

# ANNUAL REPORT

2015-2016



# Vision

That everyone who goes to work comes home healthy and safe

# Purpose

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

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## ACKNOWLEDGEMENTS

WorkSafe would like to thank all the contributors who helped with 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 150 of the Crown Entities Act 2004*

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# Year at a

## EARLY INDICATIONS OF BEHAVIOUR CHANGE

75% of people made changes to workplace practices after interacting with WorkSafe

318 self-assessments undertaken by 196 Canterbury Rebuild Safety Charter signatories



99% of high hazard precursor safety events appropriately handled

## SIGNS OF POSITIVE IMPACT



**84%**

OF EMPLOYERS AGREE GOOD H&S SYSTEMS ARE GOOD FOR THEIR BUSINESS



**81%**

OF PEOPLE REPORTED BEING TREATED FAIRLY BY INSPECTORS



**62%**

OF EMPLOYERS USED WORKSAFE'S H&S GUIDANCE IN THE LAST 12 MONTHS



**72%**

OF PEOPLE REPORTED BETTER UNDERSTANDING OF THEIR H&S RESPONSIBILITIES



**OVER 90%**

OF PEOPLE SATISFIED WITH DUTY-HOLDER REVIEW PROCESS

## DRIVING HEALTH AND SAFETY SYSTEM PERFORMANCE THROUGH

### System leadership

**NEW ACT IMPLEMENTED** 4 APRIL 2016

**JOINT ACC HARM REDUCTION ACTION PLAN** DEVELOPED

**HEALTHY WORK AND MARUITI 2025 STRATEGIC PLANS** CREATED

STRENGTHENED **FORMAL RELATIONSHIPS** WITH NZTA, MARITIME, CAA, DEFENCE

WORKED WITH **SECTOR PARTNERS**, INCLUDING THE FOREST INDUSTRY SAFETY COUNCIL, NZCTU, BEEF + LAMB, DAIRYNZ AND BUSINESS LEADERS' HEALTH AND SAFETY FORUM

### Education and Engagement

**16,959 ASSESSMENTS** UNDERTAKEN, 87% IN PRIORITY AREAS, **4,983 ON WORK-RELATED HEALTH**

**193 ENERGY SUPPLIERS** VISITED

OVER **400 DUTY-HOLDER REVIEWS** UNDERTAKEN

OVER 80 **GUIDANCE PUBLICATIONS**, INCLUDING GUIDELINES, FACT SHEETS, CASE STUDIES AND TOOLKITS

OVER **780,000 WEBSITE VISITORS** AND **5.8M PAGE VIEWS**

**INNOVATIVE MARKETING AND COMMS** - OVER **29,000 VIEWS** OF VIDEO ON THE NEW ACT

### Enforcement

**493 INVESTIGATIONS** UNDERTAKEN

**98 PROSECUTIONS**; 91% SUCCESSFUL

PUBLISHED OUR **ENFORCEMENT POLICY AND ENFORCEMENT DECISION-MAKING MODEL**

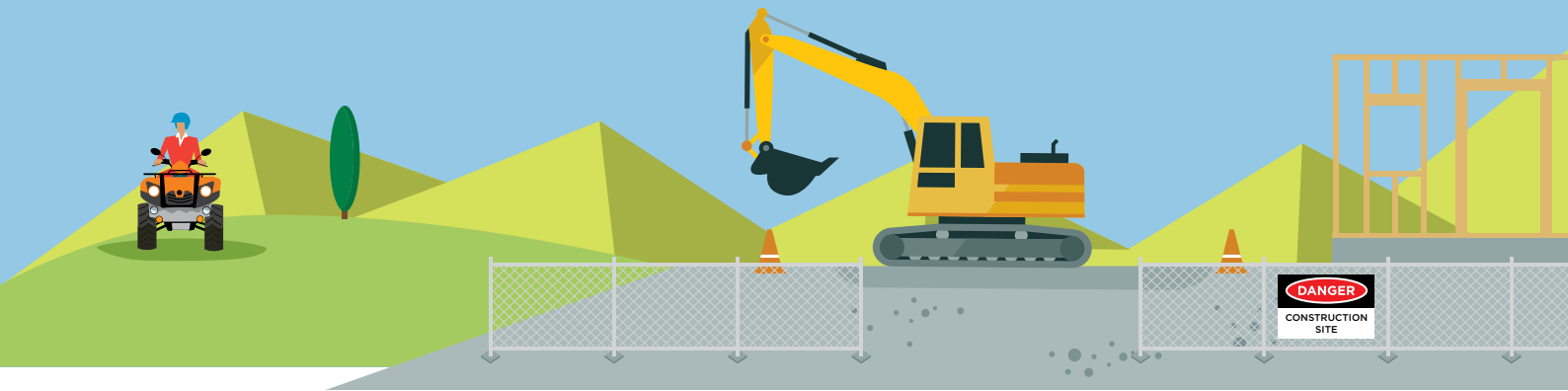
**331 ENERGY PRODUCTS** AUDITED

# glance

2015-2016

THIS WORK SUPPORTS OUR VISION

Everyone who goes to work comes home healthy and safe



## TOO MANY PEOPLE ARE HARMED AT WORK IN NEW ZEALAND

**59** FATALITIES IN 2015/16



Source: SWIFT

**17** Agriculture

**7** Construction

**5** Forestry

**5** Manufacturing

**9** Transport, Postal and Warehousing

**4** Professional

**3** Electricity, Gas, Water and Waste Services

**2** Mining/Quarrying

**2** Fishing

**2** Wholesale and Retail Trade

**1** Arts and Recreation Services

**1** Hunting and Trapping

**1** Repair and Maintenance

600-900 WORK-RELATED DISEASE FATALITIES EACH YEAR

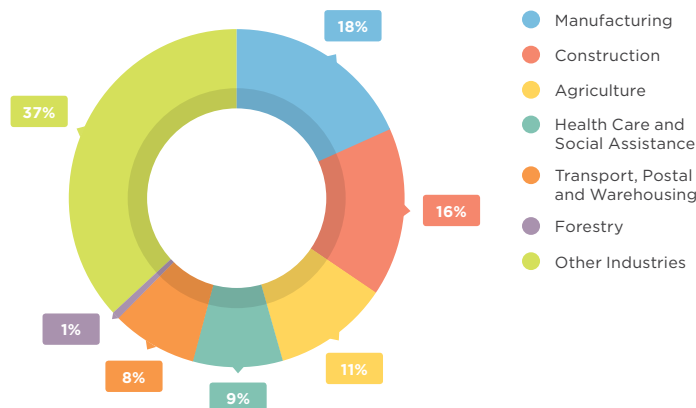


APPROXIMATELY

**60%**

ARE LIKELY CAUSED BY AIR-RELATED EXPOSURE

Acute injuries requiring more than a week away from work



**32**

AVERAGE NUMBER OF WORKING DAYS AWAY FROM WORK PAID BY ACC FOR ACUTE INJURIES

## From the Board

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**WorkSafe New Zealand is stepping up as a smart, targeted and engaged regulator driving improved performance across New Zealand's workplace health and safety system. Our ultimate goal is to ensure that all New Zealanders who go to work come home healthy and safe.**

2015/16 has been another significant year for WorkSafe. We are now into our third year of operation and we continue to see signs of positive change across the workplace health and safety system. Workplace fatalities and injuries requiring hospitalisation are trending down<sup>i</sup>, indicating progress towards lifting health and safety performance.

However, the level of harm across the system is still at an unacceptable level. We are concerned about the continuing high level of fatalities and harm amongst the priority sectors and the devastating effects this harm has on families and the wider community. Injuries requiring more than a week

away from work continue to rise. WorkSafe remains determined to use all of our powers to bring about improvement, including the use of enforcement where appropriate to hold duty-holders to account. We all need to encourage and nurture the green shoots of change where we see them to drive better performance and ensure that everyone who goes to work comes home healthy and safe.

This year we saw the most significant change to New Zealand workplace health and safety in over 20 years with the introduction of the Health and Safety at Work Act 2015 (HSWA). A tremendous amount of time and effort has gone into preparing for the change. We have worked closely with a wide range of businesses, sectors and other agencies to introduce the new regulatory framework.

The new law has heightened awareness of workplace health and safety – an important impact that we seek through our interventions. However, the translation of increased awareness into improved workplace practices is variable. Results profiled in this report indicate that the system is continuing to mature. The impacts of our interventions will not be seen immediately; it will take time for our work to translate into reduced harm.

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<sup>i</sup> See the official targets in *Working Safer: Progress toward the 2020 targets*, Ministry of Business, Innovation and Employment (MBIE), July 2016 and pages 67-69.

Building system leadership is critical to enabling sustainable improvements in workplace health and safety. As a steward and system leader we have invested heavily in the past year in building our leadership capabilities alongside our harm reduction partners. We have jointly developed the *Reducing Harm in New Zealand Workplaces Action Plan* (HRAP) with ACC. The HRAP forms a critical basis for enabling the system-wide leadership needed to support harm prevention across New Zealand. Significant progress has also been made in developing our ten-year strategic plan for work-related health. *Healthy Work* sets out WorkSafe's approach to managing work-related health issues in workplaces, which includes a focus on reducing occupational exposure to substances that might cause harm to the health of workers. We have also developed our long-term strategy to meet Māori health and safety needs in our workplaces, *Maruiti 2025*.

We continue to make progress on a number of fronts to build our capability and credibility as a high-performing and evidenced-based regulator, targeting effort towards the greatest harm. Our progress was reflected in the Targeted Independent Review of WorkSafe (TIR) led by Doug Martin. The TIR found that WorkSafe is performing well and is on track to become a high-performing state sector organisation. It also provided a useful external view of how WorkSafe is performing and outlined a number of key areas for us to focus on in order to further strengthen our performance. These areas feature in our Organisational Strategy and the work programmes detailed in our *Statement of Intent 2016-20* and *Statement of Performance Expectations 2016/17*.

While we have made good progress, there is more work ahead to achieve the level of sustained progress needed to ensure that all New Zealanders who go to work come home healthy and safe. We cannot deliver the level of system-wide change needed alone. It requires a concerted effort from businesses, sectors and our partner agencies to work collaboratively to put in place the right conditions for change.

Our focus for the coming year is on building our system capability and leadership to drive improved performance. We are working with our partners across the system – developing the workforce, enabling worker engagement and participation and strengthening health and safety leadership. With the firm foundations put in place through the HRAP, we will work with our system partners and industry leaders to bring about effective change in the workplace.

## 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 2016.



**Professor Gregor Coster, CNZM**  
Chair



**Ross Wilson**  
Deputy Chair

28 OCTOBER 2016

# Who we are

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## WORKSAFE'S ROLE

WorkSafe leads the national effort to transform New Zealand's health and safety at work and reduce the high death, injury and illness rates arising from work. We are New Zealand's primary workplace health and safety regulator, mandated to support workplaces to be healthy and safe by effectively identifying and managing risk.

Our Chief Executive Gordon MacDonald leads over 550 staff and our functions are wide-ranging. We engage and educate on health and safety, hazardous substances and energy safety. We work closely with other agencies and partners to influence the performance of the health and safety system. We provide information, codes and guidance tools so that expectations are clear. Our inspectors undertake workplace assessments and investigations to promote improved health and safety at work and monitor and enforce compliance with the law. We take pride in our role as a firm and fair regulator. We use our enforcement levers and take an appropriate and proportionate approach to hold people to account for their health and safety obligations. Effective enforcement is vitally important for enabling a well-functioning health and safety regulatory system.

## WHAT WE AIM TO ACHIEVE

New Zealand is in the early stages of implementing the most significant reforms to health and safety at work in over 20 years (the *Working Safer* reforms). New Zealanders have the right to expect their loved ones to return home healthy and safe from work each day. Our role is to make this a reality by working with organisations and workers to embed the changes driven by *Working Safer* and the new legislation.

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

Nobody goes to work expecting to get hurt, sick or killed. But in New Zealand, far too many people do. Every year 600-900<sup>ii</sup> 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 for New Zealand's workplace health and safety system, including the Government's target to reduce workplace fatalities and injuries by 25% by 2020. The way WorkSafe seeks to transform New Zealand's workplace health and safety performance – and how this connects to our longer-term goals for the health and safety system – is set out in our strategic framework on pages 10-11.

We are transforming New Zealand's health and safety system by targeting risk, working smarter, working together and strengthening our organisation. This *Annual Report 2015/16* is organised under these headings.

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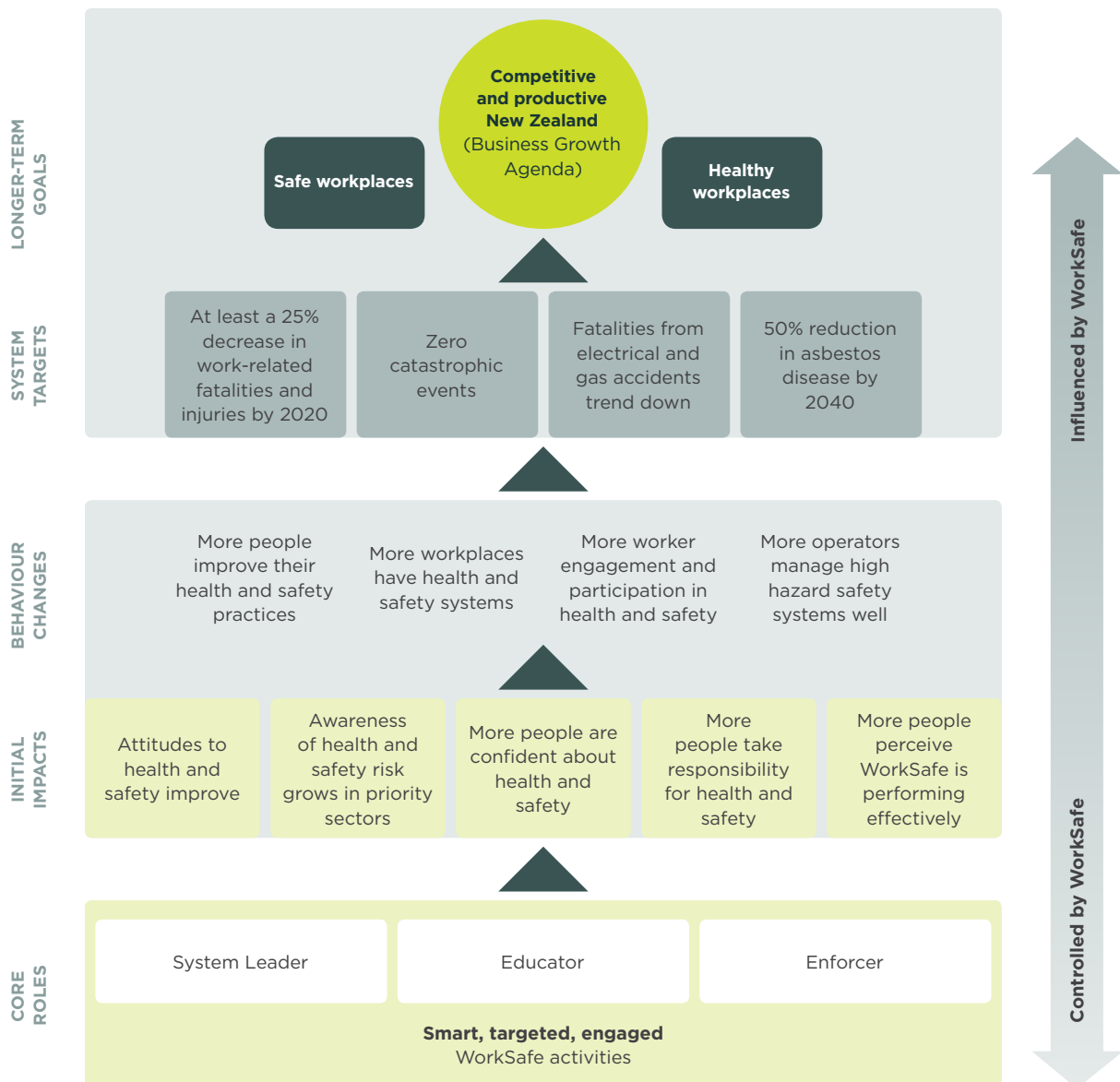
<sup>ii</sup> *Work-related Disease in New Zealand*, MBIE, 2013.



# Our performance framework

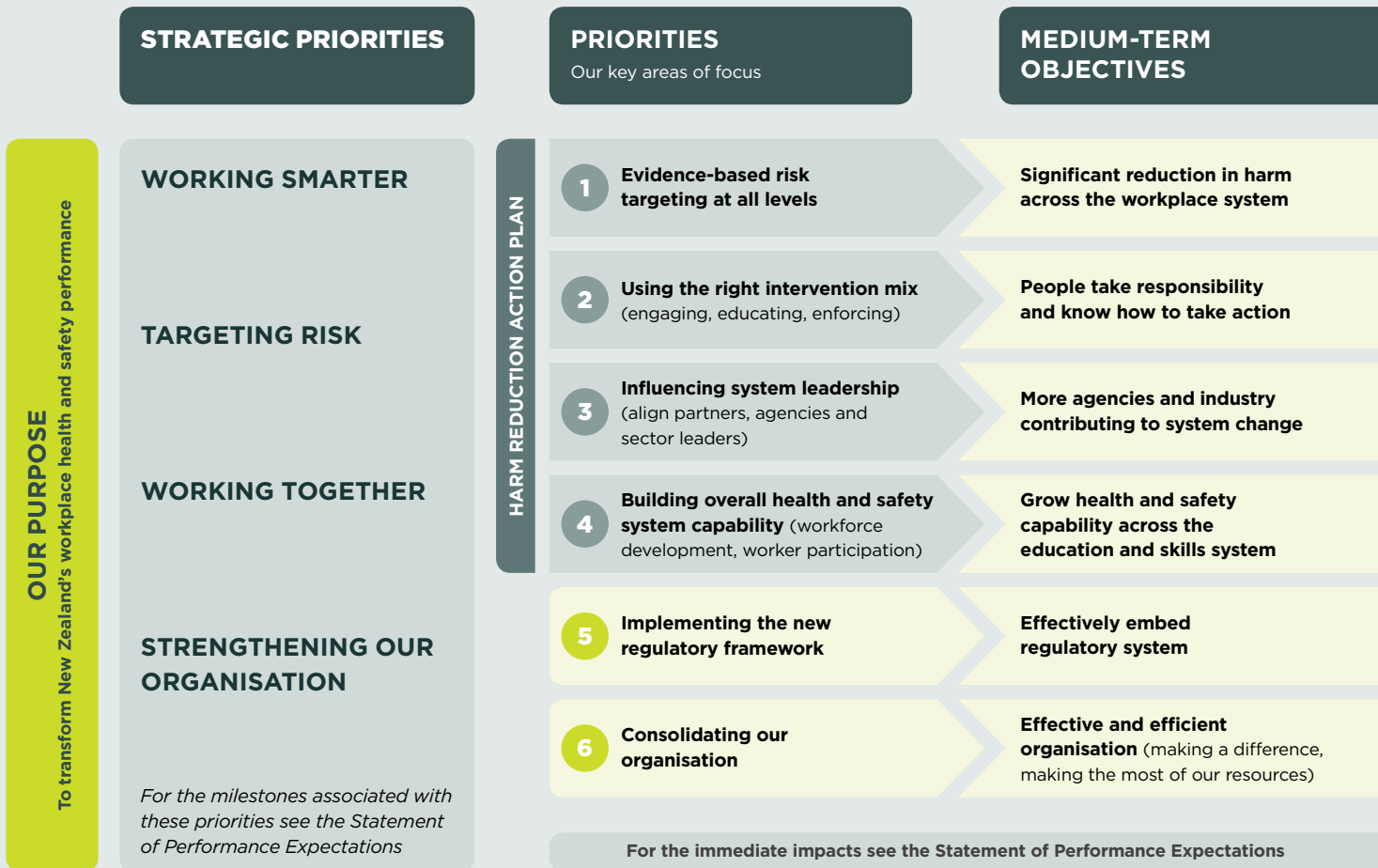
Our performance framework was refreshed in 2015/16 to provide greater clarity on the impacts and behavioural changes we seek to achieve through our core roles as a system leader, educator and enforcer. Our revised performance framework is guiding how we work to strengthen performance across the workplace health and safety system.

## WORKSAFE'S PERFORMANCE FRAMEWORK



# Our strategic direction

## WORKSAFE'S STRATEGIC FRAMEWORK



**In 2015/16 we enhanced our strategic framework, which is set out below and is informed by the Government’s *Working Safer* blueprint to transform health and safety at work in New Zealand.**



# OUR YEAR IN REVIEW

**There are continuing signs of positive change, but variable results indicate the health and safety system is still maturing. A concerted effort is needed by everybody to build an effective and high-performing health and safety system.**

WorkSafe continued to make good progress in embedding the conditions to support transformational change across New Zealand's workplace health and safety system. There is evidence of positive change in the performance of the system, demonstrated by the declines in the official rates of workplace death and potentially fatal injuries occurring in New Zealand workplaces. This reduction in harm shows we are moving in the right direction.

At the same time, the overall level of harm in New Zealand workplaces remains at an unacceptably high level and there are some areas where we have not seen the same level of progress. The number of injuries requiring more than a week away from work continued to rise. Harm also continued to remain at a high level amongst our priority sectors.

The introduction of HSWA represents a significant step that has provided the necessary catalyst and conditions to support sustainable change in workplace health and safety. The implementation of HSWA has been a significant milestone for WorkSafe. We undertook a broad range of education and engagement activities to support people to understand what was required of them under the new law (see page 36).

Alongside implementing HSWA, through our system leadership role we are supporting long-term change across the health and safety system. We have worked with ACC to develop the HRAP, supporting the joined-up delivery of evidence-based injury and harm prevention programmes (see page 17).

We have also developed our *Healthy Work* strategy, which sets out our long-term vision and approach to improving work-related health (see page 21).

We have done this by building our evidence-based, risk-targeted approach to working across the health and safety system. We have also started to carry out evaluations on the impacts of our interventions and have been building our data analytics and research capabilities.

We have focussed on ensuring that we are using the right mix of our interventions (engagement, education and enforcement) to strengthen health and safety practices across the diverse range of businesses we work with. Using this approach we have undertaken over 16,900 assessments, with 87% of these in high-priority areas<sup>iii</sup>. Around 30% of assessments had a secondary focus on work-related health.

The organisations we have come into contact with have reported that they continued to be treated fairly and were satisfied with the contact they had with WorkSafe inspectors<sup>A</sup> (see page 32).

We used HSWA as a platform for engaging and educating a wide range of employers and workers. Our efforts in this area in the past year have started to see more people reporting that they have a better understanding of their health and safety responsibilities<sup>A</sup>.

It is an important part of our role as the regulator to use our enforcement levers to hold people to account. In the past year we undertook 493 targeted investigations and 98 prosecutions (of which 91% were successful).

A key priority for WorkSafe in 2015/16 was building capability and leadership across the health and safety system (see page 46). We worked closely with industry leaders, employers and sector bodies to develop a joined-up and sector-specific approach to managing health and safety in workplaces. We have put strong foundations in place to improve workplace health and safety for Māori, as set out in our *Maruiti 2025* strategy.

<sup>iii</sup> We have also supported the increased involvement of workers in health and safety assessments. 1,709 assessments recorded specific engagement with a health and safety representative on site.

We worked with the Forest Industry Safety Council, the New Zealand Council of Trade Unions, Beef + Lamb New Zealand, DairyNZ and the Business Leaders' Health and Safety Forum, as examples, to support improved health and safety practices at an industry level. We supported key initiatives such as ConstructSafe and Safetree, providing a platform for improving health and safety competency tailored to industry needs.

We have also worked to build capability in the health and safety system. We have provided employers and workers with clear information and advice on good health and safety practices. Our work has helped to provide employers and

workers with relevant information on how they can best identify and manage health and safety risks in their workplaces.

Alongside our harm reduction partners we have produced guidance, educational material, and training to improve worker participation. Our collective efforts have put the foundations in place to increase the contribution that workers are making to help improve workplace health and safety.

WorkSafe has made progress on a number of fronts in our quest to make workplace health and safety a reality. Our platform for change is solid as we look to make further progress in the years ahead.

## CONTEXT

### Work-related fatalities continue to decline, but too many people are still being killed at work

The official rate of work-related fatalities is declining but it is clear that further work is required to continue this trend. Official results show that the rate was 2.2 per 100,000 workers in 2012-2014, a 31% decrease from the 2011-2013 rate and 26% below the baseline rate. These results demonstrate stable progress towards reducing deaths in New Zealand workplaces.

WorkSafe estimates<sup>iv</sup> that over 2013-2015 the rate will increase slightly to 2.5 fatalities per 100,000 workers. Continued effort is needed to keep driving a downward trend in work-related fatalities.

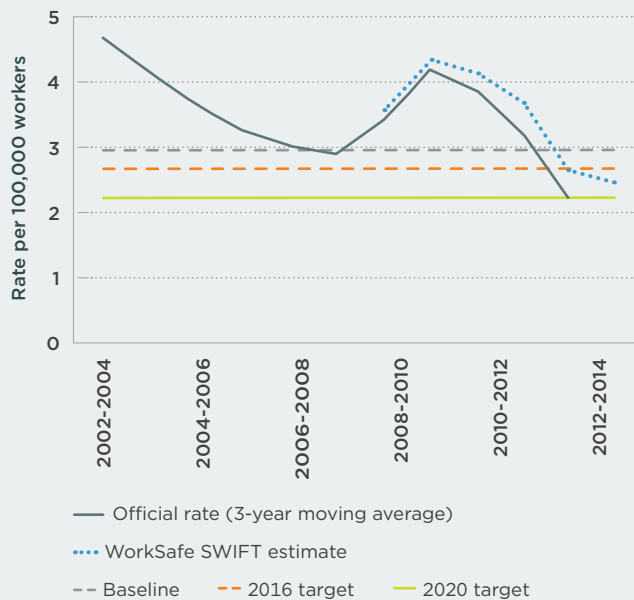
In 2012, the Government set targets for reducing New Zealand's high rates of harm at work. The targets are to reduce workplace fatalities, serious injuries (ie hospitalisations) and injuries requiring more than a week away from work by 10% by 2016 and 25% by 2020.

Fatality and serious injury rates have been decreasing slightly while the rate of injuries requiring more than a week away from work has not followed this pattern.

More work is needed to bring down the level of harm New Zealanders are experiencing at work. For more information, see *Working Safer: Progress toward the 2020 targets* and pages 67-69.

## WORK-RELATED FATAL INJURY

(three-year moving average rate per 100,000 workers)<sup>v</sup>



<sup>iv</sup> The graphs in this report presenting progress against system targets include a mix of official statistics and data from WorkSafe's System for Work-related Injury Forecasting and Targeting (SWIFT). This combined data is used because there is a time lag associated with the collection of the official injury statistics. The data from SWIFT helps to provide more up-to-date reporting and allows projected estimates to be made against targets while waiting for official statistics.

<sup>v</sup> Note that Statistics New Zealand produces 'age-standardised' fatality rates that weight fatality counts according to victims' ages. WorkSafe is unable to replicate this methodology. As such, fatality rates calculated by WorkSafe appear higher than Statistics NZ's rates for the same period.

# WorkSafe's focus in 2015/16

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## WORKING SAFER (PREPARING FOR HSWA)

The Government laid the foundations for transforming the health and safety system

through the 2013 *Working Safer* blueprint. The introduction of HSWA, which came into effect on 4 April 2016, represents a significant step towards embedding the Government's vision set out in the blueprint of building a high-performing health and safety system.

WorkSafe put huge effort into supporting businesses and sectors to prepare for the strengthened direction and expectations set through HSWA. We worked closely with a broad range of organisations to provide clear guidance and advice to ensure that everyone has access to the information they need to understand what is expected of them under the new law.

With a large number of businesses and a wide range of organisations throughout New Zealand, we had a significant challenge in getting messages out effectively. To ensure the success of our engagement approach we developed a multifaceted and targeted campaign to direct our tailored messages and guidance to a wide range of businesses, sectors and industry bodies.

Our engagement approach supporting HSWA was wide-reaching. Feedback from a range of our stakeholders was very positive around our messaging, advice and guidance on the new law. This success is testament to the significant work of our staff and partners who worked tirelessly to prepare for the implementation of HSWA.

Further information on the work to support the introduction of HSWA is on page 36.

## CREATING THE CONDITIONS FOR SYSTEM CHANGE

The reforms to the health and safety system have put in place strong foundations for us to build from and lift performance across all parts of the system.

HSWA's introduction represented an important step towards creating the right conditions to drive this sustained change. *Working Safer* outlined a number of critical factors integral to high-performing health and safety systems. These include having effective safety governance and worker participation, user-focussed and accessible education on what good practice looks like, meaningful incentives, a competent workforce and quality professional advice. WorkSafe has made good progress in building capability in a number of these areas, as detailed in this report.

WorkSafe's ongoing focus on driving change is critical in helping our health and safety system to mature and deliver improved results. Addressing the unacceptable level of harm in the workplace health and safety system requires a concerted effort from all our partners to embed the conditions that ensure everyone who goes to work comes home healthy and safe.

# TARGETING RISK

In 2015/16 we committed to:

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**implementing the work-related health strategy**

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**targeting high-risk sectors including via harm reduction programmes with ACC**


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**continuing to build our High Hazards Unit and engagement and enforcement in major hazards.**

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We made strong progress across these priorities as part of our risk-targeted approach to reducing harm across the health and safety system at work.





**New Zealand has a diverse range of workplaces across several sectors. There are around 500,000 businesses and a number of public sector and non-governmental organisations. This means we need to be smart and focussed in terms of where we target our efforts.**

WorkSafe has continued to embed its evidence-based approach of targeting areas of risk that have the greatest impact in reducing harm within workplaces. We have used our collection of data, research and evidence to drive the development of the HRAP and our work-related health strategy, *Healthy Work*.

We have invested in and built research and operational intelligence capability. We are now using this intelligence to drive where and how we conduct our business. We have worked with ACC and Statistics NZ to understand the areas and causes of injury and to identify other ways we can use data to enrich the targeting of our interventions.

We are working closely with businesses to manage risk in high hazard industries, as well as sectors with

common risks of acute, chronic or catastrophic harm. In the past year we have strengthened our work with priority industries and lifted health and safety capability across a wide range of businesses. We have worked closely with the Forest Industry Safety Council and the Construction Safety Council to ensure they have the tools and information to improve health and safety in their sectors. WorkSafe has concentrated its efforts on higher priority areas with high injury, ill-health and fatality numbers, such as agriculture, forestry, construction and manufacturing, along with sectors with potential for catastrophic harm (extractives, petroleum and geothermal, and Major Hazard Facilities). Given the workplace health and safety statistics in high-priority sectors a focus on these areas remains critical.

## Reducing harm across the system

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We have also broadened our focus to other important health and safety risks outside these priority sectors. Informed by the HRAP, we have worked closely with ACC to identify an approach for addressing cross-cutting risks<sup>vi</sup> that are common to many sectors and together account for a significant amount of harm in the workplace. We believe that the way we can have a greater impact is to target interventions to these cross-cutting risk factors. Making progress in this area will be a key focus for us in the next year.



<sup>vi</sup> The cross-cutting risks covered under the HRAP include: slips, trips and falls, working in and around vehicles, body stressing and clean air.





### Partnering to reduce harm

WorkSafe has partnered with ACC to establish *Reducing Harm in New Zealand Workplaces – an Action Plan 2016-2019* (HRAP). Through the HRAP, both agencies have developed an overarching framework to guide the development and delivery of evidence-based injury and harm prevention programmes.

The development of the HRAP represents an important step towards embedding an integrated approach to harm prevention in New Zealand. It focusses on combining the skills, influence, incentives and reach of WorkSafe and ACC to drive a joined-up approach to preventing harm at work.

The HRAP forms a critical basis for enabling the system-wide leadership needed to support sustained progress towards the Government's targets for reducing deaths and serious injuries at work. It targets injury prevention activities in sectors that make the largest contribution to injuries resulting in more than a week away from work, fatalities and work-related harm. It also focusses on key cross-sector risks that affect a broader range of sectors and businesses. The HRAP aims to provide a stronger and more integrated approach to work-related health, working alongside businesses with very high injury and harm rates.

Establishing a clear, co-ordinated and consistent approach to workplace injury prevention is a key objective of the HRAP in order to strengthen performance across the system. The HRAP encompasses change programmes that aim to support all businesses in reducing injuries and harm at work. These programmes include education and awareness raising, workforce development, health and safety leadership and worker engagement and participation.

## Using our intelligence to inform a smarter and more targeted approach to working with ‘at-risk’ companies

WorkSafe has developed an operational intelligence tool to better target companies presenting the greatest risk of harm. The tool, known as the Company Risk Model (CRM), is an innovative, automated and online evidence-based intelligence risk model and business intelligence tool that helps to identify and target ‘at-risk’ companies. It also supports health and safety inspectors through positioning them ‘at the Right Site, at the Right Time, for the Right Reason’.

The CRM takes data from WorkSafe, ACC and the Companies Office to create a profile of the types of risk a company is likely to face. This information can then be used to identify and target companies of interest, based on risks specific to the duty-holder, rather than determining visits based solely on priority sectors or the presenting hazards.

The CRM will be complemented with a Traffic Light Model used to monitor change in health and safety practice within businesses in order to assess whether interventions are influencing reductions in workplace harm. The ability to track progress will allow our inspectors to assess the impacts their interventions are having. It will also enable inspectors to identify where particular interventions may or may not be having the desired effect. This information will help us to retarget and select interventions to minimise health and safety risks within workplaces.

These intelligence tools, as part of our broader toolkit, are helping to ensure we operate in a smarter and more targeted way to identify and manage risk in all businesses and sectors in New Zealand. The tools represent important progress in agencies working in a collaborative and integrated way using intelligence to target health and safety risks.



# Work-related health (WRH)

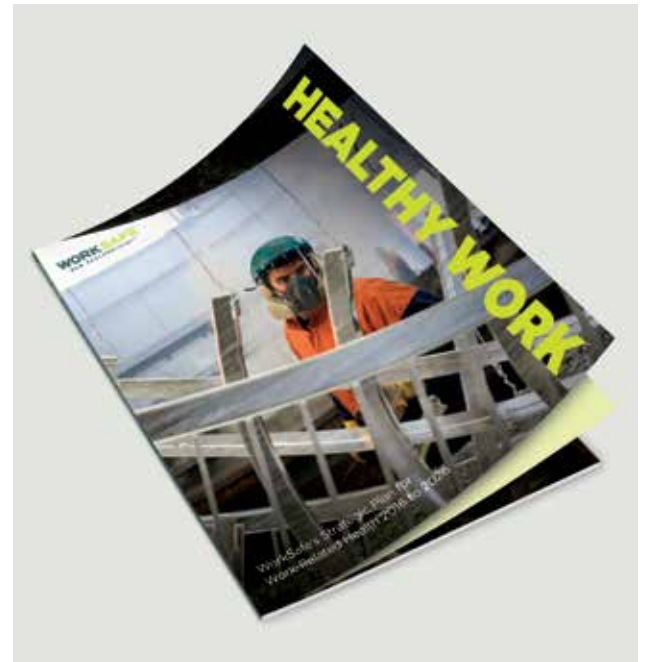
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WorkSafe made WRH a top priority in the 2015/16 year. We have developed our ten-year strategic plan for WRH, *Healthy Work*. This plan outlines the high-level direction and approach we will take and will act as a core pillar of the New Zealand Health and Safety at Work Strategy. *Healthy Work* details a series of strategic themes and focus areas of activity for the coming ten years to enable improvements in the way WRH is managed.

During 2015/16 we engaged with businesses and workers to manage health risks at work through greater education, engagement and, where necessary, enforcement.

Our inspectors are routinely and proactively engaging with a wide range of organisations and industry groups on WRH risks across the country. This provides assurance around the approaches being taken to control risks and enables us to educate and enable continual improvement in WRH risk management. In 2015/16, our inspectors conducted over 4,900 proactive workplace assessments with a WRH-related focus, primarily related to noise and silica risk management.

We have increased the availability of health-related guidance and education materials for employers, workers, their representatives and other stakeholders. For example, we have developed guidance material on local exhaust ventilation, noise in the manufacturing industry, fatigue in the construction industry and ways to reduce the risk of leptospirosis exposure in meat processing workers. We have also developed and published WorkSafe's Position on Work-related (Occupational) Health, which clearly



outlines WorkSafe's interpretation of WRH, the approach we will take to the issue and our expectations of duty-holders.

Enforcement is used where we believe that the potential for harm to health, or the action taken to address risk, warrants this action. Where necessary we have used our enforcement tools to ensure that risks to health are adequately managed. Between July 2015 and March 2016 we used our enforcement tools on 685 occasions related to the management of WRH risks.



## CLEAN AIR PROGRAMME

The Clean Air programme is WorkSafe's first targeted intervention on WRH. Its immediate goal is to reduce the risk of respiratory disease caused by exposure to respirable crystalline silica and organic solvents in the construction and manufacturing sectors.

A key part of the Clean Air programme is raising awareness of the health risks of these substances and how they can be eliminated or controlled. Staff from our construction programme are already on the road engaging with industry on this issue through nationwide roadshows. In 2015/16 they gave 26 presentations to 4,000 attendees.

The programme is well underway in Christchurch. The Canterbury Rebuild Programme has been building awareness of airborne contaminants through events such as trade breakfast sessions for construction workers. WorkSafe also organised a mobile WRH van, staffed by two occupational health nurses, to tour Rebuild sites. The nurses saw over 900 construction workers who all received advice on how to make sure personal protective equipment (PPE) is fitted correctly, plus information on health risks.

Inspectors are trained in managing the risks with airborne contaminants and are supporting workplaces to control these risks. From July to December 2015 inspectors conducted 670 silica assessments and issued 54 notices (36 improvement notices, nine prohibition notices and nine written warnings).

# Hazardous substances

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## **It is estimated that 150,000 organisations in New Zealand work with hazardous substances.**

We are working to support the safe management of hazardous substances in these workplaces to protect workers and the broader public from the risks of acute and chronic harm.

In the past year we have undertaken targeted reviews to assess persons conducting a business or undertaking's (PCBUs') health and safety practices around the management of hazardous substances in their workplaces. Our focus has been on ensuring that PCBUs have the right knowledge, systems and processes in place to appropriately manage the health and safety risks from having these substances in their workplaces.

As at 30 June 2016, WorkSafe had undertaken 3,100 assessment visits that included a hazardous substance focus. These included 218 visits that were part of a project to specifically assess compliance with eight key controls for managing hazardous substances in the horticulture, timber treatment and metal finishing industries. Although the analysis of the results is still being completed, the initial findings from these visits identified some concerns regarding the storage and use of hazardous substances that will be an area of focus in 2016/17.

Building our internal capability in managing hazardous substances has been a key priority for WorkSafe in 2015/16. We have focussed on upskilling more of our inspectorate staff so they are better equipped to identify and manage risks around hazardous substances in workplaces. To ensure that we have the right capability in this area, inspectorate staff from across the country were seconded into technical roles to further lift their knowledge of and skills with hazardous substances, as well as provide additional capability to the inspectorate staff in their regions.

Significant progress has been made with cross-agency planning and collaboration for the management of hazardous substances. In particular, WorkSafe has developed the *Working Safer Reforms: Hazardous Substances* joint plan with the Environmental Protection Authority (EPA), the Ministry for the Environment and MBIE. WorkSafe is also working closely with MBIE on the development of new hazardous substances regulations that are due to be made in late 2016 and come into effect mid-2017.

# Major hazards and catastrophic harm

Our High Hazards Unit (HHU) comprises technically skilled managers and inspectors. WorkSafe proactively engages with industries where there is the potential for rare but potentially catastrophic events (ie affecting a large number of workers, the neighbouring community and/or essential services).

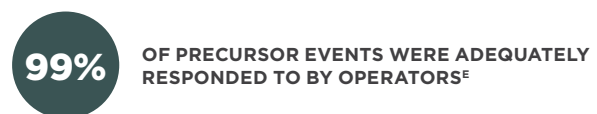
In 2015/16 our specialist HHU inspectors completed 373 inspections. Of these inspections, 304 were for extractives, 46 for Major Hazard Facilities (MHFs) and 23 for petroleum and geothermal. In 2015/16 the HHU issued 174 improvement notices, 48 prohibition notices, seven written warnings and one infringement notice.

We have engaged with potential MHFs and have consolidated our understanding of the type and nature of facilities in New Zealand. The HHU also led complex process safety investigations and assisted with specific investigations of serious harm and fatality incidents.

In 2015/16 WorkSafe was notified of 126 dangerous precursor events in the high hazard sectors (up from 82 in 2014/15). Of these events, 80 were in the petroleum and geothermal industry and 46 were in extractives. 99% of these events were adequately responded to by operators.

We have worked closely with our interagency partners to support information sharing and to enable a joined-up, whole-of-government approach to ensure we effectively manage risks that have the potential to result in catastrophic harm. For example, we work with district and regional councils in the geothermal sector, and with the EPA, Ministry for Primary Industries, Maritime NZ and other relevant authorities in the offshore petroleum sector.

A key milestone for WorkSafe in the high hazards area was the implementation of the new Health and Safety at Work (Major Hazard Facilities) Regulations. These regulations place increased responsibilities on operators, including the need to develop safety cases that set out the basis for the safe operation of sites. In the lead-up to the regulations coming into effect in mid-2017, our focus has been on supporting operators to understand what is required of them. We have also developed our capability in the MHF function to implement the regulations.



## OVERVIEW OF THE HIGH HAZARDS UNIT

The HHU works to ensure that operators in high hazard sectors are effectively managing health and safety and the risk of major incidents occurring at their sites.

The HHU's work falls into three main areas:

- > extractives industries where we focus on mining, tunnelling and quarrying operations
- > petroleum industries where we focus on exploration and extraction, both onshore and offshore
- > geothermal well-drilling and operational activities.

The HHU works across a broad range of large and complex high hazard sites. HHU inspectors undertake comprehensive inspections to assess how operators are effectively managing risks, particularly those with the potential to result in catastrophic harm.



We have improved our guidance material for high hazard operators so they have the right information and knowledge to effectively manage risks. To support this, we have run a series of workshops with operators and key stakeholders, including consultants, workers and industry representatives, to prepare them for the new regulations. We received a lot of interest in and good feedback on the workshops in supporting and preparing MHF operators for the change.

As part of our engagement efforts, WorkSafe has developed a suite of five Good Practice Guidelines for operators of MHFs on how to fulfil their duties under the new regulations. The five WorkSafe Interpretive Guidance documents on the Petroleum Exploration and Extraction Regulations are also being reviewed.

The HHU has also undertaken targeted work to lift health and safety performance and improve attitudes and behaviours across the quarry sector. We have worked in partnership with industry bodies, including the Aggregate and Quarry Association and the Institute of Quarrying, to support this change.

Useful tools have been provided to the quarry sector, including position statements to clarify our requirements. In December 2015 WorkSafe released guidance on health and safety good practice at opencast mines, alluvial mines and quarries. This guide helps assist operators in developing, implementing and maintaining controls to manage hazards commonly associated with surface operations. It will also assist operators in meeting their regulatory obligations.

Unannounced inspections of quarry operations have been useful in raising awareness across the sector. During the year regional inspections were undertaken in Taranaki, Canterbury, Otago, South Waikato and Southland. In the Bay of Plenty, extractives specialist inspectors have spent time engaging with various iwi around quarry operations that are being undertaken on land that they own.

## SUPPORTING SAFE ENERGY USE

Supporting the safe supply and use of electricity and gas is the WorkSafe Energy Safety team's primary focus. We work with the public and industry to ensure that people are protected from the dangers of electricity and gas.

We promote, monitor and enforce the safe supply and use of electricity and gas in New Zealand, including electricity and gas appliances and fittings supplied and used throughout. To support this focus, we have worked to educate and raise awareness among the public so they are able to use gas and electricity safely. WorkSafe conducted a range of activities including investigations into accidents and unsafe situations involving electricity and gas, as well as audits of gas and electricity products and installations. Energy Safety also actively worked with the energy industries to promote safety and the development of industry standards.

In 2015/16 Energy Safety visited 193 product suppliers and audited over 331 gas and electrical products to check the compliance and safety standards were being met. In addition, 204 installations or installation records were audited for compliance. These audits were completed well within the business targets of 90% within 30 days for appliance audits and 50% within 30 days for other audits<sup>vii</sup>.

The cases investigated included 57 (notifiable) accident events (six were fatal events), 207 non-notifiable accident events and 76 unsafe situations involving electricity or gas. These cases were investigated and completed well within the business targets of 50% within 30 working days and 80% within 60 working day<sup>viii</sup>. We issued 230 warnings for breaches of electrical or gas regulations and six infringement notices.

Energy Safety and the call centre responded to 3,115 enquiries related to a wide range of regulatory and technical matters. The team is ISO 9001 quality system certified for its performance of investigations, auditing and compliance best practice activity, and successfully retained its certification status.

<sup>vii</sup> This is measured from the point that WorkSafe starts the audit.

<sup>viii</sup> This is measured from when WorkSafe was first notified of the incident.

# Targeting drivers of harm

**We have focussed our effort on targeting drivers of harm to ensure that everyone who goes to work comes home healthy and safe.**

The HRAP was created to enable a more integrated and targeted approach to addressing the drivers of harm across New Zealand workplaces. WorkSafe has developed joint initiatives with ACC to focus on cross-cutting workplace health and safety issues that contribute to a significant amount of harm, including high-priority sectors. Making progress on these cross-cutting issues will be a key focus for the year ahead.

While the HRAP was being developed significant work was undertaken to target and reduce harm amongst priority sectors. Four sectors that WorkSafe has focussed on (agriculture, forestry, construction and manufacturing) account for a high proportion of fatalities and injuries. They also have significant WRH issues. A significant amount of our effort has been directed into understanding drivers of harm and tailoring our interventions to improve health and safety outcomes across these sectors.

The impacts of these interventions will not be seen immediately; it will take time for our work to translate into reduced harm.

For our four priority sectors overall there has been a significant increase in the proportion of employers saying they made a significant change to their businesses' health and safety systems or practices:

**UP FROM 40% IN 2014/15 TO 50% IN 2015/16<sup>B</sup>**



We sought an increase on the 2014 result.







## AGRICULTURE



## FORESTRY

### DRIVERS OF HARM

Common mechanisms for injuries in the agriculture sector are livestock and falls, tractors and quad bikes, and agricultural machinery (including other vehicles).

Agricultural workers are also vulnerable to disease (particularly a range of cancers) caused by exposure to airborne substances such as dust and organic materials, pesticides, herbicides and insecticides. Hearing loss due to regular exposure to noise is also common.

Multiple layers of ownership and contractual relationships and competing economic tensions have led to a lack of co-ordinated leadership on health and safety issues.

Other contributing factors include:

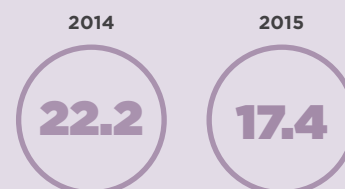
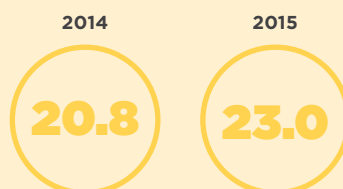
- > deficiencies in initial and on-the-job training for high-risk work
- > mixed capability among supervisors
- > limited communication and engagement with workers, between crews and across the supply chain.

### OUR KEY ACTIVITIES TO REDUCE WORKPLACE HARM INCLUDE:

- > Motivation and awareness marketing campaign, Safer Farms, which aims to promote conversations about health and safety in rural communities and within the rural media.
- > Development of supporting tools and guidance.
- > Information and training workshops.
- > Engagement with the sector through a range of sector-based forums.
- > Children's educational tools developed for use in schools.

- > Establishing a new approach with industry to the high-risk small-scale forestry sector. This approach focusses on intelligence gathered by inspectors, increasing the safety influence through the supply chain and targeted community and communication campaigns alongside Safer Farms.
- > Working alongside the Forest Industry Safety Council to support a co-ordinated and targeted approach to addressing health and safety issues across the sector.
- > Developing a prototype Google Maps-based forest location tool, allowing inspectors to better target assessments by viewing forests by age of planting.
- > Launching Safetree, a website containing a range of educational tools, guidance and support. This was developed by the sector, ACC and WorkSafe, and is now being managed by the sector.

### WE SEEK A REDUCTION IN INJURY CLAIMS FOR MORE THAN A WEEK AWAY FROM WORK (RATE PER 1,000 FTES)



### TOTAL NUMBER OF FATALITIES (2011-2015)<sup>ix</sup>



<sup>ix</sup> Based on WorkSafe's SWIFT data.



## CONSTRUCTION



## MANUFACTURING

### DRIVERS OF HARM

Key injury mechanisms in the construction sector include exposure to asbestos and other dusts; working in and around vehicles; falls from height; being hit by falling objects; body stress; slips, trips and falls and noise-induced hearing loss. Other causes of injury include a failure to account properly for risks in day-to-day activities and to integrate risk management into the business; a poor understanding of the value of health and safety; patchy worker participation and training; a limited understanding and management of work-related health; mixed management of health and safety through supply chains and dangerous machinery not being supervised and managed appropriately.

The main causes of injury in manufacturing are body stressing (mainly from lifting), machinery and tool use, and slips, trips and falls. Falling objects and moving vehicles are the most common mechanisms involved in fatalities in the sector.

WRH risks in the sector include exposure to airborne substances such as asbestos, silica, wood dust, and welding and solvent fumes. These exposures can result in cancer and cardiovascular and respiratory diseases.

### OUR KEY ACTIVITIES TO REDUCE WORKPLACE HARM INCLUDE:

- > Launching ConstructSafe, a competency-based framework which provides a consistent, transparent and independent way to check the health and safety competency of workers, trade specialists, supervisors and managers.
- > A focus on health and safety in the Canterbury Rebuild through the Canterbury Rebuild Safety Charter. This was supported by collateral and events targeting key risks.
- > Focus of the Preventing Falls from Height campaign on preventing falls in construction.
- > Producing information materials on critical risks in construction, followed up with trade breakfasts and industry engagements.
- > Implementing of the Clean Air campaign in the construction sector.

- > Broadening our focus on injury prevention from Safe Use of Machinery to include a range of educational tools and guidance materials on other health and safety risks in manufacturing.
- > A combination of inspection and education to raise awareness of noise-induced hearing loss, airborne contaminants and working around vehicle risks.
- > Stakeholder workshops, in partnership with ACC, to assist understanding of key risks and issues in manufacturing and to discuss potential ways to better address the risks identified.
- > The Safer Manufacturing programme, which addressed the issues raised in the ACC-WorkSafe workshops. The themes of the interventions are strengthening leadership, improving technical capability and increasing motivation.
- > A focus on the small number of businesses that represent a significant proportion of workplace injuries - and are willing to take leadership in designing and deploying a mix of interventions to improve their health and safety performance.

WE SEEK A REDUCTION IN INJURY CLAIMS FOR MORE THAN A WEEK AWAY FROM WORK (RATE PER 1,000 FTES)

2014



2015



2014



2015



TOTAL NUMBER OF FATALITIES (2011-2015)

32



18



# WORKING SMARTER

In 2015/16 we committed to:

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**progressing an organisation-  
wide stakeholder engagement  
plan and culture change  
initiatives**

---

**supporting small and  
medium-sized enterprises  
to understand and comply  
with HSWA**

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**working with other agencies  
to ensure effective  
coordination and support  
compliance with HSWA.**

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We worked effectively with our partners, business, government agencies and non-government organisations to effectively implement HSWA, leveraging the opportunity to raise health and safety awareness and promote good practice.

“WorkSafe’s approach is more about advising people and giving them information, guiding them in the right direction rather than pointing fingers and trying to pin you for something you perhaps didn’t know anything about.”

Survey respondent in the Targeted Independent Review of WorkSafe.



**We continued with our priority of working smarter by promoting accessible information, robust professional advice and effective training so that more people in workplaces know what is expected of them in relation to health and safety at work, and how to take action.**

We focussed our efforts on using the best available information on risks and their underlying causes, and evidence on what interventions work. Significant effort was made in giving businesses and workers the knowledge and guidance necessary to effectively manage risk.

# Using the right intervention mix: engagement, education, enforcement

WorkSafe’s primary interventions are **engaging** positively with those who influence work, **educating** about what good health and safety looks like and how to take action and **enforcing** – where appropriate – to ensure that duty-holders are held accountable for their obligations and others are deterred from breaking the law. We have focussed our attention on making it easier for businesses to work with us. We want to use our interventions in a balanced and appropriate way to bring about positive change across the diverse range of workplaces we come into contact with across New Zealand.

We expect all our interactions to include education and positive engagement, even if enforcement action is required. Enforcement also forms an important part of our toolkit for bringing about behaviour change across the system alongside the use of our education and engagement interventions.

WorkSafe’s enforcement lever is an essential tool for holding people to account, acting as a deterrent and ensuring that serious matters are put right. WorkSafe also uses engagement and education levers to demonstrate what good practice looks like and how to take effective action. When enforcement action is required we match our response (from notices through to prosecution) to the nature, scale and potential for harm of non-compliance. WorkSafe’s enforcement policy and procedures help to ensure that inspector decision-making is proportionate, consistent and transparent.

## BEING EVIDENCE-BASED, PROPORTIONATE, CONSISTENT

We have seen a positive improvement in how we are perceived, with more people seeing us as fair educators who provide support and advice.

We continue to see our actions having a positive impact in changing workplace health and safety. A high proportion of workplaces changed their practices after contact with WorkSafe.





**“Yes, we learnt things as a result... We’ve made a conscious decision to go hard at health and safety as a company – but you can’t know everything. You can’t go on courses the whole time. We welcome this attitude (from WorkSafe), this was great. It feels like they’re working with you, not against you.”**

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**Survey respondent in the Targeted Independent Review of WorkSafe.**

### **Using information to better target our education and engagement efforts with employers in Canterbury**

The Canterbury Rebuild Safety Charter was developed in the early days of the Canterbury Rebuild as a way of making sure that everyone who works in construction in Canterbury comes home healthy and safe every night. It is an agreement on health and safety between more than 340 organisations – from small companies to large construction firms and from government agencies to community organisations.

WorkSafe supports the Charter through secretariat and communications support, funding and membership on the Charter Steering and Working Groups.

A Charter assessment tool was developed in 2014 to enable members to benchmark their health and safety status and to measure progress against the Charter. The results help signatories to understand their performance against the Charter’s commitments and actions, as well as highlight areas where they may need to improve. The tool also provides relevant guidance to support them to improve.

The Charter Steering Group and Working Groups are using information from the tool to identify areas where signatories feel they require more support to improve health and safety in their organisations. They are doing this by tailoring and targeting education and engagement efforts to meet gaps where the reporting results indicate that signatories require more assistance and information.



## Sector insight – Changing health and safety practice in agriculture

WorkSafe is working collaboratively with the rural sector to support a step change in health and safety practice on New Zealand farms.

Our Safer Farms programme is designed to help reduce the number of injuries and fatalities by generating a nationwide conversation, supported by initiatives that engage the rural sector, to raise awareness of the problem and why it matters.

The campaign's initial focus has been on raising awareness of the problem. WorkSafe's strategy aims to address the opportunities for and barriers to behaviour change and empower key influencers trusted by those in the rural sector to ensure their messages are heard and understood.

We have used a range of channels to raise awareness in and communicate with the sector. We have also engaged across the agriculture sector to work jointly to bring about improvements in health and safety. We will continue to use enforcement as a tool to ensure the uptake of safe practices within the agriculture sector.

We are working to bring about sustained change across the sector by using a combination of targeted education and engagement interventions including:

- > a campaign that stimulates a conversation about the problem in the rural sector and debunks many of the myths around health and safety
- > tailored messages to the different target audiences to ensure relevance and impact
- > collaboration with other trusted and credible organisations in the sector including co-operatives, industry groups and businesses to extend health and safety messages at, and beyond, the 'farm gate', providing them with the reasons and the tools to engage with the sector
- > encouragement for farmers and farm workers to visit WorkSafe's website and use the toolkit to lift performance

- > the development of tools, guidance and case studies
- > content, information and training workshops
- > co-ordinated engagement campaigns with the sector through a range of forums.

WorkSafe has taken a tailored and targeted approach to engaging with a range of agriculture-focused businesses and industry bodies at all levels within the sector.

To drive change in the sector, we have established strong partnerships and are working closely with a wide range of industry bodies, including Beef + Lamb New Zealand, Federated Farmers, DairyNZ, New Zealand Wine and Horticulture New Zealand. This has resulted in a great response from the sector – for example Beef + Lamb's health and safety workshops, delivered in conjunction with WorkSafe, have been oversubscribed.

We also work with organisations that support the agriculture sector, such as FMG, OSPRI and other industry suppliers, to provide advice that they can use to deliver key messages to farmers they engage with.

We have worked closely with the sector to jointly develop clear and relevant information to help businesses understand what good health and safety looks like and how they can translate these practices into their own businesses.

People and businesses across the agriculture sector are now visibly more engaged than they were prior to the launch of Safer Farms. They want to work with WorkSafe to improve their health and safety practices.

A demonstration of our success to date is that businesses across the sector are inviting WorkSafe into their workplaces to proactively review their health and safety practices. This is a significant change from several years ago, when some parts of the sector had much less appetite for engaging on health and safety.



# Helping others to understand the new law and good practices

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The introduction of HSWA was a key milestone for WorkSafe in the 2015/16 year. The new law is part of the most significant set of changes to our work health and safety regulatory framework in 20 years. It ensures that everyone has a role to play, clarifies who has what responsibilities and signals the new way of thinking that is needed to help improve New Zealand's health and safety record.

Understandably, the new law has drawn significant public attention and commentary. This has provided an important opportunity to focus people and organisations on taking a fresh look at their workplace health and safety, and particularly on understanding and managing risk and building capability in their workplaces.

**84%** A SUBSTANTIAL MAJORITY OF EMPLOYERS (84%) AGREE THAT GOOD HEALTH AND SAFETY SYSTEMS ARE GOOD FOR THEIR BUSINESSES<sup>6</sup>

To support the introduction of the new law, we have put significant effort into engaging with and educating a wide range of people and organisations in diverse sectors throughout New Zealand.

Our aim has been to give people access to the information they need about the new law and good health and safety practices in order to take informed, proportionate action in their workplaces and set clear and consistent expectations about legal obligations and what people can expect from WorkSafe as a regulator.

To engage with and meet the varying needs of our large and diverse audience base we have taken a multifaceted approach using multiple channels and have developed a mix of general as well as targeted and tailored tools and resources.

WorkSafe has engaged directly with industry groups and organisations in a wide range of sectors and businesses through hundreds of events run right across New Zealand, including workshops, seminars, roadshows and conferences. As well as targeting those sectors with the highest rates of injury and fatality – including agriculture, forestry, construction and manufacturing – we have been working intensively with other businesses with the potential to have catastrophic harm events, such as MHFs. We have also been working with sectors as diverse as education and hospitality, volunteers, office-based businesses and many others in between.

A wide range of media channels was used to support our engagement approach, ranging from traditional mainstream media, including TV and radio, to digital approaches, including the use of social media, to promote our messages.

### ENGAGING WITH SMALL BUSINESSES

Small to medium businesses exist across a wide range of sectors and have exposure to varying levels of work-related health and safety risk.

To reach and meet the needs of this diverse audience, WorkSafe has partnered with other agencies, including ACC and business.govt.nz, and worked closely with the Small Business Development Group to seek insights and feedback in working with small and medium-sized businesses.

Our efforts in this area have resulted in the development of a wide range of tools and resources for small businesses to help them apply the legislative concepts and better understand and manage WRH and safety risks in a small business context.

Alongside this work, WorkSafe has also organised and participated in a range of events for small businesses including ACC-led regional forums and the MBIE-led Small Business Roadshow. We have also worked with and through other channels to reach small businesses – for example supporting a building supplies firm with a workshop series that it delivered to its small business customers around New Zealand.



### KEY FACTS<sup>D</sup>



HIGH WEBSITE TRAFFIC - HSWA MATERIAL ATTRACTED 1.8 MILLION VIEWS OVER APRIL-JUNE 2016 (MORE THAN DOUBLE THE NUMBER OVER THE SAME PERIOD IN 2015)



**100,000**

VIEWS OF WORKSAFE'S LINKED IN PROFILE IN APRIL 2016



HSWA TOOLS AND INFORMATION ROLLED OUT ON FACEBOOK



OVER **29,000**

VIEWS OF WORKSAFE'S VIDEO OUTLINING HSWA PRINCIPLES

# Home Time campaign

The Home Time campaign was built around WorkSafe’s vision – that everyone who goes to work comes home healthy and safe. The 18-month-long campaign was across TV and digital platforms and was designed to raise awareness about health and safety and challenge Kiwis to make our workplaces safer and healthier for everyone.

The centrepiece of the campaign showed workers returning home healthy and safe at the end of the day and featured some of New Zealand’s top industry leaders advocating for health and safety. The campaign was also extensively promoted via social media.

## WE SAW ENCOURAGING RESULTS FROM THE CAMPAIGN



**49%**

COVERAGE OF MALES AGED 25-54 AUDIENCE

**494,000**

TOTAL VIEWERS ON TV

**175,364**

TOTAL VIEWERS ON VIDEO ON DEMAND

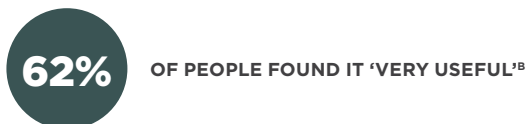
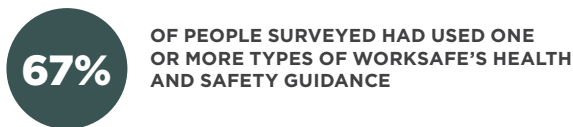




**“These (roadshows) are great...  
Just being able to get together  
with other businesses and gather  
good information from WorkSafe  
is invaluable.”**

**Manufacturing roadshow attendee in June 2016**

The range of information, tools and resources we have provided, and continue to build on, includes interpretive and Good Practice Guidelines, fact sheets, FAQs, case studies, risk management tools and industry-specific information. We have also developed interactive resources for people to download and use in their workplaces for discussion and training purposes, including quizzes, videos and ‘icebreakers’. Input from our partners and stakeholders, including unions and business groups, helped us to develop and, in many cases, co-design these resources.



**MYTH-BUSTING**

The period leading up to implementing HSWA saw the emergence of a range of myths around the intent and impacts of the new legislation and how WorkSafe would operate to implement the new law. These ranged from minor misconceptions to wide misinterpretations and gave rise to some unnecessary fear and concern among businesses, workers and the wider public. However, the myths also helped to raise a range of issues and helped WorkSafe to understand where there was further work to be done to help people get a clear understanding of the law and how to apply it in their work situations.

We developed a myth-busting campaign that focussed on dispelling inaccurate statements and providing businesses with clear guidance on the new law and how WorkSafe would work with organisations to improve workplace health and safety. As part of the campaign we worked proactively with the media - national, regional, local and trade. To meet an evident need, we also developed a specific myth-buster series for the agriculture sector.

Our focus through the myth-busting series was on promoting and supporting an approach where everyone is working together to sensibly and proportionately manage the critical risks in their work contexts that could cause serious illness, injury or even death.

Our clear guidance and information through the myth-busting series have helped to remove the unnecessary concern and distraction caused by the misconceptions around the changes to the law. We have used the campaign to reinforce our commitment to working closely with businesses to help them understand how they can improve their health and safety practices. This work will continue as long as is necessary.



# Applying regulatory pressure where appropriate

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Being credible and proportionate is a fundamental principle that sits at the heart of our enforcement approach. Where appropriate, we hold duty-holders to account when they do not meet their health and safety obligations.

We have continued to focus on building capability to ensure that our enforcement responses are specific and proportionate to the situations they address, and to the seriousness of the workplace behaviour.

We have also invested a significant amount of effort in ensuring that we are transparent with our stakeholders, businesses, sectors and the public so that they have clarity on when we will use our enforcement levers. To help achieve this, we published our enforcement policy and Enforcement Decision-making Model (EDM).

The EDM assists inspectors so that each inspector uses the same criteria for matching their response (from advice through to prosecution) to the presenting nature, scale and potential for harm; the way this relates to legal requirements; the current state of knowledge and local factors such as the history and overall performance of the duty-holder. This tool plays an important role in helping to ensure greater transparency and consistency in how we use our enforcement levers to bring about positive improvements to health and safety in workplaces throughout New Zealand.

Specific information about our prosecution approach is also publicly available in WorkSafe's prosecution policy, ensuring transparency in our enforcement approach.

We have also developed training and a new inspectorate practice framework to support guided discretion and consistent, proportionate practice – so that WorkSafe's decisions are trusted and authoritative.



# WORKING TOGETHER

In 2015/16 we committed to:

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**building an evidence-based approach to harm prevention**

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**implementing the new regulatory framework for health and safety at work**

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**continuing the pilot of the Safety Star Rating initiative**

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**progressing our Workforce Development Strategy.**

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WorkSafe worked resolutely across these priorities. Along with effectively implementing HSWA, we continued building evidence and intelligence to inform our interventions (see page 20). The Workforce Development Strategy and Safety Star Rating initiative work contributed towards building health and safety system capability.

**Our leadership capacity across the health and safety system continues to grow. Strong leadership is integral to being able to drive systemic change across the system. We focus on bringing together workers, businesses and government agencies to work in partnership to strengthen co-ordination across the system.**

We have used this way of working to improve health and safety practices across our current priority sectors of agriculture, forestry, construction and manufacturing.

Our leadership approach has focussed on using the respective strengths, influences and knowledge of our partners, including MBIE, Maritime NZ, the Civil Aviation Authority and New Zealand Police, to deliver an integrated approach to improving health and safety and support HSWA's implementation.

We are building our reputation as a credible leader that works in partnership with our key stakeholders to drive integrated, sustainable and long-term improvements in the performance of the health and safety system.

Our progress in this area has been supported by the Targeted Independent Review of WorkSafe, which found that our engagement approach is generally viewed as positive and constructive. Stakeholders expressed the view that WorkSafe had, and would continue to, improve in this area.



# Influencing system leadership (partners, agencies and sector leaders)

We have focussed on partnering with key government agencies that are critical in effectively implementing the new legislation and supporting system-level change. As an example of our leadership in action, we worked closely with ACC on joint initiatives in agriculture, forestry, construction, manufacturing, the Safety Star Rating initiative<sup>x</sup> and in Canterbury.

We have worked alongside the State Services Commission and MBIE to prepare public sector agencies for the new law. This included supporting high-risk agencies by convening a group of chief executives to learn and share their common risks and control/mitigation strategies, supporting the State Services Commission in developing a government chief executive community of interest on how to exercise effective health and safety leadership, and visiting public sector senior leadership teams.

We provided secretariat support to WorkSafe's key expert advisory groups, including the Occupational Health and Extractives Industry Advisory Groups. Our work in this area helped to bring together technical experts and our partners to inform and test the development of guidance material, regulations and legislation.

Achieving sustained progress across the health and safety system requires a joint effort by our partners, other agencies and sector leaders. The level of sustained change we need means we cannot do it alone. Part of our critical leadership role across the system is enabling other agencies to build their leadership capacity. We have focussed our

attention in this area with our partner agencies to build leadership capacity right across the system. The HRAP sets out our joint approach with ACC to strengthen system leadership in responding to the most significant contributors of harm, with a particular focus on priority sectors and cross-cutting risks.

Examples of agencies that have been naturally positioned, willing and capable to lead health and safety issues are MBIE (using its procurement levers to improve health and safety outcomes), the NZ Transport Agency (leading road safety) and EPA (leading the hazardous substances part of the health and safety regime).



<sup>x</sup> The Safety Star Rating initiative was a pilot project in 2015/16 that gave businesses the opportunity to obtain an independent qualified assurance that they were meeting good health and safety practice. 94 businesses undertook an online self-assessment and 39 businesses received on-site assessments. All the businesses then received an assessment report, guidance and advice.

Improving workplace health and safety for Māori was a key area of focus for WorkSafe this year. Māori workers are more likely to be seriously injured at work and are overrepresented in industries with higher rates of injury and illness. As part of building our system leadership function we focussed on developing a clear approach for working to improve health and safety outcomes for Māori, as both workers and influential business operators.

Our strategy for working with Māori, *Maruiti 2025*, outlines our intention to work with Māori rūnanga, trust boards and post-settlement governance entities as well as a range of other Māori groups, leaders and businesses to address health and safety issues. We have focussed on building our internal capability to strengthen how we work with Māori. This has included building our capability to oversee the delivery of *Maruiti 2025* and develop a Kaupapa Māori training programme and the Te Ao Māori digital learning application. As we build this capability we will start to turn our focus externally towards ways that we can work in partnership with iwi and other key Māori groups to improve health and safety outcomes for Māori. We are working to reach the hearts and minds of Māori workers and the wider Māori community through marae and tikanga-based learning principles.

In the next year we will build our system leadership role by developing a broader engagement and communications strategy. This will include a comprehensive picture of the health and safety system, leverage points, opportunities and how to engage at multiple levels, including with other government agencies. We will also look to develop shared health and safety system goals and measures that matter, with our key partner agencies, as we work towards a new national Health and Safety at Work Strategy.

# Building overall health and safety system capability

Building capability across the system is a key component in helping the health and safety system to mature and deliver the conditions needed to ensure that all New Zealanders who go to work come home healthy and safe.

We work closely with businesses, sectors and industry bodies to build the right capability across the system and help drive sustained improvements in the health and safety of workplaces across New Zealand.

Effective health and safety management requires business leaders, managers and workers to have sufficient knowledge and skills to identify and manage health and safety risks in their work. It also requires professionals with the right capacity and capabilities to advise businesses on managing risks in an efficient and effective way. Our efforts to build capability in these areas have provided a stronger platform for strengthening the system.

## WORKFORCE DEVELOPMENT

The Independent Taskforce on Workplace Health and Safety identified 'major capacity and capability constraints among workers, managers, health and safety practitioners, business leaders and the regulator'. In *Working Safer*, the Government committed to delivering a workforce development plan to address these capability and capacity issues.

Key initiatives that WorkSafe has undertaken to build the capacity and support workforce development across the system include:

- > contributing to the Targeted Review of Health and Safety Qualifications and the Unit Standards review – ensuring robust health and safety qualifications
- > contributing to the delivery of four new asbestos unit standards to ensure that there is measurable

training for workers removing, supervising and assessing the handling of asbestos in New Zealand

- > continuing to support the Health and Safety Association of New Zealand (HASANZ) and the delivery of the register of health and safety professionals.

To support the introduction of HSWA, we worked to develop the new health and safety representative (HSR) unit standard. This new unit standard, aligned with the requirements of the new Act and regulations, introduced a new way of training HSRs, including measurable training in keeping with the requirements of the New Zealand Qualifications Authority.

We also worked with MBIE to provide transition training to HSRs across New Zealand to help them learn about how their roles changed with the implementation of HSWA. In June 2016 there were over 11,000 registrations for training and over 9,000 HSRs had completed training. Feedback from participants indicates the training was well received.

The New Zealand Institute of Safety Management worked with us to deliver an accreditation system for generalist health and safety practitioners. The programme provides a competency framework and standards, based on international best practice, and an accreditation system to enable consistent accreditation for generalist health and safety professionals aligned with agreed competencies.

Collectively, this work responds to the need identified by *Working Safer* to lift the capability of health and safety professionals and advisers and ensure better access for business to appropriately qualified professionals.

## WORKER ENGAGEMENT, PARTICIPATION AND REPRESENTATION

Workplaces are healthier and safer when workers are engaged and can participate effectively in health and safety matters. Supporting stronger worker engagement, participation and representation was a focus for WorkSafe in 2015/16.

Strong worker engagement and participation does not just lead to healthier and safer workplaces. It is also good for business performance and productivity because it helps inform better decisions. When workers are part of shaping healthier and safer work systems, they can suggest practical, cost-effective solutions and are more likely to make them happen in practice.

Requirements for worker engagement and participation (including via HSRs) were strengthened under HWSA. We are working to implement these requirements and provide clear guidance so that workers and employers understand what is expected of them. Our focus has been, and will continue to be, explicitly on supporting worker participation right across the engagement, education and enforcement activities that WorkSafe carries out.

To support the implementation of the new worker engagement and participation requirements, WorkSafe has:

- > developed Good Practice Guidelines and Interpretive Guidelines for worker engagement, participation and representation
- > developed other educational material and case studies illustrating what worker engagement, participation and representation can look like in different sectors and businesses
- > provided transition training so that existing HSRs can understand the new law and are able to exercise their full functions and powers
- > continued to support interventions such as 'Puataunofu Come Home Safely', an initiative involving government and non-government agencies to support workplace health and safety among Pacific workers.

WorkSafe has also started gathering data from employers and workers on worker engagement, participation and representation. This information will provide us with a baseline against which we can measure and understand changes and trends before and after the new requirements in HSWA.

Key initiatives underway to strengthen the health and safety role and contribution of workers in the next few years include: building intelligence on good practice in supporting worker engagement, participation and representation, supporting HSRs to engage with workers and leaders, and ensuring that our programmes consider worker engagement, participation and representation.

# Helping duty-holders to review their own practices

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A Duty Holder Review (DHR) is an investigation guided by WorkSafe but undertaken by an employer after an incident has taken place at their workplace. DHRs are an innovative way of helping duty-holders to identify why an incident happened and how to prevent it happening again. The process is voluntary.

In 2015/16 we worked with around 450 duty-holders across workplaces throughout New Zealand to review and support improvements in their health and safety practices. We have received positive feedback on this work – around two-thirds of duty-holders surveyed in our 2015/16 Service Excellence Survey agreed that they had a better understanding of their health and safety rights and responsibilities as a result of their contact with WorkSafe and that the DHR service offered value for money. Nine out of ten participants expressed satisfaction with the service overall, scoring it highly across key parameters of customer service – timeliness, ease of contact and being kept informed.

The DHR team contributes to WorkSafe's wider Engagement Strategy by building and maintaining relationships with duty-holders, regularly keeping them updated on changes that influence their businesses and assisting in further improving their safety systems. In the past year the team has used DHR Forums to engage with duty-holders and their influencers, discussing health and safety topics and providing information to companies that have undergone DHRs. The forums have provided a useful mechanism for re-engaging with people who have undergone DHRs to discuss how they are progressing and managing health and safety in their workplaces.

DHRs are also a repository of information, feeding up business intelligence and allowing us to identify patterns and emerging health and safety issues across a range of workplaces. This information enables WorkSafe to target and tailor its engagement and education efforts to be of greater value in assisting duty-holders to manage specific health and safety risks in their workplaces.

**“The process ensured we did a thorough review of our current practices and improved them where possible. It was a great tool, and I feel it gave us some good guidance and support. Previously, I had been concerned about comments made by other people who had incidents in the workplace. They had indicated that the focus from WorkSafe had been on laying blame and penalising, not on supporting. I found my contact to be quite the opposite. While we rightly had to take responsibility for the incident, there was a focus on preventing a repeat and improving our systems.”**

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**Respondent in the 2015/16 Service Excellence Survey.**



CASE STUDY

# Company switches from petrol to electric cutter after carbon monoxide poisoning incident

A Hawke’s Bay company had a shock when one of its workers experienced carbon monoxide poisoning. The incident occurred when the company’s employee was using a petrol concrete cutter in a confined space and became affected by the build-up of fumes.

Prior to the incident, the company had recognised that ventilation was an issue in confined spaces and put steps in place to manage the risks with using its petrol cutter. These included using fans and opening up windows and doors to circulate clean air into the workspaces where the cutter was in use. Despite having these safety measures in place a door allowing the circulation of air was closed, resulting in the build-up of carbon monoxide in the work area.

When the company’s worker was hospitalised with carbon monoxide poisoning the owner took immediate steps to address the hazard – and raise awareness across the industry. The company reported the incident to WorkSafe and after a discussion chose to undertake a DHR.

The owner of the company said she found ringing WorkSafe to report the incident ‘scary’, but ultimately the process proved a positive learning experience. Through the DHR process, the company made a decision to invest in an electric concrete cutter, eliminating the risk of carbon monoxide altogether.

The company learned a lot from working with WorkSafe’s DHR team. They now know much more about the dangers to workers’ health arising from their business activity. They are also familiar with the variety of measures and techniques available to manage these dangers in their workplace.

**“WorkSafe were awesome. They established the measures we had taken to try to ensure a safe workplace and an inspector came to look around and gave us advice about further steps to improve health and safety.”**

**“They’ve continued to provide us with information and we are planning a health and safety training day and will ask WorkSafe to take part in that.”**



# STRENGTHENING OUR ORGANISATION

In 2015/16 we committed to:

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## **building our organisation**

- > **capability**
  - > **new practice framework**
  - > **performance systems**
  - > **intelligence monitoring and evaluation**
  - > **ICT systems**
  - > **transparent financial reporting.**
- 

To support this work we developed an Organisational Strategy setting out our four-year future state and maturity model for becoming a high-performing regulator. This augmented our work strengthening organisational capabilities, intelligence, structure and systems.



**Our organisational capability is an important enabler in helping the health and safety system to mature. In the past few years we have put in place foundation capabilities that have enabled us to embed our approach as an evidence-based regulator operating in a smart and targeted way.**

To support this approach, we have built capability around our core roles as a system leader, educator and enforcer within the system.

We have been increasingly building core capabilities in the past two years. The progress we have made includes consolidating our organisational structure; building our internal capacity and capability; identifying external priority areas, targets and our intervention approach; and creating the systems, tools and processes to support the organisation to operate.

WorkSafe's maturity model defines our stages to becoming a high-performing regulator of the workplace health and safety system. We have made good progress in strengthening our organisation in 2015/16. To support this focus we have developed whole-of-organisation functions, such as strategy and stakeholder engagement and operational policy. We have also invested in building our research and intelligence capabilities to support our approach of being a smart and targeted regulator. Bedding in these functions is crucial if WorkSafe is to continue to grow as a credible, evidence-based and trusted regulator. With our core capabilities in place we are now consolidating our structure and moving towards a more steady state.

# WorkSafe's maturity model

## High-performing (2020/21)

- > Robust regulator
- > Balanced functions – consolidated and right-sized corporate functions, competent frontline Inspectorate and HHU, *Working Safer* functions operating effectively to support the business
- > Effective delivery of core roles: systems leader, user-centric educator and proportionate enforcer
- > Working in an engaged, smart, targeted way

## Consolidating (2016/17)

- > Complete consolidation and build of *Working Safer* functions
- > Reduce corporate costs to a steady state and achieve savings
- > Continue significant work programme to implement the new legislation, Harm Reduction and Work-related health programmes, and hazardous substances and Major Hazard Facilities regimes

## Strengthening (2015/16)

- > Delivery of Harm Reduction and Work-related health programmes
- > Implementing the regulatory regime – tools, processes, systems, training, practice, communications, guidance, collateral
- > Strengthening the capacity of *Working Safer* functions
- > Strengthening the frontline: training, Enforcement Decision-making Model, Company Risk Model
- > Increased understanding of cost pressures and financial management

## Establishment (2013/14-2014/15)

- > Board and SLT established, new structure
- > Corporate functions and operational intelligence function built
- > Frontline (general Inspectorate and HHU) built up
- > Delivered critical priorities (eg forestry sector, Canterbury)
- > Master Services Agreement with MBIE (for shared corporate services)
- > Not a well-balanced regulator, weak in health, hazardous substances, technical services, operational intelligence, research and evaluation, strategy, engagement and operational policy

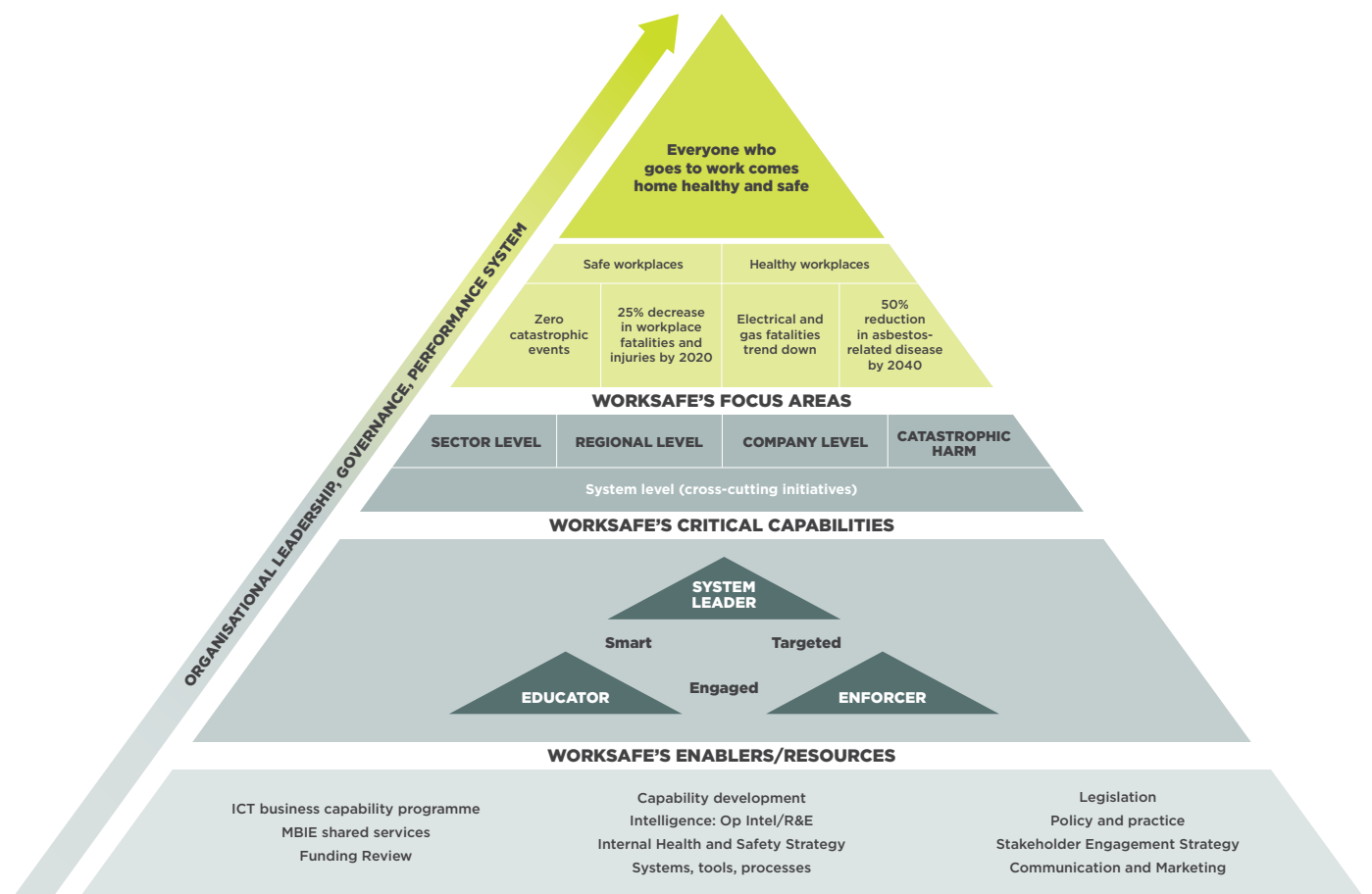
WorkSafe has developed a maturity model to guide its development in becoming a high-performing regulator. The model sets out the four stages of growth that inform WorkSafe's progress towards its future state. WorkSafe has now established and strengthened its operating model. Our focus now is on consolidating the organisation. Over the next year we will also put in place work programmes to deliver on the strategies we developed in 2015/16 to address key system level health and safety issues.

# Working to consolidate our organisation – four-year excellence horizon

**Organisational success means we are competently undertaking our roles of health and safety system leader/influencer, educator and enforcer, while working in an engaged, smart and targeted way.**

In line with this focus WorkSafe has developed its four-year excellence horizon, defining what future success looks like for the organisation, our current state and the critical capabilities we need to build. WorkSafe’s Organisational Strategy is summarised in the diagram below. The strategy sets out our key priorities that establish the critical capabilities and building blocks necessary to reach our future state.

In the medium-term we want to consolidate our organisation and be effective and efficient. We continue to focus on using our resources in a way that maximises the impact we are having in keeping New Zealanders healthy and safe at work. Our Organisational Strategy helps to inform this work.



As part of building our organisational capability we supported a Targeted Independent Review (TIR) of WorkSafe to assess our progress and performance, as well as identify areas to strengthen our performance.

The TIR was led by Doug Martin in late 2015 and focussed on WorkSafe's engagement approach, assessing the quality of our interactions with stakeholders given WorkSafe's education, engagement and enforcement roles. Overall, the TIR found that, given WorkSafe's current stage of development, it is performing well and is on track to becoming a high-performing state sector organisation.

The TIR also identified a number of areas where WorkSafe could focus our attention to further strengthen our capability and performance towards becoming an effective regulator. Key focus areas identified include further strengthening WorkSafe's engagement approach, maturity model and perception as a regulator. We are making good progress and remain on track to deliver on the recommendations made in the TIR across these areas.

## FUNDING REVIEW PROGRESS

In July 2013 Cabinet directed MBIE to review WorkSafe's funding. The Funding Review's main objective is to evaluate the appropriate funding level for WorkSafe to carry out its functions effectively and efficiently, including leading progress across the workplace health and safety system to achieve the Government's *Working Safer* deliverables and targets.

The Funding Review is well underway with the first step of the process (a self-review by WorkSafe) completed in May 2016. WorkSafe outlined its current funding position, where we are operating efficiently and effectively and where we need to achieve efficiencies, stabilise or continue building. At its conclusion, the Funding Review will recommend the future funding state for WorkSafe.





# Our staff

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## CAPABILITY DEVELOPMENT

Since WorkSafe's establishment we have grown our capacity and capability to enable us to lead improvements in New Zealand's workplace health and safety performance.

In 2015/16 a significant focus and investment was placed on building organisational capability prior to HSWA coming into force. This is a key priority and lever to enable our people to lift New Zealand's workplace health and safety performance by confidently engaging, educating and enforcing the new legislative framework.

429 of our people across all levels of the organisation completed targeted learning (e-learning, workshops, on-the-job learning, assessments and exams) to help understand how to apply the new regulatory framework. 241 inspectors completed workshops and exams and were rewarranted with HSWA Identity Cards.

Our Inspectorate Capability Development Programme provides structured development to all health and safety inspectors to ensure we build our technical capabilities and consistent and credible practice. We are supporting the development of the Government Regulatory Compliance Qualification and the learning design led by MBIE. Our Inspectorate programme will be linked to this qualification providing our people with relevant portable qualifications.

## INTERNAL HEALTH AND SAFETY

WorkSafe participated in the pilot Safety Star Rating (SSR) assessment initiative, focussing on our three principal risks of driving, exposure to aggressive and threatening behaviour, and psychological harm from traumatic events and work-related stress. Overall, the assessors found the risks were for the most part adequately managed and that our inspectors are a group of capable individuals working within a functional system. It also identified that we need to make improvements, by way of the initiatives underway and those planned for the future, to meet the SSR standard and achieve our aim of being an exemplary employer.

A comprehensive internal health and safety strategy is being implemented, focussing on our principal risks. Reporting of near misses has increased, providing an opportunity to monitor and implement control measures (eg reviewing work processes and systems and providing fit-for-purpose work tools and training programmes). The emphasis has been on strengthening worker engagement, participation and representation, particularly amongst our HSRs at regional and national levels.



## EQUAL EMPLOYMENT

We are committed to being a good employer and ensuring that policies, practices, and systems are in place in accordance with the good employer provisions of the Crown Entities Act 2004. Our equal employment opportunities practices are summarised below against the key elements of being a good employer.



### Leadership, accountability and culture

- > Structured leadership development programme in place, linked to NZQA qualifications.
- > Targeted leadership workshops to support experienced managers' continued development of effective leadership skills.
- > Talent and succession management programme developed to support staff to achieve career aspirations and enable strategic management of our capability.
- > Promotion of health and safety leadership through a monthly programme to support the managers' safety interaction programme.



### Recruitment, selection and induction

- > Monitoring key recruitment statistics relating to age, ethnicity and gender, making every effort to deliver a recruitment process free from all bias.
- > Comprehensive organisation-wide induction programme for new employees, with e-learning, workshops and on-the-job tools and resources, including a welcome by senior staff members who provide an overview of the organisation and our structure, vision, strategic priorities and values to help them get started in their new roles.



### 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.



### Remuneration, recognition and conditions

- > High engagement model across the organisation in the review of performance, development, remuneration and recognition systems to enable us to develop systems that meet the needs of the organisation and our employees.



### Harassment and bullying prevention

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



### Healthy and safe 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 Tactical Communication programme
- > ergonomic workstation assessments
- > health monitoring
- > influenza vaccinations
- > an Employee Assistance Programme.

## OUR WORKFORCE PROFILE

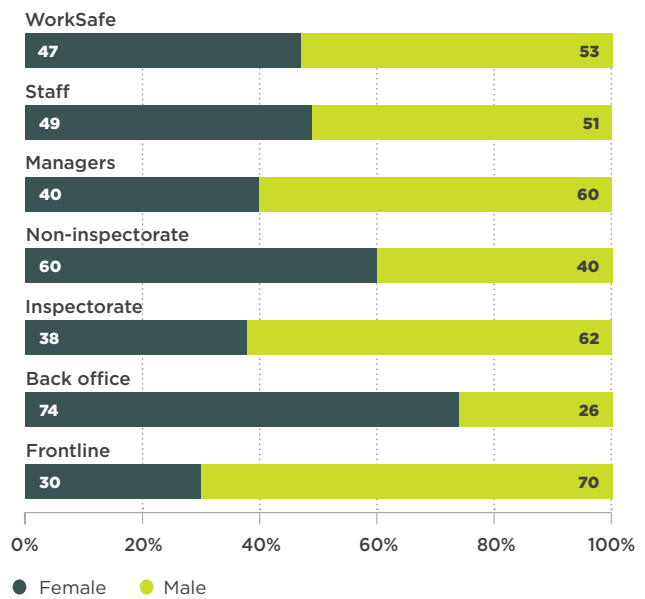
Our success will be measured by having a workforce that reflects the wider community and its diversity. Our medium-term strategy is to attract workers with the right skills from more diverse backgrounds in terms of age, gender and ethnicity. This will enable us to understand our clients better while adding breadth and depth to our workforce. Our recruitment advertising ensures that WorkSafe is more inclusive and is supporting our managers through recruitment processes.

The proportion of males to females in WorkSafe improved slightly this year, with 47% women and 53% men compared with 45% women and 55% men last year. We attribute this to more targeted advertising and a focus on providing equal employment opportunities for applicants and staff. However, while we have a fairly even gender split overall there are still greater variations in specific segments of our workforce. Non-inspectorate and managers' percentages have shown the greatest shift from last year, both improving slightly.

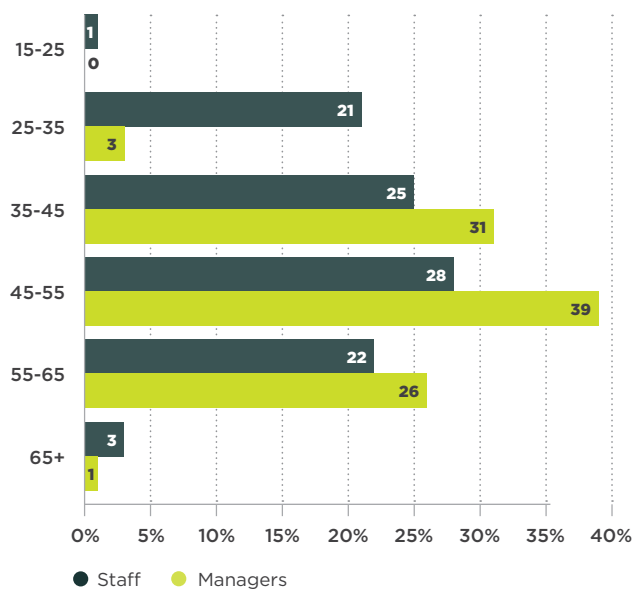
WorkSafe's workforce has aged slightly, with our average up to 46.6 years compared with the previous year's 45.4. Less than 45% of our staff are over 45 years compared with 66% of our managers and frontline staff. Our new talent and succession management programmes will ensure that we have the future capability ready to fill critical and leadership roles as some of our leaders and staff begin to transition to retirement.

	AVERAGE AGE
Frontline	49.0
Back office	43.1
Inspectorate	48.0
Non-inspectorate	44.8
Manager	49.1
Staff	46.2
<b>WorkSafe</b>	<b>46.6</b>

## GENDER



## AGE



# Performance data and detail

Indicators from our Statement of Performance Expectations 2015/16 are summarised below. A number of indicators are measured by surveys and all of these were carried out before HSWA came into effect. For those indicators measured by surveys, we comment on actual changes between years (ie when differences between results are statistically significant\*\*).

INDICATORS OF IMMEDIATE IMPACT	YEAR DATA REPORTED†			COMMENTS
	13/14	14/15	15/16	
<b>1. Awareness of health and safety risk increases</b>				
a. Develop a new risk awareness programme in partnership with ACC.	-	-	Complete	The HRAP has been developed (see page 19), future work will include effectiveness measures.
Increase in both workers (W) and employers (E), including in priority sectors of agriculture, forestry, construction and manufacturing, reporting awareness of a 'moderate level of risk there will be a serious harm incident at my place of work in the next 12 months' <sup>B</sup> (ie increase in awareness of the safety risks in respondents' own workplaces).	-	W 17% E 6%	W 15% E 5%	Views about the risk of serious harm in workplaces remain low and there continues to be a gap between perceptions of workers and employers. The HRAP includes initiatives that will help to encourage understanding and improve risk management practices.
Reduction of the gap between views of workers and employers on the level of risk there will be a serious harm incident in the next 12 months <sup>B</sup> .	-	11% gap	10% gap	

\* Statistical significance means that a difference that is observed in survey results is unlikely to be due to chance alone.

† Results are presented against 'Year data reported' for consistency; for example some survey data is collected in the field over the course of a few months but reported at the end of the financial year. Some results (Years have been shown) also have a reporting lag, meaning a result published is the latest information available in that year.

INDICATORS OF IMMEDIATE IMPACT	YEAR DATA REPORTED			COMMENTS
	13/14	14/15	15/16	
<b>2. Attitudes to health and safety improve</b>				
a. Report on a suite of measures in the Attitudes and Behaviours Survey (A&B Survey).	-	-*	Complete	Reports on the A&B Survey and the NSE are scheduled to be made public on WorkSafe and MBIE's websites by the end of 2016. Both surveys are used as part of WorkSafe's performance framework, and the A&B Survey provides baselines that contribute to evaluations of WorkSafe's interventions. The surveys provide insight into what people both know about and are doing to improve health and safety at work. There are continuing signs of positive change, but variable results indicate the health and safety system is still maturing.
b. Monitor the attitudes and behaviours reported in the National Survey of Employers (NSE).	-	Complete	Complete	The NSE continues to show that a substantial majority of employers agree that good health and safety systems are good for business (see page 36).
<b>Supplementary: monitor the rate of employers who agree that good health and safety systems are good for their businesses<sup>c</sup>.</b>				
	89%	83%	84%	
<b>3. More people in workplaces take responsibility for risk</b>				
a. Increase in workers and employers in priority sectors reporting 'top managers (chief executive or board) have responsibility for health and safety at work' <sup>b</sup> .	-	W 57% E 58%	W 54% E 57%	We have yet to see a step change in employers' and workers' views about responsibility for health and safety and awareness of hazards. This confirms the need for more people to take responsibility for risk in workplaces. The changes in HSWA reinforce this, and WorkSafe is looking for these views to change as the HSWA embeds.
b. Monitor workers and employers reporting 'machinery and vehicle manufacturers that supply the industry have important health and safety responsibilities' <sup>b</sup> .	-	W 44% E 42%	W 41% E 39%	
c. Monitor proportion of workers and employers who 'strongly agree' they always keep an eye out for hazards at work <sup>b</sup> .	-	W 50% E 51%	W 52% E 55%	The Canterbury Rebuild Safety Charter made good progress in 2015/16 (see page 33), and WorkSafe is seeing good uptake of the self-assessment tool, as well as positive feedback on its usefulness for PCBUs in identifying areas to progress health and safety understanding.
d. Increase in organisations signed up to the Canterbury Rebuild Safety Charter using Charter self-assessment tool <sup>p</sup> .	-	142 orgs, 235 assessments	196 orgs, 318 assessments	

\* The first A&B Survey was reported in the 2014/15 year, and those results used as a baseline for subsequent reporting.

INDICATORS OF IMMEDIATE IMPACT	YEAR DATA REPORTED			COMMENTS
	13/14	14/15	15/16	
<b>4. More people understand safe work practices</b>				
a. Substantial increase in workers and employers (including in the agriculture, forestry, construction and manufacturing sectors) reporting 'Personal Protective Equipment (PPE) is always worn when it should be' <sup>a</sup> .	-	<p>W 45%</p> <p>E 48%</p>	<p>W 51%</p> <p>E 48%</p>	<p>Workers reported increased use of PPE, but this change did not happen for employers.</p> <p>In priority sectors, workers in agriculture and construction reported increases in the use of PPE, while results were relatively unchanged from the previous year for workers in forestry and manufacturing. It is encouraging that a high proportion of forestry workers still reported PPE was 'always worn when it should be' (75% in 2014/15, 77% in 2015/16).</p>
b. Safe work practices in major hazard sectors.	-	-*	see indicator 6	
<b>5. WorkSafe is seen as fair, consistent, and engaged</b>				
a. Increase of respondents to the Service Excellence Survey (SES) reporting inspectors were fair <sup>a</sup> (target 83%).	73%	77%	81%	SES results are similar to last year, but there are some increases on 2013/14. More people <sup>†</sup> reported that they were treated fairly and considered their contact with WorkSafe a good use of tax dollars (see page 32). The first three results under indicator 5 are below expectations, but show steady progress towards our 2016/17 targets.
b. Increase of respondents reporting rules were applied by inspectors in a consistent manner <sup>a</sup> (target 58%).	-	51%	56%	
c. Increase of respondents reporting perception of value from tax dollars spent <sup>a</sup> (target 62%).	48%	55%	59%	
Supplementary: Exploring benchmarking our results with other similar agencies <sup>b</sup> .	-	-	progressed	We explored comparing results with other regulatory agencies, but work is on hold while the SES is reviewed to align with WorkSafe's priorities and HSWA.

\* For information on safe work practices in the high hazard sector as reported in 2014/15, please see WorkSafe's Annual Report 2014/15, indicator 11, page 42.

† The groups surveyed for the SES are employers, employees and self-employed.

INDICATORS OF IMMEDIATE IMPACT	YEAR DATA REPORTED			COMMENTS
	13/14	14/15	15/16	
<b>d. Undertake Chief Executive Survey or equivalent to gather views of stakeholders: questions on if we are an engaged, credible organisation that draws on other organisations' expertise and levers to effect change.</b>	-	complete	complete	Stakeholder views were reported as part of the TIR (see page 54).
<b>e. Develop engagement and culture change strategy (drawing on insights from 2014 A&amp;B Survey). Develop indicators to measure our engagement**.</b>	-	-	progressed	Developing an engagement and culture change strategy is a new measure in 2015/16. WorkSafe's Internal Communications and Engagement Strategy is in development and some engagement measures are included in the <i>Statement of Performance Expectations 2016/17</i> . Additional indicators will be developed as part of work on the Strategy.
<b>f. Support high engagement approach with MHFs<sup>e</sup>.</b>	-	-	see indicator 6	
<b>g. Refine and re-run A&amp;B Survey and survey on the Usability of our Tools and Guidance. Capture stakeholder feedback on the usefulness of our guidance and information through the percentage of employers using one or more types of guidance and the percentage that found different types 'very useful'<sup>b</sup>.</b>	-	-	62%, ≥42%	WorkSafe's guidance has good take up and overall, most users rate it 'very useful' (see page 40) <sup>†</sup> . Users were also asked about how useful they found each of a range of guidance publications (eg guidelines, templates, toolkits, and fact sheets). The percentage who found these 'very useful' ranged from 42% (posters) to 69% (Good Practice Guidelines).
<b>h. Maintain or improve the rate of people reporting they have made changes to their workplace practices as a result of contact with investigation or assessment inspectorate staff<sup>a</sup>.</b>	-	83%	75% <sup>†</sup>	We continued to see a high proportion of workplaces changing their practices after contact with WorkSafe (see page 32). Less than half of employers (45%) agreed that government was effective in enforcing health and safety obligations (under the HSE). However, a similar proportion (43%) in 2015/16 had no view one way or the other (neither agreeing nor disagreeing) and only 11% disagreed.
<b>i. Higher rate of employers agreeing 'the government is effective in enforcing health and safety obligations for businesses (under the Health and Safety in Employment Act 1992)<sup>c</sup>.</b>	58%	52%	45%	A programme of work was initiated to improve performance, feedback and remuneration and reward practices at WorkSafe. The 2015/16 survey has been deferred until this work is completed.
<b>j. Increase ratio of engaged to disengaged staff<sup>f</sup>. Increase of staff satisfied with our performance/feedback systems, remuneration systems, level of communication across the organisation.</b>	-	1.75:1	deferred	
	-	46%		
	-	47%		
	-	48%		

\* WorkSafe data. Indicators are proposed to be added to the SES and A&B Survey in 2016/17 on how WorkSafe is perceived.

† Note that because refinements of questions in the A&B Survey allowed information to be gathered on the both aspects of the usefulness of WorkSafe's guidance the Survey on the Usability of our Tools and Guidance was not re-run in 2015/16.

‡ This measure supports the 2015/16 Vote Labour Market Workplace Relations and Safety - Workplace Health and Safety Appropriation. The target for 2015/16 was 75%.

INDICATORS OF SUBSEQUENT CHANGE (INTERMEDIATE OUTCOMES)	YEAR DATA REPORTED			COMMENTS
	13/14	14/15	15/16	
<b>6. More workplaces manage high hazard safety systems well</b>				
<b>a. Be notified of all potentially dangerous precursor events* in high hazard sectors as per regulatory requirements<sup>†</sup>.</b>	-	not always 82 events	not always 126 events	New Zealand now has a more rigorous approach in place for high hazard sectors and facilities. However, duty-holders do not always notify us when they should. Our approach sets out expectations of operators to improve safe work practices by increased knowledge of obligations, improved capability, active risk management and the promotion of good health and safety practice. This year 373 inspections <sup>‡</sup> in high hazard sectors were undertaken, and around 230 notices were issued (see page 24).  WorkSafe also supports operators to develop robust safety cases and PHMPs, and is still looking for these to meet legal requirements on first submission rather than needing further refinement. In 2015/16 there were four cases of non-compliance with safety cases and PHMPs.
<b>b. More firms responding to potentially dangerous precursor events adequately<sup>‡</sup> (target ≥99%).</b>	-	99%	99%	
<b>c. More safety cases and principal hazard management plans (PHMPs) meet legal requirements on first submission<sup>‡</sup> (target &gt;0).</b>	-	none	none	
<b>d. More compliance with safety cases and PHMPs (low number of cases of non-compliance<sup>†</sup> with safety cases and PHMPs)<sup>‡</sup>.</b>	-	-	4	

\* Dangerous precursor events are specified in the previous Health and Safety in Employment Act 1992 and HSWA regulations for MHF and high hazard sectors. There is a regulatory requirement 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.

† Cases of non-compliance relating to a breach of the requirements set out in safety cases or PHMPs subsequent to submission.

INDICATORS OF SUBSEQUENT CHANGE (INTERMEDIATE OUTCOMES)

	YEAR DATA REPORTED			COMMENTS
	13/14	14/15	15/16	
<b>7. More workplaces manage occupational health and safety well</b>				
<p>a. Obtain baseline information on workplace practices to manage risks relating to silica, asbestos, solvents, wood dust and noise. Identify intervention targets once baselines are known. Undertake observational research to measure compliance with controls relating to each of these sources of occupational harm<sup>p</sup>.</p> <p>Supplementary: build our systems, skills and staff numbers for this work. Address gaps in A&amp;B Survey by refining and adding questions about occupational health<sup>p</sup>.</p>	-	-	progressed	<p>In 2015/16 a third of all assessments included a focus on WRH issues. WorkSafe's capability in WRH continues to grow as part of our new <i>Healthy Work</i> strategy (see page 21) and with the appointment of six new specialist hazardous substances inspectors.</p> <p>Preliminary research has shown that we do not yet have suitable data for baselining. Over the next three years WorkSafe will develop a range of indicators to identify the prevalence of and approaches to managing WRH conditions.</p>
<p>b. In 2014/15 we asked firms in the horticulture, timber treatment and metal processing sectors about their compliance with controls for managing hazardous substances. Undertake to publish and disseminate the findings to industry<sup>p</sup>.</p>	-	-	not complete	<p>Around a fifth of assessments in 2015/16 included hazardous substances issues. 218 were part of a project to assess compliance with eight key Hazardous Substances and New Organisms Act 1996 controls in the horticulture, timber treatment and metal finishing industries and showed some significant areas of non-compliance. Review and analysis are underway for further work in this area. Data on this work is yet to be published, however work continues on the hazardous substances work programme (see page 23).</p>
<p>c. Higher rate of employers with the following elements of a health and safety system: an actively used, documented hazard management system; a documented accident investigation process; inductions for all new employees and contractors; a system for employee participation in managing health and safety<sup>h</sup>.</p>	30%	26%	30%	<p>30% of employers reported implementing health and safety systems, while half of employers said they have formal employee participation systems.</p>
<p>d. Higher rate of employers with formal employee participation systems<sup>c</sup>.</p>	56%*	48%*	51%	<p>Requirements for worker engagement and participation were strengthened in HSWA. Work as part of the HRAP will support understanding and implementation of the new law. New measures tracking worker engagement and participation were also added to the latest A&amp;B Survey.</p>

\* Note that in 2013/14 and 2014/15 the law only required a formal system if employers had 30 or more staff, or if a formal system was requested by staff in smaller workplaces.



SYSTEM TARGETS	YEAR DATA REPORTED					COMMENTS
	12/13	13/14	14/15	15/16		
<b>8. Zero catastrophic* events<sup>p</sup></b>	zero	zero	zero	zero	zero	See indicator 6.
<b>9. Harm reduction in forestry, agriculture, construction, and manufacturing</b>						
Reduction of ACC claims for more than a week work to below 2014 rates:	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>		
a. 22 per 1,000 FTEs in forestry	30.1	22.7	22.2	17.4	This measure has been adjusted in 2015/16 to use information from the Household Labour Force Survey, replacing the MBIE jobs estimate that has been previously used. The rates shown have been recalculated and backdated to reflect this change and WorkSafe is still looking for a reducing trend in these injury rates.	
b. 21 per 1,000 FTEs in agriculture	19.8	20.2	20.8	23.0	All sectors except for forestry show an increasing trend of injuries resulting in more than a week away from work.	
c. 19 per 1,000 FTEs in construction	18.2	19.4	19.4	20.3		
d. 20 per 1,000 FTEs in manufacturing.	18.1	18.3	19.6	19.8		
<b>10. At least a 10% harm reduction by 2015-17<sup>j</sup></b>						
a. Fatal work-related injuries no higher than 2.7 per 100,000 workers.	See pages 67-69 below					Indicators 10 and 11 relate to the Government's official targets in <i>Working Safer</i> to see reductions in the rates of workplace injury and fatality.
b. Serious, non-fatal work-related injuries no higher than 15.4 per 100,000 workers.						
c. ACC claims for injuries resulting in more than a week away from work no higher than 10.2 per 1,000 FTEs.						

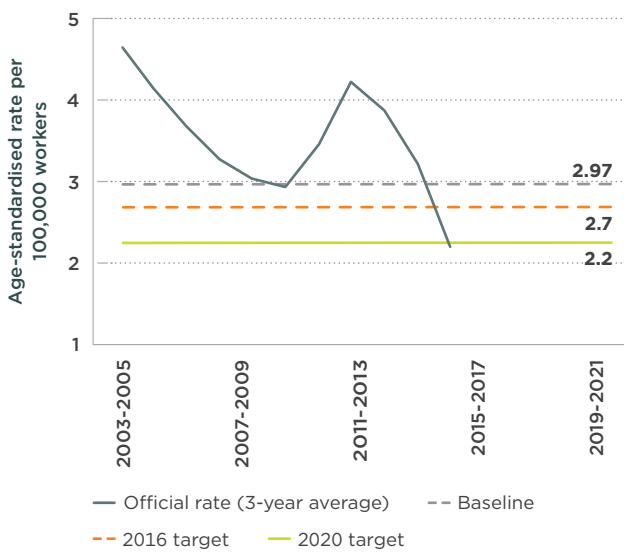
\* WorkSafe is focussed on catastrophic events with the potential for multiple fatalities and/or serious and widespread harm, including in the wider community.

SYSTEM TARGETS	YEAR DATA REPORTED					COMMENTS
	12/13	13/14	14/15	15/16		
<b>11. At least a 25% harm reduction by 2019-21<sup>1</sup></b>						
a. Fatal work-related injuries no higher than 2.2 per 100,000 workers.						Indicators 10 and 11 relate to the Government's official targets in <i>Working Safer</i> to see reductions in the rates of workplace injury and fatality.
b. Serious, non-fatal work-related injuries no higher than 12.9 per 100,000 workers.						
c. ACC claims for injuries resulting in more than a week away from work no higher than 8.5 per 1,000 FTEs.					See pages 67-69 below	
<b>12. Fatalities from electrical and gas accidents trend down</b>						
Fatality rates <sup>k</sup> no higher than:	2008-12	2009-13	2010-14	2011-15		WorkSafe's energy safety work spans public areas, private homes and the protection of property. Statistics since the 1990s show a clear and compelling downward trend in fatality rates associated with exposure to different types of energy.
a. 0.8 per million people exposed to electricity.	0.4	0.3	0.3	0.3		
b. 0.9 per million people exposed to LPG.	0.6	0.5	0.3	0.3		
c. 0.7 per million people exposed to natural gas.	0.0	0.0	0.0	0.0		
<b>13. 50% drop in asbestos-related disease by 2040</b>						
A reduction in the incidence of pleural cancer (mesothelioma) fatalities <sup>l</sup> .	2009	2010	2011	2012		Similar to projections from the United Kingdom and Australia <sup>m</sup> we would not expect to see a continually reducing trend until at least 2020. The result for 2012 is in line with these projections.
	101	94	71	75		

# Official Statistics<sup>xi</sup>

## FATAL INJURIES

### WORK-RELATED FATAL INJURY (THREE-YEAR MOVING AVERAGE RATE PER 100,000 WORKERS)



Latest result: 2012. Average for 2012-14

Change from previous year: 31% lower

Change from baseline: 26% lower

Comment: For the first time since the 2010 Pike River Coal Mine Tragedy and the 2011 Canterbury earthquake the three-year average does not include their impacts

Data: WorkSafe investigations and ACC and Accredited Employer Programme (AEP) claims

Source: Working Safer: Progress toward the 2020 targets, MBIE, July 2016.

YEAR DATA REPORTED		12/13	13/14	14/15	15/16	18/19	22/23
FATAL WORK-RELATED INJURY (per 100,000 workers)	BASELINE (average 2008-2010)*	2009-11	2010-12	2011-13	2012-14	2015-17 TARGET	2019-21 TARGET
Rate	2.97	4.2†	3.9†	3.2	2.2	2.7	2.2
Difference from baseline	-	41% higher†	31% higher†	8% higher	26% lower	10% lower	25% lower

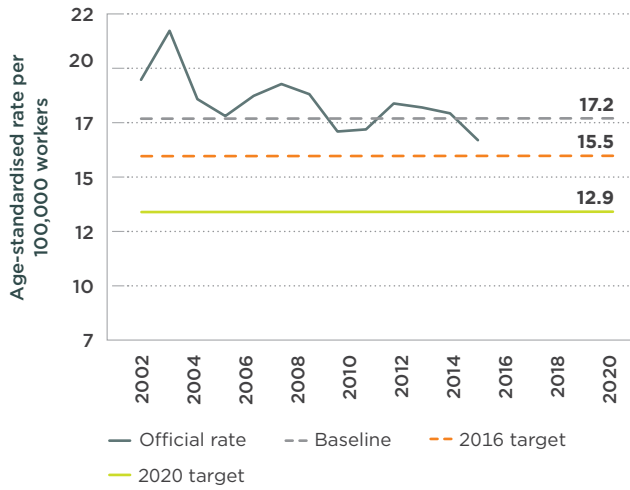
\* A three-year average is used for each reporting year to moderate the fluctuations that can occur when reporting data with numbers lower than 100. Reporting is against the middle year.

† The deaths from Pike River and the Canterbury earthquakes are included in the rates, but not the baseline, to better capture the underlying trend and change in the rates.

<sup>xi</sup> In 2015 Statistics NZ made two changes to its work-related injury statistics. The changes apply to the whole time series (in order to show valid trends). Coverage is improved by including injury claims under ACC's Accredited Employers Programme (previously only claims managed by ACC were counted), and a population rebase related to the number of employed people has been revised and made more accurate as part of a regular technical process following each Census. The recalculation affects the baseline rates, so these and the relative targets reported here are revised figures that will differ from previously published rates. For more information see MBIE's 2016 report Working Safer: Progress toward the 2020 targets.

## POTENTIALLY FATAL INJURIES

### WORK-RELATED SERIOUS NON-FATAL INJURY (RATE PER 100,000 WORKERS)



Latest result: 2014

Change from previous year: 7% lower

Change from baseline: 6% lower

Comment: Serious non-fatal injury rates continue to trend downwards

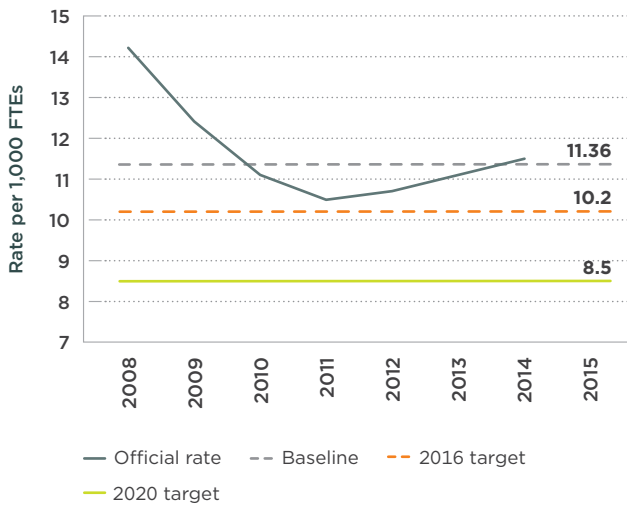
Data: ACC and AEP claims and hospitalisations

Source: Working Safer: Progress toward the 2020 targets, MBIE, July 2016.

YEAR DATA REPORTED		12/13	13/14	14/15	15/16	17/18	21/22
SERIOUS NON-FATAL WORK-RELATED INJURY (PER 100,000 WORKERS)	BASELINE (AVERAGE 2008-2010)	2011	2012	2013	2014	2016 TARGET	2020 TARGET
		Rate	17.2	17.9	17.7	17.4	16.2
Difference from baseline	-	4% higher	3% higher	1% higher	6% lower	10% lower	25% lower

## INJURIES RESULTING IN MORE THAN A WEEK AWAY FROM WORK

### WORK-RELATED INJURY RESULTING IN MORE THAN A WEEK AWAY FROM WORK (RATE PER 1,000 FTES)



Latest result: 2014

Change from previous year: 3% higher

Change from baseline: 1% higher

Comment: Rates have gradually increased in the last two years

Data: ACC and AEP claims

Source: Working Safer: Progress toward the 2020 targets, MBIE, July 2016.

The increase in claim rates for these injuries is reflective of economic activity in New Zealand and is consistent with research showing that in many countries claims for weekly income replacement compensation increase during periods of economic growth<sup>xii</sup> (eg arising from a higher pace of production, less experienced recruits and longer working hours/fatigue). International evidence also indicates that it is harder to shift behaviour that contributes to many of the injuries requiring more than a week away from work for recovery (such as slips, trips and falls, and body stress).

YEAR DATA REPORTED		12/13	13/14	14/15	15/16	17/18	21/22
WORK-RELATED INJURIES RESULTING IN MORE THAN A WEEK AWAY FROM WORK (PER 1,000 FTES)	BASELINE (AVERAGE 2009-2011)	2011	2012	2013	2014	2016 TARGET	2020 TARGET
		Rate	11.36	10.5	10.7	11.1	11.5
Difference from baseline	-	8% lower	6% lower	2% lower	1% higher	10% lower	25% lower

<sup>xii</sup> Working Safer: Progress toward the 2020 targets, MBIE, July 2016.

## NOTES ON PERFORMANCE DATA AND DETAIL

- <sup>A</sup> 2016 Service Excellence Survey (SES) of Health and Safety Inspectors, undertaken by Research New Zealand for WorkSafe. Interviews carried out from 10 November 2015 to 12 April 2016. People interviewed include employers, employees and the self-employed.
- <sup>B</sup> 2015/16 Attitudes and Behaviours Survey (A&B Survey), undertaken by Nielsen for WorkSafe. Interviews carried out from 19 September to 10 November 2015.
- <sup>C</sup> 2015/16 National Survey of Employers (NSE), undertaken by Research New Zealand for MBIE. Interviews carried out from 15 September 2015 and 10 March 2016.
- <sup>D</sup> WorkSafe data.
- <sup>E</sup> WorkSafe High Hazard Unit (HHU) data.
- <sup>F</sup> WorkSafe data, using the IBM Workplaces Survey engagement model.
- <sup>G</sup> WorkSafe data, broken down as follows: 304 extractives, 23 petroleum and geothermal, 46 MHF.
- <sup>H</sup> NSE. This measure provides insights into what employers across all industry sectors are doing, not just saying, about health and safety by asking a series of questions to develop an aggregate measure of the proportion of employers meeting their general duties under the HSE Act by including all four of the following elements in their health and safety systems:
- > a documented hazard management system that is actively used (in place for 62% of employers in 2015/16)
  - > a documented accident investigation process (66% of employers)
  - > health and safety inductions for all new employees and contractors (employees – 53% of employers (doing inductions and keeping records); contractors – 33% of employers with contractors)
  - > a system for employee participation in health and safety (51% of employers).
- A similar measure will be used in 2016/17 but it will exclude the fourth element and inductions for contractors to bring the measure into line with the main one used by MBIE.
- <sup>I</sup> ACC work-related injury claims for more than a week away from work (numerator); Statistics NZ's Household Labour Force Survey full-time equivalents (denominator), per sector using AFF2006 (Agriculture and Forestry) and ANZSIC06 (Construction and Manufacturing).
- <sup>J</sup> Statistics NZ, using ACC and WorkSafe data, with a reporting lag of two years. Note that in 2015 injury claims under ACC's Accredited Employers Programme, as well as a population rebase, were incorporated into these statistics. The rates reported here are revised figures. For more information see MBIE's 2016 report *Working Safer: Progress towards the 2020 target*.
- <sup>K</sup> WorkSafe data, Statistics NZ (population and number of households per residential dwelling), and MBIE (Energy File, number of domestic customers and industry knowledge) five-year average (calendar years) fatality data per million people exposed to the different types of energy.
- <sup>L</sup> Ministry of Health mesothelioma mortality data (2009-2011 baseline average of 89). Progress reported by calendar year.
- <sup>M</sup> HSE, *Mesothelioma in Great Britain* (July 2016), [www.hse.gov.uk/Statistics/causdis/mesothelioma/mesothelioma.pdf](http://www.hse.gov.uk/Statistics/causdis/mesothelioma/mesothelioma.pdf), page 2, and Finity Consulting for the Australian Asbestos Safety and Eradication Agency, *The Third Wave – Australian Mesothelioma Analysis & Projection* (March 2016) [www.asbestossafety.gov.au/sites/asbestos/files/2016/04/ASEA\\_Finity\\_Aust\\_Meso\\_Projection\\_full\\_report\\_final.pdf](http://www.asbestossafety.gov.au/sites/asbestos/files/2016/04/ASEA_Finity_Aust_Meso_Projection_full_report_final.pdf), page 21.

# FINANCIAL STATEMENTS

**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED  
30 JUNE 2016**

\$000	NOTES	ACTUAL 2016	BUDGET 2016	ACTUAL 2015
<b>Revenue</b>				
Funding from the Crown		86,863	85,994	87,930
Interest revenue		802	500	933
Other revenue	2	3,435	841	2,387
<b>Total revenue</b>		<b>91,100</b>	<b>87,335</b>	<b>91,250</b>
<b>Expenditure</b>				
Personnel costs	3	58,089	55,161	52,208
Other expenses	4	34,292	36,368	31,874
Depreciation and amortisation expense	8, 9	936	1,533	1,099
Capital charge		-	600	-
<b>Total expenditure</b>		<b>93,317</b>	<b>93,662</b>	<b>85,181</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(2,217)</b>	<b>(6,327)</b>	<b>6,069</b>
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>(2,217)*</b>	<b>(6,327)</b>	<b>6,069</b>

Explanations of major variances against budget are provided in note 23.

\* In 2015/16, WorkSafe recorded a deficit of \$2.2m for the year leaving an accumulated surplus of \$6.1 m. Note 13 provides a breakdown of the movements.



**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016**

\$000	NOTES	ACTUAL 2016	BUDGET 2016	ACTUAL 2015
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	5	2,475	3,390	3,856
Receivables	6	2,142	499	503
Investments	7	19,000	-	18,000
Prepayments		273	-	182
<b>TOTAL CURRENT ASSETS</b>		<b>23,890</b>	<b>3,889</b>	<b>22,541</b>
<b>Non-current assets</b>				
Property, plant and equipment	8	4,783	6,833	5,509
Intangible assets	9	5,458	9,866	1,198
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,241</b>	<b>16,699</b>	<b>6,707</b>
<b>TOTAL ASSETS</b>		<b>34,131</b>	<b>20,588</b>	<b>29,248</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables	10	6,776	849	6,218
Employee entitlements	11	3,740	2,000	3,095
Provisions		366	-	300
Repayment of Energy Safety surplus		-	850	1,381
<b>TOTAL CURRENT LIABILITIES</b>		<b>10,882</b>	<b>3,699</b>	<b>10,994</b>
<b>Non-current liabilities</b>				
Employee entitlements	11	740	1,890	706
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>740</b>	<b>1,890</b>	<b>706</b>
<b>TOTAL LIABILITIES</b>		<b>11,622</b>	<b>5,589</b>	<b>11,700</b>
<b>NET ASSETS</b>		<b>22,509</b>	<b>14,999</b>	<b>17,548</b>
<b>Equity</b>				
Contributed capital	13	7,673	14,999	1,876
Accumulated Surplus/(Deficit)	13	6,129	-	6,965
Transfer of assets from MBIE	13	8,707	-	8,707
<b>TOTAL EQUITY</b>		<b>22,509</b>	<b>14,999</b>	<b>17,548</b>

Explanations of major variances against budget are provided in note 23.

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

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

\$000	NOTES	ACTUAL 2016	BUDGET 2016	ACTUAL 2015
Balance at 1 July		17,548	17,761	10,948
Total comprehensive revenue and expense		(2,217)	(6,327)	6,069
<b>Owner transactions</b>				
Capital contribution		5,797	4,415	1,876
Repayment of Energy Safety surplus		1,381	(850)	(1,381)
Transfer of assets from MBIE			-	36
<b>BALANCE AT 30 JUNE</b>		<b>22,509</b>	<b>14,999</b>	<b>17,548</b>

Explanations of major variances against budget are provided in note 23.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016**

\$000	NOTES	ACTUAL 2016	BUDGET 2016	ACTUAL 2015
<b>Cash flows from operating activities</b>				
Receipts from the Crown		86,863	85,994	87,930
Interest received		738	500	823
Receipts from other revenue		2,604	923	2,536
Payments to suppliers		(33,585)	(36,487)	(31,815)
Payments to employees		(57,152)	(56,038)	(52,616)
Payments for Capital Charge		-	(600)	-
GST (net)		56	-	545
<b>Net cash flow from operating activities</b>	14	<b>(475)</b>	<b>(5,708)</b>	<b>7,403</b>
<b>Cash flows from investing activities</b>				
Receipts from sale of property, plant and equipment		265	-	16
Purchase of property, plant and equipment		(1,667)	(2,102)	(2,232)
Purchase of intangible assets		(4,300)	(5,847)	(804)
Payment for new term deposits		(1,000)	-	(15,000)
<b>Net cash flow from investing activities</b>		<b>(6,702)</b>	<b>(7,949)</b>	<b>(18,020)</b>
<b>Cash flows from financing activities</b>				
Capital contribution		5,797	4,415	1,876
Cash payment from MBIE for accumulated depreciation on assets transferred				
Energy Safety surplus repaid to the Crown			(1,300)	(1,114)
<b>Net cash flow from financing activities</b>		<b>5,797</b>	<b>3,115</b>	<b>762</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,381)</b>	<b>(10,542)</b>	<b>(9,855)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>3,856</b>	<b>13,932</b>	<b>13,711</b>
<b>Cash and cash equivalents at the end of the year</b>	5	<b>2,475</b>	<b>3,390</b>	<b>3,856</b>

Explanations of major variances against budget are provided in note 23.

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

# Notes to the financial statements

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## 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 2016 and were approved by the Board on 28 October 2016.

### 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\$).

### Standards issued and not yet effective and not early adopted

In 2015, the External Reporting Board issued *Disclosure Initiative (Amendments to PBE IPSAS 1)*, *2015 Omnibus Amendments to PBE Standards* and *Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments*. These amendments apply to PBEs with reporting periods beginning on or after 1 January 2016. WorkSafe will apply these updated standards in preparing its 30 June 2017 financial statements. WorkSafe expects that there will be no effect in applying these amendments.

### 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 by accruing on a time proportion basis the interest due for the investment.

**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.

**Rental revenue**

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

**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**

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance.

**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. 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 surplus or deficit as they are incurred.

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 expenses.

## 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
<b>Furniture and office equipment</b>	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
<b>Computer hardware</b>	4 years 25% SL
<b>Motor vehicles</b>	6 years 16.67% SL

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.

## 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
<b>Acquired computer software</b>	2-5 years 20-50% SL
<b>Developed computer software</b>	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.

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.

## CREDITORS AND OTHER PAYABLES

Short-term payables are recorded at the amount payable.

## 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.

## 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.

## 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.

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 2015/16 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.

## 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.

## 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.



## 1. REVENUE FROM THE CROWN

We have been provided with funding from the Crown for specific purposes as set out in the relevant scope of the Crown appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding.

Included in this revenue is funding for Energy Safety activities (also refer to note 24). The WorkSafe Board agreed to retain Energy Safety surpluses from 2014/15 and 2015/16 to fund future work programmes at its meeting on 23 June 2016.

## 2. OTHER REVENUE

\$000	ACTUAL 2016	ACTUAL 2015
Safety case revenue	74	1,327
ACC funding	2,139	678
Rent from sub-lease	381	222
<b>Registration fees collected</b>		
Amusement Device Registration	6	6
Asbestos Registration	141	27
Diving Registration	18	21
Test Certification Registration	114	56
Mining Registration	90	1
Other revenue	472	49
<b>TOTAL OTHER REVENUE</b>	<b>3,435</b>	<b>2,387</b>

## 3. PERSONNEL COSTS

\$000	ACTUAL 2016	ACTUAL 2015
Salaries and wages	45,851	40,474
Defined contribution plan employer contributions	1,466	1,303
Increase/(Decrease) in employee entitlements	1,166	814
Other personnel-related costs	2,852	2,402
Contractors	6,288	7,001
Restructuring costs	466	214
<b>TOTAL PERSONNEL COSTS</b>	<b>58,089</b>	<b>52,208</b>

## 4. OTHER EXPENSES

\$000	ACTUAL 2016	ACTUAL 2015
Fees to Audit New Zealand for audit of financial statements	75	74
Staff travel	4,766	4,726
Advertising, publicity and sponsorship	1,781	1,063
Consultancy	6,368	4,936
Fees to Board members	174	196
Fees to Advisory Group members	99	171
ICT costs and technical support	1,828	672
Legal services	1,108	1,025
Shared services provided by MBIE*	8,427	8,425
Levy collection†	869	869
Other expenses	3,035	3,753
Rental and leasing costs	4,993	5,194
Other property costs	768	770
<b>TOTAL OTHER EXPENSES</b>	<b>34,292</b>	<b>31,874</b>

## 5. CASH AND CASH EQUIVALENTS

\$000	ACTUAL 2016	ACTUAL 2015
Cash at bank and on hand	2,475	3,856
Term deposits with maturities less than three months		-
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>2,475</b>	<b>3,856</b>

Cash at bank is non-interest-bearing. The on-call account and term deposits earn interest at rates set from time to time by the banks with which we bank and invest. The carrying value of cash at bank and short-term deposits approximates their fair value.

\* MBIE provides support as part of our Service Level Agreement. This includes ICT, property services and accounting services.

† These are levy collection service fees that are paid to ACC.

## 6. RECEIVABLES

\$000	ACTUAL 2016	ACTUAL 2015
Receivables (gross)	2,142	503
Less: provision for impairment	-	-
<b>TOTAL RECEIVABLES</b>	<b>2,142</b>	<b>503</b>
<b>Total receivables comprises:</b>		
Receivables from the sales of goods and services (exchange transactions)	2,142	503
<b>TOTAL RECEIVABLES</b>	<b>2,142</b>	<b>503</b>

The carrying amount of receivables approximates the fair value. There is no impairment provision for receivables.

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

\$000	GROSS	IMPAIRMENT	2016 NET	GROSS	IMPAIRMENT	2015 NET
Current	1,853	-	1,853	499	-	499
31-60 days	231	-	231	4	-	4
61-90 days	29	-	29	-	-	-
Over 90 days	29	-	29	-	-	-
<b>TOTAL</b>	<b>2,142</b>	<b>-</b>	<b>2,142</b>	<b>503</b>	<b>-</b>	<b>503</b>

All receivables greater than 30 days are considered to be past due.

## 7. INVESTMENTS

\$000	ACTUAL 2016	ACTUAL 2015
<b>Current portion</b>		
Term deposits	19,000	18,000
Total current portion	19,000	18,000
<b>Non-current portion</b>		
Term deposits	-	-
Total non-current portion	-	-
<b>TOTAL INVESTMENTS</b>	<b>19,000</b>	<b>18,000</b>

There is no impairment provision for investments.

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

## 8. PROPERTY, PLANT AND EQUIPMENT

\$000	FURNITURE AND OFFICE EQUIPMENT	COMPUTER HARDWARE	MOTOR VEHICLES	TOTAL
<b>Cost or valuation</b>				
Balance at 1 July 2014	1,330	17	4,471	5,818
Additions	405	3	3,311	3,719
Disposals	-	-	(270)	(270)
<b>Balance at 30 June 2015</b>	<b>1,735</b>	<b>20</b>	<b>7,512</b>	<b>9,267</b>
Balance at 1 July 2015	1,735	20	7,512	9,267
Additions	88	2	137	226
Disposals	-	(5)	(911)	(916)
<b>Balance at 30 June 2016</b>	<b>1,823</b>	<b>17</b>	<b>6,738</b>	<b>8,578</b>
<b>Accumulated depreciation and impairment losses</b>				
Balance at 1 July 2014	1,115	17	2,070	3,202
Depreciation expense	119	-	516	635
Elimination on disposal	-	-	(198)	(198)
Impairment losses	-	-	120	120
<b>Balance at 30 June 2015</b>	<b>1,234</b>	<b>17</b>	<b>2,508</b>	<b>3,759</b>
Balance at 1 July 2015	1,234	17	2,508	3,759
Depreciation expense	126	1	619	746
Elimination on disposal	-	(1)	(709)	(710)
Impairment losses	-	-	-	-
<b>Balance at 30 June 2016</b>	<b>1,360</b>	<b>17</b>	<b>2,418</b>	<b>3,795</b>
<b>Carrying amounts</b>				
Balance at 30 June 2014	215	0	2,401	2,616
Balance at 30 June 2015	501	3	5,004	5,508
<b>BALANCE AT 30 JUNE 2016</b>	<b>463</b>	<b>1</b>	<b>4,320</b>	<b>4,783</b>

No impairment losses were recorded in 2015/16.

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.

WorkSafe does not own land or buildings. There was no work in progress at 30 June 2016 (30 June 2015 \$Nil).

## 9. INTANGIBLE ASSETS

\$000	ACQUIRED SOFTWARE	INTERNALLY GENERATED SOFTWARE	TOTAL
<b>Cost or valuation</b>			
Balance at 1 July 2014	3,622	167	3,789
Additions	37	957	994
<b>Balance at 30 June 2015/1 July 2015</b>	<b>3,659</b>	<b>1,124</b>	<b>4,783</b>
Additions	236	4,213	4,449
<b>Balance at 30 June 2016/1 July 2016</b>	<b>3,895</b>	<b>5,337</b>	<b>9,232</b>
<b>Accumulated amortisation and impairment losses</b>			
Balance at 1 July 2014	3,073	167	3,240
Amortisation expense	344	-	344
<b>Balance at 30 June 2015</b>	<b>3,417</b>	<b>167</b>	<b>3,584</b>
Amortisation expense	190	-	190
<b>Balance at 30 June 2016</b>	<b>3,607</b>	<b>167</b>	<b>3,774</b>
<b>Carrying amounts</b>			
Balance at 30 June 2014	549	-	549
Balance at 30 June 2015	242	957	1,199
<b>BALANCE AT 30 JUNE 2016</b>	<b>288</b>	<b>5,170</b>	<b>5,458</b>

Additions to acquired software relate to the Electricity and Gas High Risk Database and Mahi Learning Management System. Internally generated software additions relate to the Awhina Insite/Guardian replacement 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.

Additions of \$0.069 million in acquired software and \$4.213 million in internally generated software were captured as work-in-progress during 2015/16. In 2014/15, additions were \$0.036 million for acquired software and \$0.957 million for internally generated software.

## 10. PAYABLES

\$000	ACTUAL 2016	ACTUAL 2015
<b>Payables under exchange transactions</b>		
Creditors	3,024	1,806
Income in advance	788	-
Accrued expenses	2,560	4,113
Other	86	37
<b>Total payables under exchange transactions</b>	<b>6,458</b>	<b>5,956</b>
<b>Payables under non-exchange transactions</b>		
Taxes payables (GST, PAYE and rates)	318	262
Grants payables	-	-
Grants received subject to conditions	-	-
Other	-	-
<b>Total payables under non-exchange transactions</b>	<b>318</b>	<b>262</b>
<b>TOTAL PAYABLES</b>	<b>6,776</b>	<b>6,218</b>

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

## 11. EMPLOYEE ENTITLEMENTS

\$000	ACTUAL 2016	ACTUAL 2015
<b>Current portion</b>		
Accrued salaries and wages	472	261
Annual leave	3,145	2,698
Sick leave	-	13
Retirement and long service leave	123	123
<b>Total current portion</b>	<b>3,740</b>	<b>3,095</b>
<b>Non-current portion</b>		
Retirement and long service leave	740	706
<b>Total non-current portion</b>	<b>740</b>	<b>706</b>
<b>TOTAL EMPLOYEE ENTITLEMENTS</b>	<b>4,480</b>	<b>3,801</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 2016. The amount noted above reflects the revised actuarial calculations provided, which are in accordance with PBE International Public Sector Accounting Standard 25 Employee Benefits.

## 12. PROVISIONS

\$000	ACTUAL 2016	ACTUAL 2015
<b>Current portion</b>		
Restructuring	366	300
<b>Total current portion</b>	<b>366</b>	<b>300</b>
<b>TOTAL PROVISIONS</b>	<b>366</b>	<b>300</b>

Movements for each class of provision are as follows:

\$000	ACTUAL 2016	ACTUAL 2015
Opening balance	300	442
Additional provisions made	366	239
Amounts used	-	(305)
Unused amounts reversed	(300)	(76)
<b>CLOSING BALANCE AS AT 30 JUNE 2016</b>	<b>366</b>	<b>300</b>

The restructuring provision represents redundancy payments expected to be paid in 2016/17.

## 13. EQUITY

\$000	ACTUAL 2016	ACTUAL 2015
<b>Contributed capital</b>		
Balance at 1 July	1,876	-
Capital contribution	5,797	1,876
<b>Balance at 30 June</b>	<b>7,673</b>	<b>1,876</b>
<b>Accumulated Surplus/(Deficit)</b>		
Balance at 1 July	6,965	2,277
Repayment of Energy Safety surplus*	1,381	(1,381)
Surplus/(deficit) for the year	(2,217)	6,069
<b>Balance at 30 June</b>	<b>6,129</b>	<b>6,965</b>
<b>Transfer of assets from MBIE</b>		
Balance at 1 July	8,707	8,671
Additions	-	36
<b>Balance at 30 June</b>	<b>8,707</b>	<b>8,707</b>
<b>TOTAL EQUITY AT 30 JUNE 2016</b>	<b>22,509</b>	<b>17,548</b>

\* The Board agreed at its 23 June 2016 meeting to retain Energy Safety surpluses from 2014/15 and 2015/16 to fund future work programmes.

## 14. RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES

\$000	ACTUAL 2016	ACTUAL 2015
<b>Net surplus</b>	<b>(2,217)</b>	<b>6,069</b>
<b>Add/(Less) non-cash items</b>		
Depreciation expense	936	1,099
<b>Total non-cash items</b>	<b>936</b>	<b>1,099</b>
<b>Add/(Less) items classified as investing or financing activities</b>		
(Gains)/Losses on disposal of property, plant and equipment	(7)	5
<b>Total items classified as investing or financing activities</b>	<b>(7)</b>	<b>5</b>
<b>Add/(Less) movements in statement of financial position items</b>		
(Increase)/Decrease in receivables	(1,691)	290
(Increase)/Decrease in prepayments	110	(182)
Increase/(Decrease) in payables	1,648	336
Increase/(Decrease) in provisions	66	(142)
Increase/(Decrease) in employee entitlements	679	(72)
<b>NET MOVEMENTS IN WORKING CAPITAL ITEMS</b>	<b>812</b>	<b>231</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(476)</b>	<b>7,404</b>

## 15. CAPITAL COMMITMENTS AND OPERATING LEASES

### CAPITAL COMMITMENTS

WorkSafe did not have any capital commitments at balance date (2015 \$Nil).

### OPERATING LEASES AS LESSEE

Significant operating commitments are for office rents and car parks. There were no restrictions placed on WorkSafe by any of its leasing arrangements.

\$000	ACTUAL 2016	ACTUAL 2015
No later than one year	3,395	3,306
Later than one year and not later than five years	7,091	6,701
Later than five years	929	1,697
<b>TOTAL NON-CANCELLABLE LEASES</b>	<b>11,416</b>	<b>11,704</b>

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

Total future minimum sublease payments to be received under non-cancellable subleases for office space at balance date are \$0.632 million (2015 \$0.915 million).



## 16. CONTINGENT ASSETS AND LIABILITIES

### CONTINGENT LIABILITIES

There is a potential liability for an award of costs against WorkSafe relating to legal proceedings that have been brought against WorkSafe. The costs are estimated at up to \$190,000 if WorkSafe is unsuccessful.

There is currently a rent review in progress for an office lease, which may lead to a potential liability of approximately \$137,000.

### CONTINGENT ASSETS

WorkSafe is in the process of reviewing its Service Level Agreement with MBIE, which could include the potential to back date some fee reductions to November 2015 (2015 \$Nil).

## 17. 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 (for example, 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 2015/16 as part of the shared services agreement that exists between the two organisations. Purchases totalling \$13.808 million included fees for property, legal services, IT, accounting services 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 \$195,883 based on an actual cost basis.

ACC has provided funding of \$2.926 million\* to WorkSafe for the delivery of programmes including the Safer Farms, Safety Star Rating and education collateral work. WorkSafe has paid \$0.869 million to ACC for levy collection services. Professor Gregor Coster is a member of both the WorkSafe and ACC Boards.

WorkSafe reimbursed \$341,993 to the EPA for staff seconded to WorkSafe. Payment for the staff was based on actual salary reimbursements. Payments totalling \$89,705 were paid to the EPA for IT support. Kerry Prendergast is a member of the WorkSafe Board and Chair of the EPA Board.

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\* Approximately \$0.788 million of this cash received remains as income in advance in 2015/16.

## KEY MANAGEMENT PERSONNEL COMPENSATION

\$000	ACTUAL 2016	ACTUAL 2015
<b>Board Members</b>		
Remuneration	174	195
FTE members*	0.94	1.01
<b>Leadership team</b>		
Remuneration	2,266	2,268
FTE members	9.25	9.03
<b>TOTAL KEY MANAGEMENT PERSONNEL REMUNERATION</b>	<b>2,440</b>	<b>2,463</b>

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

## 18. BOARD AND COMMITTEE REMUNERATION

### REMUNERATION TO BOARD MEMBERS

\$000	ACTUAL 2016	ACTUAL 2015
Professor Gregor Coster (Chair)	45.0	55.0
Ross Wilson (Deputy Chair)	28.1	28.1
Christopher Ellis	22.5	22.5
Kerry Prendergast, CNZM	22.5	22.5
Paula Rose, QSO	22.5	22.5
Don Stock	20.6	22.5
Dr Patrick Strange	11.2	22.5
Dr Jan White	1.9	0.0
<b>TOTAL BOARD MEMBER REMUNERATION</b>	<b>174.21</b>	<b>195.45</b>

Dr Patrick Strange resigned from the Board as of December 2015. Dr Jan White was appointed to the Board in June 2016. Don Stock's term on the Board ended in May 2016.

We 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 (2015 \$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 (2014/15 \$10,800).

\* Board member FTE calculations are based on the assumptions noted in Cabinet Office Circular CO (12) 6. The 2014/15 Board FTE figures have been recalculated based these assumptions for consistency as the FTE published in the 2014/15 Annual Report were calculated using a different methodology.

**FEES TO COMMITTEE MEMBERS**

The following are fees over \$1,000 paid or payable to individual committee members:

\$000	ACTUAL 2016	ACTUAL 2015
<b>Occupational Health Advisory Group remuneration</b>		
George Adams (Chair)	7	11
Glenys Barker	3	6
Suzanne Broadbent	3	5
Professor Bill Glass	-	2
Associate Professor Ian Laird	3	5
Dr David McLean (fees paid to Massey University)	3	5
Dr Jim McLeod	4	6
Andrea McMillan (fees paid to the University of Otago)	4	4
Marama Parore	-	1
<b>Total Occupational Health Advisory Group remuneration*</b>	<b>26</b>	<b>45</b>
<b>Mining Board of Examiners remuneration</b>		
Stephen Bell	4	3
Michelle Crompton (fees paid to MITO)	4	4
Andrew Dallas	-	5
Steven Ellis	4	4
Andy Loader	4	5
Bernie O'Leary	3	4
Marianne Rogers	4	3
Iain Simmons	3	3
Craig Smith	3	2
Dave Stewart	4	3
Professor John St George	4	4
Dean Torstonson	3	2
Ray Urquhart	2	-
<b>Total Mining Board of Examiners remuneration</b>	<b>41</b>	<b>42</b>
<b>Extractives Industry Advisory Group</b>		
Gavin Taylor (Chair)	8	8
Andrew Dallas	-	3
Jonathan Edward	3	3
Tony Hunter	2	3
Tony King (fees paid to Solid Energy)	2	3

\* Dr Kathleen Callaghan and Bill Newson are also members of the Occupational Health Advisory Group, but they did not receive fees.

\$000	ACTUAL 2016	ACTUAL 2015
Jim Knowles	3	2
Les McCracken	2	3
Terry Moynihan	3	3
Maxwell Murray	1	2
Professor Michael Quinlan	1	2
Craig Smith	3	2
Dave Stewart	3	3
<b>Total Extractives Industry Advisory Group remuneration</b>	<b>32</b>	<b>37</b>
<b>TOTAL COMMITTEE MEMBER REMUNERATION</b>	<b>99</b>	<b>124</b>

## 19. EMPLOYEE REMUNERATION

\$000	ACTUAL 2016	ACTUAL 2015
<b>Total remuneration paid or payable over \$100,000</b>		
\$100,000-\$109,999	23	36
\$110,000-\$119,999	34	22
\$120,000-\$129,999	24	12
\$130,000-\$139,999	11	6
\$140,000-\$149,999	5	7
\$150,000-\$159,999	3	5
\$160,000-\$169,999	5	5
\$170,000-\$179,999	4	6
\$180,000-\$189,999	11	3
\$190,000-\$199,999	2	2
\$200,000-\$209,999	4	1
\$210,000-\$219,999	1	3
\$220,000-\$229,999	2	2
\$230,000-\$239,999	2	3
\$250,000-\$259,999	3	0
\$270,000-\$279,999	2	0
\$310,000-\$319,999	1	1
\$320,000-\$329,999	1	0
\$340,000-\$349,999	0	1
\$390,000-\$399,999	0	1
<b>TOTAL EMPLOYEES</b>	<b>138</b>	<b>116</b>

During the year ended 30 June 2016, there was one settlement payment made amounting to \$6,023. In 2014/15, one staff member received compensation and other benefit payments in relation to cessation totalling \$32,540.

## 20. EVENTS AFTER BALANCE DATE

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

## 21. 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 2016	ACTUAL 2015
<b>Loans and receivables</b>		
Cash and cash equivalents	2,475	3,856
Receivables (excluding taxes receivable)	2,142	503
Investments – term deposits	19,000	18,000
<b>Total loans and receivables</b>	<b>23,617</b>	<b>22,359</b>
<b>Financial liabilities measured at amortised cost</b>		
Payables (excluding taxes payable)	6,457	5,828
<b>Total financial liabilities measured at amortised cost</b>	<b>6,457</b>	<b>5,828</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.

#### 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 2016	ACTUAL 2015
<b>Counterparties with credit ratings</b>		
Cash at bank and term deposits		
AA-	21,475	21,856
<b>TOTAL CASH AT BANK AND TERM DEPOSITS</b>	<b>21,475</b>	<b>21,856</b>
<b>Counterparties without credit ratings</b>		
Debtors and other receivables excluding taxes	2,142	503
<b>TOTAL DEBTORS AND OTHER RECEIVABLES EXCLUDING TAXES</b>	<b>2,142</b>	<b>503</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 2016	ACTUAL 2015
<b>Payables (excluding taxes payable)</b>		
Carrying amount, Contractual cash flows and Payables less than six months	6,457	5,828

## 22. 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.

## 23. 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

#### Crown revenue

The higher than budgeted Crown revenue is due to the \$0.869 million of ACC levy collection funding being netted off with the corresponding \$0.869 million ACC expenditure in the budget. The actual results separate out the revenue and expense.

#### Interest revenue

Interest revenue is higher than budgeted due to the total deficit being lower than budgeted, allowing investment of surplus funds.

#### Other revenue

Rental income from sub-lease and ACC funding for the Safety Star Rating initiative were netted off with the corresponding expenditure in the budget. The actual results separate out the revenue and expenditure. Additional ACC funding was secured during the year for education collateral.

#### Personnel costs

Personnel costs are higher than budgeted due to delays in the new health and safety regulations requiring contractors to be engaged longer than expected.

#### Other expenses

Other expenses are less than budgeted due to resources being redirected to fund higher personnel costs as described above.

### STATEMENT OF CHANGES IN EQUITY

#### Capital contribution

The capital contribution was higher than budgeted due to transfers of funding from previous years.

### STATEMENT OF FINANCIAL POSITION

#### Investments

The value of investments is higher than budgeted due to operating and capital surpluses.

#### Fixed assets

Fixed assets are under budget mostly due to the timing of the spend on the ICT Business Capability Programme.

#### Liabilities

Payables are over budget due to higher year-end payments.

### 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.

## 24. COST OF SERVICE SUMMARY

The following tables show the activities of WorkSafe split by Workplace Health and Safety and Energy Safety activities.

\$000	ACTUAL 2016	BUDGET 2016	VARIANCE 2016	ACTUAL 2015	BUDGET 2015	VARIANCE 2015
<b>Health and Safety</b>						
Revenue - Crown	82,449	81,580	869	83,516	81,177	2,339
Revenue - other	4,233	1,341	2,892	3,315	269	3,046
<b>Total revenue</b>	<b>86,682</b>	<b>82,921</b>	<b>3,761</b>	<b>86,831</b>	<b>81,446</b>	<b>5,385</b>
<b>Expenditure</b>	<b>89,761</b>	<b>90,098</b>	<b>(337)</b>	<b>82,143</b>	<b>81,446</b>	<b>(697)</b>
<b>SURPLUS/(DEFICIT)</b>	<b>(3,079)</b>	<b>(7,177)</b>	<b>4,098</b>	<b>4,688</b>	<b>-</b>	<b>4,688</b>
<b>Energy Safety</b>						
Revenue - Crown	4,414	4,414	-	4,414	3,677	737
Revenue - other	5	-	5	5	-	5
<b>Total revenue</b>	<b>4,419</b>	<b>4,414</b>	<b>5</b>	<b>4,419</b>	<b>3,677</b>	<b>742</b>
<b>Expenditure</b>	<b>3,556</b>	<b>3,564</b>	<b>(8)</b>	<b>3,038</b>	<b>3,677</b>	<b>639</b>
<b>SURPLUS/(DEFICIT)</b>	<b>863</b>	<b>850</b>	<b>13</b>	<b>1,381</b>	<b>-</b>	<b>1,381</b>
<b>Total WorkSafe</b>						
Revenue - Crown	86,863	85,994	869	87,930	84,854	3,076
Revenue - other	4,238	1,341	2,897	3,320	269	3,051
<b>Total revenue</b>	<b>91,101</b>	<b>87,335</b>	<b>3,766</b>	<b>91,250</b>	<b>85,123</b>	<b>6,127</b>
<b>Expenditure</b>	<b>93,317</b>	<b>93,662</b>	<b>(345)</b>	<b>85,181</b>	<b>85,123</b>	<b>(58)</b>
<b>SURPLUS/(DEFICIT)</b>	<b>(2,216)</b>	<b>(6,327)</b>	<b>4,111</b>	<b>6,069</b>	<b>-</b>	<b>6,069</b>

This cost of service summary comes under the output class Workplace Relations and Safety - Workplace Health and Safety.



## 25. STATEMENT OF BUDGETED AND ACTUAL EXPENSES AND CAPITAL EXPENSES AGAINST APPROPRIATIONS

The following table shows WorkSafe's appropriation:

\$000	ACTUAL APPROPRIATION 2016	APPROVED APPROPRIATION 2016	ACTUAL APPROPRIATION 2015
<b>Appropriation*</b>			
<b>Non-Departmental Output Expenses</b>			
Workplace Health and Safety	85,994	85,994	87,061
Health and Safety in Employment Levy - Collection Services	869	869	869
<b>Total Non-Departmental Output Expenses</b>	<b>86,863</b>	<b>86,863</b>	<b>87,930</b>
<b>Non-Departmental Capital Expenses</b>			
WorkSafe capability change programme	5,797	5,797	1,876
<b>Total Non-Departmental Capital Expenses</b>	<b>5,797</b>	<b>5,797</b>	<b>1,876</b>

The Non-Departmental Output and Capital Expense appropriations are administered by MBIE and passed across to WorkSafe and treated as Crown Revenue.

\* The appropriation revenue received by WorkSafe equals the Government's actual expenses incurred in relation to the appropriation, which is a required disclosure from the Public Finance Act 2004.

# Independent auditor's report

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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 2016.

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 her behalf.

### OPINION ON THE FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION

We have audited:

- > the financial statements of WorkSafe on pages 71 to 97, that comprise the statement of financial position as at 30 June 2016, 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 that include accounting policies and other explanatory information and
- > the performance information of WorkSafe on pages 59 to 70.

In our opinion:

- > the financial statements of WorkSafe:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2016 and
    - its financial performance and cash flows for the year then ended and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Standards.
- > the performance information:
  - presents fairly, in all material respects, WorkSafe's performance for the year ended 30 June 2016, including:
    - for each class of reportable outputs:
      - › its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year
      - › its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year
    - 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.
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 28 October 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and explain our independence.

## **BASIS OF OPINION**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of WorkSafe's financial statements and performance information 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.

An audit also involves evaluating:

- > the appropriateness of accounting policies used and whether they have been consistently applied
- > the reasonableness of the significant accounting estimates and judgements made by the Board
- > the appropriateness of the reported performance information within WorkSafe's framework for reporting performance
- > the adequacy of the disclosures in the financial statements and the performance information and
- > the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

## **RESPONSIBILITIES OF THE BOARD**

The Board is responsible for preparing financial statements and performance information that:

- > comply with generally accepted accounting practice in New Zealand
- > present fairly WorkSafe's financial position, financial performance and cash flows and
- > present fairly WorkSafe's performance.

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

The Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

## RESPONSIBILITIES OF THE AUDITOR

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

## INDEPENDENCE

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in WorkSafe.



**Ajay Sharma**

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

# Glossary

TERM/ACRONYM	DEFINITION
<b>A&amp;B Survey</b>	This 2015/16 Attitudes and Behaviours Survey, undertaken by Nielsen for WorkSafe.
<b>ACC</b>	Accident Compensation Corporation. ACC provides comprehensive, no-fault personal injury cover for all New Zealand residents and visitors to New Zealand.
<b>Age-standardised</b>	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.
<b>CRM</b>	Company Risk Model. The CRM is an operational intelligence tool that takes data from WorkSafe, ACC and the Companies Office to create a profile of the types of risk a company is likely to face.
<b>Duty-holder</b>	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).
<b>EPA</b>	Environmental Protection Authority. The EPA is responsible for functions concerning New Zealand's environmental management. As the agency mandated to ensure compliance with the hazardous substances provisions of HSNO in workplaces, WorkSafe works closely with the EPA on HSNO matters.
<b>FTEs</b>	Full-time equivalent employees.
<b>HASANZ</b>	The Health and Safety Association of New Zealand. HASANZ is a representative body for health and safety professionals.
<b>HRAP</b>	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.
<b>HSNO</b>	Hazardous Substances and New Organisms Act 1996.
<b>HSR</b>	A health and safety representative - these are people chosen by members of their work group to represent them on health and safety matters. HSRs who have attended and passed specified training course also have additional powers under HSWA.
<b>HSWA</b>	Health and Safety at Work Act 2015.
<b>Maritime NZ</b>	Maritime New Zealand. Maritime NZ is designated under HSWA as the work health and safety regulator for the maritime sector.
<b>MBIE</b>	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.
<b>MHF</b>	Major Hazard Facilities are facilities that have significant inherent hazards due to the storage and use of large quantities of specified hazardous substances.
<b>NSE</b>	The 2015/16 National Survey of Employers, undertaken by Research New Zealand for MBIE.
<b>PCBU</b>	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).

TERM/ACRONYM	DEFINITION
<b>SSR</b>	The Safety Star Rating initiative is a joint agency injury prevention initiative being designed and tested by WorkSafe, ACC and MBIE. SSR is an educative tool that provides businesses with an opportunity to obtain independent, qualified assessments of their health and safety performance and guidance and advice to support continual improvement.
<b>SES</b>	The 2016 Service Excellence Survey of Health and Safety Inspectors, undertaken by Research New Zealand for WorkSafe.
<b>SWIFT</b>	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.
<b>Three-year average</b>	For fatality information three-year averages (using the year ahead and the year behind) are used to moderate the volatility caused by low numbers.
<b>TIR</b>	The Targeted Independent Review of WorkSafe.
<b>Worker engagement</b>	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.
<b>Worker participation</b>	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.
<b>Worker participation practices</b>	Opportunities for workers to contribute to health and safety that are provided by the PCBU.
<b>WRH</b>	Work-related health, sometimes also known as occupational health.

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## DISCLAIMER

WorkSafe New Zealand has made every effort to ensure 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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