

WorkSafe

TE PŪRONGO O MAHI HAUMARU AOTEAROA

1 October - 31 December 2022

Contents

Quarter 2 at a glance	3
Delivering our strategy	4
Regulatory intervention	8
Quarterly performance	11
Organisational health	12
Organisational risk.....	14
Financial performance as at 31 December 2022.....	15

Quarter 2 at a glance

WorkSafe has continued its positive start to 2022/23.

Key performance updates

- **19 out of 21 targets from WorkSafe's Statement of Performance Expectations were achieved in Q2.** Based on performance this quarter, WorkSafe expects to achieve 20 out of 22 targets (85-95%) by financial year-end. This represents a marked improvement from previous years.
- Over Q2, WorkSafe received an increased number of OIA requests, compared to the same period last year. **All responses have been completed on time.**
- Our six **Hoe Nuku programmes** are rated as follows:
 - **Worker Engagement, Participation and Representation (WEPR)** and **Working Closer to the Source of Influence and Control** are progressing as planned.
 - **Carcinogens and Airborne Risks, Digital Transformation, Nga Paiaaka** and **Plant and Structures** are progressing but with some risks.
- There were **762 FTEs** in Q2, an increase of **79 FTEs**, compared to Q2 2021/22 (683) and a decrease of **9** from Q1 2022/23.
- **Staff turnover** for the 12 months to Q2 was **14.8%**. This is a slight decrease from Q1 (15.1%).
- WorkSafe staff completed the **Te Ao Māori Capability Survey**. One of the findings is that approximately 70% of staff think WorkSafe 'often' or 'always' demonstrates its commitment to tikanga Māori.
- WorkSafe has a **year-to-date deficit of \$1.2m compared to a budgeted deficit of \$4.6m**. This has been driven by slower spend than budgeted in areas of specific funding e.g., Plant and Structures and Whakaari.
- **COVID-19 update** WorkSafe's authorisation as a COVID-19 enforcement agency ended on 31 December. The number of COVID-19 breaches have reduced significantly and the majority of these are not breaches of legal requirements. COVID-19 authorised officers are now focussing on HSWA activity but will continue to support COVID-19 activity as required.

Activities and achievements

- Over this quarter, **131 media queries** were received with an **average response time of 1.8 working days**. An increase in media interest is anticipated due to interest in the upcoming Whakaari / White Island trial.
- The **Annual Report 2021/22** was presented at parliament in December 2022. It is now available on the WorkSafe website.

- **WorkSafe's Annual Review 2021/22** - The Board Chair and Chief Executive appeared in front of the Education and Workforce Committee at Parliament in December 2022.
- WorkSafe recently won **Best Plain Language Document** – Public Sector in the 2022 Plain Language Awards. The award-winning document, *How We Do Duty Holder Reviews*, is an operational policy.
- Planning and implementation of the recommendations of the Strategic Baseline Review continue and progress will be discussed with MBIE leadership.
- As principal sponsor of the **HeadFit Awards** (New Zealand's first national workplace mental health awards programme), WorkSafe presented the Supreme Award to Fulton Hogan for the organisation's outstanding leadership and effort in supporting staff mental wellbeing.
- The Energy Safety team attended the **Electrical Regulatory Authorities Council** meeting in Australia. This was the first face to face meeting since COVID-19. The agenda covered Australasian accident data for fatalities, post market electrical product compliance and safety surveillance and product certification. WorkSafe presented on the sale of online electrical goods.
- WorkSafe presented to the **Annual Coroner's Conference** in Auckland on "Working with WorkSafe" and specifically how WorkSafe can assist with coronial requests for information relating to workplace.
- A **review of the organisational operating model, governance and executive leadership team structure** was completed in December 2022. A new structure is planned for implementation from the 3rd of April 2022.
- After five years as Board Chair, Ross Wilson retired. Our **new Board Chair**, Jennifer Kerr was appointed effective from 17 October 2022.

! System Performance Indicators WorkSafe is awaiting clarification from ACC and Stats NZ on the issues identified with the collection of this data. As a result, no related analysis is included in this report.

What's coming?

Whakaari/White Island

In October 2022, the District Court dismissed an application to have the charges against the Buttles (directors for the Whakaari management company) dropped.

The next case review hearing in Whakatāne for the remaining 11 defendants will be held in March. WorkSafe continues to support the victims. The trial has been set down for July and will be held in Auckland.

Delivering our strategy

This section is based on the Statement of Performance Expectations 2022/23 (pages 12-14) which supports the Statement of Intent and provides a more detailed plan, including the key priorities and information of what WorkSafe intends to achieve during 2022/23.

Ngā aronga matua | Focus areas

Targeting our efforts – Health and Safety at Work Strategy 2018-28

Forestry Circuits Tairāwhiti, Southern and Tai Tokerau

After engagement with the Forestry Industry Contractors Association, WorkSafe undertook a Circuit (13 workplace assessments over 3 days) focused on forestry work sites in the Tairāwhiti region. The inspectors reported positive discussions regarding work-related health.

Harm Reduction Action Plan

Work is progressing to agree a new Harm Reduction Action Plan which is expected to be finalised in Q4 2022/23. WorkSafe and ACC have together identified key opportunities for improvement and collaboration over the next 12 months to maximise our collective impact. This includes forming a joint working group on manufacturing, pooling the resources and capability of the two organisations,

Targeting our efforts – Supporting effective delivery of system and regime changes

Extractives Certificates of Competence – Mining Operations and Quarrying Operations

WorkSafe is drafting a Safe Work Instrument Competency Framework for the Extractives Certificates of Competence which will be required from 18 July (as prescribed by the revised Mining and Quarrying Regulations). This will replace all existing gazette notices pertaining to competency and continuous professional development for the extractives industry.

Influencing health and safety at work practices – Developing Better Work practices

- WorkSafe has held several events to share experiences and foster new practices. Two regional workshops (over 25 participants) have been held which focus on worker engagement and mental health.
- Our initiative to bring together expertise, including worker input to solve sector challenges, has expanded to dealing with challenges in forestry (improving machinery for work) and construction (abuse towards temporary traffic managers).

Influencing health and safety at work practices – Giving particular emphasis to vulnerable groups

System Prioritisation and Investment Group – this is a proposed sector-led forum (with a reinvigorated approach to workplace health and safety) which will replace the Health and Safety Action Leadership Council.

- In December, the Minister was briefed on the design development, draft terms of reference and stakeholder feedback for the new group. The Minister expressed support.
- Further consultation with Te Kāhu Mātai, ACC and Business New Zealand has taken place over the quarter and it is expected that WorkSafe and MBIE will report back to the Minister with the results of this consultation before the end of February 2023.

Puataunoko Come Home Safely education programme – supporting workplaces to implement culturally appropriate health and safety training for their workers.

- We completed 13 workshops, reaching 274 workers mainly working in horticulture and manufacturing.
- Workshops were held for seasonal workers in Hawke's Bay. Some workers felt comfortable enough to raise a couple of health and safety matters which the Recognised Seasonal Employer (RSE) was able to resolve.
- A joint agency approach to deliver further support to the RSE scheme sector is being developed.

Pasifika Responsiveness Plan

- The review of the draft Plan is expected to be completed by March 2023.
- Six Pasifika community engagement fono were held. Feedback received will be incorporated into the final Plan.
- WorkSafe is partnering with Auckland metro health primary health organisations and non-government organisations to focus on connecting Pasifika female workers with better health and wellbeing services.

Maruiti strategy: Kaupapa Māori harm prevention and Māori Crown relationships

- Te Kawa a Tāne regional plan in Te Tairāwhiti is underway. In December 2022, the Minister participated in Te Wānanga Poumahi with a forestry crew in Te Tairāwhiti. This was the first in a series of kaupapa Māori intervention wānanga with forestry kaimahi in 2023.
- Maruiti o te Waipounamu regional plan is progressing well, connecting with local government, industry and kaimahi on the delivery of a series of Kaupapa Māori intervention wānanga, focussing on health and safety improvements for Māori in the construction industry.
- A working agreement is now in place with Ngāi Tahu, regarding construction.

Delivering core regulatory services productively and effectively

Targeted Complex Intervention (TCI) – Talley’s Group

- The Road Map outlining Talley’s Group Health, Safety & Wellbeing Strategic Framework has been completed.
- WorkSafe will now monitor the implementation of these strategies to effect change within Talley’s Group following completion of the SafePlus review and WorkSafe facilitated wānanga series.
- A plan is being developed which will see WorkSafe engaged with the Talley’s Group Governance and Assurance Board to monitor the implementation of the Road Map.

Auckland Tunnels: City Rail Link and Central Interceptor

- WorkSafe is working with parties involved in these two multi-billion-dollar projects. WorkSafe is aiming to grow awareness as to WorkSafe’s function, educating workers in relation to who to contact with health and safety concerns, and WorkSafe’s health and safety expectations for Government projects of this scale.
- Engagement has included discussions with worker representative groups, project management, construction companies as well as WorkSafe Chief Executive engagement with the project board which reinforced improvement requirements for critical risk management and health and safety performance measurement.

Joint activity: WorkSafe and Maritime NZ

- There have been more joint agency visits to Ports in December which resulted in the issuing of enforcement notices.
- The purpose of this planned activity with Maritime NZ is to provide engagement and education to port PCBUs, unions and workers before the holiday period.
- WorkSafe has reached out to the Port Industry Association to provide information on trends and to seek opportunities to support the sector to improve across all 13 Ports. There are plans to have regular engagement between the Port Industry Association and the WorkSafe inspectorate going forward.

Building our capability to deliver effectively – Evidence based delivery and prioritisation: Complete the Pūmahara project to inform regulatory decision making

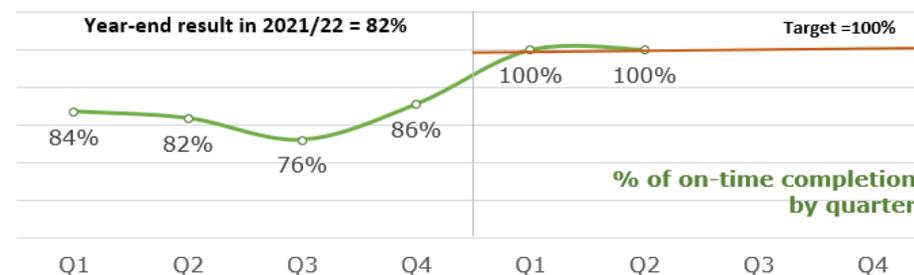
The first iteration of Pūmahara (a technical solution to help inform the generation of strategic insights) was delivered in December 2022. This will be tested by selected users over the next six months with a launch for general users targeted for July.

Building our capability to deliver effectively – Delivering our core service: Requests under the Official Information Act in a timely manner

WorkSafe continues to see an increase in OIA requests, completing 82% more OIA responses this period compared to the same period last year.

All responses in Q2 were completed on time. This represents significant progress on last year’s performance, where only 82% met this target.

	2021/22			2022/23	
	Q2	Q3	Q4	Q1	Q2
OIA completed on time	90	95	124	200	164



Key priorities | Hoe Nuku

Our Hoe Nuku are the six priority programmes within the Taura Here Waka Portfolio. The six Hoe Nuku are:

- 1. Worker Engagement, Participation and Representation (WEPR)** aims to embrace the worker voice, and ensure workers are engaged and active participants in the health and safety system. This includes ensuring workers have a greater ability to influence the way work is designed and done.
 - There has been demand for the services of two new WorkSafe staff who deliver Health and Safety Representative (HSR) education and guidance to workplaces.
 - HSR development continues and in Q2 2022/23, 435 HSRs have enrolled since the WorkSafe connection hub which went live in August 2022.
 - The second phase of WEPR will commence in Q3 2022/23. Phase two will look to integrate WEPR initiatives within the work programmes of other business groups and teams.
- 2. Working Closer to the Source of Influence and Control** works with those who have influence and control over health and safety risks can do more to influence their entire supply chains.

The Programme Management Plan has been approved and progress is being made with planning operational activity.

3. Digital Transformation supports WorkSafe’s goal to be an insights-driven regulator

The programme faces resourcing and COVID-19 related IT supply-chain risks.

Highlights include:

- *Benefits Plan* is now in place and is being reported against.
- *Occupational Divers Licensing* - all application types are now available online through the self-service portal.
- Technology build support for *Plant and Structures and Refrigeration* - the programme is set up to accommodate implementation when go-ahead received
- *HSWA Notifications and Health & Safety Concerns System* was released in December 2022. An estimated 16,000 notifications can now be processed in the new Atlas platform (rather than Guardian) allowing efficiencies for users.
- *General Inspectorate Case Management Tool* - first iteration was released.
- *WorkSafe Engagement Capture App* - is ready for testing with a planned release in early 2023.
- *Data Management Platform* – reporting is being progressively enabled as new functionality is built in Atlas.

4. Carcinogens and Airborne Risks focuses on developing processes to guide how work-related harm from carcinogens and airborne risks is identified and managed to make a lasting impact on the health, safety, and wellbeing of workers.

The programme faces resourcing shortages. Recruitment is underway.

- In November 2022, WorkSafe participated with a booth focusing on our Carcinogens and Airborne Risks programme at the Health and Safety Association of New Zealand (HASANZ) Conference, held in Wellington. The WorkSafe General Manager Regulatory Effectiveness gave the opening keynote address about our role in helping New Zealanders shift into a “health and safety mindset,” by changing how work is designed and carried out.
- Over two months, *Carcinogens and Airborne Risks Roadshows* were delivered at nine locations around Aotearoa and attended by approximately 1,200 workers, managers, health & safety professionals, and consultants from a wide range of industries.
- An Asbestos Awareness Week was organised with stakeholders in November 2022.
- *Accelerated silicosis exposure* data was updated and a related briefing was provided to the Minister in December 2022.

5. Nga Paiaka will improve how WorkSafe administers its existing regulatory frameworks, empowering our people to be good stewards, and supporting good decision making.

The programme continues to face challenges due to resourcing risk. Specialist project resourcing has been seconded to the programme to manage this risk.

Progress continues to be made in the programme’s four workstreams, including:

- *Authorisations*: 29 submissions on the proposed changes to the Audit Standard were received and analysis is underway with the final version expected to be approved by May 2023.
- *Delegations*: A Statutory Delegations working group was established and a stakeholder workshop was held in December to design and agree future state process and assign tasks needed to implement that process.
- *Exemptions*: An implementation plan to manage exemptions is in development and the key messages for expiring exemptions has been developed.
- *Compliance Certifier Regime*:
 - The draft Discretion Policy is in the final stages of drafting.
 - A review of resourcing needs will be conducted next quarter to ensure timely delivery of the remaining ‘Notification of refusal to issue a compliance certificate’ review recommendations.

6. Plant and Structures focuses on implementing new regulatory reforms to help keep workers healthy and safe.

The delayed commencement to the Plant and Structures public consultation has impacted progress and timeframes for the programme. Once the date for public consultation has been set, the programme can re-plan.

- Final review and feedback of the draft regulations, cost recovery impact statement and draft consultation document has been completed.
- Development and approval of the prioritisation framework for applying our regulatory approach to Plant and Structures has been approved at Steering Committee and is being implemented by the programme.
- High-level process maps and implementation planning for high-risk plant design and item registration is underway.
- Initial selection, allocation and reviewing of regulatory practice guidance impacted by Plant and Structures has been completed.
- Procurement plan and Request for Proposal Lite were drafted for procurement of competency framework by the Certification Board for Inspection Personnel.
- Development of the learning intervention design and facilitation plan has been completed but will need to be reviewed due to the public consultation delay.
- Preliminary legal analysis of the safe work instrument functions, and powers in the draft regulations has been completed.

Other initiatives

Mentally Healthy Work (MHW)

- The MHW team has three core projects underway - Data & Insights, Internal and External Capability building which together contain 15 workstreams.
- Collaboration is underway between WorkSafe and the Government Health & Safety Lead on the development of learning modules to support MHW capability building for frontline Health & Safety practitioners and executive leaders.
- External data collection/analysis regarding psychosocial hazard exposure amongst first responders (a high exposure risk sector) has been contracted.

Organisational development: Te Ao Māori capability uplift

- WorkSafe-wide initiatives continue to be delivered which are aimed at uplifting capability relating to Te Ao Māori, Te Reo Māori, and Te Tiriti – all of which have had a good participation rate.
- Consultation on the draft Te Tiriti o Waitangi Policy will take place in March. This policy will underpin WorkSafe's tikanga and kawa approach related to the way we work. 17 out of 30 of WorkSafe's operational polices now include Te Tiriti o Waitangi considerations and work continues to increase this.
- WorkSafe undertook the Te Ao Māori Capability Survey in 2022 which was completed by 52% of WorkSafe kaimahi. High level results have been released to staff and more detailed results will be released in Q3. Findings will also help develop tools to better understand, engage with, and effect change for and with Māori.
- The development of WorkSafe's Kaupapa Māori Evaluation Framework is being implemented across several Kaupapa Māori intervention initiatives which include an evaluation process based on Matauranga Māori.

Property strategy and implementation

Work is progressing in line with our strategy. A new office is being sought in Tauranga. Upgrades in Nelson, Manukau and Christchurch will be completed in early 2023

Regulatory intervention

Notifications received

As expected in Q2, the number of COVID-19 notifications has decreased significantly after the COVID-19 Protection Framework was removed in September, resulting in a decrease to the overall total. However, HSWA based notifications continue to increase.

	2021/22			2022/23	
	Q2	Q3	Q4	Q1	Q2
Injury/illness	584	617	628	711	859
Unsafe conditions	590	644	599	688	912
Incidents	388	332	353	414	421
HSWA	1,562	1,593	1,580	1,813	2,192
COVID-19	3,435	3,001	585	492	60
Total	4,997	4,594	2,165	2,305	2,252

Assessment quality results

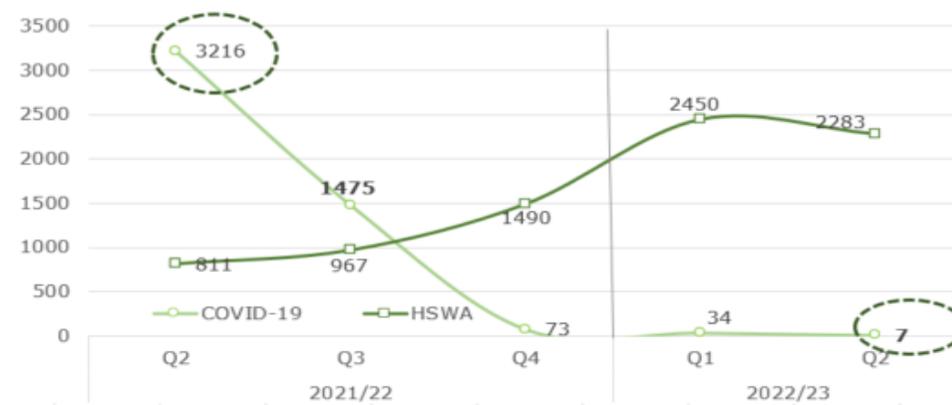
Review of our inspections ensures WorkSafe's regulatory functions are being carried out to expected standards.

	2021/22			2022/23	
	Q2	Q3	Q4	Q1	Q2
Number of reviews	89	100	116	113	106
Pass rate (%)	84%	83%	82%	86%	91%

The percentage of reviews of inspector assessment files that have met the 70% quality assurance and quality control (QA/QC) standard continues to improve and is at 91% - the highest rate for 15 months. *The number of QA/QC reviews being carried out by Senior Inspectors* has declined compared to the previous quarter (Q1 2022/23). This may be due to some Senior Inspectors being on secondment and in acting roles. As these Senior Inspectors return to their substantive roles, and with 5 new Senior Inspectors the number of QA/QC reviews being carried out should increase in Q3.

General Inspectorate assessments

Focus has been on ensuring teams have adequate resource to plan and undertake external workplace assessments. Returning to HSWA-focused activity has resulted in an increase in service delivery outcomes regarding General Inspectorate assessments. These engagements have resulted in establishing WorkSafe back into communities and connecting back to stakeholders in industry. Most service delivery expectations are being met, and as a result, we have managed to maintain levels like Q1 despite an increase in leave and a decrease in COVID-19 notifications in Q2.



To re-establish a presence post-COVID-19, the Northern Assessment Teams conducted over 150 assessments across the agriculture, manufacturing and construction sectors in the Far North. Over 65% of these assessments resulted in some form of enforcement. The main recurring issues related to hazardous substances.

General inspectorate

General inspectorate investigations

The General Inspectorate may commence an investigation into a PCBU after a series of compliance issues

	2021/22			2022/23	
	Q2	Q3	Q4	Q1	Q2
Number of investigations	2	8	2	2	1

In the latter part of Q1, the General Inspectorate was in discussion with Specialist Interventions, exploring opportunities to support and build capability which would include undertaking investigations in a coordinated way. This work will continue and should see a future increase in investigations allocated and undertaken by the General Inspectorate.

This quarter an investigation was commenced relating to a Class B removalist adopting unsafe work practices when removing asbestos, as well as unauthorised removal of Class A friable asbestos. We have referred this investigation to our Authorisations team and continue to investigate the removalist's action with a view to prosecution if appropriate.

Joint work with Police: Fatality in Gisborne - October 14

There was public interest in a scene examination relating to a fatality in the forestry sector. The examination was carried out by Police rather than WorkSafe; as due to an operational issue, there were no suitably qualified inspectors close to the scene at the time. The examination was carried out in accordance with the Memorandum of Understanding between Police and WorkSafe and a prompt examination helped ensure the site was not compromised. The examination was completed within the timeframe it would have taken for an inspector to travel to the scene and WorkSafe was able to provide expertise remotely. All evidence collected was examined by WorkSafe prior to the scene being released. WorkSafe is making every effort to ensure the whānau pani/bereaved family continue to be kept informed of the progress of this continuing investigation.

Inspectors

WorkSafe aims to have a ratio of 8.4 inspectors per 100,000 employed persons. At present, there is a ratio of 6.7 (including all warranted inspectors) and a ratio of 7.7 (including trainees). Actions have been taken to address this growing gap.

	2013	2019	2023
Inspector per 100,000 employed persons	8.4	7.4	6.7
Change		-1.0	-0.7

During Q2, five new senior inspectors were appointed. When they take up their new roles in January 2023, there will be 20 Senior Inspectors across the business.

High hazards, energy and public safety investigations

Energy Safety investigations have a broad scope. They range from basic enquiries and recording data for monitoring and trend analysis, through to complex, involved investigations for fatalities or major events.

	2021/22			2022/23	
	Q2	Q3	Q4	Q1	Q2
Energy Safety	124	130	110	100	59
High Hazards*	-	-	-	-	-
Total	124	130	110	100	59

*Covers extractives, petroleum and gas, and major hazard facilities

High Hazards, Energy and Public Safety compliance monitoring

Audits carried out by Energy Safety are a mix of in person and phone-based intervention.

	2021/22			2022/23	
	Q2	Q3	Q4	Q1	Q2
Energy Safety Audits	103	241	321	142	189
Extractives Inspections	90	108	81	81	71
High Hazards Unit Inspections	14	11	26	37	36
Total	207	360	428	260	296

Enforcement activity

HSWA-based enforcement

There has been a slight increase in the amount of HSWA-based enforcement carried out in Q2. This is positive given the reduced number of working days due to the Christmas period. There was no COVID-19 enforcement this quarter.



EnviroWaste Enforceable Undertaking

Following prosecution, WorkSafe has accepted an enforceable undertaking from EnviroWaste Services Ltd. A wide range of industry stakeholders (including WasteMINZ, the Aggregate and Quarry Association etc) have been consulted to develop the enforceable undertaking which will put in place a structure to ensure adequate health and safety outcomes are achieved at EnviroWaste Services Ltd.

The Electricity Act 1992 and Gas Act 1992

	2021/22			2022/23	
	Q2	Q3	Q4	Q1	Q2
Energy Safety Infringements Issued	-	5	2	3	2
Energy Safety Warnings Issued	14	18	20	9	4

Specialist interventions

Specialist Interventions in the Operations Group manage the duty holder review, complex investigations, audit, and enforceable undertakings activities.

Activities in the specialist interventions area remain steady.

	2021/22			2022/23	
	Q2	Q3	Q4	Q1	Q2
Duty Holder Reviews	26	24	18	20	10
Investigations	22	30	27	31	27
Enforceable Undertakings	7	1	3	3	5
Audits	2	3	1	2	0
Regulatory Assurance Investigations	8	9	11	4	20
Total	65	67	60	60	62

Quarterly performance

The section provides further information about our performance in delivering and achieving **22 service and activity measures and targets** stated in our **Statement of Performance Expectations 2022/23** (pages 16-20). Our performance measures reflect our activities and the success of work we do. They include: the quality, timeliness and effectiveness of our work and asking how well New Zealanders think WorkSafe is doing. WorkSafe is committed to our health and safety leadership role and to achieving our performance measures.

WorkSafe has performed well in Q2. At the end of Q2, **19 out of 21 (90%) of measures** were achieved. Based on current activity, we expect to achieve approximately 85-95% of our measures at year-end.

Performance

Core regulatory activity	SPE Performance Measures			
	Total measures	On track	On watch	Not yet reported
Arahanga, whakapāpā me te whakapakepake Lead, engage and influence	3	2	1	
Whakaako, awhina, whakamohio me te ako Educate, guide, inform and learn	4	2	1	1*
Kia whai āheitanga, kia kanohi kitea ngā kaimahi Build capability and worker participation	2	2		
Kia auaha, kia hoahoa, kia whakatinana me te arotake Innovate, design, implement and evaluate	4	4		
Whakamana, he whakahaere, he aromatawai me te arotake Authorise, oversee, assess and audit	5	5		
He ketuketu, he whakauruhi, me te noho haepapa Investigate, enforce, and hold to account	4	4		
Total	22	19	2	1*

*Reported end of financial year

Targets on watch - variance explanation

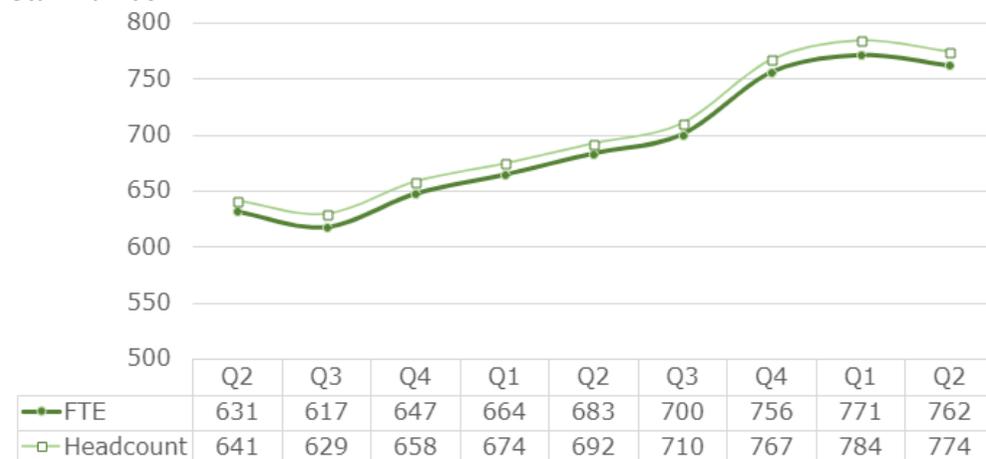
Measures	Target	Quarter result	Variance explanation
1.1 The proportion of partnerships funded by WorkSafe that meet or exceed the agreed partnership outcomes	100%	90%	As in Q1, one of our partners continues to experience delays meeting their milestones. New dates have been agreed. It is considered a low risk that this measure will not be met by year-end.
2.1 The percentage of people we directly engage with who agree WorkSafe educates	>65%	58%	This result is not a reflection of all education efforts carried out by WorkSafe as due to system and process constraints, this is currently only measuring engagement by the General Inspectorate. While effort is being made to improve this result, it is also acknowledged that education only forms part of an inspector's role.

Organisational health

WorkSafe people

We are working to strengthen data relating to human resources capability and capacity which will assist us to better support our people and for the efficient allocation of resources. To inform our '2023 and Beyond Work Programme' (which includes our Diversity, Equity and Inclusion Work Programme), 150 Employee Experience Interviews have been completed.

Staff number

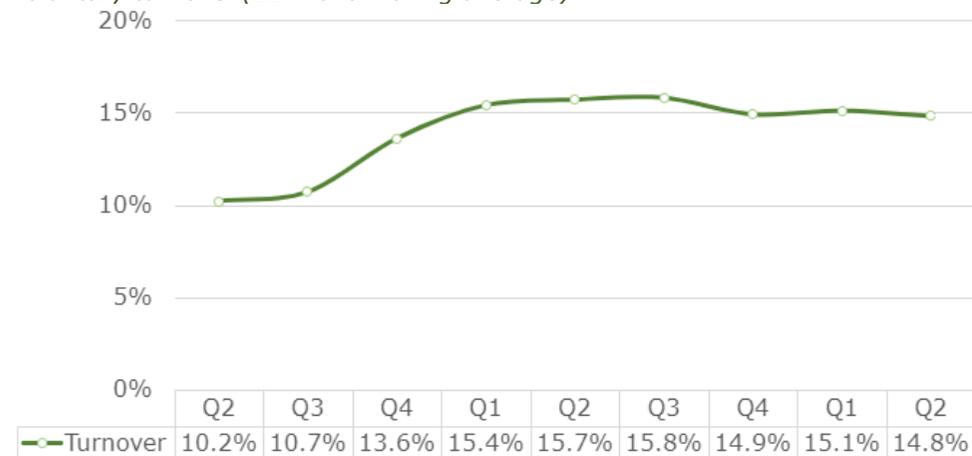


Staff numbers have decreased slightly from previous quarter.

Recruitment activity has continued to steadily decline which is in-line with our budget and business plan for the year. The decrease in recruitment activity for Q2 also aligned with the current ELT review, which saw recruitment for some roles pause. The roles under active recruitment have dropped from 51 in Q1 to 24 in Q2.

Recruitment into vacant roles in ICT and policy areas, continues to be challenging.

Voluntary turnover (12-month rolling average)



Permanent voluntary staff turnover for the 12 months to Q2 was 14.8%.

This was 2.5% lower than the Public Sector Core Unplanned Turnover Rate as of 30 June 2022 which was 17.3%.

WorkSafe has continued to experience higher than pre-COVID-19 turnover rates throughout 2021/22, and into 2022/23, and we would expect to see an increase in turnover in Q3 as people reassess their careers and as we make changes to our overall structure. External factors such as increasing inflation rate may also be impacting turnover, as employees seek to increase their salary through a change of employer.

The turnover rate for inspectors and regulatory officers is 15.6%. While this is not significantly higher than the overall turnover rate, combined with the number of WorkSafe inspectors seeking different opportunities within WorkSafe, this may affect WorkSafe's ability to conduct its regulatory role

Diversity, equity, and inclusion

WorkSafe's Diversity, Equity and Inclusion Approach and organisational objectives were finalised in Q2. This includes the delivery of Kia Toipoto – Closing Gender, Māori, Pacific and Ethnic Pay Gaps, Public Service Action Plan 2021-24.

Key deliverables for Q2 included:

- Drafting the three-year Diversity, Equity and Inclusion Work Programme developed.
- Developing the Gender and Ethnic Pay Gap Action Plan.
- New Remuneration Framework and guidance implemented to ensure starting salaries for same or similar roles are not influenced by bias.
- Phase 1 of the Aotearoa Inclusivity Matrix Assessment completed.
- The Māori staff network was established and wāhine staff network re-established. We are also preparing to launch a network for disabled people.

Health and safety

Incidents	Q2 2021/22	Q2 2022/23	Trend
Lost time Injury	3	0	↓
Medical treatment injury	0	3	↑
Total recordable injury	3	3	→
Occupational illness	3	4	↑
First aid injury	2	1	↓
Hazard reports	7	15	↑
Near miss	11	17	↑

WorkSafe's overall event reporting for Q2 has increased since previous years. This is seen as positive as it is in areas such as Hazard and Near Miss reporting, compared to Injury reporting.

The new event reporting system was introduced in November of Q2, which has made it easier for our kaimahi to report events, our focus is now using this information to provide better insights into trends, allowing improvement plans to be implemented and corrective actions tracked.

Privacy

There have been six reported privacy incidents in Q2. Two were due to human error and four concerned various IT related issues. Two of the four IT matters related to our document management system where two staff members were able to access documents which they should not have had access to. In both cases, the staff members did not view the documents and promptly advised the Privacy Officer. Our

IT team were then able to appropriately restrict access and take other preventative steps.

None of these six privacy incidents required Privacy Commissioner notification.

Carbon Neutral Government Programme

WorkSafe has formed a Joint Sustainability Working Group with PSA to develop an approach to carbon emissions reductions for WorkSafe and to assist implementation of the Carbon Neutral Government Programme. This work has a particular focus on fleet transition.

Work is underway to develop an environmental management system with a focus on emissions inventory reporting. In the last quarter, we have seen a return to pre-COVID-19 travel patterns. Further work is required to explore how we might balance travel with reducing WorkSafe's carbon footprint.

Fleet and electric vehicles

WorkSafe now have 18 electric vehicles in the fleet, which collectively are on track to deliver 26.8 tonnes of saved or avoided CO2e emissions in their first year. We are trialling four plug-in hybrid electric vehicles to understand whether they can reduce our reliance on diesel utes where electric vehicles do not offer the functionality we require.

Consistent with our aspiration to have a carbon neutral fleet by 2025/26, we have purchased a further 32 electric vehicles for delivery in Q4. These will target an additional savings of 60-70 tonnes of CO2e emissions each year.

Organisational risk

Strategic risk profile

#	Risk	Residual Risk
1	A significant disruptive event impacts our ability to continue key business operations	High
2	Our environment does not allow our people to thrive, or our people are harmed as a result of work (Protection)	High
3	Our transformation does not enable us to become a modern, insights driven regulator (Participation)	High
4	We do not deliver on our business and strategic plans	High
5	We fail to meet our regulatory objectives and obligations	High
6	We do not use our funding effectively and/or efficiently to achieve our strategic objectives	High
7	We lose internal or external stakeholder support (Partnership)	Medium
8	Loss of support from authorising environment	High

Overall risk ratings have remained stable through Q1 2022/23 and Q2 2022/23. Some actions to improve control effectiveness continue to have time frames extended, reflecting the ongoing challenges in capacity for implementing actions.

Several themes continue to cut across many of the strategic risks. These are: prioritising the work we do; telling our story; measurement of progress, outcomes and impacts; and capability and capacity of our people. These themes are reflected in the detailed risk descriptions where relevant and largely relate to causal factors to those risks.

The themes continue to be mitigated and addressed through improved planning, regular prioritisation and telling our performance story in our accountability documents. Further work is required to understand our enterprise resource allocation to ensure our people are focused on the right things at the right time to have the right impact.

Other insights highlighted by risk:

- A cost pressure budget bid has been submitted relating to remuneration, inflation and ICT. The budget risk for 23/24 remains. Work continues to analyse the options to manage the uncertainty of future funding with long-term sustainable funding risk remaining. The positive variance against budget is timing related and the outyear view poses funding challenges.
- The outcome and implementation of the ELT review will present opportunities for WorkSafe to improve how it manages delivery and the transformation. The risks of potential higher staff turnover due to the uncertainty created, difficulty to recruit in the existing market and increased costs associated will need proactive management and close monitoring.
- Tracking and timely implementation of the large number of required management actions and improvements associated with external reviews, whilst balancing delivery of core activities and transformation needs to be prioritised effectively and balanced well to ensure the right outcomes are achieved and wellbeing impacts to our people are minimised. Prioritisation and the monitoring of progress against key project management plans and milestones will be critical controls to give effect to managing the delivery of our strategy and transformation risks.

Financial performance as at 31 December 2022

Current financial position

WorkSafe has a year-to-date deficit of \$1.2m compared to a budgeted deficit of \$4.6m. This lower deficit compared to budget has been driven by a slower than anticipated spend in areas of specific delivery funding e.g., Plant & Structures and Whakaari.

Funding for core delivery functions is under significant financial pressure with cost pressures rising relating to remuneration, inflation and ICT. Budget bids have been submitted into the Government Budget 2023 process; however, the outcome won't be confirmed until later in 2022/23.

Year-to-date expenditure by area as at 31 December 2022

\$000	Actual	Budget	Variance	Full Year Budget
Core Delivery (exc. Depreciation)	55,966	53,997	(1,969)	111,499
Depreciation	3,170	4,147	977	8,388
Specific Delivery (tagged funds)				
Whakaari	2,487	3,091	604	6,181
Energy Safety/ MHF/P&G	3,311	3,642	331	7,553
Digital Transformation	2,302	3,145	843	5,398
ACC	4,970	4,623	(347)	13,000
COVID-19 Enforcement	2,915	3,194	279	6,261
Harm Prevention Programme	1,760	1,997	237	4,785
Plant & Structures	1,384	2,798	1,414	5,597
Total Specific Delivery	19,129	22,490	3,361	48,775
Total Expenditure	78,265	80,634	2,369	168,662

YTD expenditure is \$2.4m under budget due to lower than budgeted spend on specific delivery programmes, with some offset from core delivery function costs which are currently tracking over budget. The areas below are driving the variance:

- **Whakaari:** \$0.6m below budget due to the timing of the court case and the planning of the proactive work programme which is being worked through.
- **Digital Transformation:** \$0.8m below budget within operating costs due to timing with focus on CAPEX activities.

- **Plant & Structures:** \$1.4m below budget due to delays in the legalisation being approved. Currently the implementation plan is being rephased to adjust for this timing issue.
- **Core Delivery (excluding depreciation):** \$2.0m above budget due to rising costs relating to personnel, inflation and ICT costs.
- **Core Delivery Depreciation:** \$0.9m below budget due to timing of capital projects

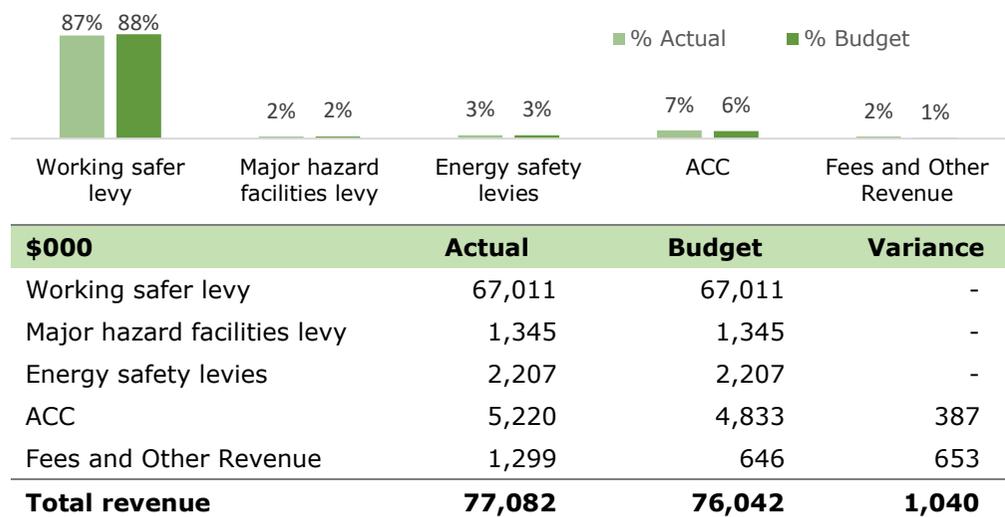
Year-to-date as at 31 December 2022

\$000	Actual	Budget	Variance	Full Year Budget
Revenue				
Revenue Crown	70,563	70,563	-	141,125
Interest Revenue	662	367	295	405
Other Revenue	5,857	5,112	745	14,329
Total Revenue	77,082	76,042	1,040	155,859
Expenditure				
Personnel	50,514	53,147	2,633	106,235
Contractors	4,876	4,185	(691)	6,233
Depreciation	3,170	4,147	977	8,388
Other expenditure	19,705	19,155	(550)	39,417
Total Expenditure	78,265	80,634	2,369	160,273
Surplus/(deficit)	(1,183)	(4,592)	3,409	(4,414)

Revenue

Crown Revenue is in line with Budget. Interest Revenue is \$0.3m higher than budget due to stronger interest rates. Other revenue is in line with budget with ACC Revenue \$0.4m above budget due to higher activity levels over Q2.

Breakdown of revenue as at 31 December 2022

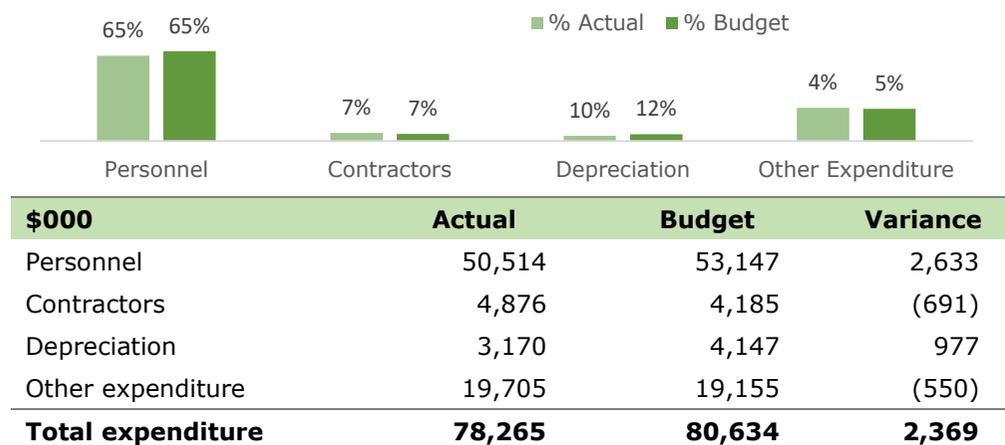


Expenditure

Overall expenditure is down, reflecting the delays in the specific delivery activities described above. Tight labour markets have meant challenges in personnel recruitment, this has led to higher contracting costs to secure resources.

Depreciation is lower than budgeted due to lower capital expenditure in Q1 and Q2.

Breakdown of expenditure as at 31 December 2022



Balance sheet as at 31 December 2022

\$000	Actual	Budget	Variance	Full Year Budget
Cash and bank	1,949	7,451	(5,502)	7,099
Investments	25,800	19,700	6,100	24,435
Debtors	3,895	7,481	(3,586)	2,585
Fixed Assets	36,082	43,312	(7,230)	46,628
Total Assets	67,726	77,944	(10,218)	80,747
Creditors and Payables	8,094	8,567	473	8,567
Employment Liabilities	6,096	8,876	2,780	9,877
Income in Advance	4,624	8,073	3,449	2,389
Crown Loan	11,994	18,657	6,663	24,907
Total Liabilities	30,808	44,173	13,365	45,740
Net Assets	36,918	33,771	3,147	35,007
Equity				
Opening Equity	29,917	29,448	469	30,924
Memorandum Accounts	8,184	5,180	3,004	5,180
Surplus/(Deficit)	(1,183)	(857)	(326)	(1,097)
Total Equity	36,918	33,771	3,147	35,007

- **Assets:** The cash balance is lower than budget as planned see comment for Income in Advance below however, this has been offset by lower spend in capital and operating. Overall Cash and Investments is largely in line with Budget. The fixed asset balance is lower than budget due to lower capital spend.
- **Creditors and payables:** Reflects lower capital and operating spend.
- **Employment Liabilities:** Balance is lower than budget due to timing of payroll and the use of leave.
- **Income in Advance:** The balance is lower than budget reflecting utilisation of the ACC funding received in advance, along with delaying receipt of ACC funding.
- **Equity:** The prior year surplus and capital injection are represented actual equity. The prior year surplus was higher than forecast resulting in the difference against budget.

Operating cashflow

The overall decrease in cash is due to the utilisation of ACC funding received in advance and lower cash receipts for ACC than budgeted. Additionally, WorkSafe has not yet drawn down the next tranche of funding for the B19 Digital Transformation concessionary loan or the Plant and Structures capital contribution from the Crown.

\$000	Actual	Budget	Variance	Full Year Budget
Operating Cash Flows				
Receipts from Crown	70,563	70,563	0	141,125
Receipts from Other Revenue/Interest	1,299	3,521	(2,222)	11,377
Payments to Suppliers/Employees	(80,195)	(77,594)	(2,601)	(151,002)
Net Operating Cash Flows	(8,333)	(3,510)	(4,823)	1,500
Investing Cash Flows				
Net Investments	9,717	10,517	(800)	5,782
Net Asset Purchase	(8,546)	(12,972)	4,426	(21,323)
Net Investing Cash Flows	1,171	(2,455)	3,626	(15,541)
Financing Cash Flows				
Capital Contribution	-	1,975	(1,975)	3,450
Crown Loan	-	5,265	(5,265)	11,515
Net Financing Cash Flows	-	7,240	(7,240)	14,965
Cash Movement				
Net (decrease)/increase in cash	(7,162)	1,275	(8,437)	924
Opening Cash	9,111	6,175	2,936	6,175
Closing Cash	1,949	7,450	(5,501)	7,099

Capital spends

\$000	Actual	Budget	Variance	Full Year Budget
ICT software	7,732	9,287	1,555	17,166
ICT hardware	(5)	1,948	1,953	2,362
Motor vehicles	163	1,440	1,277	3,673
Leasehold improvements	657	-	(657)	1,830
Other assets	-	-	-	-
Total capital spends	8,547	12,675	4,128	25,031

Capital spend explanation

ICT software spend is lower partially due to legislative delays for Plant and Structures which has also delayed the ability to plan and ramp up this activity. Recruitment delays are causing further difficulties in ramping up activity.

Vehicles spend is lower due to supply chain delays.

Leasehold improvements is overspent due to the budget phasing.