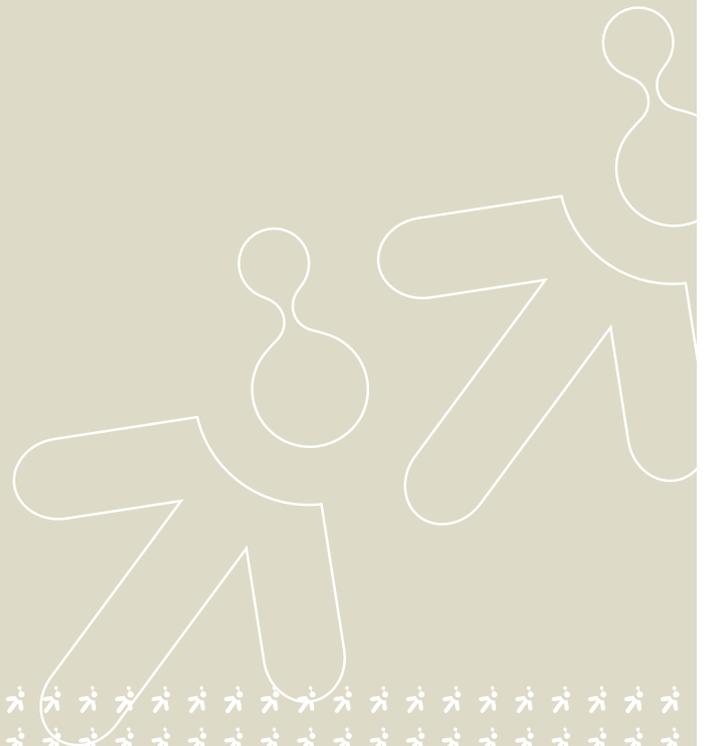




Briefing for Incoming Ministers

2008





☞ Chief Executive's Foreword

For well over a century, the Department of Labour has played a central role in New Zealand's economic and social development. Our history reaches back to 1891, a challenging and difficult time when unemployment was high and economic development a priority. In those early days, the Department compiled statistics, regulated industries and established labour exchanges¹. Since the 1930s we have also managed immigration as this has always been vital to a growing economy. Over time, our roles and responsibilities have broadened and deepened, and the Department has helped successive governments respond to a variety of changing social and economic circumstances.

New Zealand's wealth and social capital is created by people through their work. The Department has been, and remains, involved in all aspects of the development of work, and the delivery of greater value to the economy and society through that work. Our history and the scope and depth of our operations – ranging across skills, immigration and workplace practices – give us a unique view of workplaces and the workforce, and the place of these in wider society. The Department's outcome statement – “productive work and high quality working lives” – captures where we contribute and what we seek to achieve.

The span of our activities enables us to take an integrated and balanced approach to what we do – across the spectrum of policy choices of whether to ‘make’ (grow), ‘fix’ (improve) or ‘buy’ (import) the skills and talents New Zealand needs. During this current period of economic uncertainty, that will involve striking the right balance between the judicious use of migration to support development of the economy and the need to protect New Zealanders' jobs.

The Department is conscious of the need to maintain a sound operating base that allows it to deliver services of high quality and integrity. In recent times, some issues have arisen concerning the quality and integrity of our immigration services. As a result, a number of reviews are currently underway. I initiated the first of these, a review of the Pacific Division, soon after becoming Secretary – just a little over a year ago. These reviews are valuable opportunities the Department to improve – to apply their lessons and insights to its ongoing operations. As an organisation, we are committed to dealing with any issues that impede our ability to work effectively.

There are challenges in our operating environment and for New Zealand. In particular, the international demand for skilled workers will increase and we will face stiff competition in the international race for people and talent. Meeting these challenges will require the active collaboration of Government, business, unions and communities. The Department of Labour has a vital role in meeting these challenges through its contribution to the operation of an effective and productive labour market in New Zealand.



Christopher Blake | Secretary of Labour

1. “Glimpses of the Past”, John E. Martin, Department of Labour 1991, p24

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People in Workplaces Build the Economy

Our economy is built by people: what they do in workplaces and how well they do it.

The quality and composition of our workforce matters because people – workers, managers, entrepreneurs and business owners – are essential to every enterprise. Workplaces matter to New Zealand's economy because they are where people apply their skills to generate value – where they innovate, bring to bear new technologies, and convert capital investment into wealth.

The Department of Labour contributes to growing the economy through providing Government with the ability to support workers and workplaces to develop their potential and value. The Department combines its knowledge, influence and services across many fronts to help establish and sustain the foundations for economic prosperity – a capable and diverse workforce in productive, safe and healthy workplaces.

While the focus must be on giving employment preference to New Zealanders, migration and drawing on international connections has been and will continue to be vital for New Zealand's economy and workplaces, with around a quarter of our workforce having been born overseas, and 600,000 New Zealanders living off-shore. The Department helps New Zealand to widen the net and attract people (including expatriates) and opportunities from overseas.

Our activities also maintain minimum standards and deal with risks, as well as support enhancement of skills and workplace practices, to raise the value of the work done in workplaces. Put simply, the Department assists Government to choose and then deliver a complementary and balanced mix of 'make', 'buy' and 'fix' options to maximise economic and social benefits:

- **Make:**
 - Help grow our own workforce and enhance workplace skills
- **Buy:**
 - Manage visitor and student flows
 - Bring in skilled workers from overseas, whilst ensuring New Zealanders aren't displaced and border security is managed
 - Adapt best practices and knowledge developed off-shore
 - Use our international connections to best effect
- **Fix:**
 - Set and enforce workplace minimum standards; enhance workplace practices; raise the quality and value of work
 - improve workplace productivity.

> Workforce and workplace quality are critical to our economic growth

> The focus is on employment for New Zealanders, complemented by migrants



USING SEASONAL LABOUR TO DEVELOP THE HORTICULTURE AND VITICULTURE SECTOR – an example of the Department’s integrated approach

Industry was in crisis in 2004 over seasonal labour. Kiwifruit, apple and wine growing regions were facing absolute shortages of workers that hurt export earnings – in 2006, Zespri alone attributed a loss of \$20 million in exports to inadequate labour. Initially industry sought a simple immigration solution – opening the border for any potential workers to enter.

The Department co-led with Horticulture NZ a *seasonal labour strategy* development process:

- accurate supply and demand information was gathered;
- new training courses were developed;
- new work arrangements for attracting a wider range of workers (for instance shifts that matched school hours) were initiated; and
- tailored immigration responses were provided – the *Recognised Seasonal Employer* policy (*RSE*), a short-term Variation of Conditions permit and better use of Working Holiday Schemes.

This was an integrated package to move from a “numbers game” to making “productivity the key”^{*}.

The RSE scheme was designed to provide a core group of stable seasonal workers that industry could rely on and plan for. This year, this core group has secured large productivity gains – both in terms of volume and quality of work – for many RSE employers.

RSE has focused industry on the rewards of investing in a trained workforce. It has also had the added advantage of reducing the number of illegal workers. The Department has created an integrated Labour and Border Compliance Inspectorate that provides support for employers. The inspectorate provides education and advice on RSE, audits workplaces and systems and takes enforcement action where needed.

By working with industry, Pacific states, unions and government agencies (particularly Work and Income) we have been able to collectively meet immediate needs and also map a path to a much better long-term economic and social outcome for all.

The developmental impact of RSE has already begun to be felt in the Pacific, and will increase over time as workers build their productivity and the volume of their remittances.

^{*} Horticulture New Zealand, New Zealand Wine, Pipfruit New Zealand and Kiwifruit Growers Inc

This integrated approach includes the following specific activities:

- We fill the gaps in New Zealand's workforce and skills through managing migration of workers – both temporary workers and permanent skilled migrants. Immigration policy and operations are closely linked to industry needs and to safeguarding New Zealanders who are seeking work.
- We enable flows of business people and visitors between New Zealand and other countries through immigration activities. The in-flow of tourists and international students, for example, supports two of the biggest sectors in the economy in terms of foreign exchange earnings – tourism and export education.
- We manage much of the regulatory system for employment relationships, and workplace health and safety. The Department helps set the groundrules for how workplaces operate.
- We provide guidance and tools that enable employers to get beyond minimum compliance, and to manage their workplaces to improve the contribution of people – through, for example, good workplace practices that help employers attract and retain staff, through workplace productivity initiatives that help workplaces to look at and raise their own performance, and through our support for language and numeracy training.
- We provide authoritative labour market knowledge at national, regional and sectoral levels to inform and support all our activities and those of others, such as employment services and the tertiary education system. We also work with sectors to solve labour market challenges.

The Department's economic contribution doesn't just come from its specific role as an advisor, regulator, and provider of services. It comes too from the Department's strong partnerships and long-standing relationships with other government agencies and employer and union representatives.

Although a focus on economic contribution is critical in the current international economic environment and labour market context, the Department also assists Government to manage broader social objectives and risks. This involves work in areas such as border security, refugees and asylum seeker management, the settlement of migrant families, the cost of poor workplace practices, and the protection of vulnerable workers.

> The Department takes an integrated approach in managing...

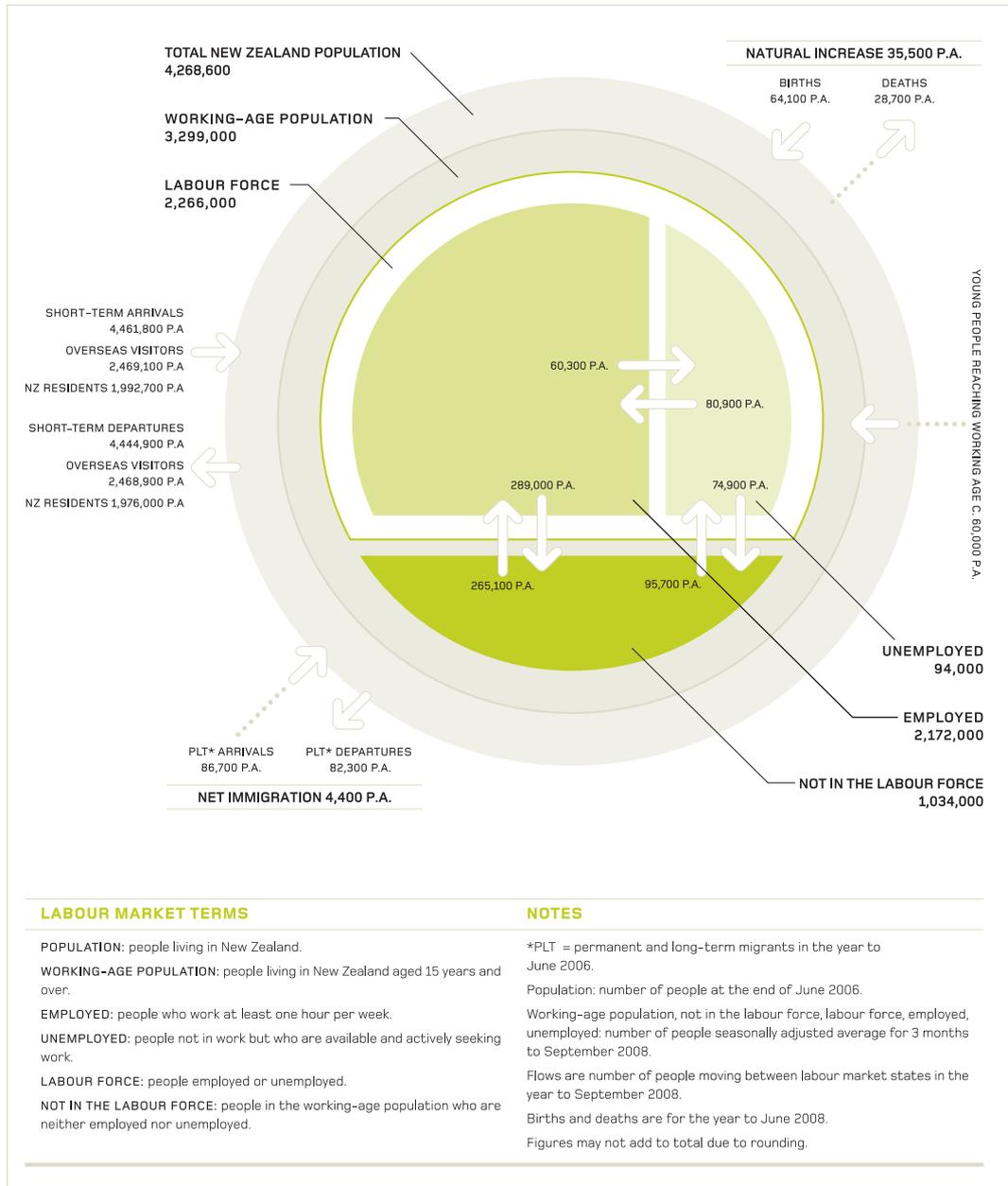
- migration
- people flows
- workplace regulation
- best practice and guidance
- labour market information

> To do this we also work with other agencies and social partners

> We contribute to social and economic outcomes



Labour Market Population Flows as at September 2008



Challenges and Opportunities for People, Workplaces and the Economy

New Zealand has enjoyed a decade of economic growth, relatively low unemployment and high labour market participation. The country is in a strong position. There are, however, looming economic, social, environmental and technological trends that will affect New Zealand in ways that cannot be fully predicted. It is important that action is taken to help New Zealand's workforce and workplaces become more flexible and resilient during changing economic cycles. In the short term, our concerns centre round the current international economic downturn, and the prospect of rising unemployment in New Zealand. At the same time, and through the longer term, New Zealand needs to respond to a range of different social, environmental and technological challenges.

To meet these ongoing challenges to economic growth and social well-being, and to be able to make the most of opportunities for growth, New Zealand needs a combination of smart responses that are coherent and complementary and that balance the policy levers available. The Department plays an active role in providing integrated advice to Government and supporting New Zealand enterprises through our work to:

- achieve increased labour productivity
- gain access to migrant workers without disadvantaging New Zealanders
- sustain high levels of participation in paid work
- address changing skill and workforce requirements
- support good standards in workplaces and in the workforce.

A strong base

Over the past decade, New Zealand has moved from an environment of high unemployment to one of high levels of participation in paid work. Employment growth averaged 2.1 percent, or around 40,000 more people in work each year. Strong growth has occurred for both full-time and part-time employment in recent years. Many of those in full-time employment also work long hours compared to other OECD countries.

Despite the small increases over the last three quarters², New Zealand has one of the lowest unemployment rates in the developed world. We anticipate that the unemployment rate will rise over the next year, because of increased economic uncertainty and the unfolding global recession.

2. As at September 2008 there were 94,000 people officially unemployed, an unemployment rate of 4.2 percent. This is the third quarter showing a small increase in unemployment after 16 consecutive quarters below 4 percent.

> New Zealand faces a number of critical social and economic issues

> New Zealand has enjoyed strong economic growth...

> with relatively low unemployment...



> but skill shortages remain a problem...

While more people than ever before are in paid work – and this is particularly the case for women and older workers³ – continued growth in the number of jobs available has led to skill and labour shortages across the economy. We expect skills shortages to remain a feature of our economy for the foreseeable future, along with continued demand for temporary and permanent migrants.

New Zealand still has relatively low unemployment and relatively high labour market participation as a strong base for economic recovery. We need to sustain overall participation levels, and smooth transitions between jobs (especially for people facing redundancy) in a way that not only minimises time out of work but also creates opportunities for people to build skills and shift into higher value jobs. If we achieve this, New Zealand will not only weather the current downturn but will be able to prosper when the economy improves.

> ...and our labour productivity has been relatively poor

New Zealand's labour productivity performance has not been as strong as the growth in the numbers of people in paid work, and is well below most other developed nations. Increased labour productivity is essential if New Zealand is to raise its standard of living, keep pace with global competitors and compensate for reduced labour force growth in the longer term. Building on the growing understanding of what works in increasing workplace productivity is a significant challenge and opportunity for New Zealand. This will include optimising the arrangements and practices that make the most of available materials, technology and talent.

The skills people offer, what happens in their workplaces and the value of what they produce are critical for growth. Having a positive impact on this set of related challenges for New Zealand's workplaces and workforce is at the heart of the Department of Labour's contribution to New Zealand's economy and underwrites its "make-buy-fix" approach.

The international economic downturn

> We face difficult and uncertain economic times...

There is much uncertainty about how the current turbulence in global financial and share markets will impact on the New Zealand economy and labour market. However, the consequences for New Zealand will include increased risk aversion and reduced availability of credit and this will both constrain economic growth and weaken business and consumer confidence. Unemployment is likely to rise further.

A global recession could also reduce demand for exports, and lower commodity prices. There are signs that inbound tourism is already reducing⁴ – particularly from the United States of America and the United Kingdom. Conversely, pressure for migrant workers to continue to remit money to families back home may lead to an increase in the number of overstayers.

3. Overall participation rate is 68.7 percent for the year to September 2008, the equal highest. For women, the rate is 62.0 percent and for older workers (55 and older) is 42 percent.
4. Comparing the month of September 2008 with September 2007, visitor arrivals were 6.6% lower.

The growing globalisation of the labour market

International competition for skilled migrants continues to grow rapidly. Strong competition for, and flows of, skilled and unskilled labour between countries are likely to continue through and beyond the global economic recession. Since the domestic labour market depends on migration, competing effectively in the global labour market is an increasingly critical issue for New Zealand. In 2006, 23 percent of people usually living in New Zealand were born overseas, up from 19 percent in 2001. Currently, one in four workers in New Zealand was born overseas, and in Auckland this figure is more than one in three workers.

Our migration policies and operational systems need to be nimble and responsive to changes in labour demand, and they need to support New Zealand in competing for migrants. Other countries – including Australia – are upgrading their immigration systems in order to better attract and retain migrants, and to strengthen the link between their immigration policies and their skill and labour needs. These changes have eroded the competitive advantage that the New Zealand immigration system has offered in terms of its customised approach and relative speed of response. New Zealand has a window of opportunity to catch up with international best practice, but is currently lagging behind in important areas like biometric identity verification and on-line application processing.

The intensifying competition for workers poses two principal challenges for New Zealand. First, we need to focus on how we attract and retain workers to supplement our New Zealand workforce. Secondly, we need to look at how work is organised in workplaces – how we can make the most of our available workforce.

Better and smarter connections with the high number of expatriates offshore will also help New Zealand optimise its integration within the global economy.

New Zealand's and other countries' populations are ageing...

The proportion of New Zealand's population aged 55 years and over is likely to grow from about one in six of the labour force now to around one in four by 2020. In future, many more people are likely to work beyond the traditional "retirement age" of 65.

These population changes will increase New Zealand's reliance on migrants – the demand for care workers, for example, from overseas is already growing markedly. Population ageing is happening faster in most other developed countries⁵ and New Zealand will be competing for workers in an increasingly tight international market, especially with countries that will feel the pressure to respond before we do. The risk is that other countries will get too far ahead of us. The opportunity is to learn from those countries' experiences.

The ageing population will also pose new challenges in terms of retaining, using, and developing the skills of older workers. Jobs in the primary sectors may need to be re-designed to reduce the physical demands on older workers. We know from our research that introducing quality flexible working arrangements will be key to attracting and retaining older workers.

5. For example, in the OECD countries, some 38 million more people will retire than will enter the workforce over the next 20 years.

> ...and a competitive international environment

> We also face a number of demographic challenges



...and becoming increasingly diverse

The ethnic mix of New Zealand's population will change in the next 10 to 15 years. The proportion of Maori and Pasifika in the workforce is expected to grow because of their higher fertility rates and younger populations. High net migration is expected to increase the Asian population at an even faster rate.

Historically high participation rates combined with record low unemployment and demographic changes mean that further growth in productivity will mostly be from working smarter, particularly as a smaller proportion of people will be available for work and those in work are already working longer⁶. However, there are some groups, including Maori and Pasifika, where there is scope for increased participation in paid work, and the opportunity to better realise New Zealand's human potential.

Although they have improved markedly over the past two decades, unemployment rates for Māori and for Pasifika are higher, and labour market participation rates lower, than for the population as a whole. Further improving those rates will be a priority for the economy and for employers, given the likely demographic changes. Improved skills and more flexible workplaces will be part of the complex mix of solutions required.

The changing nature of work and workplaces

The nature of work itself continues to evolve. This is an on-going challenge to the Department as a regulator and promoter of best practice, complicated by the relatively small scale and limited managerial capacity of many New Zealand enterprises.

Technological advances and globalisation are changing the structure and nature of work and workplaces. More workers experience frequent transitions between jobs and occupations. Emerging technologies and industries present new health and safety concerns, and will further expose the need for some poor-performing industries to rethink their approach. While there are likely to be fewer physically demanding manual jobs, the continuing shift towards service-based work may mean that jobs will make different demands on workers.

The changing composition of the workforce and the emergence of new organisational structures will require change in the way we address health and safety issues. Future occupational health and safety systems will need to cater for a greater diversity of workplaces and employment arrangements. The changing nature of labour supply (with older workers and increasing ethnic diversity) will create greater demand for more flexible working arrangements and adaptable workplace cultures.

The uptake of new technologies both requires and drives the demand for skills. There will be increased demand both for higher education and for skills that are more transferable across jobs and sectors. In terms of skills, we need to be responsive to changes in workplace needs. More jobs will require continuous updating of skills and knowledge as technologies and workplace

6. In September 2008, 68.7 percent of the working age population was in the labour force and, by 2020, this is expected to fall to 63 percent.

> The nature of work itself continues to evolve

structures adapt to the global forces outlined above. At the same time, there will also be more demand for what have been traditionally viewed as lower-skilled service jobs. New Zealand needs a workforce that is more flexible and more resilient. We need to improve workers' skills at all levels and in all areas of the economy – not just in those jobs traditionally perceived as highly skilled.

The rising costs of injury in New Zealand

The social and economic costs of injury in New Zealand are significant and rising. A recent New Zealand Institute of Economic Research report, commissioned by the Department and ACC and based on data up to 2006/07, estimated that the social cost of injury in New Zealand was \$60 billion per annum – \$3-3.5 billion of which comprises direct resource costs⁷. New Zealand's workplace injury and fatality rates are relatively high in comparison with countries such as Australia and the United Kingdom.

While the number of workplace fatalities and injuries has fallen slightly over the past five years, the Government's liability through ACC rose more than 16 percent during the year to June 2008. Half this growth was attributable to rehabilitation costs for serious injuries and weekly compensation costs for non-fatal claims. These costs have continued to increase and are expected to grow even more rapidly in the future. Similar patterns are evident across other areas covered by the ACC Scheme, including motor vehicle accidents and injuries occurring outside the working environment.

In terms of rising ACC costs, this situation presents three immediate challenges and opportunities:

- the need to reduce the incidence of fatalities and injuries
- to more quickly and effectively rehabilitate people back into work
- to constrain the rising costs of treatment.

7. The social cost is the sum of the resource costs (loss of output, lifetime medical and rehabilitation costs) and the intangible costs (life and value of life) of injury to society.

> We face rising costs of workplace injuries

> Reducing these costs is a priority



> Our focus is on making the most of what New Zealand has got

Growing our own Workforce

The Department of Labour contributes to New Zealand's social and economic development by helping establish and maintain the foundations for achieving growth. This involves ensuring that the workforce is capable and productive and can operate in healthy and safe workplaces. Making the most of home-grown skills, talents and potential provides the vital basis for our country's future social and economic development.

LITERACY AND NUMERACY – upskilling the existing workforce

The Department is leading work to help raise levels of literacy and numeracy training in the workplace, through:

- working closely with social partners to build employers' understanding of and willingness to participate in raising workforce literacy, language and numeracy;
- supporting these programmes with resources, advice and incentives;
- running an information campaign to raise workplace awareness and encourage workers to improve their literacy, language and numeracy;
- identifying high needs industries and regions that need to be targeted with focussed support; and
- leading research, evaluation and monitoring that informs further policy development, and helps ensure that funding flows to the most effective and efficient mechanisms for improving workplace literacy, language and numeracy.

The Department is evaluating training programmes in the Upskilling Partnership Programme to identify the impact of literacy and numeracy training on firms and individuals. This evaluation shows positive changes:

- in workplace practices – improved paper-work, communication skills, staff management skills, and better application of literacy and numeracy skills on the job;
- for individuals – improved self-confidence, reading and writing scores and better attitudes to learning.

Research shows that increased literacy helps improve productivity. Higher levels of literacy are also correlated with better health and well-being, reduced crime, higher earnings, greater attachment to work, and participation in community life and further education.

What the Department of Labour does

Though a relatively small proportion of our resources are used in this area, the Department plays an important strategic role in encouraging and supporting skill development, optimising labour market participation and ensuring skill alignment with employer needs.

> The Department seeks to meet the identified challenges in a number of ways

Links education with workplace needs and helps build skills in New Zealand

A unifying skills strategy

The New Zealand Skills Strategy was developed jointly by Government, Business New Zealand, the New Zealand Council of Trade Unions and the Industry Training Federation. It aims to meet the economy's changing demand for skills by providing a common framework and improving coordination across a range of skills initiatives. The implementation and ongoing development of the Skills Strategy is led by a dedicated programme office in the Department of Labour. The Department also leads or contributes to many of the actions in the Skills Strategy action plan.

Better language, literacy and numeracy skills (LLN)

A substantial part of the adult population has low levels of language, literacy and numeracy (LLN) skills⁸. Under the Literacy and Numeracy Strategy and the New Zealand Skills Strategy, the Department leads a programme of work designed to increase understanding of the business benefits of improved LLN skills – including better safety and health at work, and stronger employee confidence and engagement – and help employers to establish training programmes. Building LLN skills in a work context can be a stepping stone to further training and development.

Stronger skills for young people

The Department collaborates with other agencies on policies aimed at ensuring that young people are engaged in relevant education and training to enable them to play a full part in society and the economy. It also provides part of the information and evidence base for this work as well as administrative support to the Mayors' Taskforce for Jobs.

Aligning tertiary education

We work with the education and training sectors to make sure that the outcomes of education and training are better matched to the needs of the economy. This involves providing policy advice on tertiary education sector strategies and plans and labour market information and analysis to support funding decisions.

Supports participation in paid work and transitions around work

While New Zealand currently has high levels of labour participation, these will now come under pressure from the downturn in the global economy. Even during recent periods of high employment, there were still groups in the population who found it difficult to get work that suited their current skills and circumstances (for example, informal carers) and for whom higher levels of participation should be possible in the longer term.

8. The 2006 Adult Literacy and Life Skills Survey found that approximately 43 percent of New Zealanders aged 16 to 65 have literacy skills below those needed to participate effectively in a knowledge society. The survey also showed that 51 percent of New Zealand adults have low numeracy skills.

> supporting skill development...

> broader and deeper participation in paid work...



CHOICES – helping people participate in paid work...

Both men and women want real choices about how they can combine paid employment with their caring responsibilities and adjust to these demands as they change throughout their lives.

In 2006, couples with children made up 42 percent of all New Zealand families, while couples without children made up just under 40 percent. Single parent families accounted for 18 percent of families. The Census also shows that some 420,000 New Zealanders provided informal care for others who were sick, disabled, mentally ill, addicted, or frail through old age.

Choices for Living, Caring and Working is a vision and plan of action for workplaces, communities and Government to work together to deliver those choices.

Many people with caring responsibilities want to work. The Choices plan of action focuses on how the provision of practical support services – such as early childhood education, out of school services, paid parental leave – can help make this possible.

The factors that either prevent or enable people to undertake paid work that matches what they can do and want to do often relate to factors in the workplace – such as the image portrayed by the industry, how the job is described, working conditions and the skill of managers in organising work and recognising talent. The Department of Labour helps establish work environments that are attractive and feasible for a diverse workforce. This includes such activities as promoting flexible work and providing advice on parental leave provisions. We also lead a cross-agency programme of action that aims to ensure that parents and other carers have workable choices so they can combine paid employment with their caring responsibilities and move back into paid work after “time out” from the workforce. Working with industries to help them develop ways to attract and upskill the people they need – to grow their workforce – is also an important component of our work in this area.

The other side of the employment matching equation concerns what an individual brings to the job. The Department looks at skills issues with an eye to the impact of people’s skills on their labour market participation – for example for youth, people at risk of redundancy and women returning to work after a period of parenting.

Provides information to help people and organisations make decisions

The Department provides a wide range of labour market information and analysis to help people and organisations make optimal decisions on training, investment and employment. We’ve built a range of interactive tools to make the most up-to-date labour market information available through our website. The tools allow users to customise results to their particular area of interest – by geographical, industrial or occupational grouping.

> and improving
decision making...

An example is the Tū Mai Iwi Tool. Developed in 2008 in association with Ngai Tahu, the tool provides a customised profile of iwi labour market. These indicators allow for comparison between about 100 individual iwi, the general Māori and New Zealand population.

Helps strengthen sectoral and regional labour forces

Some areas of New Zealand are particularly vulnerable to changes in economic circumstances – there are 61 non-metropolitan areas where more than 20 percent of employment is concentrated in a single industry or firm.

> nationally, regionally and sectorally

THE OIL AND GAS SKILLS STRATEGY – Producing the Talent

Oil and gas exploration and development is one of the largest sectors in the world. Although it is dominated by very large multi-national companies, the New Zealand industry is tiny, and the earnings potential for workers here is sometimes less than a third of what can be earned elsewhere. It is also an industry with many older workers, and one that faces large shortages of all types of skills in the coming decade.

New Zealand employers in oil and gas have not traditionally worked together, nor with training agencies and funders, to source and develop the workforce needed to face these challenges. In 2006 staff from different parts of the Department of Labour jointly identified the opportunity to improve industry cooperation in the skills area. The Department brought together industry leaders, training providers and regional economic development agencies, who agreed that work on securing the workforce was urgently needed.

The Department funded a survey of the national workforce requirements of the industry. This identified the need for 2,500 more workers in the Taranaki oil industry alone over the next 20 years. It estimated that this would produce 6,000 jobs downstream. A working group, chaired by the Department, developed the Strategy “Producing the Talent”, using the “make-fix-buy” approach to organise the actions required to meet industry needs. One immediate action has been Origin Energy’s decision to establish with other industry partners, a dedicated training facility for the Taranaki region. The Department also identified that much of the engineering training that would be provided could be used by the other large sector in the region – dairying. This will be explored next.

The Department works actively in regions to help find and implement ways to develop regional workforces, and with industries to help find ways to address sectoral labour and skills issues. This work can involve many of the department’s functions in an integrated response (often in collaboration with local government and other agencies) – combining the provision of labour market and skills information, immigration advice, employment relations expertise, health and safety know-how, and good practice knowledge around workplace productivity.



> Sound international connections are critical for a small country

> We oversee and manage New Zealand's migration system...

Drawing Wisely from Overseas

New Zealand's small population and economy mean that international connections are critical to both its continued prosperity and security. Supplementing – wisely – our home-grown population and our own ideas, knowledge, experience and tools with overseas expertise has been an important part of how New Zealand has developed for over 150 years. It will continue to be vital. It's about both relying on our own resources and “buying” in what else we need.

This is a two-way process. Talented young Kiwis on “OE”, for example, both raise New Zealand's profile and establish international connections that can lead to new business developments. New Zealand's international reputation also helps to open up business opportunities and attract business, tourist and student visitors as well as skilled migrants who decide to live and work here.

What the Department of Labour does

Helps manage sound international relationships...globally

The Department maintains strong relationships with a range of international agencies⁹ and provides technical assistance internationally on workplace and migration matters. Sound international connections help us compete globally, and also enhance New Zealand's reputation as a desirable country to live and work in.

...and in our backyard

Trans-Tasman employment is likely to become an increasingly important as the world-wide competition for skills intensifies. As part of the New Zealand Skills Strategy, the Department is leading research and policy work that is designed to build a better understanding of the dynamics of the trans-Tasman labour market.

Pacific countries will also continue to have a major influence on New Zealand. The Pacific's economic and social development holds long term benefits for New Zealand, including greater trade opportunities, access to a higher quality labour force and enhanced regional security. Engagement with Pacific nations has therefore become an area of increasing activity for the Department and, for example, we have assisted a range of countries with re-writing their immigration legislation and policies.

Operates New Zealand's migration system

Regardless of the targets set for immigration flows, it is vital that New Zealand's migration and border security systems are “fit-for-purpose” and responsive to changing needs and operate effectively, efficiently, and with high integrity. These systems form part of the foundations of our economy and help protect both the integrity of our society and our international reputation.

9. In the labour/employment context, these include the International Labour Organisation (ILO), International Organisation for Migration (IOM), Asia-Pacific Economic Cooperation (APEC), the United Nations (UN), and the Organisation for Economic Cooperation and Development (OECD). We also work with a range of international border security agencies.

The temporary flow of people across our borders is a major contributor to the economy. In the year to 30 June 2008, we received 2.48 million short term visitors – either as business travellers, tourists or students – and New Zealanders made 1.98 million short-term trips offshore. In 2006, these visitors contributed an estimated \$8.8 billion to the New Zealand economy and the export education industry contributed \$2.3 billion.

The Department of Labour designs, implements and operates New Zealand’s migration system from “end-to-end”. We provide information about New Zealand’s immigration policies through our immigration contact centre and our offices around the world. We have a large operational function and sizeable global reach, with 17 immigration branches outside New Zealand and a presence through around 30 Ministry of Foreign Affairs and Trade posts. Immigration New Zealand accounts for 65 percent of the Department’s staff and a similar proportion of the Department’s total funding. Of that immigration funding, 60 percent is derived from migrants in the form of immigration fees.

Ensures New Zealand’s borders are secure

Last year there were over nine million people movements – arrivals and departures – across the New Zealand border. Managing this huge flow of people across our borders presents substantial policy and operational challenges and has huge implications for our economy and society. The Department undertakes profiling and intelligence work, and conducts investigations and compliance activities in concert with other domestic agencies, to support the security of our borders. Modern pre-screening technologies have also enabled us to, metaphorically speaking, “move the border offshore”. This has both increased processing efficiencies and enabled us to prevent some “non bona fide visitors” from even arriving in New Zealand.

Upholds immigration policies

The main focus of immigration policy is to meet skill and labour needs without compromising the employment opportunities and working conditions of New Zealanders. Compliance activities play a key part in securing this as they ensure that non-New Zealanders adhere to the conditions of their permits and all other areas of immigration law. In 2007/08, the Department removed more than 1,600 people who were overstayers or working unlawfully, and made more than 500 site visits to employers and educational institutions. A specific focus was people employed unlawfully in the horticulture and viticulture industries. This has helped ensure that employers registered under the Recognised Seasonal Employer policy were not disadvantaged by employers who did not meet expected standards or were operating illegally.

> for maximum social and economic benefits

> Temporary visitors contribute nearly \$9 billion a year to our economy

> Border management is a key focus



> **Skilled migrants, both temporary and permanent, are crucial to meeting our skill and labour needs**

> **Employment opportunities for New Zealanders are a priority**

Supplements the New Zealand-born workforce

Attracting migrant skills and labour

No matter how well we develop the skills of our own workforce, New Zealand will always need to complement its labour force with people from off-shore.

An ageing population and a low fertility rate are, over time, lowering the ratio of working age people to those retired. And New Zealand's small population will always make it difficult for us to train enough people with the specific skills and expertise we need. We can do our best to align education and training with industry requirements, but there will always be a lag in our ability to respond to dramatic economic changes.

International competition for skilled migrants is increasing and competitors such as Australia, Canada and some European Union countries have now put in place policy measures that are specifically designed to attract desirable migrants. These policy measures often go beyond immigration settings and marketing to include other areas such as tax regimes. The Department of Labour advises on and implements immigration programmes targeting skilled migrants.

PROJECT MAGNET – attracting skilled migrants

Project Magnet is the Department's immigration outreach programme – it targets skilled migrants in the United States and the United Kingdom.

Within less than eight months the project has secured over 45,000 registrations. That's enough people to populate Gisborne. And these are not just lightweight registrations from applicants who might just have an interest in migrating to New Zealand some day. They are serious registrants, eager to move here – most within 12 months – and available to fill positions in key skill shortage areas.

To do this the Department's Marketing Team perfected a web-based marketing strategy that allows it to continuously monitor, track and measure registrations. The Department can now target potential migrants precisely – by market, occupation, age, qualifications and experience. It can then measure these results and immediately adapt our strategies to meet changes in market demand. Project Magnet has also proved remarkably cost-effective – the average cost of a registrant is around \$20. By contrast, the price for using an executive recruiter to advertise for, search and recruit a candidate within a salary band of \$100,000 is around \$18,000.

The balancing act – putting New Zealanders first

Even during times of economic strength, New Zealand experiences considerable churn in terms of annual job creation and destruction. The current international economic downturn and its likely effects – increasing destruction of jobs and reduced job creation – sharpens the need to ensure that capable New Zealanders are first in getting available work. However, there will still be a need to supplement our home-grown workforce with migrants who possess skills that our

employers would otherwise be unable to access. To ensure that this process does not displace New Zealanders, the Department of Labour works closely with the Ministry of Social Development. It also meets regularly with the New Zealand Council of Trade Unions and Business New Zealand to monitor the impacts on the New Zealand labour market of temporary entry commitments made under free trade agreements.

Boosting the economy

Over the past five years, permanent and temporary migrants have accounted for 60 percent of the growth in New Zealand's workforce, helping to sustain and grow New Zealand businesses. Migrants contribute 25 percent of government revenue but account for only 18 percent of government expenditure. The migrant population provided a net fiscal contribution to New Zealand of \$3.3 billion in the year to 30 June 2006.¹⁰

Matching migrant skills with business needs

The alignment of New Zealand's immigration policy and service delivery with New Zealand's labour needs is a national competitive advantage. The Department of Labour advises Government on and manages immigration targets. The Department's ability to draw on its knowledge of employers' skill needs, and to combine immigration and workplace mechanisms and perspectives when working with either individual firms or entire industries, provides Government with considerable leverage.

Settling in

The Department works both independently and with other agencies to support the successful settlement of migrants and their families. Our research indicates that settlement issues significantly influence how successful migrants are in their work and whether or not they decide to stay in New Zealand.

Putting skills to use

If the full economic benefits of migration are to be realised migrants need to be able to use their skills in paid employment. Recent OECD research shows that migrants to New Zealand contribute more of their potential, and do so more quickly, than in comparable countries.¹¹ Between 2000/01 and 2006/07, 331,000 people were approved for residence in New Zealand. Of these, our 2007 research shows that 92 percent of skilled principal applicants were in skilled employment six months after arrival, compared to 83 percent for Australia and about 60 percent for Canada. In addition, 70 percent of secondary applicants (for example, partner or spouse) were working for pay or profit a year after arrival. Over 80 percent of employed skilled principal migrants were also working at the same or higher skill level than in their previous country.

10. "Fiscal Impacts of Immigration 2005/06", produced by BERL for the Department of Labour.

11. International Migration Outlook: SOPEMI 2007 edition

> Migrants contribute billions of dollars annually to our economy...

> ...and our labour market

> Successful settlement builds our economy and society



> The Department tailors migration programmes to meet our economic needs

Filling seasonal labour needs whilst helping Pacific neighbours

The Recognised Seasonal Employer (RSE) policy links our domestic employment needs with those of Pacific countries, helping fill labour shortages that can't be met by New Zealanders whilst providing greater employment and skill development opportunities for people in partner countries. It has sparked international interest as a programme that successfully combines labour solutions with overseas aid.

Manages labour interests in New Zealand's trade agreements

The Department represents New Zealand's interests in Free Trade Agreement negotiations through the negotiation of specific "trade and labour" provisions. We seek binding commitments that labour standards are not used as either barriers to trade or to secure unfair trade advantages. We contribute advice on proposals designed to facilitate the movement of business people and improve access to New Zealand for foreign workers.

Helps New Zealand give refugees a home

The Department provides policy advice on and manages refugee settlement. Our work helps New Zealand meet its international humanitarian obligations and commitments to provide selected refugees with a new country and a better future.

"TAMPA" REFUGEES – successful resettlement

The resettlement of a group of 131 Afghan refugees rescued by the Norwegian freighter, "Tampa", in 2001 is a New Zealand refugee resettlement success story.

New Zealand decided to accept this group at short notice and in addition to its existing Refugee Quota and government departments and community organisations responded rapidly. Refugee status claims were promptly determined and a range of agencies cooperated in providing tailored support for these unexpected arrivals. There was excellent cross-sector and interagency information sharing and cooperation between Government, community organisations, existing Afghan communities and the local communities where the refugees were settled.

The "Tampa" refugees have settled extremely well in New Zealand, with a number of success stories continuing to emerge – including one of the "Tampa boys" coming third in a New Zealand national spelling bee competition in March 2008.

Building Better Workplaces

Making the most of a capable workforce requires high-performing workplaces. Putting a skilled workforce on the job in productive, healthy and safe workplaces needs ongoing effort by Government, employers and unions. We need both to ensure that minimum standards are met – that risks are managed in workplaces and things are sorted out when they go wrong – and to support what economists term “the virtuous circle” by raising the standards of workplace practice and the value of what’s produced. This is about “fixing” workplaces to increase the economic value generated by businesses and the people who work in them.

The Department of Labour’s contribution here ranges from establishing the regulatory base and advising on workplace terms and conditions – helping employers attract and retain staff – to working with sectors and industries to help raise the value of the work they do. This involves making better use of the skills available and undertaking appropriate enforcement to ensure that workplace risks are well managed.

What the Department of Labour does

Establishes minimum standards for workplace practice

The Department of Labour sets standards via guidelines and codes under the Health and Safety in Employment Act and the Employment Relations Act. Standard setting is an important part of regulatory frameworks that largely allow the parties to determine how to comply, as the standards provide clear guidelines to follow if employers do not wish to or do not have the capacity to develop their own approach or system. We also administer these Acts, as well as others such as the Minimum Wage Act, Holidays Act, and Parental Leave and Employment Protection Act.

An important focus for the Department is the evolution of its role as a modern regulator. We do more than just advise Government on the rules and then enforce them – we provide information and tools, and work with those affected by regulation to achieve the desired outcomes without the need for enforcement action.

Upholds standards in workplace practice

Although our approach as a regulator is to encourage and enable compliance and good practice, we also undertake inspection, investigation, enforcement, and prosecution activities in respect of possible breaches of the Acts and Regulations we administer.

The Department undertook over 9,800 workplace assessments related to various regulatory frameworks in 2007/08. In that year, nearly 13,000 complaints and incidents were notified to the Department about potential non-compliance issues. The Department supported businesses in the resolution of these and completed over 7,000 formal investigations. In recent years, there have been 80-90 prosecutions per year for serious cases.

> Workplaces are the engine room of our economy

> The Department supports productive workplaces through...

> managing employment regulation...

> upholding minimum standards...



> providing advice and promoting best practice

Supplies tools and information to help people help themselves

A core part of the Department’s regulatory responsibilities involves the provision of information and advice about workplace obligations and requirements to employers and employees. Last year our website registered 1.3 million workplace and employment related visits and our workplace Contact Centre handled 240,000 phone calls. Each year we hold about 6,000 face-to-face meetings – either at our offices or at workplaces. We also use other networks and other agencies to maximise our reach.

Last year the Department of Labour managed over 25 million inquiries	
Immigration	
Total contacts:	1.2 million
Telephone calls:	684,000
Calls assisted with Language Line (34 languages):	144,000
E-mails:	48,000
Website visits:	11.2 million
Health and Safety and Employment Relations	
Total contacts:	245,000
Telephone calls:	230,000
E-mails:	14,000
Website visits including use of interactive online tools:	1.3 million

We try to get people to help themselves as much as possible, rather than making them dependent on the Department. It is often difficult for workplaces that are smaller in size to understand and respond to the requirements needed to run their business. It is also difficult for the Department and other agencies to tailor and provide assistance for smaller workplaces that don't have specialist human resource expertise.

To help overcome this difficulty the Department has worked to make it easier – especially for the small to medium enterprises that comprise the bulk of New Zealand business – to get guidance via our website over the phone or through partner networks. We have gone beyond the traditional view of the internet as simply a repository for “on-line brochures” and built a number of interactive on-line tools. These include: the Employment Agreement Builder, Holiday On-line Calculator, Paid Parental Leave Calculator and Hazard Handler. These tools have enabled the Department to de-mystify and simplify what were often perceived as complex regulatory frameworks.

Promotes practices that make people want to take up opportunities to work

The Department works to encourage workplace cultures that support work-life balance and greater flexibility. These can affect both economic and social outcomes. Making employers attractive and employment feasible for a wider range of potential employees can help fill skill

> We focus on improving the quality of work

shortages and improve productivity. Enabling people to improve their own and their family's well-being can also benefit the wider community.

Works with employers and others to raise workplace productivity

The Workplace Productivity Agenda provides a framework for helping businesses identify aspects of their operations that constrain their potential productivity. It employs a “fit for purpose” rather than “one size fits all” approach. It places emphasis on making the most of people so that capital and labour work effectively together to raise productivity.

The Department leads the implementation and delivery of the agenda, working with business and unions. The agenda has developed over the past four years, and as New Zealand's broader macro-economic productivity challenges became an increasing focus for Government attention, the workplace part of the productivity challenge was complemented by an increased focus on broader productivity issues addressed by government agencies such as the Ministry of Economic Development and Treasury.

Supports parties to resolve workplace conflict

The Department's approach as a regulator of employment and workplace conditions is to provide information and guidance to employers and employees that enables them to raise and resolve problems at work themselves. For the situations in which this hasn't worked, the Department provides a range of mediation services, including over 6,000 facilitated mediation sessions per year. We also check and record settlements reached by parties independently (2,800 recorded settlements per year), and support the Employment Relations Authority as it issues up to 1,000 decisions each year.

PUATAUNOFO MANUKAU – bringing Pasifika workers home safely in Manukau

Manukau City has a significant new programme promoting health and safety for Pasifika workers. The Puataunofu Manukau Project is aimed at both current Pasifika workers in Manukau's manufacturing companies and at the next generation of Pasifika youth. It is designed to make sure workers “come home safely”.

The project is getting its health and safety message across in all kinds of ways. Some are tried and true, like the delivery of workshops and information packs in factories. But in a twist to the traditional approach, the workshops have been designed to coincide with a dedicated health and safety talkback slot on Radio 531pi. The information packs include health and safety factsheets translated into Samoan, Tongan and Māori.

In addition, the Puataunofu Manukau Project provided information stalls at community occasions, such as the Pasifika Festival and the ASB Polyfest – to target Pasifika workers and youth. Innovative ideas have been used to catch young people's attention at such events.

> **The Department helps resolve workplace problems**



The Puataunoto Manukau Project's success in raising awareness can be traced to the level of cooperation and pooling of resources by stakeholders. This includes the Department of Labour; ACC; the Ministry of Pacific Island Affairs; the Manukau City Council; the New Zealand Council of Trade Unions Komiti Pasifika; the Engineering, Printing and Manufacturing Union; and manufacturing companies in Manukau.

The Puataunoto Manukau Project will continue into the future, with annual workplace workshops and other innovative activities planned.

Assists in lowering the cost of injuries

Workplace fatalities have fallen over recent years and the number of workplace injury claims has decreased. However, New Zealand's workplace injury and fatality rates are still relatively high in comparison with other similar economies such as Australia and the United Kingdom.

ACC's liability rose more than 16 percent during the year to June 2008, with half this growth arising from rehabilitation costs from serious injuries and weekly compensation costs for non-fatal claims.

The Department of Labour leads the implementation of the Workplace Health and Safety Strategy to 2015, a component of the New Zealand Injury Prevention Strategy. Our wider policy and regulatory activities in support of the Health and Safety in Employment Act are also aimed at reducing the incidence of injuries. Health and safety operations are funded by an appropriation from Government that is offset by a levy on employers collected under the Health and Safety in Employment Act.

Helps Government maintain an effective no-fault accident compensation system

The Department of Labour provides policy advice to Government on injury prevention, rehabilitation and compensation. We monitor the performance of the ACC and advise the Minister for ACC on the effectiveness of vocational rehabilitation initiatives.¹² We also provide support for the governance of injury prevention functions, and fulfil the residual function of Accident Insurance Regulator.

12. The Department provides purchase advice on, and monitoring of, the performance of ACC. This role includes monitoring the ACC scheme operationally and financially, and independently analysing the levy recommended by ACC throughout the annual levy setting process.

Making sure we can Deliver

New Zealand faces a number of challenges in lifting its economic growth and productivity and meeting New Zealanders' social and economic aspirations. To meet these challenges and make the most of the opportunities that arise from them, New Zealand needs a capable workforce in productive, healthy and safe workplaces.

The Department of Labour is firmly focused on improving the quality and performance of the New Zealand workforce and workplaces. That means getting the basics right in terms of workplaces and the people who work in them, and then raising standards further. The unique contribution made by the Department is its whole-of-labour-market coverage, perspective and reach.

The strength of knowledge and insight into the dynamics of the labour market that this gives us not only allows us to target the services we provide and influence the work of other agencies. This also enables Government to make integrated and aligned responses that combine and balance the enhancement of skills and workplace practices and the attraction of skilled migrants and business investment from overseas.

Capturing these benefits, however, requires an ongoing commitment. We must both ensure that our systems and processes are up-to-date, efficient and cost-effective, and that we maintain our capability to deliver consistently high levels of service. We have initiated a Foundation Capabilities Programme to support service delivery alignment across the Department, and support strong central financial, information and management systems, processes and policies. The programme aims to address problems created by systems and ways of working that have become out-dated as we have moved to a more networked and connected agency – both internally and to the wider community and public sector.

The Immigration Change Programme, including the Immigration Bill, is a key initiative for the Department in improving the capacity, alignment and responsiveness of our services. This investment will improve our productivity, as well as significantly lift the quality of decision support for managers.

Increasing our productivity, supporting collaboration and aligning outcomes and work programmes within the Department and across related agencies is critical to ensuring high-quality, responsive and value-for-money services. The Department remains strongly committed to this and to help make the maximum contribution to improving the lives of all New Zealanders.

> The Department is uniquely placed to meet social and economic challenges

> Our scope and reach enables us to confront these issues in a variety of ways

> We have experienced some capacity and capability issues...

> ...which we're addressing

> The Department is strongly committed to promoting productive work and high-quality working lives.

Vote Structure and Ministerial Portfolios

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

Portfolio	Vote	Department Minister is usually responsible for	Crown Entity Minister is usually responsible for	Other organisations associated with portfolio (including ministerial advisory panels)
Labour	Labour	Department of Labour	None	Employment Court (served by the Ministry of Justice) Employment Relations Authority Remuneration Authority National Advisory Council on the Employment of Women (NACEW) National Occupational Health and Safety Advisory Committee (NOHSAC) Workplace Health and Safety Council Employment Equity Trust Partnership Resource Centre Board Employment Relations Education Advisory Committee Pay and Employment Equity Steering Group
Immigration	Immigration	None	None	Refugee Status Appeals Authority Removal Review Authority Residence Appeal Authority Immigration Advisers Authority Deportation Review Tribunal (served by the Ministry of Justice)
Social Development and Employment	Employment (plus 3 other Votes not administered by the Department)	Ministry of Social Development	None administered by the Department	None administered by the Department
ACC	ACC	None	ACC	ACC Ministerial Advisory Group Gradual Process and Disease Ministerial Advisory Panel (administered by ACC) Injury Surveillance Ministerial Advisory Panel ACC Board

Responsible Minister for the Department of Labour

Responsibilities

The Responsible Minister for the Department of Labour is accountable to Parliament for ensuring the Department carries out its functions properly and efficiently. This therefore requires consideration of the Department's performance, capability, risks, assets and liabilities, in the context of the whole organisation.

In practical terms, the ownership responsibilities require the Minister to ensure, through the Chief Executive of the Department of Labour, that officials:

- clearly understand what the Responsible and Vote Ministers want from the Department
- are developing the right lines of business for the challenges facing the Department in the next few years, and that these are consistent with government policy and desired outcomes
- are actively identifying and addressing risks to current functions and possible future functions through the right skills, systems, culture and connections across this and other agencies.

The Responsible Minister has a particular role with accountability documents and processes. The Department will work closely with the Minister and their office to help fulfil these responsibilities.

Department of Labour's role in supporting the Responsible Minister

The Department will assist the Responsible Minister by keeping the Minister informed of risks or issues arising for the Department, and any significant internal management initiatives – including any significant structural changes or particular capacity or capability concerns.

We will also raise and discuss with the Minister any major risks or issues that fall into the Department of Labour-related portfolios of colleagues. We will keep the Minister informed about the Department's financial and non-financial performance in relation to our activities by providing information every quarter – or as required. To assist the Minister in keeping an overview of the Department's performance, we will also provide quarterly reports to our other Ministers.



Vote Ministers

Department of Labour's role in supporting Vote Ministers

The Department of Labour supports Vote Ministers in exercising powers and fulfilling responsibilities by:

- providing advice on strategic and detailed policy issues, and research and evaluation
- delivering mandated services
- providing support in a range of administrative areas such as answering parliamentary questions and ministerial correspondence
- providing advice on legal questions and legislative matters
- developing the Ministers' recommendations for appointments to positions.

The Department can also provide support for Ministers' offices in either a private secretary or advisor role, if required. This role can assist Ministers' offices in liaising with the Department and support the provision of departmental advice.

Linkages between the portfolios the Department administers

Although as a Department we have clear responsibilities in each of the portfolios we administer, there are strong connections between these portfolios. The Responsible Minister and Vote Ministers may wish to consider meeting jointly to discuss overlapping issues. If required, the Department can assist with arrangements and provide background material.

Minister of Labour

Purpose of the portfolio

The Labour Portfolio is concerned with the effective operation of New Zealand workplaces. Consequently the focus within the Labour portfolio for you as the Minister of Labour and for the Department is on:

- productive, rewarding, and safe employment relationships, including bargaining, mediation and dispute resolution
- setting, communicating, promoting, inspecting, and (where necessary) enforcing minimum standards of health and safety, and employment conditions
- raising the value and quality of work, by promoting good practice and positive change in workplace cultures and practices
- cooperation and interaction with other interested parties – including industries, sectors, and regions – in collaboration with social partners (Business New Zealand and the New Zealand Council of Trade Unions)
- ensuring New Zealand both benefits from, and contributes to, international labour standards and fora.

Portfolio responsibilities

As the Minister of Labour, as well as the broad policy interests outlined above, you are responsible for:

- Vote Labour
- Appointments to statutory and advisory bodies associated with the portfolio
- Reviewing the Minimum Wage on an annual basis
- Approving Codes of Practice developed within the workplace regulatory frameworks.

Major linkages with other portfolios

The Labour portfolio has specific links with other Ministerial portfolios including:

- Immigration – relating to the inclusion in New Zealand workplaces of foreign workers, both temporary and permanent, including newly arrived employers
- Revenue – relating to the treatment of wages and other work-related payments for tax purposes, and the resultant impact on business payrolls, and in relation to the operation of the current KiwiSaver and Paid Parental Leave schemes
- Economic Development and Finance – relating to the importance of workplace productivity within New Zealand's broader productivity challenge



- Health – relating to broader occupational health issues
- Environment – in relation to the operation and enforcement within workplaces of the regulatory framework for Hazardous Substances
- ACC – relating to the Workplace Health and Safety Strategy within the broader New Zealand Injury Prevention Strategy, and in relation to the work of a number of advisory bodies of joint interest to the two portfolios
- Education – relating to the management and impact of the unified skills strategy
- Foreign Affairs – relating to trade-labour agreements.

Vote Labour and the Department of Labour

Vote Labour funds the Department of Labour to provide advice and services in support of the labour portfolio, and to fund the regulatory and delivery responsibilities contained within it. It also funds the programme office of the New Zealand Skills Strategy.

The current frameworks for workplace regulation¹³ in the main outline fundamental rights and obligations at work, and to a large degree leave employers and workers with choices as to how they choose to comply with those expectations. In areas where more direct standards are mandated, they are generally a response to specific labour market failures or risk management objectives.

As New Zealand workplaces evolve and modernise, our role, as a modern regulator, is to support firms to get beyond minimum levels of performance while maintaining the minimum standards in key areas such as the minimum wage and health and safety standards. This approach encompasses:

- modern regulatory frameworks to support the operation of New Zealand workplaces that are resilient, productive, rewarding, and safe
- modern regulatory knowledge, standards, advice and services that support those frameworks, and directly assist workplaces, and the employers and workers within them, to maximise their social and economic contribution to New Zealand
- relationships and partnerships, both domestic and international, that support both the design of these regulatory frameworks, and the design and operation of the standards, advice and services that support the effective operation of New Zealand workplaces.

Our challenge as a modern regulator is to provide coordinated, coherent, consistent services to better achieve the Departmental outcome of productive work and high quality working lives. To achieve positive labour market outcomes, the Department utilises a range of levers

13. Current regulatory framework within the responsibility of the Labour Portfolio includes the Employment Relations Act 2000, the Minimum Wage Act 1983, the Holidays Act 2003, the Parental Leave and Employment Protection Act 1987, the Wages Protection Act 1983, the Equal Pay Act 1972, the Health and Safety in Employment Act 1992, and their associated regulations.

to support workplaces, to address significant opportunities, any breakdown in workplace practice or procedure, and develop solutions to identified risks, including by:

- information and guidance
- investigation and enforcement
- supporting parties to resolve conflict
- partnerships for increasing productivity
- standard setting.



Minister of Immigration

Purpose of the portfolio

Immigration is critically important for New Zealand. As a country, we have one of the highest per capita inflows of migrants in the OECD. It is also a complex portfolio with policies and service delivery spanning economic, social and humanitarian considerations. This means that, for New Zealand, it is vital we get immigration delivery right.

Immigration policy complements the domestic supply of labour by providing employers with the opportunity to recruit the skilled and talented people needed to sustain and grow globally competitive businesses. There is, however, a fundamental requirement that New Zealanders have first opportunity to take up work opportunities. Our border controls are aimed at keeping out those we do not want and increasing use of offshore screening prior to travel allows us to push the border offshore. Immigration can also strengthen New Zealand's international relations by supporting development and free trade objectives.

Policy, legislation and service delivery functions allow New Zealand to meet its international obligations, for example allowing families to reunite, refugees to be resettled (including an annual quota of 750 United Nations mandated refugees), and for New Zealand's relationship with the Pacific to be recognised by special access categories (Samoan Quota, Pacific Access Category, and in part, temporary workers under the Recognised Seasonal Employer policy). The Department also has the mandate for ensuring migrants and refugees settle quickly and well so they can integrate and contribute.

We are achieving excellent migrant outcomes with high attachment to the labour market and high levels of satisfaction from employers and migrants. Student policies allow the export education sector to expand while pathways to residence allow those with desirable New Zealand qualifications to stay and contribute long term.

Portfolio responsibilities

As the Minister of Immigration you have the following responsibilities under the Immigration Act 1987:

- formal approval of Government Residence Policy and Government Immigration Policy, to give effect to Cabinet policy decisions
- decision making in regard to individual cases, both where decision making would be outside policy and therefore beyond the Department's capacity, and where individuals are unhappy with the Department's decisions
- delegating aspects of decision making to an Associate Minister and to departmental officers (existing delegations remain in place until amended).

The complexity and breadth of the portfolio means that previous Ministers have tended to put a broad range of immigration policy decisions to Cabinet, even where they had the technical ability to make those decisions themselves.

While some Ministers of Immigration have retained all decision making with regard to individual cases, it is usual, where there is an Associate Minister of Immigration, for most individual case work to be delegated to that person. The principal Minister generally retains the work around ordering deportations and the revocation of residence. These ministerial powers create a workload of individual cases larger than that of other portfolios.

For the last two years, some of the Associate Minister's individual case decision making has been further delegated to include named Senior Managers within the Department. Between them, the Associate Minister and Senior managers made decisions on over 1,500 individual cases in 2007/08.

Major linkages with other portfolios

The Immigration portfolio has direct linkages with a broad range of government policies and agencies. Links with other portfolios include:

- Labour, Social Development and Employment – on forecast and actual skills and labour shortages, policy development around temporary work, engagements with industries about how to meet their ongoing workforce needs
- Health – both ensuring that temporary and permanent migrants do not impose undue costs on New Zealand's publicly-funded health services, and meeting health workforce needs through short term and permanent migration
- Education – foreign students are an important export industry for New Zealand, while immigration in general complements education and training policy
- Foreign Affairs – immigration is an important part of New Zealand's foreign relationships (with the Pacific, in particular, it complements New Zealand's development and overseas aid objectives), and is an increasingly important defensive interest for New Zealand in trade negotiations
- Border agencies – ensuring that New Zealand border activities are coordinated and balance the dual goals of security and facilitation of travellers.

Vote Immigration and the Department of Labour

Vote Immigration is wholly situated within the Department of Labour. It funds Immigration New Zealand (INZ) to provide advice and services in support of the Immigration portfolio. The Government has sovereignty over the entry and conditions of stay of non-New Zealanders; the framework for immigration policies and regulation is set by the Immigration Act 1987, which is administered by INZ.

INZ develops policy advice, decides visa and permit applications, manages border security with regard to the movement of people, enforces compliance with legislation and policy, manages refugee functions, and jointly leads the Government's settlement strategy.



The Vote also funds the Immigration Advisers Authority, and three other statutorily independent authorities which consider appeals against immigration-related decisions and refusals to grant refugee status. In 2008/09, the INZ portion of Vote Immigration totals \$182 million, of which \$121 million is funded from fees.

The immigration functions work closely with other areas of the Department (Workplace and Work Directions), both in individual compliance areas (employers exploiting vulnerable foreign workers for example) and across broader sectoral issues, to address current and future labour force needs.

Immigration Change Programme

The changing global immigration environment presents opportunities and challenges. Increasing competition born of worldwide demographic change, increasing demands for border security and contribution to international security developments, and an increasingly complex operating environment mean current systems and processes are no longer “fit for purpose”.

The Department needs to improve capability around managing marketing, decision making, risk and security. These challenges come at a time when our immigration ICT systems are at risk of failure and do not appropriately support decision making or manage risk or security issues. The main Application Management System was designed in the early 1990s, pre-internet and is outdated.

The current economic downturn poses new challenges for immigration, particularly ensuring available New Zealanders are able to access possible work opportunities, and keeping the inflow of skilled migrants steady.

The Immigration Change Programme (ICP), including the development of the Immigration Bill, has been put in place to ensure we are best positioned to continue to meet the needs of New Zealand, with a modern immigration system, fit for a globally competitive environment. It is predicated on ensuring that the base legislation, systems and policies are sound so the changes required are prioritised for efficient and effective implementation as resources are available.

Minister for Social Development and Employment

Purpose of the portfolio

The Social Development and Employment portfolio contains two votes: Vote Employment and Vote Social Development. Vote Employment encompasses both social and economic objectives. Its value is in providing advice and information on the labour market as a whole. It looks at movements into and out of the working age population, through flows of migrants, school leavers, graduates, parents, retirees and others. It also seeks to understand and develop responses for those who experience disadvantage such as particular ethnic groups and informal carers.

Vote Employment supports Ministers, agencies, firms, workplaces and workers by:

- providing authoritative analysis of labour market trends and needs from the perspective of firms, industries and employees
- supporting skills development, attraction, utilisation and retention within firms and industries through, for example, the work on stimulating demand for language, literacy and numeracy training
- recognises the importance of migration in meeting skills and labour needs while not disadvantaging New Zealanders who are job-seekers
- working with industries and other groups to help them address particular labour market issues, such as in the horticulture and viticulture industry
- working with a wide range of agencies to increase people's ability to participate in paid work given their caring responsibilities
- working with other agencies to help speed up and smooth transitions within the labour market, such as the tripartite initiative with Ministry of Social Development on redundancy support.

Portfolio responsibilities

As the Minister for Social Development and Employment, you are responsible for the government's labour market and employment strategy, and the strategic policy framework for social development and employment.

Major linkages with other portfolios

Vote Employment offers important avenues for the Government to influence the functioning of the labour market. To do this, we work in close alignment with:

- the Immigration and Labour portfolios within the Department
- the Social Development component of the portfolio



- the Economic Development portfolio
- the Education portfolio, including compulsory and tertiary education.

Vote Employment and the Department of Labour

Vote Employment is supported through the work of two groups within the Department: Workforce, through its Employment and Skills Policy team, and Work Directions.

We undertake Vote Employment activities from a whole-of-labour-market perspective, including on the operation and dynamics of the labour market at a national, regional, occupational and sectoral level. To do this we:

- provide labour market, employment and skills policy advice
- provide labour market intelligence and analysis, including current and future trends and how these impact the labour market
- undertake research and evaluation activities which underpin both policy advice and engagements with industry and regions.

We work closely with social partners (Business New Zealand and New Zealand Council of Trade Unions); others such as territorial authorities and the New Zealand Chambers of Commerce, and other government agencies.

The Department also provides a leadership function for cross-agency work which impacts on the labour market. For example, we are the lead agency for:

- the Choices for Living, Caring and Working 10 year plan of action, which aims to help people better balance their participation in paid work with their caring commitments
- the New Zealand Skills Strategy, which seeks to improve New Zealand's development, utilisation and retention of skills
- aspects of the Literacy, Language and Numeracy Strategy, including working directly with employers, employees and training providers to establish workplace-based training programmes.

Minister for ACC

Purpose of the portfolio

The ACC portfolio is concerned with the effective design and operation of the accident compensation scheme. The scheme provides comprehensive, 24-hour, no-fault cover and entitlements for all New Zealanders, residents, and temporary visitors to New Zealand. The scheme aims to prevent injuries, and when injuries occur, restore people's health and independence to the maximum extent practicable, and provide compensation for injury losses. It contributes to productivity by preventing injury and minimising the impacts of injury, if they occur, on businesses, individuals and society.

The Department administers the Injury Prevention, Rehabilitation and Compensation Act 2001 and leads strategic policy on legislative and regulatory change. The Accident Compensation Corporation delivers injury prevention, rehabilitation and compensation services within that regulatory framework.

Portfolio responsibilities

As the Minister for ACC, you have responsibility for the strategic policy framework and the overall performance of both the scheme and the Corporation.

The Crown Entities Act sets out your obligations as responsible Minister. You exercise this responsibility through your relationship with the ACC Board and, in particular, the Board Chair. The current chair is Ross Wilson. The ACC Chief Executive is accountable to the ACC Board for day-to-day management of the scheme and the services that administer and support it.

Key responsibilities include:

- provision of a 'letter of expectations' to the Chair of the Board at the commencement of each financial year. This informs the negotiation of the Service Agreement and Statement of Intent which, with your agreement, outline the performance expected of the Corporation
- the annual setting of the levy for each account, other than the Non-Earners Account which is funded by government appropriation
- making appointments to the ACC Board and recommending (jointly with the Minister of Statistics) to Cabinet appointments to the Injury Surveillance Ministerial Advisory Panel
- agreeing an annual service agreement with the Minister of Health for the purchase of Public Health Acute Services for services provided by district health boards.



Major linkages with other portfolios

There are major linkages between ACC and the following portfolios:

- Labour – the portfolio has a responsibility for the regulatory system that includes injury prevention in the workplace
- Health – both portfolios are concerned with health and disability services
- Social Development and Employment – any consideration of how non-work injuries are treated compared with, for example, illness and unemployment, has links to income support policy
- Transport – the portfolio has responsibility for the regulatory system that includes injury prevention on the road. Motor vehicle injuries are a significant cost to the scheme
- New Zealand Injury Prevention Strategy (NZIPS) – a cross-government strategy encompassing six priority areas for addressing injury prevention in New Zealand, which includes all the portfolios above as well as the Justice portfolio.

Vote ACC and the Department of Labour

Under Vote ACC the Department has the following responsibilities.

Purchase and monitoring function

We provide purchase advice on and monitoring of the performance of ACC. This role includes monitoring the ACC scheme operationally and financially, and independently analysing the levy recommended by ACC throughout the annual levy setting process.

We also manage ACC Board appointments on your behalf, provide secretarial services for two ministerial advisory committees (the Ministerial Advisory Group and the Injury Surveillance Ministerial Advisory Panel) and fulfil the residual function of Accident Insurance Regulator.

Policy and legal function

The ACC scheme is continually revised with respect to the scope of cover, and the levels of levies and entitlements. Our role is to provide independent policy advice on all broad matters relating to the scheme, including levy setting and funding policy, as well as more generally on the ACC scheme's regulation, ACC policies and practices. We also provide advice on ACC scheme interfaces with other agencies.

The Department has a strong interest in preventing workplace injuries and occupational illness through its responsibilities around workplace health and safety, but has a much wider role in the ACC portfolio as the scheme also covers injuries at home, during sport and on the road.

Non-Departmental Funding in Vote ACC

Vote ACC also provides appropriations that are passed to ACC to meet the cost of injury for non-earners. This government-provided revenue funds ACC activity alongside the revenue that ACC gathers from other levy payers.

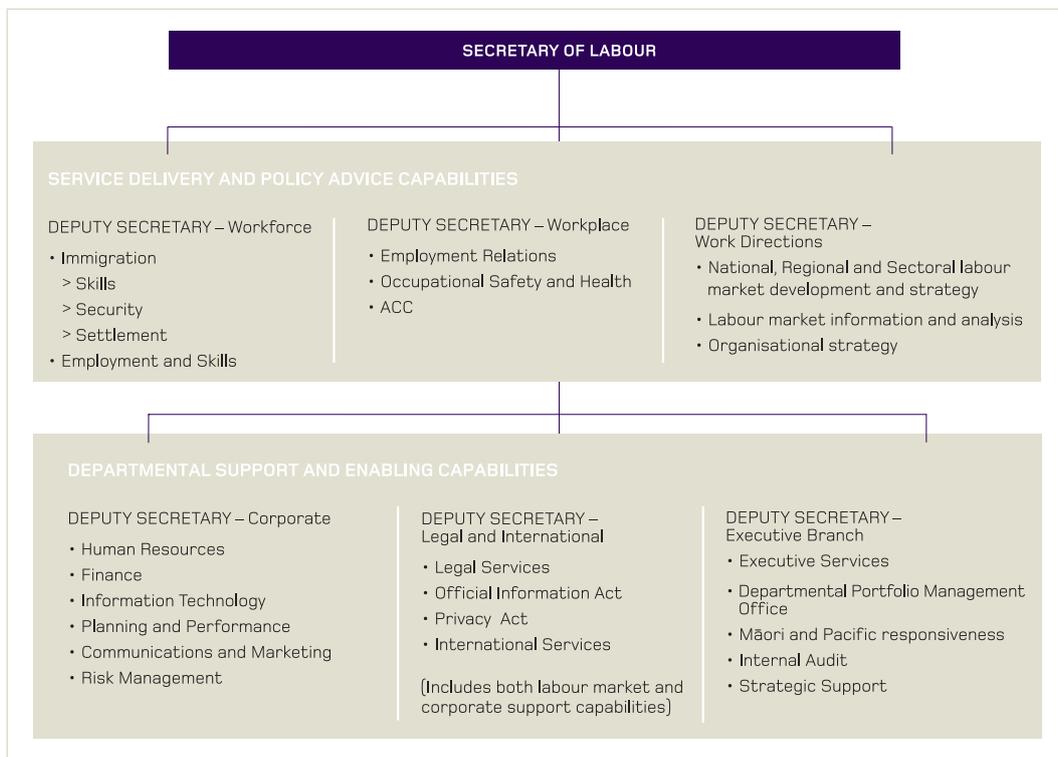


Appendix 1: The Department's Structure

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

- Workplace delivers policy and services related to employment relationships, workplace practices, workplace health and safety and ACC to build healthy, productive workplaces
- Workforce delivers immigration, employment and skills policies to build New Zealand's workforce, as well as managing immigration in New Zealand's best interests
- Work Directions focuses on achieving the best labour market outcomes possible at a national, regional and sectoral level, through strategic analysis, engagement and comprehensive and tailored labour market information and insights. The group also focuses on integrating and aligning activities undertaken by the Department
- Legal and International provides legal services, advice and support to the Department and Ministers, and manages labour-related international engagements. The group also provides an internally independent home for support staff for immigration appeal bodies, and the newly created Immigration Advisers Authority
- Corporate supports the Chief Executive and whole-of-Department capability through a range of central services, advice and standards for human resources, information technology and management, communications and marketing, financial management, planning and reporting, and property
- Executive Branch supports the Chief Executive and Strategic Leadership Team (SLT) to enhance the performance of the organisation from its centre, by providing assurance on departmental systems, processes and policies. The Executive Branch includes internal audit, the government executive, and ministerial support team, Strategic Support and Departmental Portfolio Office (DPMO), and provision for a centralised Māori, Pasifika and other ethnic response capability.

Department of Labour Structure



The Strategic Leadership Team

The Department’s delivery and support groups are headed by Deputy Secretaries who, together with the Secretary of Labour, comprise our Strategic Leadership Team (SLT).

The Secretary of Labour chairs the SLT, which is the governance committee for the Department. This team comprises the Secretary and six Deputy Secretaries, and leads the Department’s strategic direction, organisational development and capability, and organisation performance and monitoring. The SLT works through staff and other stakeholders to achieve the Department’s purpose.

The team is supported by five sub-committees: Policy Forum, Planning and Budgeting, Human Resources, Information, and Audit.



Key personnel	
Christopher Blake <i>Secretary of Labour</i>	Ph: (04) 915 4050
Workforce	
Andrew Annakin <i>Deputy Secretary Workforce (Acting)</i>	Ph: (04) 915 4550
Steven Cantlon <i>Group Manager Service Delivery</i>	Ph: (04) 915 6202
Lesley Haines <i>Group Manager Policy</i>	Ph: (04) 915 4162
Jan Clark <i>Acting Group Manager Service Design</i>	Ph: (04) 915 4686
Stephnie Roberts <i>Group Manager Strategic Support</i>	Ph: (04) 915 4270
Sue Boland <i>Strategic Manager Immigration Business Transformation</i>	Ph: (04) 915 6583
Api Fiso <i>Group Manager Border Security</i>	Ph: (04) 903 3136
Kevin Third <i>Acting Group Manager Service International</i>	Ph: (04) 915 4367
Workplace	
Craig Armitage <i>Acting Deputy Secretary Workplace</i>	Ph: (04) 915 4279
Tim Wake <i>Director Group Performance</i>	Ph: (04) 915 4182
Paul Barker <i>Acting Group Manager Workplace Policy</i>	Ph: (04) 915 4044
Maarten Quivooy <i>Group Manager Workplace Services</i>	Ph: (04) 915 4183
Glenys Robinson <i>Group Manager Information and Promotion</i>	Ph: (04) 915 4380
Work Directions	
Monique Dawson <i>Deputy Secretary Work Directions</i>	Ph: (04) 915 4180
Dafydd Davies <i>Acting Group Manager Labour Market Dynamics</i>	Ph: (04) 915 4349
Gordon Chapple <i>Group Manager Organisational Strategy and Alignment</i>	Ph: (04) 915 4396
Felicity Bollen <i>Acting Group Manager Labour Market Development</i>	Ph: (04) 915 4405

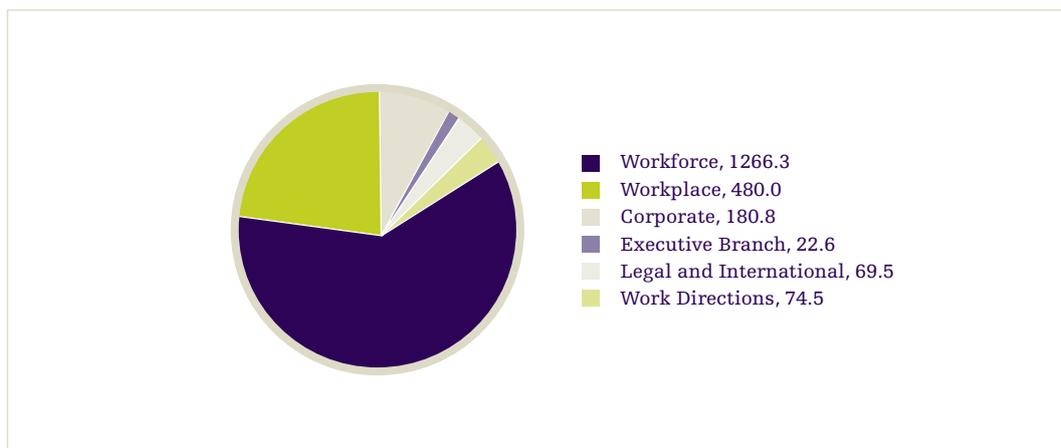
Legal and International	
Graeme Buchanan <i>Deputy Secretary Legal and International</i>	Ph: (04) 915 4048
Tania Turfrey <i>Director Legal Business</i>	Ph: (04) 915 4109
Tracey Conlon <i>Director Legislation</i>	Ph: (04) 915 4698
George Mason <i>Director Litigation</i>	Ph: (04) 915 4053
Rebecca Steffens-Smith <i>Director International</i>	Ph: (04) 915 4013
Corporate Group	
Brian Sage <i>Deputy Secretary Corporate</i>	Ph: (04) 915 4663
Debbie Gee <i>Director Communications and Marketing</i>	Ph: (04) 915 4005
Raewyn Pointon <i>Director Human Resources</i>	Ph: (04) 915 4112
Meaw-Fong Phang <i>Director Finance</i>	Ph: (04) 915 4014
Pam Madgwick <i>Director Information</i>	Ph: (04) 915 6348
Helen Omundsen <i>Director Planning and Performance</i>	Ph: (04) 915 4122
Executive Branch	
John van der Heyden <i>Acting Deputy Secretary Executive Branch</i>	Ph: (04) 913 8010
Russel Third <i>Director Internal Audit</i>	Ph: (04) 915 4263
Jo Lake <i>Director Executive Services</i>	Ph: (04) 915 4511
Deborah Kempson-Wren <i>Director Strategic Support</i>	Ph: (04) 915 4556
Tikirau Stevens <i>Chief Advisor Māori</i>	Ph: (027) 444 7827
Vicky McMillan <i>Business Services Manager</i>	Ph: (04) 915 8005
Robert Gray <i>Director DPMO</i>	Ph: (04) 915 6349



Staff in the Department

The Department has just over 2,000 (full time equivalent (FTE)) staff members in 2008. This is shown by staff numbers for individual workgroups in Figure 1.

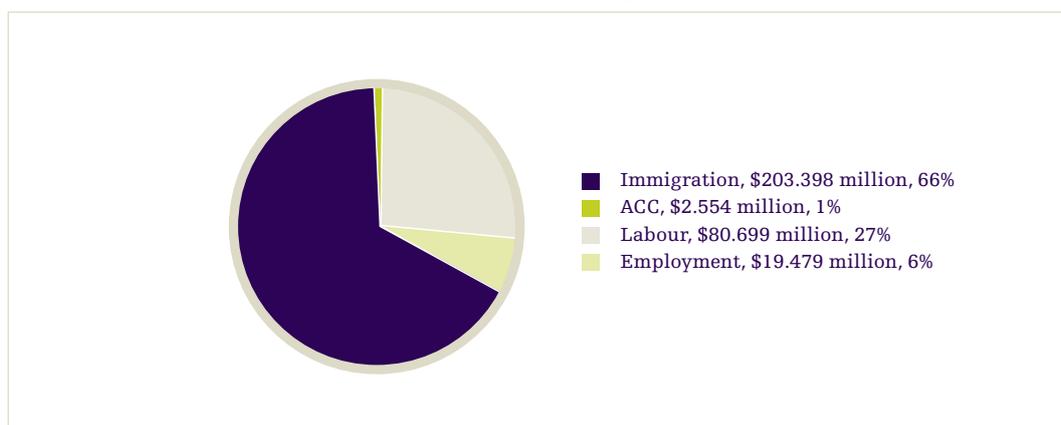
Figure 1: Department of Labour Staff (FTEs)



How the Department is funded

The Department is funded by appropriations for four votes: Labour, Immigration, Employment, and ACC; shown in Figure 2.

Figure 2: Departmental appropriations by Vote (including the October Baseline Update)



* Note: Approximately half of Departmental funds are derived from fees and levies.

Appendix 2: Where to Find Us

The Department of Labour has offices in 19 New Zealand locations, including the national office in Wellington.

We also have 17 immigration offices overseas (one in Australia, ten in Asia, three in Europe and three in the Pacific). Immigration services on behalf of the Department are also provided through 29 Ministry of Foreign Affairs and Trade posts. The location of offices relates to the need to target the skilled migrants New Zealand needs, foster regional relationships and manage risk.

Figure 3: New Zealand office locations





Immigration New Zealand offices offshore are located as follows:

- three in Europe – London, Moscow, The Hague
- ten in Asia and the Middle East – Bangkok, Beijing, Shanghai, Hong Kong, New Delhi, Singapore, Taipei, Jakarta, Manila and Dubai (a branch in Mumbai is planned to open in 2009)
- three in the Pacific – Suva, Nuku'alofa, Apia, and
- one in Australia – Sydney.

Figure 4: Immigration overseas office locations



