

# WORKSAFE

## Annual Report

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2018/2019



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## Our vision

**That everyone who goes to work comes home healthy and safe**

Ka haere ngā tāngata katoa ki te mahi, ka hoki hauora, haumaruru mai ki te kainga

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## Our mission

**To transform New Zealand's health and safety performance towards world-class**

Kia tāhū nui te hauora, te haumaruru i ngā wāhi mahi o Aotearoa

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## Our values

**Integrity: Being fair, firm and consistent, showing respect for those we work with**

**Courage: Standing up for health and safety**

**Responsibility: Being accountable for what we do**

Te Ngākau pono: Ka matatika, ka tina ka whakamatua, ka manaaki tahi i te tāngata

Māia: Kia tū hei mātātoa mō te hauora me te haumaruru

Haepapa: kia whai herenga ki ā tātou mahi





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# From the Board



**Ross Wilson**  
Chair



**Paula Rose QSO**  
Deputy Chair

WorkSafe is now five years old – providing stewardship and focus for the important health and safety at work issues that led to our formation.

## Statement of responsibility

The Board is responsible for the preparation of WorkSafe New Zealand's statement of performance and financial statements and for the judgements made in them. We are responsible for any end-of-year performance information provided by WorkSafe under section 19A of the *Public Finance Act 1989*. We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. In our opinion, the statement of performance and financial statements fairly reflect the operations and financial position of WorkSafe for the year ended 30 June 2019.

## Progress towards our vision

In 2013 the Independent Taskforce on Workplace Health and Safety articulated its vision:

'...that within 10 years New Zealand will be among the best places in the world for people to go to work each day and come home safe and sound. We believe that this is absolutely possible, but it will require an urgent, broad-based step-change in approach and a seismic shift in attitude.'

The Board is encouraged by the progress towards this vision. We believe New Zealand's workplaces are safer than they were when we were formed, and formal statistics on workplace fatalities and notifiable injuries support this. However, the maturity of our health and safety system is lagging behind comparable jurisdictions. The number of people harmed at work remains unacceptably

high. To achieve the step-change and seismic shift sought requires a commitment across the system to work together.

WorkSafe, along with the Ministry of Business, Innovation and Employment (MBIE), led the development of Government's 10-year Health and Safety at Work Strategy. The Strategy provides a framework and direction for the system.

### **System leadership**

We are increasingly exercising system leadership at a number of levels. Leadership is not a verbal commitment – it is a state of action. We recognise there is greater power in an aligned and collaborative approach to building better system performance, and we are effecting this by operating with other regulators. There is great power in bringing regulators with health and safety responsibilities together to provide a critical mass to leverage our effort.

A highlight is the establishment of dedicated inter-regulatory groups at Chair, Chief Executive and executive team level. These links ensure there is a common thread to the work of all parts of the system. WorkSafe's input across the wider system is increasingly valued.

During the year we were invited to contribute to the Francis Review, an independent external review into bullying and harassment in Parliament, and we contributed to the Review of the New Zealand Transport Agency.

Psychosocial risks are increasingly a focus of public attention, and for WorkSafe. We submitted to the Government Inquiry into

Mental Health and Addiction, and the Organisation for Economic Co-operation and Development (OECD) report into Mental Health and Work in New Zealand. We also contributed to the development of the State Services Commission's Model Standards for Positive and Safe Workplaces.

### **Looking forward**

The Board has carefully reviewed WorkSafe's regulatory obligations to ensure the organisation is meeting the expectations of all its stakeholders. We are confident WorkSafe has the balance of its leadership, operational and accountability roles correct. We are particularly confident that WorkSafe has the governance, leadership, systems and clarity of its role to ensure it remains focused on its regulatory obligations.

We are very conscious of our partnership responsibilities under the Treaty of Waitangi and the disproportionate level of harm occurring to Māori at work. We are building our capability for collaborating with Māori leaders and iwi. This includes obtaining insights and supporting initiatives to prevent harm.

We are building our understanding on ways to address the particular needs of Pacific Peoples and migrant workers. Both groups contribute significantly to New Zealand's economy, and our data identifies them as at greater risk of harm from work than the general population.

Our role as the primary health and safety regulator includes a duty to hold the system to account. We have successfully made the case for increased

funding to ensure we are able to sustain our role in working with others to improve outcomes across the system. The funding – some direct, some tagged to specific initiatives and some linked with other regulators – will allow WorkSafe to work with our partners to address, over time, emerging gaps in the system.

The Board will continue to closely monitor both the wider system outcomes and WorkSafe's performance as it broadens and strengthens its contribution to health and safety system performance.

We are confident this country's health and safety system is poised to meet the Taskforce's vision. In doing so we will help build a productive New Zealand where everyone who goes to work comes home healthy and safe.

**31 OCTOBER 2019**

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# From the Chief Executive



**Nicole Rosie**  
Chief Executive

We have a clear mission: we want to transform New Zealand's health and safety performance towards world-class, including the safe use of energy.

## **WorkSafe's commitments**

To achieve our mission, WorkSafe must maintain a clear and deliberate focus in all that we do.

WorkSafe has a single-minded focus on harm prevention, applying our resources in a targeted way to most reduce harm in New Zealand. We do this through a focus on our key levers of system leadership, harm prevention programmes and regulatory effectiveness.

Our focus on system leadership means spending time engaging, and building and delivering outcomes, with the key players in the system – private sector and public sector alike – and I am seeing a shift. Both sectors are genuinely willing to make changes, although this is far from universal.

Externally we are working towards delivering the right mix of services into the system in the right way to support best practice and lift system capability. We are building our harm prevention approach using targeted, evidence-based initiatives. We are growing effective strategic relationships so we can use the influence and insights of our strategic partners to drive system-wide changes.

Through the creation of tripartite forums and working groups, we have been able to support industry, unions and other stakeholders to lead in delivering harm reduction programmes into their sectors. The longest-standing of these forums is the Forest Industry Safety Council (FISC), leading effective work with operational support for their industry. They've established technical action groups focused



on specific harm areas and they've introduced a contractor certification scheme, amongst other initiatives.

We have committed to strengthening our own people and culture so we are best placed to support improved performance across the health and safety system. We have begun, and will continue, building better technology solutions to enable our people and to future-proof the organisation. We can most benefit New Zealand with sustainable funding used in a targeted and effective way.

We are better placed than ever to support businesses and workers, and to make a measurable difference. This is underpinned by a commitment to a robust evidence base and we are planning our ongoing resource needs to achieve this.

We secured a multi-year funding partnership agreement with ACC to enable delivery of initiatives aligned to our shared Harm Reduction Action Plan. This provides us and our partners with confidence to embark on ambitious and targeted activities designed to reduce harm.

In the broader area of work-related health, which accounts for the largest burden of harm from work, we have more limited resources. We prioritised our work accordingly to those areas where we knew we could make the most impact. We will continue to carefully target our work to where we can make the biggest difference, and as funds allow we will introduce limited additional activities directed at improving health and safety outcomes.

Our own staff are telling us we're getting it right for them too. We acted on staff feedback from the previous year, and put our focus on communications, leadership, performance and recognition, and wellbeing. We improved markedly according to this year's staff survey. We have a focus for the coming year on inclusiveness and diversity, empowerment, increased alignment and the minimisation of silos.

### **Where we go now**

Our continued focus is on harm prevention. Central to our work is addressing the unacceptably high level of harm caused by work - that includes the fact that for every person killed suddenly at work, a further 15 are dying from damage to their health caused many years earlier.

Leadership across the system, worker engagement and a focus on critical risks will be what lifts our national performance. This includes productivity - businesses that do well in health and safety are also more profitable.

The health and safety system in this country is complex, and still building capability and maturity of behaviour. We must focus on leadership, worker engagement and risk management, breaking down silos and daring to innovate. If we do this, we will lift New Zealand's health and safety performance.

**31 OCTOBER 2019**

# System performance story

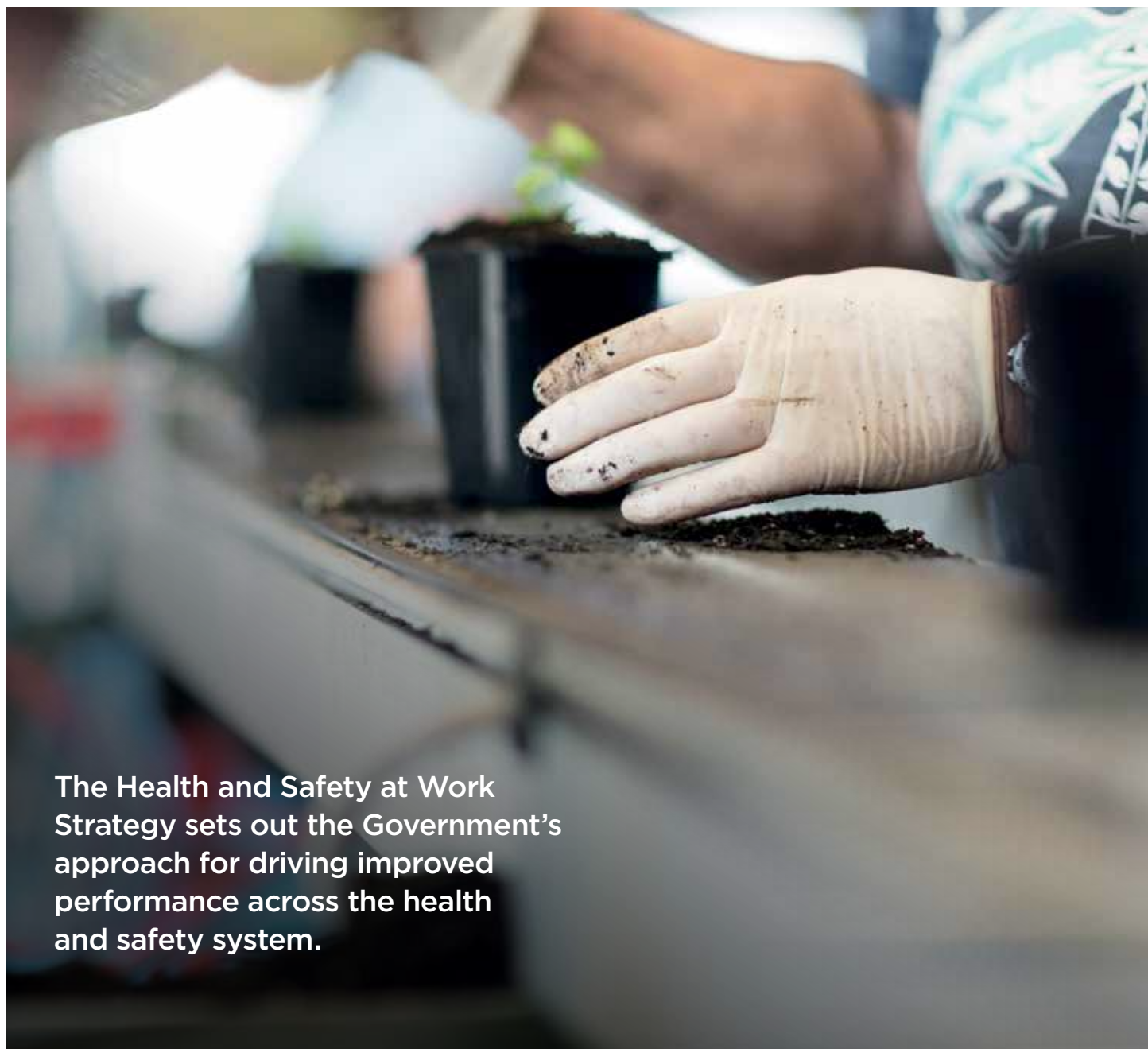






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# Health and safety at work system



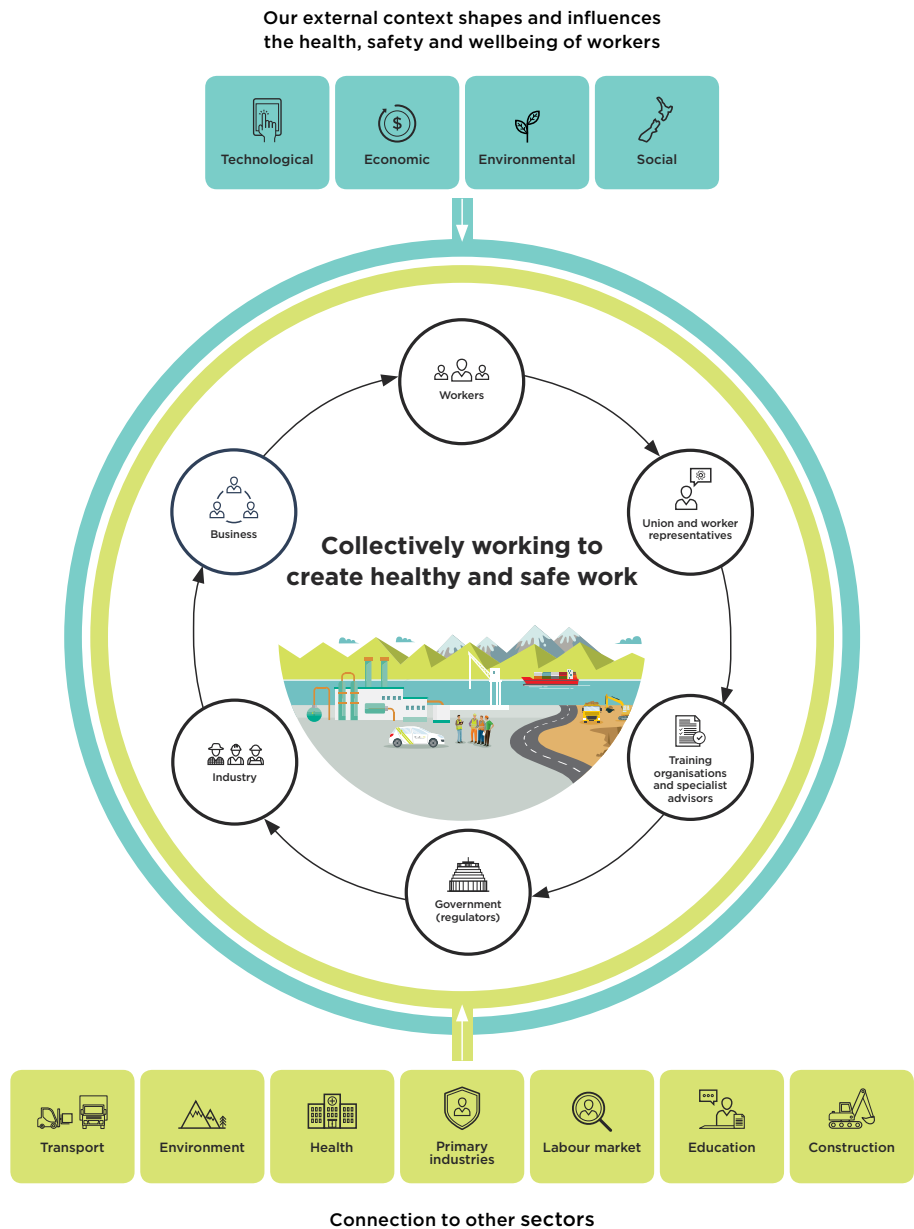
The Health and Safety at Work Strategy sets out the Government's approach for driving improved performance across the health and safety system.

WorkSafe has a key role in working with others across the system to translate the Strategy's vision and priorities into action.

Health and safety cuts across every sector, whether it be transport and construction through to forestry and the natural resources and energy sector. It also impacts and is impacted by other regulatory systems, such as the labour market, education, health and the environment.

To progress towards our goal of New Zealand being one of the best-performing countries on health and safety, change must be collectively driven by everybody with an interest and influence on work. Sectors, unions, businesses, workers and government all have a fundamental role in lifting the performance of the health and safety system.

As system leader, WorkSafe reports on New Zealand's progress towards the health and safety at work system targets.



**Everyone in the system has a unique role to play in lifting the capability and performance of health and safety at work**



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# Performance against system targets

## Reduction in fatalities and serious harm

Commitment is required from everyone to reduce levels of harm further.

# 25%

Fatality rate: **on track**  
(36% ↓ baseline)

Serious injury rate: **on watch**  
(11% ↓ baseline)

Week away from work rate:  
**not on track** (6% ↑ baseline)





**New Zealand has made significant progress in reducing work-related harm since the Pike River tragedy, but the rates of work-related injuries are still high by international standards.**

The official figures released in October 2018 suggest that progress in reducing deaths and serious injuries has stalled.<sup>1</sup>

It is imperative that we continue to improve but this is not a challenge that WorkSafe and other regulators can meet alone. Participants in the system must commit to it and work collaboratively to achieve change. WorkSafe is committed to building and supporting enduring and effective partnerships to enable industries and sectors, from boardroom directors to workplace Health and Safety Representatives, to take ownership and lead the culture and system of work changes required to make the country's workplaces safer and healthier.

### Catastrophic harm

Predictive modelling using 23 countries similar in size and development to New Zealand suggests we could expect 8 deaths from catastrophic events over an average 5-year period.

**0**

**No catastrophic events in 2018/19**

### Asbestos-related deaths

Modelling suggests New Zealand is at the peak of mesothelioma deaths. A reducing trend in fatalities is not expected until at least the 2020s.

**50%**

**Currently in line with predictions**  
(107<sup>2</sup> mesothelioma deaths in 2015, target ≤44 by 2040)

### Reduction in energy-related fatalities

Our rates are very low by international standards. To maintain current rates we need to build in health and safety thinking from the beginning.



Electricity fatality rate: **trending down**  
LPG fatality rate: **trending down**  
Natural gas fatality rate: **trending down**

<sup>1</sup> WorkSafe reports progress towards the system targets with the data that was reported in the financial year in question, rather than the latest available results at time of publication. The latest data at the time of publication is available on the Stats NZ website: [www.stats.govt.nz/information-releases/serious-injury-outcome-indicators-200018](http://www.stats.govt.nz/information-releases/serious-injury-outcome-indicators-200018)

<sup>2</sup> More up-to-date data was provided by the time this annual report was published. It shows that there were 82 deaths recorded in 2016.

## Reporting against Government’s 10-year Health and Safety at Work Strategy

As part of the work on the Government Health and Safety at Work Strategy, WorkSafe and MBIE are working together as a joint secretariat and project team.

WorkSafe is leading the development of an annual dashboard to track progress on the Strategy at a system level and the final draft is near completion. It will measure performance on the Health and Safety at Work Strategy priority areas and bring together readily available data for each area. It will be improved over time as new information becomes available.

### Health and safety at work system insights

An important aspect of reporting progress across the health and safety at work system is understanding New Zealand’s health and safety at work cultural maturity. Research undertaken by WorkSafe is helping track improvements over time.

#### Key insights from the benchmark study

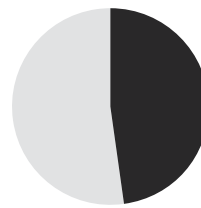
**Roughly half our workplaces can be classified as having an immature or passive culture and these are more likely to be in:**



● Agriculture 66%



● Manufacturing 53%



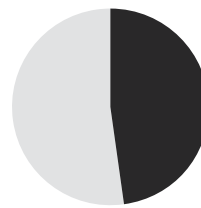
● Construction 48%



● Commercial fishing 51%



● Wholesale trade 50%



● Rental hiring/real estate services 48%

**THE LEAST MATURE IT’S JUST COMMON SENSE EMPLOYERS COMPRISE 21% OF NEW ZEALAND BUSINESSES, AND ARE MORE LIKELY TO:**

- see having good health and safety practices as being imposed upon them by the regulator
- report complying with regulations so that they ‘don’t get into trouble’
- view complying with health and safety regulations as being a significant cost to the business with little perceived benefit
- put little effort into safety measures beyond compliance
- rely on their own knowledge and experience and expect workers to use their common sense
- have rules in place, but see it being the workers’ responsibility to follow them.

“They’re making us do four hours of paperwork for a two-hour job.”

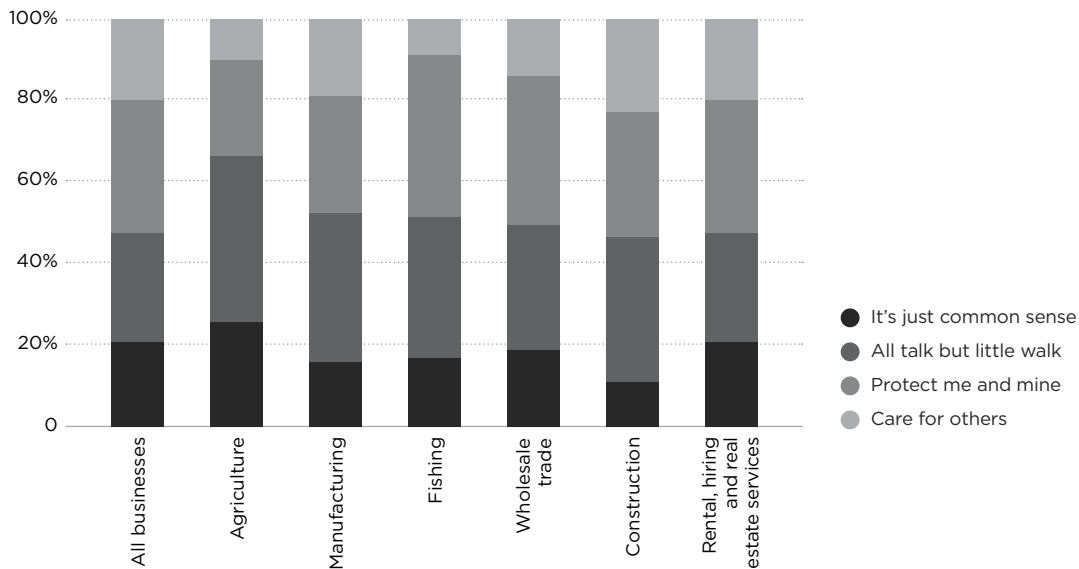
**WHILE STILL AT THE PASSIVE/REACTIVE END OF THE SPECTRUM AND COMPRISING 27% OF BUSINESSES AT A SOMEWHAT MORE DEVELOPED STAGE OF MATURITY, ALL TALK BUT LITTLE WALK BUSINESSES APPROACH HEALTH AND SAFETY IN A TRANSACTIONAL MANNER AND ARE MORE LIKELY TO REPORT THAT:**

- workers follow the rules, but only when management is on the floor or when it is convenient to do so
- management is on board with health and safety, but that there is little follow through in relation to actual action
- there is a disconnect between management's and workers' views on health and safety, as evidenced by a culture in which workers question rules and procedures.

“Someone yells, ‘Put your helmet on, the big boss is coming!’”

The research also illustrated that workplaces where there is an emphasis on compliance over good workplace culture have poorer health and safety outcomes. Workers with less committed attitudes to good health and safety practices tend to be found in workplaces that are also less committed to safety.

This is supported by ACC claims data, which shows that a disproportionate amount of acute harm occurs in these sectors.



**JUST OVER HALF OF EMPLOYERS TAKE A PROACTIVE APPROACH TO MANAGING HEALTH AND SAFETY RISKS. WORKPLACES WITH A MATURE HEALTH AND SAFETY CULTURE VIEW HEALTH AND SAFETY AS BEING:**

- made by the interactions and connections with others within, across and outside of the workplace
- made inside the business and involving those who need to be protected, and
- an integral part of how work is achieved.

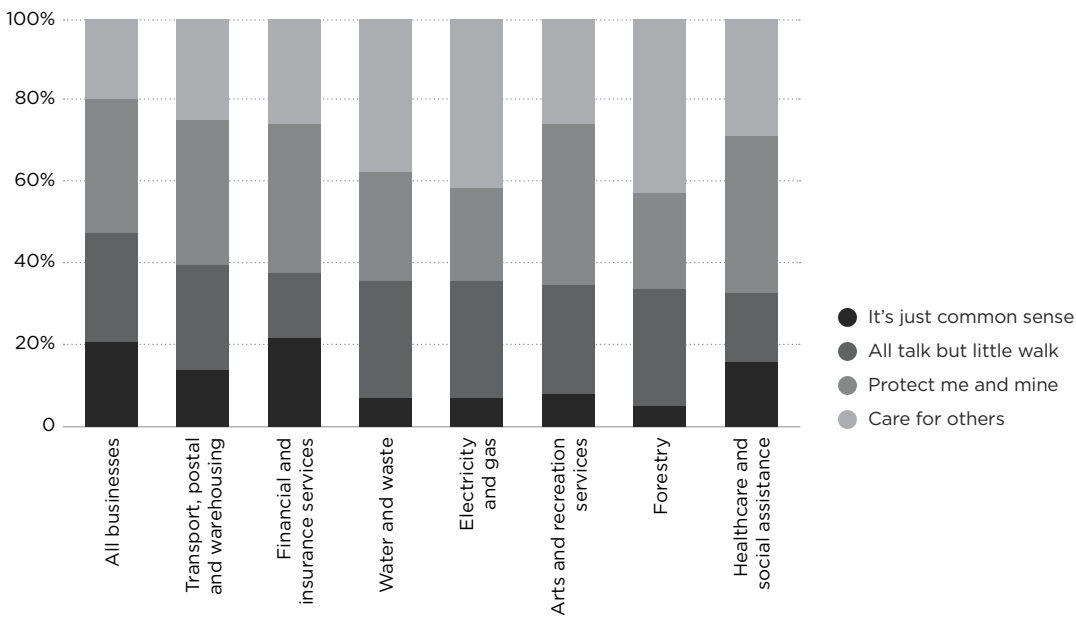
They are more likely to be found in: Healthcare and social assistance (67% of the sector), Forestry (66%), Arts and recreation services (65%), Electricity and gas (64%), Water and waste (64%), Financial and insurance services (62%) and Transport, postal and warehousing (60%).

**BUSINESSES WHO HAVE AN AUTONOMOUS *PROTECT ME AND MINE* SAFETY CULTURE (COMPRISING 33% OF ALL BUSINESSES) AND THOSE WITH A COOPERATIVE *CARE FOR OTHERS* SAFETY CULTURE (20% OF ALL BUSINESSES) ARE MORE LIKELY TO REPORT THAT:**

- good safety practices arise from a desire to protect self, the business and livelihood
- acknowledging the consequences of unsafe behaviour and taking risks around safety are not accepted by anyone in the business
- they felt a strong responsibility for the physical and mental wellbeing of their workers
- responsibility for good health and safety outcomes rests with everyone
- the business has a strong safety culture where each person is watching out for each other’s health and safety.

**THE MAIN DIFFERENTIATING CHARACTERISTIC BETWEEN THE TWO DIFFERENT MATURE WORKPLACE CULTURE GROUPS IS THAT THOSE IN THE *CARE FOR OTHERS* GROUP ARE MORE LIKELY TO STRONGLY AGREE WITH THESE AND OTHER STATEMENTS ABOUT HEALTH AND SAFETY, WHILE ALSO TAKING A MORE HOLISTIC VIEW OF HEALTH AND SAFETY THAT RECOGNISES THE LINKAGES BETWEEN WORKERS’ HEALTH AND SAFETY AT WORK AND AT HOME.**

“If you look after your people, your people will look after you and your customers.”



## System targets

Measure	RESULT 2013/14	RESULT 2014/15	RESULT 2015/16	RESULT 2016/17	RESULT 2017/18	TARGET	RESULT 2018/19
<b>At least a 25% decrease in work-related fatalities and injuries by 2020<sup>3</sup></b>							
Fatal work-related injuries (per 100,000 FTEs)							
Source: Stats NZ, October 2018, from WorkSafe notifications and ACC claims data							
Date of data <sup>4</sup>	2010-12	2011-13	2012-14	2013-15	2014-16	2020	2015-17
Rate	4.2	3.6	2.4	2.2	2.1	2.5	<b>2.1<sup>(P)</sup></b>
Difference from baseline 3.3 (2008-10)	27% higher	9% higher	27% lower	33% lower	36% lower	25% lower	<b>36% lower</b>
Serious non-fatal work-related injuries (per 100,000 FTEs)							
Source: Stats NZ, October 2018, from WorkSafe notifications and ACC claims data							
Date of data	2012	2013	2014	2015	2016	2020	2017
Rate	20.1	19.1	17.7	15.6	14.3	14.3	<b>16.9<sup>(P)</sup></b>
Difference from baseline 19.0 (2008-10)	6% higher	1% higher	7% lower	18% lower	25% lower	25% lower	<b>11% lower</b>
Work-related injuries resulting in more than a week away from work (per 1,000 FTEs)							
Source: Stats NZ, October 2018, from WorkSafe notifications and ACC claims data							
Year reported	2012	2013	2014	2015	2016	2020	2017
Rate	10.7	11.1	11.9	12.3	12.2	8.4	<b>12.0<sup>(P)</sup></b>
Difference from baseline 11.3 (2009-11)	5% lower	2% lower	5% higher	9% higher	8% higher	25% lower	<b>6% higher</b>
<b>Zero catastrophic events</b>							
Source: WorkSafe data							
Date of data	2013/14	2014/15	2015/16	2016/17	2017/18	2020	2018/19
Number of events	0	0	0	0	0	0	0
<b>Fatalities from electrical and gas accidents trend down</b>							
Source: WorkSafe Energy Safety, Stats NZ (population and dwelling numbers) and MBIE (Energy file) data <sup>5</sup>							
Date of data	2009-13	2010-14	2011-15	2012-16	2013-17	2021/22 <sup>6</sup>	2014-18
Electricity (5-year average per million exposed)							
Rate	0.32	0.27	0.27	0.18	0.13	<0.8	0.04
LPG (5-year average per million exposed)							
Rate	0.55	0.30	0.30	0.29	0.23	<0.9	0.23
Natural gas (5-year average per million exposed)							
Rate	0.00	0.00	0.00	0.00	0.00	<0.7	0.00
<b>50% reduction in asbestos-related disease by 2040</b>							
Source: Mesothelioma mortality data, Ministry of Health <sup>7</sup>							
Date of data	2010	2011	2012	2013	2014	2040	2015
Number of mesothelioma fatalities	94	71	75	90	84	≤44	107

<sup>(P)</sup> Provisional

<sup>3</sup> In October 2017 the work-related fatalities and injuries data series, including the baseline, was revised by Stats NZ. This was to correct an error where non-accepted Accredited Employer Programme claims had previously been included.

<sup>4</sup> Note that from 2017/18 WorkSafe reports this measure with the data that was reported in the financial year in question, rather than the latest available results at time of publication. The latest data at the time of publication is available on the Stats NZ website: [www.stats.govt.nz/information-releases/serious-injury-outcome-indicators-200018](http://www.stats.govt.nz/information-releases/serious-injury-outcome-indicators-200018)

<sup>5</sup> Progress reported using five-year averages by calendar year. Note that 100% of the population is exposed to electricity; an estimated 75% of the population is exposed to LPG; and an estimated 15% of the population is exposed to natural gas.

<sup>6</sup> The targets for 2021/22 appear higher than the most recent results. This is because should a single fatality occur in New Zealand (which in itself would be low by international standards), it would have a disproportionate effect on the overall fatality rate. For example, between 2005/06 and 2010/11 the fatality rate for natural gas increased from 0.0 to 0.6 as a result of a single fatality.

<sup>7</sup> The baseline set for this indicator is the average number of mesothelioma deaths between 2009-2011. There is a three-year lag in reporting against this indicator. Note that the majority of mesothelioma deaths are attributable to work-related asbestos exposure, but some are due to non-work-related exposure. The work-related attributable fraction is very high (approximately 80%). Mesothelioma deaths are used as an indicator of WorkSafe's broader area of interest in work-related asbestos deaths and trends. Lung cancer accounts for the majority of asbestos-related disease, followed by mesothelioma, then asbestosis. It is estimated that there are approximately 250 asbestos-related deaths per year in New Zealand.

# WorkSafe's performance story







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# WorkSafe at a glance

**In the five years since WorkSafe's establishment, we have grown into a more visible health and safety leader - raising the profile of why good health and safety at work matters. We are using strategic engagements with industry, business and workers, strengthening our regulatory focus and starting to develop more comprehensive and targeted harm prevention interventions.**

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## WHO WE ARE

System leader for health and safety at work and energy safety.

Our three core roles are: system leadership, regulatory effectiveness and harm prevention.

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## WHAT WE ARE STRIVING FOR

To transform New Zealand's health and safety towards world-class.

Three goals:

- people value health and safety
  - health and safety improves wellbeing
  - collective approach to health and safety.
- 

## HOW WE DO THIS

We use our primary levers to support our three core roles.



Education



Engagement



Enforcement

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## WHO WE WORK WITH



Workers, unions and worker representatives, energy consumers



Business industry and sector bodies



Specialist advisors and training organisations



Iwi and community



Other regulators and government agencies

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OUR PEOPLE

593

people

251

people make up our inspectorate

18

locations across New Zealand

50%

equal gender split across our staff and management staff

46.8

the average age of our staff

GOVERNANCE

6  
BOARD  
MEMBERS

in 2018/19 with a range of expertise across the public and private sector and a focus on the tripartite perspectives of workers and business representatives and government

OUR FUNDING

ONE APPROPRIATION

79%

working safer levy

4%

energy safety levy

2%

major hazard facility levy

OTHER REVENUE

12%

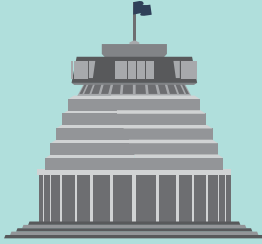
ACC revenue

4%

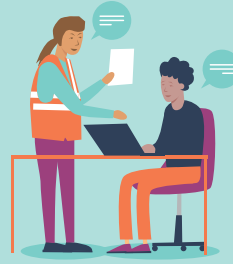
targeted fees/other

We have five funding sources that support the delivery of activity across our core roles. In 2018/19 our funding was distributed as above. For further information please refer to our 2018/19 Statement of Performance Expectations.

# Our highlights for the year



Co-led development and launch of Government's 10-year Health and Safety at Work Strategy with MBIE



Signed a 10-year Master Agreement with ACC to fund harm prevention initiatives



Our Safe at the Farm stand made the New Zealand Herald's top five things to do at Fieldays



Top five in the Colmar Brunton Public Sector Reputation Index 2019 for improved reputation with the public



Three out of four people in the target audience changed how they think and behave at work after seeing the *Be a safe guy* campaign

**86%**

of workers and employers made a change to improve workplace health and safety after an interaction with us

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**59%**

of employers in our four higher-risk sectors who reported worker safety as one of their top three business considerations

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**75%**

accessed our guidance materials after an interaction with a WorkSafe inspector

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**80%**

of workers who agreed their workplace has ways to participate in health and safety and raise issues

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**73%**

internal 2019 Safety and Wellbeing index score

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**81%**

of employers agreed their workplace has ways for workers to participate in health and safety and raise issues

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**95%**

positive sentiment in social media

**74%**

3 out of 4 workers reported a change in behaviour as a result of seeing the campaign

REACH OF OVER

**2.4** MILLION

through social media alone, with over 13 million impressions of D'Angelo's videos





#### Case study

## **Kia noho haumarū, heoi e mea ana koe *However you say it, be a safe guy***

**Taking a Te Ao Māori approach to harm prevention communication proved highly successful, with *'Be a safe guy - kia haumarū tonu koe'* the most effective WorkSafe campaign ever.**

Māori workers are disproportionately at risk of being killed, injured or suffering ill health due to work, with younger, male workers at particular risk. Anecdotal feedback suggested our previous communications were not resonating with this hard to reach group.

The evidence-based *Be a safe guy* campaign was developed in collaboration with unions, businesses, and the target audience itself. It built on the principles of manaakitanga – focusing on celebrating the knowledge, skills and values of Māori – and kaupapa Māori, to create a humorous campaign with a serious message.

The campaign involved highly targeted social media advertising, including our first ever use of Snapchat, as well as radio, online, billboards and events. Talented young comedian D'Angelo Martin's take on the different types of 'guys' you find in a workplace proved incredibly popular, exceeding all reach, engagement and behavioural change metrics set. Importantly, this was not only a highly effective campaign, but one that shows how taking a Te Ao Māori approach can help develop communications that resonate with Māori and non-Māori alike.

A sequel to *Be a safe guy* launched in August 2019.

# Our operating environment

WorkSafe has largely focused on acute and catastrophic harm, reflecting its origins in MBIE and the Department of Labour. Looking to the future, the global economic and social environment we operate in is changing. We face growing pressures and challenges that we will need to respond to as our operating context changes.<sup>8</sup> These include:



<sup>8</sup> For further information about our operating environment please refer to page 16 of our [Statement of Intent 2018/19–2021/22](#)

Alongside these emergent challenges there are also opportunities. Advancements in technology, innovations and improved ways of working will offer new ways to enhance the health, safety and wellbeing of workers. We need to be ready to respond to the challenges and opportunities the changing environment presents.

Government gave clear direction on improving social and environmental wellbeing in addition to economic performance. Government's wellbeing approach recognises that economic growth alone does not guarantee improvements to living standards. As work is a major part of people's life, health and safety at work is a significant contributor to wellbeing.

In December 2018 the Government's Health and Safety at Work Strategy was launched. The Strategy sets out Government's vision for improving workplace health and safety across New Zealand over the next 10 years. It places the worker at the heart of the system and broadens the focus from acute harm to managing wider health risks including mental health.

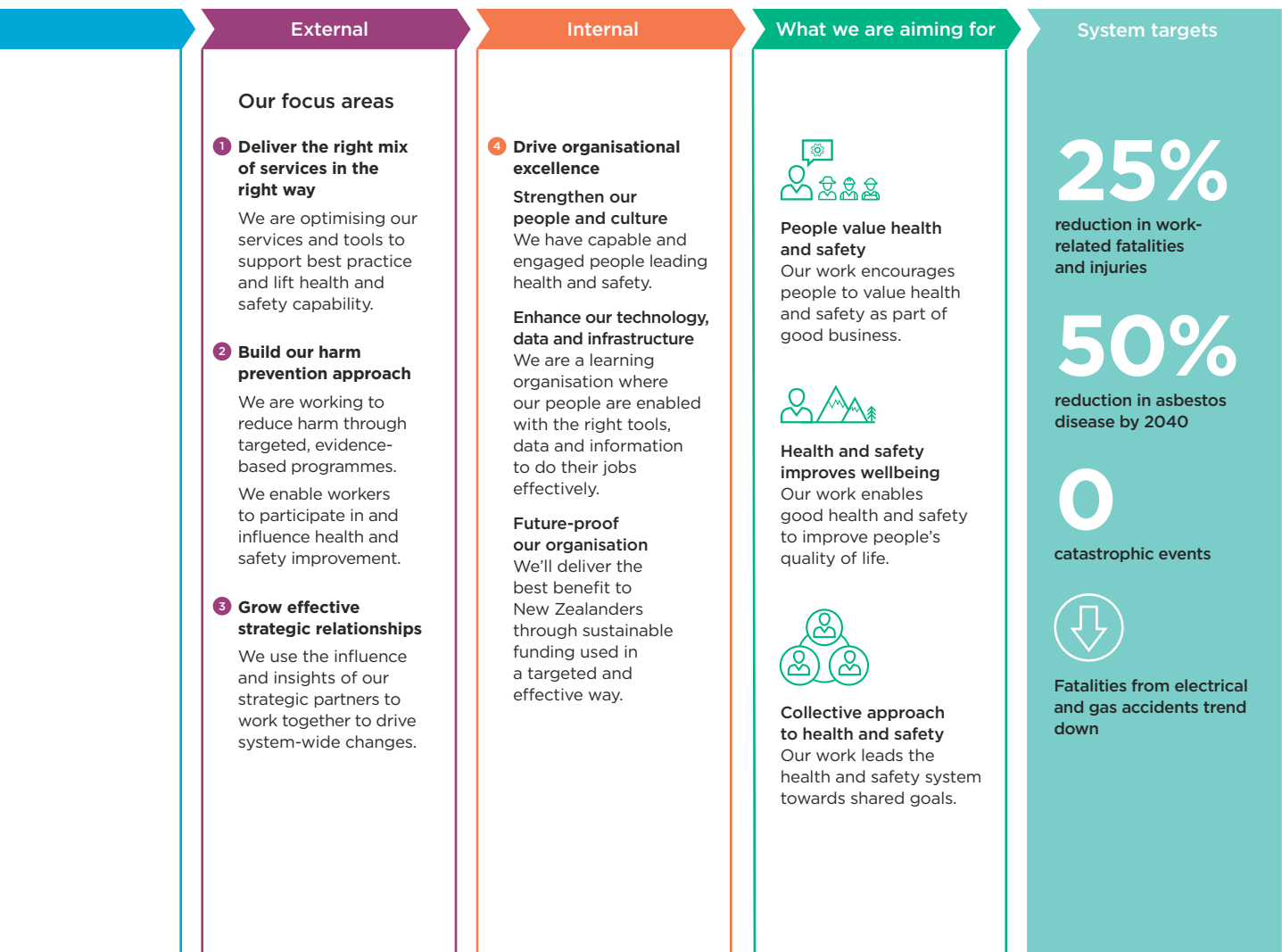
Our role

Our people are working to transform health and safety performance towards world-class



Everyone who goes to work comes home healthy and safe

# How we are responding



WorkSafe's four-year strategy, outlined in the *Statement of Intent 2018/19-2021/22*, sets out the improvements we need so that New Zealand can lift its health and safety performance towards world-class. We will do this by focusing on the areas that will have the biggest impact, by targeting harm prevention initiatives and by working with and through others. We are engaging with sector and industry partners to take ownership and lead good health and safety practices for their people - 2018/19 was our first year for this long-term strategy.



# WorkSafe's performance at a glance

## Our impact on workplace health and safety

We track our progress through the impacts we want to make. Our impact measures help us understand our performance against what we are aiming for – that everyone who goes to work comes home healthy and safe.

We determine how successful we are in achieving our goals in a number of ways, including asking workers and employers. In 2018/19 we replaced our workers and employers Health and Safety Attitudes and Behaviour Survey with the Workforce Segmentation and Insights Programme (WSIP) Survey. The new survey programme replicates the questions but the data collection methodology has changed from postal/online to online/telephone. The target population for the new survey programme has expanded from focusing primarily on employers and workers in WorkSafe's four higher-risk sectors. This broader focus will ensure the survey results are more nationally representative.

We are on track for all (five) measures that are directly comparable to previous years. Three measures are not directly comparable. Two of these measures are sourced from our new WSIP survey. The third measure has had a change in how it is defined so is no longer comparable to previous years or the target. The new definition has been documented to ensure consistent methodology going forward. We chose to report no result for one measure that did not reflect new regulations concerning Major Hazard Facilities. For full results and further information on interpreting them please see page 62.

### Our performance against our impact measures



## OVER THE MEDIUM TERM WE ARE SEEKING TO MAKE A DIFFERENCE



### People value health and safety

Our work encourages people to value health and safety as part of good business



### Health and safety improves wellbeing

Our work enables good health and safety to improve people's quality of life

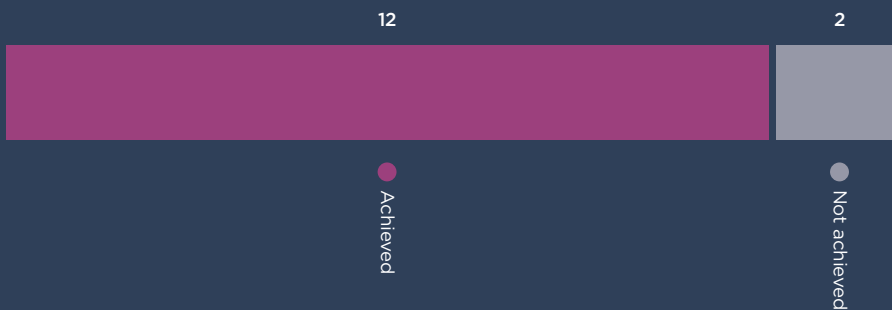


### Collective approach to health and safety

Our work leads the health and safety system towards shared goals

## Delivering our core roles

We also track our progress against activities within our three core roles – regulatory effectiveness, harm prevention and system leadership as detailed in our Statement of Performance Expectations. Over the last year we nearly met all of our targets. We achieved a high level of performance for the two measures that were marginally below target (ie not statistically significant). Both results are from the Service Excellence Survey, which uses a sample of those duty-holders and workers who have had a recent interaction with WorkSafe. Often those interactions are as a result of non-compliance with regulatory obligations. This can lead to a negative perception about WorkSafe’s proportionality, particularly if enforcement action was subsequently taken. Full details on performance against our activity measures are on page 64.



## Our financial performance

The financial result for the year was a small deficit of \$0.3 million, lower than the \$3.7 million deficit which had been budgeted to reflect increasing activity and use of surpluses from previous years. The net difference from budget is 3% of total expenditure, and reflects time being taken to ensure new programmes are well planned and robustly established. This spend will be reinvested in future years as these programmes gather momentum.

## Our core roles

### Regulatory effectiveness

- Undertaking regulatory activity – educating, engaging and enforcing – to provide confidence that health and safety is appropriately managed.
- Enabling New Zealand to have confidence in WorkSafe as the primary health and safety regulator.
- Supporting confidence in the effectiveness of the health and safety regulatory regime.

### Harm prevention

- Targeting critical risks at all levels (sector and system-wide) based on evidence.
- Delivering targeted interventions (including on improving workforce capability, worker engagement and effective leadership) to address the drivers of harm.
- Influencing attitudes and behaviour to improve health and safety risk management.

### System leadership

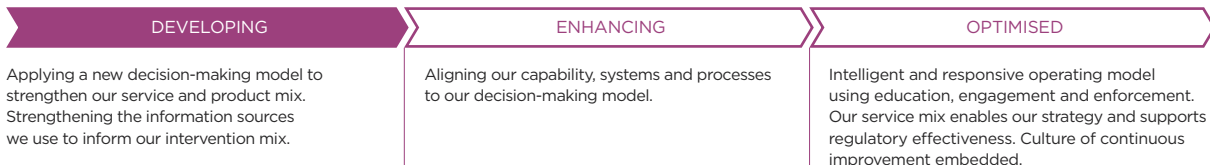
- Leading, influencing and leveraging the health and safety system to improve health and safety outcomes.
- Promoting and supporting tripartite leadership of health and safety with industry and workers.
- Leading by example through WorkSafe’s own health and safety goals.

# Our journey to being a modern, intelligence-led regulator

## Our external focus areas

### Delivering the right mix of services

We are optimising our services and tools to support best practice and lift health and safety capability.



## Our why

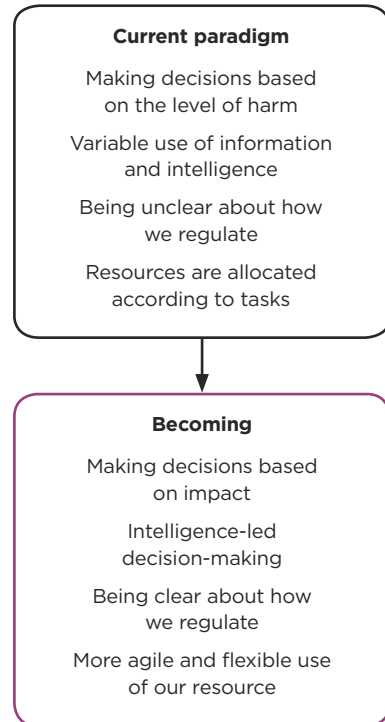
WorkSafe’s success relies on making effective choices – we have finite resources available and need to intervene in the best way to make the greatest impact. Delivering sustained improvement requires a clear understanding of the mix of services and tools we need to best deliver against our strategy. We aspire to be a regulator that targets the areas where we can make the greatest difference, while providing flexibility to be responsive to ongoing issues and emerging trends.

## Regulatory framework

To guide our decision-making we are adopting a regulatory framework. During 2018/19 we explored the most commonly known regulatory models and spoke to leading experts Professor Richard Johnstone from QUT and Professor Malcolm Sparrow from Harvard University. Based on this exploration we decided to adopt a mixed-model approach.<sup>9</sup> This approach has guided the development and evolution of our enterprise-wide target operating model that will shift us towards our future vision of being a modern regulator with a regulatory regime that’s the right fit for New Zealand.

Alongside this work during the year we progressed our Operations Group operating model, a four-step process to transform the way our operational functions work. In 2018/19 we completed the first two steps, building a strong operations leadership team and high-level operating model.

## OUR FUTURE REGULATORY FRAMEWORK



<sup>9</sup> For more information on our regulatory framework please see page 8 of our [Statement of Performance Expectations 2019/20](#)

During the year we have worked with MBIE on the development of the Plant and Structures Regulations. Plant and structures is a huge topic covering everything from machinery to mobile plant, amusement devices, cranes, pressure equipment, and structures such as scaffolding and excavations. These regulations are being reviewed as part of ongoing regulatory reform and are being prioritised because they are associated with a high-risk of injury and deaths, and are used extensively in our high-risk sectors. A wide group of technical experts across WorkSafe has ensured our expertise has contributed to MBIE proposals for new regulations.

#### Case study

## Safety case assessments in full swing

Safety cases are an established legislative control mechanism around the world. The regime is now well underway in New Zealand, with WorkSafe's High Hazards team assessing safety cases in both the petroleum and major hazard facilities areas.

**58** MHF

safety cases submitted

**8** MHF

safety cases accepted

**37**

petroleum safety cases submitted and accepted

The Health and Safety at Work (Major Hazard Facilities Regulations) 2016 imposed a three-year transition phase for the Major Hazard Facilities (MHF) safety case regime. The petroleum safety case regime is in its second five-year cycle under the Health and Safety at Work (Petroleum Exploration and Extraction) Regulations 2016.

WorkSafe's teams have undertaken extensive industry consultation and engagement throughout the lead-in and implementation of the regimes.

Across the country there are an estimated 59 upper tier MHF and 35 petroleum sites. Our teams have been working through the extensive safety cases already

provided, and in many cases making requests for further information.

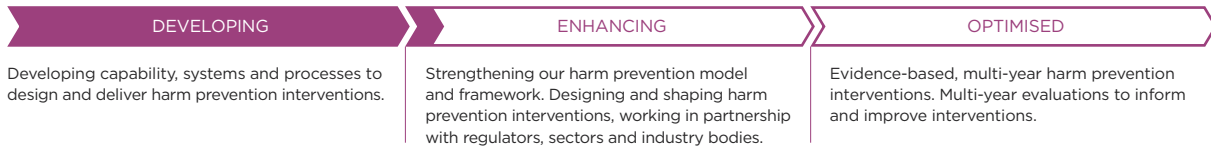
Over the year industry engagement has also continued with a focus on ensuring all facilities understand the importance of safety cases, including the important elements of both leadership and worker engagement in ensuring the safety case becomes an inherent part of how all work is done.

Industry engagement was extremely positive, with the businesses involved recognising the positives of the process and how integrating the work within their business can create significant benefit.



## Building our harm prevention approach

We are working to reduce harm through targeted, evidence-based programmes. We enable workers to participate in and influence health and safety improvements.



## Our why

The level of harm at work in New Zealand remains unacceptably high. This is particularly the case in our higher-risk sectors (agriculture, forestry and logging, construction and manufacturing), and in sectors where rates of harm are increasing, such as transport. Significant investment is needed to reduce the high level of work-related ill health. Delivering sustained health and safety improvement requires a comprehensive approach to preventing harm.

### Case study

## Rapid response to an emerging risk

**Following a spike of notifications about uncontrolled ammonia releases, WorkSafe staff across the country collaborated to develop a proactive assessment and education response to address this emerging risk.**

New Zealand is a signatory to the Kigali Amendment to the Montreal Protocol, which requires a reduction in the use of Hydrofluorocarbons (HFC) from 2019, and an eventual 85% reduction in use by 2036.

This global phase-down means alternative refrigerants, including ammonia, will increase in use. This will have positive environmental benefits, but needs careful management as it presents increased health and safety risks.

Once this trend was identified we rapidly developed a training programme to increase our inspectors' understanding of the risk; this was supported by a new assessment tool, technical bulletin and practice guidance. Once our team was empowered with this more detailed understanding, an external assessment programme targeting businesses across New Zealand commenced.

The goal of the initial programme was to visit 60 sites that were using ammonia as a refrigerant, but inspectors nearly doubled this. At many sites, businesses invited their service providers and refrigeration engineers to attend the assessments, which meant more detailed conversations about safely servicing and maintaining the plant could happen.

About half of visits involved enforcement activity, but our most important work has been engaging positively with businesses across the country. This has significantly increased awareness of the health and safety risks presented by ammonia, and how to manage them.

An additional benefit has been that the experience of rapidly building a multi-faceted regulatory engagement programme has created a model that can be used for future emerging risks. The learnings have already been applied to our current response to accelerated silicosis.

## Reducing harm with good health and safety practices

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### SAFE+

In 2017/18 we developed the SafePlus toolkit with ACC and MBIE. SafePlus offers a government-endorsed model of what 'good' health and safety practices and performance look like. SafePlus is built around three key elements – leadership, worker engagement and risk management. In 2018/19 we released the third part of the SafePlus programme – a free online self-assessment tool for businesses. The online tool makes recommendations for improvements based on responses from workers, and directs the business to guidance and resources to help them take action.

During the year we delivered activities across the key elements of good health and safety, leadership, risk management and worker engagement.

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#### Leadership

- Planned and co-chaired the Government's Health and Safety at Work Strategy Reference Group that was held in July 2019.
  - Formed a funding partnership with the Health Research Council of New Zealand (HRC) to support high-quality research and advance strategic objectives.
  - Commissioned the Centre for Public Health Research (CPHR), Massey University, to undertake a new survey targeting seven occupational groups to provide insight into exposure to psychosocial hazards as well as physical hazards.
  - Contributed to the Government response to the recommendations of the Inquiry into Mental Health and Addiction (He Ara Oranga), released in December 2018. This also included recommendations from the OECD report *Mental Health and Work: New Zealand*.
  - Developing baseline capability to meet our responsibilities to health and psychosocial harm prevention and system leadership.
  - Supported the Health and Safety Association of New Zealand (HASANZ) to develop a national, online register of verified workplace health and safety professionals.
- 



#### Risk Management

- Supported MHF operators to comply with MHF regulations that came into force after April 2016. The regulations required all existing upper tier MHF operators to have a safety case (a document that identifies hazards and risks, details how the risks are controlled and describes the safety management system in place to ensure the controls are effectively and consistently applied) lodged with WorkSafe by 4 April 2018. You can read more about the new MHF regulations in the *Safety case assessments in full swing* case study on page 35.
- 



#### Worker Engagement

- Collaborated with key social partners and sector leaders to develop a Worker Engagement, Participation and Representation (WEPR) action plan to progress towards achieving our ambition of 100% effective WEPR.
  - Implemented initiatives tailored to workers at greatest risk of harm in the workplace, for example, Māori, Pacific Peoples and migrants/vulnerable workers. This included our Pacific worker engagement programme – Puataunofu Come Home Safely. The success of the programme along with our *Be a safe guy* campaign is changing the way people think and behave at work. You can read more about the success of our campaigns targeting vulnerable workers in the *Be a safe guy* campaign case study on page 27.
-



## Agriculture



## Construction

## Number of fatalities

Jul 2018 – Jun 2019<sup>10</sup>

13

15

Injuries requiring more than a week away from work<sup>11</sup>

for the year

2,307

4,905

## On average per month

Jan – Dec 18

192

409

Month with the most injuries requiring more than a week away from work<sup>11</sup>

225

April 2018

504

May 2018

Most common accident type<sup>11</sup>

Jan – Dec 18

Vehicle incident

Muscular stress while lifting, carrying or putting down objects

## Worker engagement, participation and representation

% of workers who agree they always have a say in decisions affecting their health and safety<sup>12</sup>

86%

75%

## Building our harm prevention approach in higher-risk sectors

Targeting the drivers of harm in higher-risk sectors is a key focus for WorkSafe. These sectors are identified as higher-risk because they account for a higher proportion of work-related fatalities, injuries and work-related harm. Our work helps to raise awareness and change health and safety practices in these sectors. We worked closely with industry, businesses, workers and unions to bring about this change. Performance has stalled in the four sectors. In the years anticipating the Health and Safety at Work Act, improvements were significant and steady. Since then, progress has levelled off or gone backwards slightly. Everyone needs to work to regain that momentum.

A new Data Centre<sup>13</sup> was launched to enable people to access up to date harm information and data.

The following pages provide a summary of performance and a summary of work undertaken in 2018/19 to reduce harm.

<sup>10</sup> Data sources: WorkSafe Fatalities Registers (includes information based on confirmed fatal work-related incidents reported to WorkSafe) and ACC claims (includes information based on accepted ACC claims for work-related fatalities, which can include work-related fatalities that come under the Maritime New Zealand, Civil Aviation Authority, and New Zealand Police jurisdictions).

<sup>11</sup> Data source: System from Work-related Injury Forecasting and Targeting (SWIFT). It includes ACC data on approved work-related injury claims that resulted in more than a week away from work (WAFW).

<sup>12</sup> Data source: Workforce Segmentation and Insights Programme (WSIP).

<sup>13</sup> [data.worksafe.govt.nz](http://data.worksafe.govt.nz)



Forestry and logging



Manufacturing



Work-related harm profile

**4**

**8**

147

5,091

12

424

21

August 2018

504

May 2018

Falls on the same level

Muscular stress while lifting,  
carrying or putting down objects

91%

79%

Airborne hazards account for the greatest number of deaths in construction, manufacturing and primary industries (agriculture, forestry and fishing). They include agrichemicals, asbestos, benzene, chromium vi, diesel engine exhaust, nickel, polycyclic aromatic hydrocarbons (PAH), second-hand smoke, silica dust, welding fumes, wood dust. Other work-related health risks for these industries include:

- animal-transmitted bacteria
- manual handling
- noise
- shift work/fatigue
- sun exposure
- work stress (high job demand/ low job control).

#### FOCUSED ENGAGEMENT AND EDUCATION PROGRAMMES FOR HIGHER-RISK SECTORS

Our focus over 2018/19 has been working with higher-risk sectors and industry bodies to raise awareness of their leadership responsibilities and how they can influence their sector to improve worker engagement and health and safety practice. Specific initiatives for each sector include:

##### Agriculture

- Revised Use of Crush Protection Devices on Quad Bike policy.
- Worked with ACC and suppliers to offer a significant subsidy for crush protection. You can read more about this in the *Using a range of levers to reduce harm* case study.
- Created virtual reality and simulation tools to demonstrate alternative ways of developing or testing competence.
- Created new vehicle-specific guidance.
- Supported organisations in delivery of their safety programmes and research into injury prevention.
- Engaged with chemical retailers about requirements under the new regulations and produced retailer- and farmer-specific guidance.
- Supported delivery of an in-school safety programme for rural primary schools.
- Supported the New Zealand Young Farmer of the Year competition, strengthening relationships with the sector. You can read more about supporting Young Farmer of the Year in the *Helping young farmers become old farmers* case study.
- Worked with Rural Accountants to shift compliance thinking to production thinking.



### **Construction**

- Supported development of the Construction Sector Accord, a joint Government-industry commitment to lift the performance of the construction industry. WorkSafe is jointly leading the key priority initiative on improving health and safety, including workforce mental health and wellbeing.
- Supported the Construction Health and Safety Association of New Zealand (CHASNZ) to develop a national, mutually recognised health and safety pre-qualification system for the construction sector.
- Funded CHASNZ to support the Mates in Construction suicide prevention trial.
- Established relationships with the organisations leading three of New Zealand's largest construction projects.

### **Forestry and logging**

- Co-hosted with FISC joint Summit in November to address issues across the supply chain, crew culture and leadership development and support of local industry organisations.
- Developed assessment approaches and focused on mobile plant suitability and operation, guarding and fall protection as high-level controls for managing risk.
- Investigated ongoing critical risks in tree felling, breaking out, changed conditions, mobile plant and travelling to and from work, and strengthened industry capability to learn from incidents.
- Supported health programmes including those arising from increased mechanisation, impairment and psychosocial risks.

### **Manufacturing**

- Signed partnership agreement with the Meat Industry Association. The agreement will provide a coordinated and consistent approach to the meat industry with the goal of reducing injury in the sector.
- Piloted the Puataunofu programme with Silver Fern Farms. The programme provides a greater understanding for Pacific Peoples, who are over-represented in the industry, around health and safety when working in meat processing.

“It’s great to see WorkSafe’s involvement and support. I truly think it is inspiring the next generation coming through and has certainly strengthened my perspective on health and safety in all aspects of life.”

JAMES ROBERTSON  
2019 Young Farmer of the Year



#### Case study

## Helping young farmers become old farmers

**A new three-year partnership with the iconic FMG Young Farmer of the Year competition is helping us to engage New Zealand’s future farming leaders with health and safety in a friendly setting. Along the way we are building rapport with rural communities and hoping to create generational change.**

WorkSafe has had a significant focus on engaging with the agricultural sector over many years, and has strong industry relationships. But some attitudes remain entrenched and shifting behaviours isn’t easy. We identified the need to influence the next generation of rural leaders, to help change perceptions of health

and safety. A strategic partnership with FMG’s Young Farmer of the Year was born.

With 300 contestants battling it out for the prestigious title each year plus AgriKidsNZ and Junior Young Farmer of the Year competitions, this partnership gives us the chance to have a very different engagement with rural communities.

WorkSafe ran health and safety modules at all regional events, with a particular focus on the areas of vehicle safety, machinery, and health and safety leadership. These practical challenges were created collaboratively between our local teams and Young

Farmers’ representatives and we had a strong staff presence at all events.

Through this partnership WorkSafe has also successfully engaged the Young Farmers organisation, FMG and other sponsors to become even stronger, independent advocates for health and safety. Over the next two years of our partnership we’ll continue to build our presence, outreach and connections within the sector to help make sure young farmers become old farmers.

## Cross-sector initiatives to prevent harm



### Work-related health

Every year many thousands of people develop serious health conditions because of health risks associated with their work. The burden on workers, their families and the wider economy from work-related ill-health far outweighs the burden from work-related injuries.

We measure the impact of work-related disease so we can develop effective ways to improve worker health. We do this using work-related health estimates and burden of harm estimates informed by comprehensive international research.

These estimates are used to compare between illness caused by long-term exposure to hazards and illness caused by acute injury. During the year we reviewed our estimates to take into account new data and research.

Using work-related health estimates and disease burden estimates we have developed a measure to put a value to the burden of harm from work-related ill-health and injury. The measure, disability-adjusted life years (DALYs), enables comparison between diseases with different harm profiles and enables comparison between work-related acute injuries and work-related ill-health.

**The burden of harm calculations show that acute injuries (including fatalities) account for only 11% of annual work-related DALYs lost compared to musculoskeletal harm (27%), mental health harm (17%), cancers (16%) and respiratory harm (14%).**

A WORKER IS

# 15x

more likely to die from a work-related disease than from a workplace accident

# 750-900

work-related health deaths every year

APPROXIMATELY

# 50%

of all estimated deaths are caused by cancers

# 5,000-6,000

work-related health hospitalisations every year

APPROXIMATELY

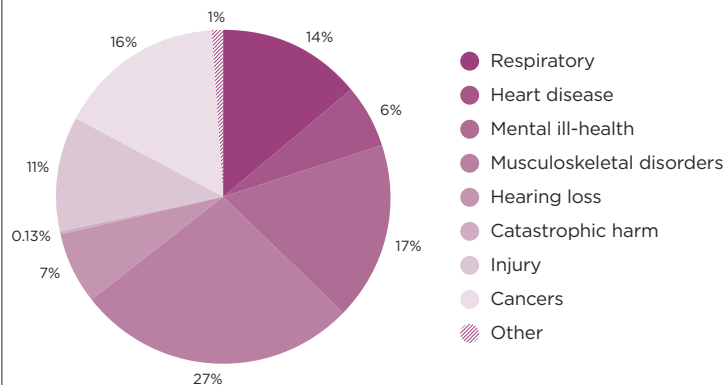
# 30%

due to chronic obstructive pulmonary disease (COPD) from exposure to vapours, dust, gases and fumes

# 50,000

work-related DALYs are lost annually, translating into a social cost of at least \$2 billion each year

TOTAL BURDEN OF HARM





### Working In and Around Vehicles (WIAV) programme

Vehicles are a significant contributor to work-related harm. During 2018/19 we engaged with stakeholders and researched the level of harm caused from working in and around vehicles. We discovered vehicles are linked to three-quarters of all work-related fatalities, with more vehicle-related fatalities occurring in the agriculture, forestry and transport, postal and warehousing sector. Our cross-sector WIAV initiative aims to reduce this harm by working with stakeholders to create suitable interventions that improve health and safety outcomes across all sectors.

#### Our engagement and research identified five target areas that we will focus on over the next two years:

- reduce acute and non-acute injuries and fatalities in the trucking industry
- address health and safety risks created in the supply chain from outsourcing and contracting arrangements
- safe vehicles operation on wild sites (off road)
- seat belt use (on and off road)
- site traffic management practices.

# 73%

of New Zealand's work-related acute fatalities are linked to vehicles

AROUND

# 44

workers are killed each year

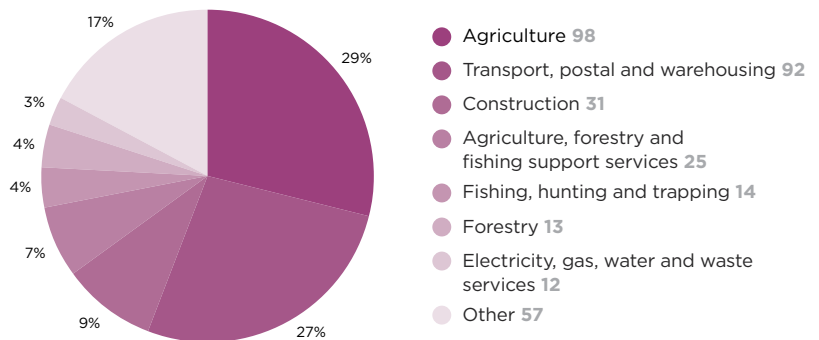
APPROXIMATELY

# 22

deaths and 50 hospitalisations are caused by diesel exhaust exposure

Estimates for the number of deaths and hospitalisations in New Zealand resulting from sedentary work involving vehicles haven't been calculated. There is a growing body of evidence suggesting negative health impacts linked to this work.

VEHICLE-RELATED FATALITIES BY INDUSTRY 2010-2017



### Case study

## Using a range of levers to reduce harm

**Nearly 90% of all deaths on farms involve a vehicle, and an average of five people each year lose their lives due to incidents involving quad bikes. Over the last year we've had a significant focus in this area, taking a more holistic view of the range of levers that can influence change in the agriculture sector.**

This approach culminated at the 2019 National Fieldays at Mystery Creek, where we launched a revised policy clarification which strongly recommended the fitting of crush protection devices (CPDs).

The policy clarification was only one part of the picture. We worked with ACC to design a subsidy to help rural businesses buy CPDs for quad bikes used for work. This announcement also took place at Fieldays and it was supported by significant discounts offered by manufacturers at the event.

Our long-standing and high-trust relationships with key stakeholders and leaders within the agriculture industry helped support both announcements, with many external parties positively and publicly endorsing the initiatives. Our partners also worked hard to cascade the information to their members and communities, demonstrating their own leadership in creating behavioural change in the sector.

Finally, we worked to stand out from the crowd at Fieldays to make sure our messages got

through. With 130,000 visitors and 1,059 exhibitors at the event, it's not easy to get your message heard. We needed to innovate to make sure health and safety information was not only heard, but positively received.

Our focused approach worked – WorkSafe's stand was voted one of the top five attractions at Fieldays – the first time we've ever featured in this mix. Our stand showcased a hugely popular virtual reality simulator, which was designed to bring into sharp focus the challenges and potential dangers of driving in the farm environment. This gave further weight to the important announcements being made. Our dedicated team of agricultural specialists were on hand throughout the event for more in-depth conversations, and they reported a significantly more positive attitude to health and safety, and WorkSafe, than at previous Fieldays.

While it is too early to assess the impact on harm prevention outcomes, importantly we have already seen a change in behaviour – the uptake of quad protection in the months June – September 2019 is approximately four times that of the same period in 2018. This illustrates the power of a coordinated and responsive approach based on our understanding of the farming sector and utilising a broad range of regulatory and non-regulatory levers.







We strongly recommend you install a CPD to reduce the risk of suffocation and crush injuries.

## Growing effective strategic relationships

We use the influence and insights of our strategic partners to work together to drive system-wide changes.



### Our why

Transforming New Zealand's health and safety performance will take a joint effort. It requires commitment from all system participants to work constructively together. We are committed to building and supporting enduring and effective relationships, where industries and sectors take ownership and lead the culture and system of changes that are required to make the country's work safer and healthier. The needs and interests of workers sit at the heart of these relationships.

### Working with and through others in 2018/19

#### ENGAGING STRATEGICALLY NATIONALLY

In the past 12 months to strengthen our working relationships with other regulatory partners we established inter-regulator forums at three different levels - Chairs, Chief Executives and tier two managers. Membership of these groups includes WorkSafe, Maritime New Zealand, Civil Aviation Authority, Environmental Protection Authority and New Zealand Transport Agency. The groups meet periodically to explore and activate opportunities to better align and collaborate on initiatives that contribute to the effective design and operation of the system. You can read more about our strategic engagements in the *Leading system conversations* case study.

During the year we also refreshed the Harm Reduction Action Plan (HRAP) with ACC. The HRAP shows how WorkSafe's and ACC's investments and efforts to improve work-related health and safety are coordinated and complement each other. It concentrates on what will make the biggest impact to reduce work-related fatalities and potentially fatal work injuries. The HRAP takes into account the goals and priorities of the Health and Safety at Work Strategy 2018-2028, our 2018-2022 strategy, and ACC's injury prevention strategy and priorities.

## ENGAGING AT AN INTERNATIONAL LEVEL

We co-hosted WorkSafe Victoria with ACC to learn from Victoria's transformation into a harm prevention focused organisation. This is an ongoing relationship that encourages sharing of insights and efficiencies. We also joined the Australasian Evidence Reference Group, a strategic forum that shares and collaborates on key evidence activities. The group includes representatives from our peers in Australia and helps WorkSafe and other Australian jurisdictions to share information and gain exposure to each other's evidence activities.

WorkSafe is involved with the Heads of Workplace Safety Authorities (HWSA), a group committed to working together to achieve healthier and safer work by influencing the prevention of work health and safety harm. HWSA members are the senior representatives of the work health and safety regulators in the Commonwealth and states/territories of Australia.

### Case study

## Leading system conversations

**We've had a significant focus over the year on increasing the frequency, range and quality of our engagement with our system partners and other stakeholders.**

A particular highlight was the establishment of dedicated inter-regulatory groups at Chair, Chief Executive and executive team level. The strengthening of our working relationships with our regulatory partners is already paying dividends with a range of joint initiatives underway, including a sector-focused intelligence initiative and joint work on an educative campaign.

The regular meetings have allowed shared issues and opportunities to be assessed and coordinated, with the overall aim of strengthening system performance and

improving outcomes for the public, no matter what the regulatory jurisdiction.

Improving system outcomes was also the focus at our stakeholder forum, held in March 2019. This two-day concentrated discussion series was a vital, early input to help share approaches to work-related health, health and safety outcomes for Māori, harm prevention investment and health economics, and injury prevention initiatives. It was well attended and well received. A series of energised discussions built on existing relationships, forged new ones, and provided important inputs into a range of strategies and programmes that will roll out in 2019 and beyond.

**“A good conversation and more than happy to contribute further.”**

**PARTICIPANT AT OUR MARCH STAKEHOLDER FORUM**



CONDUCTED AND COMPLETED

27

27 notifiable investigations where serious injury or significant property loss occurred

422

non-notifiable accidents

109

unsafe notifications

COMPLETED

325

audits

CONDUCTED

1

prosecution

ISSUED

8

infringement notices

36

warnings



#### Case study

## International influence, local impact

**With one of the widest mandates in the organisation, our dedicated Energy Safety team had a stellar year, with its influence being felt across Asia-Pacific as well as in homes and businesses across the country.**

WorkSafe chaired the most recent Asia-Pacific Economic Cooperation (APEC) Sub-Committee on Standards and Conformance's Joint Regulatory Advisory Committee (SCSC JRAC). As Chair, our focus was on providing and facilitating capacity building amongst the APEC region's regulatory agencies to improve the safety of electrical and electronic products traded in the region, and encouraging projects to address the changing risks associated with new technologies.

This was only one of a significant number of international engagements conducted by WorkSafe, with a particular focus on engagement with Chinese trade and regulatory forums, to help us to better understand the compliance standards for Chinese products.

WorkSafe's mandate extends beyond work to ensure the safe supply and use of electricity and gas in the home environment. This international liaison is an important regulatory intervention at the start of the supply chain. Closer to home, the team has regular interaction with New Zealand retailers and traders to share intelligence and identify trends.

With electricity use changing dramatically over recent years, our focus this year also included industry engagement, liaison and the preparation of guidance to help consumers to understand how to charge electric vehicles safely and how to manage work around low voltage electricity lines. And, at a home level, Claude the energy spokes-cat had another successful year communicating the risks around the use of LPG, electric blankets and multi-plug boards.



# Our journey to organisational excellence

## Our internal focus areas



## WorkSafe's journey to date



DEPARTMENT OF LABOUR

MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT

HEALTH AND SAFETY BUDGET APPROX \$42M PA

BUDGET APPROX \$52M PA

BUDGET APPROX \$76M PA

BUDGET APPROX \$85M PA

**We are a young organisation founded on mature people-roots. Over the last five years, we have established the organisation using, and building on, existing capabilities and expertise.**

We have built basic systems and processes enabling us to respond to initial needs. However, the

needs of the health and safety system are changing and we also need to change in order to remain sustainable and to meet future needs.

While acknowledging and respecting the achievements of the past we are forward-looking and aim to become a modern,

data- and intelligence-led, world-class regulator. To achieve this we need to strengthen our capability and modernise our systems and processes. This includes a clear focus on our own health and safety performance, improving staff wellness and engagement, and delivering on a comprehensive modernisation programme.

2014

2015

**April**

New *Health and Safety at Work Act* (HSWA) becomes law

2016

**April**

HSWA comes into force

**July**

Harm Reduction Action Plan with ACC announced

2017

2018

**September**

WorkSafe and ACC 10-year funding agreement to boost harm prevention initiatives

**December**

Launch of Government's Health and Safety at Work Strategy 2018-2028

## Strengthening our people and culture

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### Our why

Our people are critical to our success in becoming a modern regulator. Creating an organisation that values and grows its people is essential for embedding a high-performance culture. A strong organisational culture ensures our people feel engaged, connected and valued.

Our changing operating context will create new challenges for how we work and deliver our business in the future. We need flexibility to align our people capability to the opportunities and challenges that present as our external environment evolves.

Our aim is to deliver organisational excellence by ensuring our people are highly capable, diverse and engaged, with the right skills and experience to create a high-performing organisation. We will ensure we have the right people, in the right places, at the right time to translate our strategy into action and support the Government's priorities.

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### High-performing and engaged people

In 2018/19 we developed our People Strategy to provide a roadmap to support WorkSafe's transition to a modern and more effective regulator. Our People Strategy has eight work-streams: leadership; health, safety and wellbeing; performance; talent management; reward and recognition; employee recognition; grow and adapt; and technology, including design work on a Human Resources Information and Payroll System.

We have commenced the implementation of the People Strategy across multiple workstreams including revamping our inspectorate training programme and delivering a range of other capability-based training.

We signed up to be a Rainbow Tick organisation to uplift our inclusion of our LGBTQ community and we established rainbow and women's networks.

We started providing eligible staff members (those who are permanent and work more than 15 hours a week) with an insurance bundle as part of our benefits package. This insurance plan is part of our commitment to caring for our people's wellbeing, and will provide a financial safety net and support for our permanent staff.

#### Case study

### Building a more representative future

**To connect with New Zealand's increasingly diverse workforce, our own workforce needs to adapt. A new approach to recruiting and training our next cohort of health and safety inspectors is helping.**

When cohort 17 joined the WorkSafe team in April, the 16 new trainees had not only succeeded against over 900 other applicants for these roles, but also represented our most diverse cohort ever.

From the recruitment approach to the training programme, we made deliberate choices to ensure our future inspectors were representative of the future demographics of the workforce, and had the skills and know-how

to engage effectively with a more diverse range of groups.

The trainees were put through a holistic development pathway, spending seven weeks in full-time study in Wellington, before embarking on their on-the-job training at home offices across the country. As well as developing core knowledge on the *Health and Safety at Work Act*, the training included a strong focus on building cultural competencies, connecting with industry and

## Enhancing our technology, data and infrastructure

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### Our why

Since we became WorkSafe more than five years ago, we have kept many of our systems connected to MBIE in order to let us focus on the work of being a regulator. In order to support our vision of becoming a modern regulator, we need the right systems to enable staff to work in a smart, integrated and flexible way, becoming technology- and data-enabled and intelligence-driven. These improvements will have a flow-on effect enabling WorkSafe to become more effective and efficient.

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### Building tools for the modern regulator

In 2018/19 we progressed our Digital and Technology Strategy, setting out the capability and systems we need to deliver our outcomes, and began the transformation work on the technology infrastructure investment required to enable delivery of new, optimised services. We began the process to de-couple our ICT from MBIE. We also started work to modernise the workplace environment and user solutions, updating some of the older technology that our teams use so they will be able to access the tools they need from anywhere, on any device with an internet connection. We also selected a solution and delivery partner for a new HRIS (Human Resource Information System)/Payroll and Health and Safety system, and have begun the design process for implementation.

Additionally, we also procured, and are in the process of implementing, a fit-for-purpose Project and Portfolio Management and Reporting toolset. This new tool will help our organisation to become more effective in the way we make investment choices. It will also drive operational excellence and will grow WorkSafe's internal capability and maturity.

Supporting our aspiration to be data- and intelligence-led, we continued to build our business intelligence capability and enhance data and intelligence collection.

working with younger workers, including through a collaboration with WelTec's construction training programme. Diversity remains a significant focus for WorkSafe, but the importance of inclusion has also been highlighted. Ensuring the trainees have a smooth re-entry to their home offices, and that managers and teams are adequately prepared and supported to create an inclusive environment for new starters, is the next focus for cohort 18.

**“This new initiative was a huge success and we look forward to an ongoing relationship with WorkSafe to help to educate our students and staff in health and safety.”**

**NIGEL PHILLIPSON**  
WelTec's Construction Programme Manager

## Future-proofing our organisation

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### Our why

WorkSafe is at a critical point of ensuring that the organisation is sustainable and future-proofed to lift New Zealand's health and safety performance towards world-class. This requires ensuring we have the right capability, service and interventions in place and that our funding and resources keep pace with what is expected of us.

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### Ensuring a sustainable organisation

Our four-year strategy provides a clear pathway to guide where we need to put our resources, effort and future investment. We secured additional funding with the signing of a 10-year Master Agreement with ACC. This funding will make a major difference to improving health and safety for workers. The agreement provides a sustainable funding pathway to support harm prevention initiatives. You can read more about the Master Agreement in the *Investing for impact* case study on page 55.

We also laid out our future pathway to being a modern, world-class regulator. We secured initial baseline funding to improve responses in priority areas, support businesses and workers through educational guidance and digital tools, and increase specialist assessment and enforcement resources. We are finalising our modernisation implementation programme to support further investment for harm prevention, and ICT capability, and improve insights and intelligence. This will enable WorkSafe to be targeted, aligned and flexible.



## Case study

# Investing for impact

## Injury prevention funding under the Partnering Agreement will reduce the incidence and impact of work injuries and work injury claims including a reduction in Work Account costs and levy rates.

HARM REDUCTION ACTION PLAN

**We've successfully completed the first year of our new 10-year Master Agreement with ACC, which provides dedicated funding to tackle work-related harm and lift system capability.**

The new agreement was signed in September 2018, and was a significant milestone in WorkSafe's and ACC's joint commitment to reducing the impact of harm on New Zealand workers.

The year one investment of \$11 million has seen a number of initiatives commence, including a strong focus on building maturity in the health and safety system and on establishing and partnering with leadership groups to create a more unified approach.

Key successes have included the establishment of the WorkSafe New Zealand Chair in Health and Safety at Victoria University of Wellington, which will drive thought leadership in the sector, the *Be a safe guy* campaign (see page 27), and investment in the Agricultural Leaders' Health and Safety Action Group (ALHSAG), FISC, CHASNZ, HASANZ and a range of other leadership groups. We've also undertaken a significant programme of foundational research to increase insights into and understanding of New Zealand's landscape of harm.

We have kicked off two initiatives – WIAV (refer to *Cross-sector initiatives to prevent harm* on page 42 for further information) and WEPR. Both focus on key issues that are consistent across multiple sectors.

In WEPR we are developing three initiatives to improve worker engagement. These are the roving health and safety champions,

referred to as 'Toroawhi'; engaging with farmers to understand and co-design initiatives that can be applied in their own backyard through Farmer Led Design; and developing a way to connect New Zealand's health and safety reps to support each other in boosting worker engagement with an online Community of Practice.

We have begun work in the transport, postal and warehousing sector which supports the WIAV initiative and aligns to our growing operational focus in this area. This is an exciting step which has seen the establishment of a Transport Leadership Initiative within the Food and Grocery Council. We have also started work with ports by working with Maritime New Zealand and businesses working within a port; this work aims to enhance cross-agency cooperation and develop suggested interventions that address the growing number of accidents occurring in this environment.

A critical focus for the year has been on setting the structure for the funding agreement. This included an updated Harm Prevention Action Plan which was released in July 2019 and sets the high-level priorities for how WorkSafe and ACC will work together to make the biggest impact. A return on investment framework has also been agreed including intermediate performance indicators around attitude and behaviour change, and longer-term targets for avoided claims to the ACC scheme.

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# Our people

## Workforce profile

Our success is reflected in having a workforce that connects with and influences a diverse community in workplaces. Our approach is to attract workers with the right skills from a range of backgrounds with a diverse mix of age, gender and ethnicity. Our recruitment processes are designed to ensure that WorkSafe is inclusive and supports these goals.

## Gender

Over the years our gender split has evened out across our entire workforce. We now have a 50/50 gender split across all staff (compared to 47% and 53% last year) and 49 female/51 male among our managers (a significant change from 32/68 in 2014/15). The gender split is varied across some areas of our workforce. Once we have our new HRIS in place we will be able to report on non-binary gender identity.

### WorkSafe



AVERAGE AGE

**46.8**

### Manager



AVERAGE AGE

**49.3**

### Manager Non-inspectorate



AVERAGE AGE

**45.6**

### Inspectorate



AVERAGE AGE

**48.3**



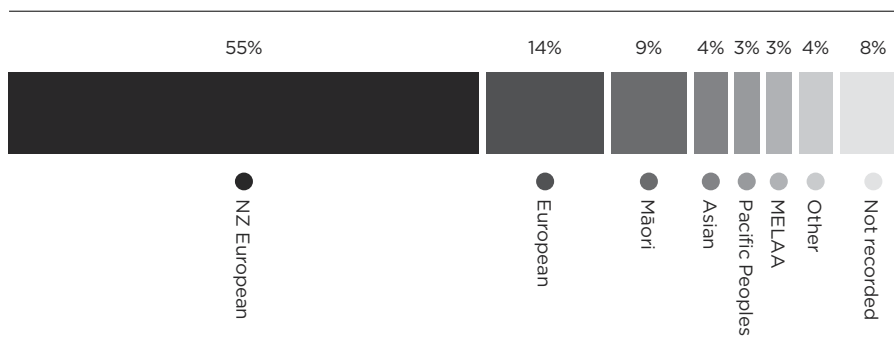
## Average age

WorkSafe's average workforce age is 46.8 years, with a higher proportion of managers and inspectors<sup>14</sup> over 45 years compared to WorkSafe overall. Our talent and succession management programmes are intended to ensure that we have the future capability ready to fill critical and leadership roles.

We do not collect statistical information on disability. WorkSafe aims to ensure disability requirements are incorporated as a matter of course (including if someone is temporarily impaired). Staff are asked about specific needs or accessibility requirements when they are recruited, with additional support arranged as required.

## Ethnicity

Although the majority of our people identify as New Zealand European, we are becoming more ethnically diverse. In 2018/19 the proportions of WorkSafe staff that identified as Māori, Pacific Peoples and Asian all increased.



<sup>14</sup> WorkSafe defines inspectorate to be all staff working as inspectors, Maru Toa (engagement advisors) and inspectorate managers and chief inspectors. All other staff are defined as non-inspectorate.

## Good employer practices

Our practices include:

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### LEADERSHIP, ACCOUNTABILITY AND CULTURE



- Leadership development programme to support development of effective leadership skills.
- Promotion of good health and safety practices.

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### RECRUITMENT, SELECTION AND INDUCTION



- Recruitment and selection practices for bulk recruitment have increased diversity in our workforce.
- Making every effort to ensure recruitment processes are free from all bias and monitoring key recruitment statistics relating to age, ethnicity and gender.
- An induction programme for new employees to help them start in their new roles. This includes e-learning, workshops and on-the-job tools and resources that are aligned to our vision, strategic priorities and values.

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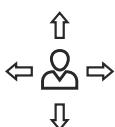
### EMPLOYEE DEVELOPMENT, PROMOTION AND EXIT



- Talent and succession management practice to support staff to achieve career aspirations and enable strategic management of our people capability.
- Access for all staff to an extensive suite of self-select online learning opportunities.
- A structured career progression programme for inspectors.

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### FLEXIBILITY AND WORK DESIGN



- Health and safety risk profiling, including office security, ergonomic assessments and wellbeing.
- Actively support a number of non-standard work arrangements, where business needs can enable this, including part-time, flexible working hours, working from home and remote work.

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### REMUNERATION, RECOGNITION AND CONDITIONS



- A remuneration system that is market-aligned and provides visibility of linkages to career pathways.
- A performance and development process that incorporates learning and development opportunities.
- A wellbeing insurance package to support our staff in times of greatest need.

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### HARASSMENT AND BULLYING PREVENTION



- Internal bullying policy and procedures aligned to WorkSafe's external guidance.

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### SAFE AND HEALTHY ENVIRONMENT



Our commitment to providing staff with a safe workplace and supporting their wellbeing is delivered through a range of support services including:

- internal health and safety training for all staff
  - the Safe Driver programme
  - the Situational Safety and Tactical Communications programme
  - ergonomic workstation assessments
  - health monitoring
  - influenza vaccinations
  - professional supervision for those potentially at risk of psychological harm
  - an Employee Assistance Programme.
-

## Keeping our people healthy and safe

WorkSafe is an organisation with a single, unifying purpose around supporting people to be healthy and safe. We are a people and service organisation with the vast majority of our resources, capability and cost being people-related. Part of keeping our people healthy and safe is tracking incidences of harm so that we are able to identify risks and risk controls, as well as manage any treatment or rehabilitation if someone has been injured.

In 2018/19 we focused on reducing our Total Recordable Frequency Rate (TRFR) and our Lost Time Injury Frequency (LTIF) Rate. We did this by targeting our risk controls and actively managing our people's health and safety. This resulted in our TRFR reducing from 15.6 to 4.3 per million hours worked and our LTIF reducing from 5.9 to 1.7 per million hours worked.

The results from our 'We Say' staff survey demonstrate our commitment to our people's safety and wellbeing with an index score of 73%.

In 2019 we used the SafePlus tool (see *Reducing harm with good health and safety practices* on page 37 for more information) to assess our internal health and safety. The independent assessment identified opportunities to focus on to improve our own health and safety. Our internal health and safety work across the SafePlus dimensions includes:

### Leadership

Our Board and senior leaders take an active role in monitoring our internal health and safety performance and culture. The Board's commitment to internal health, safety and wellbeing includes visiting our offices to understand the risks that our people encounter and reviewing indicators of internal health and safety, particularly in relation to our four critical risks.

### Engagement and participation

Our goal is to empower and support our people to be successful. The National Health, Safety and Wellbeing Committee, including Senior Leadership Team members, Health and Safety Representatives (HSRs), PSA and key staff, meets regularly to discuss health and safety within our teams. It focuses on how we demonstrate our commitment to good health and safety through good engagement, investing the right resources, focusing on outcomes, empowering staff, and treating our people with care and empathy.

### Risk management

We put our primary focus on the four critical health and safety risks that affect our people. We minimise these risks by:

<b>Driving</b>	Procuring 5-star safety rated vehicles, fit-for-purpose vehicles and safety equipment, verification and monitoring of driver licences, as well as e-learning and in-vehicle driver training.
<b>Aggressive and threatening behaviour</b>	The Situational Safety and Tactical Communications training programme is included as part of core inspector training. It covers how to communicate to minimise unacceptable behaviour and how to keep yourself safe if it occurs. Individual records and sites where others have experienced aggressive behaviour are noted.
<b>Exposure to traumatic events</b>	Debriefing sessions are offered to those exposed to traumatic events. Staff who have ongoing contact with victims, their families, colleagues and the legal process are encouraged to attend professional supervision.
<b>Stress</b>	Managers are encouraged to observe, coach and monitor their staff in terms of workload, ability to achieve expected outcomes and general wellbeing. We also encourage staff to take at least one period of two weeks' annual leave a year.



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# Measuring our performance

We measure our performance through a range of indicators. These reflect WorkSafe's activities and the impacts we are making as well as showing the overall performance of the health and safety at work system in New Zealand. Indicators from the system targets, *Statement of Intent 2018/19-2021/22* and *Statement of Performance Expectations 2018/19*, are summarised in the tables in the following pages.

A number of our indicators are measured by surveys and differences between results from each year are not necessarily statistically significant (ie statistical significance would be if the difference between results is unlikely to be due to chance alone and therefore indicates an actual change). Commentary on the measures focuses on actual changes observed or trend information.

## Monitoring performance in 2018/19

WorkSafe's performance indicators all relate to the Vote Labour Market appropriation *Workplace Relations and Safety - Workplace Health and Safety* (for a breakdown of WorkSafe's activity split by Workplace Health and Safety and Energy Safety activities see page 91).

WorkSafe provides performance reports to the Minister for Workplace Relations and Safety each quarter, as well as in the Annual Report.

## Statement of responsibility

The Board is responsible for the preparation of WorkSafe's statement of performance and financial statements and for the judgements made in them. We are responsible for any end-of-year performance information provided by WorkSafe under section 19A of the *Public Finance Act 1989*. We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. In our opinion, the statement of performance and financial statements fairly reflect the operations and financial position of WorkSafe New Zealand for the year ended 30 June 2019.



**Ross Wilson**  
Chair



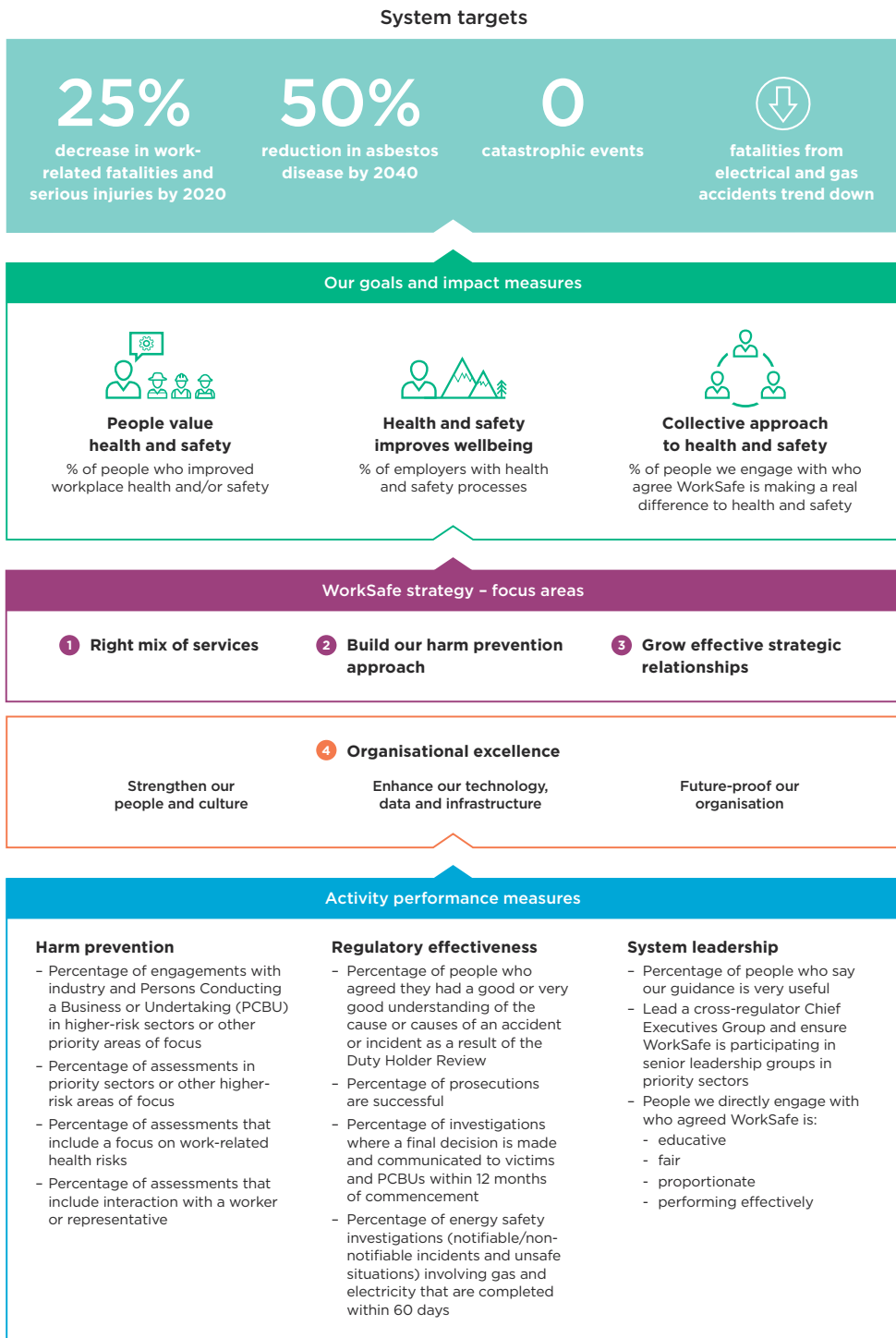
**Paula Rose** QSO  
Deputy Chair

**31 OCTOBER 2019**

## Our performance framework

WorkSafe has a clear view of success – we are working to transform New Zealand’s health and safety performance towards world-class. The framework below provides an overview of some of the ways we measure the progress being made by WorkSafe and across the broader health and safety system.

WORKSAFE'S STRATEGY 2018/19-2021/22



## Impact measures: 2018/19–2021/22 Statement of Intent

### Understanding our research results

In 2018/19 WorkSafe replaced the former Health and Safety Attitudes and Behaviours (HSAB) Survey with the WSIP survey. The new survey programme replicates the questions but the data collection methodology has changed from postal/online to online/telephone. The target population for the new survey programme has expanded from focusing primarily on employers and workers in WorkSafe's four priority sections. This broader focus will ensure the survey results are more nationally representative. The change in survey has meant results are not directly comparable to previous results prior to the survey change.

The 2019 WSIP survey confirms that *keeping workers healthy and safe while at work* is employers' top business consideration, with 59% of employers in WorkSafe's four priority sectors (agriculture, construction, forestry, and manufacturing) reporting worker safety as one of their top three considerations. This was distantly followed by *being a respected and trusted business* (37% of employers in the four priority sectors) and *producing excellent products and/or services* (33%). When viewed by all employers, regardless of sector, the same three issues were identified by employers as being among their top three considerations, and in the same order: *keeping workers healthy and safe while at work* (49% of all employers), *being a respected and trusted business* (39%) and *producing excellent products and/or services* (38%).

An examination of the last three years' HSAB survey results from WorkSafe's previous attitudes and behaviours survey (HSAB) shows that employers have identified these same three issues as being their top business considerations since 2015. However, the 2019 WSIP survey results indicate that there has been a statistically significant decrease in the proportion of employers in WorkSafe's four higher-risk sectors reporting *keeping workers healthy and safe while at work* as one of their top three priorities (down from 63% in the 2017 HSABS to 59% in 2019). In contrast there have been statistically significant increases in the proportions of employers identifying *making sure there is enough work in the pipeline* (up from 15% in 2017 to 21% in 2019) and *attracting and retaining good workers* (up from 17% in 2017 to 20% in 2019) as being among their top three considerations.<sup>15</sup> These shifts may reflect employers' increased concerns regarding the performance of New Zealand's economy as indicated by recent business confidence polls, which show New Zealand business confidence is at its lowest level since March 2009.<sup>16</sup>

Measure	RESULT 2015/16	RESULT 2016/17	RESULT 2017/18	TARGET 2021/22	RESULT 2018/19	SOURCE
<b>People value health and safety</b>						
<i>Our work supports people to value health and safety as part of good business</i>						
Percentage of workers in priority sectors who view health and safety as a top priority <sup>17</sup>	-	39%	36%	>65%	<b>Priority sectors: 49%</b> <sup>18</sup>	Workforce Segmentation and Insights Programme (WSIP) Survey <sup>19</sup>
Percentage of employers in priority sectors who view health and safety as a top priority	-	63%	63%	>75%	<b>Priority sectors: 59%</b> <sup>20</sup>	WSIP <sup>19</sup>
Percentage of people (workers and employers) who made at least one change to improve workplace safety and/or reduce risks to workers' health <sup>21</sup>	75%	81%	84%	>85%	<b>86%</b>	Service Excellence Survey

<sup>15</sup> Observed differences are statistically significant at the 95% confidence level.

<sup>16</sup> New Zealand Institute of Economic Research. 'Media release, 2 July 2019. NZIER Quarterly Survey of Business Opinion.' Accessed 11 September 2019: <https://nzier.org.nz/media/nziers-qsbo-shows-deterioration-in-demand-and-sentiment-quarterly-survey-of-business-opinion-july-2019>

<sup>17</sup> Priority sectors include agriculture, forestry, construction and manufacturing.

<sup>18</sup> The result for workers across all sectors was 35%.

<sup>19</sup> Measures are sourced from WSIP, which replaced HSABS, and are not directly comparable to previous results. Please refer to *Understanding our research results* for more information.

<sup>20</sup> The result for employers across all sectors was 48%.

<sup>21</sup> This measure is intended to be the same as the performance measure in the Vote Labour Market – Workplace Relations and Safety – Health and Safety appropriation 2018/19 – 'Percentage of people (workers and employers) who made at least one change to improve workplace safety and/or reduce risks to workers' health'. The same result is used for both measures.

Measure	RESULT 2015/16	RESULT 2016/17	RESULT 2017/18	TARGET 2021/22	RESULT 2018/19	SOURCE
<b>Health and safety improves wellbeing</b>						
<i>Our work enables good health and safety to improve people's quality of life</i>						
Percentage of employers who have a process for identifying, assessing and managing the business's main health and safety risks, who also regularly review the processes and systems	-	79%	81%	>80%	<b>84%</b>	National Survey of Employers (MBIE)
Workers who agreed their workplace has ways for workers to participate in health and safety and raise issues	-	90%	83%	>90%	<b>Priority sectors: 87%<sup>22</sup></b>	WSIP <sup>19</sup>
Employers who agreed their workplace has ways for workers to participate in health and safety and raise issues	-	86%	86%	>90%	<b>Priority sectors: 86%<sup>23</sup></b>	WSIP <sup>19</sup>
Percentage of all precursor events that were adequately responded to <sup>24</sup>	99%	96.4%	77%	>99%	<b>61%<sup>25</sup></b>	WorkSafe High Hazards Unit data
Cases of non-compliance relating to a breach of the requirements set out in safety cases or Principal Hazard Management Plans subsequent to submission	-	4 <sup>26</sup>	12 <sup>27</sup>	0	<b>No result available<sup>28</sup></b>	WorkSafe High Hazards Unit data
<b>Collective approach to health and safety</b>						
<i>Our work leads the health and safety system towards shared goals</i>						
Percentage of people (workers and employers) we engage with who agreed that: WorkSafe is making a real difference to workplace health and safety in New Zealand	-	66%	66%	>75%	<b>70%</b>	General Inspectorate Survey, Service Excellence Survey (SES) <sup>29</sup>

<sup>22</sup> The result for workers across all sectors was 80%.

<sup>23</sup> The result for employers across all sectors was 81%.

<sup>24</sup> Dangerous precursor events are specified in HSWA and within regulations covering high hazard sectors. There is a regulatory requirement for operators to notify WorkSafe of these events and data is reported from WorkSafe's High Hazard Unit. Any event that should have been notified but is found not to have been is counted as a notification failure. A response is deemed adequate when the notification meets the requirements of the relevant regulation (eg timeliness and completeness), and the operator's investigation and preventive actions are considered appropriate by a WorkSafe inspector.

<sup>25</sup> In 2018/19 the definition of a 'precursor event' was changed. This has meant the 2018/19 result is not comparable to previous results or the target.

<sup>26</sup> Note measure has changed from the 2016/17 framework from 'first submission' to 'submission' (ie this is the total number of safety cases that were accepted by WorkSafe in the financial year as having met legal requirements) on first or subsequent submission.

<sup>27</sup> Along with these cases, WorkSafe is aware of instances where directive letters (a non-statutory notice that provides a duty-holder with directive advice) have been used by inspectors in response to a breach of requirements. Our systems do not enable data on directive letters to be readily retrievable.

<sup>28</sup> This measure is no longer fit-for-purpose given the recent focus on the safety cases regime required under the Health and Safety at Work (Major Hazard Facilities) Regulations 2016. This change in focus is reflected in the new safety cases performance measure contained in the 2019/20 Statement of Performance Expectations.

<sup>29</sup> 2018/19 General Inspectorate Survey – excludes Hazardous Substances and New Organisms (HSNO) only respondents. Service Excellence Survey, after interaction with a health and safety inspector.

## Activity measures – 2018/19 Statement of Performance Expectations

Previous years' results are shown where available. Where results from previous years were unaudited they are shown in blue.

Measure	RESULT 2015/16	RESULT 2016/17	RESULT 2017/18	TARGET 2018/19	RESULT 2018/19	SOURCE
<b>Harm prevention</b>						
Percentage of engagements with industry and PCBUs <sup>30</sup> in higher-risk sectors or other priority areas of focus <sup>31</sup>	-	-	95%	≥85%	<b>93%</b>	WorkSafe Assessments data
Percentage of assessments in priority sectors or other higher-risk areas of focus	<b>87%</b>	<b>93%</b>	96%	≥85%	<b>98%</b>	WorkSafe Assessments data
Percentage of assessments that include a focus on work-related health risks	<b>29%</b>	36%	50%	≥50%	<b>61%</b>	WorkSafe Assessments data
Percentage of assessments that include interaction with a worker or representative <sup>32</sup>	-	-	-	≥80%	<b>89%</b>	WorkSafe Assessments data
<b>Regulatory effectiveness</b>						
Percentage of people who agreed they had a good or very good understanding of the cause or causes of an accident or incident as a result of the Duty Holder Review	-	-	-	≥90%	<b>92%</b>	Duty Holder Review, SES <sup>33</sup>
Percentage of prosecutions are successful	<b>91%</b>	88%	96%	≥80%	<b>93%</b>	WorkSafe Legal data
Percentage of investigations where a final decision is made and communicated to victims and PCBUs within 12 months of commencement <sup>34</sup>	-	-	-	100%	<b>100%</b>	WorkSafe data
Percentage of energy safety investigations (notifiable/non-notifiable incidents and unsafe situations) involving gas and electricity that are completed within 60 days	-	<b>91%</b>	93%	≥80%	<b>93%</b>	WorkSafe Energy Safety data

<sup>30</sup> Assessment managers and inspectors undertaking engagement initiatives and/or presentations where there are opportunities to improve health and safety performance or address risks to health and safety.

<sup>31</sup> 'Higher-risk sectors' include agriculture, forestry, construction and manufacturing. Other priority areas of focus include particular regional or national sectors of concern (outside of the priority sectors) that present a significant actual or potential risk to workplace health and safety (eg hazardous substances, adventure activities).

<sup>32</sup> Workers or representatives are not always available (eg self-employed people). This measure only applies where a worker or representative is available on site. Even when a worker or representative is on site, in some cases they may decline to speak to an inspector.

<sup>33</sup> 2018/19 Duty Holder Review Survey (n=108), Service Excellence Survey. These SES results come from people who have recently undergone the Duty Holder Review process. Responses are based on a five-point scale where 'very good' is the highest rating.

<sup>34</sup> Excludes cases that were investigated prior to 7 August 2018 and where an extension of time has been granted under section 147 of HSWA.



Measure	RESULT 2015/16	RESULT 2016/17	RESULT 2017/18	TARGET 2018/19	RESULT 2018/19	SOURCE
<b>System leadership</b>						
Percentage of people who say our guidance is very useful (this measure provides an indication of how we help all parts of the system understand what good health and safety practice looks like) <sup>35</sup>	60%	57%	57%	≥60%	<b>56%</b>	SES
Lead a cross-regulator Chief Executives Group and ensure WorkSafe is participating in senior leadership groups in priority sectors <sup>36</sup>	-	-	-	Achieve	<b>Achieved</b>	WorkSafe data
<i>Percentage of people we directly engage with who agreed WorkSafe is:</i>						
Educative (I now know more about what I need to do about health and safety in the workplace)	-	64%	69%	Increase	<b>70%</b>	General Inspectorate Survey, SES <sup>35</sup>
Fair (WorkSafe treated me fairly)	81%	88%	91%	Increase	<b>91%</b>	General Inspectorate Survey, SES <sup>35</sup>
Proportionate (WorkSafe's response was in proportion to the level of risk or likely harm that the situation or issue posed to workplace health and safety) <sup>37</sup>	-	67%	72%	Increase	<b>68%<sup>38</sup></b>	General Inspectorate Survey, SES <sup>35</sup>
Performing effectively (WorkSafe is making a real difference to workplace health and safety in New Zealand)	-	66%	66%	Increase	<b>70%</b>	General Inspectorate Survey, SES <sup>35</sup>

<sup>35</sup> These SES results come from people (employers, employees and self-employed) who have had recent contact with a WorkSafe health and safety inspector during an assessment or investigation. This is measured on a three-point scale, with 'very useful' being the highest score. The combined percentage of 'very useful' and 'somewhat useful' is significantly higher – 97% in 2015/16, 94% in 2016/17, 97% in 2017/18 and 97% in 2018/19.

<sup>36</sup> Four meetings were held in 2018/19.

<sup>37</sup> Note that to make these results comparable the results for people only interacting with WorkSafe about a HSNO issue or incident are excluded, because this group was surveyed separately in previous years.

<sup>38</sup> WorkSafe's performance for this measure has been consistent for the last three years and is marginally below target (not statistically significant). The result is from the SES which uses a sample of those duty-holders and workers who have had a recent interaction with WorkSafe. Often those interactions are as a result of non-compliance with regulatory obligations. This can lead to a negative perception about WorkSafe's proportionality, particularly if enforcement action was subsequently taken.

# Financial statements





## Statement of comprehensive revenue and expense for the year ended 30 June 2019

\$000	NOTES	ACTUAL 2019	BUDGET 2019	ACTUAL 2018
<b>Revenue</b>				
Funding from the Crown	2	94,157	94,157	93,837
Interest revenue	2	1,263	704	821
Other revenue	2	8,491	13,222	3,514
<b>Total revenue</b>		<b>103,911</b>	<b>108,083</b>	<b>98,172</b>
<b>Expenditure</b>				
Personnel costs	3	66,619	70,465	62,765
Other expenses	4	34,568	37,998	30,440
Depreciation and amortisation expense	8, 9	3,071	3,302	1,760
Asset impairment	9	-	-	1,162
<b>Total expenditure</b>		<b>104,258</b>	<b>111,765</b>	<b>96,127</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(347)</b>	<b>(3,682)</b>	<b>2,045</b>
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>(347)</b>	<b>(3,682)</b>	<b>2,045</b>

Explanations of major variances against budget are provided in note 20.

*The accompanying notes form part of these financial statements.*

## Statement of financial position as at 30 June 2019

\$000	NOTES	ACTUAL 2019	BUDGET 2019	ACTUAL 2018
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	5	4,658	3,221	7,206
Receivables and prepayments	6	1,702	1,000	915
Investments	7	31,000	14,000	27,000
<b>TOTAL CURRENT ASSETS</b>		<b>37,360</b>	<b>18,221</b>	<b>35,121</b>
<b>Non-current assets</b>				
Property, plant and equipment	8	5,219	6,980	4,198
Intangible assets	9	6,730	16,603	7,133
<b>TOTAL NON-CURRENT ASSETS</b>		<b>11,949</b>	<b>23,583</b>	<b>11,331</b>
<b>TOTAL ASSETS</b>		<b>49,309</b>	<b>41,804</b>	<b>46,452</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables and provisions	10, 12	4,391	6,000	5,224
Revenue in advance	2	8,661	4,914	7,294
Employee entitlements	11	4,217	4,700	4,082
<b>TOTAL CURRENT LIABILITIES</b>		<b>17,269</b>	<b>15,614</b>	<b>16,600</b>
<b>Non-current liabilities</b>				
Employee entitlements	11	703	800	748
Revenue in advance	2	2,580	843	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,283</b>	<b>1,643</b>	<b>748</b>
<b>TOTAL LIABILITIES</b>		<b>20,552</b>	<b>17,257</b>	<b>17,348</b>
<b>NET ASSETS</b>		<b>28,757</b>	<b>24,547</b>	<b>29,104</b>
<b>Equity</b>				
Capital reserves	15	25,934	25,932	25,934
Memorandum accounts	15	1,850	610	610
Accumulated surplus/(deficit)	15	973	(1,995)	2,560
<b>TOTAL EQUITY</b>		<b>28,757</b>	<b>24,547</b>	<b>29,104</b>

Explanations of major variances against budget are provided in note 20.

*The accompanying notes form part of these financial statements.*



## Statement of changes in equity for the year ended 30 June 2019

\$000	NOTES	ACTUAL 2019	BUDGET 2019	ACTUAL 2018
Balance at 1 July		29,104	28,229	17,505
Total comprehensive revenue and expense		(347)	(3,682)	2,045
<b>Owner transactions</b>				
Capital contribution		-	-	9,554
<b>BALANCE AT 30 JUNE 2019</b>		<b>28,757</b>	<b>24,547</b>	<b>29,104</b>

Explanations of major variances against budget are provided in note 20.

*The accompanying notes form part of these financial statements.*

## Statement of cash flows for the year ended 30 June 2019

\$000	NOTES	ACTUAL 2019	BUDGET 2019	ACTUAL 2018
<b>Cash flows from operating activities</b>				
Receipts from the Crown		94,157	94,157	93,837
Interest received		1,030	704	782
Receipts from other revenue		12,785	13,555	11,208
Payments to suppliers		(36,323)	(40,444)	(30,423)
Payments to employees		(66,661)	(69,882)	(62,610)
GST (net)		99	-	2
<b>Net cash flow from operating activities</b>		<b>5,087</b>	<b>(1,910)</b>	<b>12,796</b>
<b>Cash flows from investing activities</b>				
Receipts from sale of property, plant and equipment		269	500	270
Purchase of property, plant and equipment		(1,810)	(3,500)	(870)
Purchase of intangible assets		(2,094)	(10,285)	(6,198)
Payments for new term deposits		(4,000)	12,000	(9,000)
<b>Net cash flow from investing activities</b>		<b>(7,635)</b>	<b>(1,285)</b>	<b>(15,798)</b>
<b>Cash flows from financing activities</b>				
Capital contribution		-	-	9,554
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>	<b>9,554</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,548)</b>	<b>(3,195)</b>	<b>6,552</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>7,206</b>	<b>6,416</b>	<b>654</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>4,658</b>	<b>3,221</b>	<b>7,206</b>

Explanations of major variances against budget are provided in note 20.

*The accompanying notes form part of these financial statements.*

## Reconciliation of net surplus/(deficit) to net cash flow from operating activities

\$000	ACTUAL 2019	ACTUAL 2018
<b>Net surplus</b>	<b>(347)</b>	<b>2,045</b>
<b>Add/(Less) non-cash items</b>		
Depreciation expense	3,070	1,760
<b>Total non-cash items</b>	<b>3,070</b>	<b>1,760</b>
<b>Add/(Less) items classified as investing or financing activities</b>		
(Gains)/Losses on disposal of property, plant and equipment	37	49
(Gains)/Losses on impairment of property, plant and equipment	-	1,162
<b>Total items classified as investing or financing activities</b>	<b>37</b>	<b>1,211</b>
<b>Add/(Less) movements in statement of financial position items</b>		
(Increase)/Decrease in receivables	367	828
(Increase)/Decrease in prepayments	(1,063)	118
Increase/(Decrease) in payables	(834)	(8)
Increase/(Decrease) in revenue in advance	3,947	6,941
Increase/(Decrease) in employee entitlements	(90)	(99)
<b>NET MOVEMENTS IN WORKING CAPITAL ITEMS</b>	<b>2,327</b>	<b>7,780</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>5,087</b>	<b>12,796</b>

*The accompanying notes form part of these financial statements.*

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# Notes to the financial statements

## 1. Statement of accounting policies

### REPORTING ENTITY

WorkSafe New Zealand is a Crown Agent as defined by the *Crown Entities Act 2004*, was established on 16 December 2013 and is domiciled and operates in New Zealand. The relevant legislation governing WorkSafe's operations includes the *Crown Entities Act 2004* and the *WorkSafe New Zealand Act 2013*. WorkSafe's ultimate parent is the New Zealand Crown. WorkSafe is funded primarily by government through Vote Labour Market.

WorkSafe's primary objective is to provide public services to the New Zealand public, as opposed to making a financial return. Accordingly, WorkSafe has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements for WorkSafe are for the 12 months ended 30 June 2019 and were approved by the Board on 31 October 2019.

### BASIS OF PREPARATION

The financial statements have been prepared on a going-concern basis, and the accounting policies have been applied consistently throughout the period.

### Statement of compliance

The financial statements of WorkSafe have been prepared in accordance with the requirements of the *Crown Entities Act 2004*, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with Tier 1 PBE accounting standards and they comply with PBE accounting standards.

### Measurement base

The financial statements have been prepared on a historical cost basis, except for some non-financial assets and liabilities, which are stated at fair value.

### Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), unless otherwise stated. The functional currency of WorkSafe is New Zealand dollars (NZ\$).

### Standard early adopted

In line with the Financial Statements of the Government, WorkSafe has elected to early adopt PBE IFRS 9 Financial Instruments. PBE IFRS 9: Recognition and Measurement. Information about the adoption of PBE IFRS 9 is provided in Note 25.

### STANDARDS ISSUED AND NOT YET EFFECTIVE AND NOT EARLY ADOPTED

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to WorkSafe are:

#### Amendment to PBE IPSAS 2 statement of cash flows

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual period beginning on and after 1 January 2021, with early application permitted. WorkSafe does not intend to early adopt the amendment.

#### PBE FRS 48 service performance reporting

PBE FRS 48 replaces the service performance reporting requirement of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. WorkSafe has not determined how application of PBE FRS 48 will affect the statement of performance.

## SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a particular note are outlined below and have been applied consistently to all periods presented in these financial statements.

### Foreign currency

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

### GOODS AND SERVICES TAX (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, Inland Revenue (including the GST relating to investing and financing activities) is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

### INCOME TAX

WorkSafe is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

### BUDGET FIGURES

The budget figures are derived from the *Statement of Performance Expectations 2018/19* as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements we have made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed reasonable under the circumstances. There are no critical assumptions to detail specifically.

### 2. Revenue

The specific accounting policies for significant revenue items are explained below:

#### FUNDING FROM THE CROWN

WorkSafe is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of WorkSafe meeting its objectives as specified in its Statement of Performance Expectations and Statement of Intent. Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

#### PROVISION OF SERVICES

Services provided to third parties on commercial terms are exchange transactions. Revenue from these services is recognised in proportion to the stage of completion at balance date. The liability is shown in the statement of financial position as revenue in advance.

#### INTEREST REVENUE

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment.

#### RENTAL REVENUE

Lease receipts under an operating sub-lease are recognised as revenue on a straight-line basis over the lease term.



## OTHER REVENUE

\$000	ACTUAL 2019	ACTUAL 2018
Safety case revenue	1,034	437
ACC funding	6,302	1,838
Rent from sub-leases	309	541
Registration fees collected	198	275
Other revenue	648	423
<b>TOTAL OTHER REVENUE</b>	<b>8,491</b>	<b>3,514</b>

Funding from ACC projects and safety case reviews for Major Hazard Facilities is recognised in proportion to the stage of completion at balance date. The liability is shown in the statement of financial position as revenue in advance.

## REVENUE IN ADVANCE

\$000	ACTUAL 2019	ACTUAL 2018
<b>Current revenue in advance</b>		
Safety case revenue	1,992	2,719
ACC funding	6,669	4,533
Rent from sub-leases	-	42
<b>Total current revenue in advance</b>	<b>8,661</b>	<b>7,294</b>
<b>Non-current revenue in advance</b>		
ACC funding	2,580	-
<b>Total non-current revenue in advance</b>	<b>2,580</b>	<b>-</b>
<b>TOTAL REVENUE IN ADVANCE</b>	<b>11,241</b>	<b>7,294</b>

### 3. Personnel costs

#### SUPERANNUATION SCHEMES

##### Defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

##### Defined benefit schemes

WorkSafe makes employer contributions to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus/deficit in the plan will affect future contributions by individual employers, because there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

**PERSONNEL COSTS**

<b>\$000</b>	<b>ACTUAL 2019</b>	<b>ACTUAL 2018</b>
Salaries and wages	57,909	53,245
Defined contribution plan employer contributions	1,920	1,767
Increase/(Decrease) in net leave provision	402	(183)
Other personnel-related costs	3,982	3,464
Contractors	2,261	4,166
Restructuring costs	144	306
<b>TOTAL PERSONNEL COSTS</b>	<b>66,619</b>	<b>62,765</b>

The salaries and wages costs have increased as a result of an increase in FTE and salary increases.

**Employee remuneration**

	<b>ACTUAL 2019</b>	<b>ACTUAL 2018</b>
<b>Total remuneration paid or payable</b>		
\$100,000-\$109,999	34	24
\$110,000-\$119,999	31	24
\$120,000-\$129,999	29	43
\$130,000-\$139,999	38	18
\$140,000-\$149,999	11	15
\$150,000-\$159,999	10	14
\$160,000-\$169,999	13	10
\$170,000-\$179,999	14	9
\$180,000-\$189,999	5	8
\$190,000-\$199,999	8	6
\$200,000-\$209,999	2	1
\$210,000-\$219,999	3	2
\$220,000-\$229,999	3	3
\$230,000-\$239,999	1	2
\$240,000-\$249,999	2	2
\$250,000-\$259,999	3	1
\$260,000-\$269,999	2	1
\$270,000-\$279,999	0	0
\$280,000-\$289,999	0	0
\$290,000-\$299,999	0	0
\$300,000-\$309,999	0	0
\$310,000-\$319,999	1	1
\$320,000-\$329,999	1	0
\$330,000-\$339,999	0	0
\$340,000-\$349,999	0	0
\$350,000-\$359,999	0	0

	ACTUAL 2019	ACTUAL 2018
\$360,000-\$369,999	0	0
\$370,000-\$379,999	0	0
\$380,000-\$389,999	0	0
\$390,000-\$399,999	0	1
\$400,000-\$409,999	0	0
\$410,000-\$419,999	0	0
\$420,000-\$429,999	1	0
<b>TOTAL EMPLOYEES</b>	<b>212</b>	<b>185</b>

During the year ended 30 June 2019 there were no hurt and humiliation payments in 2018/19 (in 2017/18 there were two amounting to \$16,000) and fourteen cessation and settlement payments amounting to \$240,523 (in 2017/18 there were sixteen amounting to \$370,204).

#### Key management personnel compensation

\$000	ACTUAL 2019	ACTUAL 2018
<b>Board members</b>		
Remuneration	161	177
FTE members <sup>39</sup>	0.88	0.98
<b>Leadership members</b>		
Remuneration	2,074	2,411
FTE members	7	8.33
<b>TOTAL KEY MANAGEMENT PERSONNEL REMUNERATION</b>	<b>2,235</b>	<b>2,588</b>

Key management personnel includes all Board members, the Chief Executive and members of the WorkSafe Senior Leadership Team.

#### 4. Other expenses

\$000	ACTUAL 2019	ACTUAL 2018
Fees to Audit New Zealand for Audit of financial statements	96	79
Staff travel	5,074	4,491
Advertising, publicity, and sponsorship	3,116	1,829
Consultancy	7,403	6,002
Fees to Board members	161	177
Fees to Advisory Board members	117	89
ICT costs and technical support	623	952
Legal services	923	951
Shared services provided by MBIE <sup>40</sup>	6,881	6,893
Levy collection (services paid to ACC)	869	869

<sup>39</sup> Board member FTE calculations are based on the assumptions noted in Cabinet Office Circular CO (12) 06.

<sup>40</sup> MBIE provides support as part of our service-level agreement and this includes ICT, property services and accounting services.

\$000	ACTUAL 2019	ACTUAL 2018
Other expenses	3,758	2,715
Rental and leasing costs	4,782	4,591
Loss on sale of assets	37	49
Other property costs	727	753
<b>TOTAL OTHER EXPENSES</b>	<b>34,568</b>	<b>30,440</b>

### Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to WorkSafe are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease.

## BOARD AND COMMITTEE REMUNERATION

### Board members' remuneration

\$000	ACTUAL 2019	ACTUAL 2018
Ross Wilson (Chair)	45.0	33.0
Paula Rose (Deputy Chair) QSO	25.7	22.5
Christopher Ellis	22.5	22.5
Dr Jan White	22.5	22.5
Stephen Reindler	22.5	22.5
Nikki Davies-Colley	22.5	22.5
Professor Gregor Coster CNZM		31.9
<b>TOTAL BOARD MEMBER REMUNERATION</b>	<b>160.7</b>	<b>177.4</b>

WorkSafe had Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year in respect of the liability and costs of Board members and employees.

No Board members received compensation or other benefits in relation to cessation (2017/18 \$Nil).

The Audit, Risk and Finance Committee is a sub-committee of the WorkSafe Board and Board members are not paid separately in addition to Board fees, except for Neil Stiles (Independent Chair), who was paid \$10,800 (2017/18 \$10,800).

### Fees to committee members

The following are fees paid or payable to individual committee members:

\$000	ACTUAL 2019	ACTUAL 2018
<b>Audit, Risk and Finance Committee</b>		
Total Audit, Risk and Finance Committee remuneration	11	11
<b>Work-related Health Advisory Group</b>		
Total Work-related Health Advisory Group remuneration	2	1
<b>Mining Board of Examiners</b>		
Total Mining Board of Examiners remuneration	78	64

\$000	ACTUAL 2019	ACTUAL 2018
<b>Extractives Industry Advisory Group</b>		
Total Extractives Industry Advisory Group remuneration	26	13
<b>TOTAL COMMITTEE MEMBER REMUNERATION</b>	<b>117</b>	<b>89</b>

## 5. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term, highly liquid investments with original maturities of three months or less.

### CASH AND CASH EQUIVALENTS

\$000	ACTUAL 2019	ACTUAL 2018
Cash at bank and on hand	4,658	7,206
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>4,658</b>	<b>7,206</b>

While cash and cash equivalents at 30 June 2019 are subject to the expected credit loss requirements of PBE IRFS9, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

## 6. Receivables and prepayments

Short-term receivables are recorded at the amount due, less an allowance for credit losses. WorkSafe applies the simplified expected credit loss model of recognised lifetime expected credit losses for receivables.

In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

### RECEIVABLES AND PREPAYMENTS

\$000	ACTUAL 2019	ACTUAL 2018
<b>Receivables</b>		
<b>Total receivables comprises:</b>		
Prepayments	1,195	132
Receivables from the sales of goods and services (exchange transactions)	568	819
Less: Allowance for credit losses	(61)	(36)
<b>TOTAL RECEIVABLES AND PREPAYMENTS</b>	<b>1,702</b>	<b>915</b>

The expected credit loss rates of receivables at 30 June 2019 and 1 July 2018 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the recoverability of receivables. Given the short period of credit risk exposure, the impact of macroeconomic factors is not considered significant.

There have been no changes during the reporting in the estimation techniques or significant assumptions used in measuring the loss allowance.



The allowance for credit losses at 30 June 2019 and 1 July 2018 was determined as follows:

The carrying amount of receivables approximates for fair value. There is a \$61,000 expected credit losses for receivables (2017/18 \$36,000).

The ageing profile of receivables at year end is detailed below:

30 JUNE 2019	RECEIVABLES DAYS PAST DUE				TOTAL
	CURRENT	MORE THAN 30 DAYS	MORE THAN 60 DAYS	MORE THAN 90 DAYS	
Expected credit loss rate					
Gross carrying amount (\$000)	463	10	7	88	568
Lifetime expected credit loss (\$000)	-	-	-	61	61
<b>TOTAL</b>	<b>463</b>	<b>10</b>	<b>7</b>	<b>27</b>	<b>507</b>

1 JULY 2018	RECEIVABLES DAYS PAST DUE				TOTAL
	CURRENT	MORE THAN 30 DAYS	MORE THAN 60 DAYS	MORE THAN 90 DAYS	
Expected credit loss rate					
Gross carrying amount (\$000)	744	5	2	68	819
Lifetime expected credit loss (\$000)	-	-	-	36	36
<b>TOTAL</b>	<b>744</b>	<b>5</b>	<b>2</b>	<b>32</b>	<b>783</b>

## 7. Investments

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and shown as receivable.

### INVESTMENTS

\$000	ACTUAL 2019	ACTUAL 2018
<b>Current portion</b>		
Term deposits	31,000	27,000
<b>TOTAL CURRENT INVESTMENTS</b>	<b>31,000</b>	<b>27,000</b>

There is no impairment provision for investments.

The carrying amount of term deposits with maturities of less than 12 months approximates their fair value.

## 8. Property, plant and equipment

The property, plant and equipment asset classes consist of furniture and office equipment (including building fit-outs), computer hardware and motor vehicles. Property, plant and equipment is shown at cost, less any accumulated depreciation and impairment losses.

The cost of an item of property, plant or equipment is recognised as an asset only when it is probable that the future economic benefits or service potential associated with the item will flow to WorkSafe and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to WorkSafe and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive revenue and expense as they are incurred.

Gains and losses on disposals are determined by comparing the proceeds to the carrying amounts of the assets. Gains and losses on disposals are included in the statement of comprehensive revenue and expense.

## DEPRECIATION

Depreciation is calculated using the straight-line basis at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of asset have been estimated as below.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset are reviewed, and adjusted if applicable, at each financial year end.

## IMPAIRMENT

WorkSafe does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Property, plant and equipment and intangible assets that have finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Value in use is determined using an approach based on a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and the availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

## PROPERTY, PLANT AND EQUIPMENT

\$000	FURNITURE AND OFFICE EQUIPMENT	COMPUTER HARDWARE	MOTOR VEHICLES	WORK IN PROGRESS	TOTAL
<b>Cost or valuation</b>					
Balance at 1 July 2017	1,994	17	6,580	421	9,012
Additions	-	-	-	482	482
Disposals	-	-	(489)	-	(489)
Transfers from work in progress	561	-	270	(831)	-
<b>Balance at 30 June 2018</b>	<b>2,555</b>	<b>17</b>	<b>6,361</b>	<b>72</b>	<b>9,005</b>
Balance at 1 July 2018	2,555	17	6,361	72	9,005
Additions	-	-	-	2,266	2,266
Disposals	(8)	-	(986)	-	(993)
Transfers from work in progress	329	-	1,153	(1,482)	-
<b>Balance at 30 June 2019</b>	<b>2,876</b>	<b>17</b>	<b>6,528</b>	<b>856</b>	<b>10,277</b>
<b>Accumulated depreciation and impairment losses</b>					
Balance at 1 July 2017	1,473	17	2,831	-	4,321
Depreciation expense	206	-	621	-	827
Elimination on disposal	-	-	(341)	-	(341)
<b>Balance at 30 June 2018</b>	<b>1,679</b>	<b>17</b>	<b>3,111</b>	<b>-</b>	<b>4,807</b>

\$000	FURNITURE AND OFFICE EQUIPMENT	COMPUTER HARDWARE	MOTOR VEHICLES	WORK IN PROGRESS	TOTAL
Balance at 1 July 2018	1,679	17	3,111	-	4,807
Depreciation expense	248	-	690	-	938
Elimination on disposal	-	-	(687)	-	(687)
<b>Balance at 30 June 2019</b>	<b>1,927</b>	<b>17</b>	<b>3,114</b>	<b>-</b>	<b>5,058</b>
<b>Carrying amounts</b>					
Balance at 30 June 2017	521	-	3,749	421	4,691
Balance at 30 June 2018	876	-	3,250	72	4,198
<b>BALANCE AT 30 JUNE 2019</b>	<b>949</b>	<b>-</b>	<b>3,414</b>	<b>856</b>	<b>5,219</b>

ASSET CLASS	DEPRECIATION METHOD
Furniture and office equipment	General: 5 years 20% straight line (SL) Leasehold improvements: The shorter of 10 years 10% SL or the remaining term of the lease of the building that has been fitted out
Computer hardware	4 years 25% SL
Motor vehicles	5-6 years 16.67% - 20% SL

No impairment losses were recorded in 2018/19.

There are no restrictions over the titles of WorkSafe's property, plant, and equipment. No items of property, plant, and equipment are pledged as security for liabilities.

## 9. Intangible assets

### SOFTWARE ACQUISITION AND DEVELOPMENT

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

The cost of internally-generated computer software represents expenditure incurred in the development phase of the software only. The development phase occurs after the following can be demonstrated: technical feasibility; ability to complete the asset; intention and ability to sell or use the asset; and development expenditure can be reliably measured. Expenditure incurred on the research of an internally-generated intangible asset is expensed when it is incurred. When the research phase cannot be distinguished from the development phase, the expenditure is expensed when it is incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

### AMORTISATION

Amortisation begins when an asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each period is recognised in the statement of comprehensive revenue and expense.

## INTANGIBLE ASSETS

\$000	ACQUIRED SOFTWARE	INTERNALLY -GENERATED SOFTWARE	WORK IN PROGRESS	TOTAL
<b>Cost or valuation</b>				
Balance at 1 July 2017	3,933	840	2,429	7,202
Additions	-	-	6,117	6,117
Impairments	-	-	(1,162)	(1,162)
Transfers from WIP	40	6,240	(6,280)	-
<b>Balance at 30 June 2018</b>	<b>3,973</b>	<b>7,080</b>	<b>1,104</b>	<b>12,157</b>
Balance at 1 July 2018	3,973	7,080	1,104	12,157
Additions	-	-	1,729	1,729
Impairments	-	-	-	-
Transfers from WIP	-	2,131	(2,131)	-
<b>Balance at 30 June 2019</b>	<b>3,973</b>	<b>9,211</b>	<b>702</b>	<b>13,886</b>
<b>Accumulated amortisation and impairment losses</b>				
Balance at 1 July 2017	3,698	393	-	4,091
Amortisation expense	76	857	-	933
<b>Balance at 30 June 2018</b>	<b>3,774</b>	<b>1,250</b>	<b>-</b>	<b>5,024</b>
Balance at 1 July 2018	3,774	1,250	-	5,024
Amortisation expense	80	2,052	-	2,133
<b>Balance at 30 June 2019</b>	<b>3,854</b>	<b>3,302</b>	<b>-</b>	<b>7,156</b>
<b>Carrying amounts</b>				
Balance at 30 June 2017	235	447	2,429	3,111
Balance at 30 June 2018	199	5,830	1,104	7,133
<b>BALANCE AT 30 JUNE 2019</b>	<b>119</b>	<b>5,909</b>	<b>702</b>	<b>6,730</b>

The useful lives and associated amortisation rates of major classes of intangible asset have been estimated as follows:

ASSET CLASS	DEPRECIATION METHOD
Acquired computer software	2-8 years 12.5-50% SL
Developed computer software	5-8 years 12.5-50% SL

The 2017/18 impairment relates to the Project Maru payroll and human resources information management system. Both WorkSafe and the provider agreed to disengage from the contract and an impairment for \$1.162 million was made for work already undertaken.

Other internally-generated software additions relate to the SafePlus online tool and digital platform projects of WorkSafe's ICT Business Capability Programme.

There are no restrictions over the titles of WorkSafe's intangible assets. No intangible assets are pledged as security for liabilities.

Work in progress for 2018/19 for acquired software had additions of \$0.702 million as at 30 June 2019 and nil for internally-generated software. 2017/18 for internally-generated software had additions of \$1.104 million and nil for acquired software.

## 10. Creditors and other payables

### PAYABLES

\$000	ACTUAL 2019	ACTUAL 2018
<b>Payables under exchange transactions</b>		
Creditors	1,328	1,816
Accrued expenses	2,501	2,781
Other	46	98
<b>Total payables under exchange transactions</b>	<b>3,875</b>	<b>4,695</b>
<b>Payables under non-exchange transactions</b>		
Taxes payables (GST, PAYE, and rates)	516	417
<b>Total payables under non-exchange transactions</b>	<b>516</b>	<b>417</b>
<b>TOTAL PAYABLES</b>	<b>4,391</b>	<b>5,112</b>

Creditors and other payables are non-interest-bearing and are normally settled within 30 days, and their carrying value approximates their fair value.

Revenue in advance is now separately disclosed in the statement of financial position.

## 11. Employee entitlements

Employee entitlements WorkSafe expected to be settled within 12 months of balance date are measured at accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date and leave earned but not yet taken at balance date.

WorkSafe recognises a liability and an expense for bonuses where it is contractually obliged to pay them or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Employee benefits that are due to be settled beyond 12 months after the end of the period in which an employee renders a related service, such as long service leave and retirement leave, have been calculated on an actuarial basis. The calculations are based on likely future entitlements accruing to staff based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, contractual entitlement information and the present value of the estimated future cash flows.

### EMPLOYEE ENTITLEMENTS

\$000	ACTUAL 2019	ACTUAL 2018
<b>Current portion</b>		
Accrued salaries and wages	570	779
Annual leave	3,209	2,938
Retirement and long service leave	438	365
<b>Total current portion</b>	<b>4,217</b>	<b>4,082</b>
<b>Non-current portion</b>		
Retirement and long service leave	703	748
<b>Total non-current portion</b>	<b>703</b>	<b>748</b>
<b>TOTAL EMPLOYEE ENTITLEMENTS</b>	<b>4,920</b>	<b>4,830</b>



Melville Jessup Weaver completed a valuation of liability for the retirement and long service leave that was expected to be accrued by all eligible employees as at 30 June 2019. The amount noted above reflects the revised actuarial calculations provided by them, which are in accordance with PBE International Public Sector Accounting Standard 25 Employee Benefits.

## 12. Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### RESTRUCTURING

A provision for restructuring is recognised when an approved, detailed, formal plan for the restructuring has been announced publicly to those affected, or its implementation has already begun.

### PROVISIONS

\$000	ACTUAL 2019	ACTUAL 2018
<b>Current portion</b>		
Restructuring	-	64
Onerous lease	-	48
<b>Total current portion</b>	<b>-</b>	<b>112</b>
<b>TOTAL PROVISIONS</b>	<b>-</b>	<b>112</b>

Movements for each class of provision are as follows:

\$000	RESTRUCTURING	ONEROUS LEASE
Opening balance at 1 July 2018	64	48
Amounts used	(64)	(48)
Unused amounts reversed	-	-
<b>CLOSING BALANCE AS AT 30 JUNE 2019</b>	<b>-</b>	<b>-</b>

## 13. Capital commitments and operating leases

### CAPITAL COMMITMENTS

WorkSafe has capital commitments of \$922,365 for the current year (2017/18 \$Nil).

### OPERATING LEASES

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to WorkSafe are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease.

### OPERATING LEASES AS LESSEE

Significant operating commitments are for office rents and car parks and do not include any other estimates of operating costs within the lease. There were no restrictions placed on WorkSafe by any of its leasing arrangements.

\$000	ACTUAL 2019	ACTUAL 2018
No later than one year	4,040	3,577
Later than one year and not later than two years	3,588	3,224
Later than two years and not later than five years	6,992	7,589
Later than five years	549	1,351
<b>TOTAL NON-CANCELLABLE LEASES</b>	<b>15,169</b>	<b>15,741</b>

The above table also includes the rent for offices that WorkSafe leases in regional locations from MBIE.

Total future minimum sub-lease payments to be received under non-cancellable sub-leases for office space at balance date are \$0 million (2017/18 \$0.110 million).

## 14. Contingent assets and liabilities

### CONTINGENT LIABILITIES

There are \$106,000 contingent liabilities for the current year (2017/18 \$92,000). These matters are sensitive in nature, relating to potential costs associated with court proceedings.

### CONTINGENT ASSETS

There are no contingent assets for the current year (2017/18 \$Nil).

## 15. Equity

\$000	ACTUAL 2019	ACTUAL 2018
<b>Capital reserves</b>		
Balance at 1 July 2018	25,934	16,380
Capital contribution	-	9,554
<b>Balance at 30 June 2019</b>	<b>25,934</b>	<b>25,934</b>
<b>Memorandum accounts</b>		
Opening balance 1 July 2018	610	473
Net memorandum account surplus for the year	1,240	137
<b>Balance at 30 June 2019</b>	<b>1,850</b>	<b>610</b>
<b>Accumulated surplus/(deficit)</b>		
Balance at 1 July 2018	2,560	652
Surplus/(Deficit) for the year	(347)	2,045
Transfer of net memorandum account accumulated surplus for the year	(1,240)	(137)
<b>Balance at 30 June 2019</b>	<b>973</b>	<b>2,560</b>
<b>TOTAL EQUITY AT 30 JUNE 2019</b>	<b>28,757</b>	<b>29,104</b>

### MEMORANDUM ACCOUNTS

Memorandum accounts reflect the cumulative surplus/(deficit) on those agency services provided that are intended to be cost recovered from third parties through fees, levies, or charges. The balance of each memorandum account is expected to trend towards zero over time.

The levies collected are paid over to the Crown and then received through appropriation.

\$000	TOTAL BALANCE	ACTUAL 2019	ACTUAL 2018	ACTUAL 2017
<b>Memorandum accounts</b>				
<b>Major Hazard Facilities levies</b>				
Revenue <sup>41</sup>	7,465	2,635	2,636	2,194
Expenditure	(5,808)	(1,744)	(2,370)	(1,694)
<b>Total surplus/(deficit) - levies</b>	<b>1,657</b>	<b>891</b>	<b>266</b>	<b>500</b>
<b>Held by</b>				
Ministry of Business, Innovation and Employment (Crown account)	(154)	(55)	(54)	(45)
WorkSafe	1,811	946	320	545
<b>Balance as at 30 June 2018 - surplus</b>	<b>1,657</b>	<b>891</b>	<b>266</b>	<b>500</b>
<b>Safety case fees</b>				
Revenue	993	783	109	101
Expenditure	(800)	(434)	(238)	(128)
<b>Total surplus/(deficit) - fees</b>	<b>193</b>	<b>349</b>	<b>(129)</b>	<b>(27)</b>

## 16. Related parties

WorkSafe is a wholly owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are within normal supplier or client/recipient relationships on terms and conditions no more or less favourable than those that it is reasonable to expect WorkSafe would have adopted in dealing with the parties at arm's length in the same circumstances. Further, transactions with other government agencies (eg government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

### SIGNIFICANT TRANSACTIONS WITH GOVERNMENT-RELATED ENTITIES

MBIE provided shared services to WorkSafe in 2018/19 as part of the shared services agreement that exists between the two organisations. Purchases totalling \$9.236 million (2017/18 \$10.318 million) included fees for property, legal services, IT, contact centre, and seconded staff members. Owing to the nature of the relationship between WorkSafe and MBIE as our monitoring agency, as well as the inherent cost savings in using shared services, these services may be priced at levels different from those that arm's-length transactions would cost.

MBIE reimbursed WorkSafe costs totalling \$75,945 based on an actual cost basis (2017/18 \$59,298).

ACC has provided funding as per the multi-year partnering agreement for the Harm Reduction Action Plan as follows.

\$000	ACTUAL 2019	ACTUAL 2018
Opening balance	4,533	-
Funds received	11,018	-
Funds spent	(6,302)	-
Closing balance	9,249	4,533
<b>ACC FUNDING</b>	<b>9,249</b>	<b>4,533</b>

<sup>41</sup> This reflects the total Major Hazard Facilities levies invoiced.

The spend has been used for the delivery of leadership support to sectors to enable them to develop pre-qualification, supply chain and critical risk initiatives; deliver sector-focused risk initiatives including research into labour hire, and building health and safety cultural maturity with young farmers, children, and construction workers; for the cross-cutting risk initiatives for worker engagement and working in and around vehicles; foundational work including strengthening health and safety professional workforce, research into psychosocial harm, worker exposure, and market insights; targeted worker social media campaigns for Māori and migrant workers; engagement with Pacific peoples and Māori communities; education collateral including development of a risk tool and a focus on noise; and improving WorkSafe's capability in health economics to quantify the burden of harm to New Zealand from work (2017/18 \$6.021 million). WorkSafe has paid \$0.869 million (2017/18 \$ 0.869 million) to ACC for levy collection services.

WorkSafe undertook the following secondments during 2018/19. Payment for the staff was based on actual salary reimbursements.

	ACTUAL 2019	ACTUAL 2018
<b>Secondments to other government agencies</b>		
Department of Conservation	36,097	-
<b>Total secondments to other government agencies</b>	<b>36,097</b>	<b>-</b>
<b>Secondments from other government agencies</b>		
Environmental Protection Authority	-	145,452
Environmental Protection Authority - IT Support	-	15,834
PHARMAC	170,413	-
<b>Total secondments from other government agencies</b>	<b>170,413</b>	<b>161,286</b>

## 17. Events after balance date

There were no significant events after balance date that required the financial statements.

## 18. Financial instruments

### FINANCIAL INSTRUMENT CATEGORIES

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

\$000	ACTUAL 2019	ACTUAL 2018
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	4,658	7,206
Receivables (excluding taxes receivable)	507	783
Investments - term deposits	31,000	27,000
<b>Total financial assets measured at amortised cost</b>	<b>36,165</b>	<b>34,989</b>
<b>Financial liabilities measured at amortised cost</b>		
Payables and provisions (excluding taxes payable)	3,875	4,807
<b>Total financial liabilities measured at amortised cost</b>	<b>3,875</b>	<b>4,807</b>

### FINANCIAL INSTRUMENT RISK

Our activities expose us to a variety of financial instrument risks, including credit risk and liquidity risk. WorkSafe has policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

## CASH FLOW INTEREST RATE RISK

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates.

WorkSafe has investment policies to manage the risk associated with cash flow interest rate risk. WorkSafe currently has no variable interest rate investments.

## CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

WorkSafe makes purchases of goods and services overseas that require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

WorkSafe manages foreign currency risks arising from contractual commitments and liabilities by entering into forward foreign exchange contracts to manage the foreign currency risk exposure. During 2019 no forward foreign exchange contracts were entered into by WorkSafe (2017/18 Nil).

## CREDIT RISK

Credit risk is the risk that a third party will default on its obligations to us, causing us to incur loss.

Owing to the timing of our cash inflows and outflows, we invest surplus cash with registered banks.

In the normal course of business, we are exposed to credit risk from cash and term deposits with banks, debtors and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position. We have experienced no defaults of interest or principal payments for term deposits. We hold no collateral or other credit enhancements for financial instruments that give rise to credit risk.

## CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings:

\$000	ACTUAL 2019	ACTUAL 2018
<b>Counterparties with credit ratings</b>		
Cash at bank and term deposits		
AA-	35,658	34,206
<b>Total cash at bank and term deposits</b>	<b>35,658</b>	<b>34,206</b>
<b>Counterparties without credit ratings</b>		
Debtors and other receivables excluding taxes	507	783
<b>TOTAL DEBTORS AND OTHER RECEIVABLES EXCLUDING TAXES</b>	<b>507</b>	<b>783</b>

## LIQUIDITY RISK

Liquidity risk is the risk that we will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the ability to close out market positions. We primarily manage liquidity risk by continually monitoring forecast and actual cash flow requirements.

## CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL LIABILITIES

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.



\$000	ACTUAL 2019	ACTUAL 2018
<b>Payables (excluding taxes payable)</b>		
Carrying amount, Contractual cash flows and Payables less than six months	3,875	4,807

## 19. Capital management

Our capital is equity that comprises accumulated funds. Equity is represented by net assets.

WorkSafe is subject to the financial management and accountability provisions of the *Crown Entities Act 2004*, which impose restrictions in relation to borrowings, the acquisition of securities, issuing guarantees and indemnities, and the use of derivatives. WorkSafe complied with the financial management requirements of the *Crown Entities Act 2004* during the year.

We manage our equity as a by-product of prudently managing revenue, expenses, assets, liabilities, investments, and general financial dealings to ensure that WorkSafe effectively achieves its objectives and purpose, while remaining a going concern.

## 20. Explanations of major variances against budget

Explanations of major variances from our budgeted figures in the Statement of Performance Expectations are as follows:

### STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Revenue was lower than the original SPE budget by \$4.2 million, due to:

- Primarily due to \$5.0 million decrease in ACC revenue, \$11.3 million budgeted, but only \$6.3 million reflected in actual results (based on percentage of completion) offset by a \$0.6 million increase due to higher interest revenue as a result of higher cash holding.

Expenditure was lower than the original SPE budget by \$7.5 million, due to:

- \$3.8 million decrease in personnel expenditure, reflecting the slower recruitment of staff due to timing delays of programmes of work, such as ACC
- \$3.4 million decrease in other expenditure, due to later start of and time required to build up in the ACC work programme.

### STATEMENT OF FINANCIAL POSITION

#### Assets

- Cash and investments are higher than budgeted due to investment of cash from operating and capital surpluses and income in advance.
- Property, plant and equipment and intangible assets are under budget due to delays in capital programmes as requirements are worked through.

#### Liabilities

- Revenue in advance is made up of \$9.2 million of ACC revenue received which relates to work not yet completed.
- The remaining balances relates to Major Hazard Facilities Safety case revenue, also for work yet to be completed.

#### Equity

- The higher equity figures reflect the higher surplus.

### STATEMENT OF CASH FLOWS

The variances in the statement of cash flows follow explanations provided for the statement of comprehensive revenue and expense and statement of financial position.

## 21. Cost of service summary

The following table shows the activities of WorkSafe split by Workplace Health and Safety and Energy Safety activities.

\$000	ACTUAL 2019	BUDGET 2019	VARIANCE 2019	ACTUAL 2018	BUDGET 2018	VARIANCE 2018
<b>Health and Safety</b>						
Revenue - Crown	89,743	89,743	-	89,423	89,423	-
Revenue - other	9,752	13,924	(4,172)	4,333	5,553	(1,220)
<b>Total revenue</b>	<b>99,495</b>	<b>103,667</b>	<b>(4,172)</b>	<b>93,756</b>	<b>94,976</b>	<b>(1,220)</b>
<b>Expenditure</b>	<b>98,976</b>	<b>106,419</b>	<b>7,443</b>	<b>92,066</b>	<b>94,042</b>	<b>1,976</b>
<b>SURPLUS/(DEFICIT)</b>	<b>518</b>	<b>(2,752)</b>	<b>3,270</b>	<b>1,690</b>	<b>934</b>	<b>756</b>
<b>Energy Safety</b>						
Revenue - Crown	4,414	4,414	-	4,414	4,414	-
Revenue - other	2	2	-	2	-	2
<b>Total revenue</b>	<b>4,416</b>	<b>4,416</b>		<b>4,416</b>	<b>4,414</b>	<b>2</b>
<b>Expenditure</b>	<b>5,282</b>	<b>5,346</b>	<b>64</b>	<b>4,061</b>	<b>4,914</b>	<b>853</b>
<b>SURPLUS/(DEFICIT)</b>	<b>(866)</b>	<b>(930)</b>	<b>64</b>	<b>355</b>	<b>(500)</b>	<b>855</b>
<b>Total WorkSafe</b>						
Revenue - Crown	94,157	94,157	-	93,837	93,837	-
Revenue - other	9,754	13,926	(4,172)	4,335	5,553	(1,218)
<b>Total revenue</b>	<b>103,911</b>	<b>108,083</b>	<b>(4,172)</b>	<b>98,172</b>	<b>99,390</b>	<b>(1,218)</b>
<b>Expenditure</b>	<b>104,258</b>	<b>111,765</b>	<b>7,507</b>	<b>96,127</b>	<b>98,956</b>	<b>2,829</b>
<b>SURPLUS/(DEFICIT)</b>	<b>(347)</b>	<b>(3,682)</b>	<b>3,335</b>	<b>2,045</b>	<b>434</b>	<b>1,611</b>

### COST ALLOCATION

Where cost allocation is required, WorkSafe has derived the cost of service using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on the pro-rata costs of the activities.

The costs of internal services not directly charged to activities are allocated to significant activities based on the pro-rata costs of the activities.

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

## Statement of budgeted and actual expenses and capital expenditure against appropriations

The following table shows WorkSafe's appropriation:

\$000	ACTUAL 2019	APPROVED APPROPRIATION 2019	ACTUAL 2018
<b>Vote Labour Market</b>			
<b>Non-Departmental Output Expenses</b>			
Workplace Relations Safety – Workplace Health and Safety	93,288	93,288	92,968
Health and Safety in Employment Levy – Collection Services	869	869	869
<b>TOTAL NON-DEPARTMENTAL OUTPUT EXPENSES</b>	<b>94,157</b>	<b>94,157</b>	<b>93,837</b>
<b>Vote Business, Science, and Innovation</b>			
<b>Non-Departmental capital expenditure</b>			
WorkSafe capability change programme	-	-	9,554
<b>TOTAL NON-DEPARTMENTAL CAPITAL EXPENDITURE</b>	<b>-</b>	<b>-</b>	<b>9,554</b>

The Non-Departmental Output Expense appropriation *Workplace Health and Safety* is administered by MBIE and passed across to WorkSafe and treated as Crown Revenue. The *Health and Safety in Employment Levy – Collection Services* appropriation was accounted for in MBIE's financial statements in 2013/14 and has been passed through to WorkSafe since 2014/15.

## 22. Adoption of PBE IFRS 9 Financial Instruments

In accordance with the transitional provisions of PBE IFRS 9, WorkSafe has elected not to restate the information for previous years to comply with IFRS 9. Adjustments arising from the adoption of PBE IFRS 9 are recognised in opening equity at 1 July 2018.

Accounting policies have been updated to comply with PBE IFRS 9. The main updates are:

- Note 6 Receivables: This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying an expect credit loss model.
- Note 7 Investments:
  - Term deposits: This policy has been updated to explain that a loss allowance for expected credit losses is recognised only if the estimated loss allowance is not trivial.

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# Independent auditor's report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## **To the readers of WorkSafe New Zealand's financial statements and performance information for the year ended 30 June 2019**

The Auditor-General is the auditor of WorkSafe New Zealand (WorkSafe). The Auditor-General has appointed me, Ajay Sharma, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for an appropriation, of WorkSafe on his behalf.

### Opinion

We have audited:

- the financial statements of WorkSafe on pages 68 to 92, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of WorkSafe on pages 14 to 15, 19 and 61 to 65.

In our opinion:

- the financial statements of WorkSafe on pages 68 to 92:
  - present fairly, in all material respects:
    - › its financial position as at 30 June 2019; and
    - › its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the performance information on pages 14 to 15, 19 and 61 to 65:
  - presents fairly, in all material respects, WorkSafe's performance for the year ended 30 June 2019, including:
    - › for each class of reportable outputs:
      - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
      - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
    - › what has been achieved with the appropriation; and
    - › the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

## Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of WorkSafe for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of WorkSafe for assessing WorkSafe's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of WorkSafe, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the *Crown Entities Act 2004* and the *Public Finance Act 1989*.

## Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to WorkSafe's statement of performance expectations and the relevant Estimates and Supplementary Estimates of Appropriations for 2018/19.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WorkSafe's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within WorkSafe's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on WorkSafe's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause WorkSafe to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the *Public Audit Act 2001*.

## Other information

The Board is responsible for the other information. The other information comprises the information included on pages 4 to 97 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Independence

We are independent of WorkSafe in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in WorkSafe.

A handwritten signature in black ink that reads "Ajay Sharma". The signature is written in a cursive style with a horizontal line underneath the name.

**Ajay Sharma**

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

## Ministerial directions

WorkSafe is required to publish information on any new direction given to WorkSafe by a Minister in writing under any enactment during that financial year, along with other directions that remain current.

No new directions were given to WorkSafe by a Minister in writing under any enactment during the year ended 30 June 2019. The following table outlines the directions in place.

DIRECTION	MINISTER	EFFECTIVE DATE
Whole of Government Direction regarding the New Zealand Business Number	Minister of State Services and Minister of Finance	July 2016 October 2018 (updated)
Whole of Government Direction regarding Procurement Functional Leadership	Minister of State Services and Minister of Finance	February 2015
Whole of Government Direction regarding Property Functional Leadership	Minister of State Services and Minister of Finance	July 2014
All-of-government shared authentication services	Minister of State Services and Minister of Finance	July 2008

## *Victims' Rights Act 2002*

The Victims Code<sup>42</sup> sets out how people can expect to be treated when they are a victim of crime. One element of the Victims Code explains that victims can make a complaint to the relevant agency if they believe their rights are not being met.

WorkSafe takes victim complaints very seriously. We need to know when people believe their rights have not been met so that we can identify what went wrong and address any concerns – as well as make any improvements needed. During 2018/19 we received two complaints from victims alleging a breach of rights under the *Victims' Rights Act 2002*. In both cases, WorkSafe worked with the complainant and/or their family to resolve their concerns and no further action was required.

<sup>42</sup> [www.victiminfo.govt.nz/assets/Publications/Victims-Code.pdf](http://www.victiminfo.govt.nz/assets/Publications/Victims-Code.pdf)



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*Whāia e koe ki te iti kahurangi, kia tāpapa koe, he maunga tiketike*

*Follow your treasured aspirations, if you falter, let it be because of insurmountable difficulties*

*Presented to the House of Representatives pursuant to section 150 of the Crown Entities Act 2004*

## Disclaimer

WorkSafe New Zealand has made every effort to ensure that the information contained in this publication is reliable, but makes no guarantee of its completeness. WorkSafe may change the contents of this publication at any time without notice.

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