

ANNUAL REPORT 2014-2015

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ACKNOWLEDGEMENTS

WorkSafe would like to acknowledge the efforts of all the staff who contributed to this report. We would also like to thank those people who provided quotes and other testimonials, including Phil O'Reilly, Jodie Loos, Matt Webster, Graham Moor, and Helen Kelly.

*Te amorangi ki mua, te hapai o ki muri.
The leaders in the front and the workers behind them.*

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

Year at a glance 2014/2015

WORKSAFE IS TAKING A PROPORTIONATE, ENGAGED APPROACH

OVER **15,000**  PEOPLE ATTENDED WORKSAFE PRESENTATIONS INCLUDING:

5,000

AT SAFER FARMS-RELATED EVENTS

4,000

AT 'PREVENTING FALLS FROM HEIGHT IN CONSTRUCTION' ROADSHOWS

2,700

AT CANTERBURY EVENTS (INCLUDING SAFETY CHARTER EVENTS)

2,300

AT FORESTRY CONFERENCES AND SAFE START BREAKFASTS

1,400

AT MANUFACTURING ROADSHOW PRESENTATIONS

1,000

WORKERS VISITED BY OCCUPATIONAL HEALTH VAN (MINI HEALTH CHECKS)

600

AT EXTRACTIVES SEMINARS

100

AT DUTY-HOLDER REVIEW FORUMS

THOUSANDS OF PEOPLE AT OVER 100 PRESENTATIONS ON THE NEW LAW

WORKSAFE UNDERTOOK OVER

780

INVESTIGATIONS



14,500

PROACTIVE ASSESSMENTS

106

PROSECUTIONS

91% 

WERE SUCCESSFUL

83%

OF WORKPLACES WE INVESTIGATED OR ASSESSED MADE CHANGES TO THEIR PRACTICES AS A RESULT OF CONTACT WITH WORKSAFE



IN 2014/15
WORKSAFE
RECEIVED
OVER

3,300 SERIOUS HARM NOTIFICATIONS

THERE
WERE

48  **WORKPLACE DEATHS:**

20 

AGRICULTURE

13 

TRANSPORT,
POSTAL, AND
WAREHOUSING

4 

CONSTRUCTION

2 

SUPPORT SERVICES
FOR PRIMARY
INDUSTRIES

2 

ARTS AND
RECREATION
SERVICES

2 

MINING/
QUARRYING

2 

PUBLIC
ADMINISTRATION
AND SAFETY

1 

ELECTRICITY,
GAS, WATER, AND
WASTE SERVICES

1 

FORESTRY

1 

PROFESSIONAL

EACH YEAR, AN ESTIMATED

600-900

PEOPLE DIE FROM WORK-
RELATED DISEASES

50-60

PEOPLE DIE FROM WORK-
RELATED INJURIES

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From the Board

We are pleased to present this Annual Report for WorkSafe New Zealand for 2014/15; our first full financial year of operation.

A large amount of collaborative work took place during the year and, while there are early indications of positive change, there is still a long road ahead. We embarked on a significant systems change and made a promising start. New Zealand's workplace health and safety system is about where we expected to be given that fundamental behaviour change takes time. Despite the extended timeframe for passing the Health and Safety at Work Act, it sparked attention and debate throughout New Zealand. This broader conversation got people thinking and supported New Zealand's preparation for the new law, which will now come into force on 4 April 2016.

WorkSafe is still developing as a new organisation. Good progress has been made in building our organisation to lead the transformation of New Zealand's workplace health and safety. We use evidence to target our effort, and engagement, education, and enforcement levers to influence health and safety practices in workplaces. Well over 15,000 people attended WorkSafe presentations to promote positive safe work practices this year. Over 14,500 proactive assessments (health and safety checks of individual businesses) were completed. Our focus on occupational health intensified (particularly in Canterbury), occupational health targets were set, and the new *Clean Air* programme was developed, which will ramp up activity in future years.

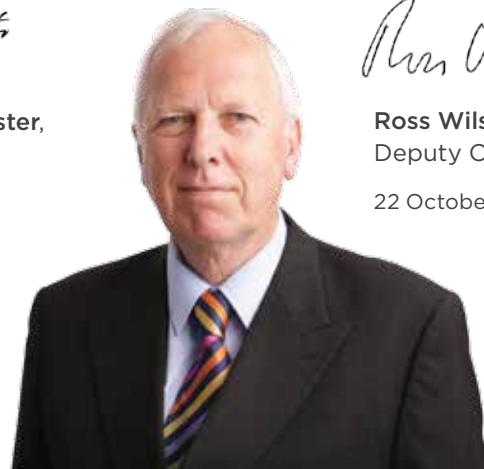
We worked with our social partners and others to create the conditions for change.



A handwritten signature in black ink that reads "Gregor D. Coster".

Professor Gregor Coster,
CNZM, Chair

22 October 2015



A handwritten signature in black ink that reads "Ross Wilson".

Ross Wilson,
Deputy Chair

22 October 2015

This report outlines evidence that most workplaces improve their practices as a result of their contact with WorkSafe inspectors. It also highlights the positive safety leadership and harm reduction in the forestry sector, an example for other sectors to follow.

We spent \$85 million in 2014/15, close to our original budget. Additional funding was provided during the year to support important work such as implementing the adventure activities regime. On the other hand, funding earmarked for implementing the new legislation was not utilised due to the changes to the original implementation timetable. This contributed to a surplus of \$6.1 million, with \$4.7 million of the health and safety surplus carried forward to next year to fund the delayed activity, and \$1.4 million of the Energy Safety surplus returned to the Ministry of Business, Innovation and Employment (MBIE).

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 2015.

WorkSafe is a Crown Agent established on 16 December 2013, mandated to lift New Zealand's workplace health and safety performance. The establishment of a standalone agency focusing on health and safety was a fundamental part of the Government's 2013 *Working Safer* reforms.

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 parties 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. With serious failures we have an ability to prosecute people with legal health and safety responsibilities, holding them to account. Our prosecution policy is clear and published on our website.

We have several targets for New Zealand's health and safety system, including the Government's target to reduce workplace fatalities and injuries by 25% by 2020.

We are leading New Zealand to meet these targets by Targeting risk, Working smarter, Working together, Rebuilding Canterbury safely, and Strengthening our organisation. This Annual Report is organised under these headings.



WORKSAFE'S PERFORMANCE FRAMEWORK

(within the New Zealand health and safety system)



we are

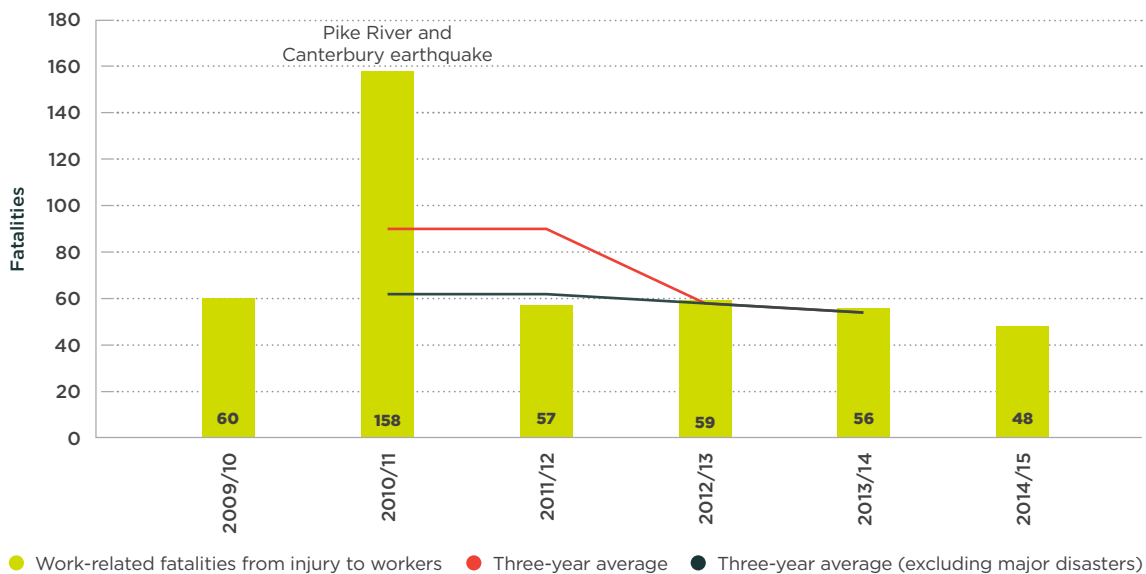


Our year in review

Fewer people are being killed at work, but still far too many

Each year in New Zealand 50 to 60 people die on the job¹. The chart below shows the provisional number of worker fatalities: 48 in 2014/15². Figures have been slightly lower in the past few years, possibly due to the increased attention on workplace health and safety in New Zealand, particularly after the Pike River tragedy.

NUMBER OF WORK-RELATED FATALITIES AND THREE-YEAR AVERAGES



Source: WorkSafe’s System for Work-related Injury Forecasting and Targeting (SWIFT), drawing together data on worker fatalities notified to WorkSafe and data on ACC’s claims for work-related fatalities (which may include fatalities from Maritime New Zealand, Civil Aviation Authority, and New Zealand Police jurisdictions). Note: Three-year averages (using the year ahead and the year behind) are used to moderate the volatility caused by low numbers.

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

Recent results have been mixed: rates of fatalities and serious injuries have been decreasing slightly while the rate of injuries involving more than a week off work has not followed this pattern. New Zealand clearly has more work to do to bring the work toll down. For more information, see *Working Safer: Progress toward the target* and pages 45-47.

¹ This is an update on 73, which is the average for 2011-2013 using official statistics.

² These are not official statistics. The official rates are laid out on pages 45-47 of this report.

WE ARE ALSO TARGETING OCCUPATIONAL HEALTH

Poor occupational health can be invisible for many decades before symptoms appear; it is estimated that 600 to 900 people die prematurely each year from diseases caused by long-term workplace exposures. Asbestos is a big contributor; fatality estimates vary from 170 to 300 people per year. In 2014/15 WorkSafe set a target to decrease asbestos-related disease by 50% by 2040. While this may seem distant, our target focuses on harm happening now (eg inhaling asbestos fibres). Less exposure now will lower disease rates in the longer term. In the short term, lower exposure means more quality of life, with fewer people needing to reduce or stop work due to sickness. We started work to baseline workplace practices to manage risks relating to silica, solvents, asbestos, wood-dust, and noise, all of which are known to cause significant harm if not adequately controlled. We will set targets for improvement once baselines are known.

TWO YEARS AFTER THE BLUEPRINT

In 2013 the [Independent Taskforce on Workplace Health and Safety](#) reported that New Zealand's health and safety system was failing. In response, the Government announced the *Working Safer blueprint for health and safety at work*, New Zealand's most significant workplace health and safety reforms in 20 years. *Working Safer* included a range of systems' improvements with two major changes:

01



Establishing a Crown entity to lead the national effort on workplace health and safety. WorkSafe was established in December 2013.

02



The new Health and Safety at Work Act is designed to support a clearer, more co-operative approach to health and safety.

This has been WorkSafe's first full financial year of operation. Considerable work has taken place since establishment, both internally to strengthen our organisation and externally to create the conditions for improvement in workplace health and safety.

A photograph of a red tractor with a large black fork attachment in a grassy field. Two people are standing in the field, one wearing a high-visibility vest. The sky is cloudy.

EARLY INDICATIONS OF POSITIVE CHANGE, BUT STILL A LONG ROAD AHEAD

Evidence shows that fundamental cultural and behavioural change takes time, particularly when applied to all sectors of the economy. Progress needs to be considered in light of WorkSafe's short history and the maturity of the health and safety system (which in only 2013 was reported by the Taskforce as "not fit for purpose"). In Britain it took two decades to halve the fatal injury rate after major reforms. Here we believe there are early indications of positive change, but there is still a long road ahead. Two examples of positive change are workplace practices changing after interactions with our inspectors (see page 16) and the decline in forestry fatalities (see page 19).

“We have a big challenge in our workplace profile, with many small or micro businesses operating in isolated areas, often outdoor in challenging conditions, sometimes in relatively dangerous occupations. Meanwhile, larger, city-based businesses have very different needs. So we need a health and safety system that works for all types of business and which everyone thinks is fair.”

Phil O'Reilly, Chief Executive BusinessNZ, in the July/August 2015 *Safeguard* magazine.

Our way of working



ENGAGEMENT, EDUCATION, AND ENFORCEMENT

WorkSafe is committed to harm prevention, but only those who create risk in the workplace can control it. In 2014/15 we worked to influence the structures and institutions that affect New Zealand's health and safety system (eg the skills system). We worked with industry leaders and associations as well as the wider community, educating and giving practical health and safety information, tools, and support to large audiences. Well over 15,000 people attended our presentations to promote positive safe work practices.

We completed over 14,500³ proactive assessments (health and safety checks with individual businesses), often involving multiple visits and exchanges to support improved health and safety knowledge and practices. The majority of our inspectors work on proactive assessments. Where they see significant risks that are not being managed effectively, they ensure that matters are put right, using their enforcement powers where necessary.

We understand the need to be proportionate and consistent. We launched our new practice framework, including an 'enforcement decision tool', providing inspectors with criteria for matching their responses (from advice through to prosecution) to the nature, scale, and potential for harm where a workplace is not complying with the law.

RESPONDING TO HEALTH AND SAFETY INCIDENTS

Over 10,000 health and safety incidents were reported to WorkSafe in 2014/15; these included 3,300 notifications of serious harm⁴, information on allegedly unsafe workplaces, and general complaints about health and safety. We investigated 780 of the most serious incidents. We took 106 prosecutions; 91% were successful. We also completed over 280 'duty-holder reviews' (DHRs), where people with responsibilities for health and safety under the law (duty-holders) undertake guided investigations into health and safety events at their workplaces (see page 24 for more information).



@JODIELOOS

Panic and fear, @WorkSafeNZ at the cowshed!! Turns out they're people, quite lovely, helpful, and didn't tell us off. #agchatnz



³ This total includes all assessments, including for the Canterbury Rebuild Health and Safety Programme and those focusing on adventure activities and hazardous substances, including those completed by our contractors.

⁴ The types of serious harm that must be notified to us are defined in the Health and Safety in Employment Act 1992 and include death, amputation, crushing, severe burns, severe loss of bodily function relating to poisoning, noise, severe illness from absorption, inhalation, or ingestion of any substance, and any work-related harm requiring hospitalisation for a period of 48 hours or more.

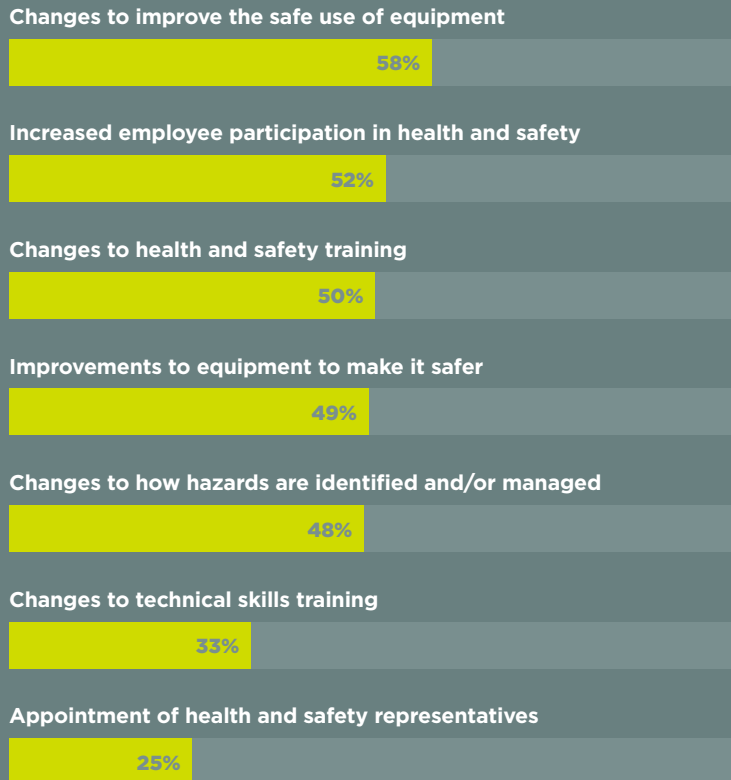
Inspectors supporting safer workplace practices

One of our objectives in 2014/15 was for our inspectors' contact with workplaces to lead to improved practices; this is a key indicator that our engagement, education, and enforcement model is working.

83%

OF WORKPLACES HAD CHANGED THEIR PRACTICES AS A RESULT OF THEIR CONTACT WITH HEALTH AND SAFETY INSPECTORS IN 2014/15. MOST CHANGES WERE TO THE SAFE USE OF EQUIPMENT.

MAIN CHANGES IN WORKPLACE PRACTICES MADE AFTER CONTACT WITH WORKSAFE



Base: 391; includes employers, employees, and self-employed people.

Source: WorkSafe's Service Excellence Survey 2014/15 of workplaces we assessed or investigated.

The Service Excellence Survey found that 77% of workplaces we assessed or investigated felt they were treated fairly, 55% saw good value from the service, and 51% thought that WorkSafe applied rules in a consistent manner. We are looking to see increases in all areas in the future and are investing in inspectorate training and systems to support this. Consistency of decision-making and inspectorate style is something we are actively focusing on.

WORKSAFE'S PERFORMANCE IN THE EYES OF SECTOR LEADERS

To understand sector leaders' views of WorkSafe's performance we completed a small-scale, qualitative research project during 2014/15. The overall perception was that we have made a good start in building the organisation New Zealand needs. Our increased presence, guidance, and proactive approach with workplace assessments were seen as positive. Good relationships are developing with sector groups and industry leaders from local to national levels. The sector leaders noted our desire for their input. Some participants described exemplary relationships with our managers and chief inspectors.

Some areas were identified as requiring more focus. We were told that we need to involve others more in the design of harm prevention programmes, provide more information about the new law, and ensure a consistent inspectorate style (engaging and educative). This feedback validates activities already underway that have been designed to lead collectively to the improvements needed.

Targeting risk

We will apply resources to where they make the most difference. The chart below shows the disproportionate rate of injuries requiring more than a week off work in forestry, agriculture, construction, and manufacturing compared with all other sectors in New Zealand.

The other striking pattern in the chart is the decline in forestry injury rates. Slight increases have occurred in all other industries. While we are unable to say conclusively why the increases have occurred, research suggests that economic growth is linked with more minor workplace injuries⁵ (eg arising from a higher pace of production, less experienced recruits, longer working hours). The economic growth in 2013 and 2014 in New Zealand is likely to have played a role.

WORK INJURIES NEEDING MORE THAN A WEEK OFF WORK

Rates of weekly compensation work-related injury claims per 1,000 employed by industry



Source: WorkSafe's SWIFT data by calendar year.

Three indicators are used to monitor progress towards the Government's targets; they relate to workplace fatalities, serious injuries (eg hospitalisations), and injuries requiring more than a week off work. The material in the chart relates to the third indicator.

TARGETING RISK THROUGH NATIONAL PROGRAMMES

We target our effort to achieve the greatest impact. In 2014/15 we continued our multi-faceted national programmes in forestry, agriculture, construction, and manufacturing. Each programme involves engagement, education, and enforcement towards positive safe work practices. Much of this work has been undertaken in close partnership with the Accident Compensation Corporation (ACC).

We engage with representative groups, influential organisations, and workers in particular occupations. In some sectors our engagement is proving effective (eg forestry), while in other sectors we know there is still a lot more work to do. We deliver educational messages at large industry events and via our roadshows around the country. Around 5,000 people came to our *Safer Farms* events in 2014/15, 4,000 builders and other tradespeople attended our roadshow presentations on preventing falls from height in construction, and 1,400 people came to our manufacturing roadshow presentations. The majority of the 14,500 proactive workplace assessments we completed were associated with our national programmes. Our role in these sectors is to provide support, including education and information, and to catalyse industry leadership and ownership of workplace health and safety, which is critical for change.

⁵ Davies R, Jones P, and Nunez I, The impact of the business cycle on occupational injuries in the UK, *Soc Sci Med* 2009; 69: 178-182, and Moore I, and Tompa E, Understanding changes over time in workers' compensation claim rates using time series analytical techniques, *Occup Environ Med* 2011; 68 837-841.

CASE STUDY

The critical importance of sector leadership

There is a link between harm and safety leadership in the sectors we target; this has been best demonstrated in forestry in recent years.

FORESTRY

Commercial forest harvesting is one of New Zealand's most dangerous sectors. In 2013 ten people were killed working in forests. Pressure was mounting (particularly from the New Zealand Council of Trade Unions) because as a small industry the rate of fatalities in forestry was unacceptably high.

In 2013 we used all of our levers concurrently: engagement, education, and enforcement. Enforcement was part of the mix to address immediate serious risks; on the ground our inspectors visited hundreds of forestry operations. Our *Safer Forest Harvesting* programme targeted risks in the two areas where 80% of recent deaths had occurred: tree felling and 'breaking out' (taking trees to an area for removal off the forest block).

Initially, our most effective engagements were with the small number of forestry corporations undertaking most of the harvesting; these engagements were at every level including the Boards and senior management. Collectively this work helped to reveal that health and safety expectations

were not always clear; there was a need for clearer information and education. The industry worked intensively with us to update the Approved Code of Practice. The aim was to make the Code very clear and give examples of good practice.

There is never a single driver associated with reducing workplace harm, but sector leadership is a vital component of forestry's recent success in starting to turn its poor health and safety record around. In 2014 the industry initiated an Independent Forestry Safety Review to consider ways to reduce the death and injury toll in forests. The Forest Industry Safety Council was subsequently formed.

During this period there was been a dramatic drop in fatalities, with one fatality each in 2014 and 2015⁶. Between 2012 and 2014 there was a 23% decrease in the rate of work-related injuries requiring more than a week off work (seen in the previous chart). Our 2014 Health and Safety Attitudes and Behaviours Survey showed that forestry employers and workers thought more constructively about safety than their counterparts in the other sectors we target.

AGRICULTURE, CONSTRUCTION, MANUFACTURING

Conversely, the scale of serious harm in agriculture, construction, and manufacturing has remained high in recent years.

Our national programmes have focused on effective engagement across the board. We work intensively with industry groups, peak bodies, and companies on the health and safety issues pertinent to their industries or sub-sectors. We are also partnering with ACC on injury prevention initiatives in these sectors.

⁶ To June 2015. As of the time of publication, there have been three forestry fatalities in 2015.

Each sector is facing unique challenges and dynamics. The structure and size of these sectors play a role in our engagement. There are different agricultural health and safety issues facing the beef, dairy, and horticulture sub-sectors. Manufacturing is broader and even more diffuse than the others, while construction faces different issues in regions such as Canterbury (rebuild) and Auckland (new build).

We are in different stages of programme planning with each sector and are seeking to work closely with industry and ACC to adapt our approach as needed. We launched *Safer Farms*, a broader, evidence-based campaign targeting top risks in farming. In 2014/15 we ran workshops with manufacturing and construction stakeholders, presenting and discussing health and safety attitudes and behaviours research. This is important to building a shared understanding of risks and how to manage them safely. (See a statement from a workshop participant on page 27.)

We continue to promote industry health and safety leadership in each target sector and are encouraged by more people being prepared to step up to the plate.

TARGETING HIGH HAZARD SECTORS AND MAJOR HAZARD FACILITIES

The High Hazards Unit promotes systematic risk management in industries with the potential for catastrophic events that could affect a large number of workers, the neighbouring community, and essential services (eg fuel supplies).

In 2014/15 our focus was on mining, tunnelling, quarries, petroleum, geothermal, and preparing for the new major hazard facilities regime. With new, more rigorous regulation in place or in train, we significantly built our engagement with sector leaders and individual operators on their new responsibilities and what the different regulations mean in practice. We undertook targeted site visits to encourage and enforce safe work practices. We provided written guidance, position statements, and codes of practice. We helped the sector to develop skills to manage safety effectively⁷ and respond to emergencies⁸. We worked with the Extractives Industry Advisory Group (an independent advisory group to our Board).

We have built a skilled group of technical professionals in the High Hazards Unit, including 16 specialist inspectors working intensively in target sectors. We will support significant sectoral change in the coming years, and introduced new performance measures in 2014/15 to monitor sectoral change. As the quality of our guidance improves and we engage further on what good practice looks like, we expect high hazard operators to improve their capability to manage risks effectively.

⁷ Including our support for the New Zealand Mining Board of Examiners, which advises on skills and training for extractives workers and issues certificates of competency.

⁸ For example, the protocol and simulated exercise supporting a co-ordinated response to major underground mining emergencies (ie with WorkSafe, New Zealand Police, New Zealand Fire Service, Mines Rescue Service, and Ministry of Civil Defence and Emergency Management).

RECENT VISIT BY WORKSAFE

Excerpt from June 2015 Institute of Quarrying New Zealand newsletter by Matt Webster

As a quarry manager it is with interest I watch the development of health and safety legislation and training initiatives coming through this year.

My initial reaction to these H + S changes was to undertake a site audit focusing largely on Guarding, Electrical Hazards, and potential Geotechnical hazards, all listed as areas of interest for the inspectors. This Audit outlined areas for development which we addressed in our H+S development plan, we knew we couldn't fix everything over night but we could start a PHMP [principal hazard management plan] that would address our issues over time.

Since the formation of the new WorkSafe Mines Inspectorate, there has been huge amounts of speculation around their approach and the perceived carnage that is unfolding in the NZ extractive industry. This is why when my radio crackled with the news there were two mines inspectors in my office demanding to see the Quarry Manager – it was with apprehension I came down from the quarry to face the firing squad.

What I experienced over the following hours of discussion and inspection was a complete 180 on my perceptions going in. The inspectors were inquisitive, knowledgeable, and quick with pointers on how to navigate the new legislation with practical solutions.

They were genuinely interested in what we were doing as a company and the procedures we had put in place to help manage our sites' principal hazards.

During our inspection the areas we were still working on were noted, but because we were able to outline a documented management plan these issues were seen to be under control.

My knee jerk reaction to the new inspectorate was apprehension as I thought they were coming to tell us how to run our quarry and lay waste to anyone who stands in their way. My experience with WorkSafe now gives me the impression they are here to be proactive within our industry, to assist us in keeping our guys safe.

If my experience is typical of WorkSafe's approach then I can only see there being positive change within the extractive industry.

A DIFFERENT REGULATORY APPROACH

High hazard sites are often based on complex technical systems and require a different regulatory approach from those used in other sectors of the economy (eg forestry). Emerging risks are less likely to be seen easily on high hazard sites and because of this there should be close monitoring of systems and barriers to prevent catastrophes. There is also a focus on early-warning precursor events (eg small leaks from pipes or gas accumulating underground) so that unsafe events can be averted.

We expect to be notified of all precursor events as per regulatory requirements, but we know that some operators are still unaware of the new need to notify and we are helping them to understand the requirements. This underscores the importance of our engagement with operators, helping them to learn about the importance of active safety management. In 2014/15 we were notified of 80 potentially dangerous precursor events (56 in the petroleum industry and 24 in extractives). Our specialist inspectors determined that firms responded adequately in all but one case.

GREATER OPERATOR OWNERSHIP OF SAFETY PLANS

The new regulations require high hazard operators to create their own safety plans, called safety cases and principal hazard management plans. These plans help operators to demonstrate their understanding of risks and hazards within their operations and that they have adopted the right controls and mitigations. In 2014/15 we received 35 plans. WorkSafe invested significant resources in assessing these documents. Each required us to follow-up with the submitters to ensure they met the required standards. This was not surprising because the requirements were still relatively new. We expect the quality of submissions to improve in the next few years, and our guidance and proactive engagement will support this. While we will be monitoring a firm's compliance with its own safety plan we will also be checking that sites are applying the right controls to their risks, to support safety management that is active, not just documented.

BUILDING MOMENTUM WITH MAJOR HAZARD FACILITIES

In the past there has been a lack of specific regulations aimed at facilities storing or processing significant quantities of substances that could cause catastrophic harm if not properly controlled (eg fuels and fertilisers). The forthcoming major hazard facilities regulations seek to protect neighbouring communities and workers from catastrophic events and place new duties on operators with facilities that have the potential for major incidents.

In 2014/15 we worked with MBIE and the sector to understand the scope of the proposed major hazard facilities regulations and ensure their workability. We also identified the sites presenting greatest potential risk. It is likely that around 60 facilities will meet the top thresholds for

chemical storage and face higher duties under the regulations. All of these owners have now been informed of the forthcoming regulations and what they will mean in practice. We have started consulting on our draft guidance on the regulations and are developing our programme of site visits for when the regulations are in place.

TARGETING HAZARDOUS SUBSTANCES

It is estimated that 150,000 businesses work with hazardous substances (eg industrial chemicals and fuels) in New Zealand; these are regulated by the Hazardous Substances and New Organisms (HSNO) Act 1996. The regime focuses on human and environmental health, meaning we work closely with the Environmental Protection Authority (EPA).

In 2014/15 we increased our focus on hazardous substances. We updated the tools we use in workplace assessments and utilised them in a case study of 600 collision repair firms (eg panel beaters and vehicle painters) and boat builders. We found a higher level of compliance in these sectors than in other sectors using hazardous substances; 59% of collision repair firms and boat builders were compliant with all eight key controls required by the Act, compared with a national average of 30%⁹. While there is still some room for improvement, the majority (83% of the firms we visited) were meeting most requirements. This likely reflected the multi-year focus that both WorkSafe and the EPA have had on collision repair firms and boat builders, and the increased awareness, attention, and leadership of the industry associations involved.

In 2014/15 our inspectors found that people in less than 10% of firms that they visited were still washing their hands with paint-thinner (ie turps). This is a good improvement in what was previously a very common hazardous practice.

⁹ EPA 2014 industry compliance with hazardous substances survey (which found that 30% of firms were compliant with the eight key HSNO controls).

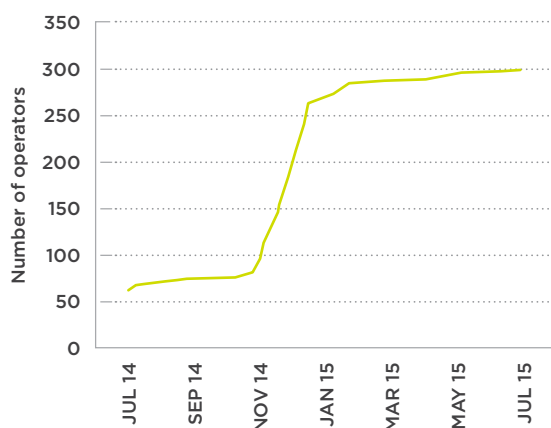
In 2014/15 we also commissioned independent research on hazardous substance management in the metal manufacturing, timber treatment, and horticulture sectors. The forthcoming research report will inform our hazardous substance work in the coming years and will be published in 2015/16. We have also been helping to shape and prepare for the future hazardous substances regulations and completed over 3,000 HSNO workplace assessments throughout New Zealand.

TARGETING ADVENTURE ACTIVITIES TO BOOST SAFETY

Adventure activities are an important part of our tourism industry but in recent years high-profile tragedies had tainted the landscape. New Zealand’s international reputation was being questioned and safety needed to improve. Regulations that came into force in November 2014 required operators to undergo a safety audit and become registered.

We worked intensively with operators subject to the regulations to explain the context and the new requirements¹⁰. Other organisations such as Tourism Industry Association New Zealand helped us with this work. Nearly 300 operators were registered with us by June 2015.

ADVENTURE ACTIVITY REGISTRATION



Our ongoing work in this sector includes assessment visits with operators, developing guidance, and maintaining registrations. We continue to scan the horizon for newcomers to support into the regime.

Despite some initial apprehension from the industry, there has been an observable improvement in the safety attitudes of adventure activity operators. A small number have left the market and the remaining majority are now working on a level playing field, and are increasingly investing in safer equipment and more trained and qualified staff. The adventure activities industry is contributing to the development of new guidance documents. This is another example of sector leadership changing safety standards to become world-class.

TARGETING ENERGY SAFETY

Our Energy Safety team is a small, experienced group whose work facilitates the safe supply and use of gas and electricity in New Zealand, with a particular emphasis on public safety and the protection of property. We engage with the community in a variety of ways to provide advice on energy safety and also work internationally to promote regulatory alignment and high standards.

Fatalities from electrical and gas accidents continue to trend downward due to industry improvements and our ongoing influence. In 2014/15 we visited 163 suppliers, auditing over 350 products to check safety and compliance (largely with the Electricity Act 1992 and the Gas Act 1992). We investigated 94 reports of unsafe activities and investigated over 250 cases where accidents had taken place. Of these, 29 were serious notifiable accidents (eg involving medical treatment or significant property damage). The majority of accidents are caused by electricity; only a small number are from gas.

¹⁰ We employed a dedicated team of safety advisors to contact all operators during 2014. Additionally our inspectors made 388 visits to operators post implementation. We remain engaged with operators and industry through a range of mechanisms including regular newsletters.

Working smarter

TAKING AN EVIDENCE-BASED APPROACH

We are committed to building an evidence base to guide our work to deliver maximum benefit. In June 2015 we released *Health and Safety Attitudes and Behaviours in the New Zealand Workforce: A survey of Workers and Employers*. This significant multi-year survey will inform our work, help to monitor important elements of the health and safety system, and support our engagement activities in target sectors. In 2014/15 we improved our data, analysis, and understanding of New Zealand's highest-risk sectors. The workplace injury data provided to us by ACC is an invaluable component of our data landscape, supporting our modelling work and our intervention planning. Our ability to take an evidence-based approach will improve as we build our new Research and Evaluation and Operational Intelligence teams and the systems supporting their work. These functions will strengthen our ability to determine baselines, define targets, and deliver a proactive approach to targeting risk.

DUTY-HOLDER REVIEWS

WHAT IS A DUTY-HOLDER?

A duty-holder is a person with health and safety responsibilities under the law.

A DHR is an investigation guided by us but undertaken by an employer after an incident has taken place at their workplace. DHRs help duty-holders to identify why an accident happened and how to prevent it happening again. The process is voluntary.

Since its inception in November 2014 we have supported over 280 workplaces through the process. Our intention is that people in workplaces learn and make lasting improvements to their health and safety systems. It is not just about fixing the immediate problem, but also about addressing the cause of the problem and supporting positive health and safety changes across the whole business.

A recent case: A night-shift worker lost the tip of his finger when it got caught between rollers in a printing press. The company informed us that they were very surprised because nothing like this had happened before, they have an active health and safety culture on site, and the operator had done the task often and without incident. In the duty-holder review, the company initially considered providing extra training and updating its procedures so that everyone knew how to operate the machine safely. The firm had initially ruled out the feasibility of putting a guard on the machine. Our DHR officer suggested contacting the manufacturer or supplier to check. A conversation with the supplier revealed that there had been ten similar accidents involving these machines in New Zealand and that guards could be installed to make them safer, even on old machines. The company then designed and installed appropriate guarding. As a result of undertaking a DHR the company was able to retrofit guarding and learn from the experience in a way that it might not otherwise have done.

SEEING WRITTEN GUIDANCE AS PART OF OUR EDUCATION AND SUPPORT

An important part of our work is providing good written guidance and presenting it in the best way for target audiences. These guidance documents form part of our educative approach. When undertaking a workplace assessment an inspector is likely to explain techniques for managing risks and a factsheet might be left on site for reference.

Research showed that 66% of the workplaces we assessed or investigated accessed our written guidance material as part of their most recent interactions with a health and safety inspector. Of those that received this guidance, 53% said it was very useful and 42% found it somewhat useful.

A priority in 2014/15 was preparing for the Health and Safety at Work Act, and numerous documents have been drafted for release with the new law¹¹. We continued to support sectors throughout the year and published over 50 pieces of general guidance, including for our national programmes. We distributed 19,000 *Safer Farms* kits to individual farms at Fieldays and through our roadshows. We also distributed 17,000 *Absolutely Essential Health and Safety Toolkits* for small construction firms and have secured ACC funding for an extra 100,000 and for a mobile device version.

We worked to provide clearer guidance and expanded our team involved in this work. Another major focus was reviewing our existing guidance (comprising over 600 items) to check its currency and consistency with the new Act. This work is ongoing.

General guidance groups, working groups, and our social partners are engaged before

we consult the public on new guidance. This consultative approach helps to test and strengthen our work. We also adapted our Health and Safety Attitudes and Behaviours Survey to collect more information about the uptake and effectiveness of our guidance in target sectors.

TREATING HEALTH LIKE SAFETY

We aim to treat health like safety, directing leadership, focus, and resources towards preventing workplace harm that affects health (eg inhaling asbestos fibres) in the same way we do with safety risks. Occupational health is not just about fatalities in distant decades, it is about quality of lives, ability to work, and levels of productivity in the shorter term too. The Occupational Health Advisory Group to the Board was a valuable resource in 2014/15, ensuring our work was well-informed by external technical experts. We identified occupational health targets that included both a disease reduction target and an objective to baseline workplace practices regarding occupational health.

PROFILING OCCUPATIONAL HEALTH IN CANTERBURY

Our occupational health focus has increased considerably, with our most concentrated effort in Canterbury. To support improved practices with asbestos, our Canterbury team undertook over 400 proactive asbestos-related assessments in 2014/15. Complaints about careless asbestos removal in the region and unsafe practices reduced compared with previous years. We issued 40 enforcement notices associated with asbestos in 2014/15, compared with 90 in 2013/14. We also assessed over 140 people seeking certificates of competence to undertake restricted asbestos work in Canterbury.

¹¹ These guidance documents focus on explaining the new Act, general risks in workplaces, worker participation, major hazard facilities, asbestos, and hazardous substances. This guidance supports the first tranche of regulatory changes.

We provided written guidance, including position statements on contaminated land, and interim guidance for work involving asbestos. We collaborated with the Combined Health and Environmental Risks Programme Control Group to launch the ‘asbestosaware’ site. We also helped shape the forthcoming asbestos regulations.

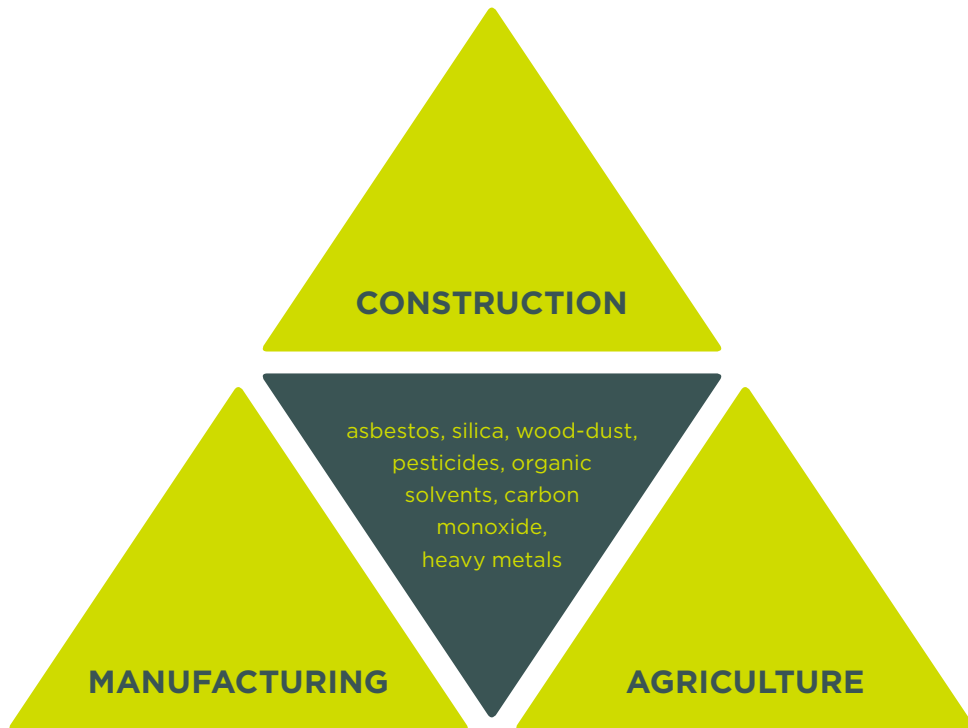
Construction workers in Canterbury have more asbestos awareness than those in other parts of New Zealand, according to the Health and Safety Attitudes and Behaviours Survey¹². This is unsurprising given the focus on asbestos in Canterbury and our associated work to raise awareness and improve practices.

Our occupational health focus in Canterbury was also on reducing harm from silica dust (eg dust from concrete – common in demolition). Like asbestos, silica particles should not be inhaled because they can

lead to lung cancer and other illnesses. We completed a pilot study on Canterbury construction workers’ exposure to silica; we found standards were not being met and that more action is needed to reduce exposure. We took an occupational health van to around 1,000 workers across 50 Canterbury worksites, raising awareness of health risks and protections.

CLEAN AIR PROGRAMME

We developed a *Clean Air* programme to target airborne health hazards, which will be rolled out across New Zealand in 2015/16. An evidence-led approach helped us to identify the substances the programme will target and the industries in which they are commonly found (as depicted below). The aim of the programme is to clarify risks and controls, improve compliance, and make workplaces safer.



¹² 22% of construction workers in Canterbury mentioned asbestosis as one of the three main health risks facing construction workers, compared with 6% in Auckland and 7% across the rest of the country.

Working together

Everyone has a role to play in workplace health and safety. We all have an interest in reducing workplace injuries and deaths, and we all need to contribute to making the system better. In 2014/15, WorkSafe and our partners, including agencies, businesses, and workers, worked together to improve workplace health and safety.

IMPROVING EXTERNAL WORKFORCE DEVELOPMENT

In 2014/15 we worked to address the Independent Taskforce and Pike River Royal Commission findings about workplace health and safety capability and capacity constraints among workers, managers, health and safety practitioners, and business leaders. We supported the establishment of the Health and Safety Association of New Zealand to increase the standards and competence of health and safety professionals, and ensure that businesses can access high-quality advice. We helped with the development of a register for generalist health and safety practitioners to provide businesses with assurance that they can seek competent advisors.

Training for health and safety representatives is important so they can continue to represent the health and safety views of workers, and understand how and when to use new powers and functions under the new Act. In 2014/15 we worked with MBIE and stakeholders to refine existing competencies to align with the new Act and we supported preparatory work on the 2016 transition training for existing health and safety representatives to learn about how the new legislation will change their roles. We participated in the targeted review of workplace health and safety qualifications, examining existing qualifications in light of the skills needed to promote health, safety, and culture changes aligned to the new legislation.



GRAHAM MOOR

Trade Associations

On Friday the 14th of August I was involved with a meeting of trade associations, industry groups, major civil and construction companies who were brainstorming with ACC and WorkSafe. The power of the collective was very evident as the trade associations were able to put across points of view that were well received. To give credit both ACC and WorkSafe are also very good at consulting with industry. As President of RANZ (Roofing Association of NZ) we were heard loud and clear along with other groups. In an inclusive environment great ideas were forthcoming and with another meeting to come in Wellington, more progress will be made to improve health and safety in the construction sector. The working together of WorkSafe and ACC makes complete sense. Causes, attitudes, behaviours, data, perception and reality were all looked at with solid thought and passion. We have a way to go with health and safety but these forums where trade associations can challenge and work with WorkSafe and ACC can only be good for industry. So make sure you support your trade association so they can help you be safe.



EMPLOYEES PARTICIPATING IN HEALTH AND SAFETY AT WORK

Workplaces are likely to be safer when workers know how to keep themselves and their colleagues safe and can actively participate in health and safety arrangements at their work. In 2014/15 we began to develop a worker participation implementation strategy in support of the new Health and Safety at Work Act. Formal systems of employee participation are required by the Health and Safety in Employment Act 1992 (the HSE Act) in large workplaces, and in small workplaces if requested by staff. In the 2014/15 National Survey of Employers, 48% of employers reported that their businesses had formal systems for employee participation, similar to the 2013/14 result and slightly lower than in 2012/13. Informal employee participation is also important. Around half of the respondents to both the 2014/15 Health and Safety Attitudes and Behaviours Survey and the National Survey of Employers indicated that health and safety was discussed at regular team meetings at their work.

“New Zealand needs to empower workers within their workplaces with rights, training, and support. No official can be there all of the time but workers are capable of being the safety leaders if they are supported.”

Helen Kelly, President of the New Zealand Council of Trade Unions, in the July/August 2015 *Safeguard* magazine.

Employers and workers were asked in the Health and Safety Attitudes and Behaviours Survey how often they would discuss things that put health and safety at risk (eg near misses or accidents) in an open and helpful way. Employers were more optimistic, with 52% saying always, whereas 41% of workers said they always discussed these risks. We seek increases in 2015/16, supported by the new Act.

STRENGTHENING GOVERNMENT ACCOUNTABILITY AND LEADERSHIP

We have been engaging with public sector agencies to support government leadership on workplace health and safety. This will help agencies to be prepared to implement the health and safety reforms and have appropriate support. We have prioritised agencies according to risk, giving intensive support to agencies whose activities are predominantly high risk (eg emergency services).

We have also been working with public sector chief executives and their leadership teams on the roles that they will need to play in implementing the health and safety reforms. Discussions have started with the State Services Commission, MBIE, New Zealand Security Intelligence Service, New Zealand Defence Force, New Zealand Police, and New Zealand Public Service Association. Information is being shared about how agencies can manage risk without compromising their service obligations, and manage overlapping responsibilities.

IMPROVED CO-ORDINATION BETWEEN AGENCIES: BETTER COVERAGE AND REDUCING DUPLICATION

WorkSafe is one of several agencies operating in the health and safety system. Other primary agencies are: MBIE; ACC, which has a joint interest in injury prevention and functions and programmes that influence health and safety

practices; the EPA; Maritime New Zealand; the Civil Aviation Authority; New Zealand Police; and local authorities. It is critical that all agencies work in partnership to maximise the public investment, reduce duplication and gaps, and utilise the different skills and leverage points available in each agency. This year 52% of employers agreed that the government was effective in enforcing obligations for businesses under the HSE Act. We are seeking higher rates in the future, supported by better co-ordination between agencies. The Health and Safety at Work Act supports better co-ordination and information-sharing.

We are also involved with the government's cross-agency Compliance Common Capability Programme, aimed at building a stronger professional compliance community and lifting regulatory performance. The Programme

will provide a competency framework for regulators, linked to the New Zealand Qualifications Framework.

Our injury prevention work with ACC is about optimising the government's investment in reducing harm to people at work and ensuring that WorkSafe and ACC play to our comparative advantages. The focus is on better coordination of workplace injury prevention, motivating businesses to improve health and safety through incentive programmes, and acknowledging good health and safety practices through ACC levies and experience rating. We have been working with ACC in a number of other areas, including the *Safer Forest Harvesting* plan, the *Safer Farms* programme (co-funded with ACC), and the Safety Star Rating Scheme.



Rebuilding Canterbury safely

An unprecedented amount of construction work is underway in Canterbury and the risks are high.

The initial estimates of the likely harm from the rebuild were grim¹³. We have a dedicated team delivering our Canterbury Rebuild Health and Safety Programme. In 2014/15 they continued working collaboratively, targeting high-risk activities including around occupational health, and providing education and support for good health and safety practices.

WORKING WITH INDUSTRY

The most visible example of partnership with industry is the Canterbury Rebuild Safety Charter (safetycharter.org.nz).

The Charter is a unique collaboration between companies leading the rebuild and government organisations. Each year Charter participation has doubled¹⁴. In 2014/15 signatories started using an online tool to assess how well they were performing against their Charter commitments. As well as helping to acknowledge achievements, the tool highlighted areas for development and assistance. Managing worker fatigue was a prominent area for assistance.

We also supported the expansion of the Charter work programme to include direct engagement with workers. Approximately 500 workers from Charter signatories were surveyed on health and safety issues, which will inform further health and safety initiatives.

BUILDING AN EFFECTIVE INSPECTORATE AND FOCUSING ON HIGH RISK

By the end of 2014/15 we had grown the Canterbury team to 21 inspectors. Their capacity and expertise has been strongly supported by our seconded inspectors from Australia. Over 2,800 workplace assessments were completed in 2014/15¹⁵. We concentrated on critical-risk construction activities including excavations, mobile plant, asbestos, and work at height. Our engagement and education work included hosting over 2,700 people at our events (and the Charter events we supported).

2014/15 events and attendee numbers in Canterbury: Mobile plant trade breakfast (250 attendees), Excavations trade breakfast (370), Fatigue – trans-Tasman forum (240), Risks in demolition – industry briefing (100), Contaminated soil – industry briefing (40), Health and Safety legislation (276 Charter event), Critical risk management (178, Charter event), Contractor safety management (199, Charter event), Gender in construction (310, Charter event), Occupational health and safety in manufacturing (239), Dust and noise in construction (254), Leadership (243, Charter event), HAIL¹⁶ sites (50).

¹³ In 2012 the Canterbury rebuild was estimated to involve one or two construction fatalities per year of the rebuild; \$80 million in ACC entitlements, 600,000 hours lost to injury, and significant levels of disease and death from exposure to workplace contaminants.

¹⁴ The Charter was launched in July 2013 with 51 signatories and endorsees; by July 2014 it had over 100, and by June 2015 there were 240.

¹⁵ This total is the number of proactive and reactive assessments completed across the Canterbury office.

¹⁶ Sites on the Hazardous Activities and Industries List (HAIL), where activities involving hazardous substances (eg chemical manufacture, explosives production, metal or mineral extraction, vehicle refuelling, and cemeteries) are considered likely to contaminate land.



OCCUPATIONAL HEALTH

WorkSafe's most concentrated leadership and efforts to improve poor occupational health came from Canterbury in 2014/15. The focus was largely on improving practices around asbestos and reducing harm from silica dust. For more information, see pages 25-26.

VULNERABLE WORKERS

An estimated 30,000 additional workers are needed for the rebuild. After suitable workers are hired initially, more vulnerable and less experienced people are taken on to address demand. We continued working with MBIE's immigration team and labour inspectorate to ensure protections were in place for vulnerable rebuild workers.

INITIAL IMPACTS

While there were elevated harm rates in Canterbury in 2014/15¹⁷, they need to be compared with both the very high work toll originally calculated and the significant hours worked in the rebuild. Our 2014/15 Health and Safety Attitudes and Behaviours Survey showed that Canterbury had a greater focus on, and dedication to, workplace health and safety than other regions. For example, workers' health and safety was likely to be in the top three business considerations for Canterbury employers (72%, compared with 50% in Auckland and 55% across the rest of New Zealand). Local stakeholders were independently interviewed about WorkSafe's work in mid-2014. On the whole, our early performance in Canterbury was viewed positively and seen to be making a difference in improving the workplace health and safety culture.

¹⁷ For example, ACC data shows that the average number of new claims from construction-related incidents requiring more than a week off work was over 500 in the year ended June 2015 (14% higher than in the year ended June 2014), and the 2014/15 Health and Safety Attitudes and Behaviours Survey showed more awareness and reporting of harm.

Strengthening our organisation

We aspire to be a high-performing organisation driving forward the *Working Safer* reforms. Our permanent Senior Leadership Team was put in place in February 2015. Our Chief Executive Gordon MacDonald now leads a team with senior experience across strategy, operations, and support functions.

In 2014/15 our organisation changed in size and shape. We increased from 478 to 550¹⁸ people during 2014/15 (including growing our inspectorate from 137 to 195¹⁹), increasing our visibility and influence in workplaces. Learning and development is a major focus and in 2014/15 we invested nearly \$3 million in inspector professional development. Our staff survey showed our people are very committed; as their experience grows, so too will capability and effectiveness.

A more balanced structure was put in place in early 2015. We now have a stronger stakeholder engagement focus, a strategy function linked with research and evaluation, strengthened operational policy functions, and a greater emphasis on developing New Zealand's health and safety workforce.

In 2014/15 we started building the basic systems, processes, and infrastructure needed for a high-performing organisation, including beginning our \$14 million ICT upgrade. Our case management system now supports greater oversight (eg inspectorate managers can now see which staff members have issued compliance notices), but still far too much of our operational intelligence is manually compiled, illustrating the inadequacy of our legacy systems. Starting in late 2016, our new ICT system will support more accurate and accessible operational information.

WORKSAFE IS A GOOD EMPLOYER

We are seeking to build a culture that actively engages staff in problem-solving, decision-making, and improving our operations. We also engage with our employees and the New Zealand Public Service Association (which represents approximately 40% of our workforce) to comply with the good employer provisions and support the provision of equal employment opportunities. We are focused on ensuring that policies, practices, and systems are in place in accordance with the good employer provisions of the Crown Entities Act 2004.

We actively monitor key recruitment statistics relating to age, ethnicity, and gender and strive for a recruitment process that is free from all bias. We have established a recruitment site that profiles employees from diverse backgrounds to support recruitment diversity, and we use a wide range of advertising media to attract diverse applicants.

PAY AND WORKING ARRANGEMENTS

Our remuneration system is underpinned by robust job evaluations, ensuring that remuneration reflects the complexity of each role and the level of skill required. We have embarked on a review of our performance development, remuneration, and recognition systems to ensure that they meet the needs of both the organisation and our employees.

We have successfully negotiated a new collective employment agreement that paints a comprehensive picture of the positive environment we focused on building in 2014/15.

¹⁸ This total includes 41 contractors and temporary staff.

¹⁹ We achieved our target of having 180 inspectors by June 2015. We also have an additional 16 specialist health and safety inspectors in our High Hazards Unit.

We actively support a number of non-standard work arrangements where business demands enable these to occur, including part-time, flexible working hours, working from home, and other forms of remote working. We tailor our support in these situations to individual need, and actively support return-to-work programmes for ill and injured employees.

INTERNAL HEALTH AND SAFETY

We are implementing a comprehensive internal health and safety strategy and have implemented new approaches to hazard and risk identification and management, and accident and incident reporting and investigation. Strategies for effectively managing our biggest risks are well-embedded. Safety leadership is a core element of the role of our managers.

OUR DEVELOPMENT PROGRAMMES

We have embedded a structured leadership development programme to support managers to cultivate the skills necessary to lead effectively, including managing a diverse workforce.

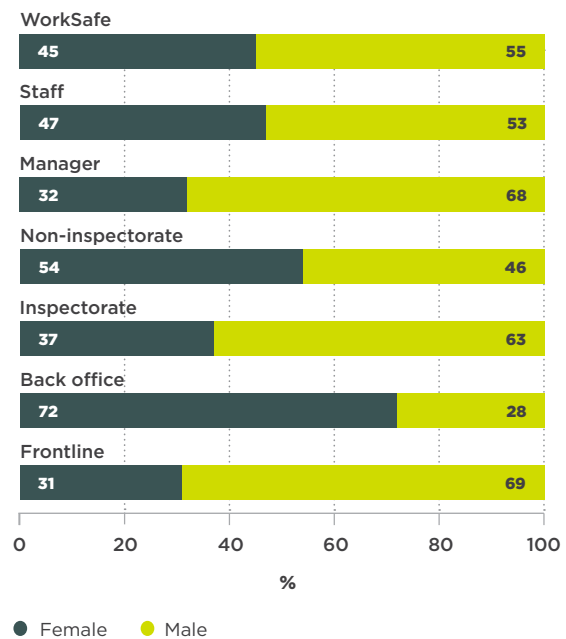
We have built an inspectorate capability development programme that will provide structured development to all health and safety inspectors as they become effective inspectors. This programme will be linked to the New Zealand Qualifications Framework, providing our people with relevant and portable qualifications to support ongoing career progression. We have a robust promotion programme for inspectors, mapping their development progress to career milestones.

Our new talent and succession management programmes will support staff to achieve their career aspirations and enable the strategic management of our capability.

OUR WORKFORCE PROFILE

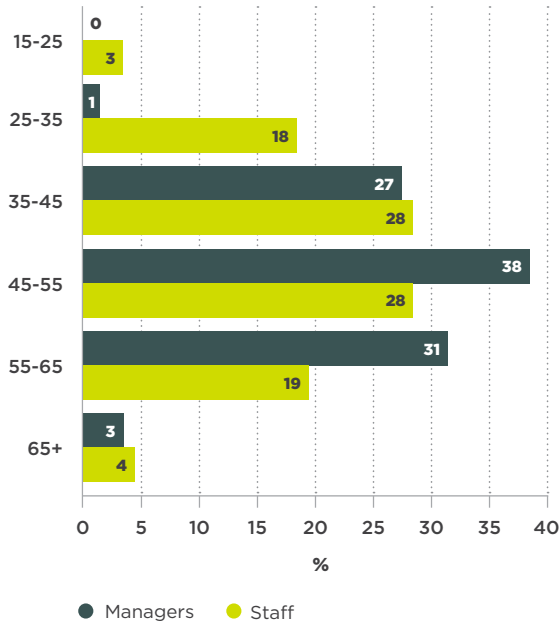
Our success will be measured by having a workforce that reflects the wider community and its diversity. Our medium-term strategy is to attract workers with the right skills from more diverse backgrounds in terms of age, gender, and ethnicity. This will enable us to understand our clients better while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

GENDER



WorkSafe has seen a slight reduction in gender diversity in the past year, attributed in part to the significant recruitment required to staff fully our new organisation. While we have a fairly even gender split overall, with 45% female and 55% male, overall there are greater variations in specific segments of our workforce.

AGE



	AVERAGE AGE
Frontline	47.2
Back office	41.9
Inspectorate	46.2
Non-inspectorate	44.4
Manager	49.9
Staff	44.7
WorkSafe	45.4

In the past year our average age has reduced by two years to 45.4 years. Nearly half (49%) of our staff are under 45; however, over 70% of our managers are 45-plus. Our new talent and succession management programmes will ensure that we have the future capability ready to fill leadership roles as some of our leaders begin to transition to retirement.

ETHNICITY

The table below shows the distribution of our staff by ethnic groups. WorkSafe supports a diverse workforce.

	FRONTLINE	BACK OFFICE	INSPECTORATE	NON-INSPECTORATE	MANAGER	STAFF	WORKSAFE
New Zealand							
European	59%	61%	56%	64%	53%	61%	59%
Māori	10%	4%	11%	3%	8%	7%	8%
Pacific Islands	2%	4%	4%	2%	0%	3%	3%
Others	4%	8%	5%	7%	1%	6%	6%
Unstated	25%	23%	25%	24%	38%	22%	25%

A photograph of a large warehouse with high ceilings and rows of tall shelving units filled with boxes. Two men are standing in the aisle, looking at a document together. One man is wearing a blue shirt and a high-visibility yellow vest, while the other is wearing a blue shirt and blue overalls. The text 'Performance data and detail' is overlaid in large white font on the lower half of the image.

Performance data and detail

The performance indicators underpinning the performance statements in this Annual Report draw on operational intelligence, official statistics, and survey data. The overall conclusions about WorkSafe's performance in the context of New Zealand's workplace health and safety system in 2014/15 have been formed by looking across all of our performance indicators and results from the year.

What we mean by stable results

Figures from sample surveys like MBIE’s National Survey of Employers are subject to variation arising from using a sample of people (rather than surveying the total population). This variation, known as a margin of error, gives a range in which the result would probably lie if another random sample answered the question. When margins of error overlap, results are not statistically significant. An example of this is measure 1 b – the proportion of employers who ‘agree that good health and safety systems are good for their businesses’. In 2013/14 the result was 89% with a margin of error of +/-3.6%; in 2014/15 the result was 83% with a margin of error +/-3.4%. In this instance we have used the term ‘stable’ to illustrate that there has been no statistically significant improvement or decline in the two years.

PERFORMANCE INDICATOR	DESIRED OUTCOME	2014/15 RESULT	COMMENTS
1. Attitudes improve			
a. We will research workplace health and safety attitudes in forestry, agriculture, manufacturing, and construction in 2014. Through the WorkSafe baseline research we will establish base data by Dec 2014, and changes to those attitudes will be monitored in 2015 and 2016. Refer to the Statement of Performance Expectations (SPE) 2014/15 p13.	Baselines established	Completed	We completed this research and established baselines as planned. Our baseline research is known as the Health and Safety Attitudes and Behaviours Survey. The research was released in June 2015. Changes to baselines will be monitored and results from a suite of measures will be reported in our Annual Reports for 2015/16 and 2016/17.
b. As a supplementary measure we will monitor the rate of employers who agree that good health and safety systems are good for their businesses. This will be measured annually through the National Survey of Employers. The result for both 2012/13 and 2013/14 was 89%. Ref SPE 14/15 p13.	Results monitored		The National Survey of Employers in 2014/15 found that a stable majority of respondents were saying that health and safety systems were good for their businesses. However, it is our experience that many employers overestimate the ease of creating effective health and safety systems and the quality of their existing systems.

PERFORMANCE INDICATOR	DESIRED OUTCOME	2014/15 RESULT	COMMENTS
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2. WorkSafe is a more credible, collaborative leader, and key agencies work better together

<p>a. We want WorkSafe to be seen as a competent, cohesive organisation that draws on other organisations’ expertise and levers to effect change. This will be discussed in annual chief executive meetings with key partners, and supplemented with a short, independent survey. A summary of views will be provided to the Board and Minister by March 2015. Ref SPE 14/15 p13.</p>	<p>Stakeholders surveyed</p>	<p>Completed</p>	<p>We completed the ‘Chief Executive’s Survey of Sector Leaders’. Sector leaders participated (mostly from large companies or representative bodies in agriculture, forestry, manufacturing, construction, petroleum, extractives, and the union sector). Each agreed to involve fellow sector leaders in answering questions on WorkSafe’s performance and to meet with our Chief Executive to discuss responses. Summarised views were provided to our Board and Minister. For more, see page 17 of this report.</p>
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<p>b. New Zealanders expect health and safety agencies to work together and to make the best use of the significant investment in injury prevention and harm reduction activities. We will seek support from MBIE on methods to evaluate interagency collaboration as the <i>Working Safer</i> reforms envisaged. Ref SPE 14/15 p13.</p>	<p>Support sought</p>	<p>Underway</p>	<p>There are many examples of agencies working together more as <i>Working Safer</i> envisaged. While we initiated discussions with MBIE about evaluating interagency collaboration, its priority of delivering the new legislation meant that this work will be advanced in 2015/16.</p>
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3. More workers participate in health and safety

<p>a. We seek higher rates of employees who consider that they have reasonable opportunities to take part in improving health and safety. This had been asked in the Survey of Working Life. We are requesting ongoing measurement through Statistics New Zealand’s redeveloped Household Labour Force Survey. We are also seeking opportunities to ask if workers consider that this participation is/would be effective. Ref SPE 14/15 p14.</p>	<p>Measurement requested</p>	<p>Underway</p>	<p>We have asked Statistics New Zealand for the ongoing measurement of worker views on health and safety. Statistics New Zealand is open to the inclusion of health and safety questions in a module of its redeveloped Household Labour Force Survey.</p>
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<p>b. We seek higher rates of employers with formal employee participation systems. This will be measured through the National Survey of Employers. The 2012/13 result was 58% and the 2013/14 result was 56%.</p>	<p>>56%</p>	<p>48%</p>	<p>There has been stable but low formal employee participation in the past two years. If we look at results since 2012/13, there has been a statistically significant decrease. Not all firms need to have formal participation systems (ie under the HSE Act workplaces are required to have formal systems if they have 30+ staff or if requested in smaller workplaces). Informal participation is also important and will be supported by our increased workforce development focus.</p>
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PERFORMANCE INDICATOR	DESIRED OUTCOME	2014/15 RESULT	COMMENTS
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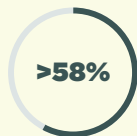
4. Workplace practices improve after contact with WorkSafe²⁰

a. We seek higher rates of people who report that changes have been made to their workplace practices resulting from contact with WorkSafe. This will be measured annually through the Service Excellence Survey, which also examines the types of change made. Ref SPE 14/15 p14.

We are seeking at least 73% of employers²¹ who had had contact with health and safety inspectors had made changes to their practices.



We are seeking at least 58% of employers²¹ who had had contact with HSNO inspectors had made changes to their practices.



Research New Zealand (which is commissioned to undertake this research) states that it appears there has been some improvement in the level of reported change in spite of the 2014/15 results not being directly comparable with the 2013/14 results due to slight changes in question wording. For more, see page 16 of this report.





5. WorkSafe is seen as fair, consistent, and effective

a. Ref SPE 14/15 p15. We seek a higher rate of people reporting that their engagement with WorkSafe's inspectorate was an example of good value for tax dollars spent, fair, and consistent. These points will be measured annually through the Service Excellence Survey. Our results were:

HEALTH AND SAFETY	2013/14	DESIRED OUTCOME	2014/15	COMMENTS
Good value				For more, see page 17 of this report. This result is low but is a statistically significant improvement on the 2013/14 result.
Fair				A stable majority said they were treated fairly.
Consistent	Not measured	'Consistency' measured		This is a new result; we are supporting increased consistency through several initiatives.



²⁰ This measure supports the 2014/15 Vote Labour Workplace Health and Safety Appropriation.

²¹ We are increasingly focusing on 'workplaces that make changes after contact with WorkSafe', because the Service Excellence Survey respondents include employers, self-employed people, and employees.

HSNO	2013/14	DESIRED OUTCOME	2014/15	COMMENTS
Good value	n/a	Baselines established		Owing to a small sample in 2013/14 results were not available. New baselines were established as planned.
Fair	n/a			
Consistent	Not measured			
<p>b. While WorkSafe is the primary workplace health and safety regulator, we are not the only agency enforcing health and safety compliance. We want a higher rate of employers agreeing that the government is effective in enforcing obligations for businesses. This will be measured through the National Survey of Employers. The 2012/13 result was 60%, the 2013/14 result was 58%. Ref SPE 14/15 p15.</p>		>58% progress indicator" data-bbox="403 406 486 466"/>		A stable but low result. We are seeking increased rates in the future, supported by better co-ordination between agencies. The Health and Safety at Work Act supports better co-ordination and information-sharing. For more, see pages 28-29 of this report.

6. WorkSafe improves engagement with major hazard facilities

<p>a. By December 2014 we will contact the owners of all major hazard sites that will be within the scope of the new regulations. Ref SPE 14/15 p15.</p>	All sites contacted	Completed	All sites have been contacted. For more, see page 22 of this report.
<p>b. In 2015 we will start working with owners to help them prepare for the new regime (ie the need for safety cases). We will also start developing a programme of site inspections needed for future years. Ref SPE 14/15 p15.</p>	Working with owners	Underway	We are consulting on guidance and developing a programme of site visits. For more, see page 22 of this report.

PERFORMANCE INDICATOR	DESIRED OUTCOME	2014/15 RESULT	COMMENTS
7. People know where to go for relevant health and safety information			
a. WorkSafe provides considerable health and safety information, and by Dec 2014 we will develop a base understanding of the awareness of WorkSafe's information and advice. This will be measured through the WorkSafe Baseline Research. Additional methods for measuring the effectiveness of WorkSafe's guidance, standards, and information provision will be developed by December 2015. Ref SPE 14/15 p16.	Baselines established	Completed	We developed a base understanding of awareness. The 2014/15 Service Excellence Survey showed that 66% of respondents had accessed our written guidance material. Of those, 53% said it had been very useful and 42% said it had been somewhat useful. We also adapted our Health and Safety Attitudes and Behaviours Survey to collect more information about the effectiveness of our guidance. For more, see page 25 of this report.
b. We seek a higher rate of employers who know where to go for expert advice on health and safety for their businesses. This will be measured annually through the National Survey of Employers. The 2012/13 result was 85% and in 2013/14 it was 82%. Ref SPE 14/15 p16.			A stable majority report that they know where to go for expert advice.
8. Being a collaborative partner in Canterbury			
a. Our activities to support the Canterbury rebuild effectively draw on, and complement, other organisations' expertise and levers to effect change. This work will be assessed through regular discussions with stakeholders, and audits completed under the Canterbury Rebuild Safety Charter. An evaluation framework for the Canterbury rebuild initiatives will establish detailed indicators of success. Ref SPE 14/15 p16.	Stakeholders interviewed	Completed	Stakeholders were independently interviewed and, on the whole, our early performance in Canterbury was seen to be making a difference in improving the workplace health and safety culture. The 2014/15 Health and Safety Attitudes and Behaviours Survey showed that Canterbury had a greater focus on, and dedication to, workplace health and safety than other regions. The most visible example of partnership with industry is the Canterbury Rebuild Safety Charter. For more, see page 30 of this report.
b. We also seek to improve industry practices around asbestos. We will monitor and report on the nature of the notices issued about asbestos and how we are evolving our approach. We will utilise the certificate of competency application process to identify areas for improved practice, maintain high standards, and lift the capability of the workforce involved in asbestos removal. Ref SPE 14/15 p16.	Asbestos practices improved	Underway	According to the 2014/15 Health and Safety Attitudes and Behaviours Survey, 22% of construction workers in Canterbury mentioned asbestosis as one of the three main health risks facing construction workers, compared with 6% in Auckland and 7% across the rest of the country. To support improved practices with asbestos we undertook over 400 proactive asbestos-related assessments and assessed over 140 people seeking certificates of competence to undertake restricted asbestos work in Canterbury. For more, see pages 25-26 of this report.

PERFORMANCE INDICATOR	DESIRED OUTCOME	2014/15 RESULT	COMMENTS
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9. More workplaces manage health and safety well

a. We seek a higher rate of employers with the following elements of a health and safety system:

- > A documented hazard management system, that is actively used.
- > A documented accident investigation process.
- > Inductions for all new employees, and contractors.
- > A system for employee participation in managing health and safety.

The last result from the National Survey of Employers was 32%.



A stable result but still a very low rate of employers reporting actively used, documented systems. The National Survey of Employers provides useful insights across all sectors into what employers are doing (not just saying) about health and safety. Work is underway to align the Survey's line of questioning with the new law.

b. As a supplementary data source we will monitor the proportion of employers participating in ACC programmes for maintaining health and safety systems eg ACC's Accredited Employer and Workplace Safety Management Practices programmes. Ref SPE 14/15 p17.

Participation monitored

Not measured

We are not using this supplementary data source. ACC's current programmes will be repealed under the new law. ACC and WorkSafe are collaborating on the Safety Star Rating Scheme and its metrics.

10. More workplaces manage hazardous substances well

a. We seek a higher rate of firms complying with legal requirements for managing hazardous substances. Building on the EPA's 2012 Industry Compliance with Hazardous Substances Survey, WorkSafe will survey industry compliance with workplace use controls for hazardous substances. Ref SPE 14/15 p17.

Industry surveyed

Completed


We commissioned independent research that focused on hazardous substance management in the metal manufacturing, timber treatment, and horticulture sectors. The forthcoming research report will be published in 2015/16. For more, see page 23 of this report.

b. We seek a lower rate of workplaces with hazardous substance non-compliance (or a higher level of compliance). We will use our own administrative data to establish a baseline by June 2015, and changes will be monitored in subsequent years. Ref SPE 14/15 p17.

Higher compliance

Completed

We found a higher level of compliance in collision repair and boat building than in other industries in New Zealand. While there is still some room for improvement, the majority of firms were meeting most requirements. This likely reflects the multi-year focus that both WorkSafe and the EPA have had on these sectors and the increased leadership from the industry associations involved. For more, see page 22 of this report.

PERFORMANCE INDICATOR	DESIRED OUTCOME	2014/15 RESULT	COMMENTS
11. Robust management of high hazard and high-risk sectors			
a. We are notified of all of the statutory notifications that we ought to receive from high hazard sectors (eg notices of potentially dangerous precursor events). Ref SPE 14/15 p18.	Always notified as per statutory requirements	Not always notified as per statutory requirements	High hazard duty-holders do not always notify us when they should. We know that some operators are still unaware of the new requirements and we are helping them to understand the new need to notify. In some cases of repeated failure to notify we have taken enforcement action. For more, see page 21 of this report.
b. We seek higher rates of firms responding to potentially dangerous precursor events adequately (as determined by specialist inspectors following assessment procedures). Ref SPE 14/15 p18.	Higher rates of adequate response	 99%	Our baseline was set in 2014/15. We were notified of 80 potentially dangerous precursor events and our specialist inspectors determined that firms responded adequately in all but one case (ie 79/80 or 99%). For more, see page 21 of this report.
c. We seek higher rates of safety cases and principal hazard management plans that meet legal requirements on their first submission. Ref SPE 14/15 p18.	Higher rates of plans meet requirements	None met requirements	We received 35 plans (15 petroleum safety cases and 20 principal hazard management plans) in 2014/15. None met legal requirements on its first submission. It is unsurprising that each plan needed follow-up, because the requirements were new. The quality of submissions will improve with guidance from and engagement with WorkSafe.
d. We seek decreasing rates of non-compliance with safety cases and principal hazard management plans. Ref SPE 14/15 p18.	Lower rates of non-compliance	Not measured	In 2015/16 we will develop a baseline of compliance with these new safety plans. This will enable comparisons in future years.
The safety of adventure activities is being more closely controlled under a new regulatory regime involving audited safety management plans and a requirement to be registered with WorkSafe.			We provided support as planned. For more about our work with operators, see page 23. Third-party audit providers undertake the safety audits and there was a time in 2014 when no auditors were available for this work. We engaged with that sector, and by the end of 2014/15 four audit bodies had made a commitment (and were formally recognised by us) for a long-term engagement in this work.
e. We will support audit providers and adventure activity operators to prepare for the new regime. Ref SPE 14/15 p18.	Stakeholders supported	Completed	
f. From 1 November 2014 we will contact operators who have not registered with us and take next steps, including enforcement action. Ref SPE 14/15 p18.	Unregistered operators contacted	Completed	We worked intensively with operators to explain the new requirements (including the need for audit and registration by 1 November 2014). We remained in contact with operators who were unregistered by 1 November. For more, see page 23 of this report.

PERFORMANCE INDICATOR	DESIRED OUTCOME	2014/15 RESULT	COMMENTS
12. 10% reduction in workplace fatalities and injuries (harm reduction) by 2016²²			
a. We expect that fatal work-related injuries per 100,000 workers will be no higher than 2.5 by 2016. The result for 2011 was 3.6. Refer to the Statement of Intent 2014/18 p21.	<2.5 by 2016		See the latest official statistics and time-series on pages 45-47 of this report and in <i>Working Safer: Progress toward the target</i> . For an industry breakdown and more information about the result for 12 c, see page 18 of this report.
b. We expect that serious, non-fatal work-related injuries per 100,000 full-time equivalents (FTEs) will be no higher than 14.5 by 2016. The result for 2012 was 16.1. Ref SOI 14/18 p21.	<14.5 by 2016		
c. We expect that ACC claims for more than a week away from work per 1,000 FTEs will be no higher than 7.6 by 2016. The result for 2012 was 7.9. Ref SOI 14/18 p21.	<7.6 by 2016		

13. Harm reduction in forestry, agriculture, construction, and manufacturing

Our aim is to reduce the unacceptably high rates of severe work-related injury to below these 2012 rates²³:

a. 25.72 per 1,000 jobs in forestry	<25.72	19.92	Forestry injuries have reduced. For more, see the case study on page 19 of this report. The rates of injuries requiring more than a week off work in agriculture, construction, and manufacturing have increased. Economic growth in 2013 and 2014 is likely to have played a role. For more, see page 18 of this report.
b. 18.59 per 1,000 jobs in agriculture	<18.59	19.17	
c. 16.70 per 1,000 jobs in construction	<16.70	19.26	
d. 17.83 per 1,000 jobs in manufacturing	<17.83	19.16	

²² The rates published in WorkSafe's SOI 2014-2018 were based on provisional official statistics from Statistics New Zealand. These statistics were revised in 2014/15 and the latest data is included in this report. The rates are based on calendar years.

²³ The rates published in WorkSafe's SOI 2014-2018 were based on injury claims managed by ACC. These rates have been revised to include injury claims managed by third parties under the Accredited Employer Programme to provide a more comprehensive picture of severe injury.

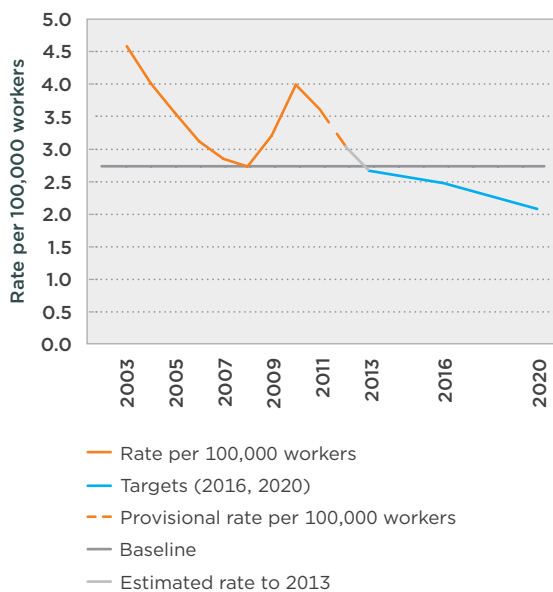
PERFORMANCE INDICATOR	DESIRED OUTCOME	2014/15 RESULT	COMMENTS
14. Public fatalities from electricity and gas trend down			
Our aim is that fatality rates are no higher than these averages from 2009 to 2013 ²⁴ :			
a. 0.8 per million people exposed to electricity. Ref SOI 14/18 p22.	<0.8	0.3	Fatality rates from electrical and gas accidents for 2014 were lower than the 2009-2013 averages. Fatalities continue to trend downward due to industry improvement and our ongoing influence. For more, see page 23 of this report.
b. 0.9 per million people exposed to LPG. Ref SOI 14/18 p22.	<0.9	0.3	
c. 0.7 per million people exposed to natural gas. Ref SOI 14/18 p22.	<0.7	0.3	
15. 25% reduction in workplace fatalities and injuries by 2020²²			
a. We expect that fatal work-related injuries per 100,000 workers will be no higher than 2.1 by 2020. Ref SOI 14/18 p23.	<2.1 by 2020		See the latest official statistics and time-series on pages 45-47 of this report and in Working Safer: Progress toward the target .
b. We expect that serious, non-fatal work-related injuries per 100,000 workers will be no higher than 12.1 by 2020. Ref SOI 14/18 p23.	<12.1 by 2020		
c. We expect that ACC claims for more than a week off work per 1,000 FTEs will be no higher than 6.3 by 2020. Ref SOI 14/18 p23.	<6.3 by 2020		
16. No catastrophic events			
The catastrophic events on which we focus are those with the potential for multiple fatalities or serious community or occupational health problems. Pike River was the most recent catastrophic event, but there have been others in our high hazard sectors in the past 100 years. Our aim is zero.	Zero	Zero	There were no catastrophic events within New Zealand's high hazard sectors and major hazard facilities in 2014/15. For more, see page 20 of this report.

²⁴ Five-year averages, based on calendar years.

Official statistics

The following pages set out the official statistics for measuring progress towards the Government’s health and safety targets. The graph sections are from MBIE’s report *Working Safer: Progress toward the target*, March 2015. The exact rates are presented in tabular form to show baselines, results over time, and targets for 2016 and 2020.

RATE OF FATAL WORK-RELATED INJURY (THREE-YEAR MOVING AVERAGE)



Latest result: 2012 (average for 2011-13)*

Change from previous year: 15% lower

Change from baseline: 13% higher

Comment: Rates have been higher in recent years following the 2010 Pike River Coal Mine Tragedy and the 2011 Canterbury earthquake

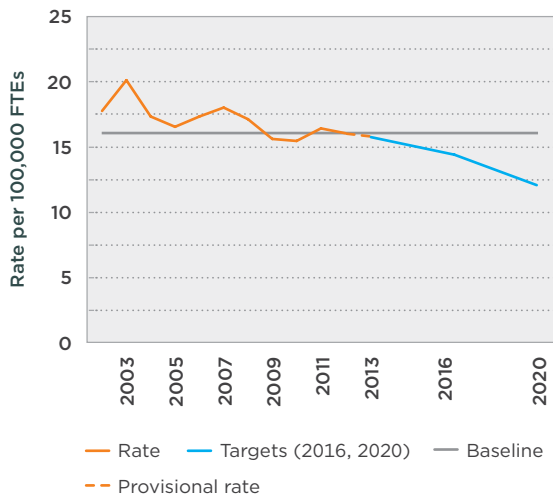
Data: WorkSafe investigations and ACC claims

	BASELINE (AVERAGE 2008-2010)	2010 (2009-2011)	2011 (2010-2012)	2012 (2011-2013)	2016 TARGET	2020 TARGET
Rate (per 100,000 workers)	2.74	4.0**	3.6**	3.1	2.5	2.1
Difference from baseline		46% higher**	33% higher**	13% higher	10% lower	25% lower

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

** The deaths from Pike River are included in the rates, but not the baseline, to ensure change is measured.

RATE OF SERIOUS, NON-FATAL WORK-RELATED INJURY



Latest result: 2013

Change from previous year: 2% lower

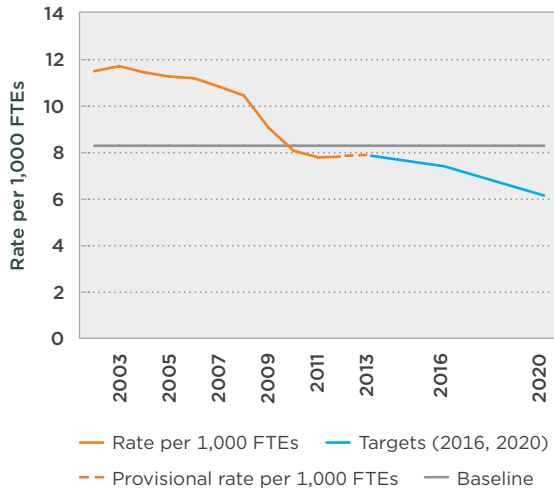
Change from baseline: 2% higher

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

Data: ACC claims and hospitalisations

	BASELINE (AVERAGE 2008-2010)	2011	2012	2013	2016 TARGET	2020 TARGET
Rate (per 100,000 workers)	16.09	16.4	16.1	15.8	14.5	12.1
Difference from baseline		2% higher	0.1% lower	2% lower	10% lower	25% lower

RATE OF WORK-RELATED INJURY RESULTING IN MORE THAN A WEEK AWAY FROM WORK



Latest result: 2013

Change from previous year: 2% lower

Change from baseline: 4% higher

Comment: Rates have levelled off

Data: ACC claims

	BASELINE (AVERAGE 2009-2011)	2011	2012	2013	2016 TARGET	2020 TARGET
Rate (per 1,000 FTEs)	8.41	7.9	7.9	8.1	7.6	6.3
Difference from baseline		6% lower	6% lower	4% lower	10% lower	25% lower

The rate of injuries requiring more than a week off work has increased slightly. Recent economic growth is likely to have played a role; see page 18 of this report.



FINANCIALS



STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2015

This statement covers WorkSafe's first full year of operations. The comparative data for 2013/14 reflect 6.5 months of operations from WorkSafe's establishment on 16 December 2013.

\$000	NOTES	ACTUAL 2015	BUDGET 2015	ACTUAL 2014 (6.5 MONTHS)
Revenue				
Funding from the Crown	1	87,930	84,854	44,112
Interest revenue		933	269	272
Other revenue	2	2,387	-	429
Total revenue		91,250	85,123	44,813
Expenditure				
Personnel costs	3	52,208	49,700	24,485
Depreciation and amortisation expense	8, 9	1,099	1,000	557
Capital charge		-	300	-
Other expenses	4	31,874	34,123	16,380
Total expenditure		85,181	85,123	41,422
SURPLUS/(DEFICIT)²⁵		6,069	-	3,391
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		6,069	-	3,391

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

²⁵ The \$6.069 million surplus includes the Energy Safety surplus of \$1.381 million. We plan to return the surplus from Energy Safety activity to the levy account via MBIE. The 2013/14 surplus of \$1.114 million was returned during 2014/15.

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

\$000	NOTES	ACTUAL 2015	BUDGET 2015	ACTUAL 2014
Assets				
Current assets				
Cash and cash equivalents	5	3,856	-	13,711
Receivables	6	503	-	741
Investments	7	18,000	-	3,000
Prepayments		182	-	-
TOTAL CURRENT ASSETS		22,541	6,471	17,452
Non-current assets				
Property, plant and equipment	8	5,509	-	2,617
Intangible assets	9	1,198	-	549
TOTAL NON-CURRENT ASSETS		6,707	13,500	3,166
TOTAL ASSETS		29,248	19,971	20,618
Liabilities				
Current liabilities				
Payables	10	6,218	-	4,241
Employee entitlements	11	3,095	-	3,106
Provisions	12	300	-	442
Repayment of Energy Safety surplus		1,381	-	1,114
TOTAL CURRENT LIABILITIES		10,994	3,500	8,903
Non-current liabilities				
Employee entitlements	11	706	-	767
TOTAL NON-CURRENT LIABILITIES		706	1,200	767
TOTAL LIABILITIES		11,700	4,700	9,670
NET ASSETS		17,548	15,271	10,948
Equity				
Contributed capital	13	1,876	7,500	-
Accumulated Surplus/(Deficit)	13	6,965	-	2,277
Transfer of assets from MBIE	13	8,707	7,771	8,671
TOTAL EQUITY		17,548	15,271	10,948

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 2015

This statement covers WorkSafe's first full year of operations. The comparative data for 2013/14 reflect 6.5 months of operations from WorkSafe's establishment on 16 December 2013.

\$000	NOTES	ACTUAL 2015	BUDGET 2015	ACTUAL 2014 (6.5 MONTHS)
Opening balance		10,948	7,771	-
Total comprehensive revenue and expense		6,069	-	3,391
Owner transactions				
Transfer of assets from MBIE		36	-	8,671
Capital contribution		1,876	7,500	-
Repayment of Energy Safety surplus		(1,381)	-	(1,114)
BALANCE AT 30 JUNE	13	17,548	15,271	10,948

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

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

This statement covers WorkSafe's first full year of operations. The comparative data for 2013/14 reflect 6.5 months of operations since WorkSafe's establishment on 16 December 2013.

\$000	NOTES	ACTUAL 2015	BUDGET 2015	ACTUAL 2014 (6.5 MONTHS)
Cash flows from operating activities				
Receipts from the Crown		87,930	84,854	44,112
Interest received		823	269	186
Receipts from other revenue		2,536	-	57
Payments to suppliers		(31,815)	(46,894)	(9,762)
Payments to employees		(52,616)	(38,500)	(23,382)
GST (net)		545	-	(2,400)
Net cash flow from operating activities	14	7,403	(271)	8,811
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		16	-	-
Purchase of property, plant and equipment		(2,232)	(9,729)	-
Purchase of intangible assets		(804)	-	-
Payment for new term deposits		(15,000)	-	(3,000)
Net cash flow from investing activities		(18,020)	(9,729)	(3,000)
Cash flows from financing activities				
Capital contribution		1,876	7,500	4,000
Cash payment from MBIE for accumulated depreciation on assets transferred		-	-	3,900
Energy Safety surplus repaid to the Crown		(1,114)	-	-
Net cash flow from financing activities		762	7,500	7,900
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(9,855)	(2,500)	13,711
Cash and cash equivalents at the beginning of the year		13,711	7,500	-
Cash and cash equivalents at the end of the year	5	3,856	5,000	13,711

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

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

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 2015, and were approved by the Board on 23 September 2015. Comparative information for 2013/14 is for the 6.5 months from 16 December 2013 to 30 June 2014.

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.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. There have been no material adjustments arising on the transition to the new 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 October 2014 the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. WorkSafe will apply these updated standards in preparing its 30 June 2016 financial statements. WorkSafe expects that there will be minimal or no change in applying these updated accounting standards.

SIGNIFICANT ACCOUNTING POLICIES

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

Revenue

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

Revenue from the Crown

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

Interest

Interest revenue is recognised using the effective interest method.

Foreign currency

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

Operating leases

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

Cash and cash equivalents

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

Debtors and other receivables

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

Investments

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

Property, plant, and equipment

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

The cost of an item of property, plant, or equipment is recognised as an asset only when it is probable that the future economic benefits or service potential associated with the item will flow to WorkSafe and the cost of the item can be measured reliably.

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

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

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

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

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

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

INTANGIBLE ASSETS

Software acquisition and development

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

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

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

Amortisation

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

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

ASSET CLASS	DEPRECIATION METHOD
Acquired computer software	2-5 years 20-50% SL
Developed computer software	5 years 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 either a depreciated replacement cost approach, 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 availability of information.

CREDITORS AND OTHER PAYABLES

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

EMPLOYEE ENTITLEMENTS

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

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

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

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

PENSION LIABILITIES

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

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

PROVISIONS

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

RESTRUCTURING

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

GOODS AND SERVICES TAX (GST)

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

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

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

INCOME TAX

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

BUDGET FIGURES

The budget figures are derived from the Statement of Performance Expectations 2014/15 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.

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 25).

We plan to return any surplus from this activity to the levy account via MBIE.

2. OTHER REVENUE

\$000	ACTUAL 2015	ACTUAL 2014 (6.5 MONTHS)
Safety case revenue	1,327	180
<i>Safer Farms</i> funding from ACC	678	215
Rent from sub-lease	222	-
Amusement Device Registration fees collected	6	2
Asbestos Registration fees collected	27	12
Diving Registration fees collected	21	7
Test Certification Registration fees collected	56	-
Mining Registration fees collected	1	-
Other revenue	49	13
TOTAL OTHER REVENUE	2,387	429

3. PERSONNEL COSTS

\$000	ACTUAL 2015	ACTUAL 2014 (6.5 MONTHS)
Salaries and wages	40,474	15,287
Defined contribution plan employer contributions	1,303	495
Increase/(Decrease) in employee entitlements	814	250
Other personnel-related costs	2,402	1,253
Contractors	7,001	6,285
Restructuring costs	214	915
TOTAL PERSONNEL COSTS	52,208	24,485

4. OTHER EXPENSES

\$000	ACTUAL 2015	ACTUAL 2014 (6.5 MONTHS)
Fees to Audit New Zealand for audit of financial statements	74	74
Staff travel	4,726	1,963
Advertising, publicity, and sponsorship	1,063	262
Consultancy	4,936	3,164
Fees to Board members	196	131
Fees to Advisory Group members	171	32
ICT costs and technical support	672	754
Legal services	1,025	739
Shared services provided by MBIE ²⁶	8,425	5,235
Levy collection ²⁷	869	-
Other expenses	3,753	1,640
Rental and leasing costs	5,194	2,190
Other property costs	770	196
TOTAL OTHER EXPENSES	31,874	16,380

5. CASH AND CASH EQUIVALENTS

\$000	ACTUAL 2015	ACTUAL 2014
Cash at bank and on hand	3,856	4,711
Term deposits with original maturities less than three months	-	9,000
TOTAL CASH AND CASH EQUIVALENTS	3,856	13,711

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.

²⁶ MBIE provides support as part of our service-level agreement and this includes ICT, property services, and accounting services.

²⁷ These collection services are paid to ACC. In 2013/14 they were paid by MBIE.

6. RECEIVABLES

\$000	ACTUAL 2015	ACTUAL 2014
Receivables (gross)	503	458
GST receivable	-	283
TOTAL RECEIVABLES	503	741
Total receivables comprises:		
Receivables from the sales of goods and services (exchange transactions)	503	458
Receivables from taxes (non-exchange transactions)	-	283
TOTAL RECEIVABLES	503	741

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	2015 NET	GROSS	IMPAIRMENT	2014 NET
Not past due	499	-	499	741	-	741
Past due 1-30 days	4	-	4	-	-	-
TOTAL	503	-	503	741	-	741

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

7. INVESTMENTS

\$000	ACTUAL 2015	ACTUAL 2014
Current portion		
Term deposits	18,000	3,000
TOTAL INVESTMENTS	18,000	3,000

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
Cost or valuation				
Balance at 16 December 2013	1,330	17	4,493	5,840
Disposals	-	-	(22)	(22)
Balance at 30 June 2014	1,330	17	4,471	5,818
Balance at 1 July 2014	1,330	17	4,471	5,818
Additions	405	3	3,311	3,719
Disposals	-	-	(270)	(270)
Balance at 30 June 2015	1,735	20	7,512	9,267
Accumulated depreciation and impairment losses				
Balance at 16 December 2013	1,061	16	1,909	2,986
Depreciation expense	54	-	177	231
Elimination on disposal	-	-	(16)	(16)
Balance at 30 June 2014	1,115	16	2,070	3,201
Balance at 1 July 2014	1,115	16	2,070	3,201
Depreciation expense	119	-	516	635
Elimination on disposal	-	-	(198)	(198)
Impairment losses	-	-	120	120
Balance at 30 June 2015	1,234	16	2,508	3,758
Carrying amounts				
Balance at 16 December 2013	269	1	2,584	2,854
Balance at 30 June 2014/ 1 July 2014	215	1	2,401	2,617
BALANCE AT 30 JUNE 2015	501	4	5,004	5,509

The impairment loss of \$120,000 was the result of a review conducted to assess the residual values and written down values of all motor vehicles purchased on and before 2009.

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 2015 (30 June 2014 \$Nil).

9. INTANGIBLE ASSETS

\$000	ACQUIRED SOFTWARE	INTERNALLY GENERATED SOFTWARE	TOTAL
Cost or valuation			
Balance at 16 December 2013	3,622	167	3,789
Additions	-	-	-
Balance at 30 June 2014/1 July 2014	3,622	167	3,789
Additions	36	957	993
Balance at 30 June 2015	3,658	1,124	4,782
Accumulated amortisation and impairment losses			
Balance at 16 December 2013	2,779	135	2,914
Amortisation expense	294	32	326
Balance at 30 June 2014/ 1 July 2014	3,073	167	3,240
Amortisation expense	344	-	344
Balance at 30 June 2015	3,417	167	3,584
Carrying amounts			
Balance at 16 December 2013	843	32	875
Balance at 30 June 2014/ 1 July 2014	549	-	549
BALANCE AT 30 JUNE 2015	241	957	1,198

Additions to acquired software relate to the Electricity and Gas High Risk Database. The additions to internally generated software relate to the Insite/Guardian replacement project 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.

There was work in progress of \$0.036 million in acquired software and \$0.957 million in internally generated software at 30 June 2015 (30 June 2014 \$Nil).

10. PAYABLES

\$000	ACTUAL 2015	ACTUAL 2014
Payables under exchange transactions		
Creditors	1,806	1,514
Accrued expenses	4,113	2,690
Other	37	37
Total payables under exchange transactions	5,956	4,241
Payables under non-exchange transactions		
Taxes payable	262	-
Total payables under non-exchange transactions	262	-
TOTAL PAYABLES	6,218	4,241

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 2015	ACTUAL 2014
Current portion		
Accrued salaries and wages	261	1,103
Annual leave	2,698	1,884
Sick leave	13	-
Retirement and long service leave	123	119
Total current portion	3,095	3,106
Non-current portion		
Retirement and long service leave	706	767
Total non-current portion	706	767
TOTAL EMPLOYEE ENTITLEMENTS	3,801	3,873

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 2015. The amount noted above reflects the revised actuarial calculations provided by it, which are in accordance with PBE International Public Sector Accounting Standard 25 Employee Benefits.

12. PROVISIONS

\$000	ACTUAL 2015	ACTUAL 2014
Current portion		
Restructuring	300	442
Total current portion	300	442
TOTAL PROVISIONS	300	442

Movements for each class of provision are as follows:

\$000	ACTUAL 2015	ACTUAL 2014
Opening balance	442	218
Additional provisions made	239	800
Amounts used	(305)	(576)
Unused amounts reversed	(76)	-
BALANCE AT 30 JUNE	300	442

The restructuring provision represents redundancy payments expected to be paid in 2015/16.

13. EQUITY

\$000	ACTUAL 2015	ACTUAL 2014
Contributed capital		
Opening Balance	-	-
Capital contribution	1,876	-
Balance at 30 June	1,876	-
Accumulated Surplus/(Deficit)		
Opening Balance	2,277	-
Repayment of Energy Safety surplus	(1,381)	(1,114)
Surplus/(Deficit) for the year	6,069	3,391
Balance at 30 June	6,965	2,277
Transfer of assets from MBIE		
Opening Balance	8,671	8,671
Additions	36	-
Balance at 30 June	8,707	8,671
TOTAL EQUITY AT 30 JUNE	17,548	10,948

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

\$000	ACTUAL 2015	ACTUAL 2014 (6.5 MONTHS)
Net surplus	6,069	3,391
Add/(Less) non-cash items		
Depreciation expense	1,099	557
Total non-cash items	1,099	557
Add/(Less) items classified as investing or financing activities		
(Gains)/Losses on disposal of property, plant, and equipment	5	-
Total items classified as investing or financing activities	5	-
Add/(Less) movements in statement of financial position items		
(Increase)/Decrease in receivables	290	(741)
(Increase)/Decrease in prepayments	(182)	-
Increase/(Decrease) in payables	336	4,289
Increase/(Decrease) in provisions	(142)	442
Increase/(Decrease) in employee entitlements	(72)	873
NET MOVEMENTS IN WORKING CAPITAL ITEMS	230	4,863
NET CASH FLOW FROM OPERATING ACTIVITIES	7,403	8,811

15. CAPITAL COMMITMENTS AND OPERATING LEASES

CAPITAL COMMITMENTS

WorkSafe did not have any capital commitments at balance date (2014 \$Nil).

OPERATING LEASES AS LESSEE

Significant operating commitments are for office rents, car parks, and residential leases for overseas visiting inspectors working on the Canterbury rebuild programme. There were no restrictions placed on WorkSafe by any of its leasing arrangements.

\$000	ACTUAL 2015	ACTUAL 2014
No later than one year	3,306	2,411
Later than one year and not later than five years	6,701	2,902
Later than five years	1,697	784
TOTAL NON-CANCELLABLE LEASES	11,704	6,097

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 \$0.915 million (2014 \$Nil).

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 \$130,000 if WorkSafe is unsuccessful. There is a personal grievance claim liability estimated at \$22,000 (2014 one personal grievance claim for \$57,654).

CONTINGENT ASSETS

WorkSafe had no contingent assets as at 30 June 2015 (2014 \$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 2014/15 as part of the shared services agreement that exists between the two organisations. Purchases totalling \$14.437 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 \$84,000 based on an actual cost basis.

ACC has provided funding of \$0.675 million to WorkSafe to deliver the *Safer Farms* national programme. It has also reimbursed costs relating to the Safety Star Rating Scheme on an actual cost basis. WorkSafe has paid \$0.869 million to ACC for levy collection services and \$33,000 for an ACC staff member seconded to WorkSafe. Gregor Coster is a member of both the WorkSafe and ACC Boards.

The EPA seconded seven staff members into WorkSafe. Payment for the staff was based on actual salary reimbursements and totalled \$0.307 million for the year. Payments totalling \$22,000 were paid to the EPA for IT support. Kerry Prendergast is a member of the WorkSafe Board and Chair of the EPA Board.

KEY MANAGEMENT PERSONNEL COMPENSATION

\$000	ACTUAL 2015	ACTUAL 2014 (6.5 MONTHS)
Board Members		
Remuneration	195	131
FTE members	1.89	1.08
Leadership team		
Remuneration	2,268	1,314
FTE members	9.03	4.90
TOTAL KEY MANAGEMENT PERSONNEL REMUNERATION	2,463	1,445
TOTAL FULL TIME EQUIVALENT PERSONNEL	10.92	5.98

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

The FTE for Board members has been determined based on the frequency and length of Board meetings, speaking and networking engagements, professional development, and the time estimated for Board members to prepare for and travel to meetings and stakeholder engagement events.

18. BOARD AND COMMITTEE FEES

FEES TO BOARD MEMBERS

\$000	ACTUAL 2015	ACTUAL 2014 (6.5 MONTHS)
Professor Gregor Coster, CNZM (Chair)	55.0	35.0
Ross Wilson (Deputy Chair)	28.1	20.3
Chris Ellis	22.5	16.2
Kerry Prendergast, CNZM	22.5	16.2
Paula Rose, QSO	22.5	16.2
Don Stock	22.5	16.2
Patrick Strange	22.5	11.2
TOTAL BOARD MEMBER REMUNERATION	195.6	131.3

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 (2014 \$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 (2013/14 \$5,400 during the 6.5 months of operation).

FEES TO COMMITTEE MEMBERS

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

\$000	ACTUAL 2015	ACTUAL 2014 (6.5 MONTHS)
Occupational Health Advisory Group remuneration		
George Adams (Chair)	11	2
Glenys Barker	6	1
Dr Jim McLeod	6	1
Associate Professor Ian Laird	5	1
Dr David McLean (fees paid to Massey University)	5	1
Suzanne Broadbent	5	1
Andrea McMillan (fees paid to the University of Otago)	4	1
Professor Bill Glass	2	1
Marama Parore	1	1
Total Occupational Health Advisory Group remuneration²⁸	45	10
Mining Board of Examiners remuneration		
Andrew Dallas	5	-
Andy Loader	5	-
Michelle Crompton (fees paid to MITO)	4	-
Steven Ellis	4	-
Bernie O'Leary	4	-
Professor John St George	4	-
Stephen Bell	3	-
Marianne Rogers	3	-
Iain Simmons	3	-
Dave Stewart	3	-
Craig Smith	2	-
Dean Torstonsen	2	-
Total Mining Board of Examiners remuneration²⁹	42	-
Extractives Industry Advisory Group		
Gavin Taylor (Chair)	8	-
Andrew Dallas	3	-
Jonathan Edward	3	-
Tony Hunter	3	-
Tony King (fees paid to Solid Energy)	3	-

²⁸ Dr Kathleen Callaghan and Bill Newson are also members of the Occupational Health Advisory Group, but they did not receive fees.

²⁹ The Mining Board of Examiners' first meeting was in October 2014. Tony Forster (WorkSafe) is the Chair of the Mining Board of Examiners but does not receive fees.

\$000	ACTUAL 2015	ACTUAL 2014 (6.5 MONTHS)
Les McCracken		
Terry Moynihan	3	-
Dave Stewart	3	-
Jim Knowles	2	-
Maxwell Murray	2	-
Professor Michael Quinlan	2	-
Craig Smith	2	-
Total Extractives Industry Advisory Group remuneration³⁰	37	-
TOTAL COMMITTEE MEMBER REMUNERATION	124	10

19. EMPLOYEE REMUNERATION

\$000	ACTUAL 2015	ACTUAL 2014 (6.5 MONTHS)
Total remuneration paid or payable		
\$100,000-\$109,999	36	3
\$110,000-\$119,999	22	4
\$120,000-\$129,999	12	2
\$130,000-\$139,999	6	-
\$140,000-\$149,999	7	-
\$150,000-\$159,999	5	1
\$160,000-\$169,999	5	-
\$170,000-\$179,999	6	-
\$180,000-\$189,999	3	-
\$190,000-\$199,999	2	1
\$200,000-\$209,999	1	-
\$210,000-\$219,999	3	-
\$220,000-\$229,999	2	-
\$230,000-\$239,999	3	-
\$310,000-\$319,999	1	-
\$340,000-\$349,999	1	-
\$390,000-\$399,999	1	-
TOTAL EMPLOYEES	116	11

During the year ended 30 June 2015, one staff member received compensation and other benefit payments in relation to cessation totalling \$32,540 (2014 seven staff totally \$491,662).

Note that the 2013/14 figures cover a 6.5-month period and have not been annualised.

³⁰ The Extractives Industry Advisory Group's first meeting was in July 2014. Dr Kathleen Callaghan was a member until December 2014, but did not receive fees.

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 2015	ACTUAL 2014
Loans and receivables		
Cash and cash equivalents	3,856	13,711
Receivables (excluding taxes receivable)	503	458
Investments - term deposits	18,000	3,000
Total loans and receivables	22,359	17,169
Financial liabilities measured at amortised cost		
Payables (excluding taxes payable)	5,828	4,241
Total financial liabilities measured at amortised cost	5,828	4,241

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 2015	ACTUAL 2014
Counterparties with credit ratings		
Cash at bank and term deposits		
AA-	21,856	16,711
TOTAL CASH AT BANK AND TERM DEPOSITS	21,856	16,711
Counterparties without credit ratings		
Debtors and other receivables excluding taxes	503	458
TOTAL DEBTORS AND OTHER RECEIVABLES EXCLUDING TAXES	503	458

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 2015	ACTUAL 2014
Payables (excluding taxes payable)		
Carrying amount	5,828	4,241
Contractual cash flows	5,828	4,241
Less than six months	5,828	4,241

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:

\$000	ACTUAL 2015
Additional one-off funding to establish a package of initiatives for the implementation of the adventure activities regulatory regime	1,970
Additional Energy Safety functions transferred than originally budgeted	737
ACC levy collection funding	869
Reduction in funding due to the delay in the transfer of functions from the EPA	(500)
TOTAL	3,076

Interest revenue

Interest revenue is higher than budgeted due to the investment of surplus funds.

Other revenue

No budget was allowed for revenue from the newly implemented Petroleum Safety Case Assessments regime and ACC funding for *Safer Farms*, as these were not confirmed when the budget was prepared.

Personnel costs

Personnel costs are higher than budgeted due to delays in the transitioning of contractors during the initial set-up phase to permanent staff, additional personnel needed to work on the new regulatory framework, and investment in the training of inspectors.

Other expenses

Other expenses are less than budgeted due to delays in the implementation of the new regulatory framework and various other initiatives delayed or crossing over into the 2015/16 year.

STATEMENT OF CHANGES IN EQUITY

Capital contribution

The capital contribution was deferred due to a delay in the implementation of the ICT programme.

STATEMENT OF FINANCIAL POSITION

Investments

The value of investments is higher than budgeted due to operating and capital surpluses. Both the surplus and the capital expenditure budget are expected to be utilised in the 2015/16 year.

Fixed assets

Fixed assets are under budget mostly due to a delay in the implementation of the ICT programme.

Payables

Payables are over budget due to purchases near the end of the year, in particular motor vehicles.

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 2015	BUDGET 2015	VARIANCE 2015	ACTUAL 2014	BUDGET 2014 (6.5 MONTHS)	VARIANCE 2014
Workplace Health and Safety						
Revenue - Crown	83,516	81,177	2,339	41,613	45,097	(3,484)
Revenue - other	3,315	269	3,046	701	2,016	(1,315)
Total revenue	86,831	81,446	5,385	42,314	47,113	(4,799)
Expenditure	82,143	81,446	(697)	40,037	47,113	7,076
SURPLUS/(DEFICIT)	4,688	-	4,688	2,277	-	2,277
Energy Safety						
Revenue - Crown	4,414	3,677	737	2,499	1,857	642
Revenue - other	5	-	5	-	-	-
Total revenue	4,419	3,677	742	2,499	1,857	642
Expenditure	3,038	3,677	639	1,385	1,857	472
SURPLUS/(DEFICIT)	1,381	-	1,381	1,114	-	1,114
Total WorkSafe						
Revenue - Crown	87,930	84,854	3,076	44,112	46,954	(2,842)
Revenue - other	3,320	269	3,051	701	2,016	(1,315)
Total revenue	91,250	85,123	6,127	44,813	48,970	(4,157)
Expenditure	85,181	85,123	(58)	41,422	48,970	7,548
SURPLUS/(DEFICIT)	6,069	-	6,069	3,391	-	3,391

We plan to return the surplus from Energy Safety activity to the levy account via MBIE.

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

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

\$000	ACTUAL 2015	APPROVED APPROPRIATION 2015	ACTUAL 2014
Appropriation			
Non-Departmental Output Expenses			
Workplace Health and Safety	87,061	87,061	44,112
Health and Safety in Employment Levy – Collection Services	869	869	-
Total Non-Departmental Output Expenses	87,930	87,930	44,112
Non-Departmental Output Expenses			
WorkSafe capability change programme	1,876	8,428	-
TOTAL NON-DEPARTMENTAL CAPITAL EXPENDITURE	1,876	8,428	-

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

The \$6.552 million underspend in the WorkSafe capability change programme capital appropriation has been subject to an in-principle expense transfer to 2015/16.

Performance information can be found in the Statement of Performance in this report.

Independent auditor's report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of WorkSafe New Zealand's financial statements and non-financial performance information for the year ended 30 June 2015.

The Auditor-General is the auditor of WorkSafe New Zealand (WorkSafe). The Auditor-General has appointed me, Phil Kennerley, 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 48-74, that comprise the statement of financial position as at 30 June 2015, 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 8-47.

In our opinion:

- > the financial statements of WorkSafe:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015;
 - 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 Public Benefit Entity Standards.
- > the performance information:
 - presents fairly, in all material respects, WorkSafe's performance for the year ended 30 June 2015, 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;
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 22 October 2015. 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.



Phil Kennerley

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

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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