettling here. The resettlement experiences of about 400 refugees have been looked at and an interim report was produced in December 2002 providing information on half of these (209 were interviewed). The interim report found that around three-quarters of the refugees spoken to say they felt "somewhat to very" settled in New Zealand. They also said they valued New Zealanders, being able to live a peaceful life, having access to government services and feeling safe and secure here. |

| Performance Standard | Performance to 30 June 2003 |
|--|--|
| | <p>However, a key resettlement issue facing the interviewees was English language proficiency. Most of the refugees spoken to did not speak or write English very well and 83% said they needed help with interpreting and translating in situations such as dealing with government departments or visiting their General Practitioner. Other resettlement issues included concern about family overseas and obtaining paid work. Many of the refugees interviewed said that finding paid work in New Zealand was an issue, because of a lack of English language skills, New Zealand qualifications and transport problems.</p> <p>A final report will be produced later in 2003.</p> |
| <p>A UNHCR assessment of New Zealand's processing and assessment procedures will be completed annually to show appropriate international standards achieved. (Source: UNHCR)</p> | <p>Since December 2002, the UNHCR representative in Canberra has been assessing a sample of the decisions made by NZIS's Refugee Status Branch each month to determine whether they meet international standards and guidelines. Overall the feedback from UNHCR has been extremely positive. Of the 21 cases assessed by UNHCR, only three cases did not meet UNHCR criteria. Two of these cases are examples of where the UNHCR approach differs from that of New Zealand, and the decisions made were consistent with the Immigration Act and the RSA's jurisprudence in the area. Overall the UNHCR has indicated that it is impressed with the quality of NZIS's decision-making, and has recently included NZIS cases in the UNHCR headquarters database of best practice decisions.</p> |
| <p>Consultation on the composition of the refugee quota to take into account resettlement factors and infrastructural impacts will be completed annually.</p> | <p>Consultation on the composition of the 2003/04 refugee quota was undertaken during the year, with an emphasis on maximising positive settlement outcomes.</p> <p>The composition of the quota was included on the agenda of the Tripartite consultations, allowing dialogue with the non-governmental organisations and UNHCR. Government agencies such as Housing NZ, the Ministry of Education, the Auckland District Health Board, and Child, Youth, and Family attended the Tripartite consultations to address infrastructure issues. Written submissions were also considered from a variety of agencies.</p> |
| <p>Results Information</p> | |
| <p>Selection, travel to New Zealand and initial resettlement services will be provided to refugees within 10% of the 750 quota range.</p> | <p>Selection, travel to New Zealand and initial resettlement services were provided to 604 refugees under the Government's programme. This was not within 10% of the annual target of 750.</p> <p>The shortfall was due to a selection mission to Pakistan being cancelled following the imposition of a travel advisory. The war in Iraq meant that a selection mission to the Middle East was not feasible, and the UNHCR did not have sufficient people ready for travel for either East Africa or Asia in the latter part of 2002/03.</p> |

| Performance Standard | Performance to 30 June 2003 |
|---|--|
| <p>A quarterly survey of a sample group of refugees will confirm the Department's services resulted in appropriate security and support through an upper quartile rating.</p> | <p>A customer survey of refugee quota branch customers resulted in a satisfaction rating of 3.1. The customer survey of refugee status branch customers resulted in a satisfaction rating of 3.9. (An upper quartile rating is an average of 3.75 or above on a scale of 1 to 5, with 5 being the best.)</p> <p>Efforts are being made to improve the services based on feedback from refugees.</p> |
| <p>The average age of undecided refugee status claims on hand to be less than three months old.</p> | <p>As at 30 June 2003, the average age of undecided refugee status claims on hand was four months 29 days. While the target of an average age of three months was not achieved, significant progress was made on reducing the backlog of cases, with the average ages of cases in 2001/02 being 10 months. In addition, the need to prioritise detainee cases during the year and the increasing complexity of a number of the claims have resulted in longer determination times.</p> |
| <p>RSAA appeal authority members' satisfaction with the Department's support services will result in an upper quartile rating annually.</p> | <p>An overall satisfaction rating of 4.5 out of 5 was achieved in a survey of RSAA members.</p> |
| <p>Activity Information</p> | |
| <p>Volumes of the following activities will be monitored:</p> <ul style="list-style-type: none"> • refugees accepted under the quota programme • refugee status claims (up to 1,700 determinations may be required) • RSAA appeals (approximately 900 new appeals will be received). | <p>604 refugees were accepted under the Government's programme.</p> <p>1,312 claims for refugee status were determined. Excellent progress has been made on clearing the backlog of refugee cases. At the start of 2002/03 there were 572 cases on hand, with a further 952 cases lodged during the year. At year-end there were 317 cases on hand.</p> <p>928 appeals were referred to the Refugee Status Appeal Authority (RSAA) and 570 decisions were dispatched. As at 30 June 2003, there were 741 cases on hand, 609 with the secretariat. A backlog strategy to reduce the numbers on hand is in place. It is expected the backlog will be reduced within three years.</p> |

Fulfilment of International Obligations

This objective will be achieved through the preparation of emergency responses to humanitarian crises and maintaining preparedness to respond. Responses require close liaison with other government departments and agencies. The Department's involvement in the region may include specific support for Pacific nations or participation in regional initiatives. The Minister of Immigration determines priorities in this area and often the response will be at short notice and may require additional funding.

The meeting of international immigration-related obligations contributes to strengthening New Zealand's international reputation. There are obligations to be met as a Pacific region nation and these may have immigration-related components.

Performance Information

| Performance Standard | Performance to 30 June 2003 |
|--|--|
| Results Information | |
| A report on the preparedness of the Department to respond to humanitarian crisis will be provided quarterly. | NZIS has in place a humanitarian crisis plan covering all internal markets, and key external linkages. Crisis management planning and preparedness have taken place in key markets (refugee services and border and investigations), including close liaison with external agencies, for example the New Zealand Customs Service. Maintenance of the plan involves work on accommodation options and ensuring the interpreter resources are available. |
| A survey of other agencies on the Department's response to an international humanitarian crisis will be provided if appropriate. | As NZIS was not required to respond to a crisis during the year, no survey was undertaken. |
| Activity Information | |
| Activities undertaken in response to international humanitarian crises will be reported annually. | NZIS was not required to respond to an international humanitarian crisis in 2002/03. However, the Service is well placed to respond to a crisis through crisis management and business continuity planning. |
| Activities undertaken in response to immigration-related obligations in the Pacific region will be reported annually. | NZIS continued to contribute to a number of initiatives aimed at increasing capacity in the Pacific region. This included participating in the Pacific Immigration Direction Conferences (PIDC) and providing ongoing secretariat support for the forum. Other contributions included assisting with Papua New Guinea mass arrival training, hosting the PACRIM conference, and assisting Fiji and Papua New Guinea in developing infrastructure and processes in refugee status determination to enable them to become signatories of the UN Convention on Refugees. |

Financial Performance

Vote Immigration: Services to Position New Zealand as an International Citizen with Immigration-Related Interest and Obligations

Figures are GST exclusive

| Year ended 30 June 2003 | Actual \$000 | Main Estimates \$000 | Supp. Estimates \$000 | Actual as a % of Supp. Estimates |
|----------------------------|-----------------|----------------------------|-----------------------------|--|
| Revenue: | | | | |
| Crown | 12,900 | 12,364 | 12,900 | 100.0% |
| Department | 923 | 846 | 846 | 109.1% |
| Other | 457 | 330 | 680 | 67.2% |
| Total Revenue | 14,280 | 13,540 | 14,426 | 99.0% |
| Total Expenses | 12,651 | 13,525 | 14,411 | 87.8% |
| Net Surplus/(Deficit) | 1,629 | 15 | 15 | - |

This appropriation was increased by \$886,000 in the Supplementary Estimates. The change was due to:

- a fiscally neutral transfer of \$1.070 million from “Services to Increase the Capacity of New Zealand through Immigration” output class for additional funding to process claims for refugee status and manage backlog of such claims.
- a fiscally neutral transfer of \$350,000 from “Services to Increase the Capacity of New Zealand through Immigration” output class of an overhead allocation adjustment as there was more activity in the regional initiatives output than planned.
- a fiscally neutral transfer of (\$534,000) to “Services to Increase the Capacity of New Zealand through Immigration” output class for Community Based Accommodation – output class correction from Main Estimates.

VOTE: ACCIDENT INSURANCE

Contributed to by the Labour Market Policy Group, Occupational Safety and Health Service and the Office of the Chief Executive.

Summary Financial Performance: Vote Accident Insurance

| Year ended 30 June 2003 | Actual \$000 | Voted ³⁰ \$000 | Variance Fav / (Unfav) \$000 |
|--|-----------------|------------------------------|------------------------------------|
| Revenue Crown (GST excl) | | | |
| Policy and Monitoring ³¹ | 2,991 | 2,976 | 15 |
| Regulatory Services | 216 | 216 | - |
| Sub total | 3,207 | 3,192 | 15 |
| Revenue Department (GST excl) | | | |
| Policy and Monitoring ³¹ | - | 115 | (115) |
| Sub total | - | 115 | (115) |
| Total Revenue | 3,207 | 3,307 | (100) |
| Departmental Output Classes (GST excl) | | | |
| Policy and Monitoring | 2,816 | 3,091 | 275 |
| Regulatory Services | 143 | 216 | 73 |
| Total | 2,959 | 3,307 | 348 |
| Non-Departmental Revenue (GST excl) | - | - | - |
| Output Classes Supplied by Other Parties (GST incl. where applicable) | | | |
| Case Management and Supporting Services | 50,832 | 49,138 | (1,694) |
| Claim Entitlements and Services | 395,741 | 399,330 | 3,589 |
| Public Health Acute Services | 182,875 | 182,875 | - |
| Sub total | 629,448 | 631,343 | 1,895 |
| Benefits and Other Unrequited Expenses (GST n/a) | | | |
| Other Compensation | 101,051 | 77,254 | (23,797) |

³⁰ Voted figures include adjustments made in the Supplementary Estimates.

³¹ In the 2002 February Baseline Update the funding source was classified as Revenue Department. It should have been classified as being sourced from Revenue Crown. Joint Ministers approved this technical adjustment but it was too late to update the Supplementary Estimates.

| Year ended 30 June 2003 | Actual \$000 | Voted ³² \$000 | Variance Fav / (Unfav) \$000 |
|--|-----------------|------------------------------|------------------------------------|
| Other Expenses to be Incurred by the Crown (GST incl) | | | |
| Victims of Bali Bombings | 50 | 50 | - |
| Motor Spirits Excise Duty for Public Health Costs | 69,529 | 69,529 | - |
| Total | 800,078 | 778,176 | (21,902) |

³² Voted figures include adjustments made in the Supplementary Estimates.

VOTE: ACCIDENT INSURANCE

The output classes in Vote Accident Insurance contribute to a Departmental outcome related to Government's Key Goals.

This outcome, Vote Accident Insurance contributions, and the environmental information that can be used to measure progress toward the outcome are set out below.

| Environmental Information | Performance to 30 June 2003 |
|--|---|
| <p>Outcome: Social consequences and economic costs of injury minimised.</p> <p>Contribution:</p> <ul style="list-style-type: none"> • Policy advice and services directed to: <ul style="list-style-type: none"> – reducing injury incidence and severity (injury prevention) – effective rehabilitation of claimants – levy stability • Regulatory services to meet residual responsibilities under the Injury Prevention, Rehabilitation and Compensation Act and the Accident Insurance Act 1998. | |
| <p>The Government has commissioned a New Zealand Injury Prevention Strategy (NZIPS) that will involve public consultation, to gain agreement to high-level indicators of the progress toward the achievement of outcomes.</p> | <p>The New Zealand Injury Prevention Strategy (NZIPS) was launched in June 2003. It is envisaged that the first implementation plan for the strategy will take effect from 1 July 2004. The strategy as launched does not contain high-level indicators of outcomes. However, the implementation plan currently being developed is likely to include a range of activities that will advance knowledge and information relating to injury prevention, including the development and monitoring of national strategies for priority areas.</p> |
| <p>The Department will report on the indicators agreed by the NZIPS, which could include:</p> <ul style="list-style-type: none"> • Disability adjusted life years (DALYs) produced by the Ministry of Health • Numbers of fatalities (produced by Ministry of Health and ACC) • Hospitalisation data (Ministry of Health) • ACC entitlement claim costs (ACC). | <p>As noted above, the NZIPS as launched did not specify an agreed set of indicators.</p> <p>The Injury Data Review, jointly undertaken by the Department and Statistics New Zealand in 2000/01, identified a framework, indicators and ideal minimum dataset for injury-related information.</p> <p>In May 2003, Statistics New Zealand published its first report under its role as Injury Information Manager — <i>Injury Statistics 2001/02: Work-Related Injuries</i>. The report presented information on more than half the variables in the minimum dataset. These data relate to the year ending June 2002 (as reported by 30 September 2002), and are based on ACC claims data only.</p> <p>Some key indicators during the 2001/02 year:</p> <ul style="list-style-type: none"> • There were 229,489 work-related injuries. This was an increase of 0.7% from 2000/01. The incidence rate (defined as number of injuries/1,000 FTEs) dropped from 144 in 2000/01 to 141. • Total cost of treatment, compensation and rehabilitation for new injuries was \$129.3 million. This compared with \$123.6 million in 2000/01. • For 90% of injuries, the person had returned to work within one week, and 98% had returned within six months. These indicators were unchanged from 2000/01. |

| Environmental Information | Performance to 30 June 2003 |
|---|---|
| <p>The Department will also be initiating research in 2002/03 to develop a methodology for measuring the costs of injury.</p> | <p>The Department completed the first year of a two-year project (partially funded through a Cross Departmental Research Pool bid) to improve information on the cost of injury in New Zealand.</p> <p>During 2002/03, the Department sponsored a symposium on the cost of injury which explored current information source, agencies' needs, and debated approaches to measurement.</p> <p>DoL is continuing to develop a cost of injury strategy and framework (including implementation approach), and has commissioned a number of research projects to progress the development of the strategy.</p> |

Output Class D1: Policy and Monitoring

Description

Through this output class the Minister purchases policy advice, purchase advice and monitoring which contributes ultimately to the outcome of reducing the social consequences and economic costs of injury.

Vote Accident Insurance contributes to the achievement of this high-level outcome by reflecting the focus of the Government's priorities for accident insurance, including those underpinned by the Injury Prevention, Rehabilitation, and Compensation Act.

The Government's objectives for accident insurance, reflected in the Injury Prevention, Rehabilitation, and Compensation Act (Part 1, s3) are "to enhance the public good and reinforce the social contract represented by the first accident compensation scheme by providing for a fair and sustainable scheme for managing personal injury that has, as its overriding goal, minimising both the overall incidence of injury in the community, and the impact of injury in the community (including economic, social, and personal costs)".

Accordingly, the Vote Accident Insurance work programme assists in achieving this objective by delivering services in the priority areas of:

- reduction in injury incidence and severity (injury prevention)
- effective rehabilitation of claimants
- levy stability — the Government also has an interest in ensuring that levies to fund the ACC Scheme remain stable over time and that the Scheme is fair and efficient.

The Department is accountable for producing effective policy advice that informs decisions taken by the Minister, Government and ACC. Well-informed decisions should result in better implementation by all parties involved in injury prevention and management, which will in turn result in better outcomes for claimants, employers and other stakeholders.

The Department is also accountable for producing effective purchase and monitoring advice, and manages the following aspects of the Government's interest in the Corporation:

- a direct purchase interest – for the Minister for Accident Insurance, in respect of the Non-Earners' Account
- a custodial interest in ACC's performance on behalf of motor vehicle owners, earners, self-employed and employers
- a regulatory interest in ACC's compliance with its legislation and with other Government policy
- an ownership interest in ACC as a Crown entity, and the performance of ACC and its subsidiaries as a Crown entity.

This advice includes:

- meeting the Department's statutory obligations in relation to reviewing/negotiating and developing annual accountability documents (ACC Service Agreement, ACC Business Plan, Non-Earners' Purchase Agreement) between the Minister and the Department/ACC, and provision of advice to the Minister
- regular reporting to the Minister on the financial and non-financial performance of the ACC Scheme and its accounts in accordance with agreed timeframes
- monitoring and provision of advice to the Minister on the implementation phase of the accident insurance reforms, including the Injury Prevention, Rehabilitation, and Compensation Act
- provision of second-opinion advice to Ministers/Treasury related to the Crown Accounts - involving both the appropriation for the Non-Earners' Account, and the valuation and forecasting work for the Economic and Fiscal Updates and the end of year accounts, within Treasury's deadlines.

Through its evaluation activities, the Department also assists in testing the links between the Government's interventions and the desired outcomes.

Performance Information

Policy Advice and Monitoring

| Performance Standard | Performance to 30 June 2003 |
|---|--|
| Results Information | |
| As much of the work is undertaken in conjunction with other agencies, stakeholders will be canvassed for their views on the Department's processes, the outputs produced by the Department and whether these outputs are consistent with the achievement of the outcome(s). | During the year the Department conducted an external agency peer review of two major projects as part of an effort to continuously improve the Department's policy analysis and advice process. The first project was the <i>Vocational Services Review (VSR)</i> . The VSR was carried out to establish a coherent policy and funding framework to inform Government provision of vocational support services through MSD. The Department led this interdepartmental review and other participants included the Ministry of Social Development, the Ministry of Health and the Treasury. |

| Performance Standard | Performance to 30 June 2003 |
|--|---|
| | <p>The external review of the VSR process identified where the project had met expectations and where there may have been areas that required attention. It also enabled the development of an improved process for use in the review of further projects.</p> <p>The second project, currently still being reviewed, is the <i>Briefing for the Incoming Minister 2002</i>. Preparatory work was undertaken on this review, and follow-up work is due to occur in July – August 2003. The review includes input from Ministers' offices.</p> <p>In both of the above reviews, external groups were questioned on areas such as use of best practice in relation to processes and methodologies.</p> <p>The next major project for review has not yet been determined as at 30 June 2003.</p> |
| <p>The Minister's view of the quality of policy advice and ministerial servicing will be sought six-monthly through questionnaire or other appropriate means. The performance standards for policy advice are set out in Appendix 1.</p> | <p>The Minister's views were sought by way of six-monthly questionnaires.</p> <p>For both the July – December 2002 and the January – June 2003 periods, the Minister ranked the overall standard of advice at 4 (good) on a scale from 1 (very poor) to 5 (excellent).</p> <p>For the July – December 2002 period, the Minister ranked all but two of the measures relating to the quality and timeliness of policy advice provided by the Department at 4 (good) on a scale from 1 (very poor) to 5 (excellent) and two measures at 5. The Minister ranked the quality of draft responses to Ministerial correspondence, Parliamentary questions and Official Information Act requests and speech notes, briefings and other information provided by the Department at a mix of 4 and 5. The Minister also rated legislative support at 4 and legal support and monthly/quarterly reporting at 5.</p> <p>For the January – June 2003 period, the Minister ranked all measures relating to labour market trends and developments and purchase advice and monitoring at 4 (good). In respect of policy advice, the Minister ranked seven of the nine measures at 4 (good) and the remaining three measures at 3 (average). All measures relating to draft responses to Ministerial correspondence, Parliamentary questions and Official Information requests and speech notes, briefings and other information provided by the Department, and legislative and legal support were rated at 4 (good).</p> |
| <p>Ministerial servicing will be provided in timeframes agreed with the Minister and in accordance with relevant Cabinet and legislative standards.</p> | <p>Ministerial servicing was provided in timeframes agreed with the Minister and in accordance with relevant Cabinet and legislative standards with one exception. One draft reply to a Ministerial letter in December 2002 was late as more information was sought, delaying the response.</p> |
| <p>Payments will be made to the correct recipient, in accordance with appropriation or permanent legislative authority.</p> | <p>Payments were made to the correct recipient, in accordance with appropriation or the appropriate authority.</p> |

| Performance Standard | Performance to 30 June 2003 |
|---|--|
| Activity Information | |
| The Department will provide responses to Official Information Act requests, parliamentary questions, and ministerial correspondence as required and report on the numbers actioned. | A total of 105 draft replies to Ministerial correspondence was provided during 2002/03, compared with 104 in 2001/02 and 178 in 2000/01. All but one draft reply were provided within the specified timeframe. One draft reply was late as more information was sought to answer the question. Six replies to Parliamentary questions were completed, all within the specified timeframe, compared with five in 2001/02 and 12 in 2000/01. 15 responses to Official Information Act requests were provided, all within the specified timeframe. Five were provided in 2001/02 and 17 in 2000/01. |
| Policy advice outputs will be delivered as agreed with the Minister and as detailed in the related Vote Output Agreement. | Policy advice outputs were delivered as agreed with the Minister and as detailed in the related Vote Output Agreement. |
| Twelve payments to the Non-Earners' Account will be made on schedule as agreed with ACC. | Twelve payments to the Non-Earners' Account were made on schedule, as agreed with ACC. |
| Four equal payments of the Motor Spirits Excise duty will be made on dates as agreed with ACC. | Four equal payments of the Motor Spirits Excise duty were made on dates as agreed with ACC. |

Financial Performance

Vote Accident Insurance: Policy Advice and Monitoring

Figures are GST exclusive

| Year ended 30 June 2003 | Actual \$000 | Main Estimates \$000 | Supp. Estimates \$000 | Actual as a % of Supp. Estimates |
|----------------------------|-----------------|----------------------------|-----------------------------|---|
| Revenue: | | | | |
| Crown ³³ | 2,991 | 2,976 | 2,976 | 100.5% |
| Department | - | 115 | 115 | 0.0% |
| Total Revenue | 2,991 | 3,091 | 3,091 | 96.8% |
| Total Expenses | 2,816 | 3,091 | 3,091 | 91.1% |
| Net Surplus/(Deficit) | 175 | - | - | - |

There was no change in appropriation during the year.

³³ The difference between Actual and Supplementary Estimates is a \$100,000 "in principle" estimated expense transfer to 2003/04 for the ACC Evaluation Strategy to allow for unanticipated time delays to these projects that was drawn down but not recognized at year-end.

VOTE: ACCIDENT INSURANCE

Output Class D2: Regulatory Services

Description

The Vote Accident Insurance work programme is focused on assisting the Government to achieve its objectives underpinned by the Injury Prevention, Rehabilitation, and Compensation Act.

Through this output class, the Accident Insurance Regulator has the residual long-term responsibility to manage the Crown's ongoing risks resulting from the introduction of the competitive accident insurance market during 1999/00, and retained by the provisions in Part 10 of the Injury Prevention, Rehabilitation, and Compensation Act. The effect of this Act's introduction on 1 April 2002 removed or transferred the bulk of the Regulator's activity but an anticipated low level remains, primarily consisting of monitoring and responding to external requests.

From 1 July 2002 the functions of the Regulator are:

- administration of the saved provisions from the Accident Insurance Act 1998 – key stakeholder liaison, receiving and responding to enquiries and complaints (non-ministerial)
- compliance monitoring – identifying potential non-compliance with the Accident Insurance Act 1998, investigating non-compliance and taking enforcement action where appropriate
- information management – residual or transitional hand-over activity as the prime function has been transferred to Statistics New Zealand – servicing information requests related to private insurers and the 1999/2000 period
- funds management – only in case of identification of insolvent insurers – setting various charges to be levied on registered insurers and collecting those levies.

A facility will be provided to appropriately respond to enquiries and complaints related to the competitive accident insurance market introduced in 1999/2000, in response to any demand for this service.

Monitoring, and action as required, will be taken to ensure that compliance obligations are met by participants in the competitive accident insurance market introduced in 1999/00.

The cost of any administrative sanctions imposed on insurers failing compliance obligations will be recovered.

Administration of the Insolvent Insurers Fund will be undertaken, should this be invoked.

The ACC will have assumed the Regulator's role in relation to the Non-Compliers Fund by 30 June 2002, and Statistics New Zealand will have substantially assumed the injury-related information management role.

Performance Information

Regulatory Services

| Performance Standard | Performance to 30 June 2003 |
|--|---|
| Results Information | |
| The Regulator will respond to complaints and enquiries within five days of receipt. | A total of four complaints regarding insurer non-compliance was received, compared with 13 in 2001/02. 79 enquiries relating to administration of the Accident Insurance Act 1998 were received, compared with 129 in 2001/02. These comprised 22 general enquiries and 57 managing insurer requests. All complaints and enquiries received were responded to within five days of receipt. |
| The Regulator will respond to notices of insurers and employers failing to comply with their obligations under the 1998 Act within five days of receipt. | There was no demand for this activity during the year. |
| Activity Information | |
| Should any of these demand-driven activities of the Regulator be required, we will report to the Minister on the frequency and nature of these activities. | There was no demand for this activity during the year. |

Financial Performance

Vote Accident Insurance: Regulatory Services

Figures are GST exclusive

| Year ended 30 June 2003 | Actual \$000 | Main Estimates \$000 | Supp. Estimates \$000 | Actual as a % of Supp. Estimates |
|----------------------------|-----------------|----------------------------|-----------------------------|--|
| Revenue: | | | | |
| Crown | 216 | 216 | 216 | 100.0% |
| Total Revenue | 216 | 216 | 216 | 100.0% |
| Total Expenses | 143 | 216 | 216 | 66.2% |
| Net Surplus/(Deficit) | 73 | - | - | - |

There was no change in appropriation during the year.

VOTE: EMPLOYMENT

Contributed to by the Labour Market Policy Group, the Community Employment Group and the Office of the Chief Executive.

Summary Financial Performance: Vote Employment

| Year ended 30 June 2003 | Actual \$000 | Voted ³⁴ \$000 | Variance Fav / (Unfav) \$000 |
|--|-----------------|------------------------------|------------------------------------|
| Revenue Crown (GST excl) | | | |
| Policy, Purchase Advice and Monitoring | 6,523 | 7,093 | (570) |
| Community Employment and Development Services | 9,665 | 9,665 | - |
| Total | 16,188 | 16,758 | (570) |
| Departmental Output Classes (GST excl) | | | |
| Policy, Purchase Advice and Monitoring | 6,334 | 7,093 | 759 |
| Community Employment and Development Services | 9,633 | 9,665 | 32 |
| Total | 15,967 | 16,758 | 791 |
| Non-Departmental Revenue (GST excl) | | | |
| Programme Recoveries | 41 | 15 | 26 |
| Total | 41 | 15 | 26 |
| Other Expenses to be Incurred by the Crown (GST incl) | | | |
| Community Employment and Development Projects | 20,832 | 20,861 | 29 |
| Maori Women's Development Fund | 2,000 | 2,000 | - |
| Total | 22,832 | 22,861 | 29 |

³⁴ Voted figures include adjustments made in the Supplementary Estimates.

VOTE: EMPLOYMENT

The output classes in Vote Employment contribute to a number of Departmental outcomes which are related to Government's Key Goals. These outcomes, Vote Employment contributions, and the environmental information which can be used to measure progress towards the outcomes are set out below.

| Environmental Information | Performance to 30 June 2003 |
|--|---|
| <p>Outcome: More skilled and knowledgeable workforce which is able to meet future needs.</p> <p>Contribution: Policy advice on facilitating the acquisition of skills by both the unemployed and employed, and on current and future skills needs.</p> | |
| <p>Increase in the percentage of the working age population with a qualification. (Employment Strategy monitoring report; Household Labour Force Survey data)</p> | <p>The proportion of the working age population with no qualifications decreased from 40.5% in the year to March 2002 to 39.2% in the year to March 2003, while the proportion of those whose highest qualification was a school qualification increased slightly from 39.7% to 39.9%.</p> <p>The proportion of those with no school qualifications or only post-school qualifications increased from 13.4% to 13.7% in the past year, while those with school and post-school qualifications decreased slightly from 56.6% to 56.5%. Those who did not specify a highest qualification increased from 0.6% to 1.1%.</p> <p><i>"Post-school qualifications" means qualifications achieved by those with no formal school qualifications who go on to get some other form of qualification after leaving school.</i></p> |
| <p>Outcome: Greater opportunities for all in New Zealand.</p> <p>Contribution:</p> <ul style="list-style-type: none"> • Research and policy advice on interventions that most affect employers' willingness to create jobs. • Effective community employment and development services. | |
| <p>Productivity growth.</p> | <p>Employment growth has been high, which is the outcome of active labour market employment policy. Total factor productivity (TFP)³⁵ over the period 1993-2002 has also increased implying that our policies have encouraged the employment of productive workers, not just increasing the number of employed people.</p> <p>All of the indicators below, which added together show growth in Gross Domestic Product (GDP) per capita³⁶, have increased from 1993 onwards compared with the period 1986 — 1992:</p> <ol style="list-style-type: none"> 1. Changes in the ratio of working age population (15-64 years) to total population from 0.3 to 0.2. 2. Changes in the ratio of those in the labour force to working age population, which is the labour force participation rate, from - 0.8 to 0.5. 3. Changes in the ratio of those employed to the labour force, ie unemployment, from - 1.0 to 0.6. 4. Changes in the GDP per person employed from 0.8 to 1.3. |

³⁵ Total Factor Productivity (TFP) is one common economic measure of efficiency of how labour and capital (factor inputs in the production process of goods) are combined to produce output.

³⁶ Gross Domestic Product (GDP) per capita is another measure of productivity. It means the total value added of domestic production averaged over the total population. GDP per capita depends on (1) productivity and (2) the proportion of

| Environmental Information | Performance to 30 June 2003 |
|---|---|
| | The sum of the above four indicators shows GDP per capita has increased from – 0.7 pre-1993 to 2.6 from 1993 onwards. |
| Employment growth. (Household Labour Force Survey) | Employment increased by 1.5% (28,000 people) in the year to March 2003. This was a smaller increase than in the previous March year when employment increased by 3.5 percent (64,000 people). The lower employment growth in the recent period appears to be the result of skill shortages constraining employment growth and falling business confidence as a result of the deteriorating world economy. |
| Wage growth. (Quarterly Employment Survey, Labour Cost Index) | Wage growth in the year to March 2003, according to the Labour Cost Index, was 2.3 percent. This was a six-year high and reflects the tight labour market conditions with high reported skill shortages and low unemployment. (The Labour Cost Index measures wage growth for a fixed quantity and quality of labour input.) |
| Labour force participation rates, and reductions in the unemployment rates. (Household Labour Force Survey) | <p>The labour force participation rate³⁷ fell in the past year from a recent high of 66.8 percent in the March 2002 quarter to 66.2 percent in the March 2003 quarter. The fall in the participation rate appears to relate to increased participation in education by young people and increased retirement rates for older people.</p> <p>The unemployment rate declined from 5.3 percent in the March 2002 quarter to 5.0 percent in the March 2003 quarter. The fall in the unemployment rate was due to moderate employment growth and a decline in the participation rate which restrained growth in the labour force.</p> |
| Job growth. (Employment Strategy monitoring report). | <p>The figures below indicate job placement, a reflection of job growth in the labour market.</p> <p>In the year to June 2003 the Ministry of Social Development (MSD) placed 83,040 people into work. Over this period, MSD assisted 49,000 people into stable employment. (Stable employment is defined as the placement of job seekers into fulltime employment or part-time employment over 15 hours per week who stay off the unemployment register for three months or more.)</p> <p>Although the number of placements and stable employment outcomes has fallen compared with the previous year, the conversion rate (stable employment outcomes divided by placements made three months earlier) has increased from 54.0% to 56.2%, ie:</p> <ul style="list-style-type: none"> • In 2001/02, 94,622 placements resulted in 51,126 stable employment outcomes. • In 2002/03, 87,223 placements resulted 49,000 stable employment outcomes. |

people in the population who are working. Thus GDP per capita can be decomposed into the labour input components, which are labour utilisation (hours worked per head of population), and labour productivity (output per hour worked). It should be noted that employing more people might reduce productivity if they are less skilled or unskilled. The two components are not independent.

³⁷ The labour force participation rate is the proportion of the working age population participating in the labour force either by working or seeking and being available for work. It is a measure of the performance of the labour market, a higher participation rate is a good result.

| Environmental Information | Performance to 30 June 2003 |
|--|--|
| <p>Outcome: Improved labour market participation, particularly for those disadvantaged in the labour market.</p> <p>Contribution:</p> <ul style="list-style-type: none"> • policy advice on matching job seekers with jobs and for rewarding and supporting participation in work, with particular focus on disadvantaged groups • purchase and monitoring advice on the employment services provided by the Ministry of Social Development and their effectiveness • effective community employment and development services • capacity building work with communities. | |
| <p>Job growth (Employment Strategy monitoring report)</p> | <p>See below.</p> |
| <p>Labour force participation of Maori and Pacific people.</p> | <p>The average participation rate for Maori increased from 64.6% in the year to March 2002 to 66.4% in the year to March 2003, while the average participation rate for Pacific Peoples increased from 61.6% to 62.3% in the same period.</p> |
| <p>Proxy data on the employment of people with disabilities.</p> | <p>In the year to June 2003 the Ministry of Social Development (MSD) placed 8,163 people with a disability into work.</p> <p>Over this period, MSD assisted 5,979 people with a disability into stable employment (refer definition above). At 70%, conversion rates (stable employment outcomes divided by placements made three months earlier) for people with a disability are the highest of key groups disadvantaged in the labour market.</p> |
| <p>Social indicators developed by the Ministry of Social Development to measure social wellbeing and to provide information on the health of communities. (The Social Report 2001)</p> | <p>The Ministry of Social Development released an updated <i>Social Report</i> in 2003. An analysis of the social report indicators shows the majority of them are improving. Some New Zealanders, particularly Maori, Pacific people and the young, have poorer average outcomes. Even within these groups, however, the picture is one of more improvements than deteriorations.</p> <p>(Source: <i>The Social Report 2003</i>, Ministry of Social Development 2003)</p> |
| <p>Evaluation work, including an outcome evaluation of capacity building initiatives, due for completion in December 2003; and the development and testing of evaluation tools and measures suitable for assessing the impact of development assistance on disadvantaged groups and communities.</p> | <p>Capacity building initiatives delivered by the Department aim to improve the capacity of Maori and Pacific communities in order to improve outcomes related to labour market participation and community enterprise and employment development.</p> <p>Phase II of the three-year evaluation, completed in 2003, examined short-term outcomes of the initiatives. Phase II found that, overall, participation of groups in the initiatives had built their capacity in terms of future ability to deliver services to communities and creation of opportunities for business and training. However, it was less evident that participation had made a difference to groups in terms of their capacity to build community networks and partnerships and (directly) contribute to the development of Maori women.</p> |

| Environmental Information | Performance to 30 June 2003 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|-----------------------|-----------------------|-----------------------|-----------|-----|-----|----------|-----|-----|---------|-----|-----|---------------|-----|-----|---------------------|-----|-----|----------|------|-----|-------------------|-----|-----|------------|-----|-----|---------------------|-----|-----|------------|-----|-----|-------|-----|-----|-----------|-----|-----|-------------------|-----|-----|
| <p>Outcome: Thriving, well-settled and inclusive communities.</p> <p>Contribution:</p> <ul style="list-style-type: none"> • policy advice on community employment and development issues • effective community employment and development services. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Employment growth and average unemployment rate by region.</p> | <p>Employment and unemployment by region (year to March 2003)</p> <table border="1" data-bbox="535 451 941 711"> <thead> <tr> <th></th> <th>Employment Growth (1)</th> <th>Unemployment Rate (2)</th> </tr> </thead> <tbody> <tr><td>Northland</td><td>5.6</td><td>8.7</td></tr> <tr><td>Auckland</td><td>0.2</td><td>4.7</td></tr> <tr><td>Waikato</td><td>4.1</td><td>5.2</td></tr> <tr><td>Bay of Plenty</td><td>3.9</td><td>7.4</td></tr> <tr><td>Gisborne/Hawkes Bay</td><td>1.9</td><td>5.3</td></tr> <tr><td>Taranaki</td><td>10.4</td><td>5.2</td></tr> <tr><td>Manawatu-Wanganui</td><td>4.7</td><td>4.7</td></tr> <tr><td>Wellington</td><td>2.5</td><td>5.2</td></tr> <tr><td>Nelson/Marl/W Coast</td><td>2.9</td><td>3.5</td></tr> <tr><td>Canterbury</td><td>2.9</td><td>4.8</td></tr> <tr><td>Otago</td><td>1.3</td><td>5.9</td></tr> <tr><td>Southland</td><td>2.9</td><td>3.4</td></tr> <tr><td>Total all regions</td><td>2.4</td><td>5.1</td></tr> </tbody> </table> <p>Source: Statistics NZ, Household Labour Force Survey (1) Annual average percentage growth (2) Annual average unemployment rate</p> | | Employment Growth (1) | Unemployment Rate (2) | Northland | 5.6 | 8.7 | Auckland | 0.2 | 4.7 | Waikato | 4.1 | 5.2 | Bay of Plenty | 3.9 | 7.4 | Gisborne/Hawkes Bay | 1.9 | 5.3 | Taranaki | 10.4 | 5.2 | Manawatu-Wanganui | 4.7 | 4.7 | Wellington | 2.5 | 5.2 | Nelson/Marl/W Coast | 2.9 | 3.5 | Canterbury | 2.9 | 4.8 | Otago | 1.3 | 5.9 | Southland | 2.9 | 3.4 | Total all regions | 2.4 | 5.1 |
| | Employment Growth (1) | Unemployment Rate (2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Northland | 5.6 | 8.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Auckland | 0.2 | 4.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Waikato | 4.1 | 5.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bay of Plenty | 3.9 | 7.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gisborne/Hawkes Bay | 1.9 | 5.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Taranaki | 10.4 | 5.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Manawatu-Wanganui | 4.7 | 4.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wellington | 2.5 | 5.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Nelson/Marl/W Coast | 2.9 | 3.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Canterbury | 2.9 | 4.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Otago | 1.3 | 5.9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Southland | 2.9 | 3.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total all regions | 2.4 | 5.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>In addition to the evaluation work mentioned above, the Community Economic Development Action Research pilot, due for completion in late 2003, aims to identify the contributing factors to successful community economic development, including the contribution of the community employment and development services provided under this output class.</p> | <p>The Community Employment Development Action Research (CEDAR) project tested the use of action research as a methodology for undertaking research in communities. Research was undertaken in three different communities in Napier, Christchurch and Twizel. A summary paper was completed in June 2003 and circulated to the Minister and relevant policy agencies highlighting what has been learnt on how action research works in practice.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

VOTE: EMPLOYMENT

Output Class D1: Policy, Purchase Advice and Monitoring

Description

Through this output class the Minister purchases policy advice (including research and evaluation), purchase advice and monitoring which contributes ultimately to the following outcomes:

- More skilled and knowledgeable workforce which is able to meet future needs
- Greater opportunities for all in New Zealand
- Improved labour market participation, particularly for those disadvantaged in the labour market
- Thriving, well-settled and inclusive communities.

These outcomes are also contributed to by a number of other agencies and are affected by a range of factors that are both within and outside the control of the Department and other government entities.

Through Vote Employment, the Department contributes to a *more skilled and knowledgeable workforce which is able to meet future needs*, by providing advice aimed at facilitating the acquisition of skills by the unemployed and the employed, and by researching and communicating information on current and future skill needs.

Policy advice and monitoring provided by the Department also contribute to *greater opportunities for all in New Zealand* by providing advice on government interventions most likely to encourage employers to create more jobs. To improve understanding on what affects decisions by employers to create more jobs, the Department's work focuses on both practical solutions and research.

To encourage the successful *participation of people in the labour market*, the Department provides advice on options for better matching job seekers with jobs and for rewarding and supporting participation in work. This advice focuses especially on reducing disparity in outcome and service provision to those *disadvantaged in the labour market*.

The Department is also accountable for producing effective purchase and monitoring advice that informs the Minister's decisions about what services to require from the Ministry of Social Development, as the main provider of employment services on behalf of Government, and how effectively these services are being implemented.

This output class contributes to the achievement of *thriving, well-settled and inclusive communities* by providing advice to Ministers on community enterprise and employment development issues. This advice is informed by community goals and experience, and assists decision-making that contributes to the effective delivery of employment and development services. These services increase the capability and sustainability of community organisations that benefit disadvantaged people, which means the groups are more able to contribute to their own enterprise and employment development. Successful local community development contributes to community wellbeing and sustainability, and to better labour market participation for disadvantaged groups.

Through its research and evaluation activities under this output class, the Department assists in testing the links between the Government's employment interventions and desired outcomes.

Activities under this output class include:

- policy analysis and advice, supported by research and evaluation, on ways to achieve these outcomes
- monitoring and reporting on developments in employment and labour market trends
- advisory support and information for Ministers as required in Cabinet Committees, Select Committees and Parliament
- ministerial servicing including replies to correspondence, parliamentary questions, official information requests, speech and briefing notes and other information required by the Minister.

Activities related to purchase and performance monitoring advice to the Minister of Social Services and Employment, in respect of the employment aspects of Vote Social Development, include the provision of:

- advice on the Vote Social Development Purchase Agreement for 2002/03 between the Minister and the Ministry of Social Development
- analysis and commentary on the quarterly reports against the 2002/03 Vote Social Development Purchase Agreement
- other advice as required on employment-related issues which may affect and/or be affected by the 2002/03 Vote Social Development Purchase Agreement
- advice and assistance in managing budget development processes, and value for money exercises.

Performance Information

Policy, Purchase Advice and Monitoring

| Performance Standard | Performance to 30 June 2003 |
|--|--|
| Results Information | |
| The Minister's view of the quality of policy, purchase advice and monitoring, and ministerial servicing will be sought six-monthly through questionnaires or other appropriate means. The performance standards for policy advice are set out in Appendix 1. | The Minister's views of the quality and timeliness of advice were sought six-monthly in respect of the June – December 2002 and January – June 2003 periods. Overall, the Minister was extremely satisfied with the standard and quality of advice provided and rated the Department's performance highly in this regard. The Minister considered that advice provided conformed with the quality standards set out in Appendix 1 to this report and that this met or exceeded his requirements. |

| Performance Standard | Performance to 30 June 2003 |
|--|---|
| <p>As much of the work is undertaken in conjunction with other agencies, stakeholders will be canvassed for their views on the Department's processes, the outputs produced by the Department and whether these outputs are consistent with the achievement of the outcome(s).</p> | <p>During the year the Department conducted an external agency peer review of two major projects as part of an effort to continuously improve the Department's policy analysis and advice process.</p> <p>The first project was the <i>Vocational Services Review (VSR)</i>. The VSR was carried out to establish a coherent policy and funding framework to inform Government provision of vocational support services through MSD. The Department led this interdepartmental review and other participants included the Ministry of Social Development, the Ministry of Health and the Treasury.</p> |
| | <p>The external review of the VSR process identified where the project had met expectations and where there may have been areas that required attention. It also enabled the development of an improved process for use in the review of further projects.</p> <p>The second project, currently still being reviewed, is the Department's <i>Briefing for Incoming Ministers 2002</i>. Preparatory work was undertaken on this review, and follow up work is due to occur in July — August 2003. The review includes input from Ministers' offices.</p> <p>In both of the above reviews, external groups were questioned on areas such as use of best practice in relation to processes and methodologies.</p> <p>The next major project for review had not yet been determined as at 30 June 2003.</p> |
| <p>Ministerial servicing will be provided in timeframes agreed with the Minister and in accordance with relevant Cabinet and legislative standards.</p> | <p>Ministerial servicing was provided in timeframes agreed with the Minister and in accordance with relevant Cabinet and legislative standards. The only exception was seven of the 52 draft responses to Ministerial correspondence. See Activity Information below.</p> |
| Activity Information | |
| <p>Policy advice outputs will be delivered as agreed with the Minister and as detailed in the Vote Employment Output Agreement for 2002/03.</p> | <p>Policy advice outputs were delivered as agreed with the Minister and as detailed in the Vote Employment Output Agreement for 2002/03.</p> <p>In March 2003 the Minister approved an amended timetable for monitoring reports on Community Employment Organisations.</p> |

| Performance Standard | Performance to 30 June 2003 |
|--|--|
| The Department will provide responses to Official Information Act requests, parliamentary questions and ministerial correspondence as required, and report on the numbers. | <p>During the year, a total of 52 draft replies to Ministerial correspondence was provided compared with 43 in 2001/02, 89 in 2000/01 and 59 in 1999/00.</p> <p>45 (86.5%) draft replies were provided within the specified timeframe compared with 35 (81%) in 2001/02. Seven were late. Late Ministerial responses were due to administrative issues with the CEG tracking system.</p> <p>203 draft replies to Parliamentary questions were provided, compared with 152 in 2001/02, 11 in 2000/01 and 51 in 1999/00. All replies were provided within the specified deadline.</p> <p>Seven draft replies to requests for official information were provided, compared with eight in 2001/02 and 27 in the previous year. All replies were provided within the specified timeframe except one that was three days late.</p> |

Financial Performance

Vote Employment: Policy, Purchase Advice and Monitoring

Figures are GST exclusive

| Year ended 30 June 2003 | Actual \$000 | Main Estimates \$000 | Supp. Estimates \$000 | Actual as a % of Supp. Estimates |
|---------------------------------|-----------------|----------------------------|-----------------------------|--|
| Revenue: Crown ³⁸ | 6,523 | 7,588 | 7,093 | 92.0% |
| Total Revenue | 6,523 | 7,588 | 7,093 | 92.0% |
| Total Expenses | 6,334 | 7,588 | 7,093 | 89.3% |
| Net Surplus/(Deficit) | 189 | - | - | - |

This appropriation was decreased by \$495,000 in the Supplementary Estimates. The change was due to:

- the final amount of an "in principle" estimated expenditure transfer of \$115,000 from 2001/02 for the Community Development Action Research (CEDAR) project.
- an expenditure transfer of (\$610,000) from 2002/03 to 2003/04 \$359,000, 2004/05 \$126,000 and 2005/06 \$125,000, for the Skills Action Plan Initiative – delays in establishing the integrated datasheet to be held at Statistics New Zealand.

³⁸ The difference between Actual and Supplementary Estimates is a \$100,000 "in principle" estimated expense transfer to 2003/04 for the Community Employment and Development Action Research (CEDAR) project and \$470,000 of an "in principle" estimated expense transfer to 2003/04 for the Skills Action Plan initiatives that was drawn down but not recognized at year-end.

VOTE: EMPLOYMENT

Output Class D2: Community Employment and Development Services

Description

Through this output class the Minister of Social Services and Employment purchases a range of community employment and development services to contribute to outcomes of:

- Improved labour market participation, particularly for those disadvantaged in the labour market
- Thriving, well-settled and inclusive communities.

Services are delivered by the Community Employment Group (CEG), which has a nationwide network of community-based fieldworkers organised into four regions, supported by a national office. The most significant outcome of these services is successful local community enterprise and employment development for communities disadvantaged in the labour market. This is contributed to by providing:

- development assistance to community organisations that benefit groups facing labour market disadvantage, to increase their capacity and sustainability
- development assistance within communities that face concentrations of disadvantage and depressed labour market conditions, to increase their capacity and sustainability to contribute to their own community enterprise and employment development.

Priority is given to Maori, Pacific peoples, women, urban and rural disadvantaged groups and communities.

Services provided under this output class include:

- community interventions³⁹ with community organisations and projects, including meeting facilitation and project planning advice, skill and knowledge building of project participants, grant assistance and monitoring
- project grants for a range of community employment projects
- community interventions within communities to create and support network development and undertake resource brokerage
- identification and development of innovative community employment opportunities
- building, sustaining and developing partnerships and alliances with other agencies to enhance development support to disadvantaged communities
- local community access to community employment development resources and information through a variety of channels.

³⁹ A community intervention provides skills and knowledge that will assist a group's project development in some way. Any such activity spanning 20 minutes or more, or that otherwise results in a significant step for a group, is counted as an intervention. It is possible to carry out up to three different interventions during one particular event, eg during a meeting.

Performance Information

Community Employment and Development Services

| Performance Standard | Performance to 30 June 2003 |
|--|--|
| Results Information | |
| Increased capacity and sustainability of community organisations that benefit groups facing labour market disadvantage. | |
| <p>Development assistance will be provided to community employment projects that:</p> <ul style="list-style-type: none"> • build the capacity and sustainability of organisations assisting the development of groups facing disadvantage in the labour market⁴⁰. At least 1,750 projects will be assisted and 950 projects funded. • specifically target building the capacity and sustainability of organisations which assist the development of Maori and Pacific peoples. At least 750 projects will be assisted and 350 projects funded. • help establish and develop sustainable community enterprise. At least 80 Community Employment Organisations will be funded and assisted and 25 Social Entrepreneur grants made. | <p>Development assistance was provided to 1,420 community employment projects that build the capacity and sustainability of organisations assisting the development of groups facing disadvantage in the labour market.</p> <p>934 projects were funded.</p> <p>Development assistance was provided to 478 community employment projects that specifically target building the capacity and sustainability of organisations which assist the development of Maori and Pacific peoples.</p> <p>366 projects were funded.</p> <p>The variance in projects assisted was due to the quality of source data used to forecast what was a new measure for 2002/03.</p> <p>Development assistance was provided to community employment projects that help establish and develop sustainable community enterprise.</p> <p>50 Community Employment Organisations (CEOs) were being funded and assisted as at 30 June 2003.</p> <p>72 Community Employment Organisations have received funding and assistance since the initiative was established.</p> <p>The number of CEOs being funded or assisted at the end of June 2003 is lower than expected due to some CEOs ceasing operations or no longer requiring grant or development assistance.</p> <p>53 Social Entrepreneur grants were made during the year.</p> |

⁴⁰ Including Maori and Pacific peoples but not solely targeting them.

| Performance Standard | Performance to 30 June 2003 |
|---|--|
| Results Information | |
| <p>Increased capacity and sustainability of communities that face concentrations of disadvantage and depressed labour market conditions</p> | |
| <p>Development assistance will be provided within communities that:</p> <ul style="list-style-type: none"> • Identifies and develops innovative community employment opportunities. At least one opportunity will be identified and developed in each of the four CEG regions. | <p>Development assistance was provided within communities that identified and developed innovative community employment opportunities. Each of the four CEG regions identified and assisted more than one project within their region as follows:</p> <p>Northern Region:</p> <ul style="list-style-type: none"> • Development is underway of the Maori Entertainment, Broadcasting and Creative Industries sector group for the purpose of identifying barriers and opportunities. • A Creative Industries strategy is being implemented in the region. • The Waka Consortium was assisted to facilitate Maori business opportunities during the Americas' Cup. <p>Central North Island Region:</p> <ul style="list-style-type: none"> • Opportunities have been identified in respect of cultural and resource-based tourism, and multiply owned asset development. • A Cruise Liner Tourism initiative was developed to promote Maori culture, arts and crafts to cruise passengers. • Farm labouring employment opportunities are being supported in Mangakino. • The Te Urewera Tairāwhiti Tourism Trail (Kiwi Trails) was developed to support and nurture local tourism ventures. • Cyberwaka programmes are being supported to provide computer training to disadvantaged local communities in the region. <p>Taranaki - Tasman Region:</p> <ul style="list-style-type: none"> • Engagement is occurring with groups in Taranaki, Manawatu, Lower Hutt and Wellington to identify opportunities in Maori tourism and for entrepreneurial youth. • Support is being provided for a Railway Restoration project with tourism potential in Waitara. • Support is being provided to the Cadet Career Start Initiative in Taranaki to give youth the opportunity of work experience. • Assistance is being given to the Tapuae Ouenuku Trust tourism project in Taranaki to identify and develop local capability towards sustainable tourism initiatives. |

| Performance Standard | Performance to 30 June 2003 |
|---|--|
| | <p>Southern Region:</p> <ul style="list-style-type: none"> • Consultation was undertaken in Oamaru with Southern region community women to identify needs and opportunities. • Projects are being supported in South Westland and Grey District to address skill shortages and culturally based eco-tourism; website development for local artists and producers in Waltham, Christchurch; and a tourism venture with Oraka-Aparima Runaka. • Support was provided to a successful course for 12 women returning to the workforce, delivered by Taua Mahi Trust. • A horticultural seminar was held on the West Coast for people interested in starting their own horticultural businesses. • In partnership with Canterbury Development Corporation, work is underway to assist five ethnic community groups in Christchurch to identify their organisational capacity and employment needs. |
| <ul style="list-style-type: none"> • Creates and supports networks of groups in local communities to increase their capacity and sustainability. At least 23% of community interventions will be directed towards creating and supporting community networks⁴¹. | <p>An average of 23% of community interventions were directed towards creating and supporting community networks of groups in local communities to increase their capacity and sustainability.</p> |
| <p>Partnerships and alliances will be entered into with other agencies in support of local communities increasing their capacity and sustainability. At least one partnership or alliance in each of the four CEG regions, and four national partnerships or alliances will be sustained and developed.</p> | <p>A wide range of partnerships and alliances were entered into with other agencies to help local communities increase their capacity and sustainability.</p> <p>Nationally, four main partnerships were entered into and joint work was undertaken with:</p> <ul style="list-style-type: none"> • The Mayors' Taskforce for Jobs • Te Kāpunga • Pacific Programmes of Action • Maori Women's Development Fund Inc. <p>Each of the four CEG regions sustained and developed at least two partnerships or alliances.</p> <p>Northern Region:</p> <ul style="list-style-type: none"> • NECBOP Sub-standard housing response • Northland Intersectoral Forum <p>Central North Island Region:</p> <ul style="list-style-type: none"> • NECBOP Sub-standard housing response • TPK and Housing NZ to overcome housing issues in Mangakino <p>Taranaki – Tasman Region:</p> <ul style="list-style-type: none"> • Taranaki District Council, MSD and TPK on Youth Cadetship • TPK, DIA, local government and Work & Income to support a Wairarapa Marae Alliance |

⁴¹ Including referral, brokerage and networking.

| Performance Standard | Performance to 30 June 2003 |
|---|--|
| | <p>Southern Region:</p> <ul style="list-style-type: none"> • TPK and MSD in support of Rapaki Te Hapu o Ngati Wheke development planning • TEC, Work & Income, and West Coast District Health Board to co-ordinate a partnership between Ngati Waewae and He Oranga to establish delivery of family support services in Westport • TPK and Ngai Tahu Development Corporation to assist Te Runanga O Makaanwhio and Te Runanga O Ngati Waewae to plan and broker resources for the Tai Poutini Economic Summit. |
| <p>Community employment development resources able to be accessed by local communities will be provided. They will include:</p> <ul style="list-style-type: none"> • 11 editions of <i>Employment Matters</i> sharing ideas and experiences of local communities • an <i>Employment Matters</i> website providing an indexed archive of stories, updated at regular intervals • a website providing practical information for local communities on community employment development. | <p>Community employment development resources able to be accessed by local communities were provided. These included:</p> <ul style="list-style-type: none"> • 11 editions of <i>Employment Matters</i> • an <i>Employment Matters</i> website providing an indexed archive of stories, which was updated at regular intervals during the year • the CEG website providing practical information for local communities on community employment development. This revamped website was launched in February 2003. <p><i>He kete tapoi</i> Maori, (a Maori tourism resource kit) was a major resource developed during the year. The kit was launched at Te Papa Tongarewa in October 2002 as part of CEG's Maori tourism strategy to help increase Maori participation in the sector and to grow the commercial capability of Maori operators.</p> <p>The development of a pilot Maori tourism incubator park has also progressed throughout the year, with CEG currently working in partnership with a Maori regional tourism organisation to pilot an incubator park for small to medium-sized Maori tourism businesses. The virtual park will go-live in August 2003 involving eight Maori tourism operators profiled in <i>He kete tapoi</i> Maori, followed by a physical pilot incubator park later in the year.</p> |
| <p>Effective community employment and development services</p> | |
| <p>Directing development assistance and funding towards priority groups will provide a measure of effectiveness. At least:</p> <ul style="list-style-type: none"> • 80% of community interventions will be directed towards one or more priority groups. • 50% of community interventions will be directed towards Maori as a priority group. | <p>Development assistance and funding were directed towards priority groups, as follows:</p> <ul style="list-style-type: none"> • 85% of community interventions were directed towards one or more priority groups. • 55% of community interventions were directed towards Maori as a priority group. |

| Performance Standard | Performance to 30 June 2003 |
|---|---|
| <ul style="list-style-type: none"> • 20% of community interventions will be directed towards Pacific peoples as a priority group. • 85% of community employment project grants will be directed towards one or more priority groups. | <ul style="list-style-type: none"> • 21% of community interventions were directed towards Pacific peoples as a priority group. • 93% of community employment project grants were directed towards one or more priority groups. |
| <p>Decisions will be made on 75% of fully completed grant applications within 15 working days of receipt in the national office.</p> | <p>Decisions were made on 61% of fully completed grant applications within 15 working days of receipt in the national office.</p> <p>The drop was partly due to the processing of Social Entrepreneur Fund applications which were received by 21 March, but not selected by the panel until mid-May. 70% of all non Social Entrepreneur Fund applications were processed within 15 working days. Excluding Social Entrepreneur Fund applications and applications that were put on hold, 98% of all other applications were turned around within 15 working days.</p> <p>The devolution of mini-grants to regions will speed up processing time as well as freeing up resource for the grants team.</p> |
| <p>Responsiveness⁴² to requests for assistance will be improved. Progress will be monitored by way of client feedback forms.</p> | <p>Staff training took place throughout the year in the standards of client service expected. Staff were also informed about and trained in grant policies and the use of information and communications technology.</p> <p>As part of CEG's annual client survey held in the last quarter, respondents were asked whether their most recent experience of services was better, the same or worse than their previous experiences.</p> <p>43% of respondents had had previous experience and of these:</p> <ul style="list-style-type: none"> • 44% stated that the time taken to respond was better or significantly better • 65% stated that the usefulness of the response was better or significantly better • 63% stated that the accuracy of the response was better or significantly better. <p>The survey data will be used as a basis for comparison in future years.</p> |
| <p>A sample of groups will be surveyed to assess the impact of development assistance provided. The sample will be selected from a particular type of community employment project or client group assisted during the year. At least 80% of respondents are expected to report that services provided have assisted or greatly assisted the development of their group or project.</p> | <p>A telephone survey was undertaken of 175 Maori community groups who received support between 1 July 2002 and 20 February 2003. 111 groups were able to be contacted during the data collection period and 100 completed the questionnaire, representing a response rate of 57%.</p> <p>98% of the 100 respondents stated that services provided by CEG had assisted or greatly assisted the development of their group or project.</p> |

⁴² Responsiveness includes time taken to respond to requests, and information provided being relevant and easily understood.

| Performance Standard | Performance to 30 June 2003 |
|--|--|
| Activity Information | |
| <p>The following activity information reflects events or processes that contribute to the delivery of outputs, but are subject to annual variability due to changes in external demand:</p> <ul style="list-style-type: none"> an estimated 36,000 community interventions are expected to be made an estimated 1,450 grant applications are expected to be received an estimated 2,000 grant payments are expected to be made. | <p>Community interventions during the year totalled 43,125, compared with 40,178 in 2001/02.</p> <p>1,609 grant applications were received, compared with 1,449 applications in 2001/02.</p> <p>1,774 grant payments were made, including accruals from 2001/02.</p> |

Financial Performance

Vote Employment: Community Employment and Development Services

Figures are GST exclusive

| Year ended 30 June 2003 | Actual \$000 | Main Estimates \$000 | Supp. Estimates \$000 | Actual as a % of Supp. Estimates |
|----------------------------|-----------------|----------------------------|-----------------------------|--|
| Revenue: Crown | 9,665 | 10,021 | 9,665 | 100.0% |
| Total Revenue | 9,665 | 10,021 | 9,665 | 100.0% |
| Total Expenses | 9,633 | 10,021 | 9,665 | 99.7% |
| Net Surplus/(Deficit) | 32 | - | - | - |

This appropriation was decreased by \$356,000 in the Supplementary Estimates. The change was due to an expenditure transfer from 2002/03 to 2003/04 for Community Employment Organisations (CEOs) activity. As at 30 June 2003, 50 organisations were being assisted and funded, compared with an original target of 80.

Financial Statements

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2003

Reporting Entity

The Department of Labour is a government department as defined by section 2 of the Public Finance Act 1989.

These are the financial statements of the Department of Labour prepared pursuant to section 35 of the Public Finance Act 1989.

In addition, the Department has reported the trust monies and memorandum account which it administers, and separate schedules for Crown. From 1 July 2002 the Accident Insurance Regulator's role in relation to the Non-Compliers Fund was transferred to the Accident Compensation Corporation (ACC) pursuant to section 345 of the Injury Prevention, Rehabilitation, and Compensation Act 2001. The Assets and Liabilities have since been transferred to ACC along with responsibility for preparation of its annual accounts. No insurers have been declared insolvent so no information has been disclosed for the Insolvent Insurers Fund.

Measurement System

The financial statements have been prepared on a modified historical cost basis except for certain items with specific accounting policies outlined below.

Accounting Policies

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied.

(a) *Budget Figures*

The Budget figures are those presented in the Budget Night Estimates (Main Estimates) and those amended by the Supplementary Estimates (Supp. Estimates) and any transfer made by Order in Council under section 5 of the Public Finance Act 1989.

(b) *Revenue*

The Department derives revenue through the provision of outputs to the Crown, for immigration services, sale of publications to third parties and interest received from Westpac Trust and overseas bank accounts. Such revenue is recognised when earned and is reported in the financial period to which it relates.

(c) *Property, Plant and Equipment*

Land and buildings are stated at fair value as determined by an independent registered valuer. Fair value is determined using market-based evidence. Freehold properties (land and buildings) in New Zealand and overseas are individually revalued on a three-yearly cycle.

The results of revaluing land and buildings are credited or debited to an asset revaluation reserve for that class of asset. Where a revaluation results in a debit balance in the revaluation reserve, the debit balance will be expensed in the Statement of Financial Performance.

Fixed Assets are recorded at cost or valuation, less accumulated depreciation.

Fixed assets or groups of assets forming part of a network which are material in aggregate, costing more than \$5,000, are capitalised and recorded at cost. Any write-down of an item to its recoverable amount is recognised in the Statement of Financial Performance.

(d) *Depreciation*

Depreciation is provided on a straight-line basis on all fixed assets, other than freehold land and items under construction, at a rate which will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives.

Leasehold improvements are depreciated over the shorter of the unexpired period of the lease and the estimated useful life of the improvements.

The useful lives and associated depreciation rates of the major classes of assets have been estimated as follows:

| | | |
|-------------------------|----------------|---------------|
| Buildings | 40 years | (2.5%) |
| Leasehold improvements | Up to 10 years | (up to 10%) |
| Motor vehicles | 4 years | (25%) |
| Furniture and fittings: | | |
| Fixtures and fittings | Up to 10 years | (up to 10%) |
| Carpets and drapes | 4 to 7 years | (14.3 to 25%) |
| Office equipment | 4 years | (25%) |
| Computer equipment: | | |
| Software | Up to 5 years | (up to 20%) |
| Other | Up to 4 years | (up to 25%) |
| Specialised equipment | 8 years | (12.5%) |

(e) *Operating Leases*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. The Department leases office premises, and computer and office equipment. Payments arising from operating lease commitments are charged against earnings in the periods in which they are incurred over the period of the lease.

(f) *Taxation*

Government departments are exempt from the payment of income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax has been provided for.

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

The Statement of Unappropriated Expenditure and the Statements of Departmental and Non-Departmental Expenditure and Appropriations are inclusive of GST (where applicable). The Statement of Financial Position is exclusive of GST, except for Creditors and Payables and Debtors and Receivables, which are GST inclusive. All other statements are GST exclusive.

The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is

included in Creditors and Payables or Debtors and Receivables (as appropriate).

(h) *Debtors and Receivables*

Receivables are recorded at estimated realisable value after providing, where necessary, for doubtful and uncollectable debts.

(i) *Foreign Currencies*

Foreign currency transactions are converted into New Zealand dollars at a rate approximating the exchange rate at the date of the transaction.

Transactions covered by forward exchange contracts are measured and reported at the forward rates specified in those contracts. Consequently, no exchange gain or loss resulting from the difference between the forward exchange contract rate and the spot rate on date of settlement is recognised.

At balance date monetary assets and liabilities in foreign currencies are translated to New Zealand dollars at the closing exchange rate. The resulting unrealised exchange gain or loss is recognised in the Statement of Financial Performance. Other exchange gains or losses, whether realised or unrealised, are recognised in the Statement of Financial Performance in the period to which they relate.

(j) *Financial Instruments*

The Department is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, creditors and foreign currency forward contracts. This includes the investment of funds not immediately required for expenditure by the Insolvent Insurers Fund as required by section 275 of the Accident Insurance Act 1998.

All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

Except for those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

The Department is exposed to currency risk and credit risk:

Currency Risk

The Department operates foreign currency bank accounts to support the operations of the overseas branches of the New Zealand Immigration Service. Funding of these accounts is limited to the amounts necessary to enable the settlement of transactions as they fall due. All material foreign exchange transaction exposures arising in the normal course of business are identified as early as possible in the budgetary cycle. The Department may utilise forward contracts to hedge exposures when recognised. The Department has policies in place to limit foreign exchange exposure.

Credit Risk

The risk that a bank with which funds are deposited will fail or that a party with which future or current transactions are outstanding will not meet its obligations is minimised by only opening accounts with banks following Treasury approval.

The Department deals only, where there is a choice, with banks that have a high credit standing. Exposure to any one counterparty is limited to

NZ\$5 million including unsettled forward exchange contracts, bank account balances and contracts due for settlement on the day the exposure is calculated. Where the Department deals in currencies for which liquid forward markets do not exist, approved counterparties for sale and purchase of currencies are restricted to other New Zealand Government departments and agencies.

(k) *Commitments*

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments (at the point a contractual obligation arises) to the extent that there are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

(l) *Contingent Liabilities*

Contingent liabilities are disclosed at the point at which the contingency is evident.

(m) *Cost Accounting Policies*

Costs that can be causally linked and assigned to an output economically are direct costs. Costs incurred to produce more than one output are indirect costs, which are allocated to outputs according to the amount of resource consumption or use.

The Department's accounting systems record costs by outputs. The costs may be direct or indirect. The direct costs of personnel, operating, depreciation and capital charge costs are assigned directly to outputs. There are two types of indirect costs that are allocated to outputs:

Services head/regional office costs - these are specific to a Service and as such are allocated across the Services' outputs according to the most appropriate base. Resource use is based on time consumption, staff numbers or resource usage analysis.

Office of the Chief Executive costs are general across all Services and are allocated to each output according to the most appropriate base, both percentage of net funds and staff numbers are used.

For the year ended 30 June 2003, direct costs accounted for 72% of the Department's costs (2002: 75%).

(n) *Employee Entitlements*

Provision is made in respect of the Department's liability for annual, long service and retirement leave. Annual leave and other entitlements that are expected to be settled within 12 months of reporting date are measured at nominal values on an actual entitlement basis at current rates of pay.

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave, have been calculated on an actuarial basis on present value of expected future entitlements.

(o) *Taxpayers' Funds*

This is the Crown's net investment in the Department.

Changes in accounting policies

There have been no changes in accounting policies, including cost allocation accounting policies, since the date of the last audited financial statements.

All policies have been applied on a basis consistent with other years.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2003

| Actual 30 June 2002 \$000 | | Note | Actual 30 June 2003 \$000 | Main Estimates 30 June 2003 \$000 | Supp. Estimates 30 June 2003 \$000 |
|------------------------------------|--------------------------------|------|------------------------------------|---|--|
| REVENUE | | | | | |
| 97,620 | Crown | | 102,072 | 101,294 | 103,186 |
| 1,951 | Department | 1 | 1,050 | 1,449 | 1,004 |
| 71,572 | Other | 2 | 63,346 | 67,369 | 77,945 |
| 31 | Interest | | 17 | - | 11 |
| <u>171,174</u> | Total operating revenue | | <u>166,485</u> | <u>170,112</u> | <u>182,146</u> |
| EXPENDITURE | | | | | |
| 69,556 | Personnel costs | | 75,440 | 75,613 | 79,130 |
| 76,321 | Operating costs | 3 | 81,945 | 74,228 | 93,534 |
| 5,654 | Depreciation | 4 | 5,293 | 7,346 | 6,166 |
| 1,600 | Capital charge | 5 | 1,541 | 1,550 | 1,720 |
| <u>153,131</u> | Total expenses | | <u>164,219</u> | <u>158,737</u> | <u>180,550</u> |
| <u>18,043</u> | Net surplus | | <u>2,266</u> | <u>11,375</u> | <u>1,596</u> |

The accompanying accounting policies and notes form part of these financial statements.
For information on major variances against budget refer to Note 15 (pages 171 – 172).

STATEMENT OF MOVEMENT IN TAXPAYERS' FUNDS FOR THE YEAR ENDED 30 JUNE 2003

| Actual 30 June 2002 \$000 | | Actual 30 June 2003 \$000 | Main Estimates 30 June 2003 \$000 | Supp. Estimates 30 June 2003 \$000 |
|------------------------------------|--|------------------------------------|---|--|
| | | Note | | |
| 18,029 | Taxpayers' funds as at 1 July | | 17,762 | 17,729 |
| 18,043 | Net surplus | | 2,266 | 11,375 |
| - | Net revaluations: land and buildings | | - | - |
| 18,043 | Total recognised revenues and expenses for the year | | 2,266 | 11,375 |
| - | Capital contribution | | 1,017 | 1,577 |
| (300) | Capital repayment | | - | - |
| (18,010) | Provision for repayment of surplus to the Crown | 9 | (2,266) | (11,375) |
| - | Transfers between Departments | | (33) | - |
| 17,762 | Taxpayers Funds at 30 June | | 18,746 | 19,306 |

The accompanying accounting policies and notes form part of these financial statements.
For information on major variances against budget refer to Note 15 (pages 171 – 172)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

| Actual 30 June 2002 \$000 | | Note | Actual 30 June 2003 \$000 | Main Estimates 30 June 2003 \$000 | Supp. Estimates 30 June 2003 \$000 |
|------------------------------------|---|------|------------------------------------|---|--|
| TAXPAYERS' FUNDS | | | | | |
| 16,260 | General funds | 12 | 17,244 | 17,804 | 17,804 |
| 1,502 | Revaluation reserve | 12 | 1,502 | 1,502 | 1,502 |
| <u>17,762</u> | Total taxpayers' funds | | <u>18,746</u> | <u>19,306</u> | <u>19,306</u> |
| Represented by: | | | | | |
| CURRENT ASSETS | | | | | |
| 53,900 | Cash and bank balances | | 47,019 | 38,593 | 46,993 |
| 1,519 | Prepayments | | 1,039 | 1,660 | 1,266 |
| 1,374 | Debtors and receivables | | 1,227 | 2,068 | 752 |
| <u>56,793</u> | Total current assets | | <u>49,285</u> | <u>42,321</u> | <u>49,011</u> |
| NON-CURRENT ASSETS | | | | | |
| 19,185 | Fixed assets | 6 | 19,326 | 18,406 | 20,629 |
| <u>19,185</u> | Total non-current assets | | <u>19,326</u> | <u>18,406</u> | <u>20,629</u> |
| <u>75,978</u> | Total assets | | <u>68,611</u> | <u>60,727</u> | <u>69,640</u> |
| CURRENT LIABILITIES | | | | | |
| 32,360 | Creditors and payables | 7 | 30,131 | 21,557 | 39,735 |
| 333 | Provisions | 8 | 9,760 | - | 150 |
| 18,010 | Provision for repayment of surplus to the Crown | 9 | 2,266 | 11,375 | 1,596 |
| 3,982 | Provision for employee entitlements | 10 | 4,249 | 4,899 | 5,485 |
| <u>54,685</u> | Total current liabilities | | <u>46,406</u> | <u>37,831</u> | <u>46,966</u> |
| NON-CURRENT LIABILITIES | | | | | |
| 3,531 | Provision for employee entitlements | 10 | 3,459 | 3,590 | 3,368 |
| <u>58,216</u> | Total liabilities | | <u>49,865</u> | <u>41,421</u> | <u>50,334</u> |
| <u>17,762</u> | NET ASSETS | | <u>18,746</u> | <u>19,306</u> | <u>19,306</u> |

The accompanying accounting policies and notes form part of these financial statements.

For information on major variances against budget refer to Note 15 (pages 171 – 172).

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003

| Actual 30 June 2002 \$000 | | Note | Actual 30 June 2003 \$000 | Main Estimates 30 June 2003 \$000 | Supp. Estimates 30 June 2003 \$000 |
|--|---|------|------------------------------------|---|--|
| CASH FLOWS – OPERATING ACTIVITIES | | | | | |
| Cash was provided from: | | | | | |
| 97,839 | Supply of outputs to Crown | | 102,641 | 101,165 | 103,057 |
| 1,951 | Supply of outputs to Department | | 1,050 | 1,442 | 1,004 |
| 80,432 | Supply of outputs to Others | | 60,358 | 67,146 | 87,163 |
| 31 | Interest | | 17 | - | 11 |
| Cash was disbursed for: | | | | | |
| (142,004) | Cost of producing outputs | | (146,054) | (149,617) | (172,129) |
| (1,600) | Capital charge | | (1,541) | (1,550) | (1,720) |
| 36,649 | Net cash inflow/(outflow) from operating activities | 11 | 16,471 | 18,586 | 17,386 |
| CASH FLOWS – INVESTING ACTIVITIES | | | | | |
| Cash was provided from: | | | | | |
| 96 | Sale of fixed assets | | 423 | 719 | 362 |
| Cash was disbursed for: | | | | | |
| (3,625) | Purchase of fixed assets | | (5,952) | (8,192) | (8,017) |
| (3,529) | Net cash inflow/(outflow) from investing activities | | (5,529) | (7,473) | (7,655) |
| CASH FLOW – FINANCING ACTIVITIES | | | | | |
| Cash was provided from: | | | | | |
| - | Capital contributions | | 1,017 | 1,577 | 1,577 |
| Cash was disbursed for: | | | | | |
| (8,370) | Repayment of surplus to Crown | | (18,010) | (11,484) | (18,010) |
| (300) | Capital repayments | | - | - | - |
| (8,670) | Net cash inflow/(outflow) from financing activities | | (16,993) | (9,907) | (16,433) |
| 24,450 | Net increase/(decrease) in cash held | | (6,051) | 1,206 | (6,702) |
| 29,690 | Add: opening cash brought forward | | 53,900 | 37,387 | 53,900 |
| (240) | Add: effect of exchange rate changes on foreign currency balances | | (830) | - | (205) |
| 53,900 | Closing Cash Balance | | 47,019 | 38,593 | 46,993 |
| Closing Cash Balance consists of: | | | | | |
| 53,900 | Cash and bank balances | | 47,019 | 38,593 | 46,993 |

The accompanying accounting policies and notes form part of these financial statements.

For information on major variances against budget refer to Note 15 (pages 171 – 172)

STATEMENT OF COMMITMENTS

AS AT 30 JUNE 2003

The Department has long-term leases on premises, which are subject to regular reviews. The amounts disclosed below as future commitments are based on the current rental rates. Operating leases include lease payments for premises, computer equipment and other office equipment. The majority of the commitments relate to non-cancellable accommodation leases.

| Actual 30 June 2002 \$000 | | Actual 30 June 2003 \$000 |
|------------------------------------|------------------------------------|------------------------------------|
| | Operating lease commitments | |
| 14,845 | Within one year of balance date | 26,134 |
| 9,551 | One to two years | 10,637 |
| 8,089 | Two to five years | 19,181 |
| 1,536 | Over five years | 1,938 |
| 34,021 | Total operating lease commitments | 57,890 |
| 622 | Capital commitments | 2,028 |
| <u>34,643</u> | Total commitments | <u>59,918</u> |

The increase in operating commitments of \$23.869 million was mainly due to upgrading information technology equipment, increased accommodation leases due to including Ministry of Foreign Affairs and Trade (MFAT) leases and increases in leased vehicles. The main reasons for the increase in capital commitments relate to relocation costs, support for Advance Passenger Processing and the inclusion of MFAT trade commitments.

The accompanying accounting policies and notes form part of these financial statements.

STATEMENT OF CONTINGENT LIABILITIES AS AT 30 JUNE 2003

| Actual 30 June 2002 \$000 | | Actual 30 June 2003 \$000 |
|------------------------------------|-------------------------------|------------------------------------|
| <u>3,220</u> | Outstanding legal proceedings | <u>6,418</u> |

The Department's contingent liabilities can be broken down as follows:

- eight claims totalling \$6.318 million based on allegations of negligence or other tortious cause of action
- one employment-related claim against the Department, totalling \$100,000
- three unquantified claims.

Further information usually required by Financial Reporting Standard No 15 "Provisions, Contingent Liabilities and Contingent Assets" is not disclosed on the grounds that it can be expected to seriously prejudice the outcome of the litigation.

No provision has been made in the financial statements in respect of these legal claims against the Department, as, in the opinion of the Management, no material expense is expected to be incurred.

The Department has not given any guarantees under section 59 of the Public Finance Act 1989 as at 30 June 2003 (2002: nil).

The accompanying accounting policies and notes form part of these financial statements.

STATEMENT OF UNAPPROPRIATED EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2003

The Department has incurred unappropriated expenditure during the year (2002: nil). This is shown below.

| Actual 30 June 2002 \$000 | | Actual 30 June 2003 \$000 | Appropriation 30 June 2003 \$000 | Unappropriated Expenditure 30 June 2003 \$000 |
|------------------------------------|---|------------------------------------|---|---|
| | Vote ACC | | | |
| | Non-Departmental Output Class | | | |
| 32,005 | 01 – Case Management and Supporting Services | 50,832 | 49,138 | 1,694 |
| | Benefits and other unrequited expenses | | | |
| 58,863 | Other Compensation | 101,051 | 77,254 | 23,797 |
| <u>90,868</u> | | <u>151,883</u> | <u>126,392</u> | <u>25,491</u> |

The Department of Labour manages, on behalf of the Minister for ACC, both the departmental and non-departmental appropriations of Vote Accident Insurance. The non-departmental output classes fund the ACC Non-Earners' Account. The Department acts as a clearing house for ACC Non-Earners' Account funding – receiving the agreed funding from Treasury and paying it directly on to ACC.

ACC undertakes its main annual review of the overall ACC scheme for the Budget Economic and Fiscal Update (BEFU) which is completed and reviewed by early May. Updates to the funding of the Non-Earners' Account are based on this information. Due to the timing of BEFU results the main annual review of funding for the Non-Earners' Account occurs in the October Baseline Update (OBU). ACC received an audit opinion last year that concluded, applying Generally Accepted Accounting Practice, that ACC can accrue revenue based on the most recent information it has available if the projected funding requirements for the Non-Earners' Account have moved significantly from those agreed at OBU. The Office of the Auditor-General supported this audit opinion.

The unappropriated expenditure of \$25.491 million, including GST, is split as shown. This expenditure was not identified in time for inclusion in the Supplementary Estimates.

Case Management and Supporting Services (\$1.694 million)

The volume of claims has resulted in greater case management costs than expected in the 2002/03 financial year.

Benefits and Other Unrequited Expenses (\$23.797 million)

There was an increased volume of weekly compensation claims and higher number of independence allowance claims, particularly in relation to sexual abuse claims.

This unappropriated expenditure has been approved by the Minister of Finance in terms of section 12 of the Public Finance Act 1989.

The accompanying accounting policies and notes form part of these financial statements.

STATEMENT OF DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS FOR THE YEAR ENDED 30 JUNE 2003

(Figures are GST inclusive where applicable)

| | Expenditure Actual 30 June 2003 \$000 | Appropriation Voted* 30 June 2003 \$000 |
|---|--|--|
| Appropriations for classes of outputs | Note | |
| (Mode B Gross) | | |
| Vote: Labour | | |
| D1 Policy Advice – Labour | 6,802 | 6,855 |
| D2 International Services | 375 | 375 |
| D3 Support Services - Industrial Relations Institutions | 6,161 | 6,173 |
| D4 Problem Resolution | 12,537 | 12,543 |
| D5 Promoting Excellence in Self Managing Occupational Health and Safety Hazards in the Workplace | 28,031 | 28,892 |
| D6 Regulatory Functions Outside the Health and Safety in Employment Act 1992 | 1,901 | 1,935 |
| | 55,807 | 56,773 |
| Vote: Accident Insurance | | |
| D1 Policy and Monitoring | 3,190 | 3,478 |
| D2 Regulatory Services | 170 | 243 |
| | 3,360 | 3,721 |
| Vote: Immigration | | |
| D1 Services to increase the Capacity of New Zealand through Immigration | 86,933 | 103,316 |
| D2 Services to position New Zealand as an international citizen with immigration-related interest and obligations | 14,435 | 16,214 |
| | 101,368 | 119,530 |
| Vote: Employment | | |
| D1 Policy, Purchase Advice and Monitoring | 7,149 | 7,979 |
| D2 Community Employment and Development Services | 10,841 | 10,874 |
| | 17,990 | 18,853 |
| Total Departmental Output Expenditure | 178,525 | 198,877 |

*This includes adjustments made in the Supplementary Estimates.

The accompanying accounting policies and notes form part of these financial statements.

STATEMENT OF TRUST MONIES FOR THE YEAR ENDED 30 JUNE 2003

| Account | As at 1 July 2002 \$000 | Contribution \$000 | Distribution \$000 | Revenue \$000 | Expense \$000 | As at 30 June 2003 \$000 |
|----------------------------|----------------------------------|-----------------------|-----------------------|------------------|------------------|-----------------------------------|
| Industrial Relations Trust | 16 | 255 | 252 | - | - | 19 |
| Employment Court Trust | 155 | 333 | 220 | - | - | 268 |
| NZ Immigration Trust | 3,003 | 5,467 | 3,936 | 110 | 10 | 4,634 |
| Total | 3,174 | 6,055 | 4,408 | 110 | 10 | 4,921 |

The Industrial Relations Trust and Employment Court Trust were established in 1988 to handle trust monies received by the Labour Inspectorate and trust monies held at the direction of the Employment Court. Source of Funds: Arrears collected by Labour Inspectorate on behalf of employees, and monies held at the direction of the Employment Court as security against costs and interest on deposits.

The NZ Immigration Trust was established in 1999 and is used as a holding account for bonds paid by medium-risk applicants who are applying for visitor visas.

The accompanying accounting policies and notes form part of these financial statements.

MEMORANDUM ACCOUNT – VISA AND PERMITS FOR THE YEAR ENDED 30 JUNE 2003

| Figures are GST exclusive | Balance as at 1 July 2002 \$000 | Revenue \$000 | Expenses \$000 | Balance as at 30 June 2003 \$000 |
|---------------------------|---|------------------|-------------------|--|
| Sales of visa and permits | 23,139 | 60,522 | (60,395) | 23,266 |

This account summarises financial information relating to the accumulated financial surplus and deficits incurred in the sale of Visa and Permit services by the Department of Labour.

The surplus/deficit levels are dependent upon the business conditions and Government's policy settings prevailing during that period. The expectation is that surpluses and deficits would balance over time given the fluctuations in the immigration market, possible changes to immigration policy and the potential need for future capital contributions for expansion and improvement of Visa and Permit services.

This memorandum account has been operating since 1 July 1999, and the current balance reflects periods of strong demand for Visa and Permit services. Changes to these demand levels during or between years may mean actual outturns differ from forecast.

The accompanying accounting policies and notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

1. Revenue – Department

| Actual 30 June 2002 \$000 | | Actual 30 June 2003 \$000 | Main Estimates 30 June 2003 \$000 | Supp. Estimates 30 June 2003 \$000 |
|------------------------------------|---|------------------------------------|---|--|
| 858 | Property rental recovery | 127 | 158 | 158 |
| - | Ministry of Economic Development: EnergySafe | - | 330 | - |
| - | MORST funding: Cost of Injury project | - | 115 | - |
| 147 | Border and Investigations | - | - | - |
| 844 | Refugee Services | 923 | 846 | 846 |
| 102 | Policy, Purchase Advice and Monitoring | - | - | - |
| <u>1,951</u> | Total Revenue Department | <u>1,050</u> | <u>1,449</u> | <u>1,004</u> |

2. Revenue – Other

| Actual 30 June 2002 \$000 | | Actual 30 June 2003 \$000 | Main Estimates 30 June 2003 \$000 | Supp. Estimates 30 June 2003 \$000 |
|------------------------------------|---|------------------------------------|---|--|
| 71,458 | Immigration fees | 63,019 | 66,877 | 77,453 |
| (422) | Penalties on non-complying employers and annual levy on insurers | - | - | - |
| 447 | Sale of publications | 315 | 480 | 480 |
| 89 | Other | 12 | 12 | 12 |
| <u>71,572</u> | Total Revenue Other | <u>63,346</u> | <u>67,369</u> | <u>77,945</u> |

3. Operating Costs

| Actual 30 June 2002 \$000 | | Actual 30 June 2003 \$000 | Main Estimates 30 June 2003 \$000 | Supp. Estimates 30 June 2003 \$000 |
|------------------------------------|--|------------------------------------|---|--|
| 116 | Audit fees to auditors for audit of the financial statements | 129 | 138 | 123 |
| 9 | Fees to auditors for other services provided | 45 | - | - |
| 18,842 | Lease and rental charges | 17,078 | 16,447 | 19,365 |
| 893 | Realised Foreign Exchange (gains)/losses | 905 | - | 500 |
| 240 | Unrealised Foreign Exchange (gains)/losses | 830 | - | - |
| 32 | Bad debts written off | 6 | - | 2 |
| (73) | Change in provision for doubtful debts | 13 | - | - |
| 196 | Asset write off | 6 | 32 | 9 |
| 300 | Inventory write off | - | - | - |
| 61 | Net loss on sale of fixed assets | 89 | 10 | 36 |
| 55,705 | Other operating costs | 62,844 | 57,601 | 73,499 |
| <u>76,321</u> | Total Operating Costs | <u>81,945</u> | <u>74,228</u> | <u>93,534</u> |

Note: Foreign Exchange – New Zealand Immigration Service does not budget for Foreign Exchange losses or gains because the nature of foreign movements is uncertain. Our policy is to minimise gains and losses by remitting funds to New Zealand on a regular basis.

4. Depreciation

| Actual 30 June 2002 \$000 | | Actual 30 June 2003 \$000 | Main Estimates 30 June 2003 \$000 | Supp. Estimates 30 June 2003 \$000 |
|------------------------------------|---|------------------------------------|---|--|
| 15 | Buildings | 15 | 12 | 15 |
| 1,420 | Leasehold Improvements | 1,277 | | |
| 221 | Office Equipment | 224 | | |
| 363 | Furniture and Fittings | 366 | | |
| <u>2,004</u> | <i>Sub total Furniture and Fittings</i> | <u>1,867</u> | <u>2,312</u> | <u>1,911</u> |
| 28 | Special Equipment | 20 | | |
| <u>2,577</u> | Computer Equipment | <u>2,245</u> | | |
| <u>2,605</u> | <i>Sub total Plant and Equipment</i> | <u>2,265</u> | <u>3,764</u> | <u>3,145</u> |
| 1,030 | Motor Vehicles | 1,146 | 1,258 | 1,095 |
| <u>5,654</u> | Total Depreciation Charge | <u>5,293</u> | <u>7,346</u> | <u>6,166</u> |

Note: Budget breakdowns for all the above depreciation categories are not available and have instead been disclosed using the Treasury categories.

5. Capital Charge

The capital charge represents a charge by the Crown on its taxpayers' funds as at 30 June and 31 December each year. The capital charge rate for 2002/03 was 8.5% (2001/02: 9.0%).

6. Fixed Assets

| 30 June 2002 \$000 | | 30 June 2003 \$000 |
|--------------------------|---|--------------------------|
| | Land | |
| - | At cost | - |
| 1,040 | At valuation – 7 December 2000 | 1,040 |
| <u>1,040</u> | Land – net current value | <u>1,040</u> |
| | Buildings | |
| - | At cost | - |
| 686 | At valuation – 7 and 31 December 2000 | 686 |
| (32) | Accumulated depreciation | (48) |
| <u>654</u> | Buildings – net current value | <u>638</u> |
| | Leasehold Improvements | |
| 12,051 | At cost | 12,757 |
| (7,096) | Accumulated depreciation | (8,157) |
| <u>4,955</u> | Leasehold Improvements – net book value | <u>4,600</u> |
| | Specialised Equipment | |
| 494 | At cost | 562 |
| (397) | Accumulated depreciation | (418) |
| <u>97</u> | Specialised Equipment – net book value | <u>144</u> |
| | Office Equipment | |
| 2,695 | At cost | 1,835 |
| (2,146) | Accumulated depreciation | (1,396) |
| <u>549</u> | Office Equipment – net book value | <u>439</u> |
| | Furniture and Fittings | |
| 5,341 | At cost | 4,080 |
| (3,955) | Accumulated depreciation | (2,870) |
| <u>1,386</u> | Furniture and Fittings – net book value | <u>1,210</u> |
| | Computer Equipment | |
| 14,617 | At cost | 16,206 |
| (10,907) | Accumulated depreciation | (13,013) |
| <u>3,710</u> | Computer Equipment – net book value | <u>3,193</u> |
| | Motor Vehicles | |
| 6,855 | At cost | 7,368 |
| (2,665) | Accumulated depreciation | (3,120) |
| <u>4,190</u> | Motor Vehicles – net book value | <u>4,248</u> |
| | Items Under Construction | |
| 1,034 | Leasehold Improvements | 486 |
| 1,442 | Computer Equipment | 3,328 |
| 128 | Furniture and Fittings, Office Equipment, Special Equipment | - |
| <u>2,604</u> | | <u>3,814</u> |
| | Total Fixed Assets | |
| 46,383 | At cost and valuation | 48,348 |
| (27,198) | Accumulated depreciation | (29,022) |
| <u>19,185</u> | Total Carrying Amount of Fixed Assets | <u>19,326</u> |

Land and buildings in Suva were revalued at fair value as at 7 December 2000, by an independent registered valuer, Serupepeli Navuta, of Rolle Hillier Parker. Land and buildings at the Mangere Resettlement Centre in Auckland were revalued at fair value as at 31 December 2000, by an independent registered valuer, Rene McLean of Quotable Value NZ. There were no significant assumptions or limiting conditions set out in the valuation reports.

7. Creditors and Payables

| 30 June 2002 \$000 | | 30 June 2003 \$000 |
|--------------------------|-------------------------------------|--------------------------|
| 4,584 | Creditors | 3,031 |
| 10,997 | Accrued expenses | 11,870 |
| 16,394 | Income in advance | 14,417 |
| 256 | GST payable | 373 |
| 129 | Debtor Crown | 440 |
| 32,360 | Total Creditors and Payables | 30,131 |

Creditors include invoices received but not paid as at 30 June 2003. Accrued expenses relate to operating goods and services received but where the invoices have not been received as at 30 June 2003. Income in advance mainly relates to unearned immigration fee revenue.

8. Provisions

| Class | As at 1 July 2002 | Additional provisions during the year | Charge against provision for year | Unused amounts reversed during the year | Discounting changes | As at 30 June 2003 |
|--|-------------------------|--|--|---|------------------------|--------------------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Legal Claim ¹ | 150 | - | - | (150) | - | - |
| Non-Compliers Fund - Claims Reserve ² | 183 | - | - | (183) | - | - |
| Refunds ³ | - | 9,760 | - | - | - | 9,760 |
| Total | 333 | 9,760 | - | (333) | - | 9,760 |

1. In 2001/02 a provision of \$150,000 was recognised for a tortious legal claim before the Court of Appeal. The Court upheld the right of the Department to detain asylum seekers.
2. In 2001/02 a claims reserve of \$183,000 was provided for claims by an independent actuarial assessment. From 1 July 2002 the Accident Insurance Regulator's role in relation to the Non-Compliers Fund was transferred to the Accident Compensation Corporation. ACC is responsible for the preparation of its annual accounts.
3. A provision for refunding of lapsed General Skills applications has been established following the passing of the Immigration Amendment Act 2003. Repayment of fees will commence in August 2003.

9. Provision for Repayment of Surplus to the Crown

| 30 June 2002 \$000 | | 30 June 2003 \$000 |
|--------------------------|---|--------------------------|
| 18,010 | Net surplus | 2,266 |
| <u>18,010</u> | Total Provision for Repayment of Surplus | <u>2,266</u> |

The 2001/02 surplus was repaid to New Zealand Debt Management Office in November 2002.

10. Provision for Employee Entitlements

| 30 June 2002 \$000 | | 30 June 2003 \$000 |
|--------------------------|------------------------------------|--------------------------|
| | Current Liabilities | |
| 3,613 | Annual leave | 3,837 |
| 259 | Long service leave | 264 |
| 110 | Retiring leave | 148 |
| <u>3,982</u> | | <u>4,249</u> |
| | Non-Current Liabilities | |
| 286 | Long service leave | 278 |
| 3,245 | Retiring Leave | 3,181 |
| <u>3,531</u> | | <u>3,459</u> |
| <u>7,513</u> | Total Employee Entitlements | <u>7,708</u> |

Provisions for long service and retirement leave have been adjusted to reflect the actuarial valuation based on the present value of expected future entitlements as at 30 June 2003.

11. Reconciliation of Net Surplus to Net Cash Flow from Operating Activities for the year ended 30 June 2003

| Actual 30 June 2002 \$000 | | Actual 30 June 2003 \$000 | Main Estimates 30 June 2003 \$000 | Supp. Estimates 30 June 2003 \$000 |
|------------------------------------|--|------------------------------------|---|--|
| 18,043 | <i>Net surplus</i> | 2,266 | 11,375 | 1,596 |
| | <i>Add/(less) non-cash items:</i> | | | |
| 5,654 | Depreciation | 5,293 | 7,346 | 6,166 |
| 196 | Asset write offs | 6 | 32 | 9 |
| 240 | Unrealised foreign exchange gains/(losses) | 830 | - | - |
| - | Other non-cash items | - | - | - |
| 6,090 | Total non-cash items | 6,129 | 7,378 | 6,175 |
| | <i>Add/(less) movements in working capital items:</i> | | | |
| 300 | (Increase)/decrease in inventories | - | - | - |
| 905 | (Increase)/Decrease in debtors and receivables | 147 | (233) | 493 |
| 120 | (Increase)/Decrease in prepayments | 480 | (440) | 253 |
| 10,852 | Increase/(Decrease) in creditors, payables and provisions* | 7,165 | 164 | 7,493 |
| 278 | Increase/(Decrease) in current employee entitlements | 195 | 332 | 1,340 |
| 12,455 | Working capital movements – net | 7,987 | (177) | 9,579 |
| | <i>Add/(less) investing activity items:</i> | | | |
| 61 | Net loss/(gain) on sale of fixed assets | 89 | 10 | 36 |
| 61 | | 89 | 10 | 36 |
| 36,649 | Net Cash Flows from Operating Activities | 16,471 | 18,586 | 17,386 |

* Adjusted for non-operating items

12. Taxpayers' Funds

Taxpayers' Funds comprises two components:

General Funds

| Actual 30 June 2002 \$000 | | Actual 30 June 2003 \$000 | Main Estimates 30 June 2003 \$000 | Supp. Estimates 30 June 2003 \$000 |
|------------------------------------|---|------------------------------------|---|--|
| 16,527 | General funds as at 1 July | 16,260 | 16,227 | 16,260 |
| 18,043 | Net surplus/(deficit) | 2,266 | 11,375 | 1,596 |
| - | Capital contribution | 1,017 | 1,577 | 1,577 |
| (300) | Capital withdrawal | - | - | - |
| (18,010) | Provision for repayment of surplus to the Crown | (2,266) | (11,375) | (1,596) |
| - | Transfers between Departments | (33) | 0 | (33) |
| 16,260 | General funds as at 30 June | 17,244 | 17,804 | 17,804 |

Revaluation Reserve

| Actual Land 30 June 2002 \$000 | Actual Building 30 June 2002 \$000 | Actual Total 30 June 2002 \$000 | | Actual Land 30 June 2003 \$000 | Actual Building 30 June 2003 \$000 | Actual Total 30 June 2003 \$000 |
|--|--|---|--------------------------------|--|--|---|
| 754 | 748 | 1,502 | Opening Balance – 1 July 2002 | 754 | 748 | 1,502 |
| - | - | - | Revaluation changes | - | - | - |
| <u>754</u> | <u>748</u> | <u>1,502</u> | Closing Balance – 30 June 2003 | <u>754</u> | <u>748</u> | <u>1,502</u> |

13. Financial Instruments

Credit Risk

Financial instruments, which potentially subject the Department of Labour to credit risk, principally consist of cash on hand, bank balances, forward exchange contracts and accounts receivable.

There were no major concentrations of credit risk with respect to accounts receivable.

Interest Rate Risk

The interest rate risk for the Department is negligible because all investments are made on term deposit with WestpacTrust.

Fair Value

Estimated fair values of the Department's financial assets and liabilities as at 30 June 2003 equate with the carrying amounts reflected in these financial statements.

Currency Risk

All significant overseas operating lease commitments have been listed, along with all foreign bank account balances as at 30 June 2003. No account is taken of projected receipts in calculating these exposures.

The Department may reduce its exposure to currency risk through the use of forward exchange contracts. As at balance date there were forward exchange contracts to sell USD\$3.5 million between July 2003 and April 2004. In addition, there are forward contracts to purchase AUD\$10.3 million over the next four years to cover a large contract for the provision of ongoing management and operating services of Advance Passenger Processing. There were no forward exchange contracts in place as at 30 June 2002.

As at 30 June 2003 the Department had the following foreign currency exposures:

| | Foreign Currency | | New Zealand Currency | |
|------------------------|--------------------------|-----------------------|--------------------------|-----------------------|
| | Operating Lease \$000 | Cash at Bank \$000 | Operating Lease \$000 | Cash at Bank \$000 |
| United States Dollar | 0 | 4,069 | 0 | 6,975 |
| Hong Kong Dollar | 41 | 487 | 9 | 107 |
| Chinese Yuan | 319 | 1,106 | 66 | 229 |
| British Pound Sterling | 28 | 71 | 80 | 200 |
| Indian Rupee | 0 | 6,044 | 0 | 223 |
| Singapore Dollar | 0 | 54 | 0 | 52 |
| Taiwan Dollar | 0 | 2,232 | 0 | 111 |
| Australian Dollar | 11,632 | 90 | 12,761 | 102 |
| Pakistan Rupee | 75 | 0 | 2 | 0 |
| Philippine Peso | 0 | 3,202 | 0 | 102 |
| Thai Baht | 253 | 1,714 | 10 | 69 |
| Euro | 0 | 136 | 0 | 267 |
| Fijian Dollar | 0 | 28 | 0 | 25 |
| Other currencies | 0 | 0 | 0 | 355 |
| Total | | | 12,928 | 8,817 |

Foreign currency balances are being held pending the commencement of refunding General Skills category applications in August 2003.

14. Related Party Information

The Department is a wholly owned entity of the Crown. The Government significantly influences the roles of the Department as well as being its major source of revenue.

The Department enters into numerous transactions with other Government Departments, Crown Agencies and State-Owned Enterprises on an arm's length basis. Where those parties are acting in the course of their normal dealings with the Department, related party disclosures have not been made for transactions of this nature.

Apart from those transactions described above, the Department has not entered into any related party transactions, except for one exception:

As a result of Community Employment Group (CEG) staff actively working in local communities, certain members of staff hold executive or advisory positions within various community groups. Some of these community groups also receive grant funding from CEG. These community groups are therefore considered related parties of CEG. CEG has policies in place that require staff with conflicts of interest not to participate in decisions with any group they are associated with.

15. Explanation of Major Budget Variations (Figures are GST exclusive)

Statement of Financial Performance

The decreases in personnel and operating costs, and the consequential decrease in Revenue Crown and Revenue Other, result from the changes in outputs as outlined in the Supplementary Estimates. The significant changes were as follows:

Vote: Immigration

D1 – Services to Increase the Capacity of New Zealand through Immigration

Changes in volume and immigration policy have resulted in an increase in appropriation of \$21.573 million met by an increase in revenue received of \$11.8 million (Revenue Crown \$1.6 million, Revenue Other \$10.2 million). Below is a breakdown of the appropriation increase.

| \$000s | Description of change |
|---------|---|
| (1,070) | Fiscally neutral transfer to Services to Position New Zealand as an International Citizen With Immigration Related Interest and Obligations output class to process claims for refugee status and manage backlog of such claims |
| 1,837 | Migration Levy |
| (350) | Fiscally neutral transfer to Services to Position New Zealand as an International Citizen with Immigration Related Interest and Obligations output class of overhead allocation adjustment as more activity in the Regional Initiatives output than planned |
| 1,858 | Suspension of Thai Visa Waiver |
| 18,342 | Volume adjustment for changes in demand for Visa and Permit Services |
| 534 | Fiscally neutral transfer from Services to Position New Zealand as an International Citizen with Immigration Related Interest and Obligations output class for Community-Based Accommodation – output class correction from Main Estimates |
| 1,500 | Improving Skilled Immigration Outcomes – to allow fee refunds for General Skills applicants choosing to withdraw their applications |
| 217 | Increase in the foreign exchange losses as a result of the strengthening NZ dollar |
| 360 | New fees for Student Visas |
| (1,500) | Expense transfer to 2003/04 for Improving Skilled Immigration Outcomes – relating to the cost of refunding resident application fees to those no longer eligible for job search visas |
| (198) | Expense transfer to 2003/04 for LisNZ – a delay in sampling and interviewing for the project until the shape and impacts of proposed changes to skilled immigration policy become clearer |
| (87) | Expense transfer to 2003/04 for the Auckland Regional Migrant Services – delay in finding suitable premises and concluding the necessary tenancy arrangements |
| 37 | The implementation of visa waiver suspension for Zimbabwe nationals |
| 93 | Security/Counter Terrorism : physical and personnel security measures |
| 21,573 | |

Statement of Financial Position (and Cash Flows)

Creditors and Payables and Provisions

Creditors and payables are lower than estimated in the Supplementary Estimates by \$9.6 million largely due to Income in Advance, which was \$10.7 million under budget.

Income in Advance was below budget, largely due to the establishment of a provision for refunds of lapsed General Skills applications of \$9.8 million. The Immigration Amendment Act 2003 was passed at year-end, which gave the mandate for the refunds, and the amounts could hence be quantified at that time. At the time of the Supplementary Estimates the refunds were neither mandated nor quantifiable. Refunding is set to commence in August 2003.

16. Post Balance Date Events

There were no post balance date events occurring between year-end and the signing of the financial statements.

SCHEDULES AND STATEMENTS: NON-DEPARTMENTAL

| Actual 30 June 2002 \$000 | | Note | Actual 30 June 2003 \$000 | Main Estimates 30 June 2003 \$000 | Supp. Estimates 30 June 2003 \$000 |
|------------------------------------|-----------------------|------|------------------------------------|---|--|
| 24,157 | Revenues and Receipts | | 36,025 | 28,694 | 33,984 |
| 756,698 | Expenses | | 830,791 | 744,392 | 810,422 |
| 24,523 | Assets | | 18,443 | 6,800 | 5,078 |
| 22,689 | Liabilities | | 34,632 | 3,989 | 3,566 |
| - | Trust Monies | | - | - | - |

(Figures are GST inclusive where applicable)

The following Non-Departmental statements and schedules record the expenses, revenue and receipts, assets and liabilities that the Department manages on behalf of the Crown. The Department administered \$830.8 million (\$756.7 million – 2001/02) of Non-Departmental payments, \$36.0 million (\$24.1 million – 2001/02) of Non-Departmental revenue and receipts, \$18.4 million of assets (\$24.5 million – 2001/02) and \$34.6 million (\$22.7 million – 2001/02) of liabilities on behalf of the Crown for the year ended 30 June 2003. Further details of the Department's management of these Crown assets and liabilities are provided in the Statement of Objectives and Service Performance sections of the Annual Report.

These Non-Departmental balances are consolidated into the Crown Financial Statements. Therefore readers of these statements and schedules should also refer to the Crown Financial Statements for 2002/03.

STATEMENT OF ACCOUNTING POLICIES

Measurement system

Measurement and recognition rules applied in the preparation of these Non-Departmental statements and schedules are consistent with generally accepted accounting practice and Crown accounting policies.

These Non-Departmental balances are consolidated into the Crown Financial Statements and Schedules and therefore readers should also refer to the Crown Financial Statements 2002/03

Accounting Policies

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied.

(a) Budget Figures

The Budget figures are those presented in the Budget Night Estimates (Main Estimates) and those amended by the Supplementary Estimates (Supp. Estimates) and any transfer made by Order in Council under section 5 of the Public Finance Act 1989.

(b) Revenue

The Department collects revenue on behalf of the Crown. This revenue includes the Health and Safety in Employment Levy and the Migrant Levy, which are legislated under the Health and Safety in Employment Act 1992 (section 59) and the Immigration Act 1987 (section 149B) respectively.

Revenue is recognised when earned and is reported in the financial period to which it relates.

(c) Goods and Services Tax (GST)

The Schedules of Non-Departmental Revenue and Expenses and the Statement of Expenditure and Appropriations are inclusive of GST (where applicable). The Schedules of Assets and Liabilities are exclusive of GST, except for Creditors and Payables and Debtors and Receivables, which are GST inclusive.

The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Creditors and Payables or Debtors and Receivables (as appropriate).

(d) Debtors and Receivables

Receivables are recorded at estimated realisable value after providing, where necessary, for doubtful and uncollectable debts.

(e) Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments (at the point a contractual obligation arises) to the extent that there are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

(f) Contingent Liabilities

Contingent liabilities are disclosed at the point at which the contingency is evident.

SCHEDULE OF NON-DEPARTMENTAL REVENUE FOR THE YEAR ENDED 30 JUNE 2003

Non-Departmental Revenues are administered by the Department of Labour on behalf of the Crown. As these revenues are not established by the Department nor earned in the production of the Department's outputs, they are not reported in the departmental financial statements. Figures are GST inclusive where applicable.

| 2002 Actual | Revenue Type | Note | 2003 Actual | Main Estimates 30 June 2003 | Supp. Estimates 30 June 2003 |
|----------------|---|------|----------------|--------------------------------------|---------------------------------------|
| \$000 | | | \$000 | \$000 | \$000 |
| | Administered on behalf of the Minister of Labour | | | | |
| | Sovereign Power Revenue | | | | |
| 350 | Employment Court, Employment Relations Authority and Employment Tribunal Fees | | 248 | 340 | 300 |
| 14,697 | Health and Safety in Employment Levy | 1 | 28,085 | 25,569 | 25,569 |
| 256 | OSH Fees and Licences | | 157 | 200 | 200 |
| 3 | Programme Recoveries | | 1 | - | - |
| 278 | Recovery of Higher Salaries Commission ⁴³ costs of setting Local Authority Members' Remuneration | | 236 | 300 | 300 |
| 15,584 | Total Non-Departmental Revenue administered on behalf of the Minister of Labour | | 28,727 | 26,409 | 26,369 |
| | Administered on behalf of the Minister of Immigration | | | | |
| | Sovereign Power Revenue | | | | |
| 8,435 | Migrant Levy | | 7,257 | 2,285 | 7,600 |
| 46 | Non-Principal Applicants English Language Fees | | - | - | - |
| 8,481 | Total Non-Departmental Revenue administered on behalf of the Minister of Immigration | | 7,257 | 2,285 | 7,600 |
| | Administered on behalf of the Minister of Employment | | | | |
| | Sovereign Power Revenue | | | | |
| 92 | Programme Recoveries | | 41 | - | 15 |
| 92 | Total Non-Departmental Revenue administered on behalf of the Minister of Employment | | 41 | - | 15 |
| 24,157 | Total Non-Departmental Revenue administered by the department | | 36,025 | 28,694 | 33,984 |

The accompanying accounting policies on pages 174 are an integral part of these financial schedules.

⁴³ The Higher Salaries Commission became the Remuneration Authority from 1 April 2003 as the result of the passing of the Remuneration Authority (Members of Parliament) Amendment Act 2002.

STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS FOR THE YEAR ENDED 30 JUNE 2003

The Statement of Expenditure and Appropriations details expenditure and capital payments incurred against appropriations. The Department administers these appropriations on behalf of the Crown. Figures are GST inclusive where applicable.

| 2002 Actual | Note | 2003 Actual | Main Estimates 30 June 2003 \$000 | Supp. Estimates 30 June 2003 \$000 |
|--|------|----------------|---|--|
| \$000 | | \$000 | \$000 | \$000 |
| Annual Appropriations | | | | |
| Vote: Labour | | | | |
| <i>Non-Departmental output classes:</i> | | | | |
| 1,597 | 01 | 1,333 | 2,000 | 2,393 |
| 1,896 | 02 | 978 | 978 | 978 |
| 91 | 03 | 37 | - | 38 |
| <i>Other expenses to be incurred by the Crown:</i> | | | | |
| 1,186 | | 1,272 | 1,400 | 1,400 |
| 736 | | 1,061 | 1,061 | 1,061 |
| 15 | | 15 | 15 | 15 |
| 5,521 | | 4,696 | 5,454 | 5,885 |
| Vote: Accident Insurance | | | | |
| <i>Non-Departmental output classes:</i> | | | | |
| 32,005 | 01 | 50,832 | 33,579 | 49,138 |
| 395,950 | 02 | 395,741 | 369,011 | 399,330 |
| 168,923 | 03 | 182,875 | 168,923 | 182,875 |
| <i>Benefits and other unrequited expenses:</i> | | | | |
| 58,863 | | 101,051 | 69,795 | 77,254 |
| <i>Other expenses to be incurred by the Crown:</i> | | | | |
| 0 | | 50 | - | 50 |
| 655,741 | | 730,549 | 641,308 | 708,647 |
| Vote: Immigration | | | | |
| <i>Other expenses to be incurred by the Crown:</i> | | | | |
| 46 | | - | - | - |
| 175 | | - | - | - |
| 221 | | - | - | - |

Continued over ...

SCHEDULE OF NON-DEPARTMENTAL ASSETS AS AT 30 JUNE 2003

| Actual 30 June 2002 \$000 | | Note | Actual 30 June 2003 \$000 | Main Estimates 30 June 2003 \$000 | Supp. Estimates 30 June 2003 \$000 |
|------------------------------------|-----------------------------|------|------------------------------------|---|--|
| CURRENT ASSETS | | | | | |
| 22,801 | Cash and bank balances | | 13,156 | 5,890 | 3,298 |
| 1,722 | Receivables and Advances | 2 | 5,287 | 910 | 1,780 |
| 24,523 | Total Current Assets | | 18,443 | 6,800 | 5,078 |
| NON-CURRENT ASSETS | | | | | |
| - | | | - | - | - |
| 24,523 | TOTAL ASSETS | | 18,443 | 6,800 | 5,078 |

SCHEDULE OF NON-DEPARTMENTAL LIABILITIES AS AT 30 JUNE 2003

| Actual 30 June 2002 \$000 | | Note | Actual 30 June 2003 \$000 | Main Estimates 30 June 2003 \$000 | Supp. Estimates 30 June 2003 \$000 |
|------------------------------------|----------------------------------|------|------------------------------------|---|--|
| CURRENT LIABILITIES | | | | | |
| 21,604 | Creditors and Payables | 3 | 33,591 | 3,139 | 2,596 |
| 170 | Provisions | 4 | 227 | - | - |
| 21,774 | Total Current Liabilities | | 33,818 | 3,139 | 2,596 |
| TERM LIABILITIES | | | | | |
| 915 | Provisions | 4 | 814 | 850 | 970 |
| 915 | Total Term Liabilities | | 814 | 850 | 970 |
| 22,689 | TOTAL LIABILITIES | | 34,632 | 3,989 | 3,566 |

The accompanying accounting policies on page 174 are an integral part of these statements and financial schedules.

STATEMENT OF COMMITMENTS AS AT 30 JUNE 2003

| Actual 30 June 2002 \$000 | | Actual 30 June 2003 \$000 |
|------------------------------------|------------------------------------|------------------------------------|
| | Operating commitments | |
| 4,159 | Within one year of balance date | 5,764 |
| - | One to two years | - |
| - | Two to five years | - |
| - | Over five years | - |
| <u>4,159</u> | Total operating commitments | <u>5,764</u> |
| - | Capital commitments | - |
| <u>4,159</u> | Total commitments | <u>5,764</u> |

The Community Employment Group (CEG) provides funded projects (grants) to Community Groups that will assist them toward self-sustainability through a range of employment and enterprise-related projects. For projects with larger amounts it is common for a number of progress payments to be made during the project period, which are conditional on the achievement of certain milestones. As these progress payments are conditional they are recorded as commitments. Included in operating commitments is \$4.8 million for contracted progress payments not paid as at 30 June 2003.

Also included in operating commitments is \$1 million for Employment Relations Contestable Fund contracts work, which is still to be completed as at 30 June 2003.

STATEMENT OF CONTINGENT LIABILITIES AS AT 30 JUNE 2003

There were no non-departmental contingent liabilities or assets as at 30 June 2003. (None – 2001/02)

The accompanying accounting policies on page 174 are an integral part of these statements and financial schedules.

Notes to the Schedules

1. Health and Safety in Employment Levy

During the 2002/03 year, the HSE levy was collected by the Accident Compensation Corporation as part of their normal invoicing process and remitted to the Department. This was a change from the 2001/02 year, in which the levy was collected by the IRD on behalf of the Department. The amounts collected and remitted during the 2002/03 year were those that were levied on earnings relating to the 2001/02 tax year.

2. Receivable and Advances

| Actual 30 June 2002 \$000 | | Actual 30 June 2003 \$000 |
|------------------------------------|---|------------------------------------|
| 1,027 | Debtors and Receivables | 1,121 |
| 695 | Prepayments | 4,166 |
| <u>1,722</u> | Total Receivables and Advances | <u>5,287</u> |

3. Creditors and Payables

| Actual 30 June 2002 \$000 | | Actual 30 June 2003 \$000 |
|------------------------------------|---|------------------------------------|
| 3,820 | Creditors | 2,727 |
| 17,593 | Accrued expenses | 30,383 |
| 89 | Income in Advance | - |
| 102 | GST Payable | 481 |
| <u>21,604</u> | Total Creditors and Payables | <u>33,591</u> |

4. Provisions

| Actual 30 June 2002 \$000 | | Actual 30 June 2003 \$000 |
|------------------------------------|--------------------------------|------------------------------------|
| | Current Liabilities | |
| 170 | Annual Leave | 227 |
| <u>170</u> | | <u>227</u> |
| | Non-Current Liabilities | |
| 16 | Long Service Leave | 11 |
| 899 | Retirement Leave | 803 |
| <u>915</u> | Total Provisions | <u>814</u> |

Appendix 1: Policy Advice Performance Standards

Policy Advice

- The Minister expects to receive policy advice consistent with the following quality standards:
- Timeliness: advice is produced in sufficient time to allow thorough consideration prior to decision-making, or within the timeframe agreed with the Minister.
- Emerging issues: advice is provided on emerging issues that are not part of the existing work plan.
- Issue and objective: a clearly defined issue or objective to be achieved is provided.
- Analysis: the analysis is sound and convincing - that is, appropriate analytical techniques are employed, convincing evidence is provided and there is a clear rationale for recommendations made.
- Options: all viable options recognising a wider government perspective are identified and addressed.
- Consultation: where appropriate, the right individuals, government departments and interest groups are consulted at the right time and their input is used appropriately.
- Style and presentation: the report uses a satisfactory style and presentation.
- Implementation: where appropriate, information is provided on the implementation of the selected option(s), including feasibility issues, legislative implications, and assessment of fiscal, administrative and compliance costs.
- Evaluation strategy: where appropriate, advice includes how proposals will be evaluated.
- Compliance cost assessment: where appropriate, all policy is subject to an analysis of the compliance cost implications for the private and public sectors.

Appendix 2: Legislative Framework

Statutes

As at 30 June 2003, the Department administered the following legislation:

- Disabled Persons Employment Promotion Act 1960
- Employment Relations Act 2000
- Equal Pay Act 1972
- Health and Safety in Employment Act 1992
- Holidays Act 1981
- Immigration Act 1987
- Injury Prevention, Rehabilitation, and Compensation Act 2001
- Labour Department Act Repeal Act 1989
- Machinery Act 1950
- Marine and Power Engineers Institute Industrial Disputes Act 1974
- Mines Rescue Trust Act 1992
- Minimum Wage Act 1983
- Parental Leave and Employment Protection Act 1987
- Remuneration Authority Act 1977
- Seamen's Union Funds Act 1971
- Sharemilking Agreements Act 1937
- Shop Trading Hours Act Repeal Act 1990
- Trade Unions Act 1908
- Union Representatives Education Leave Act Repeal Act 1992
- Volunteers Employment Protection Act 1973
- Wages Protection Act 1983
- Waterfront Industry Reform Act 1989

Regulations

The Department also administered the following regulations:

- Abrasive Blasting Regulations 1958
- Accident Insurance ("Counsellor") Regulations 1999
- Accident Insurance (Indexation of Maximum Weekly Compensation) Regulations 1999
- Accident Insurance (Indexation of Maximum Weekly Compensation) Regulations 2000
- Accident Insurance (Indexation of Maximum Weekly Compensation) Regulations 2001
- Accident Insurance (Insurer Returns) Regulations 1999
- Accident Insurance (Insurer's Liability to Pay Cost of Treatment) Regulations 1999
- Accident Insurance (Interest on Crown Advances) Regulations 1999
- Accident Insurance (Interim Indexation) Regulations 1999
- Accident Insurance (Interim Indexation) Regulations 2000
- Accident Insurance (Interim Indexation) Regulations 2001
- Accident Insurance (Motor Spirits Duty) Order 2001
- Accident Insurance (Occupational Hearing Assessment Procedures) Regulations 1999

- Accident Insurance (Payment for Public Health Acute Services) Regulations 2000
- Accident Insurance (Payment for Public Health Acute Services) Regulations 2001
- Accident Insurance (Payment of Base Premiums) Regulations 1999
- Accident Insurance (Prescribed Rate of Interest) Regulations 1999
- Accident Insurance (Regulator's Funding Levy) Regulations 2000
- Accident Insurance (Regulator's Funding Levy) Regulations 2001
- Accident Rehabilitation and Compensation Insurance (Motor Spirits Excise Duty) Order 1998
- Amusement Devices Commencement Order 1968
- Amusement Devices Regulations 1978
- Dangerous Goods (Class 2 - Gases) Regulations 1980
- Dangerous Goods (Class 3 – Flammable Liquids) Regulations 1985
- Dangerous Goods (Class 4 - Flammable Solids or Substances and Class 5 - Oxidising Substances) Regulations 1985
- Dangerous Goods (Labelling) Regulations 1978
- Dangerous Goods (Licensing Fees) Regulations 1976
- Disabled Persons Employment Promotion Order 2002
- Electroplating Regulations 1950
- Employment Court Regulations 2000
- Employment Relations Authority Regulations 2000
- Employment Relations (Prescribed Matters) Regulations 2000
- Explosives Amendment Act Commencement Order 1979
- Explosives Authorisation Order 1994
- Explosives Regulations 1959
- Factories and Commercial Premises (First Aid) Regulations 1985
- Health and Safety in Employment (Asbestos) Regulations 1998
- Health and Safety in Employment (Mining Administration) Regulations 1996
- Health and Safety in Employment (Mining – Underground) Regulations 1999
- Health and Safety in Employment (Petroleum Exploration and Extraction) Regulations 1999
- Health and Safety in Employment (Pipelines) Regulations 1999
- Health and Safety in Employment (Prescribed Matters) Regulations 2003
- Health and Safety in Employment (Pressure Equipment, Cranes, and Passenger Ropeways) Regulations 1999
- Health and Safety in Employment (Rates of Funding Levy) Regulations 1994
- Health and Safety in Employment Regulations 1995
- Higher Salaries Commission Act Commencement Order 1978
- Higher Salaries Commission (Jurisdiction) Order (No. 3) 1987
- Higher Salaries Commission (Jurisdiction) Order 1988
- Immigration Act Commencement Order 1987
- Immigration (Refugee Processing) Regulations 1999
- Immigration Regulations 1999
- Immigration (Special Regularisation) Regulations 2000
- Immigration (Transit Visas) Regulations 2002
- Industrial Training Levies Order 1987

- Injury Prevention, Rehabilitation, and Compensation (Ancillary Services) Regulations 2002
- Injury Prevention, Rehabilitation, and Compensation (Earnings' Levy and Earnings' Account Residual Levy) Regulations 2002
- Injury Prevention, Rehabilitation, and Compensation (Employer Levy) Regulations 2003
- Injury Prevention, Rehabilitation, and Compensation (Indexation) Regulations 2002
- Injury Prevention, Rehabilitation, and Compensation (Indexation of Maximum Weekly Compensation) Regulations 2002
- Injury Prevention, Rehabilitation, and Compensation (Interest Rate for Late Payment of Levies) Regulations 2002
- Injury Prevention, Rehabilitation, and Compensation (Interim Indexation of Weekly Abatement Amounts) Regulations 2002
- Injury Prevention, Rehabilitation, and Compensation (Lump Sum and Independence Allowance) Regulations 2002
- Injury Prevention, Rehabilitation, and Compensation (Motor Vehicle Levy and Motor Vehicle Account Residual Levy) Regulations 2003
- Injury Prevention, Rehabilitation, and Compensation (Public Health Acute Services) Regulations 2002
- Injury Prevention, Rehabilitation, and Compensation (Residual Claims Levy) Regulations 2003
- Injury Prevention, Rehabilitation, and Compensation (Review Costs and Appeals) Regulations 2002
- Injury Prevention, Rehabilitation, and Compensation (Self-Employed Work Account Levies) Regulations 2003
- Lead Process Regulations 1950
- Machinery Amendment Act Commencement Order 1967
- Machinery (Exclusion of Some Pressure Equipment, Cranes, and Passenger Ropeways) Order 1999
- Minimum Wage Act Commencement Order 1985
- Minimum Wage Order (No. 2) 2003
- Minimum Wage Regulations 1946
- Noxious Substances Regulations 1954
- Parental Leave and Employment Protection Regulations 2002
- Sharemilking Agreements Order 2001
- Spray Coating Regulations 1962
- Union Representatives Education Leave Act Repeal Act Commencement Order 1992
- Workers' Compensation Order 1969

Appendix 3: Staffing as at 30 June 2003

TABLE 1: STAFFING AS AT 30 JUNE 2003

| | Females | | Males | | Total | |
|-------------------------------|------------|--------------|------------|--------------|--------------|--------------|
| | Actual | FTE | Actual | FTE | Actual | FTE |
| Office of the Chief Executive | 40 | 36.3 | 30 | 27.2 | 70 | 63.5 |
| Labour Market Policy Group | 48 | 39.9 | 25 | 22.8 | 73 | 62.7 |
| Employment Relations Service | 101 | 91.8 | 53 | 52.2 | 154 | 144 |
| Workplace Health and Safety | 101 | 93.4 | 188 | 186.4 | 289 | 279.8 |
| NZ Immigration Service* | 538 | 518.3 | 254 | 251 | 792 | 769.3 |
| Community Employment Group | 55 | 51.7 | 51 | 49 | 105 | 100.7 |
| Total | 883 | 831.4 | 601 | 588.6 | 1,484 | 1,420 |

* Note: This includes locally engaged staff offshore, but excludes Statutory Officers and New Zealand-based casual staff. FTE excludes employees on leave without pay.

FIGURE 1: GENDER DISTRIBUTION AS AT 30 JUNE 2003

Department of Labour staff by Gender - 30 June 2003

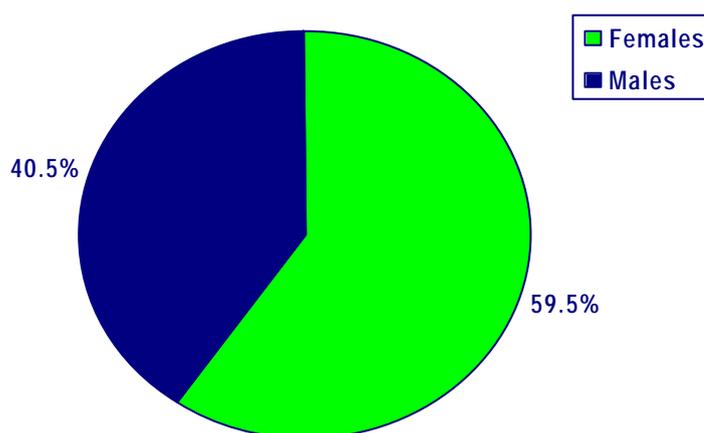


FIGURE 2: SALARY SPREAD BY GENDER AS AT 30 JUNE 2003

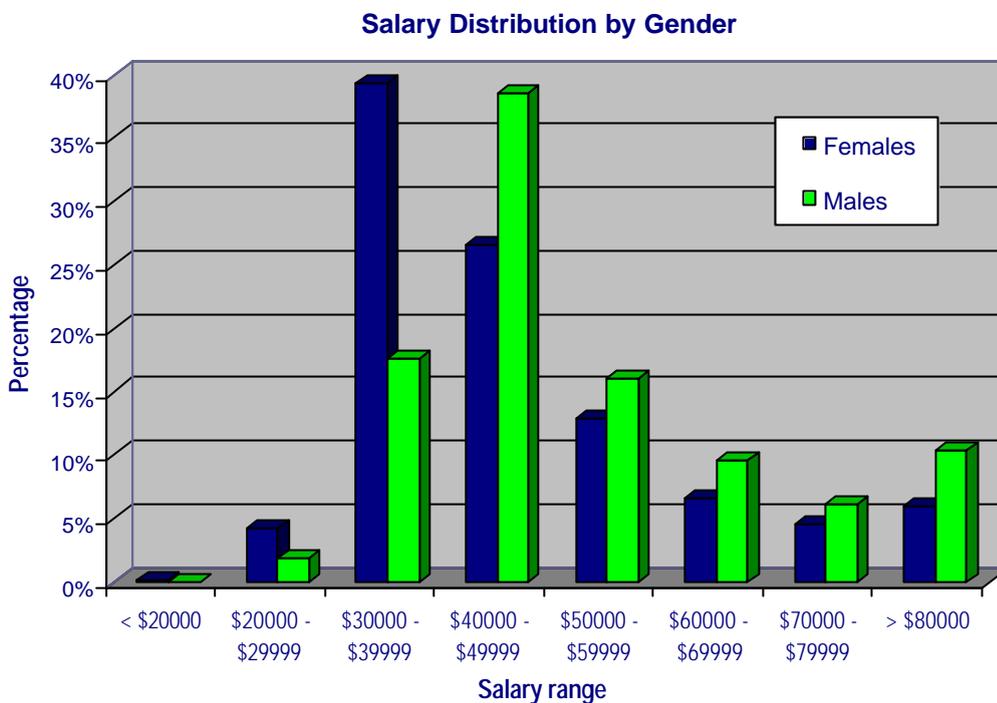
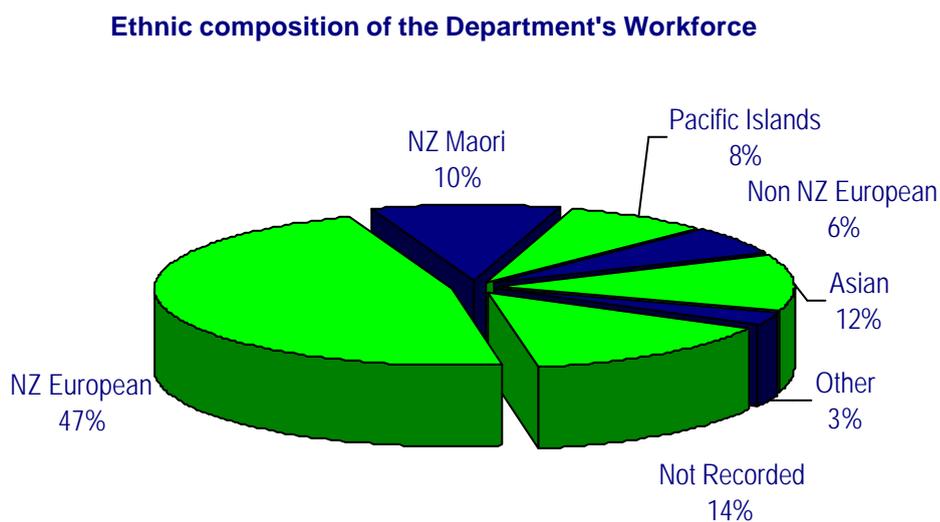


FIGURE 3: ETHNIC COMPOSITION OF ALL STAFF AS AT 30 JUNE 2003



Appendix 4: Operations of the Employment Relations Service

TABLE 1: LABOUR INSPECTORATE

Legislation Administered

Employment Relations Act 2000

Minimum Wage Act 1983

Holidays Act 1981

Parental Leave and Employment Protection Act 1987

Equal Pay Act 1972

Volunteers Employment Protection Act 1973

Wages Protection Act 1983

Shop Trading Hours Act Repeal Act 1990

Staffing as at 30 June 2003

| | |
|--|----------------------|
| Labour Inspectors | 22 including Manager |
| Information Officers | 18 |
| Information Centre Team Leader | 2 |
| Information Centre Manager | 1 |
| Information Centre Typists/Receptionists | 1 |

Workload

249,589 enquiries processed

2,166 formal complaints received

2,140 complaints resolved

148 proactive visits

Arrears Recovered: \$1,012,391.24

Penalties Awarded: \$37,250

TABLE 2: MEDIATION SERVICE

| | | |
|---|---|--------------|
| | Applications outstanding at 1 July 2002 | 877 |
| + | Applications received | 9,256 |
| + | Applications reopened | 202 |
| - | Applications disposed | 9,278 |
| | Settlements | 4,212 |
| | Not settled | 1,155 |
| | Withdrawals | 318 |
| | Transfers between locations or mediators | 31 |
| | Not proceeding | 1,344 |
| | Mediator decision | 47 |
| | Recorded settlement | 1,998 |
| | Partial settlement | 106 |
| | Other | 67 |
| | | 9,278 |
| = | Applications outstanding at 30 June 2003 | 1,038 |
| | Received | 87 |
| | Under action | 906 |
| | Adjourned | 45 |
| | | 1,038 |

Application Type Breakdown for Settlements only

The 4,212 settlements involved 4,904 application types, as several applications involved more than one type.

| Description | Number | % |
|--|--------------|-------------|
| Bargaining | 160 | 3% |
| Collective Agreement | 51 | 1% |
| Disciplinary Problems | 63 | 1% |
| Dispute - Section 129 | 98 | 2% |
| Employee - Employee problem | 82 | 2% |
| Employee - Definition | 8 | 0% |
| Good Faith | 72 | 1% |
| Individual Agreement | 116 | 2% |
| Interim Reinstatement | 2 | 0% |
| Minimum Code | 79 | 2% |
| Parental Leave | 7 | 0% |
| Personal Grievance - Discrimination | 63 | 1% |
| Personal Grievance - Disadvantage | 953 | 19% |
| Personal Grievance - Duress | 18 | 0% |
| Personal Grievance - Sexual Harassment | 41 | 1% |
| Personal Grievance - Racial Harassment | 3 | 0% |
| Personal Grievance - Unjustified Dismissal | 2,400 | 49% |
| Redundancy | 278 | 6% |
| Restraint of Trade | 16 | 0% |
| Strikes and Lockouts | 23 | 0% |
| Unions | 3 | 0% |
| Recovery of Wages | 242 | 5% |
| Other | 126 | 3% |
| TOTAL | 4,904 | 100% |

TABLE 3: EMPLOYMENT RELATIONS AUTHORITY

| | | |
|---|---|--------------|
| | Applications outstanding at 1 July 2002 | 848 |
| + | Applications received | 2,384 |
| + | Applications reopened | 49 |
| - | Applications disposed | 2,225 |
| | Determinations | 653 |
| | Withdrawals | 1,127 |
| | Investigation abandoned | 428 |
| | Removed to Court | 8 |
| | Transfers between Registry | 8 |
| | Strike Outs | 0 |
| | Other | 1 |
| | | <u>2,225</u> |
| = | Applications outstanding at 30 June 2003 | 1,053 |
| | Set down | 200 |
| | Filed not set down | 517 |
| | Outstanding determinations | 72 |
| | Awaiting mediation outcome | 264 |
| | | <u>1,053</u> |

Application Type Breakdown for Determinations Only

The 653 determinations involved 937 application types, as several applications involved more than one type. A breakdown of these applications follows:

| Description | Number | % |
|--|---------------|-------------|
| Compliance Order | 67 | 7% |
| Dispute | 27 | 3% |
| Injunction/Interim Injunction | 19 | 2% |
| Leave to Raise PG Out of Time | 6 | 1% |
| Penalty | 44 | 5% |
| Personal Grievance - Disadvantage | 85 | 9% |
| Personal Grievance - Discrimination | 12 | 1% |
| Personal Grievance - Sexual Harassment | 10 | 1% |
| Personal Grievance - Unjustified Dismissal | 425 | 45% |
| Parental Leave Complaint | 1 | 0% |
| Recovery of Wages | 184 | 20% |
| Unfair Bargaining for Individual Agreement | 1 | 0% |
| Other | 56 | 6% |
| TOTAL | 937 | 100% |

TABLE 4: EMPLOYMENT COURT

| | | |
|--|------------|-----|
| Applications outstanding at 1 July 2002 | | 238 |
| + Applications received | 199 | |
| + Applications reopened | 18 | |
| - Applications disposed | 259 | |
| Judgments | 145 | |
| Withdrawals | 106 | |
| Admin withdrawals | 8 | |
| Transfers between Registry | 0 | |
| | <u>259</u> | |
| = Applications outstanding at 30 June 2003 | | 196 |
| Set down | 24 | |
| Filed not set down | 129 | |
| Outstanding judgments | 20 | |
| Adjourned sine die | 23 | |
| | <u>196</u> | |

Application Type Breakdown for Judgments Only

The 145 judgments issued involved 150 application types, as several applications involved more than one type. A breakdown of these applications follows:

| Description | Number | % |
|---|------------|-------------|
| Appeal Against Decision of the Tribunal | 63 | 42% |
| Challenge to Authority Determination - Point of Law or Fact | 12 | 8% |
| Challenge to Authority Determination – De Novo | 47 | 31% |
| Compliance Order - ECA s56(7) | 1 | 1% |
| Damages Claim | 8 | 5% |
| Declaration/Interim Declaration | 3 | 2% |
| Harsh and Oppressive Contract – ECA s57 | 1 | 1% |
| Injunction - Other than Strike or Lockout | 2 | 1% |
| Injunction - Strike or Lockout | 1 | 1% |
| Interim Injunction - Strike or Lockout | 3 | 2% |
| Interim Injunction - Other than Strike or Lockout | 1 | 1% |
| Other | 1 | 1% |
| Referral of Question of Law from Tribunal | 1 | 1% |
| Review | 1 | 1% |
| Proceedings Transferred from Tribunal | 2 | 1% |
| Proceedings Removed from Authority | 3 | 1% |
| TOTAL | <u>150</u> | 100% |

TABLE 5: EMPLOYMENT TRIBUNAL

| | | |
|--|------------|-----|
| Applications outstanding at 1 July 2002 | | 172 |
| + Applications received | 17 | |
| + Applications reopened | 56 | |
| - Applications disposed ⁴⁴ | 208 | |
| Settlements | 25 | |
| Decisions | 133 | |
| Withdrawals | 32 | |
| Admin withdrawals | 16 | |
| Removed to Court | 1 | |
| Transfers between Registry | 1 | |
| | <u>208</u> | |
| = Applications outstanding at 30 June 2003 | | 34 |
| Set down | 8 | |
| Filed not set down | 18 | |
| Outstanding settlements | 0 | |
| Outstanding decisions | 5 | |
| Adjourned sine die | 3 | |
| | <u>34</u> | |

Application Type Breakdown for Settlements and Decisions Only

The 25 settlements and 133 decisions involved 36 settlement and 171 decision application types, as several applications involved more than one type. A breakdown of these applications follows:

Settlements

| Description | Number | % |
|--|-----------|-------------|
| Compliance Order | 2 | 6% |
| Dispute | 1 | 3% |
| Personal Grievance - Disadvantage | 3 | 8% |
| Personal Grievance - Other | 1 | 3% |
| Personal Grievance - Unjustified Dismissal | 15 | 42% |
| Penalty Action | 4 | 11% |
| Arrears of Wages | 4 | 11% |
| Wage Recovery | 6 | 17% |
| TOTAL | <u>36</u> | 100% |

⁴⁴ Excludes 48 "general mediation" Tribunal applications which were completed.

Decisions

| Description | Number | % |
|--|------------|-------------|
| Compliance Order | 8 | 5% |
| Dispute | 5 | 3% |
| Application to Tribunal for Rehearing | 2 | 1% |
| Personal Grievance - Discrimination | 3 | 2% |
| Personal Grievance - Other | 1 | 1% |
| Personal Grievance - Disadvantage | 6 | 4% |
| Personal Grievance - Sexual Harassment | 1 | 1% |
| Personal Grievance - Unjustified Dismissal | 83 | 49% |
| Submit Personal Grievance - Out of Time | 1 | 1% |
| Penalty Action | 16 | 9% |
| Parental Leave Complaint | 1 | 1% |
| Arrears of Wages | 19 | 11% |
| Wage Recovery | 25 | 15% |
| TOTAL | 171 | 100% |

Employment Tribunal — General Mediation

| | |
|-------------|----|
| Received | 0 |
| Completed | 48 |
| Outstanding | 7 |

Appendix 5: Operations of the Occupational Safety and Health Service

TABLE 1: PUBLICATIONS PRODUCED IN 2002/03

Extractive

- Serious Harm Accident Summary 2002

Forestry

- Forestry Bulletins – 1 (Published on Internet only)

Construction

- Construction Bulletins – 9 (Published on Internet only)

Agriculture

- Safe Use of ATVs on New Zealand Farms – Agricultural Guidelines
- Safe Use of ATVs on New Zealand Farms – Agricultural Guidelines (poster)

Health

- Workplace Exposure Standards 2002
- Workplace Health Bulletin – 5 (Published on Internet only)

General Workplace

- Aftermath: The Social and Economic Consequences of Workplace Injury and Illness
- Aftermath: How the lives of fifteen ordinary New Zealanders have been affected by workplace injury and illness
- Aftermath Video
- Aftermath CD
- Approved Code of Practice for the Management of Noise in the Workplace (Revised)
- Accident Alerts – 12 (Published on the Internet only)
- A Guide to the Health and Safety in Employment Act (Revised with amendments to HSE Act) (Published on Internet only)

Workinfo Publications

- An Introduction to Employers' Rights and Responsibilities under the Health and Safety in Employment Act
- Are you ready? Voluntary work and workplace health and safety
- Are you ready? Workplace health and safety and the self-employed
- Emergencies and Incident Investigation for Small Business (ACC/OSH)
- Healthy Work: Managing stress and fatigue in the workplace
- Healthy Work: Managing stress in the workplace
- How to Manage Hazards for Small Business (ACC/OSH)
- Improving Workplace Safety and Health for Small Business (ACC/OSH)
- Involving Employees in Safety at Work – Developing an approach that suits your workplace
- Training and Supervision for Small Business (ACC/OSH)
- Working Together – so we can all go home safe and well!

INDUSTRY-BASED PUBLICATIONS

- Guide to Safety with Underground Services

PUBLICATIONS REPRINTED

- How to Use Your VDU Safely
- Safe Use of ATVs on New Zealand Farms – Agricultural Guidelines

PUBLICATIONS IN PROGRESS

Approved Codes of Practice

- Approved Code of Practice for Boilers (Revision)
- Approved Code of Practice for Cranes (Revision)
- Approved Code of Practice for Training Operators and Instructors of Powered Industrial Lift Truck (Forklifts) (Revision)

Guidelines

- Farm Health and Safety Plan
- Guidelines for the Safe Use of Elevating Work Platforms in the Horticultural Industry
- Guidelines for Occupational Diving (Revision)
- Guidelines on Facilities in the Extractive Industry
- Health and Safety Guidelines for Pre-Shearing Sheep
- Port Safety
- Ship maintenance and repair
- Spray Coating

Industry-driven Publications

- Four further best practice guidelines in association with the FITO
- Health and Safety in the Flooring Industry

TABLE 2: PROSECUTIONS, CONVICTIONS AND FINES – 3 YEAR COMPARISON

| | 2000/01 | 2001/02 | 2002/03 |
|---|--|--|--|
| Prosecution cases initiated | 136 | 145 | 136 |
| Prosecution cases determined | 118 | 143 | 141 |
| • Withdrawn | 5 | 8 | 11 |
| • Convictions | 108 | 132 | 119 |
| • Dismissed | 5 | 2 | 6 |
| • Discharged without conviction | 0 | 1 | 5 |
| Conviction rate (% of cases determined) | 92% | 92% | 84% |
| Performance Measure | At least 75% of prosecutions will result in a conviction. | At least 75% of prosecution cases will result in a conviction. | At least 75% of prosecution cases will result in a conviction. |
| Activity Monitor (as per the Statement of Intent and Output Agreement): | It is expected that there will be between 200 and 280 HSE prosecutions determined each year. | It is expected that there will be between 120 and 150 HSE prosecution cases initiated each year. | Initiate 120 prosecution cases for breaches of the HSE Act. |
| Total fines | \$694,050 | \$915,750 | \$818,450 |
| Total reparation orders | n/a | n/a | \$80,570 |
| Total penalty¹ | \$694,050 | \$915,750 | \$899,020 |
| Average fine | \$5,298.09 | \$5,144.66 | \$4,353.46 |
| Maximum fine | \$40,000.00 | \$50,000.00 | \$33,000 |
| Number of charges resulting in conviction | 131 | 178 | 188 |

1 The Sentencing Act 2002, which came into effect on 1 July 2002, has had an effect on sentencing penalties under the HSE Act. While average fines have decreased, reparation awards have been made in addition to fines imposed. The sum of these is shown as "total penalties" to enable comparison with previous years.

Data Definitions

"Prosecution case" means one or more charges filed in Court against a single person in relation to a single event or incident. In other words, a case is one prosecution of one defendant, regardless of the number of charges. It is not uncommon to withdraw one charge but proceed with another. It is not uncommon for more than one person to be charged following a single event or incident. These are counted as separate cases. Prosecutions initiated in one year may not be determined until a following year.

"Initiated" means filed in Court during the financial year.

"Determined" means resolved by the Court; that is conviction, dismissal, or withdrawn.

"Withdrawn" means all charges were withdrawn.

"Conviction" means at least one charge succeeded.

"Dismissal" means no charges succeeded.

"Discharged without conviction" means that after a defendant pleaded guilty or was found guilty on one or more charges, the Court determined all such charges by discharging the defendant without entering a conviction, although a reparation order may be made. This is regardless of whether any other charges were dismissed. A discharge without conviction is deemed to be an acquittal.

"Reparation orders" may be imposed in addition to, or instead of, fines.

Hazardous Substances and New Organisms Act

One prosecution was determined during the year, resulting in a fine of \$4,000. The case also involved a Health and Safety in Employment Act charge, which is included in the count of cases above.

TABLE 3: FATAL ACCIDENTS INVESTIGATED DURING 2002/2003

73 fatal accidents were investigated in 2002/2003:

| Agriculture | | Extractive | | Forestry | | Construction | | Industrial/ Commercial | |
|----------------------------|-----------|----------------------------|----------|------------------|----------|-------------------------|-----------|---------------------------|-----------|
| Tractor accidents | 6 | Crushed by belt on crusher | 1 | Felling accident | 6 | Fall from height | 5 | Drowning | 4 |
| All terrain vehicles (ATV) | 5 | | | Hit by log | 1 | Electrocution | 4 | Crushing injuries | 4 |
| Other vehicle accidents | 3 | | | | | Vehicle rollover | 2 | Vehicle accident | 4 |
| Electrocution | 3 | | | | | Struck by vehicle | 1 | Attacked in place of work | 3 |
| Crushed by tail door | 1 | | | | | Hit by loose trailer | 1 | Diving accident | 3 |
| Confined space | 1 | | | | | Abrasive blasting gun | 1 | Fall from height | 2 |
| Power take-off | 1 | | | | | | | Train accident | 2 |
| Tree | 1 | | | | | | | Electrocution | 1 |
| Asphyxiated in offal pit | 1 | | | | | | | Died in kiln | 1 |
| | | | | | | | | Fell during horse race | 1 |
| | | | | | | Trampled by horse | 1 | | |
| | | | | | | Heart attack | 1 | | |
| | | | | | | Crushed by machinery | 1 | | |
| | | | | | | Tyre inflation accident | 1 | | |
| Totals | 22 | | 1 | | 7 | | 14 | | 29 |

Source: OSH Fatal Accidents Register

TABLE 4: FATAL ACCIDENTS INVESTIGATED — 3-YEAR COMPARISON

| Number of Fatal Accidents | Agriculture | Extractive | Forestry | Construction | Industrial/ Commercial | Total |
|---------------------------|---------------|------------|-----------------------|-----------------------|------------------------|-------|
| 2002/03 | 22 (5 ATV) | 1 | 7 (6 from felling) | 14 (5 from a fall) | 29 (3 homicides) | 73 |
| 2001/02 | 25 (7 ATV) | 5 | 2 (1 from felling) | 12 (6 from a fall) | 29 (6 homicides) | 73 |
| 2000/01 | 17 (6 ATV) | 0 | 7 (0 from felling) | 9 (1 from a fall) | 7 (0 homicides) | 40 |

Source: OSH Fatal Accidents Register

TABLE 5: VICTIM STATUS — 3-YEAR COMPARISON

| Period | Employee | Self-employed | "Bystander" | Total | Age under 18 (Included in prior totals) |
|---------|-------------|---------------|-------------|-------|--|
| 2002/03 | 38 | 19 | 16 | 73 | 6 |
| 2001/02 | 43 | 24 | 6 | 73 | 5 |
| 2000/01 | Unavailable | Unavailable | 5 | 40 | 5 |

Source: OSH Fatal Accidents Register

DEPARTMENT OF LABOUR ANNUAL REPORT 2002/03
APPENDIX B: OPERATIONS OF THE NEW ZEALAND IMMIGRATION SERVICE

| Nationality Description | 1991 Business investment category | 1991 Family de facto | 1991 Family marriage | 1991 Family sibling | 1991 General category | 1991 Humanitarian | 1995 Family child adult | 1995 Family child adult dependant | 2001 Family parent | 2001 Family sibling | 2002 Family quota adult child | 2002 Family quota adult sibling | 2002 Family quota grandparent | 2002 Family quota parent | 2002 PAC Residence Kiribati | 2002 PAC Residence Tonga | 2002 PAC Residence Tuvalu | 2002 Refugee Family Sponsored | Employees of businesses | Entrepreneur category | Investor category | Ministerial direction | October 2000 Transitional Policy | Refugee Emergency | Refugee Medical | Refugee Other | Refugee Protection | Refugee Women at Risk | Samoa Quota | Section 35A | Victims of Domestic Violence | Entrepreneur (Transitional) category | Grand Total |
|--------------------------------|-----------------------------------|----------------------|----------------------|---------------------|-----------------------|-------------------|-------------------------|-----------------------------------|--------------------|---------------------|-------------------------------|---------------------------------|-------------------------------|--------------------------|-----------------------------|--------------------------|---------------------------|-------------------------------|-------------------------|-----------------------|-------------------|-----------------------|----------------------------------|-------------------|-----------------|---------------|--------------------|-----------------------|-------------|-------------|------------------------------|--------------------------------------|-------------|
| Egypt | | | 12 | | | | | | 3 | | | | | | | | | | 2 | | | 2 | | | | | | | | | | 126 | |
| El Salvador | | | | | | | | | | | | | | | | | | | 2 | | | | | | | | | | | | | 3 | |
| Eritrea | | | | | | | | | | | | | | | | | | | | | | | | | | | 1 | | | | | 2 | |
| Ethiopia | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 62 | |
| Federated States of Micronesia | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 1 | |
| Fiji | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 1 | |
| Finland | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 2602 | |
| France | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 24 | |
| Gambia | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 153 | |
| Georgia | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 1 | |
| Germany | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 11 | |
| Ghana | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 328 | |
| Great Britain | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 20 | |
| Greece | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 6729 | |
| Grenada | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 5 | |
| Guatemala | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 5 | |
| Guyana | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 1 | |
| Haiti | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 3 | |
| Honduras | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 1 | |
| Hong Kong | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 4 | |
| Hungary | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 320 | |
| Iceland | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 23 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 10 | |

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APPENDIX E: OPERATIONS OF THE NEW ZEALAND IMMIGRATION SERVICE

| Nationality Description | 1991 Business investment category | 1991 Family de facto | 1991 Family marriage | 1991 Family sibling | 1991 General category | 1991 Humanitarian | 1995 Family child adult | 2001 Family child dependant | 2001 Family parent | 2001 Family sibling | 2002 Family quota adult child | 2002 Family quota adult sibling | 2002 Family quota grandparent | 2002 Family quota parent | 2002 PAC Residence Kiribati | 2002 PAC Residence Tonga | 2002 PAC Residence Tuvalu | 2002 Refugee Family Sponsored | Employees of businesses | Entrepreneur category | Investor category | Ministerial direction | October 2000 Transitional Policy | Refugee Emergency | Refugee Medical | Refugee Other | Refugee Protection | Refugee Women at Risk | Samoa Quota | Section 35A | Victims of Domestic Violence | Entrepreneur (Transitional) category | Grand Total |
|-------------------------|-----------------------------------|----------------------|----------------------|---------------------|-----------------------|-------------------|-------------------------|-----------------------------|--------------------|---------------------|-------------------------------|---------------------------------|-------------------------------|--------------------------|-----------------------------|--------------------------|---------------------------|-------------------------------|-------------------------|-----------------------|-------------------|-----------------------|----------------------------------|-------------------|-----------------|---------------|--------------------|-----------------------|-------------|-------------|------------------------------|--------------------------------------|-------------|
| Lithuania | | | | | | 7 | | | | | | | | | | | | | | | 2 | | | | | | | | | | | | 12 |
| Luxembourg | | | 1 | | | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | 4 |
| Macau | | | 3 | | | 1 | | | | | | | | | | | | | | | 1 | | | | | | | | | | | | 6 |
| Macedonia | | | 7 | | 1 | 23 | 5 | 1 | 11 | 8 | | | | | | | | | | | | | | | | | | | | 1 | | | 57 |
| Madagascar | | | 2 | | | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | 3 |
| Malawi | | | | | | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | 6 |
| Malaysia | | 6 | 75 | | | 862 | | 14 | 26 | | | | | | | | | | | | 2 | 112 | 5 | 31 | | 1 | | | | | | | 1140 |
| Maldives | | | 4 | | | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | 7 |
| Malta | | | | | | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | 2 |
| Mauritius | | | 1 | | | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | 5 |
| Mexico | | 1 | 5 | | | 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | 16 |
| Moldova | | | 2 | | | 6 | | | 1 | | | | | | | | | | | | | | | | | | | | | | | | 9 |
| Mongolia | | | | | | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | 4 |
| Morocco | | 1 | 8 | | | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | 13 |
| Myanmar | | 1 | 6 | | | 12 | 4 | 2 | | | | | | | | | | | | | | | | | | 17 | 1 | | | | | | 43 |
| Namibia | | 1 | 2 | | | 9 | | | | 1 | | | | | | | | | | | | | | | | | | | | | | | 13 |
| Nauru | | | 5 | | | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | 6 |
| Nepal | | 1 | 13 | 2 | | 16 | 5 | 6 | | | | | | 2 | | | | | | | | | | | | | | | | | | | 50 |
| Netherlands | | 18 | 62 | | | 176 | 1 | 3 | 9 | 1 | | | | | | | | | | | | | | | | | | | | 1 | | | 311 |
| Nigeria | | 1 | 17 | 1 | | 17 | 1 | 3 | 2 | | | | | | | | | | | | | | | | | | | | | | | | 43 |
| North Korea | | | | | | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | 1 |
| Norway | | 2 | 5 | | | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | 10 |

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APPENDIX 6: OPERATIONS OF THE NEW ZEALAND IMMIGRATION SERVICE

| Nationality Description | 1991 Business investment category | 1991 Family de facto | 1991 Family marriage | 1991 Family sibling | 1991 General category | 1991 Humanitarian | 1995 Family child adult | 1995 Family child dependant | 2001 Family child adult | 2001 Family child dependant | 2001 Family parent | 2001 Family sibling | 2002 Family quota adult child | 2002 Family quota adult sibling | 2002 Family quota grandparent | 2002 Family quota parent | 2002 PAC Residence Kiribati | 2002 PAC Residence Tonga | 2002 PAC Residence Tuvalu | 2002 Refugee Family Sponsored | Employees of businesses | Entrepreneur category | Investor category | Ministerial direction | October 2000 Transitional Policy | Refugee Emergency | Refugee Medical | Refugee Other | Refugee Protection | Refugee Women at Risk | Samoaan Quota | Section 35A | Victims of Domestic Violence | Entrepreneur (Transitional) category | Grand Total | |
|--------------------------------|-----------------------------------|----------------------|----------------------|---------------------|-----------------------|-------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|--------------------|---------------------|-------------------------------|---------------------------------|-------------------------------|--------------------------|-----------------------------|--------------------------|---------------------------|-------------------------------|-------------------------|-----------------------|-------------------|-----------------------|----------------------------------|-------------------|-----------------|---------------|--------------------|-----------------------|---------------|-------------|------------------------------|--------------------------------------|-------------|------|
| Oman | | | | | | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 6 |
| Pacific Island Trust Territory | | | | | | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 1 |
| Pakistan | | | | | | 230 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 337 |
| Palestine | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 23 |
| Papua New Guinea | | | | | | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 19 |
| Paraguay | | | | | | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 2 |
| Peru | | | | | | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 33 |
| Philippines | | | | | | 1058 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 1456 |
| Poland | | | | | | 36 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 65 |
| Portugal | | | | | | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 15 |
| Otatar | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 2 |
| Reunited | | | | | | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 2 |
| Romania | | | | | | 359 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 394 |
| Russia | | | | | | 208 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 383 |
| Rwanda | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 2 |
| Samoa | | | | | | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 1678 |
| Serbia & Montenegro | | | | | | 17 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 41 |
| Sierra Leone | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 7 |
| Singapore | | | | | | 267 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 356 |
| Slovakia | | | | | | 11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 25 |
| Slovenia | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 5 |

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APPENDIX 6: OPERATIONS OF THE NEW ZEALAND IMMIGRATION SERVICE

| Nationality Description | 1991 Business investment category | 1991 Family de facto | 1991 Family marriage | 1991 Family sibling | 1991 General category | 1991 Humanitarian | 1995 Family child adult | 1995 Family child dependant | 2001 Family parent | 2001 Family sibling | 2002 Family quota adult child | 2002 Family quota adult sibling | 2002 Family quota grandparent | 2002 Family quota parent | 2002 PAC Residence Kiribati | 2002 PAC Residence Tonga | 2002 PAC Residence Tuvalu | 2002 Refugee Family Sponsored | Employees of businesses | Entrepreneur category | Investor category | Ministerial direction | October 2000 Transitional Policy | Refugee Emergency | Refugee Medical | Refugee Other | Refugee Protection | Refugee Women at Risk | Samoa Quota | Section 35A | Victims of Domestic Violence | Entrepreneur (Transitional) category | Grand Total | | | | | | | | | | |
|-------------------------------|-----------------------------------|----------------------|----------------------|---------------------|-----------------------|-------------------|-------------------------|-----------------------------|--------------------|---------------------|-------------------------------|---------------------------------|-------------------------------|--------------------------|-----------------------------|--------------------------|---------------------------|-------------------------------|-------------------------|-----------------------|-------------------|-----------------------|----------------------------------|-------------------|-----------------|---------------|--------------------|-----------------------|-------------|-------------|------------------------------|--------------------------------------|-------------|----------|----------|-----------|------------|----------|------------|-----------|-----------|-----------|---------------|
| Turkmenistan | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 1 | | | | | | | | | | |
| Turkey | 1 | 21 | | | | | 9 | 1 | 1 | | | 1 | | | | | | | | | | | | | | | | | | | | | 52 | | | | | | | | | | |
| Turks and Cocos Islands | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 1 | | | | | | | | | | |
| Tuvalu | 1 | 6 | | | | | 8 | 6 | 4 | 4 | | | | | | | 4 | | | | | 19 | 36 | | | | | | | | | | 84 | | | | | | | | | | |
| Uganda | 2 | 42 | 4 | | | | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | 2 | | | | | | | | | | |
| Ukraine | 2 | 42 | 4 | | | | 40 | 4 | 13 | 3 | | | | | | | | | | | | 1 | | | | | | | | | | | 109 | | | | | | | | | | |
| United Arab Emirates | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 1 | | | | | | | | | | |
| United States of America | 62 | 340 | 2 | | | | 506 | 5 | 4 | 28 | 12 | 17 | | | | | 4 | | | | | | | | | | | | | | | | 1123 | | | | | | | | | | |
| Unrecorded | 1 | | | | | | 2 | 3 | 5 | 1 | | | | | | | | | | | | | | | | | | | | | | | 14 | | | | | | | | | | |
| Uruguay | | | | | | | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | 6 | | | | | | | | | | |
| Uzbekistan | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 27 | | | | | | | | | |
| Vanuatu | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 11 | | | | | | | | | |
| Venezuela | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 5 | | | | | | | | | |
| Vietnam | 2 | 130 | 4 | | | | 12 | 128 | 10 | 4 | 7 | 4 | 17 | | | | | | | | | | | | | | | | | | | | 325 | | | | | | | | | | |
| Zambia | | | | | | | 18 | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | 23 | | | | | | | | | |
| Zimbabwe | 7 | 43 | 2 | | | | 572 | 27 | 3 | 19 | 8 | 8 | | | | | | | | | | | | | | | | | | | | | | 706 | | | | | | | | | |
| NZ Certificate of Identity | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 1 | | | | | | | | | |
| St Lucia | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 1 | | | | | | | | | |
| Grand Total | 4 | 2 | 3 | 4 | 4 | 4 | 33 | 40 | 1101 | 6750 | 326 | 3 | 38 | 26646 | 863 | 713 | 309 | 847 | 2024 | 1257 | 30 | 145 | 1 | 21 | 1 | 129 | 9 | 11 | 39 | 180 | 3494 | 355 | 1793 | 5 | 6 | 27 | 639 | 7 | 463 | 26 | 10 | 76 | 48,538 |

Appendix 7: Research and Evaluation – Summary of Publications and Reports 2002/03

Title: New Zealand Injury Data Review

Authors: Richard Whatman, Mary Adams, Jo Burton, Frances Butcher, Sue Graham, Andrew McLeod, Rashmi Ragan, Margaret Bridge and Centre for Research on Work, Education and Business

Date published: October 2002

The Injury Data Review was established in April 2000 in response to the Government's objectives for injury information, which are to have access to data and reporting that will:

- monitor the incidence, trends and distribution of injury events
- identify emerging health and safety hazards, including clusters of events and outbreaks
- determine the cost of injury to society.

The study was initiated by the Department's Occupational Safety and Health Service with participation invited from groups with interests in injury prevention.

Title: Evaluating the Feb 1999 Domestic Purposes Benefit and Widows Benefit Reforms

Author: Department of Labour and Ministry of Social Development

Date published: November 2002

This paper reports on the findings of the evaluation and monitoring strategy that focused on policy reforms for Domestic Purposes Benefit (DPB) and Widows Benefit (WB) recipients, effective from 1 February 1999. Increased participation in employment was the primary means by which the reform objectives were to be achieved.

The reforms involved changes to reciprocal obligations, facilitative assistance, abatement rules, financial incentives and childcare subsidies.

The reforms had the following objectives:

- increase beneficiary participation in the labour market (aiming for sustained employment and increased income)
- reduce long-term benefit receipt
- reduce the number of children raised in long-term benefit-dependent families
- reduce fiscal costs over time.

Title: Labour Migration and Internal Labour Markets

Author: Martin Perry

Date published: November 2002

Theories explaining internal migration in industrial economies have tended not to reflect contemporary employment structures, especially the importance of internal labour markets.

Organisational labour migration has been claimed to account for over half of inter-regional relocation by employed persons. Its potential importance justifies investigation of this form of labour migration in New Zealand.

This paper uses evidence collected from interviews with 50 large employers to estimate the contribution of employee relocation to regional migration. It finds that the frequency of employee relocation has reduced but that it generates a distinctive migrant flow.

Title: Aftermath – The Social and Economic Consequences of Workplace Injury and Illness

Author: Richard Whatman, Mary Adams, Jo Burton, Frances Butcher, Sue Graham, Andrew McLeod, Rashmi Ragan, Margaret Bridge and Centre for Research on Work, Education and Business

Date published: November 2002

To explore the wider costs for society, the Social and Economic Consequences of Workplace Injury and Illness study aimed to gain an understanding of the full range of consequences of workplace illness and injury. It examined the experiences of 15 participants, their families, friends, colleagues, employers and supervisors in the workplace.

Title: Aftermath – How the lives of Fifteen Ordinary New Zealanders Have Been Affected by Workplace Injury and Illness

Authors: Richard Whatman, Mary Adams, Jo Burton, Frances Butcher, Sue Graham, Andrew McLeod, Rashmi Ragan, Margaret Bridge and Centre for Research on Work, Education and Business

Date published: November 2002

The experience of being harmed at work can be devastating, with profound emotional consequences for all involved. Many of these consequences cannot be measured directly as an economic or other cost, and the full extent of costs and consequences are often not measured or recorded in any official statistics.

This report presents the full case histories of each of the 15 participants featured in the above report, *Aftermath – The Social and Economic Consequences of Workplace Injury and Illness*.

Title: Precarious Non-Standard Employment – A Review of the Literature

Author: Deborah Tucker

Date published: December 2002

This paper reviews the literature around “non-standard” and “precarious” employment and provides an introduction to the issues surrounding the interface between some types of non-standard employment and “precariousness”. The review develops potential indicators of precariousness that could be used in the New Zealand context and argues that it is the interaction of the nature of jobs and worker preferences that determines what constitutes precarious employment.

Title: Towards Building a New Consensus about New Zealand's Productivity

Author: Weshah Razzak

Date Published: January 2003

This paper examines common methodologies that have been typically used to estimate productivity numbers in New Zealand and issues like trend estimation, convergence and spillovers (increasing returns to scale). The paper examines the effects of structural change in New Zealand's economy on productivity estimates and the nature and estimation methods of trends. It provides appropriate methodologies to estimate trended time series and panel data and challenges the consensus that New Zealand's productivity is poor.

Title: Employment Strategy: Progress to Date. July 2001 — December 2002

Author: Department of Labour

Date Published: March 2003

The Government's Employment Strategy is designed to help create the right conditions for employment and maximise employment opportunities. It ensures that there is effective government co-ordination of, and accountability for, a specific set of goals, activities and results.

Title: Business Immigration: The Evaluation of the 1999 Business Immigration Policy

Author: NZ Immigration Service

Date published: August 2002

The main aim of the evaluation was to assess whether policy objectives were being met. The strengths of the policy were identified as well as areas that could be improved. The 1999 business immigration policy introduced flexible policies and practices in order to make New Zealand a more attractive destination for business migrants. Three business residence categories were established, with each category targeting specific segments of the business migrant market. These were the Entrepreneur Category, the Investor Category, the Employees of Relocating Businesses Category and a new temporary category, the Long-term Business Visa.

The main aim of the evaluation was to assess whether policy objectives were being met. The strengths of the policy were identified as well as areas that could be improved. A variety of research methods were employed in the evaluation. The policy was found to have successfully increased the number of business migrants entering New Zealand, and they arrived with an array of business-related skills. On the whole, the major flows of business migrants came from countries with dissimilar cultures to New Zealand and from a non-English speaking background. There were a number of positive business outcomes being achieved. However, militating against the sums being invested was evidence that Investor migrants were placing their money into a passive investment, that is, a savings account with a trading bank. Auckland was the major recipient of the businesses either established or to be established by migrants across all the business categories.

Title: Trends in Residence Approvals 2001/02

Author: NZ Immigration Service

Date Published: August 2002

This report identifies, discusses and compares permanent and temporary residence trends for the 1 July 2001 to 30 June 2002 financial year. The report includes information such as: the policy categories through which migrants are approved; their source countries; the characteristics of migrants; home and job offer occupations of General Skills Category principal applicants and links between temporary permits and residence.

Title: Refugee Voices Interim Report: A Journey Towards Resettlement

Author: NZ Immigration Service

Date published: December 2002

The research explores the resettlement experiences of two groups of refugees who came to New Zealand over a six-year period. The first group are those who came to New Zealand or had their status confirmed between January and July 2001. This group is made up of quota refugees, convention refugees and family reunion refugees. This group was interviewed around six months after arrival or determination and they are being re-interviewed two years later. Their initial experiences are explored in this interim report and 209 interviews were completed for the report. In addition, focus groups were completed with refugees and refugee service providers to obtain more in-depth information. The second group are Quota refugees who have been in New Zealand for between four and six years, and they were interviewed in late 2002. Their experiences will be included in the final report.

Title: Skilled Migrants: Labour Market Experiences

Author: NZ Immigration Service

Date Published: March 2003

This report consists of two projects that describe and analyse some of the outcomes of the General Skills Category (GSC) policy. Part A is an exploratory project focusing on the attitudes and experiences of employers who offer migrants a job. The main aim of Part A was to identify and discuss some outcomes of awarding points for a job offer to GSC migrants. Part B uses a GSC proxy from the 2001 Census to provide a detailed analysis of the types of labour market outcomes that could be achieved by GSC applicants of working age. The population of study in Part B comprised New Zealand-born and overseas-born people between the ages of 25 and 44 years who were usually resident in New Zealand at the time of the 2001 Census. The variables used as a proxy for the GSC were age, educational qualifications, and English language ability. Labour market outcomes were analysed by region of origin and duration of residence.

Title: Migrants in New Zealand: An Analysis of Labour Market Outcomes for Working Aged Migrants Using 1996 and 2001 Census Data

Author: Caroline Boyd

Date Published: March 2003

The objective of this paper was to compare the labour market outcomes of recent and long-term migrants of working age (15-64) with those of working age born in New Zealand, using the 1996 and 2001 Population Censuses. The research sought to identify what characteristics differentiated migrants from New Zealand-born, and whether those characteristics impacted on labour market outcomes, and to explain relative differences in labour market outcomes.

Title: Migrants In NZ: An Analysis of 2001 Census Data

Author: NZ Immigration Service

Date Published: March 2003

The objectives of this study were to update, and further develop, a profile of the demographic characteristics of migrants to New Zealand, including migrants' settling patterns in New Zealand and their participation in the labour market. The analysis was based on tabulations of data from the 2001 Census. These tables are included in a separate appendices document (available from the NZIS website) and contain detailed data on migrants' location in New Zealand by Territorial Authority, labour force status, employment status, occupation and income. This data was analysed by age group, region of origin and duration of residence in New Zealand.

Title: The Fiscal Impact of Migrants to New Zealand 2003

Author: Business and Economic Research Ltd — BERL

Date Published: April 2003

This study investigated the fiscal impact of migrants to New Zealand for the 2001/02 fiscal year. The "fiscal" impact of migrants is defined as the contribution of migrants to central government revenue less government expenditure attributable to the migrant population. The study included a New Zealand regional analysis and discussion of the impacts of overseas-born students. The data sources used included the 2001 Census, 2002 Household Expenditure Survey, 2002 Income Survey, Government Statements of Financial Performance, Estimates of Expenditure and expenditure details.

Appendix 8: Reducing Inequalities for Disadvantaged Groups

Role of the Department of Labour

The five Services that make up the Department of Labour have a wide range of functions contributing to the Department's overarching outcome - ***People with high-quality working lives in thriving and inclusive communities***. This is what all our Services are working to achieve in partnership with other government departments and agencies, and many labour market and community organisations.

Through service delivery across a range of related areas and input into broader policy advice to the Government on issues with labour market and community development impacts, the Department seeks to link social and economic issues to enable people to develop and use their potential for the advantage of themselves and New Zealand.

Reducing inequalities for disadvantaged groups, including Maori and Pacific peoples, is integral to achieving the Department's overarching outcome. While working together towards this outcome, the Department's Services differ in their level of direct or indirect involvement in, and their approach to, reducing inequalities.

A considerable amount of the work of the Labour Market Policy Group (LMPG) in advising Government on policy issues relating to the labour market to promote better economic and social outcomes contributes directly or indirectly to reducing inequalities for disadvantaged groups.

The Community Employment Group (CEG) works directly with communities that face a range of disadvantages in the labour market, in particular Maori, Pacific peoples, women and those living in disadvantaged urban and rural areas. Through an extensive network of field advisors, CEG works alongside communities and the organisations within them to strengthen capability; grow skills and knowledge; establish effective working partnerships; and build capacity for positive change. Assistance is tailored case by case to meet the specific needs of diverse communities and to assist them to develop sustainable community enterprise and employment opportunities.

The Employment Relations Service (ERS) contributes indirectly to reducing inequalities through the general promotion of fair and productive relationships between employers and employees. More specifically, ERS contributes by providing targeted information via seminars and visits; radio slots; mediation services; support to the specialist institutions that provide employment problem-resolution services; and enforcing minimum employment standards.

The Occupational Safety and Health Service (OSH) contributes through their work in promoting safe and healthy workplaces and providing information, advice and enforcement. Disadvantaged groups tend to have higher levels of participation in high-risk employment sectors such as forestry, agriculture and construction, and Industry Sector Plans are targeted towards these groups.

The New Zealand Immigration Service (NZIS) contributes to reducing inequalities by overseeing resettlement services for refugees and working with Pacific communities to ensure policies and services result in positive outcomes. The Service also provides policy advice and research into the impacts of immigration on the New Zealand society and economy and outcomes for migrant and refugee groups.

The Office of the Chief Executive (OCE), as part of its role in providing purchase advice and monitoring to Ministers on the performance of agencies such as the Ministry of Social

Development and the Accident Compensation Corporation, has a specific focus on the achievements of outcomes for disadvantaged groups, particularly Maori and Pacific peoples.

Effectiveness in Achieving Outcomes

Evaluating the impact or outcomes of employment assistance is a challenging area of work. The Government's Employment Evaluation Strategy (EES) is an interagency project supported by the Department of Labour. The strategy's goal is to improve the ability of evaluators to provide robust and useful information to those responsible for the policy and delivery of employment assistance in New Zealand.

Outcomes of improved labour market participation and thriving, well-settled and inclusive communities are contributed to by CEG through its focus on local community enterprise and employment development for disadvantaged communities. Developing the capacity and sustainability of communities facing concentrations of disadvantage and depressed labour market conditions, and assisting the community organisations working in those communities are the main contributing activities.

Department's Strategies for Addressing the needs of Disadvantaged Groups

Introduction

A key challenge is developing a more productive and innovative economy whilst still protecting the most vulnerable in society. The labour market in New Zealand has improved considerably in recent years, with high job growth leading to a fall in unemployment to 15-year lows. Employment has lifted strongly for most groups of the working age population, particularly for the ethnic groups of Maori, Pacific peoples and other nationalities and for those with post-school qualifications (see Table 1). In terms of age, the highest job growth has been among people aged 55 years and over.

Table 1: Number of People Employed and Growth in Employment

| | Average year to March 1999 (000) | Average year to March 2003 (000) | Change (%) |
|---------------------------|--|--|---------------|
| Pakeha | 1,437.1 | 1,483.5 | 3.2 |
| Maori | 136.6 | 181.4 | 32.8 |
| Pacific peoples | 66.6 | 86.2 | 29.3 |
| Other ethnicity | 86.3 | 131.1 | 51.9 |
| Youth (15–24 year-olds) | 291.9 | 312.7 | 4.5 |
| Older workers (55+ years) | 202.4 | 271.8 | 34.3 |
| Male | 946.3 | 1028.2 | 6.0 |
| Female | 781.1 | 855.6 | 9.5 |
| Total | 1,727.4 | 1,883.9 | 9.1 |

Source: Household Labour Force Survey

Some of the groups that experienced a very large expansion in employment during the last four years still fare poorly in overall labour market outcomes compared to the national average. Maori and Pacific peoples continue to have relatively low rates of labour force participation and relatively high rates of unemployment. Those who are disadvantaged in accessing job opportunities tend to be those with no or low skills – Maori, and Pacific peoples, and also youth, people with disabilities, new migrants and solo parents. Improving

labour market participation and reducing the unemployment rates of these groups are therefore important challenges.

Policy Development and Implementation

Employment Strategy

The Department is Government's lead adviser on employment policy and monitors performance of the employment services provided by the Ministry of Social Development. Many factors affect employment outcomes – some lie within Government's direct influence, and some do not. The most significant determinants of overall employment outcomes are economic conditions and the performance of the labour market. Government interventions affect employment outcomes in a number of ways and across a number of portfolio areas.

Active labour market policies are just one part of a broad range of structural factors that impact on the labour market. They comprise a wide range of policies aimed at improving the access of the unemployed or particular disadvantaged groups to the labour market, jobs and job-related skills.

Government spending on labour market programmes is significant but the desired and actual outcomes are often very broad. The Government's Employment Evaluation Strategy is an interagency project supported by the Ministry of Social Development and the Department. The strategy's goal is to improve the ability of evaluators to provide robust and useful information to those responsible for the policy and delivery of employment assistance in New Zealand. Significant progress has been made in developing common measures and methods for estimating the net number of people who will move into employment, and assessing the cost-effectiveness of active labour market policies.

During the year, the Department continued work on the development and/or implementation of a range of policies aimed directly or indirectly at improving outcomes for disadvantaged groups.

The Government developed an Employment Strategy in 2000 as an integrated framework from which to implement their employment priorities. The strategy was reviewed in 2002. The objectives of the Employment Strategy are to:

- maximise the number of jobs that provide opportunities to increase potential and enhance productivity
- minimise persistent disadvantage in the labour market and enhance the sustainability of employment
- improve the quality of people's working lives.

Eight goals have been established to achieve these objectives. Three of these goals are aimed specifically at those who are more disadvantaged in the labour market. They are:

- improving participation in employment, earnings and the quality of employment for Maori
- improving participation in employment, earnings and the quality of employment for Pacific peoples
- improving participation in employment, earnings and the quality of employment for women, youth, mature workers, people with disabilities, and other groups at risk of long-term and persistent unemployment.

Implementing the strategy is co-ordinated through the Employment Senior Officials Group (EMPSOG) led by the Department. This Group comprises senior officials from the Ministry of Social Development, Ministry of Economic Development, Career Services, Te Puni Kokiri, Treasury, Tertiary Education Commission, Ministry of Education, Ministry of Health, Ministry of Research, Science and Technology, Ministry of Youth Affairs, Ministry of Women's Affairs, Ministry of Pacific Island Affairs and Department of Prime Minister and Cabinet.

The Group reports to Cabinet on progress on a regular basis. Six-monthly activity reports, which summarise the key activities and initiatives from all agencies that have contributed to the Government's Employment Strategy goals, are prepared in March and September of each year. In addition, an annual outcomes report, which summarises progress made in relation to the goals, is prepared in September.

As part of the Department's regular reporting on activities and outcomes achieved against the goals of the Employment Strategy, from June 2003 the Department is also required to collect information and make explicit reference in its reports to government agencies' activities against aligned or overlapping goals of the Pacific Workforce Development Strategy goals. A special feature on *Pacific Employment Growth 1997-2003* will be included in the annual *2003 Employment Strategy Report on Key Outcomes*.

The Employment Strategy provides the framework for many of the initiatives discussed below.

Job Growth and Creation

The New Zealand labour market has seen employment grow strongly over the last four years, with 157,000 more people in jobs between the March 1999 year and the March 2003 year, an increase of 9.1%. (See Table 1.)

Activities during 2002/03 to identify the factors affecting generation and destruction of job opportunities included completing a literature review on job creation, employer interviews on expansion plans and preliminary empirical work on job creation and destruction. In conjunction with Statistics New Zealand and other relevant agencies, the Department was involved in the development of a Linked Employer-Employee Database that will enable improved analysis of the process of job creation, destruction and labour market performance.

Job Seekers

Steady employment growth leads to greater opportunities for participation by those currently unemployed. One of Government's main levers to improve labour market participation and outcomes, particularly for disadvantaged job seekers, is through employment assistance provided by the Ministry of Social Development as the primary provider of government funding to assist job seekers into employment.

The Department of Labour provides Government with monitoring advice about the services the Ministry of Social Development delivers, and target levels for performance. The Government has specific employment goals to address the disparity of key at-risk or priority groups in the labour market. In 2002/03, the Department continued to work with MSD on setting employment performance targets for Maori, Pacific peoples, Maori and Pacific youth, as well as separate targets for different groups of unemployed job seekers with various short- and long-term durations of unemployment.

General Workforce Skills and skill development

Skill shortages have been a prevalent constraint for many firms over the last few years. As at June 2003, 14% of firms reported a shortage of labour as their main constraint on expanding output, a very high figure compared with the last two decades. Much of this constraint was due to a shortage of skilled staff – the reported difficulty of finding skilled staff rose to a very high net 42% in the beginning of 2003.

Building the capacity of the existing and future workforce is vital to economic growth and improved employment outcomes. Improving skills not only meets economic objectives, it also enables communities to be more thriving and inclusive.

Lack of skills can also increase vulnerability and disadvantage, as without skills that are sought after or easily transferable, people may have difficulty getting or sustaining employment.

Improving educational achievement and helping those who don't have qualifications are key challenges. Priority areas include:

- ensuring that the existing and future workforce holds foundation skills to maintain employability (whether obtained in the formal education and training sector, or in the workplace)
- improving the connections between education providers, job seekers and the world of work so the skills developed are relevant and transferable in the job market.

Specific initiatives during 2002/03 focused on assisting in reducing skill shortages through improved matching of job seekers and jobs; capacity and skill building through education; and training policies to strengthen foundation skills.

Central to this was continued co-ordination by the Department of the Government's programme responding to skill and labour shortages, including liaison with industry groups.

The Skills Action Plan commenced in May 2002. The plan has two key objectives:

- to speed up matching of people's skills to job opportunities currently available
- to reduce future skill shortages by helping people make better decisions about education and training.

Key initiatives during 2002/03 included the launch in November 2002 of the WorkSite PaeMahi portal (www.worksite.govt.nz), with further customer-focused improvements to be developed; and the workINSIGHT six-monthly publication, which provides information for careers advisers and others who provide guidance and advice on the labour market, education and training. (See Labour Market Information below for further details.)

Advice was also provided to the Ministry of Education and Tertiary Education Commission on a number of skills-related issues, including on the overall tertiary education reforms led by the Ministry of Education; on participation strategies for Modern Apprenticeships; and on the implementation of the strategic leadership role for industry training organisations. A key focus of the 2002 review of training opportunities and youth training programmes was on the acquisition of foundation skills so programme participants would become better equipped for work; and for undertaking further education and training to enhance their skills base. The Department and the Ministry of Education jointly led this review.

Special Initiatives for Youth

Young people aged 15–24 are participating less today in the workforce than 10 years ago, primarily due to increased participation in education and training. However, the rate of unemployment among those young people participating in the workforce remains high at 12%, with many young people neither working nor in education or training. For example, at any one point in time, 10-15% of young people aged 15-19 may not be in education, training or employment. Maori, Pacific peoples and young people with disabilities are over-represented in this group.

The Department of Labour, along with the Ministry of Education, Ministry of Social Development and Tertiary Education Commission, is leading a project on Youth Transitions which aims to achieve Government's shared goal with the Mayors' Taskforce for Jobs that *"by 2007, all 15-19 year olds will be engaged in appropriate education, training, work or other options that will lead to long-term economic independence and wellbeing"*. The officials group reported to Cabinet in December 2002 with a work programme for progressing towards this goal, and work is currently underway to identify the key strategies for government attention in 2004/05 and following years. A series of focus groups with Maori and Pacific young people provided information on the transitions process for these groups.

2002/03 also saw the completion of the two-year youth labour market participation project, undertaken jointly with the Ministry of Youth Affairs and Treasury. The project was to

investigate the feasibility of improving the base data available on the participation of youth in the labour market. This work has investigated new and existing information sources on youth school-to-work transitions and children's work. Outcomes will be available early in 2003/04.

Work/life Balance

A primary policy focus for the Department over the next year is promoting work/life balance. A scoping paper on work/life balance issues was completed in 2002/03. Improving the ability of people to balance their participation in paid work with other activities and responsibilities can contribute positively to desired social and economic outcomes.

Policy development will involve extensive consultation with a range of groups, including Maori, Pacific peoples, people with disabilities, migrants and women and will reflect how work/life balance means different things to different people.

It is expected that policy options will be presented to Ministers by May 2004.

The Department has also completed a literature review and undertaken case study research on "precarious" work, in which women, Maori and Pacific peoples are over-represented. Case study research involved interviews with employers and employees in the cleaning, fish processing, call centre and labour hire industries. The results of this research will inform policy advice in the coming year.

Women

The labour force participation rate for women continued to rise gradually over the last four years, with fewer women at home looking after children. The participation rate for women still remains relatively lower than for men as women undertake more unpaid work and bear much of the responsibility for childcare.

Access to childcare, and the financial reward from work relative to welfare, are two key areas influencing a person's decision to participate in paid employment. A survey of parents in 1998 showed that 22% of women and 5% of men with children had their participation in paid work affected by limited access to childcare. Policies and settings that allow women to access childcare and balance their work/life choices and commitments are likely to improve outcomes at an individual, community and national level.

During 2002/03, the Department contributed to work led by the Ministry of Education on the implementation of the Strategic Plan for Early Childhood Education, which is expected to have implications for women's labour market participation. DoL participated in an officials group reporting to joint Ministers on the flow-on effects of kindergarten teachers' pay parity. This work explored the risks to parents' labour market participation of increased costs. The officials group also contributed to the review of Early Childcare Education funding and regulations, including the development of a public consultation document on funding options for the sector. The outcomes of the Early Childcare Education Strategic Plan will influence the ability of parents to participate in paid employment, education and training.

The Paid Parental Leave Act 2002 came into force from 1 July 2002. A major focus during the 2002/03 year was communication of information to help prospective parents, new mothers and employers determine eligibility and entitlements. Channels used included the ERS website and Maori and Pacific print media and radio. The Department also worked with IRD to review the scheme including considering possibilities to widen the range of people eligible and the level of entitlements offered. A consultation document on the review was out with stakeholders for comment as at 30 June 2003.

The Department continued to work with the Ministry of Women's Affairs on pay equity. The research programme to gain a greater understanding of the causes and nature of the gender pay gap, and to identify initiatives to reduce the gap also continued. A Pay and Employment Equity Taskforce for the Public Service and public health and education sectors was established with the Department providing policy advice and secretariat services. The

Taskforce is due to make a final report for its five-year plan by 1 December 2003. As a result of advice and analysis by the Department on the review of the Employment Relations Act 2000, Cabinet has agreed to update the Equal Pay Act, which provides equal pay for the same work, to improve the enforcement regime.

The Department continued to provide support to the National Advisory Council for the Employment of Women (NACEW), an independent advisory council whose focus is on providing advice to the Minister of Labour on issues that affect employment outcomes for women. NACEW's funding will be increased over the next three years. NACEW's key priorities are pay equity, work/life balance, education and training, and women's enterprise development.

The Employment Relations Service provided seminars/talks for women on a range of employment-related issues through community groups, women's organisations and training organisations. The Department also provided financial assistance for the preparation of guidelines for employers and childcare centres on supporting breastfeeding.

Other policies and initiatives discussed elsewhere in this report also contribute to women's participation in the labour market. (See for example, the section on Employment Relations below.)

People with Disabilities

During 2002/03, the Department focused on resolving further policy issues arising from the review of vocational services for people with disabilities. Legislation to repeal the Disabled Persons Employment Promotion (DPEP) Act is still awaiting introduction to Parliament. The aim of the Act's repeal is to ensure that people with disabilities working in sheltered workshops have the same employment rights as people working in open employment. If, however, sheltered workshop clients' productivity means they are unable to earn the minimum wage, they may be eligible for an under-rate worker's permit. The draft repeal Bill currently has a category 3 priority rating on the legislative programme to be passed if possible in 2003.

The Employment Relations Service provided seminars/talks for disability groups on a range of employment-related issues. People with disabilities and their prospective employers can now access information from the Service's website on gaining minimum wage exemptions.

Regional Responsiveness

Industry and regional development policies and initiatives contribute to employment growth and reducing inequalities for disadvantaged groups. There is still persistent variation across the regions, which can be addressed by regionally responsive strategies.

Monitoring continued during 2002/03 of the Tairāwhiti Forestry Labour and Skills Strategy established to identify the causes of, and reduce, labour and skill shortages in the forestry and timber processing industry in the Tairāwhiti region. The strategy involves partnership between industry, community and government. Māori own 14% nationally of the land on which forests are planted. An evaluation of the impact of the strategy as a whole is planned for mid-2003.

The Department continued to build and strengthen relationships and initiatives with industry and regional groups, including the Nelson seafood cluster, horticulture, and the textile, clothing and footwear and forestry industries.

The Department also provides advice, analysis, information and support to industry and regional clusters experiencing labour market difficulties. This includes provision for three industry studies a year where significant labour difficulties exist, resulting in co-ordinated labour solutions. DoL has also contributed to the development of regional fora co-ordinated by MSD and attended by Ministers, including identification of key issues for each region. The Skills Action Plan communications will be fed into this process.

Regional immigration pilots were agreed between NZIS and the regional councils of the Wellington and Southland/Clutha districts. Under the pilots, NZIS and the councils are working together to address regional skills shortages, and enhance settlement outcomes for migrants.

Labour Market Information

The Department contributes to a well-functioning labour market by providing quality, customer-focused information. Access to accurate, relevant labour market information is expected to improve labour market performance by ensuring that decisions made by labour market participants are better informed. On the premise that disadvantaged groups are less likely to have access to high quality labour market information, information dissemination is likely to contribute to a reduction in inequalities.

Specific initiatives in 2002/03 included.

- a new six-monthly publication on skills and work in New Zealand, workINSIGHT, launched in November 2002. The publication, which is distributed to advisers and other labour market intermediaries, aims to inform the education, training and career choices of all labour market participants. The second issue, published in May 2003, concentrated on the pathways for young people from secondary schooling to employment or further education.
- commencement of the pilot stage of the Job Vacancy Monitoring Programme.. The programme will gather information on unfilled vacancies to identify the genuine skill shortages in the New Zealand labour market. This will allow policies to be developed to address these areas and to improve matching in the labour market.
- commencement of a pilot study on gathering information on the employment outcomes from tertiary education to gather comprehensive information from the whole tertiary education sector to assist people making decisions about their education and training, and lead to improved labour market outcomes.
- a web-based labour market portal, WorkSite PaeMahi (www.worksite.govt.nz). This multi-agency portal was launched in November 2002 and provides a wide range of labour market-related information from eight government agencies.
- the Future of Work programme, which aims to increase our understanding of future work trends and their implications for the workplace, workforce, employment opportunities and labour market regulation. Future of work brings together existing information, generates new research, and presents findings in an informative and widely accessible manner.

Community Enterprise and Employment Development

Community enterprise and employment development can be particularly useful where there is a long-term loss of capability in a community and a need to re-establish trusting relationships, both within the community itself and among community, business and government.

During 2002/03, continued effort by the Department's Community Employment Group went into ensuring the success of capacity building initiatives, including those for Maori and Pacific peoples. A record 43,125 fieldwork interventions with community groups were made, and 1,403 grants worth \$22.832 million were expended. Of these grants, 367 grants worth \$7.768 million were paid specifically to support Maori and Pacific peoples capacity building. Capacity building also forms the core component of field intervention work. The aim was that 80% of community interventions during the year would target priority groups - Maori, Pacific peoples, women, and rural and urban disadvantaged. This target was exceeded by 5%. Similarly, 55% of actual interventions targeted Maori compared with the target of 50%, while 21% of interventions targeted Pacific peoples against a target of 20%.

Phase II of a three-year effectiveness evaluation of CEG capacity building initiatives in Maori and Pacific communities was completed in 2003. The evaluation covers six initiatives relating to Maori and Pacific organisation development; Maori land development and local partnerships, and Maori and Pacific women's leadership. Phase II examined short-term outcomes and found that, overall, participation of groups had built their capacity on future ability to deliver services to communities and creation of opportunities for business and training. However, it was less evident that participation had made a difference to groups in terms of their capacity to build community networks and partnerships and (directly) contribute to the development of Maori women. The third and final phase of the evaluation, examining medium-term outcomes, will be completed in 2004.

There was continued emphasis on creating enterprise development opportunities that promote and support community businesses, and ensure that disadvantaged communities are connected to economic development opportunities. This included encouraging better use of the Social Entrepreneurs initiative which enables community "movers and shakers" to enhance their knowledge and skills, and of the Community Employment Organisations initiative. These organisations tend to function in disadvantaged communities and regions, undertaking enterprise development in areas of often marginal profitability in order to achieve social objectives and to provide employment opportunities for long-term unemployed.

The Department also provided policy advice to Ministers on community enterprise and employment development issues, including progress reports on initiatives, and review and commentary on policies and proposals of other agencies. An evaluation report on the Community Employment Organisations initiative (now renamed Community Enterprise Organisations) was completed.

The Department completed work on the Community Economic Development Action Research (CEDAR) project, which engaged community members on a range of issues of interest to them and to the Department. A further two years of work are now planned to build on lessons learned so far. Fieldwork has been carried out in three areas: Twizel, Hastings, and Christchurch. Both Maori and Pacific communities were involved, and have identified benefits from engaging in the reflective processes that are part of CEDAR. Key issues about the use of action research in community development and about issues raised by CEDAR have been noted in a summary report completed at the end of June 2003.

CEG also led the development of *Connecting Communities*, the strategy launched in June 2002 to co-ordinate government assistance to increase community access to information and communications technology (ICT).

The Community Employment Group is working with other agencies towards better co-ordination of government service delivery, and to enhance links between government and community agencies so that long-term, stable and trusting relationships are built.

Employment Relations

Women, young people, those from an ethnic minority, and people who are less skilled or educated are most likely to be in vulnerable employment. Such arrangements may include temporary or casual work at low wages. People are more likely to accept poor wages and conditions if they lack negotiating power or alternative earning opportunities. Fair and productive employment relationships are essential to developing improved labour market participation and a more skilled and knowledgeable workforce. This includes ensuring that everyone has a fair chance to gain employment to make the most of their potential through, for example, equal employment opportunities.

The premise underlying the Employment Relations Act 2000 is that the employment relationship is a human relationship as much as an economic one, and requires that the relationship be based on a reasonable equality between the parties and supported by effective means of relationship building and problem resolution.

Minimum Employment Standards

The framework provided by the Employment Relations Act is underpinned by minimum standards that protect the most vulnerable from exploitative conditions. During 2002/03, key activities related to minimum employment standards affecting disadvantaged groups were the review of the Holidays Act, minimum wage setting, minimum wage protection for people in training, equal employment opportunities and pay equity.

In 2001 an advisory group of employer and union representatives identified the need for an overhaul of the Holidays Act 1981 to provide for a clearer, simpler and more robust legislative framework for minimum leave entitlements, including cultural factors in leave entitlements for bereavement. During the year, the Department provided advice and worked with other agencies and stakeholders in developing final policy decisions and drafting the new Holidays Bill. The Bill has been drafted and promotes work practices that are family-friendly and provide work/life balance. The Bill is currently being considered by the Select Committee, which is due to report back to the House of Representatives in October 2003.

The annual review of adult and youth minimum wage rates aims to provide wage protection to vulnerable workers by ensuring wages paid are no lower than a socially acceptable minimum, and incomes of people on low incomes do not deteriorate relative to those of other workers. It also seeks to provide increased incentives to people considering work, particularly the unemployed. The annual review was completed in December 2002, and the Minimum Wage Order 2003 came into force on 24 March 2003, increasing youth and adult minimum wages by 6.2%.

The Department also provided advice and support to the legislative process of the Minimum Wage (Training Wage) Amendment Bill. This Bill aims to offer wage protection to low income and unskilled workers, and in particular proposes an incentive for employers to train employees, and minimum wage protection for recognised trainees who meet set criteria. The Bill, which was reported back to the House in October 2001, was passed into law in June 2003, giving effect to a training minimum wage set at the level of the youth minimum wage.

Following on from work in 2001/02 to consider and implement the recommendations of the Ministerial Advisory Group on Equal Employment Opportunities, the Department had discussions with the new EEO Commissioner and will be part of an inter-agency reference group working with the Commissioner on EEO issues.

The Department also continued to work with the Equal Employment Opportunities Trust to promote better equal employment opportunities for all disadvantaged groups such as good management practice, in partnership with the private sector. Assistance continued to the Schizophrenia Fellowship to determine information, support and resources required by employers who are employing people with experience of mental illness; and to the WorkAge Trust to provide information on flexible employment options with a focus on mature workers and their participation in the labour market.

As reported under "Women" above, the Department continued to work with the Ministry of Women's Affairs on pay equity and participated in, and provided advice and support to, the Pay and Employment Equity Taskforce for the Public Service.

Information Provision

In 2002/03, a key focus for the Department's Employment Relations Service continued to be providing information for the public generally, and target groups in particular, about the employment relations framework, to build knowledge and capability so that employment problems do not occur or are not as severe. The Service's Information Centre received 35% more calls and the website received 57% more visitors than in the previous year. As well as the website and publications, more than 250 seminars, radio slots and visits were undertaken in 2002/03 through Heartland clinics, community groups, women's organisations, business networks and training organisations to improve understanding and knowledge amongst disadvantaged groups.

The Employment Relations Service is also working closely with the Occupational Safety and Health Service to provide integrated information, including health and safety best practice and with the New Zealand Immigration Service as migrant workers' employment can be affected by lack of knowledge and exploitative practices such as "sweatshops".

Training provided through the Employment Relations Education Contestable Fund included opportunities for disadvantaged groups such as youth, Maori and Pacific peoples.

Occupational Safety and Health and Injury Prevention

There is a social expectation that people will not be harmed or injured in the course of their work. The quality of people's working lives and contribution to their communities are limited when they bear the avoidable social and economic costs of injury.

The Department's work on workplace health and safety, injury-prevention and related research necessarily includes those who are most disadvantaged in the labour market. Disadvantaged groups such as the lower-paid, Maori and Pacific peoples tend to have higher levels of participation in high-risk employment sectors such as forestry, agriculture and construction.

The Department has been closely involved in developing the New Zealand Injury Prevention Strategy, a project led by the ACC. Cabinet approved the final strategy in April 2003 and the strategy was launched in June 2003. This strategy has "equity" as one of its 11 underlying principles. This means injury prevention activity will aim to reduce inequalities in injury outcomes within and between groups.

Within the context of the New Zealand Injury Prevention Strategy, the Department is now leading the development of a New Zealand Workplace Health and Safety Strategy. It is expected that this strategy will also highlight issues of equity and provide a platform for improving the health and safety of disadvantaged groups in the New Zealand workforce.

During 2002/03, the Department completed research on the social consequences of workplace injury and illness, exploring the economic and social consequences to those who are injured, often the most vulnerable. In November 2002, the Department, in collaboration with ACC, published *Aftermath: The Social and Economic Consequences of Workplace Injury and Illness*, which provides an in-depth study of the impact of injury or occupational illness on injured people, their families, employers and wider community. The Department also commenced a two-year study designed to improve our understanding and measurement of the cost of injury, across different agencies; and a programme of work to understand and improve return-to-work dynamics for injured people who face disadvantages in the labour market. This programme of work will continue in 2003/04 and is likely to involve an assessment of policies, operational procedures, accountability structures and information.

An emphasis for 2002/03 was improving the information base which policy makers and wider stakeholders can use to make decisions about investments in injury prevention and rehabilitation. The report of the New Zealand Data Review (which was co-managed by the Department of Labour and Statistics New Zealand and published in October 2002) identifies a framework, set of indicators and minimum dataset for injury data. In April 2003, Statistics

New Zealand published their first report on their role as Injury Information Manager - *Injury Statistics 2001/02: Work-Related Injuries*. The report, which was based on ACC claims, reported against more than half the variables in the minimum dataset, including injury by ethnicity. The Department of Labour will continue to work with the Injury Information Manager, and to provide secretariat support to the Ministerial Advisory Panel advising the Ministers for ACC and Statistics.

The Department also made significant progress in reviewing the medical misadventure provisions in the ACC scheme, with a public consultation document published in May 2003.

A prime focus of the Occupational Safety and Health Service was promoting safe and healthy workplaces through providing improved information, education and advice targeted particularly to those in high-risk sectors.

Immigration — Migrants and Refugees

Temporary visitors on work permits and permanent migrants to New Zealand have the potential to significantly contribute to New Zealand's workforce. Labour market outcomes for recent migrants have improved, based on a comparison between the 1996 and 2001 Census. However, many migrants still experience difficulty in finding opportunities in the labour market.

During 2002/03 policy changes were introduced that were aimed at reducing the barriers to migrants gaining successful employment in New Zealand. From 20 November 2002, migrants under the General Skills and Business categories now require a higher level of English language proficiency to increase the likelihood of full participation in the workforce, and a premium is placed on the use of skills and experience in respect of job offers under the points systems. In addition, a review of the skills stream residence categories commenced and focuses on fulfilling New Zealand's needs so that migrants' contribution is in the areas of known opportunities.

NZIS continued to fund a number of contracts with providers of settlement services to assist those new migrants who have had more difficulty settling in New Zealand. The three main types of services delivered by the 33 contract providers were job-seeking assistance, community support, and initial support services for refugees. One of the key achievements under the scheme during the year was the opening of the Auckland Regional Migrant Centre. Combining central agency, local government, and community sector services, the centre is a one-stop shop that provides advice and support for migrants.

The regular monitoring of these contracts on a quarterly basis has provided NZIS with valuable information about migrants' settlement needs and helped the Service to understand migrant experiences. This knowledge is being used to inform the settlement aspects of NZIS's Customised Service strategy.

Refugees typically have additional resettlement needs and research has confirmed that unemployment and poor English skills are major issues for recently arrived refugees. However, with appropriate resettlement support and opportunities, many refugees do well in New Zealand and contribute to thriving communities and the economy.

Accordingly, particular focus and attention is given to ensuring that the additional settlement needs of refugees are met. Refugees accepted under the annual quota undergo a full orientation programme, which includes sessions on English language, the New Zealand schooling system, as well as information on services such as housing. In addition to the formal orientation programme, regular meetings are held with agencies such as health and education, as well as community groups to ensure co-ordinated service delivery to recent refugees. During 2002/03, NZIS provided services to 604 refugees. A sample group of refugees who were surveyed showed satisfaction with the services provided.

The *Refugee Voices* research project to provide information about the experiences of refugees resettling in New Zealand also continued during the year. The second wave of

interviews with refugees on their experiences and perceptions of resettlement in New Zealand was completed. The final report will be finalised following the analysis of these interviews and is expected to be available later in 2003.

Improving Outcomes for Maori and Pacific Peoples

Many of the above strategies and initiatives to reduce inequalities for disadvantaged people apply to, and contribute to improving outcomes for, Maori and Pacific peoples.

The following sections concentrate on initiatives specifically applying to Maori and Pacific peoples, and on the implementation of the Department's own Maori and Pacific Strategies. Both strategies take a dual approach: building internal capability and strengthening external linkages with Maori and Pacific peoples.

Maori Strategy

A significant change in the delivery of the Department's Maori Strategy in 2002/03 was a focus on inter-Service regional activity to supplement what the Department's Services have been delivering through their Service strategies. This change responds to the preference on the part of Maori communities for dealing with the Department as a single entity and is consistent with the Department's strategic direction.

The Department's Maori Strategy, which builds on the collective experience, knowledge and skills of staff and their Maori networks, includes five key strategic goals that the Department and our Services are collectively responsible for achieving over the five years from 2001 to 2006:

- establish active relationships with other government departments to ensure a co-ordinated approach to achieving Government's key goals for Maori
- design products and services that will be effective in building Maori social and economic development
- increase the Department's capability to support Maori social and economic development
- develop direct linkages with Maori to achieve long-term sustainable relationships
- develop flexible and responsive policy and operational processes to ensure Maori participation.

These goals align with the Government's key goals for Maori and provide a framework through which policy development and service delivery will meet Treaty of Waitangi obligations and respond to Maori needs, while including Maori in the process.

Implementation of the Department's Maori Strategy in 2002/03

Building Capability

During 2002/03, the Department implemented the Nga Rangatahi Toa Maori Scholarships programme, with three undergraduate scholars and one post-graduate scholar being awarded for the 2003 academic year. Through the Scholarships programme the Department invests in increasing the capability of the Maori community as well as increasing its own capability through the wider networks the scholars represent.

The Department explored options for providing training in te reo, tikanga and Treaty awareness through electronic media. The Te Rito interactive learning programme and a CD-based te reo course produced by Cultureflow were demonstrated to Services. In the development of a core competencies framework to support the Department's "Service Delivery Concept", due consideration has been given to the importance of te reo, tikanga and Treaty awareness as necessary competencies.

Maori staff network hui were also held during the year to develop inter-Service Maori networks and reinforce the value to the Department of our Maori staff.

Engagement with Maori

A key focus of the Maori Strategy is developing relationships with iwi and Maori to ensure that policy development and operational processes reflect Maori perspectives, processes and practices, and the regional variances within Maori communities. The Maori Perspective Unit continued to act as a catalyst between the Department and the Maori community throughout the year. Opportunities to engage with Maori locally are created through the Maori Strategy Regional Action Plans (see below). Invitations have been extended to Maori leaders to meet the Department's Management Board (now Leadership Team) and discuss their concerns and aspirations, and in 2002/03 the Chief Executive of Te Runanga A Iwi O Ngapuhi met with the Board.

Regional Approach

The inter-Service regional approach to the Department's Maori Strategy was implemented in four regions during the year. Preliminary planning has taken place in a fifth region and a further two regions have been earmarked for development. A Virtual Region has been created in the Department's National Office to provide National Office staff with opportunities to participate in the Maori Strategy.

Through the regional plans the Department has been represented at many Maori gatherings across the country. In the South Island, using the successful Hui a Iwi framework, the Department has opened dialogue with Maori communities in Christchurch, the West Coast and Central Otago.

Policy Advice

The Department consults with Maori on relevant policy issues to ensure that a Maori perspective is incorporated. A prime emphasis is on policy analysis, advice and evaluation of community enterprise and employment development aimed at improving outcomes for Maori facing labour market disadvantage. Key examples include the development of a CEG Maori tourism strategy, involvement in the evaluation of capacity building initiatives, and participation in the whole-of-government response to unsafe housing in Northland, East Cape and the Bay of Plenty. (See Community Development below.)

The Community Economic Development Action Research (CEDAR) project has included work in the Napier and Hastings area with the leaders of a local iwi (Ngati Kahungunu). Through their participation in this project, iwi leaders have identified several issues affecting their own strategic direction and their relationship with government agencies. The research has therefore proved beneficial to the iwi as well as the Department. The kind of reflective learning process embodied in CEDAR could prove to be equally valuable to other Maori groups.

As a result of the review of the Government's Employment Strategy, which the Department led in late 2002, an expanded goal for Maori was agreed - "Improving participation in employment, earnings and the quality of employment for Maori".

A special feature on Maori employment growth was published in the report *Employment Strategy: Progress to Date July 2001 – December 2002*. This feature looked at some key employment issues for Maori including incomes and occupations.

The Department continued our work with Ngai Tahu, including work on a formal relationship and specific service initiatives in the South Island.

Community Enterprise and Employment Development

CEG continued to have a major focus on Maori in its work alongside communities during 2002/03. Community enterprise and employment development assistance provides a sizeable resource to assist Maori to build capacity and create their own social, economic and employment opportunities. Over the course of the year, 55% of CEG's 43,125 fieldwork interventions included Maori as a key target group.

In addition to work with Maori as core business, CEG also continued to support four Maori capacity building initiatives with over \$6.5 million provided in grants. These covered funding to:

- Maori organisations to improve their capacity and capability by assisting with administration skills, governance issues, marketing, leadership, training and infrastructure development
- Maori communities to develop employment and training opportunities by facilitating economic ventures through use of multiple-owned Maori land
- Maori women to identify their needs and promote opportunities to enhance their entry into employment, training, economic and community development opportunities
- the Maori Women's Development Fund Inc. to promote enterprise development and provide capital finance for Maori women. Maori women are helped to enter business through business loans and advice, information and mentoring services.

Half of CEG's staff identify as being Maori. This provides a high degree of match between the skills and approach of staff and the needs of the communities they worked with. The involvement of Maori staff has also been central in the development of CEG's service delivery strategy for Maori. The strategy, which links to the broader departmental Maori Strategy, emphasises tailored on-the-ground approaches to Maori needs in each CEG region.

A key feature during 2002/03 was the implementation of the specific Maori tourism strategy that supports Maori tourism partnerships, networks and initiatives as a key opportunity for Maori economic development. Implementation of the strategy during the year included holding three regional wananga for Maori interested in tourism development, the creation of a tourism resource kit and the formation of a pilot "virtual" tourism incubator park.

CEG was involved with the work of senior officials across Government to monitor and make progress on reducing inequalities for Maori. CEG participated in the Te Puni Kokiri-led Capacity Building Senior Officials Group; a whole-of-government response to unsafe housing in Northland, East Coast and Bay of Plenty; the Ministry of Social Development-led Northland Social Development Strategy; and Te Kapinga, a whole-of-government approach to promote the economic development of Maori-owned assets and address development barriers.

Employment Relations

During 2002/03 the Employment Relations Service continued to provide and improve information services tailored to Maori and implementing initiatives to improve future service delivery. These information services included:

- access to speak to Maori staff through the Infoline
- seminars, talks, radio slots and visits targeted to providing information to Maori and improving their understanding of employment relations issues through community groups, community service groups and training organisations
- various publications including fact sheets on key issues in te reo.

The ERS Maori Strategy Working Group established in 2001/02 continued to meet quarterly to progress initiatives supporting the Maori Strategy.

ERS continued to build staff capability through involvement in hui, and te reo and tikanga classes; advertising positions in Maori publications; and the employment in the Information Centre, Labour Inspectorate, Mediation Service and Employment Relations Authority of people with specific knowledge of tikanga Maori who also provide cultural dimensions where required. The Service has also established a Maori Practice Coach position to ensure effective development and operation of mediation services by leading the development of client-centred mediation services for Maori clients. ERS also worked with CEG field staff so that employment relations matters are understood better within the communities in which the field staff work.

Occupational Safety and Health

During 2002/03, OSH continued to build on its relationships with Maori and service providers to Maori (including Maori training establishments) through regional intersectoral fora, as well as meetings with local iwi, Runanga, Trusts, and Maori business networks.

A major initiative during the year was the development and production of resources on the amendments to the Health and Safety in Employment Act, which came into effect on 5 May 2003. These included written resources in a mixture of te reo and English, and a video featuring Maori in a variety of work situations (including volunteer work on a marae). A "roadshow" proposal to disseminate information to Maori on the amendments to the Act has also been developed.

An OSH Maori Strategy Working Group was established to provide advice on implementation of the DoL Maori Strategy, together with four regional Roopu involving Maori staff to build relationships with iwi and increase understanding of local issues. Nationally, OSH continues to regularly measure and monitor performance against its Maori Strategy objectives.

The OSH Maori Strategy Working Group is finalising a Capacity Building Policy which will specify minimum standards of understanding of Treaty of Waitangi, tikanga and te reo for staff. Staff from several regions visited marae during the year to further develop their understanding of Treaty of Waitangi issues and marae protocol.

Immigration

The objectives of NZIS's Maori Strategy during 2002/03 were to involve Maori in immigration issues and to increase NZIS staff capacity so that long-term relationships with Maori can be sustained. Increasingly NZIS is advancing its Maori Strategy objectives through the Department's regional strategy, and during the year the Service began to develop regional relationships with hapu and iwi groups as well as Maori organisations and providers. This represents the first stage in establishing a basis to develop initiatives with Maori that will be evaluated in future years.

Internal capacity was developed through Treaty, protocol and language training and development of personal leadership skills in Maori staff. Further capacity building is being undertaken at a regional level with staff who participate in hui involved in te reo and tikanga development.

Further work will incorporate the Maori strategy into the core of the NZIS business strategy, Customised Service Delivery. Relationship management forms a core component of that strategy and will assist in facilitating direct relationships with Maori at a regional level to ensure that Maori have access to people who can provide information and advice. NZIS is continuing to respond to invitations from iwi, hapu and marae groups to attend hui to discuss issues and raise awareness about immigration. NZIS is also contributing to and participating in department-wide Maori initiatives.

Maori Women

During the year specific initiatives aimed towards Maori women were provided from Crown funds through the Community Employment Group. The Maori Women's Leadership initiative

provided funds for Maori women to identify their needs and promote opportunities to enhance their entry into employment, training, economic and community development opportunities.

Grants were also provided through the Maori Women's Development Fund to promote enterprise development and provide capital finance for Maori women. Maori women are assisted to enter into business by providing access to capital through business loans and providing business advice, information and mentoring services.

The Department reported to Cabinet in June 2003 on improving outcomes for Maori Women. This involved analysis of occupational changes, information on the participation of Maori women in precarious work, and identifying long-term trends in the labour market experience of Maori women.

Pacific Peoples Strategy

The Department's Pacific strategy is in its third year since its development in 2000. It was designed to ensure that future initiatives to address the needs of Pacific peoples are better co-ordinated throughout the Department and are part of an overall strategy towards achieving shared goals.

The strategy aims to ensure that the Department is well equipped to provide the best possible assistance, information, support and advice to Pacific peoples and communities, and that there are opportunities for input into the development of policies that affect Pacific peoples. It focuses on building the skills, knowledge and experience of all staff in relation to addressing the needs of Pacific peoples, making better use of our existing networks and strengthening relationships between the Department and the Pacific community.

The Pacific strategy has three outcomes:

- **Leadership:** The Department of Labour will be recognised by Pacific peoples as a preferred employer who offers opportunities to staff.
- **Building influence:** The Department of Labour will have strong internal networks and links with the Pacific community we serve, to help inform and influence our approach to how we work and to policy development.
- **Policy advice and service delivery:** The Department of Labour will be recognised as a mainstream agency that is a leading-edge provider of labour market policy advice on and service delivery to Pacific peoples.

Implementation of the Department's Pacific Strategy in 2002/03

Implementation of the Department's Pacific Strategy during the year was led by the DoL Pacific Strategy Team established to work with Services to progress and develop initiatives based on the above outcomes. All Services, including the Office of the Chief Executive, have developed Pacific Strategies, and related initiatives based on the departmental strategy were started in 2002. All Services have now established Pacific Advisory Groups to assist with their Service-specific initiatives. The DoL Pacific Strategy has now been reviewed to ensure it remains relevant both to the needs and aspirations of Pacific peoples and to the emerging concerns of the Department.

Building Internal Capability

The DoL Pacific Strategy Team established in 2001 includes one Pacific Island staff member from each Service who reports monthly on progress within their Service, and other Pacific-related activities. The Pacific Strategy Service Coach was appointed in July 2002 on an 18-month secondment to provide advice and assistance on the implementation of the new Pacific strategy. The Coach's tasks include management overview of the Department's strategy, performance monitoring, and planning and development.

The national Departmental fono for Pacific staff to network and discuss initiatives to improve responsiveness to Pacific peoples was held in early July 2003. The fono was attended by 85 staff to review the achievements of the year and develop new goals for 2003/04. The Pacific Strategy pages on the Department's intranet were improved to encourage staff and managers to access information on Pacific issues, and to provide resources and tools to assist them in reaching out to Pacific communities. Departmental policy staff and managers attended the Pacific Analysis Framework training delivered by the Ministry of Pacific Island Affairs. Managers were provided with Pacific consultation guidelines.

Building External Relationships and Influence

During 2002/03, the Department continued our involvement with the work of the Ministry of Pacific Island Affairs (MPIA) through the Chief Executives Pacific Steering Group and through participation in the Pacific Capacity Building Programmes of Action (PCB) delivered in eight regions around the country. New milestones for the 2003/04 year are close to finalisation with MPIA. Activity included community training in Immigration policy and procedures, working in partnership with Pacific community organisations to develop initiatives in the promotion of traditional skills, and assisting in strengthening the organisational capacity of Pacific groups. Further detail is provided below.

A highlight of the Department's collective activities in building responsiveness to Pacific peoples was representation for the third time at the annual Pasifika Festival at Western Springs, Auckland, in March 2003. The Department has also established relationships with Pacific communities in the far north and participated at the Pacific Expo in Hawke's Bay in early June 2003. Again, this was a valuable opportunity to demonstrate the Department's commitment to working proactively with Pacific peoples.

During the year, the Department was involved in a range of whole-of-government initiatives co-ordinated by other agencies. Examples were the series of Pacific Volunteering Consultation Fono, MPIA's "Free II C Tour" and CYFS' Pacific Expo. The DoL Pacific Strategy team is co-ordinating a collective presentation of the Department's work to Pacific communities in the Far North and in Hawke's Bay in late August 2003.

Policy Advice

As part of the Pacific Strategy, consultation on policy issues is undertaken with Pacific peoples as appropriate and relevant to ensure that a Pacific perspective is incorporated into all relevant policy proposals. As in the case of Maori, prime emphasis is on community enterprise and employment development to improve outcomes for Pacific peoples facing labour market disadvantage, such as through participation in the Pacific communities Programmes of Action.

Community Enterprise and Employment Development

As in previous years, Pacific peoples and groups remained one of the priorities of CEG's work with communities that face barriers to labour market participation.

Pacific communities were a key target group for 21% of CEG's 43,125 fieldwork interventions during the year, compared with the initial target of 20%. In addition to this core work, CEG's activities contributed to the Pacific Capacity Building Programmes of Action, with \$1.2 million in grants provided through initiatives to develop the capacity of Pacific organisations and to develop Pacific women's leadership.

The Pacific organisational development initiative is designed to increase the organisational and management capacity of Pacific groups and to strengthen and improve the groups' networks within their communities. Pacific organisational development projects aim to increase skills in administration, management, structure (planning and development), governance (developing the efficiency of boards), marketing, leadership, information technology, and hiring in professional services. The initiative also encourages delivery by

Pacific peoples for Pacific peoples. Sixty-eight new projects were funded in 2002/03, with the grant budget of \$0.900 million being fully expended.

The aim of CEG's Pacific Women's Leadership initiative is to invest in the development of Pacific women leaders and potential leaders as a positive means of building capacity in the organisations they work with. Pacific Women's Leadership projects provide training and practical skill development for potential Pacific women leaders in the areas of cultural, social and organisational development. Twenty-six new projects were funded in 2002/03, with \$0.299 million in grants being expended against a budget of \$0.300 million.

Pacific groups in Christchurch participated in the Community Employment and Development Action Research (CEDAR) project. Feedback from these groups indicated that the project helped them critically examine their goals and activities, and plan for their futures.

CEG's Pacific Service Delivery Strategy adopted in 2000/01 connects to the Department's Pacific Strategy and aligns with CEG's other strategic goals. The engagement of CEG's Pacific staff in the continued development of the strategy is vital to ensuring that the delivery remains appropriate and effective. In 2002/03 CEG's Pacific staff contributed to the design of a Pacific economic development models *Seeing with Pacific Eyes*, which describes the approach that CEG's Pacific staff take in working with Pacific communities, and maps out appropriate and workable methods that CEG Advisers and other agencies will be able to use to assist in working with Pacific communities.

Key delivery examples during 2002/03 included providing significant support to the Pasifika festival in March 2003; playing a key role in the Pacific Niu Waves Technology Expo in April 2003; assisting in establishing the inaugural Pacific women's national conference held in February 2003; and actively contributing to Pacific Community Reference Groups along with other services of the Department.

Employment Relations

The Employment Relations Service continued to provide and improve information services tailored to Pacific peoples and to implement initiatives to further enhance delivery of these services. These included access to speak to Pacific staff through the Infoline; seminars, radio slots, talks and visits targeted at providing information to Pacific peoples and improving their understanding of employment relations issues; and various publications on key issues in Pacific languages.

ERS has established a Pacific Practice Coach position to develop and deliver client-centred mediation services for Pacific clients.

ERS also participated in the Ministry of Pacific Island Affairs' Community Reference Group programme with a view to improving understanding of employment relations issues.

Occupational Safety and Health

During 2002/03, the Occupational Safety and Health Service continued to provide improved information and service delivery to Pacific peoples, aimed at reducing workplace injuries. Four volunteers from Pacific groups were appointed and trained as liaison officers for the pilot community liaison office project. This project is aimed at gaining greater access to Pacific communities to provide them with information and advice on health and safety in the workplace. Some of the liaison officers have already delivered Pacific language presentations to their community groups and overall these have been very successful. Evaluation of the presentations reflects the need for more health and safety information for Pacific peoples, and the main focus for the coming year will be further evaluation of the pilot programme, and production of a package for use nationwide.

As a result of the seminars held in early 2003 on the amendments to the Health and Safety in Employment Act, OSH has developed a new relationship with the Pacific Business Trust.

This has opened up an opportunity to make contact with Pacific peoples in businesses to further facilitate the dissemination of health and safety information.

Other initiatives during the year included participation at the Pasifika Festival and the Pacific Volunteering Fono, and the distribution of promotional material in Pacific languages.

Immigration

A key element of NZIS's Pacific Strategy is to train Pacific community leaders in the objectives and procedures relating to immigration policies and services. During 2002/03, this work on community participation was consolidated with NZIS continuing to provide community information on policy changes and working collaboratively with other government agencies, community organisations and NGO-driven projects specific to Pacific peoples.

The Service maintained close links with community reference groups and excellent progress was made in terms of the Ministry of Pacific Island Affairs' Programmes of Action, with positive feedback received from these groups on NZIS's contribution.

In 2002/03 changes identified in the evaluations of the first Pacific Access category application process were implemented. The application form was changed to be easier for ESOL applicants, and Pacific Access category community presentations were also provided to the community one month before registration opening, rather than during the registration period as had previously been the case. The presentations focused on providing an overview of the policy, with specific attention to completing the form and clarifying understanding of the policy criteria. Special meetings were held for the Fijian community, both in New Zealand and Fiji, following the expansion of the scheme to include Fijian nationals.

NZIS also worked proactively with other government departments to achieve the Pacific Strategy objectives, as well as continuing to draw on DoL networks. Examples include initiatives with the Ministry of Social Development, Ministry of Housing and Ministry of Education, where a whole-of-government approach provides a better response to meeting Pacific customers' needs. Through working with others, NZIS has been able to reach communities it had not been able to access in the past, for example youth, workers and smaller Pacific groups that are not connected through churches.

Evidence of effectiveness during 2002/03 includes increased Pacific staff personal leadership and career development, further development of networks with Pacific community leaders and continued demand for community training sessions.

Pacific Women

Initiatives during 2002/03 which were aimed specifically at reducing inequalities for Pacific women included:

- implementation of a research project sponsored by NACEW during 2001/02 which focused on the development of strategies and practices to increase the participation of Pacific women in early childhood education training. The researchers (Wellington College of Education) reported in June 2003 that the bridging course developed for Pacific women as a result of the research project has enabled the college to provide additional staffing and study support to this intake of students.
- the provision of funding through CEG's Pacific Women's Leadership initiative which assists organisations and communities to identify needs of Pacific women with an emphasis on developing leadership ability, including management skills and confidence building.

Reducing Inequalities For Disadvantaged Groups

| CATEGORY (1) — DISADVANTAGED GROUPS WITHOUT PARTICULAR REFERENCE TO MAORI AND PACIFIC PEOPLES | Group | 2002/03 Actual \$000s | 2002/03 Budgeted \$000s |
|---|--|-----------------------|-------------------------|
| VOTE LABOUR – Departmental Output Classes | | | |
| D1 Policy Advice – Labour | | | |
| Employment Relations | | | |
| Implementation of the Paid Parental Leave (PPL) Act. | Women on low incomes | Note 2 ⁴⁵ | Note 2 |
| Work with the Ministry of Women’s Affairs on pay equity issues. | Women | Note 2 | Note 2 |
| Equal Employment Opportunities. | All | Note 2 | Note 2 |
| Vocational Services review including proposed repeal of Disabled Persons Employment Promotion (DPEP) Act. | Disabled persons | Note 2 | Note 2 |
| Annual review of minimum wage. | Low income workers Unemployed ⁴⁶ | Note 2 | Note 2 |
| Development of Training Minimum Wage, including enactment of the Minimum Wage (Training Wage) Amendment Bill. | Low income workers Unskilled workers Women | Note 2 | Note 2 |
| Monitoring and evaluation of Employment Relations Act 2000. | All | Note 2 | Note 2 |
| Policy advice on trade/labour issues. | All | Note 2 | Note 2 |
| Occupational Safety and Health Policy Advice | | | |
| Analysis and support associated with the Health and Safety in Employment (HSE) Amendment Bill. | ACC claimants | Note 2 | Note 2 |
| Advice on and monitoring of the co-ordination of government’s injury prevention interventions. <i>Also applies to Vote Accident Insurance.</i> | ACC claimants | Note 2 | Note 2 |
| Research on the Social and Economic Consequences of Workplace Injury and Illness | ACC claimants/ injured workers | Note 2 | Note 2 |
| Labour Market Analysis | | | |
| Advice on employment growth and efficient matching of jobs and people including implementation of the skills action plan, and contributing to industry and regional development policies. <i>Also applies to Vote Employment.</i> | All | Note 2 | Note 2 |
| Monitoring of implementation of Tairarwhiti Forestry Labour and Skills Strategy. <i>Also applies to Vote Employment.</i> | Rural disadvantaged including Maori | Note 2 | Note 2 |

⁴⁵ See Notes at the end of this table.

⁴⁶ Maori and Pacific peoples, older workers and non-English speaking migrants tend to be disproportionately represented amongst this group.

| CATEGORY (1) — DISADVANTAGED GROUPS WITHOUT PARTICULAR REFERENCE TO MAORI AND PACIFIC PEOPLES | Group | 2002/03 Actual \$000s | 2002/03 Budgeted \$000s |
|--|--------------------------------------|---|------------------------------------|
| Labour Market Research | | | |
| Research into the impacts of changes in youth minimum wages | Youth | Note 2 | Note 2 |
| Examination of the influence of location on labour market outcomes and/or migration decisions. <i>Applies to all Votes.</i> | Urban and rural disadvantaged | Note 2 | Note 2 |
| Analysis of the effectiveness of employment programme interventions. <i>Also applies to Vote Employment.</i> | Unemployed | Note 2 | Note 2 |
| Case studies - Precarious non-standard employment. <i>Also applies to Vote Employment.</i> | All | Note 2 | Note 2 |
| Labour market monitoring | | | |
| Monitoring of and reporting on the labour market, including inequalities in labour market outcomes, including Household Labour Force Survey, Skills imbalances quarterly report, Labour market outlook. <i>Applies to all Votes.</i> | All | Note 2 | Note 2 |
| Ministerial Servicing | | | |
| Support to the National Advisory Council on the Employment of Women (NACEW). | Women | Note 2 | Note 2 |
| D4 Problem Resolution | | | |
| ERS Information services, including Infoline to increase knowledge of employment relations issues. | All including Women and Youth | Note 2 | Note 2 |
| TOTAL VOTE LABOUR DEPARTMENTAL OUTPUT CLASSES | | Note 2 | Note 2 |
| VOTE LABOUR - Non-Departmental output classes | | | |
| O3 Promotion of Equal Employment Opportunities | | | |
| \$24K to G Galtry for guidelines for supporting breastfeeding for employers and childcare centres. | Women | 24 | 24 |
| \$5K to the Schizophrenia Fellowship to determine information, support and resources required by employers who are employing people with experience of mental illness. | People with mental illness | 5 | 5 |
| \$8K to WorkAge Trust to provide information on flexible employment options with a focus on the ageing workforce and their participation. | Mature workers | 8 | 8 |
| O1 Employment Relations Education Contestable Fund | | | |
| Funding has focused on disadvantaged groups such as youth, Maori and Pacific peoples. | Youth Maori Pacific peoples | 1,333 ⁴⁷ | 2,393 |
| VOTE LABOUR Other Expenses to be Incurred by the Crown | | | |
| Joint Equal Employment Opportunities Trust - Promotion of better equal employment opportunities as good management practice, in partnership with the private sector. | All disadvantaged groups | 1,061 | 1,061 |
| TOTAL VOTE LABOUR – CROWN ACTIVITIES | | 2,431 | 3,491 |
| TOTAL VOTE LABOUR | | 2,431⁴⁸ (also see Note 2) | 3,491 (also see Note 2) |

⁴⁷ Note up to \$1.1 million carried forward into 2003/04

⁴⁸ Note up to \$1.1 million carried forward into 2003/04

| CATEGORY (1) – DISADVANTAGED GROUPS WITHOUT PARTICULAR REFERENCE TO MAORI AND PACIFIC PEOPLES | Group | 2002/03 Actual \$000s | 2002/03 Budgeted \$000s |
|---|---------------------|-----------------------|-------------------------|
| VOTE EMPLOYMENT – Departmental Output Classes | | | |
| D1 Policy, Purchase Advice and Monitoring | | | |
| Employment Strategy – implementation. | All | Note 2 | Note 2 |
| Advice on participation in work, training and other activities and effectiveness of employment-related programmes including review of Training Opportunities/Youth Training. | All | Note 2 | Note 2 |
| Contribution to education and training policies and issues, including Industry Training changes, tertiary education reforms, school to work transition and links with education policy. | All | Note 2 | Note 2 |
| Contribute to work programme around the Government's goal, shared with the Mayors' Taskforce for Jobs, that "by 2007, all 15-19 year olds will be engaged in appropriate education, training, work or other options that will lead to long-term economic independence and wellbeing". | All | Note 2 | Note 2 |
| Advice on delivery of employment related services by MSD. | All | Note 2 | Note 2 |
| Reports on international developments in employment-related policies and initiatives. | All | Note 2 | Note 2 |
| Contribute to MSD-led work on benefit reforms, including Future Directions project. | Unemployed | Note 2 | Note 2 |
| Employment evaluation strategy - projects arising from interagency evaluation and monitoring strategy for employment and welfare reform, and advice on evaluations led by other agencies. | Unemployed | Note 2 | Note 2 |
| Purchase Advice and Monitoring - Advice to Minister on the development of employment performance targets for job seekers, and commentary on the Ministry of Social Development performance against these targets. | Unemployed | Note 2 | Note 2 |
| Registered Job Seekers - Analysis and research including comparison of registered job seekers and official unemployment statistics. | Unemployed | Note 2 | Note 2 |
| Advice on early childhood education strategy and childcare policy. | Low income parents | Note 2 | Note 2 |
| LMPG - Advice on community development policies including Community Employment and Development Action Research (CEDAR) project in three communities, Community Enterprise Organisations (CEOs), including development of a monitoring and evaluation strategy, and potential for the community and voluntary sector to generate employment opportunities. | Rural disadvantaged | Note 2 | Note 2 |
| CEG – Policy advice and evaluation. Includes implementing the <i>Connecting Communities</i> strategy to increase community access to information and communications technology (ICT); and the Community Employment and Development Action Research (CEDAR) pilot above. | All | 967 | 1,007 |
| Labour Market Analysis | | | |
| Advice on employment growth and efficient matching of jobs and people including implementation of the skills action plan, and contributing to industry and regional development policies. <i>Also applies to Vote Labour.</i> | All | Note 2 | Note 2 |

| CATEGORY (1) — DISADVANTAGED GROUPS WITHOUT PARTICULAR REFERENCE TO MAORI AND PACIFIC PEOPLES | Group | 2002/03 Actual \$000s | 2002/03 Budgeted \$000s |
|--|---|------------------------------------|------------------------------------|
| Monitoring of implementation of Tairāwhiti Forestry Labour and Skills Strategy. <i>Also applies to Vote Labour.</i> | Rural, including Maori | Note 2 | Note 2 |
| Labour Market Research | | | |
| Examination of the influence of location on labour market outcomes and/or migration decisions. <i>Applies to all Votes.</i> | Urban and rural disadvantaged | Note 2 | Note 2 |
| Analysis of the effectiveness of employment programme interventions. <i>Also applies to Vote Labour.</i> | Unemployed | Note 2 | Note 2 |
| Case studies - Precarious non-standard employment. <i>Also applies to Vote Labour.</i> | All | Note 2 | Note 2 |
| D2 Community Employment and Development Services | | | |
| CEG - Community employment development assistance to communities and groups to address a range of social and economic barriers to self-sufficiency and labour market participation, including management of project grant funding. | All | 7,907 | 7,968 |
| Total Vote Employment— Departmental Output Classes | | 8,874 (also see Note 2) | 8,975 (Also see Note 2) |
| Vote Employment — Other expenses to be incurred by the Crown | | | |
| CEG - Community Employment Projects. Funding of projects leading to opportunities for employment, self-sufficiency or positive activity, with priority given to communities that face concentrations of disadvantage and depressed labour market conditions. | All | 15,065 | 15,081 |
| Total Vote Employment - Crown activities | | 15,065 | 15,081 |
| TOTAL VOTE EMPLOYMENT | | 23,939 (also see Note 2) | 24,056 (also see Note 2) |
| VOTE ACCIDENT INSURANCE | | | |
| Departmental Output Classes | | | |
| D1 Policy and Monitoring - Provide advice on policies and information base to improve injury prevention outcomes, including: | All | Note 2 | Note 2 |
| • Support the Injury Prevention Strategy | People who are injured or at risk of injury | Note 2 | Note 2 |
| • Contribute to the establishment of the Injury Information Manager and the injury surveillance dataset | Injured People | Note 2 | Note 2 |
| • Commence research into the cost of injury | Injured people | Note 2 | Note 2 |
| • Prepare advice on accident compensation policy, regulatory and legislative issues, including Medical Misadventure Review | ACC claimants | Note 2 | Note 2 |
| • Development of research to evaluate and test the achievement of the Government's objectives, including those underpinning the IRPC Act, including collaborative work with ACC | ACC claimants | Note 2 | Note 2 |

| CATEGORY (1) — DISADVANTAGED GROUPS WITHOUT PARTICULAR REFERENCE TO MAORI AND PACIFIC PEOPLES | Group | 2002/03 Actual \$000s | 2002/03 Budgeted \$000s |
|---|----------|------------------------------------|------------------------------------|
| TOTAL VOTE ACCIDENT INSURANCE | | Note 2 | Note 2 |
| VOTE IMMIGRATION | | | |
| Departmental Output Classes | | | |
| Refugee Services - Selection, funding of travel and escort of quota refugees formally mandated by UNHCR. | Refugees | 4,060 | 4,237 |
| Settlement Services - Refugee Voices research project. | Refugees | 190 | 211 |
| Total Vote Immigration – Departmental Output Classes | | 4,250 see Note 2 | 4,448 see Note 2 |
| Vote Immigration - Other expenses to be incurred by the Crown - Support for groups working with refugee claimants. | | 287 | 295 |
| Total Vote Immigration – Crown Activities | | 287 | 295 |
| TOTAL VOTE IMMIGRATION | | 4,537 (also see Note 2) | 4,743 (also see Note 2) |
| TOTAL — ALL VOTES | | | |
| Vote Labour | | 2,431 (also see Note 2) | 3,491 (also see Note 2) |
| Vote Employment | | 23,939 (also see Note 2) | 24,056 (also see Note 2) |
| Vote Accident Insurance | | Note 2 | Note 2 |
| Vote Immigration | | 4,537 (also see Note 2) | 4,743 (also see Note 2) |
| TOTAL CATEGORY (1)— ALL VOTES | | 30,907 (also see Note 2) | 32,290 (also see Note 2) |

| CATEGORY (2) — Programmes and Services aimed at improving outcomes with particular reference to effectiveness for Maori | 2002/03 Actual \$000s | 2002/03 Budgeted \$000s |
|--|-------------------------|-------------------------|
| ALL VOTES - Department of Labour Maori Strategy | Note 1 | Note 1 |
| VOTE LABOUR – Departmental Output Classes | | |
| D1 Policy Advice – Labour | | |
| ERS - Proposed changes to the Holidays Act to take into account cultural factors in leave entitlements for bereavement. | Note 2 | Note 2 |
| ERS - Equal Employment Opportunities. | Note 2 | Note 2 |
| LMPG - Tairāwhiti Forestry Labour and Skills Strategy. | Note 2 | Note 2 |
| OSH - Consultation on Occupational Safety and Health policy issues with Maori as appropriate and relevant. | Note 2 | Note 2 |
| D4 Dispute Resolution | | |
| ERS Maori Strategy - Information services to Maori and building staff capacity. | Note 2 | Note 2 |
| D5 Promoting Excellence in Self Managing Occupational Health and Safety Hazards in the Workplace and D6 Regulatory Functions Outside the Health and Safety in Employment Act 1992 | | |
| OSH Maori Strategy - Information services to Maori and building staff capacity. | Note 3 | Note 3 |
| TOTAL VOTE LABOUR | Notes 2–3 | Notes 2–3 |
| VOTE EMPLOYMENT | | |
| Departmental Output Classes | | |
| D1 Policy, Purchase Advice and Monitoring | | |
| CEG – Policy advice and evaluation. - Policy analysis, advice on and evaluation of community employment development including the developing CEG Maori tourism strategy, and participation in the whole of government response to unsafe housing in Northland, East Cape and the Bay of Plenty. | 171 | 184 |
| LMPG – Policy advice, research and evaluation. Community development policies, including Community Employment and Development Action Research (CEDAR) in second pilot community (Napier) focusing on Maori disadvantage, briefing Ministers on employment and income growth for Maori based on HLFS data and presentation on policy work and research programme to Maori Select Committee. | Note 2 | Note 2 |
| OCE - Continued discussions on a draft memorandum of understanding with Ngai Tahu. | Note 2 | Note 2 |
| D2 Community Employment and Development Services | | |
| CEG - Delivery of assistance to Maori communities and groups, including management of project grant funding and delivery of four Maori capacity building initiatives and the implementation of Maori tourism strategy. | 2,551 | 2,559 |
| Total Vote Employment — Departmental Output Classes | 2,722 Note 2 | 2,743 Note 2 |

| CATEGORY (2) — Programmes and Services aimed at improving outcomes with particular reference to effectiveness for Maori | 2002/03 Actual \$000s | 2002/03 Budgeted \$000s |
|---|----------------------------------|----------------------------------|
| VOTE EMPLOYMENT – Other Expenses to be incurred by the Crown | | |
| Community Employment Projects. Funding for initiatives to: <ul style="list-style-type: none"> Maori organisations to improve their capacity and capability through assistance with administration skills, governance issues, marketing, leadership, training and infrastructure development Maori communities to develop employment and training opportunities by facilitating economic ventures through use of multiple-owned Maori land | 4,569 | 4,580 |
| <ul style="list-style-type: none"> Maori women to identify their needs and promote opportunities to enhance their entry into employment, training, economic and community development opportunities. | 1,383 (included in the above) | 1,400 (included in the above) |
| Maori Women's Development Fund. Funding to promote enterprise development and assist Maori women to enter into business by providing access to capital through business loans and providing business advice, information and mentoring services. | 2,000 | 2,000 |
| Total — Crown activities | 6,569 | 6,580 |
| TOTAL VOTE EMPLOYMENT | 9,291 Note 2 | 9,323 Note 2 |
| VOTE IMMIGRATION – Departmental Output Classes | | |
| D1 Increasing Capacity through Immigration | | |
| Implementation of NZIS's Maori Strategy to involve Maori in immigration issues and increase NZIS staff capacity so that long-term relationships with Maori can be sustained. | 73 | 170 |
| D2 International Citizen | | |
| As for D1 above. | 11 | 26 |
| TOTAL VOTE IMMIGRATION | 84 | 196 |
| TOTAL CATEGORY (2) - ALL VOTES | 9,375 Notes 1–4 | 9,519 Notes 1–4 |

| Category (3) – Programmes and Services aimed at improving outcomes with particular reference to effectiveness for Pacific peoples | 2002/03 Actual \$000s | 2002/03 Budgeted \$000s |
|--|---------------------------|---------------------------|
| ALL VOTES - Department of Labour Pacific Strategy | Note 1 | Note 1 |
| VOTE LABOUR – Departmental Output Classes | | |
| D1 Policy Advice – Labour | | |
| Proposed changes to the Holidays Act to take into account cultural factors in leave entitlements for bereavement. | Note 2 | Note 2 |
| Support to the NACEW research project to increase the participation of Pacific Women in Early Childhood Education training. | Note 2 | Note 2 |
| Consultation on OSH policy issues with Pacific peoples as appropriate. | Note 2 | Note 2 |
| D4 Problem Resolution | | |
| ERS Pacific Strategy - Information services to Pacific peoples and building staff capacity. | Note 2 | Note 2 |
| D5 Promoting Excellence in Self Managing Occupational Health and Safety Hazards in the Workplace and D6 Regulatory Functions Outside the Health and Safety in Employment Act 1992 | | |
| OSH Pacific Strategy - Information services and building staff capacity. | Note 3 | Note 3 |
| TOTAL VOTE LABOUR- | Notes 2-3 | Notes 2-3 |
| VOTE EMPLOYMENT | | |
| Departmental Output Classes | | |
| D1 Policy, Purchase Advice and Monitoring | | |
| CEG Policy analysis, advice on and evaluation of community employment development, including Pacific communities Programmes of Action. | 59 | 63 |
| LMPG Community development policies, including Community Employment and Development Action Research (CEDAR) in third pilot community (Christchurch) focusing on Pacific disadvantage. | Note 2 | Note 2 |
| D2 Community Employment and Development Services | | |
| CEG - Delivery of assistance to Pacific communities and groups, including management of project grant funding, Pacific communities Programmes of Action, and Pacific women's leadership initiative. | 878 | 881 |
| Total Departmental Output Classes | 937 Note 2 | 944 Note 2 |
| CROWN ACTIVITIES — Other expenses to be incurred by the Crown | | |
| Community Employment Projects funding for initiatives to develop and strengthen the organisational capacity and capability of Pacific peoples community groups to deliver services related to the labour market. | 1,199 | 1,200 |
| Funding to assist organisations and communities to identify needs of Pacific women with emphasis on developing leadership ability, management skills and confidence building. | Including 299 | Including 300 |
| TOTAL VOTE EMPLOYMENT | 2,136 Note 2 | 2,144 Note 2 |
| VOTE IMMIGRATION – Departmental Output Classes | | |
| D1 Increasing Capacity | 158 | 191 |
| TOTAL VOTE IMMIGRATION | 158 | 191 |
| TOTAL CATEGORY (3) ALL VOTES | 2,294 Notes1-4 | 2,235 Notes1-4 |

FINANCIAL SUMMARY

| TOTAL — ALL CATEGORIES | 2002/03 Actual \$000s (GST incl. where applicable) | 2002/03 Budgeted \$000s (GST incl. where applicable) |
|---|---|---|
| (1) All disadvantaged groups | 30,907 (also see Note 2) | 32,290 (also see Note 2) |
| (2) Maori | 9,375 Notes 1–4 | 9,519 Notes 1–4 |
| (3) Pacific peoples | 2,294 Notes 1-4 | 2,235 Notes 1-4 |
| Sub total plus | 42,576 | 44,044 |
| Vote Labour – OSH Categories (2) and (3) | | |
| D5 Promoting Excellence in Self Managing Occupational Health and Safety Hazards in the Workplace – Note 3 | 50 | 78 |
| D6 Regulatory Functions Outside the Health and Safety in Employment Act 1992 - Note 4 | 3 | 4 |
| Sub total | 53 | 82 |
| TOTAL ALL VOTES | 42,629 | 44,126 |

NOTES :

1. The costs of implementing the Department's overall Maori and Pacific Strategies are spread over all four Votes (Employment, Labour, Accident Insurance and Immigration) and over all Services within the Department. These costs cannot easily be separately identified.
2. These programmes/services/projects are subsets of overall programmes/services/projects. In the main, these are projects under Output Class D1 (Policy, Purchase Advice and Monitoring) of the relevant Vote. Systems are not yet in place that allow the direct costs of these individual projects, and in particular those parts of the costs relating to disadvantaged groups, to be isolated.
3. These programmes/services are subsets of Vote Labour, Output Class D5, Promoting Excellence in Self Managing Occupational Health and Safety Hazards in the Workplace. Provision for expenditure on these services/projects was included in an overall Communications budget appropriation of \$78,000, with estimated actual expenditure of the order of \$50,000. These projects/services and related expenditure related to both Category (2) Maori and Category (3) Pacific peoples.
4. These programmes/services are subsets of Vote Labour, Output Class D6, Regulatory Functions Outside the Health and Safety in Employment Act 1992. Provision for expenditure on these services/projects was included in an overall budget appropriation of \$4,000, with estimated actual expenditure of the order of \$3,000. These projects/services and related expenditure related to both Category (2) Maori and Category (3) Pacific peoples. The actual activities were subsumed with the activities under Output Class D5 - Promoting Excellence in Self Managing Occupational Health and Safety Hazards in the Workplace.

LIST OF EVALUATION AND RESEARCH PROJECTS CONDUCTED DURING 2002/03 THAT FOCUS ON OUTCOMES FOR DISADVANTAGED GROUPS

| Vote/Output Class | Evaluation/Research Project – Title and Short Description | Summary of Key Findings |
|---|---|---|
| Vote Labour: Occupational Safety and Health Policy Advice | <i>Aftermath: Social and Economic Consequences of Workplace Injury and Illness</i> , Department of Labour, November 2002. | <p>This study aimed to gain an understanding of the full range of consequences of workplace injury and illness. It examined the experiences of 15 participants, their family, friends, colleagues, employers and supervisors in the workplace. As much as possible, the study tried to gain a depth of understanding of each case and chart the tangible effects on society. Three objectives were identified for the study:</p> <ul style="list-style-type: none"> • to explore the social and economic consequences of workplace injury and illness for injured and ill employees, their families, and the workplace • to identify key characteristics that determine social consequences • to inform investment in health and safety in the workplace. <p>The study highlights the debilitating effect and costs of failure to prevent workplace injury and illness for the injured and ill, their friends and family, and their workplace.</p> |
| Vote Employment: Policy, Purchase Advice and Monitoring | Maori Employment Growth published in Employment Strategy: Progress to Date July 2001 – December 2002 | This report looked at key employment issues for Maori including incomes and occupations. Maori are frequently perceived as experiencing poorer outcomes in the labour market; however this report found Maori employment has grown strongly, particularly in professional occupational groups. |
| Vote immigration: Settlement Services | Refugee Resettlement Research Project: <i>Refugee Voices</i> | <p>NZIS is undertaking a three-year research project called <i>Refugee Voices</i> to provide information about the experiences of refugees settling in New Zealand. The first stage carried out in 2000/01 was a literature review to help develop the project. The literature review summarised international and New Zealand literature on various aspects of refugee resettlement.</p> <p>The second stage involved interviewing refugees over their first two to five years in New Zealand to provide information on their experiences and perceptions of resettlement in New Zealand. Two different groups were interviewed for the research - recently arrived refugees who were interviewed at six months and then again two years after arrival (or approval of refugee status) in New Zealand; and refugees who have been in New Zealand for around five years. The first wave of interviews was completed during 2001/02 and the second wave during 2002/03.</p> <p><i>Refugee Voices</i> will be used to inform government, communities, NGOs and refugees of the factors that lead to successful resettlement and the barriers that hinder resettlement. It will provide refugees with a voice by collating their views, experiences and expectations.</p> <p>The outcome of the research will be known following the analysis of second wave interviews, with a final report due in late 2003.</p> |

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Labour Market Information Portal
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