

WorkSafe

TE PŪRONGO O MAHI HAUMARU AOTEAROA

1 July – 30 September 2023



Te Kāwanatanga o Aotearoa
New Zealand Government

WORKSAFE
Mahi Haumaru Aotearoa

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The purpose of this quarterly report is to inform the Minister for Workplace Relations and Safety, the WorkSafe Board, and the Ministry of Business, Innovation and Employment (Crown monitor) about WorkSafe’s performance. It demonstrates progress towards WorkSafe’s short to medium term objectives as set out in the accountability documents, together with WorkSafe’s organisational health and financial performance.

The quarterly report is available on www.worksafe.govt.nz approximately two months after each quarter.

WorkSafe has had a challenging start to 2023/24 as it is undergoing significant change to reduce costs; streamline activities; and refocus on delivering core functions within its funding envelope. As a result, WorkSafe commenced consultation on an organisational change, which will reduce overall roles. At the same time WorkSafe is working to reset its regulatory strategy, and implement the recommendations of the Strategic Baseline Review.

Quarter 1 at a glance

Regulatory activity	Levels of regulatory activity in most areas have increased and are expected to return to pre-COVID by the end of 2023/24
Performance measures	12 out of 13 measures from the Statement of Performance Expectations 2023/24 are monitored in this quarter, one measure is not due until Q2. As at Q1, 10 were on track with all 13 expected to be met by year-end.
Strategic priorities	WorkSafe’s six priority programmes are all experiencing challenges.
WorkSafe people	There were 722 FTEs in Q1, a decrease of 49 compared to 771 in Q1 2022/23, and a decrease of 26 from 748 in Q4 2022/23. Staff turnover for Q1 2023/24 was 15.7%. This is a decrease from 16.7% in Q4 2022/23.
Finance	WorkSafe has a deficit of \$2.5m compared to a budgeted deficit of \$4.4m at the end of Q1. This positive variance is mainly due to lower than anticipated depreciation and the timing of Whakaari prosecution costs.
Organisational risk overview	Significant organisational change can create ongoing impacts for the risk profile. Streamlining activities and reducing costs can create uncertainty and put pressure on particular risks related to people, regulatory objectives and delivery. At the same time, WorkSafe is developing a transition plan and working at pace to reset and refresh its strategy and ongoing workplan.

In addition to the business-as-usual activities, WorkSafe:

- is seeking leave to appeal the Whakaari/White Island judgments.
- welcomed the new Chief Executive on 9 October.

Tokona ake a haumarū a hauora | Delivering and contributing to health and safety at work outcomes

Focusing on what will make the biggest impact to reduce harm

WorkSafe has continued to support the **Cyclone Gabrielle** recovery. Over the quarter, this included inspections relating to asbestos removal, civil roading work, silt haulage and dump sites. WorkSafe has continued to work with organisations including Te Whatu Ora, territorial authorities and business to assist and provide guidance on good health and safety practices during recovery work.

The **Te Tairāwhiti Whenua Charitable Trust** (a confederation of 68 Māori Land Trusts across Te Tairāwhiti) signed a memorandum of understanding with WorkSafe. Each party agrees to work together to address the gap in health and safety outcomes experienced by Māori and includes actions and activities to be undertaken by each party to achieve this outcome.

In **Te Tai Tokerau**, WorkSafe held a wānanga with Ngāti Hine and Ngāpuhi management, forestry kaimahi, iwi and community representatives. The group discussed findings from recent inspections and good practice across Aotearoa. Participants outlined the challenges that the forestry businesses and kaimahi are facing which WorkSafe will use to inform its future work planning.

The **Forestry Community Health and Safety Alliance** between iwi, forestry industry and government agencies was launched at Te Poho o Rawiri Marae. This aims to improve forestry culture, hauora, health and safety for kaimahi in Te Tairāwhiti and will be underpinned by te ao Māori principles.

The **Puataunoko** programme held two workshops in September to train Kāinga Ora health and safety representatives to deliver the Puataunoko Come Home Safety programme. These representatives will be supported to meet the standards required to deliver the programme. This programme was originally developed to improve Pasifika workers' health and safety literacy and ability to challenge unsafe practices in a culturally appropriate way. The 'train the trainer' approach will help expand the reach of this programme

To keep pace with the increasingly varied usage of **hydrogen**, WorkSafe together with other government agencies have been developing proposals to ensure the Health and Safety at Work Act, the Gas Act and Hazardous Substances regulations keep pace with related health and safety risks. The Minister approved the development of these proposals for implementation by 2025.

Building everyone's capability to do this well

The monitoring phase of the targeted complex intervention with **Talley's Group Limited** (Talley's) continued with visits to Talley's Head Office and a subsidiary, Hall's Group. WorkSafe attended Talley's Governance and Assurance Board meeting in September to discuss progress. This monitoring phase is expected to run through to September 2025, followed by an evaluation with an expected completion date of late 2025.

Three safe work instruments were approved by the Minister. One, the largest developed by WorkSafe, sets requirements for 22 mining and quarrying certificates of competency. These requirements will be published on the WorkSafe website.

WorkSafe partnered with the Ministry of Education to host a health and safety website on their **Youth Guarantee** platform. Four new health and safety lessons including *Know your rights* and *Have your say at work* have now been published. This has added to the 25 health and safety lesson plans already available for kaiako/teachers to use with ākonga/students learning trades such as carpentry and plumbing.

A group to **promote health and safety in the health system** which includes Te Whatu Ora, health unions and WorkSafe for the first time. An operational hui with Te Whatu Ora's health and safety team has been established to work directly to make proactive changes to health and safety practices at a leadership level.

Nga kaupapa rautaki matua | Strategic priorities

Programmes* to support health and safety at work outcomes

As WorkSafe undergoes change to reduce costs, streamline activities and refocus on delivering core functions, progress with the current strategic priority programmes has been limited. However, once WorkSafe's new regulatory strategy has been approved, the breadth of programmes will be reviewed and refocused to align to the new strategy. Consequently, there are likely to be fewer, more targeted priority programmes.

The 'Support the worker voice' and 'Promote good work design' programmes are no longer *on track* due to resource constraints.

Reduce harmful exposures has been at *need attention* or *off track* for the last three quarters due to similar challenges.

	Status*		
	Previous	Current	Forecast
1. Support the worker voice <i>Help workers drive change and influence work health and safety</i>	✓	△	△
2. Promote good work design <i>Stop work harm before it happens</i>	✓	△	△
3. Reduce harmful exposures <i>Reduce cancer and respiratory disease caused by dusts and chemicals</i>	△	△	△

*✓ On track △ Needs attention × Off track

* WorkSafe has decided to defer the Plant and structures programme until the date for delayed public consultation is set. Reporting on this programme will re-commence at this time.

Programmes to deliver strategy and improve internal capability

	Status		
	Previous	Current	Forecast
4. Strategic Baseline Review <i>Implement 20 recommendations from the review which assessed WorkSafe's management of its resources</i>	△	△	△

Of the 20 **Strategic Baseline Review** recommendations eight priority recommendations and delivery timelines have been identified and a weekly report is provided to the Board Chair.

	Status		
	Previous	Current	Forecast
5. Digital Transformation <i>Provide better services to help achieve better outcomes</i>	△	△	△

The Atlas (WorkSafe's new internal digital platform) roll-out to the General Inspectorate began on 18 September and was completed by 6 October. This is a significant milestone for the Digital Transformation programme. It ensures the programme is on track for closure in June 2024.

However, the programme continues to need attention because there is a critical risk related to data migration from the legacy MBIE system to the new WorkSafe environment. The programme is actively working with MBIE to resolve this issue.

	Status		
	Previous	Current	Forecast
6. Ngā Paiaka <i>Strengthen operations and improve how WorkSafe administers its existing regulatory frameworks, empowering WorkSafe people to be good stewards, and supporting good decision making</i>	×	×	×

While three of its projects have been substantively completed and are transitioning to operational teams (Statutory Delegations, Exemptions and Compliance Certifiers), the programme does not have certainty of resourcing or funding at this stage to progress the Authorisations project. This will be revisited following the completion of the current organisational change process.

Hei Whakarāpopoto | Regulatory activities

Levels of regulatory activity in most areas have increased and are expected to return to pre-COVID numbers by the end of 2023/24. Some key activities in Q1 included:

- WorkSafe was involved in a **toxic waste landfill** incident in Greymouth which saw workers hospitalised due to exposure to gases. Six notices were issued in relation to critical risk at the site.
- WorkSafe collaborated with Fire and Emergency NZ (FENZ) after recognising the potential for a significant emergency event in Christchurch, because of the presence of **LPG bulk storage operators**. WorkSafe, FENZ and the affected businesses developed a tactical plan to address any incidents at one site that could impact the other businesses.
- **Ruapehu Alpine Lifts** was sentenced and convicted following a fatal bus crash while descending the Ohakune Mountain road. To improve outcomes for victims, and as a result of this investigation, WorkSafe and NZ Police now meet to review all heavy vehicle incidents resulting in fatalities to ensure the appropriate agency undertake the investigation.
- **Sand Safaris Ltd** was convicted and sentenced for the death of a tourist while sandboarding on 90 Mile Beach. The company was charged and fined \$200,000 (which was later reduced due to the company’s financial position) as well as \$183,200 in reparation.
- WorkSafe accepted two **enforceable undertakings** this quarter with:
 - **Dive! Tutukaka Limited** is required to take a safety pledge, provide reparations to victims and undertake professional development and training for its workers. It will also develop marine safety training material to be shared with the community and industry partners. This resulted from an incident during a school kayaking and snorkelling trip.
 - **Auckland International Airport Limited** is required to provide reparations to the victim, develop a suite of controls to reduce risk to workers, contribute to mental health charities and develop a national wildlife hazards work group and conference. This resulted from an incident when a pyrotechnic cartridge ignited in the victim’s hand causing serious injuries while they were clearing geese off the runway.

Whakaari/White Island trial ended

The trial proceeded against six defendants. Charges were dismissed in relation to two booking agents, Tauranga Tourism Services Limited and ID Tours New Zealand Limited, and also in relation to the officers' charges against the three directors of Whakaari Management Limited. WorkSafe is seeking leave to appeal the decision dismissing the charges against the two booking agents. WorkSafe is still awaiting advice from Crown Law regarding a possible Solicitor-General’s Reference regarding the officer charges; a decision will be provided by the end of November. Whakaari Management Limited was convicted on 31 October.

This means that seven defendants were convicted. One was sentenced last year, so the remaining six will appear at the Sentencing Hearing, which is scheduled for two weeks commencing on 26 February 2024. Due to the complexity of the legal issues regarding possible reparation for overseas victims, a Preliminary Sentencing Hearing has also been set down for 13 and 14 December.

Inspectors

The number of inspectors has dropped to Q3 2022/23 levels, which is largely due to staff turnover. As New Zealand workforce numbers have increased from 2.89 million to 2.93 million, this further decreases the ratio of inspectors to employed people. In order to increase the number of inspectors, WorkSafe is:

- filling some vacancies as part of the current change and redeployment process
- preparing a cohort recruitment in June/July 2024.

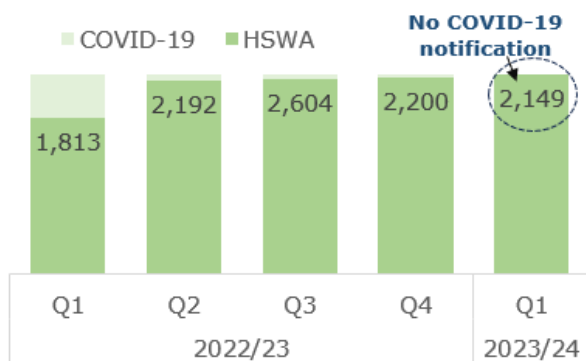
		Ratio of inspectors per 100,000 workers		Total number of WorkSafe inspectors
		Trainees included	Trainees excluded	
2022/23	Q3	6.3	5.4	181
	Q4	6.8	6.2	195
2023/24	Q1	6.2	5.2	182

Regulatory activity statistics under the Health and Safety at Work Act 2015

NB. The Atlas implementation has resulted in some reporting issues for this quarter. Therefore, the data presented below is provisional and will be updated in the following quarter.

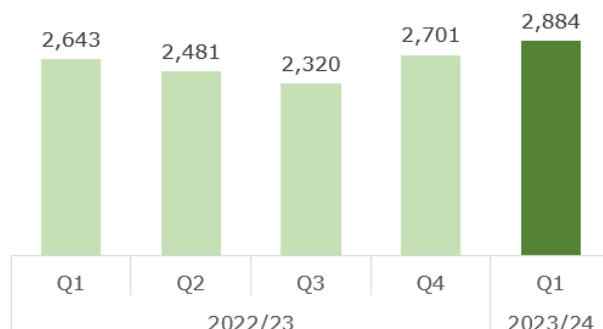
Notifications received

Notifications are received from the public. Some will be a result of statutory obligations while others relate to general concerns.



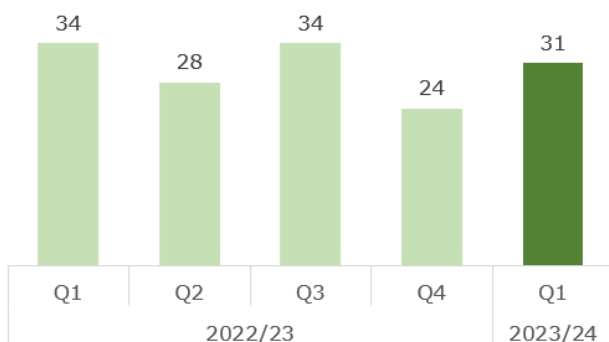
Assessments

Assessment activity is either part of a planned programme or carried out as a response to a notification or concern.



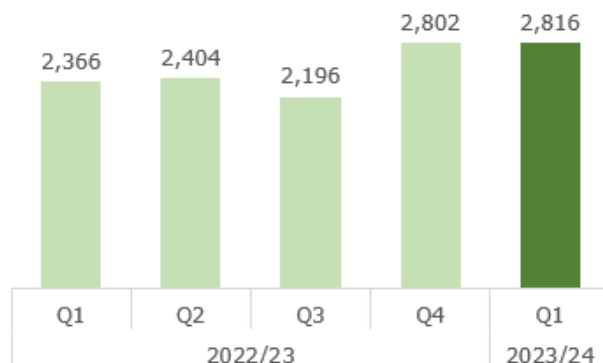
Investigations initiated

An investigation is a purposeful, structured process of inquiry which helps establish facts, discover new information and decide what action to take, if any.



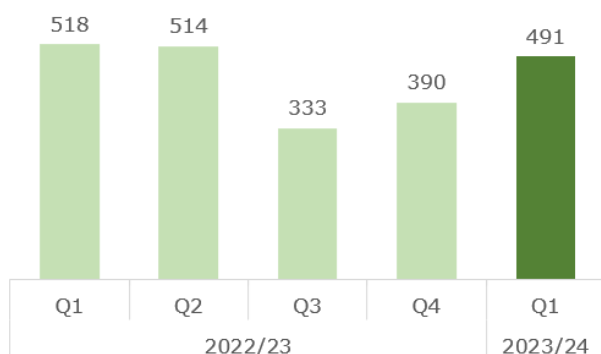
Enforcements

Enforcements include improvement notices, verbal directions, directive letters, prohibitions, infringement notices and enforceable undertakings.



Authorisations processed

Including adventure activity operators, occupational diving, asbestos, and hazardous industries regimes



Ngā ine mahi | Performance measures

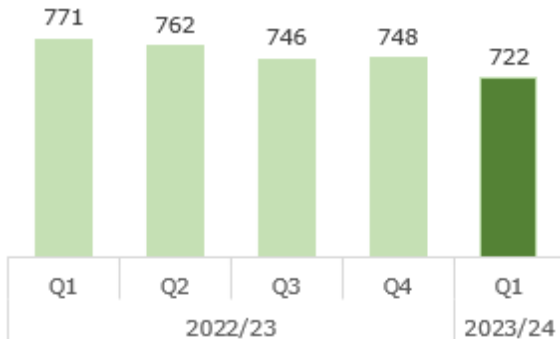
WorkSafe has 13 performance measures which are detailed in **Statement of performance expectations 2023/24**. These reflect the quality, timeliness or effectiveness of activities undertaken across WorkSafe over the financial year. 12 measures were monitored for Q1, and one measure is not due until the end of 2023/24. As at Q1, 10 were on track with all 13 expected to be met by year-end.

	Performance measure	Target	YTD	Expected year-end position
Activity area 1: Lead, Engage and Influence				
1.1	The percentage of WorkSafe General Inspectorate assessments that include a focus on work-related health risks	>75%	85%	✓
Activity area 2: Educate, Inform, Guide and Learn				
2.1	The percentage of people who say our guidance is very useful or extremely useful	>65%	Reported six-monthly	
Activity area 3: Build Capability and Worker Participation				
3.1	The percentage of inspections where the General Inspectorate engage with worker(s) and or health and safety representative(s) where available to improve worker participation in keeping workplaces healthy and safe	>85%	95%	✓
Activity area 4: Innovate, Design, Implement and Evaluate				
4.1	The number of workers receiving culturally relevant health and safety training by attending workshops facilitated by the Puataunofu Come Home Safely education programme	1,000	237	✓
Activity area 5: Authorise, Oversee, Assess and Audit				
5.1	The number of energy safety audits (of products, suppliers, networks, distribution systems, installations) completed	>600	189	✓
5.2	The number of high hazard sites (including major hazard facilities, petroleum and geothermal, and mining, tunnelling, and quarry sites) inspected annually	>440	88	✓
	<i>The Q1 result is lower than the expected (110), largely due to staff shortages and site operator unavailability. A plan is being put in place to address the issue and get this target back on track before the end of 2023/24.</i>			
5.3	The percentage of completed Controlled Substances Licenses and Hazardous Substances Controls applications received which are processed within 60 working days	>90%	98%	✓
5.4	The percentage of completed Occupational Diving Certificate of Competence applications received which are processed within 20 working days	>80%	92%	✓
Activity area 6: Investigate, Enforce and Hold to Account				
6.1	The percentage of energy safety investigations (notifiable or non-notifiable incidents and unsafe situations) involving gas and electricity that are completed within 60 working days	>90%	91%	✓
6.2	The percentage of investigation files to be referred for prosecution which in the first instance, meet the WorkSafe internal standard outlined in the Investigation File Review	>80%	100%	✓
6.3	The percentage of our prosecutions that result in a conviction or an enforceable undertaking	>80%	67%	✓
	<i>This Q1 result is due in part to three of the defendants in the Whakaari/White Island trial but the target is expected to be achieved by year-end.</i>			
6.4	The percentage of Mentally Healthy Work notifiers contacted by WorkSafe within 20 days of receipt of notification	>80%	93%	✓
6.5	The percentage of investigations where a final decision is made and communicated to victims within 12 months of the investigation commencing	100%	100%	✓

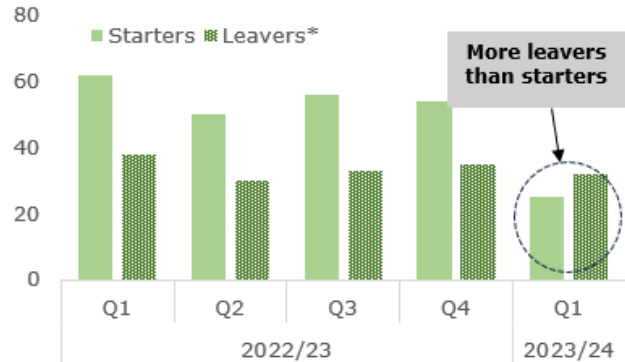
Te hauora me te kaha o te whakahaere mahi | Organisational health

WorkSafe people

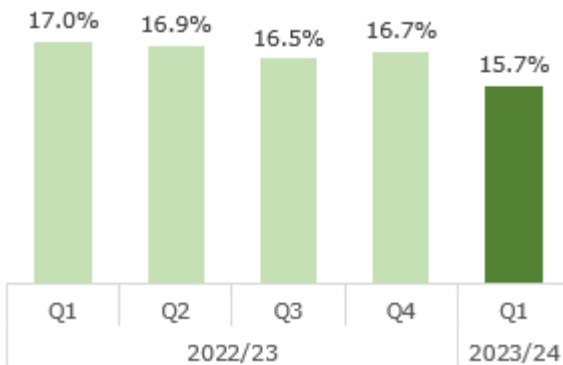
Staff numbers (FTEs)



Starters and leavers*



Voluntary staff turnover



Staff number

There were **722 FTEs** in Q1, a decrease of 26 FTEs from 748 in Q4 2022/23.

The number of leavers remained steady, but the number of new starters has dropped noticeably, reflecting recruitment controls.

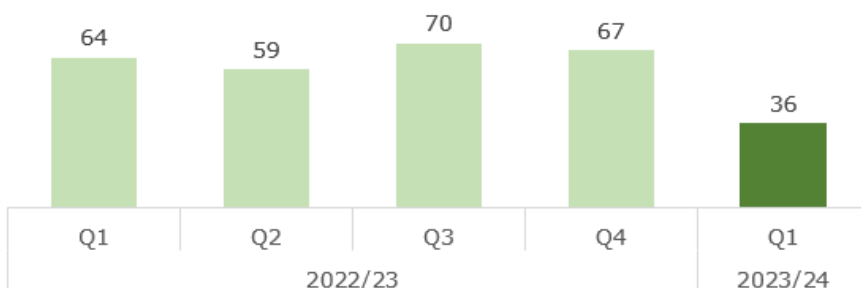
Staff turnover

Staff turnover in Q1 was **15.7%**, a decrease of 1% from 16.7% in Q4 2022/23. This is the largest decrease in the past three years.

This trend is expected to continue as the public sector labour market tightens.

* Voluntary leavers only

Contractors



The number of contractors continued to decrease over the quarter. There was a decrease of 31 (54%) from 67 since the last quarter.

Of those who have left, over 50% were contracted to the Digital Transformation programme.

He pūtea tauākī | Financial statements

Financial performance

At the end of Q1, WorkSafe has a deficit of \$2.5m compared to a budget deficit of \$4.4m. This is based on the revised budget after WorkSafe has undertaken cost reduction measures in light of a significant initial budget shortfall. The positive variance for the quarter is mainly due to lower than anticipated depreciation and the timing of the Whakaari prosecution costs.

Statement of Comprehensive Revenue & Expenditure

\$000	Actual	Budget	Variance	Full Year Budget
Revenue				
Revenue Crown	33,308	33,308	-	136,710
Interest Revenue	393	399	(6)	1,000
Other Revenue	2,526	4,071	(1,545)	15,904
Total Revenue	36,227	37,778	(1,551)	(153,614)
Expenditure				
Personnel	26,355	26,687	332	101,372
Contractors	1,615	1,420	(195)	4,513
Depreciation	1,353	1,872	519	8,241
Other expenditure	9,446	12,207	2761	38,193
Total Expenditure	38,769	42,186	3,417	152,319
Surplus/(deficit)	(2,542)	(4,408)	1,866	1,295

Revenue by area

Crown and interest revenue streams are in line with budget. Other revenue is lower than budget, mainly due to lower ACC programme revenue which is aligned to ACC programme expenditure, and expenditure was less also than budget.

\$000	Actual	Budget	Variance
Working safer levy	31,532	31,532	-
Major hazard facilities levy	673	673	-
Energy safety levies	1,103	1,103	-
ACC	1,955	3,750	(1,795)
Fees and Other Revenue	964	720	244
Total revenue	36,227	37,778	(1,551)

Expenditure by area

\$000	Actual	Budget	Variance	Full Year Budget
Core Delivery <i>(excl. Depreciation)</i>	30,270	30,430	160	115,552
Depreciation	1,353	1,872	519	8,241
Specific Delivery <i>(tagged funds)</i>				
Whakaari	2,226	3,279	1,053	3,321
Energy Safety/ MHF/P&G	1,663	1,689	26	6,624
Digital Transformation	864	1,042	178	4,000
ACC Programme	1,917	3,069	1,152	12,070
COVID-19 Enforcement	449	551	102	2,145
Thriving Infrastructure	12	72	60	160
Refrigeration	-	182	182	207
Plant & Structures	15	-	(15)	-
Total Specific Delivery	7,146	9,889	2,738	28,526
Total Expenditure	38,769	42,186	3,417	152,319

- **Core Delivery (excluding depreciation)** is within 1% of budget (\$0.16m). Strong cost controls are in place to ensure that WorkSafe meets budget throughout 2023/24.
- **Core Delivery Depreciation** is \$0.52m below budget. This is due to timing of capital projects and capitalisation.
- **Whakaari** is \$1.05m below budget due to phasing of the budget relating to costs for the Whakaari Trial in Q1.
- **ACC Programme** is \$1.15m below budget due to some activities/work programmes being rephased in 2023/24.

Capital spend

\$000	Actual	Budget	Variance	Full Year Budget
ICT software	2,863	1,907	(956)	5,502
ICT hardware	30	100	70	400
Motor vehicles	77	503	426	2,010
Leasehold improvements	511	413	(98)	1,650
Total capital spend	3,481	2,923	(558)	9,562

- ICT software spend is higher due to the phasing of spend for the Digital Transformation programme. Total expenditure is still forecast to be within budget.
- The leasehold improvements variance is due to the timing of new location fitouts and security work. Total expenditure is still forecast to be within budget.

Memorandum accounts

\$000	Total Balance	YTD Actual
Major Hazard Facilities Levies		
Revenue	18,325	672
Expenditure	(16,478)	(809)
Total surplus/(deficit)	1,847	(137)
Add Crown Account Deficit	(117)	(843)
Total surplus/(deficit) - WorkSafe held levies	1,730	(980)

Current financial position

Statement of Financial Position

\$000	Actual	Budget	Variance	Full Year Budget
Cash and bank	15,368	8,367	7,001	12,183
Investments	10,000	21,800	(11,800)	22,800
Debtors	6,856	1,665	5,191	2,250
Fixed Assets	44,315	41,095	3,220	41,367
Total Assets	76,539	72,927	3,612	78,600
Creditors and Payables	9,312	9,701	(389)	10,049
Employment Liabilities	6,142	7,314	(1,172)	7,314
Income in Advance	442	-	442	-
Crown Loan	20,223	20,223	-	19,873
Total Liabilities	36,119	37,238	(1,119)	37,236
Net Assets	40,420	35,689	4,731	41,364
Equity				
Opening Equity	31,484	33,410	(1,926)	33,410
Memorandum Accounts	1,730	1,108	622	1,108
Accumulated Surplus/(Deficit)	7,206	1,171	6,035	6,846
Total Equity	40,420	35,689	4,731	41,364

- **Cash and Investments:** lower than budget due to ACC funding not received and is currently recorded as a debtor. The split between Cash and Investments is due to timing of reinvestments.
- **Debtors:** higher than budget due to the timing of ACC funds.
- **Fixed Assets:** higher than budget due to higher capital spend and lower depreciation expense.
- **Creditors and Payables:** due to lower operating expenditure.
- **Employment Liabilities:** lower than budget due to the timing of payroll and the use of leave.
- **Income in Advance:** due to ACC funding from last year that was not spent.

Statement of Cash Flows

The overall cash position is higher than budget. The individual differences when compared to the Budget reflects the variances in the Profit and Loss and Balance Sheet discussed above.

\$000	Actual	Budget	Variance	Full Year Budget
Operating Cash Flows				
Receipts from Crown	33,308	33,308	-	136,710
Receipts from Other Revenue or Interest	7,210	5,098	2,112	16,946
Payments to Suppliers/Employees	(35,696)	(43,662)	7,966	(147,106)
Net Operating Cash Flows	4,822	(5,256)	10,078	6,550
Investing Cash Flows				
Net Investments	10,000	10,000	-	9,000
Net Asset Purchase	(5,374)	(2,923)	(2,451)	(9,563)
Net Investing Cash Flows	4,626	7,077	(2,451)	(563)
Financing Cash Flows				
Capital Contribution	-	-	-	-
Crown Loan	-	-	-	(350)
Net Financing Cash Flows	-	-	-	(350)
Cash Movement				
Net (decrease)/increase in cash	9,448	1,821	7,627	5,637
Opening Cash	5,920	6,546	(626)	6,546
Closing Cash	15,368	8,367	7,001	12,183