



WORKSAFE

Statement of Performance Expectations

2017-2018



Vision

THAT EVERYONE WHO GOES TO WORK COMES HOME HEALTHY AND SAFE

Mission

TO TRANSFORM NEW ZEALAND'S WORKPLACE HEALTH AND SAFETY PERFORMANCE

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

ACKNOWLEDGEMENTS

WorkSafe would like to acknowledge the efforts of all the staff who contributed to this publication.

Whāia te iti Kahurangi, me he tuohu koe me he maunga teitei

Seek the treasure you value most dearly; if you bow your head, let it be to a lofty mountain

Presented to the House of Representatives pursuant to section 149L of the Crown Entities Act 2004



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Foreword

WorkSafe has made steady progress laying the foundations for sustained improvement in workplace health and safety. Our focus is now on accelerating momentum across the health and safety system.



Gregor D. Coster

Professor Gregor Coster
CNZM, Chair



Ross Wilson

Ross Wilson
Deputy Chair

In the past year, WorkSafe has raised awareness of the work-related health and safety issues that our country faces. We have also promoted discussion on how New Zealand can improve workplace attitudes and behaviours.

New Zealand's performance in reducing workplace harm is improving. The rate of fatal and serious injuries continues to decline and remains on track to meet the Government's target of reducing workplace fatalities and injuries by 25% by 2020. However, a greater focus is needed on reducing injuries that result in more than a week away from work.

The continuing work-related fatalities in forestry, farming and construction are an important reminder that safe and healthy practices need to be embedded in the culture of every business, and carefully observed every day of the year.

In 2017/18, we will deliver the Health and Safety at Work Strategy, working with the Ministry of Business, Innovation and Employment (MBIE) to set the Government's direction and approach for improving health and safety at work. We will also continue supporting capability growth in New Zealand's workplaces so that businesses and workers have the right skills to put good health and safety into practice.

We will deliver against our *Healthy Work* strategic plan and the joint Harm Reduction Action Plan with ACC. These plans articulate the vision, focus and actions we will undertake to lift health and safety performance. Improving work-related health

is a priority for WorkSafe.

Through *Healthy Work* we will deliver targeted interventions and programmes designed to improve the management of work-related health risks. We will focus on addressing the harm caused by respiratory hazards, asbestos, noise and hazardous substances.

Businesses, organisations, workers and unions all need to work collaboratively if we want to deliver sustained performance improvements across the health and safety system. Collectively we can be a strong force, but we cannot do it alone.

Supporting the Government's Better Public Services programme, we will make it easier and more efficient for businesses to improve their health and safety practices through our engagement and education activities. We will specifically focus on supporting small and medium businesses.

WorkSafe will continue using its enforcement levers in a fair and transparent way to ensure that duty holders are held to account, where appropriate.

New Zealand is in the early stages of implementing significant health and safety changes. We still have important work to do, working with others, to bring about sustained change. Our activities in 2017/18 will play a critical part in accelerating performance across the health and safety system.

Who we are



WorkSafe's mission is to transform the performance of workplace health and safety to reduce the high death, injury and illness rates arising from work.

WorkSafe's role

We are New Zealand's primary workplace health and safety regulator, supporting workplaces to be healthy and safe by effectively identifying and managing risk. Our Chief Executive Nicole Rosie leads over 550 staff based across New Zealand who are working to lift health and safety performance, supporting New Zealanders to return home from work healthy and safe.

As the regulator of the workplace health and safety system, we have three key roles:



REGULATORY CONFIDENCE

- Undertaking regulatory activity to provide confidence that New Zealand workplaces are appropriately managing health and safety.
- 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) using intelligence.
- Delivering targeted interventions to address harm drivers (including workforce capability, worker engagement and effective governance).
- Influencing attitudes and behaviour to improve health and safety risk management.



SYSTEM LEADERSHIP

- Leading, influencing and leveraging the health and safety system (including other regulators) to improve health and safety outcomes.
- Promoting and supporting industry, organisation and worker leadership of health and safety.
- Leading by example through WorkSafe's own good practices.

What we aim to achieve

New Zealand is implementing the most significant reforms to workplace health and safety in more than 20 years. These 'Working Safer' reforms are the Government's response to the recommendations of the Independent Taskforce on Workplace Health and Safety, as articulated in *Working Safer: A blueprint for health and safety at work*.

The social and economic cost of deaths, injuries and ill-health arising from work is estimated at \$3.5 billion a year. However, the real toll is paid by the families, friends and co-workers of those who are killed, seriously injured or experience work-related ill-health.

Every year 600-900ⁱ people die prematurely as a result of work-related ill-health and 50-60 people are killed in work incidents. This is unacceptable. We have firm targets and priorities to transform New Zealand's workplace health and safety performance, including the Government's target to reduce workplace fatalities and serious injuries by 25% by 2020.

DRIVING IMPROVEMENTS IN WORK-RELATED HEALTH

Work-related health is a serious issue in New Zealand. A typical worker is 15 times more likely to die from work-related ill-health than a workplace safety incident.

We have a significant amount of work to do to lift work-related health across New Zealand. It is unacceptable that several hundred people die each year from largely preventable risks at work. The same is true for the thousands of workers who develop non-fatal work-related health issues.

We are working across the system to improve the way that work-related health risks are managed and to reduce the rates of exposure to health hazards. This requires sustained improvements to attitudes and behaviours towards, and awareness of, work-related health.

We are prioritising our immediate efforts on the key drivers of harm to worker health, such as respiratory hazards, asbestos, noise and hazardous substances. As we make progress in these areas, we will shift our effort to other critical work-related health risks, including carcinogens, fatigue and psychosocial hazards, such as stress, fatigue and workplace bullying.

Further detail on what we are doing in 2017/18 to improve work-related health is detailed on page 21.



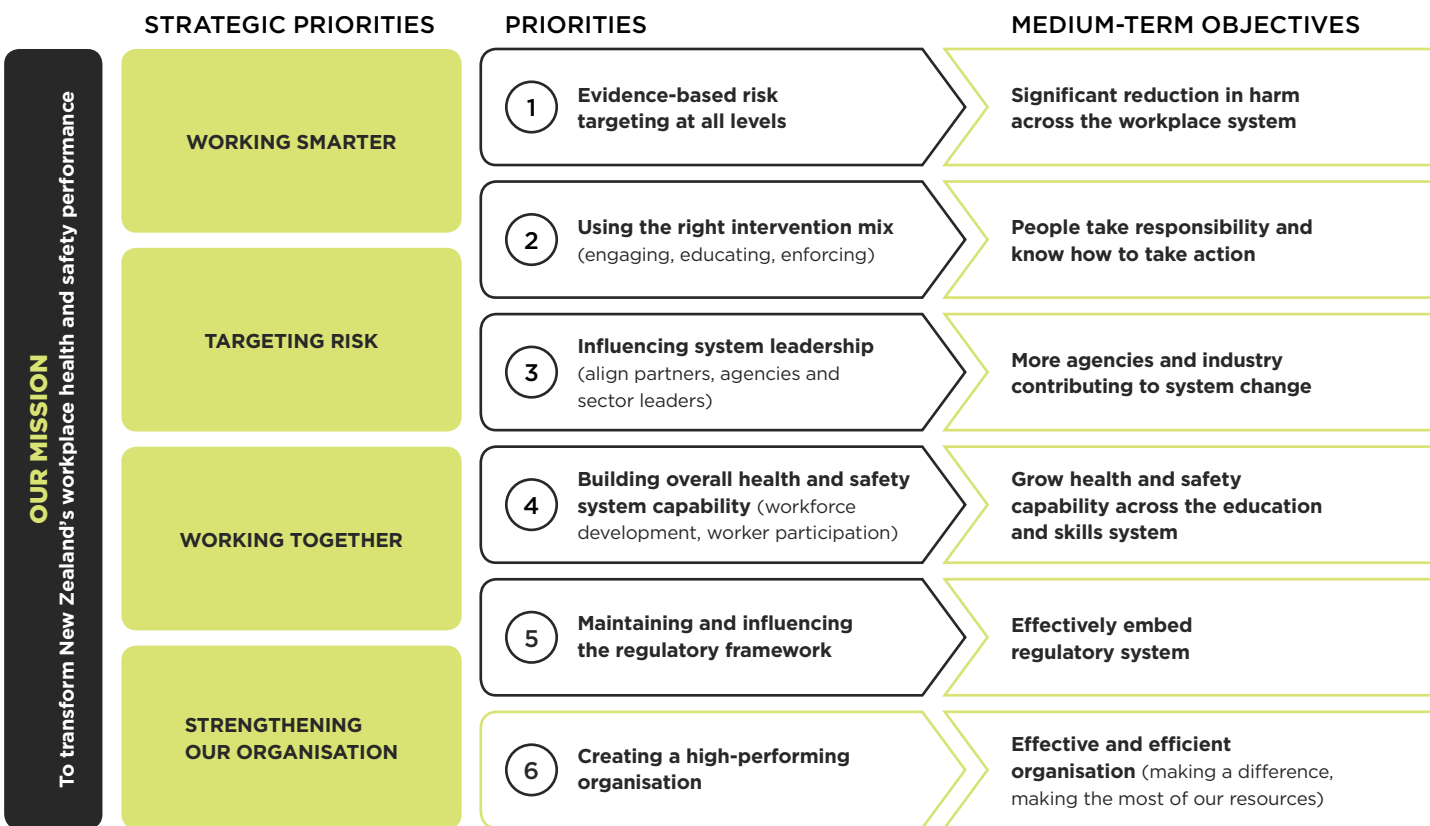
ⁱ *Work-related Disease in New Zealand*, Ministry of Business, Innovation and Employment, 2013.



Our strategic direction

The strategic direction framework in our *Statement of Intent 2016-2020* (SOI) sets out WorkSafe’s longer-term priorities and outcomes and how we plan to achieve these.

WorkSafe’s Strategic Framework



The framework outlines the results and targets, including Government priorities, we seek to achieve so we can deliver on our vision of ensuring that everyone who goes to work comes home healthy and safe.

The way we will deliver against these priorities is through:

- evidence-based targeting of risk at all levels: system (cross-cutting), sector, regional, company and catastrophic

- using the right intervention mix (engaging, educating, enforcing) for the issues identified
- influencing and incentivising system leadership - aligning partners, agencies, and sector leaders to improve the health and safety system
- building overall health and safety system capability - supporting health and safety capability, enabling worker

participation and enhancing health and safety governance and leadership

- maintaining and influencing an effective regulatory framework
- creating a high-performing organisation.

The priorities set out in this *Statement of Performance Expectations* outline how we will deliver against our strategic direction in 2017/18.

2016-2020

2016-2040

RESULTS AND TARGETS

At least a 25% decrease in work-related fatalities and injuries

Workplaces effectively manage health and safety risks

Zero catastrophic events

Operators effectively manage high hazard safety systems

Fatalities from electrical and gas accidents trend down

LONG-TERM GOALS

Safe workplaces

Healthy workplaces
50% reduction in asbestos disease by 2040

Self-sustaining health and safety system

Positive health and safety culture in New Zealand

Effective and efficient health and safety investment for New Zealand

OUR VISION

Competitive and productive New Zealand
(Business Growth Agenda)

everyone who goes to work comes home healthy and safe



Contributing to New Zealand

How we are contributing to Government's priorities and outcomes

The Government's *Working Safer* blueprint outlines its vision for improving health and safety performance in New Zealand workplaces. Our primary focus is on undertaking targeted activities and interventions to achieve change at a system level while supporting the direction of *Working Safer*.

Our work also has an important role in contributing to the Government's broader priorities, which include:

- responsibly managing the Government's finances
- building a more competitive and productive economy
- delivering better public services to New Zealanders
- supporting the rebuilding of Christchurch.

We are working to build a more competitive and productive economy for New Zealand as part of the Government's Business Growth Agenda. We support the Government to deliver against this priority by using our interventions and activities to create **skilled and safe workplaces**.

In 2017/18, we will deliver against the Government's priorities and expectations by:

- maintaining progress in reducing workplace fatalities, serious injuries and work-related health issues by supporting workplaces to improve their practices and build their health and safety capabilities, leading to more productive and safe workplaces
- minimising the potential for catastrophic harm to the public and workers in high hazard sectors by providing confidence that there is appropriate regulatory oversight
- ensuring that businesses and workers have timely access to the information, advice and support they need to put their health and safety responsibilities into practice, making it easier for them to do business.

We will do this by co-designing our support with businesses, workers, unions and industry to best meet their needs. Our work will support continued progress towards the Government's Better Public Service Result Area 9: Better for Business (delivering better public services to business customers).

What success looks like

WorkSafe has a clear view of what success looks like – we want to transform performance across the health and safety system to ensure people who go to work come home healthy and safe. The framework below provides an overview of some of the ways we measure progress being made by WorkSafe and across the broader health and safety system.

More detailed information about our performance framework, measures and indicators is set out on pages 30-37.

SYSTEM TARGETS



HOW WE TRACK PROGRESS



WORKSAFE'S PRIMARY ROLES THAT INFLUENCE SYSTEM PERFORMANCE

Harm prevention, Regulatory confidence, System leadership



Accelerating momentum and performance across the health and safety system

WorkSafe has made good progress improving New Zealand's workplace health and safety performance. The implementation of the new health and safety at work regime has been an important part of this journey; we now need to accelerate momentum to transform health and safety performance.

The level of harm across the system is still at an unacceptable level both in terms of injury and work-related health issues.

The new Health and Safety at Work Strategy (HSW Strategy), being developed in 2017/18, will set our 10-year direction and approach for improving health and safety performance. It will enable greater cohesion among those in the health and safety system to collectively reduce workplace harm.

Significant work has been undertaken to put in place the *WorkSafe-ACC Harm Reduction Action Plan* and WorkSafe's *Healthy Work* strategic plan.

Together these plans:

- focus on addressing health and safety risks in the sectors that account for significant work-related harm
- enhance our focus on addressing work-related health issues and common contributors of workplace harm seen across multiple sectors.

WorkSafe continues to build its leadership and system capability to drive performance. However, given the scale of change required, we need everyone to play their part – industry, organisations, workers and unions.

Our priorities
for 2017/18



WorkSafe's priorities in 2017/18

VISION: Everyone who goes to work comes home healthy and safe



WorkSafe has eight key priorities for 2017/18 that support us to deliver against the direction in the *Statement of Intent 2016-2020*:



HARM REDUCTION AND HEALTHY WORK

Delivering interventions to address drivers of workplace harm



HEALTH AND SAFETY AT WORK STRATEGY

Developing the Government's 10-year workplace health and safety strategy



STRENGTHENING REGULATORY FRAMEWORK

Modernising and updating the regulatory framework



USER EXPERIENCE PROGRAMME

Improving clients' interactions with WorkSafe

VENTION

MISSION: Drive the transformation of New Zealand's health and safety performance

SYSTEM LEADERSHIP



AGER

ENFORCER

WORKSAFE
AND MAHI RAUMARU
AOTEAROA



**COMMUNICATIONS,
MARKETING AND
ENGAGEMENT**

Strengthening how we communicate, engage and partner



**PEOPLE STRATEGY
AND CAPABILITY**

Strengthening WorkSafe's capability and culture



**ICT BUSINESS
CAPABILITY**

Enhancing ICT capability to support delivery



**OPERATIONAL
DELIVERY**

Delivery through our inspectorate

What we are doing this year

This section details our top priorities according to our three primary roles: harm prevention, regulatory confidence and system leadership. Our operational delivery underpins all our work.

Harm prevention



Harm reduction and healthy work

We know that we can have the greatest impact in reducing work-related harm if our activities and interventions are based on quality evidence, research and intelligence. In 2017/18 we will:

- build our intervention and programme capability to deliver harm reduction interventions. Based on analysis of injury and occupational disease fatalities and harm, we will continue working with ACC on:
 - developing and implementing multi-year programmes for the key priority areas (agriculture, forestry, construction, manufacturing and noise)
 - areas where all businesses need support to reduce harm (eg clean air, worker engagement, participation and representation, and leadership and workforce development)
 - working alongside businesses with high injury and harm rates
- embed our work-related health programme to ensure that dutyholders and workers manage work-related health risks well. We will do this by:
 - conducting research on worker exposure to health hazards
 - delivering targeted work-related health programmes (noise and clean air)
 - integrating a work-related health focus into our existing programmes
 - providing targeted guidance and resources to support duty-holders in identifying and managing work-related risks
 - building work-related health capability in our inspectorate and increasing our focus on work-related health through our inspectors' assessments
- use the Company Risk Modelⁱⁱ tool to identify 'at-risk' companies and improve how we track the effectiveness of our harm reduction interventions. We will also refine our data and analytics tools to support a more proactive data and intelligence driven approach to identifying risk
- build our research, intelligence and evaluation capabilities to inform how we address the drivers of workplace harm. We will undertake formative research and evaluation projects focussed on priority industries and initiatives to address common drivers of workplace harm. Focus areas will include: small-scale forestry; vulnerable workers in agriculture; Māori and Pasifika workers; retail and wholesale trades; transport, postal and warehousing; clean air; and younger workers. We will also evaluate the impact of our interventions, so we understand which interventions are most effective in lifting health and safety performance
- build an online self-assessment Workplace Health and Safety Performance Improvement Tool. The tool will enable businesses to better understand their current health and safety performance, and provide support on how they can improve their practices and systems. We will also support an on-site assessment tool with guidance, resources, training and competency-assessed practitioners.

ⁱⁱ The Company Risk Model is an innovative, automated and online evidence-based tool that helps us to identify and target 'at-risk' companies.

Regulatory confidence

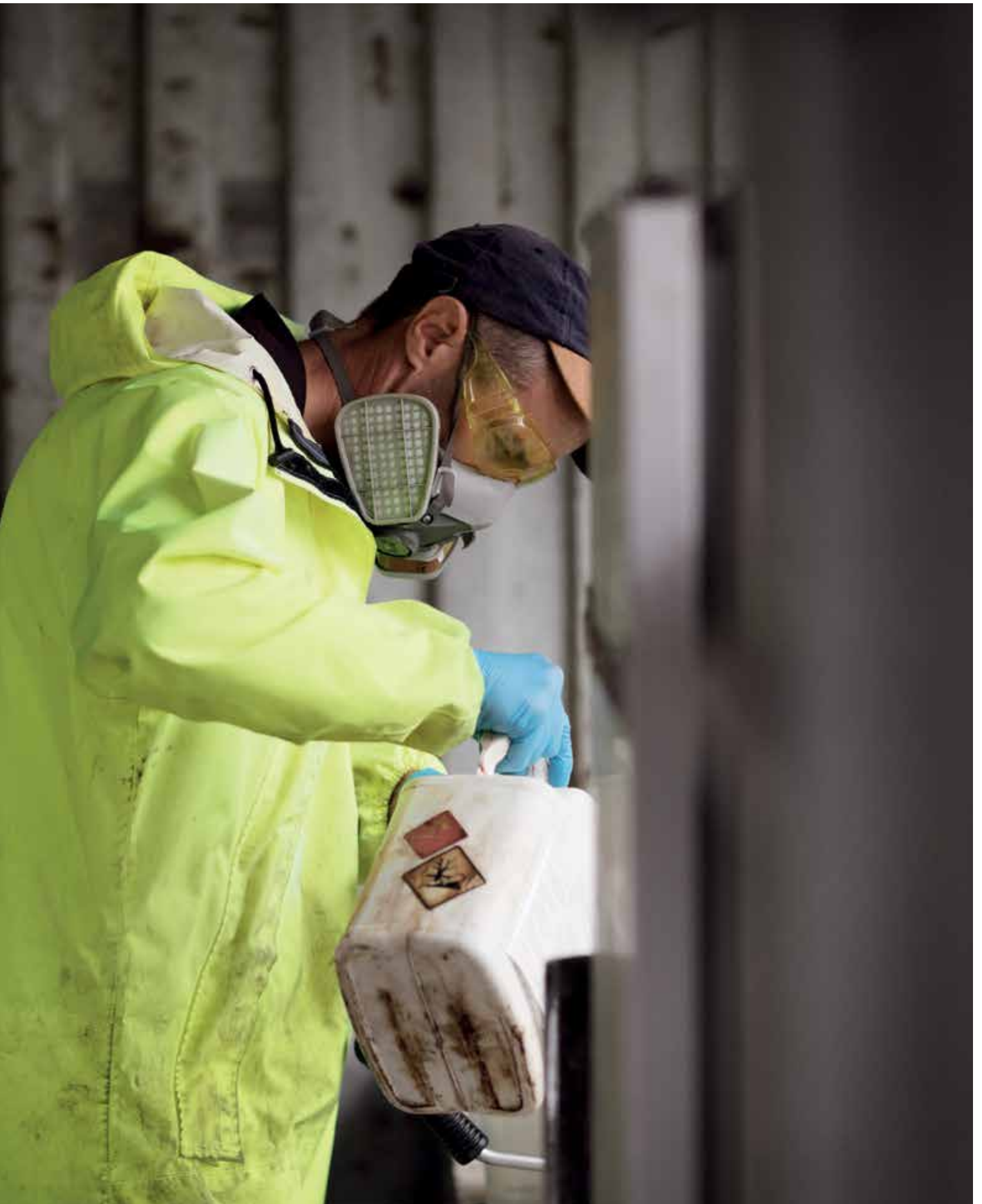


Strengthening the regulatory framework

The health and safety at work regulatory framework provides us with the levers to influence health and safety change in workplaces. In 2017/18, we will:

- develop Safe Work Instruments and guidance information to support the operation of the regulatory framework. We will also finalise and embed our regimes for licensing; asbestos; and certifications, approvals and registrations
- implement the new Hazardous Substances regulations which consolidate requirements for the use of hazardous substances at work and integrate their management into the health and safety at work regime
- continue working alongside the Environmental Protection Authority, the Ministry for the Environment, MBIE and local authorities on broader hazardous substance reform
- work with MBIE to monitor and evaluate the implementation of the Health and Safety at Work Act 2015 (HSWA)
- strengthen the regulatory framework by providing an operational perspective when working with MBIE on the second phase of regulatory development.





System leadership



Health and Safety at Work Strategy

WorkSafe cannot lift New Zealand's health and safety performance on its own; everybody working in the system needs to drive sustained change.

In 2017/18, we will:

- work with MBIE to develop the Government's HSW Strategy, building on the direction and progress of the *Working Safer* blueprint
- work with our regulatory and social partners, including the New Zealand Council of Trade Unions and Business New Zealand, to inform the strategy's direction and focus. The strategy will identify shared priorities and drive a system-wide approach to lifting health and safety performance. It will signal the future direction of the health and safety system, providing greater cohesion in how agencies work together.

In 2017/18 we will undertake our system leadership role by:

- working closely with our regulatory partners (including Maritime New Zealand, the Environmental Protection Authority, the NZ Transport Agency and the Civil Aviation Authority), industry and representative bodies

to make it easier for businesses and workers to understand what they are required to do to meet their health and safety responsibilities at work. We will do this by developing education materials and guidance tools with our partners and industry

- engaging with the State Services Commission and key public sector agencies (particularly those undertaking higher-risk activities) to provide clear advice and guidance on what best health and safety practices, systems and behaviours look like. We will engage with chief executives in the public sector to ensure strong leadership in lifting health and safety
- strengthening partnerships with Māori (business leaders, iwi and 'champions') to deliver initiatives, as part of our Māori Strategy *Maruiti 2025*, that improve work health and safety awareness, expectations and outcomes for Māori, particularly in sectors where they are highly represented. We will also use evaluation findings from our Ngāti Porou Forestry Pilot to engage with workers, employers and iwi to improve health and safety for Māori in New Zealand.



STRENGTHENING SYSTEM CAPABILITY

- In 2017/18 we will strengthen the capability and contribution of workers and employers towards lifting health and safety performance. We will focus on enhancing worker engagement and participation, developing workforce capability and enabling effective health and safety governance and leadership. We will also increase the role and value of workers in improving health and safety.
- We will support these outcomes by:
 - influencing training and education opportunities to fill critical capability gaps among practitioners, managers, business leaders and workers
 - targeting our work to address the capability gaps in workers who are more exposed to workplace harm. This includes undertaking research on at-risk workers
 - improving access to quality health and safety advice and support provided by professionals and advisers
 - working with employers, workers and industry to strengthen worker engagement, participation and representation
 - providing more targeted guidance for health and safety representatives.

Organisational enablers



User Experience Programme

We want to make it easy for businesses and duty holders to work with us, so they clearly understand their responsibilities and what good health and safety practice looks like. Supporting business in this way will help them to be more productive, in line with the focus set through the Government's Business Growth Agenda.

In 2017/18, we will take further steps to make it easier for duty-holders to engage with us through our User Experience Programme. The programme will develop a user-centric service delivery model to provide workers and employers with information, tools and resources to improve their work-related health and safety performance. The programme will focus on improving clients' interactions with WorkSafe via our three main engagement points: our Service Centre, Response Team and our website.

Through this work we aim to build a reputation as an organisation that is professional and responsive, particularly in our interactions with businesses.



Communications, marketing and engagement strategy

To deliver transformational change, we need to communicate and engage effectively with people and organisations throughout the health and safety system. In 2017/18 we will:

- roll out a targeted communications, marketing and engagement strategy to strengthen how we communicate, engage and partner with stakeholders. The strategy will influence sustainable change in health and safety
- develop more innovative and targeted ways to work with businesses ensuring that they understand what good health and safety practices and behaviours look like. We will focus on supporting small and medium businesses to improve their health and safety practices
- collaborate with workers, businesses and industry to deliver effective interventions using an innovative mix of communication channels. We will target our messaging, advice and support to a broad range of workers and businesses in New Zealand
- build a new user-centred digital platform (ie consolidate and improve our websites), use innovative communication channels to target our messages, advance targeted national campaigns and enhance our brand and user experience.

These initiatives will help to make it easier for workers and businesses to get the information, guidance and support they need, when they need it, to put their health and safety responsibilities into practice.



People Strategy and ICT business capability

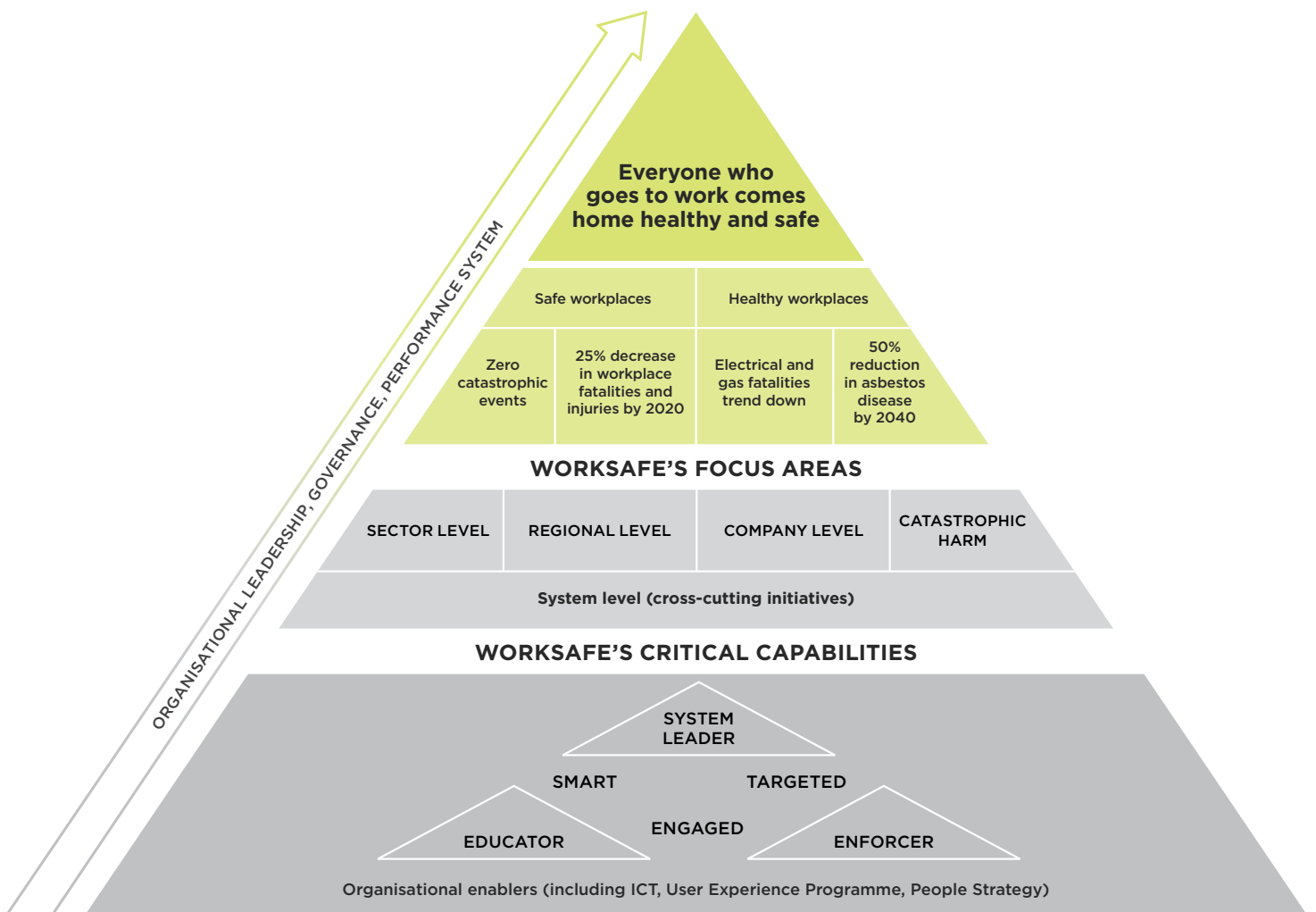
WorkSafe's performance directly enables external health and safety performance in workplaces. Our people and organisational capabilities are key to influencing our performance. In 2017/18 we will:

- develop a People Strategy, setting out a clear vision and approach for building our talent, capacity, capabilities, leadership and culture, aligned with our four-year excellence horizon work to strengthen our business capabilities, enabling our organisation to operate more efficiently and effectively. We will develop key ICT capability projects supporting our information management and payroll systems, and build the capability of our operating and data collection systems
- continue embedding the recommendations of the 2015 Targeted Independent Review, making further progress in becoming a high-performing agency driving greater operational efficiency and effectiveness.

Organisational strategy

Our **organisational strategy** sets out the critical capabilities and building blocks that we need to realise our goals. The **performance framework** (see page 31) helps us to track our progress in performing effectively and making a real difference to health and safety in New Zealand workplaces.

The organisational strategy supports us to be future-focussed, to have a shared understanding of what we are building and why, and to question how we do things (eg being an educator and system leader) so that we can improve the way we work and the results we achieve. The strategy supports prioritisation and investment decisions, understanding any gaps and the best sequencing of our activities. Importantly, it ensures that WorkSafe has clear action plans and accountabilities, so our performance can be monitored and evaluated.





Operational delivery

WorkSafe's operational activities help to provide confidence that workplaces are appropriately managing health and safety well. Our frontline activity is delivered through our core operational arms: the inspectorate and the High Hazard and Energy Safety teams. In 2017/18 we will:

General Inspectorate

- Deliver targeted assessments and engagements to improve workplace practices and behaviours across a wide range of businesses. We will enhance how we target assessments, particularly in priority sectors, to have the greatest impact. More of our assessments will target work-related health issues. We will also promote the use of duty holder reviews, providing targeted support to enable duty-holders to self-review their health and safety practices.

High Hazards Unit

- Work with high hazard operators to ensure risks with the potential for catastrophic harm are being managed well. Areas of focus include: extractives, high-risk quarrying operations, tunnelling, petroleum and geothermal, major hazard facilities and energy safety.
- Ensure that high hazard operations have the right control measures in place to prevent catastrophic harm. We will do this by assessing Safety Cases and Principal Management Plans, delivering targeted inspections of high hazard operations and assessing responses to precursor events. We will also engage with operators and the high hazard industry to help lift compliance and competency in managing high hazard risks.

Enforcement approach

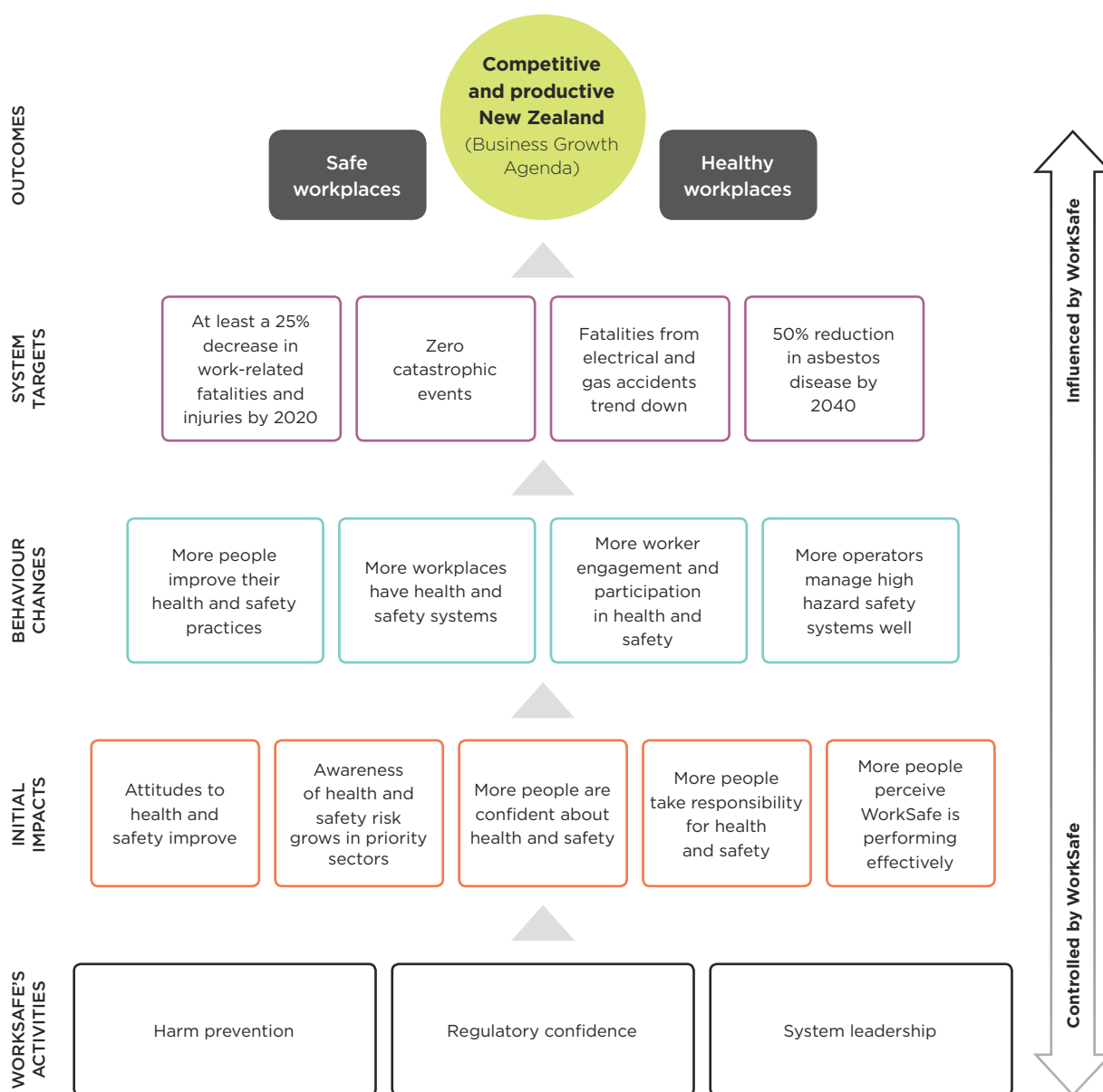
- We will enhance our enforcement approach under the new regulatory regime. The work we undertake through our User Experience Programme will confirm how WorkSafe best gives effect to our core roles of harm reduction, regulatory confidence and system leadership. It will also inform our enforcement role, including the range of tools we use (from notices and enforceable undertakings through to prosecution) to support our strategic direction.

Our performance



Measuring our performance

Our **performance framework** sets out the strategic outcomes and impacts we seek to achieve through our activities and functions. Our ability to measure impact and behaviour change ensures that we remain on track to achieve our health and safety goals.



Monitoring performance

WorkSafe's performance indicators all relate to the Vote Labour Market appropriation 'Workplace Relations and Safety – Workplace Health and Safety' (for more information see page 42).

WorkSafe provides performance reports to the Minister for Workplace Relations and Safety for each quarter ending 30 September, 31 December and 31 March, as well as in the Annual Report.ⁱⁱⁱ WorkSafe also provides monthly Ministerial updates on our ICT Business Capability programme.

The tables below provide the performance indicators for the activities we undertake. Page 37 has accompanying notes, including information on the data sources, detailed requirements and questions asked in the Health and Safety Attitudes and Behaviours Survey (A&B Survey), Service Excellence Survey (SES)^A and National Survey of Employers (NSE).

Performance indicators

The measures set out below reflect performance against the activities we undertake.

SELECTED ACTIVITY MEASURES	DESIRED RESULT 2017/18
% of engagements with industry and PCBU ^B in priority sectors or other priority areas of focus ^C	≥85%
% of assessments which include a focus on work-related health risks	≥40%
% of assessment files reviewed that meet quality standards	≥80%
% of assessments that are in priority sectors or other priority areas of focus	≥85%
% of people who say our guidance is very useful ^D	≥60%
# of voluntary Duty Holder Reviews ^E of businesses' health and safety systems	400-600 (demand driven ^F)
% of files for prosecution that meet quality standards	≥80%
% of prosecutions are successful	≥80%
% of energy safety investigations into notifiable/non-notifiable incidents and unsafe situations involving gas and electricity that are completed within 60 days	≥80%
% of people we directly engage with who think WorkSafe is educative, fair, proportionate and performing effectively	See page 33

ⁱⁱⁱ These reports are made available on WorkSafe's website.

Initial impact

Figures **highlighted** below represent statistically significant changes from the previous year.

		RESULT 2015/16	RESULT 2016/17	TARGET ^{iv} 2017/18
Attitudes to health and safety improve⁶		There is no single measure – the full A&B Survey reports on a spectrum of attitudes. The desired result is that attitudes are positive and priority is given to health and safety.		
Awareness of health and safety risk^h grows in priority sectors		W 15% E 5%	W 14% E 5%	W ≥17% E ≥6%
More people are confident about health and safety	Knowledge/skills to keep safe ⁱ	W 65%	W 67%	W ≥67%
	Knowledge/skills to avoid health problems ⁱ	W 52%	W 53%	W ≥53%
	Fully aware of obligations and understand how to comply ^j	E 57%	E 58%	E ≥60%
More people take responsibility for health and safety^k	Workers	W 81% E 86%	W 83% E 84%	W ≥84% E ≥86%
	Immediate boss/ Supervisors	W 66% E 74%	W 69% E 71%	W ≥71% E ≥76%
	Top management	W 54% E 57%	W 59% E 54%	W ≥59% E ≥58%
More people perceive WorkSafe is performing effectively	PERCEPTIONS OF PEOPLE IN OUR PRIORITY SECTORS^l			
	Makes a real difference	NEW	W 53% E 50%	W ≥53% E ≥50%
	PERCEPTIONS OF PEOPLE WE DIRECTLY ENGAGE WITH^m			
	Educative	NEW	W & E 64%	W & E ≥64%
	Fair	W & E 81%	W & E 87%	W & E ≥87%
	Proportionate	NEW	W & E 67%	W & E ≥67%
	Performing effectively	NEW	W & E 66%	W & E ≥66%

Worker (W) Employer (E)

^{iv} 2017/18 targets for the initial impacts and behaviour changes have been set based on the highest figure reported in the respective surveys over the last three years.

Behaviour changes

Figures **highlighted** below represent statistically significant changes from the previous year.

		RESULT 2015/16	RESULT 2016/17	TARGET 2017/18
More people improve ^N their health and safety practices		W & E 75%	W & E 81%	W & E ≥73% ^V
More workplaces have health and safety systems ^O		E NEW	E 79%	E ≥79%
More worker engagement ^P and participation ^Q in health and safety	Engagement	W 52% E 78%	W 53% E 79%	W ≥53% E ≥79%
	At a team/group meeting	W 59% E 46%	W 64% E 56%	W ≥64% E ≥56%
	At a health and safety meeting	W 58% E 40%	W 63% E 51%	W ≥63% E ≥51%

More operators manage high hazard safety systems well	MORE OPERATORS RESPOND TO POTENTIALLY DANGEROUS PRECURSOR EVENTS^{VI}			
		Response		
	Notify as per regulations	Not always 126 events	Not yet available	Always
	Adequate response	99%	Not yet available	≥99%
	MORE SAFETY CASES AND PHMPS^{VII} FROM OPERATORS MEET REQUIREMENTS AND ARE FOLLOWED^R			
		Safety cases		
	Meet legal requirements on submission	None	Not yet available	Always
Number of cases of non-compliance ^S	4	Not yet available	0	

Worker (W) Employer (E)

^V This measure is used to report against the Vote Labour Market Workplace Health and Safety appropriation (see page 42 for details).

^{VI} 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. 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.

^{VII} Principal Hazard Management Plans.

System Targets

		RESULT 2015/16	RESULT 2016/17	TARGET 2017/18	TARGETS IN OUT-YEARS
Harm reduction in priority sectors ^T	WORK-RELATED INJURIES RESULTING IN MORE THAN A WEEK AWAY FROM WORK (PER 1,000 FTES)				
	Forestry	16.4	<16.4*	<2016/17	
	Agriculture	22.2	<22.2*	<2016/17	
	Construction	19.5	<19.5*	<2016/17	
	Manufacturing	19.3	<19.3*	<2016/17	

At least a 25% decrease in work-related fatalities and injuries by 2020 ^U	FATAL WORK-RELATED INJURIES (PER 100,000 FTES)				
		2012-14	2013-15 ^{viii}	2016 target (2014-16)	2020 target (2018-20)
	Rate	2.5	2.2	3.0	2.5
	Difference from baseline 3.3 (2008-10)	26% lower	33% lower	10% lower	25% lower
	SERIOUS NON-FATAL WORK-RELATED INJURIES (PER 100,000 FTES)				
		2014	2015	2016 target	2020 target
	Rate	18.1	15.0	17.3	14.4
	Difference from baseline 19.2 (2008-10)	6% lower	22% lower	10% lower	25% lower
	WORK-RELATED INJURIES RESULTING IN MORE THAN A WEEK AWAY FROM WORK (PER 1,000 FTES)				
		2014	2015	2016 target	2020 target
Rate	11.8	11.9	10.1	8.4	
Difference from baseline 11.2 (2009-11)	5% higher	6% higher	10% lower	25% lower	

(see Official Statistics on page 38 for more detail)

* Desired result.

^{viii} WorkSafe released the *Towards 2020 – Progress towards the Government's Working Safer fatality and serious injury reduction target* Report in June 2017. Stats NZ is expected to release the official 2016 data in around October 2017.

		RESULT 2015/16	RESULT 2016/17	TARGET 2017/18	TARGETS IN OUT-YEARS
Zero catastrophic events ^v	NUMBER OF EVENTS				
		2015/16	2016/17	2017/18	Consistent target
		0	0	0	0

Fatalities from electrical and gas accidents trend down ^w	FATAL INJURIES TO PUBLIC (PER MILLION PEOPLE EXPOSED)				
		2010-14	2011-15	2012-16	
	Electricity	0.3	0.3	<0.8	
	LPG	0.3	0.3	<0.9	
Natural gas	0.0	0.0	<0.7		

50% reduction in asbestos ^x disease by 2040	NUMBER OF FATALITIES				
		2012	2013	2014	2040 target
		75	90	≥92 ^y	≥44

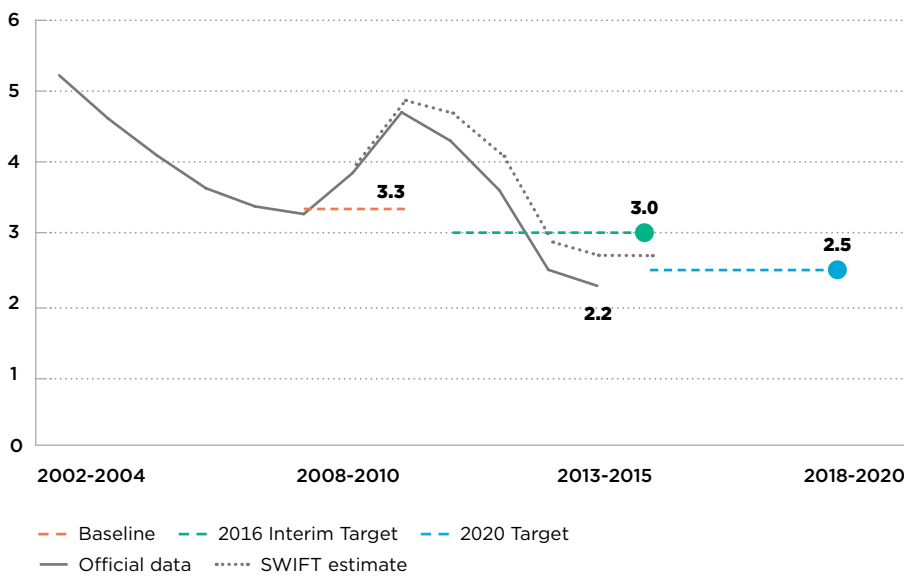
Notes on performance data and detail

- ^A Note that in order to have each year's results comparable, all results from the SES come from the module/section of the survey that interviews people (employers, employees and self-employed) who have had recent contact with a WorkSafe Health and Safety Inspector during an assessment or investigation.
- ^B WorkSafe data. Assessment inspectorate 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 (in time we will incorporate engagements undertaken by the High Hazards Unit inspectorate, other inspectors, and engagements undertaken by our senior leaders).
- ^C Priority sectors include: agriculture, manufacturing, forestry and construction. 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).
- ^D SES. People who agreed that the written WorkSafe guidance they accessed was very useful.
- ^E A Duty Holder Review is where people with responsibilities for health and safety undertake self-investigations, guided by WorkSafe, of incidents involving harm or the potential for harm.
- ^F WorkSafe data. This is not a process required by legislation and the work is driven by demand.
- ^G A&B Survey. Key findings and related reports are published publicly on WorkSafe's website.
- ^H A&B Survey, four priority sectors. People who saw at least a moderate risk that workers would be seriously hurt at work in the next 12 months.
- ^I A&B Survey, four priority sectors. Workers who were very confident that they have the knowledge and skills to keep themselves safe and away from long-term health problems at work.
- ^J A&B Survey, four priority sectors. Employers who were confident that they are fully aware of their obligations as an employer and understand how to comply with these health and safety obligations.
- ^K A&B Survey, four priority sectors. People who said each group has a 'very big responsibility' for workplace health and safety.
- ^L A&B Survey, four priority sectors. Workers and employers who agreed WorkSafe is making a real difference to workplace health and safety in New Zealand.
- ^M SES, after interaction with a Health and Safety Inspector. Percentage who agreed that:
- they now know more about what they need to do about health and safety in the workplace (educative)
 - they were treated fairly
 - 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
 - WorkSafe is making a real difference to workplace health and safety in New Zealand.
- ^N SES, after interaction with a Health and Safety Inspector. People who had contact with WorkSafe that said at least one change had been made to improve workplace safety and/or reduce risks to workers' health. Note that in 2017 the survey asked about a wider range of potential changes than the 2016 one and so the figures shown here are based on a comparable set of responses to minimise any impact on the results of the change in question wording.
- ^O NSE. Employers with a process for identifying, assessing and managing the business's main health and safety risks, who also regularly review the processes and systems.
- ^P A&B Survey, four priority sectors. Workers who agreed that 'when my boss makes decisions about workplace health and safety, workers are always told how their views have been considered'. Employers who agreed that 'our business always lets workers know how we have considered their views when decisions are made about workplace health and safety'.
- ^Q A&B Survey, four priority sectors. People who said their workplace/business has 'regular health and safety meetings' and/or 'health and safety is a regular item at team/group meetings' (indicator of participation practices).
- ^R WorkSafe High Hazard Unit data.
- ^S Cases of non-compliance relating to a breach of the requirements set out in safety cases or PHMPs subsequent to submission.
- ^T ACC work-related injury claims for more than a week away from work, sourced from SWIFT (numerator); Statistics New Zealand's Household Labour Force Survey fulltime equivalents (denominator); per sector using SWIFT industry (Agriculture and Forestry) and ANZSIC06 (Construction and Manufacturing). 2015/16 data refers to the 2015 calendar year. A six-month lag is applied to this indicator to achieve better data capture and improve comparability between years.
- ^U Stats NZ. The rates reported here have been revised to reflect changes in the official data. Injury claims under ACC's Accredited Employers Programme have been included and the denominator has changed following the Household Labour Force Survey redevelopment.
- ^V WorkSafe data. WorkSafe is focussed on catastrophic events with the potential for multiple fatalities, and/or serious and widespread harm, including in the wider community.
- ^W Data from WorkSafe, Stats NZ (population and dwelling numbers), and MBIE (Energy File). Progress reported using five-year averages by calendar year.
- ^X Mesothelioma mortality data, Ministry of Health. Progress reported by calendar year. 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.
- ^Y WorkSafe estimates indicate that the number of mesothelioma deaths will increase to approximately 92 for the 2014 year. This estimate was calculated based on a linear regression of mesothelioma deaths since 2000. The 2014 'target' has been updated to reflect this projected increase and expected result.

Official statistics

Target indicator 1: Fatal work-related injury

The rate of work-related fatal injury has been trending down since the peak of 2009-11, and now appears on track to meet the 2020 target



Source: Stats NZ, from WorkSafe notifications and ACC claims data

FIGURE 1: Fatal work-related injury rate (per 100,000 FTEs)

Progress towards target

Current result compared to:

Baseline (2008-10^{ix}): 33% lower **2016 interim target (2014-16):** 26% lower

Previous result (2012-14): 10% lower **2020 target (2018-20):** 11% lower

	Baseline	2009-11	2010-12	2011-13	2012-14	2013-15 ^x	2016 target	2020 target
Average number of fatalities		94	88	75	52	51		
Fatality rate (per 100,000 FTEs)	3.3	4.7	4.3	3.6	2.5	2.2	3.0	2.5

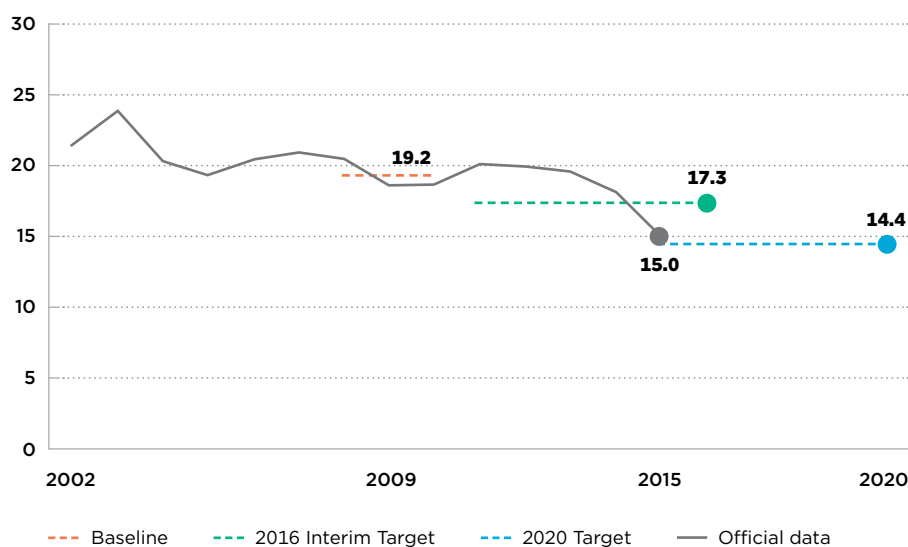
TABLE 1: Fatal work-related injury

^{ix} The baseline for fatal injury is the average rate for 2008-2010, excluding the 29 workers killed in the Pike River Coal Mine Tragedy (November 2010). These fatalities are included in the official indicator data.

^x 2015 data is provisional.

Target indicator 2: Serious non-fatal work-related injury

The rate of work-related serious non-fatal injuries has been gradually decreasing since 2011, and appears to be on track to meet the 2020 target



Source: Stats NZ from ACC claims and Ministry of Health hospitalisation data

FIGURE 2: Serious non-fatal work-related injury rate (per 100,000 FTEs)

Progress towards target

Current result compared to:

Baseline (2008-10 avg): 22% lower

2016 interim target: 13% lower

Previous year (2014): 17% lower

2020 target: 4% higher

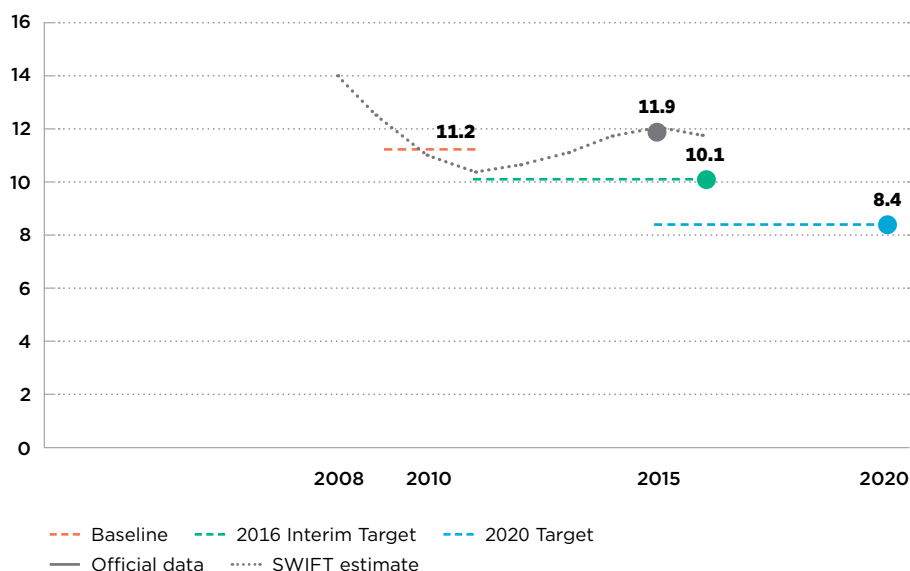
	Baseline	2011	2012	2013	2014	2015 ^{xi}	2016 target	2020 target
Estimated number of serious non-fatal injuries		407	413	424	397	349		
Fatality rate (per 100,000 FTEs)	19.2	20.1	19.9	19.5	18.1	15.0	17.3	14.4

TABLE 2: Serious non-fatal work-related injury

^{xi} 2015 data is provisional.

Supplementary indicator: Work-related injury resulting in more than a week away from work

After four consecutive years of increase, the rate of injuries resulting in more than a week away from work is off track. Estimates indicate that this rate is beginning to slow



Source: Stats NZ from ACC claims data

FIGURE 3: Rate of work-related injury resulting in more than a week away from work (per 1,000 FTEs)

Progress towards target

Current result compared to:

Baseline (2009-11 avg): 6% higher

2016 interim target: 18% higher

Previous year (2014): 1% higher

2020 target: 41% higher

	Baseline	2012	2013	2014	2015 ^{xii}	2016 target	2020 target
Estimated number of injuries		20,537	21,916	24,137	24,993		
Week away from work injury rate (per 1,000 FTEs)	11.2	10.6	11.1	11.8	11.9	10.1	8.4

TABLE 3: Work-related injury resulting in more than a week away from work

^{xii} 2015 data is provisional.

Budget and financial statements

Our reportable outputs

WORKSAFE IS FUNDED PRIMARILY THROUGH TWO APPROPRIATIONS IN VOTE LABOUR MARKET:^{ix}

Workplace Relations and Safety – Workplace Health and Safety

The appropriation is limited to the provision of information, education, leadership, standards, support, and enforcement activities relating to the health and safety of workers and workplaces, including responsibilities, functions, and powers under the HSWA. The appropriation is intended to achieve healthier, safer, and more knowledgeable workplaces.

Cost of service statement

\$000	ESTIMATED ACTUAL 2016/17	FORECAST 2017/18
Revenue from the Crown ^{x, xi}	88,732	93,837
Interest revenue	600	400
Other revenue	3,107	5,153
TOTAL REVENUE	92,439	99,390
TOTAL EXPENDITURE^{xii}	97,539	98,956
Surplus/(deficit)	(5,100)	434

Workplace Relations and Safety – WorkSafe New Zealand Capability Change Programme

This provides capital expenditure for our ICT Business Capability programme. There is a reporting exemption granted under section 15D(2)(b)(iii) of the Public Finance Act 1989 as the amount of this appropriation is less than \$15 million.

^{ix} In addition, WorkSafe pays ACC \$869,000 annually for levy-collection services, which is a separate appropriation but is considered an integral part of the cost of delivering Workplace Health and Safety outputs.

^x From non-departmental output expense Workplace Relations and Safety – Workplace Health and Safety (includes both Workplace Health and Safety revenue and Energy Safety revenue) and Health and Safety in Employment Levy collection services.

^{xi} Includes \$869,000 for levy-collection services in both 2016-17 and 2017-18.

^{xii} Includes a \$6.1 million impairment of case management software due to a reduced roll-out of functionality. Includes \$869,000 paid to ACC for levy-collection services in both 2016-17 and 2017-18.

Prospective statement of comprehensive revenue and expense for the year ended 30 June 2018

\$000	ESTIMATED ACTUAL 2016/17	FORECAST 2017/18
<i>Revenue</i>		
Funding from the Crown	88,732	93,837
Interest revenue	600	400
Other revenue	3,107	5,153
TOTAL REVENUE	92,439	99,390
<i>Expenditure</i>		
Personnel costs	60,403	67,060
Depreciation and amortisation expense	813	2,315
Impairment of Intangible Assets	6,100	-
Capital charge	-	-
Other expenses	30,223	29,581
TOTAL EXPENDITURE	97,539	98,956
Surplus/(deficit)	(5,100)	434
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	(5,100)	434

Prospective statement of financial position as at 30 June 2018

\$000	ESTIMATED ACTUAL 2016/17	FORECAST 2017/18
<i>Assets</i>		
Current assets		
Cash and investments	3,988	3,747
Receivables	310	500
Investments	15,000	16,500
TOTAL CURRENT ASSETS	19,298	20,747
Non-current assets		
Property, plant, and equipment	4,656	5,774
Intangible assets	3,306	12,114
TOTAL NON-CURRENT ASSETS	7,962	17,888
TOTAL ASSETS	27,260	38,635
<i>Liabilities</i>		
Current liabilities		
Payables	5,178	6,750
Employee entitlements	3,933	3,750
TOTAL CURRENT LIABILITIES	9,111	10,500
Non-current liabilities		
Employee entitlements	740	740
TOTAL NON-CURRENT LIABILITIES	740	740
TOTAL LIABILITIES	9,851	11,240
Net assets	17,409	27,395
<i>Equity</i>		
Contributed capital	7,673	17,225
Accumulated surplus/(deficit)	7,129	7,563
Other capital reserves	2,607	2,607
TOTAL EQUITY	17,409	27,395

Prospective statement of changes in equity for the year ended 30 June 2018

\$000	ESTIMATED ACTUAL 2016/17	FORECAST 2017/18
Balance at 1 July	22,509	17,409
Total comprehensive revenue and expense	(5,100)	434
<i>Owner transactions</i>		
Capital contribution	-	9,552
BALANCE AT 30 JUNE	17,409	27,395

Prospective statement of cash flows for the year ended 30 June 2018

\$000	ESTIMATED ACTUAL 2016/17	FORECAST 2017/18
<i>Cash flows from operating activities</i>		
Receipts from the Crown	88,732	93,837
Interest received	600	400
Receipts from other revenue	4,177	4,963
Payments to suppliers	(31,152)	(28,009)
Payments to employees	(60,210)	(67,243)
Net cash flow from operating activities	2,147	3,948
<i>Cash flows from investing activities</i>		
Receipts from sale of property, plant, and equipment	49	397
Receipts from Term Deposits	4,000	-
Purchase of property, plant, and equipment	(635)	(2,439)
Purchase of intangible assets (ICT)	(4,048)	(10,199)
Purchase of Term Deposits	-	(1,500)
Net cash flow from investing activities	(634)	(13,741)

\$000	ESTIMATED ACTUAL 2016/17	FORECAST 2017/18
<i>Cash flows from financing activities</i>		
Capital contribution	-	9,552
Net cash flow from financing activities	-	9,552
Net (decrease)/increase in cash and cash equivalents	1,513	(241)
Cash and cash equivalents at the beginning of the year	2,475	3,988
Cash and cash equivalents at the end of the year	3,988	3,747

Key assumptions and changes

The following significant assumptions have been used in preparing the forecast information:

- Financial information is prepared in accordance with generally accepted accounting practice.
- Forecast outcomes of Budget 2017 have been incorporated in the 2017/18 budget figures.
- A \$6.1 million impairment of the Awhina case management has been incorporated into the 2016/17 estimated actual expenditure and deficit, based on the rollout of functionality being more limited than originally anticipated.
- Depreciation increases as a result of the capitalisation of elements of the ICT Business Capability programme.
- The surplus for 2017/18 is due to Safety Cases for Major Hazard Facilities which are on a five-yearly cycle and drive increased revenue, partly offset by the use of prior years' surpluses in Energy Safety and Working Safer funded activities.

Statement of accounting policies

Reporting entity

WorkSafe New Zealand is a Crown Agent as defined by the Crown Entities Act 2004, and 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.

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\$).

Significant accounting policies

The following significant accounting policies, which materially affect the measurement of financial results and financial position, have been applied consistently to all periods presented in these financial statements.

REVENUE

Revenue is measured at fair value and is recognised when earned, and is reported in the financial period to which it relates.

REVENUE 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.

INTEREST

Interest revenue is recognised using the effective interest method.

FOREIGN CURRENCY

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions.

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.

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.

DEBTORS AND OTHER RECEIVABLES

Debtors and other receivables are measured at fair value, less any provision for impairment. A receivable is considered impaired when there is evidence that WorkSafe will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amount expected to be collected.

INVESTMENTS

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method.

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 are 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.

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

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 surplus or deficit as they are incurred.

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 follows:

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	6 years 16.67% SL

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

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.

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	2-5 years 20-50% SL
Developed computer software	5-8 years 12.5-20% SL

Impairment of non-financial assets

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.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Employee entitlements

Employee entitlements that WorkSafe expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay.

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

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.

Pension liabilities

WorkSafe has obligations for contributions to KiwiSaver. The contributions are recognised as an expense in the statement of comprehensive revenue and expense as incurred.

Obligations for contributions to the State Sector Retirement Savings Scheme and the Government Superannuation Fund are recognised in the statement of comprehensive revenue and expense as they fall due. Any reimbursement of these costs from the State Services Commission is recognised as revenue in the statement of comprehensive revenue and expense.

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.

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.

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.

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.

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.

Capital Intentions 2017/18 to 2020/21

WorkSafe's capital assets consist primarily of ICT to support business capabilities and a vehicle fleet to support the inspectorate. There has been significant progress in building our ICT capabilities; however, delays in the enactment of the new legislation have affected the timing of the ICT Business Capabilities programme, and capital drawdowns have been revised to reflect this. The remaining additional ICT expenditure is forecast to occur in the next two years and is detailed by category later in this section. Funding for capital is a combination of depreciation funding plus capital injections as outlined below:

Category	CAPITAL INJECTIONS \$M			
	2014/15	2015/16	2016/17	2017/18
Additional capital approved Budget 2014	1.876	5.797	-	9.552

Our capital investment intentions to 30 June 2021 are detailed below:

Category	PLANNED INVESTMENT \$M			
	2017/18	2018/19	2019/20	2020/21
ICT	10.199	4.125	0.250	0.250
Motor vehicles	1.204	1.204	1.204	1.204
Leasehold improvements	0.800	0.500	1.500	0.500
Other assets	0.435	0.210	0.210	0.210
	12.638	6.039	3.164	2.164

The forecast net book value of each asset category is detailed below:

Category	FORECAST NET BOOK VALUE \$M				
	2016/17	2017/18	2018/19	2019/20	2020/21
ICT	3.306	12.114	13.526	10.800	8.352
Motor vehicles	3.752	3.858	3.841	3.806	3.711
Leasehold improvements	0.342	1.070	1.433	2.697	2.862
Other assets	0.562	0.846	0.850	0.823	0.778
	7.962	17.888	19.650	18.126	15.703

MBIE provides WorkSafe's core ICT services (including ICT infrastructure) via a shared services arrangement. WorkSafe pays for those services as an operating expense.

We are making a significant investment in our systems to enable more effective:

- education and guidance
- operational intelligence
- understanding and evaluations of impacts, allowing WorkSafe to adapt as necessary
- prevention and incentive functions, including the Safety Star Rating initiative/Workplace Health and Safety Performance Improvement Tool
- communication with people right across the system.

The first of these projects, a new case management system, has required a reset following issues with the initial vendor (reflected in the \$6.1 million impairment in 2016/17), which will see the project be renewed over the next two years. The Digital Platform project focusses on our web presence and will be rolled out from 2017/18. Decisions on the Safety Star Rating initiative/Workplace Health and Safety Performance Improvement Tool will be taken as part of decisions on the implementation of this scheme overall. Systems transferred from the Environmental Protection Authority are also being upgraded.

Human resources systems, including payroll which is currently provided by MBIE, are being upgraded with a project to deliver new systems in 2017/18.

The latest estimates by project are detailed in the table below:

Category	PLANNED INVESTMENT \$M			
	2017/18	2018/19	2019/20	2020/21
<i>ICT</i>				
Case Management System	3.855	3.555	0.250	0.250
Digital Platform	2.401			
EPA Functionality	0.837			
Safety Star Rating	1.330	0.570		
Payroll/Human Resources	1.776			
	10.199	4.125	0.250	0.250

WorkSafe is co-located at some sites that are leased by MBIE; MBIE funds and owns leasehold improvements related to those properties. MBIE recovers this cost by invoicing WorkSafe the annual depreciation and capital charge on the fit-outs as an operating expense. WorkSafe is transitioning to entering its own leases where it is viable to do so and fit-outs on these properties are paid for and owned by WorkSafe.

The planned investment in leasehold improvements by location is shown below:

Category	PLANNED INVESTMENT \$M			
	2017/18	2018/19	2019/20	2020/21
<i>Leasehold improvements</i>				
Wellington	0.500		1.000	
Dunedin	0.300			
Provision for expiring leases		0.500	0.500	0.500
	0.800	0.500	1.500	0.500

The planned capital expenditure for motor vehicles and other assets is for the replacement of assets that have reached the end of their useful lives.

Glossary

TERM/ACRONYM	DEFINITION
A&B Survey	The Attitudes and Behaviours Survey, undertaken by Nielsen for WorkSafe.
ACC	Accident Compensation Corporation. ACC provides comprehensive, no-fault personal injury cover for all New Zealand residents and visitors to New Zealand.
Age-standardised	Age-standardisation adjusts the rate of injury to account for changes in the age structure of the population over time. The official fatal and potentially-fatal injury rates are age-standardised. The denominator is described as 'person years', which roughly equates to the number of people in employment.
Duty-holder	A duty-holder is anyone who has duties under HSWA. This is usually a PCBU, but could be someone else at work (eg a worker, who has the duty to take reasonable care for their own health and safety).
FTEs	Full-time equivalent employees.
HRAP	Harm Reduction Action Plan. The document <i>Reducing Harm in New Zealand Workplaces – an Action Plan 2016-2020</i> lays out this joint injury prevention plan developed by WorkSafe and ACC.
HSWA	Health and Safety at Work Act 2015.
HSW Strategy	Health and Safety at Work Strategy. As laid out in section 195 of HSWA, the HSW Strategy, developed by MBIE and WorkSafe, will set out the Government's overall direction in improving the health and safety of workers.
MBIE	Ministry of Business, Innovation and Employment. MBIE is responsible for the development of workplace health and safety policy and also monitors WorkSafe on behalf of the Minister for Workplace Relations and Safety. It also provides work health and safety research and analysis.
MHF	Major Hazard Facilities are facilities that have significant inherent hazards due to the storage and use of large quantities of specified hazardous substances.
NSE	The National Survey of Employers, undertaken by Research New Zealand for MBIE.
PCBU	A person conducting a business or undertaking. While a PCBU may be an individual person or an organisation, in most cases the PCBU will be an organisation (eg a business entity such as a company).
SES	The Service Excellence Survey of Health and Safety Inspectors, undertaken by Research New Zealand for WorkSafe.
SWIFT	WorkSafe's System for Work-related Injury Forecasting and Targeting. It combines data on work-related fatalities notified to WorkSafe and claims data from ACC on compensated fatalities and compensated injury.
Three-year average	For fatality information three-year averages (using the year ahead and the year behind) are used to moderate the volatility caused by low numbers.
Worker engagement	The PCBU involving its workers and any health and safety representatives in a health and safety matter so that they can contribute to decision-making, have a say, and be listened to, and be updated on decisions.

TERM/ACRONYM	DEFINITION
Worker participation	Workers contributing to the improvement of health and safety in a workplace, including by raising health and safety concerns and suggestions, making decisions that affect work health and safety and contributing to the business's decision-making on matters that relate to health and safety.
Worker participation practices	Opportunities for workers to contribute to health and safety that are provided by the PCBU.
WRH	Work-related health, sometimes also known as occupational health.

Disclaimer

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ISSN 2382-0608 (print)

ISSN 2382-0616 (online)

Published: July 2017

PO Box 165, Wellington 6140, New Zealand



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