



# WORKSAFE

## Statement of Performance Expectations

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2020/2021

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# Foreword

It will take a concerted effort from everyone who can influence health and safety in our workplaces to improve our performance, especially during this challenging year.

WorkSafe New Zealand prepared this *Statement of Performance Expectations* during a time when all of New Zealand was impacted by the COVID-19 pandemic. WorkSafe was identified as an essential service, along with many other workplaces.

We will continue to be part of the all-of-government response to COVID-19. WorkSafe will provide guidance and information to support safe work at all Alert Levels. We will also continue to undertake proactive and reactive assessments with an enhanced focus on work-related health, and on workplaces' COVID-19 protections and processes. We will focus our regulatory and enforcement activities in sectors and industries where harm is most likely to occur.

WorkSafe commends everyone, and every workplace, that adapted and changed their ways of working during the Alert Levels. Changes were necessary to prevent the harm and the fatalities caused by the COVID-19 virus from escalating. We ask that you don't stop there. It is necessary to continue to adapt and change; to address

the new, critical risks presented by COVID-19 and to improve health and safety for all workers in all New Zealand workplaces.

WorkSafe leads a range of work within New Zealand's health and safety system to support workplaces to embed the health and safety systems, and the culture necessary to ensure that everyone who goes to work comes home safely and well.

We are seeing the improvements we achieved after the Pike River tragedy starting to stall. Our rate of serious injury has risen for the past two years and our 'week away from work' injuries have stayed the same, or risen, since 2011. We want, and we need, to see injury rates fall. We need to protect our workers – for their sake – and the sake of their family, whānau, friends and community.

It is imperative that we continue driving the implementation of the Government's *Health and Safety at Work Strategy* to reduce harm, but this is not a challenge that WorkSafe and other regulators can meet alone. It requires significant behaviour change across our workplaces. WorkSafe is committed to

building and supporting enduring and effective partnerships to enable sectors and industries, from directors to workplace health and safety representatives, to take ownership and lead a culture change at work.

We know from a recent survey that around one in five workplaces in New Zealand has a mature safety culture. We want to grow that number and motivate change in those that are locked into the old 'legal obligation' mind-set. It is more than a legal obligation to protect workers from dying at work and from injuring themselves; it is a moral obligation.

WorkSafe is unable to visit every employer and every business in New Zealand to help them put good health and systems in place, or to audit their performance. We need to target our work where it is likely to have the greatest impact. To support our work, every employer and business must understand and accept that it is their responsibility to identify, and mitigate or manage health and safety risk in their workplace. Every work-related health exposure and consequential illness is their responsibility, as is every serious injury suffered on their premises and every workplace death.

We expect that over this performance year, as we prioritise our COVID-19 response, WorkSafe will be required to re-prioritise and re-phase current and planned initiatives and projects, and our approach to our core regulatory activities. Regardless, we will continue to deliver on the Government's *Health and Safety at Work Strategy 2018-2020* by developing innovative ways of supporting the health and safety system with a focus on harm reduction and work-

related health. To do this, WorkSafe will continue on our journey to become a modern, intelligence-led regulator with the people, data and information, and ICT systems and infrastructure that will enable us to make a measurable difference.

WorkSafe partners with workers, worker representatives and unions including the New Zealand Council of Trade Unions - Te Kauae Kaimahi. Individual employers, businesses, and industry and sector bodies, along with Business New Zealand are important stakeholders. WorkSafe will utilise a *Kaupapa Māori* approach, working with the Māori health and safety community to support services to empower workers, whānau and Māori communities to co-design and deliver their own harm reduction programmes. We are also excited by the opportunity that our newly formed Pacific Peoples Responsiveness Advisory Group brings, and the contribution it can make to our Puataunofu programme and work with Pacific Peoples.

The full impact of COVID-19 on our organisation and our work is not yet clear. We do know that it has already changed our ways of working, our workplaces and the focus of our work over the coming year. There is more change to come as we better understand the impacts of the pandemic - globally, nationally, economically and socially.

WorkSafe, along with all New Zealand workers, employers and businesses will be working in a time of uncertainty and constant change this year. We are committed to working with professionalism, and consistently with our values of integrity, courage and responsibility, through unprecedented times.



**Ross Wilson**  
Chair



**Paula Rose**  
QSO, Deputy Chair



**Phil Parkes**  
Chief Executive



# Vision

That everyone who goes to work comes home healthy and safe

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

# Purpose

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

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

# Values

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

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

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

*Māia: Kia tū hei mātātoa mō te hauora me te haumaru*

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

*Haepapa: kia whai herenga kī ā tātou mahi*

## ACKNOWLEDGEMENTS

WorkSafe New Zealand/Mahi Haumaru Aotearoa would like to acknowledge the efforts of all the staff who contributed to this publication.

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

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

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



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# WorkSafe at a glance

## WorkSafe aims to transform New Zealand’s health and safety performance towards world-class.

### WHAT WE DO

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

Our three core roles are:

- system leadership
- regulatory effectiveness, and
- harm prevention.

### WHAT WE ARE STRIVING TO ACHIEVE

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

Our three core goals are:

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

### WHO WE WORK WITH



Workers, unions and worker representatives, energy consumers



Business industry and sector bodies, businesses and employers



Specialist advisors and training organisations



Iwi and community



Other regulators and government agencies

### HOW WE DO OUR WORK

We use our primary levers to support delivery of our work:



Education



Engagement



Enforcement

### GOVERNANCE

8

Board members

Our Board members have a range of expertise across the public and private sector and a focus on the tripartite perspectives of workers and business representatives and government

### OUR FUNDING

#### ONE APPROPRIATION

78%

working safer levy

4%

energy safety levy

2%

major hazard facility levy

#### OTHER REVENUE

15%

ACC revenue

1%

targeted fees/other

Our funding is distributed across five sources.

### OUR PEOPLE

591

FTE (permanent and fixed)

393

in our operations group

208

Inspectors



## What we do

As the regulator, WorkSafe leads, contributes to, and promotes, improved workplace health and safety and energy safety through living our values of integrity, courage and responsibility. Our people are working to transform health and safety performance towards world-class so that everyone who goes to work comes home healthy and safe.

We have three core roles that drive our performance:

### REGULATORY EFFECTIVENESS

#### Te whai hua o te ture

- Undertaking regulatory activity
  - educating, engaging and enforcing - to support and promote effective health and safety management.
- Enabling New Zealand to have confidence in WorkSafe as the primary health and safety regulator.
- Supporting confidence in the effectiveness of the health and safety regulatory regime.

### HARM PREVENTION

#### Te ārai i te kino

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

### SYSTEM LEADERSHIP

#### Kaiwhakahaere pūnaha

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



# We want to shift health and safety from being a legal obligation to being part of our DNA; our culture of work.

## The impact we want to have, working towards our vision

The Government is committed to building a productive, sustainable and inclusive economy, and to improving the wellbeing of New Zealanders and their families. As work forms a major part of people's lives, it is a significant contributor to their wellbeing.

WorkSafe is committed to improving New Zealand's health and safety at work. We want this commitment to be embraced by workers, employers, businesses and the community.



### People value health and safety

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



### Health and safety improves wellbeing

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



### Collective approach to health and safety

Our work leads the health and safety system towards shared goals

# We are working to enable everyone to take ownership of health and safety, and to drive culture change.

## Who we work with, and who will help us drive culture change

WorkSafe partners with workers, worker representatives and unions including the New Zealand Council of Trade Unions – Te Kauae Kamahi. Individual employers, businesses, and industry and sector bodies, along with Business New Zealand are important partners and stakeholders. We also work with other government agencies and regulators.

WorkSafe is committed to its obligations under Tiriti o Waitangi – the Treaty of Waitangi and working collaboratively with Iwi and Māori communities to increase the health and safety of Māori workers and workplaces. Māori, Pacific Peoples and other workers with greater needs are important members of the wider New Zealand community who will help us drive culture change. We seek specialist and expert advice from te ao Māori and from other experts to support our work, and we work with education and training organisations.

## How we do it

We use different levers and tools, and undertake a range of activities with our partners and stakeholders to improve New Zealand's system of health and safety. WorkSafe's core levers are:



Education



Engagement



Enforcement

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To use our levers effectively to make a measurable difference to health and safety, we are transforming WorkSafe into a modern, intelligence-led regulator; a regulator that makes strategic and evidence-based decisions about its activities.

## Our funding for 2020/21

WorkSafe's primary funding source is through Crown Revenue appropriation, which for 2020/2021 is \$109.758m; largely drawn from the Working Safer levy, with smaller amounts from the Major Hazard Facility (MHF) and Energy Safety levies. The Working Safer levy is collected from all businesses by the Accident Compensation Corporation (ACC) on behalf of the Ministry of Business, Innovation and Employment (MBIE).

We receive funding from ACC for harm prevention initiatives under the joint WorkSafe/ACC *Harm Prevention Action Plan* through a multi-year partnership agreement of up to \$15.00m per annum. There are also some targeted fees for specific regulatory activity undertaken by WorkSafe.

More information about our funding is set out on pages 30–41.

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# Our intentions



## We will continue to lead interventions with sector and industry leadership groups in higher-risk sectors and in relation to high-risk activities.

Workers, employers and business have all had time to become familiar with the Health and Safety at Work Act 2015 and we have seen some positive changes to health and safety at work. But, we know more needs to be done. This is vital to ensuring our fatality and injury rates do not continue to stall, and to creating a positive and active culture of health and safety across New Zealand.

WorkSafe research found that around 20 percent of our workplaces have a mature safety culture. Around half were classified as having an immature or passive health and safety culture. These workplaces are more likely to view good health and safety practice as something being imposed upon them, and as heavily compliance driven.

We need our workplace culture to change and we need change to occur this year even though it is a time of uncertainty as New Zealand comes to grips with the impact of the COVID-19 pandemic. This is why, this year, WorkSafe will continue to focus on our harm prevention initiatives. We will deliver on the three key areas under our Work-related Health Action Plan: carcinogens and airborne risks; musculoskeletal disorders; and mentally healthy work. WorkSafe will also be working with Māori and through our newly-established Pacific Peoples Responsiveness Advisory Group to reduce harm in these worker communities.

COVID-19 will require WorkSafe to adapt what we do and how we do it over the course of the performance year. The COVID-19 Public Health Response Act 2020 contains new powers for Enforcement Officers, including for WorkSafe. We will undertake this role where there is a strong connection to our existing functions. We consider COVID-19 controls as part of an employers' or businesses' health and safety management when we engage with them. We will focus on supporting workers and their representatives, employers and businesses to improve workplace health and safety generally and to mitigate or manage the new, critical risk presented by COVID-19.

WorkSafe will focus its COVID-19 response in higher-risk sectors and industries, so we don't lose sight of our overall vision; that work is healthy and safe for everyone.


## The Health and Safety at Work Strategy 2018–2028

Our foundation for driving change in the system of health and safety is the Government's *Health and Safety at Work Strategy 2018–2028* (the Government's Strategy) and its vision; Work is healthy and safe for everyone in New Zealand. The **Government** and our **Minister** expect us to lead, and actively contribute to achieving, this vision and the goals set out in the Government's Strategy. WorkSafe is committed to taking steps forward through this performance year.


### WorkSafe's strategy: 2018–2022

WorkSafe's own four-year strategy, outlined in our *Statement of Intent 2018/19–2021/22*, is consistent with the Government's Strategy and vision. We are working towards a productive New Zealand in which everyone who goes to work comes home healthy and safe.


We have four key focus areas that help align our work with the strategic direction we need to take to transform health and safety performance towards world-class. They are to:

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- 
**Deliver the right mix of services in the right way**


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  - 
**Build our harm prevention approach**

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  - 
**Grow effective strategic relationships**

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  - 
**Drive organisational excellence**
- 

This *Statement of Performance Expectations* covers the third year of turning WorkSafe's four-year strategy into action. It sets out our intentions for the 2020/21 year under each focus area.

### Our modernisation programme

This year, this *Statement of Performance Expectations* sets out our continuing programme of external and internal change driving us towards being a modern, intelligence-led regulator; a regulator that can respond effectively and appropriately to the changing nature of the world around us and the changing nature of work. Our ongoing response to the COVID-19 pandemic will be one of our first tests.



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The potential  
for COVID-19  
to impact  
our year

# We expect the COVID-19 pandemic to influence our operating environment and our work throughout the 2020/2021 performance year.

The impact of COVID-19 is **global**, national, regional and local, and **economic** and **social**. The potential impacts for our work are presented below; they are orientated under the strategic operating environment themes used in our *Statement of Intent 2018/19–2021/22*.



## Changing population dynamic

- COVID-19 will create a **new cohort of workers** as access to the international workforce is reduced and people within New Zealand look for new jobs, potentially in new industries, as a result of job losses.
- New workers will need training to keep them healthy and safe. Employers will also have the opportunity to leverage the different skills and experiences these workers can bring.
- Workplaces will need to respond to the needs of **workers who fall into at risk categories**; workforces with an ageing population may face challenges.



## Growth in our key sectors

- Our pandemic response will see WorkSafe **engage and work closely with an expanded range of sectors and industries, representative bodies and workers**. It will be a time to consolidate existing relationships and build new ones.
- There will be different patterns of impact across New Zealand’s primary industries (agriculture, horticulture, forestry and fisheries) as activity increases.
- Our **focus on higher risk sectors** (such as agriculture, forestry, manufacturing and construction) will continue.
- We will closely monitor the impact on tourism and adventure activities, noting that domestic tourism is likely to increase.



## Technological advancement and innovation

- **New technology and new ways of working** will change business models and practices; some businesses will need to innovate to remain in operation.
- **New health and safety risks** may arise as the nature of work changes, and people work in new or innovative ways, including in response to COVID-19.
- Accountability could become less clear as working arrangements become more fluid and complex.



## Changing the nature of work and the labour market

- The dynamics of the labour market will change and are likely to include **more remote, part-time and flexible working** arrangements.
- **Increased unemployment** will see some workers moving into new areas of employment where they may be less trained and experienced.
- WorkSafe will reinforce the importance of **worker engagement, participation and representation** to understanding workers’ needs.



## Increasing prevalence of psychosocial harm

- Employers and businesses will have new **health, safety and wellbeing risks** to mitigate or manage.
- Workers may need more support to deal with anxiety and fatigue.
- WorkSafe’s **focus on psychosocial risks and mentally healthy work** environments will become more critical. Workers will also need support with working remotely, and the impact of working outside a controlled office or other workplace environment.

Our 2020/2021 planning and budgeting process allowed us to consider the initial impact of the COVID-19 pandemic on WorkSafe's work. Our participation in the all-of-government response required our staff to deliver and review COVID-19 information and guidance, and undertake targeted assessments and inspections in addition to delivering against their core regulatory roles and responsibilities. We contributed staff into the all-of-government Compliance Centre; the hub for receiving COVID-19 related concerns and complaints, and coordinating government agency responses. WorkSafe also undertook to proactively call businesses across New Zealand to support them to identify, and mitigate or manage their COVID-19-related health and safety risks.

Our people and our resources are likely to be focused on the all-of-government response throughout the performance year. We also recognise that our key partners and stakeholders, and New Zealand's workplaces, will be focused on their responses and this may disrupt their planned work for the year.

We will continue to produce, and support the development of, sector and industry-based information and guidance to mitigate or manage the risk of COVID-19 in workplaces. We will continue to respond to notifications and questions that arise. WorkSafe Inspectors will undertake a COVID-19 enforcement role where there is a strong connection to their existing functions. WorkSafe will be considering COVID-19 controls as part of an employers' or businesses' health and safety management when we engage with them.

Our contribution to the COVID-19 response will impact on our broader harm prevention activity, while we maintain a focus on our core regulatory activities. WorkSafe anticipates that we will need to re-prioritise and re-plan activity throughout the year as our operating environment and immediate priorities become clearer.

Effective and regular monitoring, evaluation and reporting on key initiatives and projects, and on our core regulatory activities will support us to adapt and to change course where we need to. This *Statement of Performance Expectations* highlights the work that we are committed to achieving throughout this time of adaptation and change. It also sets out the work that is core to what we do and that we know we must continue to do.



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# Measuring our success



The Performance Framework below provides an overview of some of the ways we measure progress across the health and safety system, and measure the success of our own activities over the course of a year. It draws from the system targets, goals and measures set out in WorkSafe's *Statement of Intent 2018/19-2021/22*.

In 2020/2021, WorkSafe will develop a new statement of intent for the years 2021/22-24/25. In doing so, we will work with MBIE (and other key partners and stakeholders) to refresh our system targets and impact measures. We will improve our ability to meaningfully measure system change over time and performance on an annual basis. This process will see our targets and measures evolve, and help us better understand if WorkSafe is making a measurable difference.

## WorkSafe's Performance Framework



Our focus areas and performance measures for 2020/2021 are further detailed in the following pages.

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# Our focus areas



Our strategic focus areas, and the activities within them, all intersect and drive us towards our vision that work is healthy and safe for everyone.



**Deliver the right mix of services in the right way**

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**Build our harm prevention approach**

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**Grow effective strategic relationships**

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**Drive organisational excellence**

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What we do in one area of focus will have an influence and impact on other areas. WorkSafe's priority initiatives and projects are influenced by what we learn in delivering our core activities. These learnings enable WorkSafe to have a greater influence and impact on reducing harm at work. Our circle of learning will be particularly important this year as we work to address the stalling improvements in our injury rates, and adapt and change our work in response to the COVID-19 pandemic.

Our modernisation programme is helping us get even better at understanding what harm prevention and core regulatory activities we should be focused on delivering, and how we can better operate as one WorkSafe in a joined up way. It will help us to lift our own performance and that of New Zealand's system of health and safety.

## Our ongoing response to Whakaari/White Island

Our response to Whakaari/White Island is an example of WorkSafe's work that cuts across all our areas of focus. It is the largest investigation that WorkSafe has ever undertaken. At its height, a team of 25 was on the ground in Whakatāne, supported by many specialists across our organisation, across New Zealand and from overseas.

This year, WorkSafe will continue our investigation into what happened on Whakaari/White Island. There was much that we continued to do during Alert Levels 4 and 3, but our investigation also necessitates site visits and face to face interviews; some of these with victims and witnesses overseas. Our team returned to Whakatāne as soon as it was able to do so safely, to continue the investigation. It will remain a priority to WorkSafe this year, as it is a priority to all those who were impacted by the tragic event.

WorkSafe will also be progressing our adventure activity review to identify and assess businesses operating outside of the Adventure Activities Regulations who may need to be drawn into the scheme. We will undertake this review recognising the challenges being confronted by our tourism operators as their industry has come to a stand-still as a result of COVID-19.

This year, we will further develop our approach to catastrophic harm prevention. A new programme of work will be planned and initiated, and will support work on the development of WorkSafe's next Statement of Intent which will cover our system and strategic goals for 2021/22-24/25.

## Our external focus areas



### Deliver the right mix of services in the right way

We target our interventions and activities to make a measurable difference in all that we do, and we hold those who do not meet their obligations to account.

### Why this matters

People depend on WorkSafe to help workers and employers ensure good health and safety is put into practice in New Zealand's workplaces. Where appropriate, WorkSafe ensures that employers and businesses who do not meet their obligations are held to account in a fair and proportionate way.

We have finite resources, so WorkSafe's success relies on making effective choices about where we target our interventions and activities; this includes our health and safety leadership, our harm prevention and regulatory activities. This is especially true as we must extend our role and responsibilities through our contribution to the all-of-government COVID-19 response. We are clear we need to make a measurable difference in what we do. The **Government** expects this of us.

Our **Minister** has directed us to take a systematic approach to using the range of legislative tools we have available to us in the Health and Safety at Work Act 2015 (HSWA). We will do this through using our levers of engagement, education and enforcement in the right way.

Delivering the right mix of services in the right way requires us to have a clear understanding of where harm is occurring and which interventions will be effective. We must also understand the needs of our partners and stakeholders, and the workers, employers, and businesses that we work with; especially those in higher-risk sectors or industries, or those who have greater needs.

Throughout the year, WorkSafe will continue to build our understanding and knowledge of Māori health and safety, and Māori health and safety communities across New Zealand. This work is being led through seven marae-based programmes connecting local WorkSafe staff and Māori communities together to exchange health and safety, and tikanga experiences. We will also leverage the value to be gained from our newly established Pacific Peoples Responsiveness Advisory Group.

#### OUR MINISTER'S EXPECTATIONS

- Support the ongoing development of health and safety regulations and reforms.
- Build confidence in the health and safety system through our actions.
- Enhance our energy safety role and the energy safety system.
- Ensure our licensing regimes are robust and functioning effectively.

#### CORE ACTIVITY

- Using our **data, information and research**, to inform our education, engagement and enforcement interventions, and profile areas of emerging risk.
- Undertaking **assessments and audits** of workplaces, with a focus on higher-risk sectors and work-related health, including triaging notifications of work-related health and safety incidents and responding appropriately.
- **Supporting duty-holders** to self-review and improve their health and safety practice following an incident, and conducting investigations, and **agreeing Enforceable Undertakings** or taking prosecutions for health and safety incidents where appropriate.
- **Licensing and certifying high hazard operators**, and supporting them to effectively manage their critical health and safety risks and meet their legal obligations.
- **Supporting the Health and Safety Association New Zealand** with the development of a competency framework (for WorkSafe authorised compliance certifiers) for the certification of high risk sites holding hazardous substances.
- Providing **certifications, approvals and registrations** for other sectors and duty-holders requiring specified regulatory oversight.
- Promoting and contributing to the **safe supply and use of electricity and gas**, including by auditing gas and electrical products, and investigating accidents and unsafe situations.

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## What we intend to achieve in 2020/21

The HSWA and its accompanying regulations set the minimum requirements for health and safety at work. Essential activity for WorkSafe in 2020/21 will be to support MBIE's health and safety regulatory reform programme, including the plant, structures and working from heights and mining regulation reviews. We will also contribute to any other reviews initiated over the next year.

We will also be supporting MBIE to ensure New Zealand effectively regulates the health and safety risks associated with toxic, flammable and high operating pressure refrigerant gases. This work will be a priority, although we anticipate it will be impacted by MBIE's focus on responding to the COVID-19 pandemic.

This year WorkSafe will also focus on:

- building our frameworks for evidence-based interventions and the use of intervention logic to develop and deliver harm prevention initiatives and guide our work
- completing all required assessments of safety cases submitted by operators of existing MHF under the transitional requirements of the Health and Safety at Work (Major Hazard Facilities) Regulations 2016
- developing and delivering new educational materials, guidance and digital tools to address gaps in the health and safety system, and to support workers and employers to address workplace harms. This will include workplace health and exposure monitoring guidance and a new risk management framework tool for small to medium enterprises.



## Build our harm prevention approach

Supporting safety and work-related health requires the right people, in the right place, at the right time, using the right tools to ensure we are preventing harm in our workplaces.

### Why this matters

Harm prevention is at the heart of what WorkSafe does and is the key to ensuring that people come home healthy and safe. Our **Minister** expects us to strengthen our focus on preventing harm, including from work-related ill health. This year we will continue to invest in our capacity and capability in this area, and work to address the stalling improvements in our injury rates. A collective effort will be required to lead improvements in health and safety at work.

We are expanding our traditional focus on the higher-risk sectors of agriculture, forestry, construction and manufacturing, to include other sectors with high rates of harm (such as transport). We are looking at work-related issues that span across many sectors, such as psychosocial risks and mentally healthy work environments.

WorkSafe is concerned about the higher rates of harm and exposure to risk experienced by Māori, Pacific Peoples, and other groups such as migrant workers and those in precarious employment. Addressing these inequities is top of mind for the **Government**. We are working to gain insight into Māori injuries and fatalities, and to learn more about health and safety in our Pacific communities. This will help us work with communities of workers with greater needs on harm prevention initiatives that drive improvements in their workplaces.

#### OUR MINISTER'S EXPECTATIONS

- Take an evidence-based approach to harm prevention with partners and stakeholders.
- Improve health and safety outcomes for higher-risk populations.
- Improve work-related mental health and wellbeing.
- Influence and improve health and safety practice in contracts and supply chains.

#### CORE ACTIVITY

- **Monitoring and communicating on the performance of the health and safety system**, including about ongoing issues and emerging trends, to support action being taken to improve outcomes.
- Delivering **harm prevention activities** with a focus on sector engagement, leadership development and worker engagement, participation and representation.
- Supporting the **development of health and safety capability**, particularly within the professional health and safety workforce.
- Working with experts to **develop guidance and other educational material**, so duty-holders can know what good looks like, how they can effectively manage risks, and how to engage with workers and enable them to participate in health and safety.
- Promoting our **new and existing guidance, materials and tools** to a wide range of audiences, using different delivery mechanisms, so all people are aware of their health and safety obligations and how to take action to comply with them.

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## What we intend to achieve in 2020/21

In collaboration with ACC, we are implementing a programme of work under the *Harm Reduction Action Plan*, which focuses on activities that will have the biggest impact on reducing work-related fatalities, injuries and ill health. We are focusing our new activities and investment on reducing work-related ill health, which is estimated to account for 88% of the work-related burden of harm.

Under the *Healthy Work: WorkSafe's Work-related Health Strategy 2016–2026*, we have developed a Work-related Health Action Plan for the next four years, focusing on three key areas: carcinogens and airborne risks; musculoskeletal disorders; and mentally healthy work.

The impact of the COVID-19 pandemic will make this a challenging year for our key partners and stakeholders, and all New Zealand workplaces. We will work to understand these impacts as we push forward with our important, planned harm prevention initiatives including:

- developing a strategic work-related health surveillance framework, and scoping or piloting initiatives to collect improved work-related health data that will help target and track the effectiveness of our initiatives
- commissioning and sharing new research to gain a better understanding of the risk and protective factors for work-related psychological harm and what works in New Zealand to support mentally healthy work.

WorkSafe will also be working to adopt Kauapapa Māori harm prevention programmes through tripartite partnerships between Iwi, regional industries and WorkSafe. This year, we are looking to deliver a minimum of two regional community-based programmes focusing harm prevention efforts in areas where Māori workers are highly impacted by injuries and fatalities, supported by local Marae, hapū and Māori community health wrap-around support services.





## Grow effective strategic relationships

Strong partnerships with, and action by, our stakeholders and expert advisors are vital to supporting everyone who goes to work, to come home healthy and safe.

### Why this matters

The change required to lift New Zealand's health and safety performance and address workplace harm will take a concerted effort from everyone. WorkSafe does not control all the levers or the tools that can help drive improved health and safety culture and practice. Strong partnerships with, and action by, our partners and stakeholders, and expert advisors are necessary to achieving the vision that everyone who goes to work comes home healthy and safe. This is vital to reversing the trend in our injury rates and seeing them track downwards again.

WorkSafe understands the importance of working effectively with other regulators and government agencies such as MBIE and ACC, and those involved in the health, education, justice, building and housing, energy and emergency response systems. This is important to ensuring a system-wide approach to health and safety.

Our relationships with other governments internationally, along with national and international experts and academics are important to ensuring a system-wide approach to health and safety. As are our tripartite relationships; we know that we can grow and leverage these to support our success.

#### What is a tripartite relationship?

A tripartite relationship involves the government regulator, employers and unions (representing workers) working together to improve workplace health and safety outcomes.

We need to work with partners and stakeholders who have the necessary breadth and depth of influence across a diverse range of sectors and industries, and whose specialist expertise, insights and reach enhance our own.

#### OUR MINISTER'S EXPECTATIONS

- Work with other regulators and partners to drive best health and safety practice.
- Continue to lead and support key forums and reference groups to be a success.
- Build engagement at a sector and industry level and through tripartite engagements.
- Strengthen worker engagement, participation and representation.

#### CORE ACTIVITY

- **Connecting and engaging with a wide range of people and populations** across New Zealand in person at roadshows, Field Days and through other engagements, as well as through our website and through social media.
- **Coordinating our work with our key partners** – including regulators, other government agencies and key stakeholders – to address health and safety culture, capability and performance issues.
- **Building on existing leadership forums and groups**, including the Health and Safety Regulator Chairs' Forum, the Health and Safety Regulators Chief Executives' Group and our tripartite leadership groups, along with specialist associations and advisors.
- **Engaging with health and safety representatives, worker representatives and workers** when undertaking on-site assessments and investigations.
- **Working with other data-focused agencies** such as Statistics New Zealand, the Ministry of Transport, Immigration New Zealand and Labour Inspectorate (in MBIE) and Ministry of Health to build the data and information base that guides our work.
- **Contributing to work happening internationally**, including other regulators, international high hazard and energy safety bodies, and supporting MBIE's engagement with inter-government bodies like the International Labour Organization.

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## What we intend to achieve in 2020/21

We will continue to strengthen our relationships with key partners and stakeholders, including other government regulators and agencies, and our social partners (New Zealand Council of Trade Unions – Te Kauae Kaimahi and Business New Zealand).

Our ongoing contribution to the COVID-19 pandemic response will require us to draw on our strategic relationships and work effectively together. We need to work together to address the new, critical risk presented by COVID-19 while not losing sight of the bigger picture; the need to address harm in our workplaces and to reduce the rate of fatalities and injuries.

We will chair and drive actions through the *Health and Safety Regulator Chairs' Forum* (the Forum) and the *Health and Safety Regulators Chief Executives' Group*. The Forum was established to build a better understanding and collaboration at governance level. We will also continue to support the Government's *Health and Safety at Work Strategy Reference Group* and to co-chair the *Work Related Health Advisory Group*.

WorkSafe supports existing sector tripartite leadership groups and other groups such as the Agricultural Leaders' Health and Safety Action Group and ShopCare, along with specialist associations like the Health and Safety Association of New Zealand. Our work with them will continue.

We will continue to support workers and worker representatives in their roles. Worker engagement, participation and representation (WEPR) is a key enabler of the health and safety system. This is a key priority in the Government's *Health and Safety at Work Strategy 2018–2028*, which places workers at the centre of the health and safety system.

This year our WEPR programme will face new challenges as some of the sectors and industries we are focused on are those most impacted by COVID-19. As part of our response, we are working in new sectors and industries. As a result, our planned activity to improve WEPR may be re-planned or delivered in new ways over the course of the year. These activities include:

- progressing our 'roving representatives' roles – which has introduced roving worker representatives in to the forestry sector, partnering with the Forestry Industry Safety Council and with the goal of improving workplace practices and health and safety outcomes
- developing a programme of work to support the findings of our Health and Safety Representatives (HSR) survey, identifying and designing a set of initiatives to support and empower HSRs to better engage with Persons Conducting a Business or Undertaking (PCBUs) and workers to improve health and safety outcomes.

This year WorkSafe will also focus on:

- working to implement the Te Ara Tuituinga engagement framework and to further WorkSafe's understanding of, and approach to, partnership with Māori
- delivering the Pacific Peoples Responsiveness Plan and continuing our Puataunofu workshops with a focus on addressing the needs and issues faced by Pacific workers, including through providing information, advice and tools that may help their workplaces keep them safe.

## Our internal focus areas



### Drive organisational excellence

Our journey to become a modern, intelligence-led regulator.

Our internal focus areas for the 2020/2021 performance year are to continue WorkSafe's work to:

- strengthen our people and culture
- enhance our data, technology and infrastructure
- future-proof our organisation.

WorkSafe needs to lead by example and ensure we keep our own people healthy, safe and well at work. Our internal health, safety and wellbeing goal is that by 2022, WorkSafe is a leading New Zealand organisation, and that we have an equal focus across the safety, health and wellbeing of our people.

As an organisation, caring for people and their wellbeing is at the heart of what we do. This includes our own people.

We can show leadership as an organisation, in the way we respond to the COVID-19 pandemic and any other risks to workplace health and safety that arise from it. We will do this by protecting our people at work, while we continue to deliver our priority initiatives and projects, and our core regulatory roles. WorkSafe will maintain our commitment to delivering action against our internal focus areas.

Our planned work to grow and develop our people, and our workplace culture, is necessary to effectively and efficiently use our engagement, education and enforcement levers. Along with capable people, WorkSafe needs solid and reliable data, technology and infrastructure.

WorkSafe's data, intelligence and insights focus is detailed in our *Regulatory Intelligence Strategy* (the Strategy). Continuing to develop and implement the Strategy alongside our programme of ICT technology and infrastructure reforms will support WorkSafe to be more agile and adaptable, and deliberate and targeted in our decision-making.

We anticipate the pace and priorities within our modernisation work programme may change in light of our contribution to the all-of-government COVID-19 response. However, it remains a critical programme as it supports WorkSafe's ongoing journey to become a modern, intelligence-led regulator.

### OUR MINISTER'S EXPECTATIONS

- Govern ourselves effectively and appropriately, meeting our legislative obligations and the expectations of the State Services Commission.
- Continue to deliver our modernisation programme, including the delivery of new ICT programmes and tools to enable WorkSafe to operate effectively as one organisation.
- Demonstrate transparent and effective financial management, resource allocation and prioritisation, and ensure public confidence in WorkSafe's operational and financial management.
- Regularly report on our activities and organisational performance and finances to the Minister and our Board, and to our monitor in MBIE.

## Strengthen our people and culture

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### What we intend to achieve in 2020/21

In 2020/21, we will consolidate the work we have already done to refresh WorkSafe values. We will embed a shared understanding of what our values mean for WorkSafe as an organisation and the way we work. Our people will be asked to demonstrate and deliver upon that understanding as our values are woven into our performance framework.

WorkSafe will build our leaders and managers, along with our technical specialists and the people that we want and need to be a success. We will deliver targeted training programmes and a recognition framework that will support us to attract, retain and grow our people so WorkSafe can deliver our vision for health and safety.

WorkSafe will embrace and role model te ao Māori and tikanga values across Government, and the health and safety system through learning and understanding of the Māori world view. Over the year, the Board and Executive Leadership Team will participate in a variety of te ao Māori leadership programmes and settings of te reo me ōna tikanga and interactive kōrero with Iwi, Māori leaders in business, workers, whānau and communities to enable them to develop informed insights into the Māori world and Māori health and safety. An evaluation of the learning and development programme will be undertaken in January 2021 to assess our capability shifts.

## Enhance our technology, data and infrastructure

**We want many of our manual processes to be replaced by automated, technology-enabled platforms with solid and stable infrastructure.**

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### What we intend to achieve in 2020/21

This year, WorkSafe will continue to recruit data, research and intelligence analysts. Alongside this, we will be working on our data collection capabilities and ability to make better use of the data we already hold. A new version of our risk modelling tool will be deployed to support the way we analyse and predict risk, and identify and address emerging trends in the health and safety system, supporting our response. This work will help us drive our harm prevention initiatives and target our effort to reduce harm at work; this is essential to making a measurable difference to health and safety at work performance.

We have a programme of work in place to update our technology and infrastructure that will include:

- implementing an end-to-end computing solution for our staff's day-to-day work
- improving our front-facing systems and consolidating our existing web presence
- developing a case management system
- developing and delivering a project and programme management tool
- enhancing our organisational ICT, including our human resource and payroll systems.

We are rebuilding our ICT networks and moving to work within the 'cloud'. This will give us greater stability and confidence in our technology, and the infrastructure that supports it. A priority will be to ensure that our staff can work effectively and efficiently outside of our offices and other workplaces.

## Future-proof our organisation

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### What we intend to achieve in 2020/21

This year will be a time of change for WorkSafe and our people; not just because of the impact of the COVID-19 pandemic and our contribution to the whole-of-government response. WorkSafe has initiated a change journey to become a modern, intelligence-led regulator that takes a strategic approach across all its initiatives, projects and core regulatory activities. The change journey, managed through our modernisation programme, will drive organisational and operational change across WorkSafe. It includes our work to build WorkSafe's harm prevention framework and intervention logic. When completed, the framework and logic will allow us to:

- use both responsive and risk-based tools to continuously improve our initiatives and activities
- be flexible and adaptable, enabling us to effectively respond to changing situations
- ensure a focus on outcomes and impact in the health and safety system.

This year, WorkSafe will complete the establishment of our enterprise Portfolio Management Office (ePMO). The office will help us embed a standard approach to project initiation and delivery, and that projects are aligned, sequenced and resourced to make a measurable difference to health and safety outcomes. It will support 'health check' reporting on WorkSafe's initiatives, projects and programmes.

A key deliverable within the modernisation programme is developing our service design practice. This initiative will develop best practice approaches for designing and delivering our services according to the needs of our clients – workers, employers and businesses – and in a consistent way within our organisation. We will be able map the processes we currently undertake and the systems we follow to drive improvements in what we already do, and strategically and effectively design and deliver new services.



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## Performance measures and results

WorkSafe's performance measures all relate to the Vote: Labour Market appropriation *Workplace Relations and Safety – Workplace Health and Safety*. This appropriation is limited to information, education, leadership, guidance, support, and enforcement relating to the health and safety and workers and workplaces. This appropriation is intended to achieve healthier, safer and more knowledgeable workplaces.

Our performance measures reflect our activities and the success of work we do. They include:

- the quality, timeliness and effectiveness of our work
- asking how well people think WorkSafe is doing
- measuring our performance against our internal focus area – drive organisational excellence.

We monitor and measure our performance at different points in time throughout the performance year. WorkSafe provides performance reports to the Minister for Workplace Relations and Safety each quarter and in our WorkSafe Annual Report.



This year, the achievement of our performance measures may be impacted by the COVID-19 pandemic and our contribution to the whole-of-government response. Throughout the year, we expect we will need to re-prioritise, re-plan, pause and re-start initiatives and programmes, and evolve the way we undertake our core regulatory activities. WorkSafe remains committed to our health and safety leadership role and to achieving our performance measures.

## Performance measures

FOCUS AREAS	MEASURES	LATEST RESULT 2019/20 AS AT 31 MARCH 2020	TARGET 2020/21
 Harm prevention	Percentage of people who say our guidance is useful <sup>1</sup>	97%	Hold or increase on previous year result
	Percentage of assessments that include interaction with a worker or representative where available	88%	≥80%
	Deliver the three <i>Work-related Health Action Plan</i> sub-plans for: <ul style="list-style-type: none"> <li>- carcinogens and airborne risks</li> <li>- musculoskeletal disorders</li> <li>- mentally healthy work</li> </ul>	New measure	Achieve
	Percentage of assessments that include a focus on work-related health risks	63%	≥65%
 Regulatory effectiveness	Percentage of prosecutions that are successful	86%	≥80%
	Percentage of investigations where a final decision is made and communicated to victims and Persons Conducting a Business or Undertaking within 12 months of commencement <sup>2</sup>	95%	100%
	Percentage of energy safety investigations (notifiable/non-notifiable incidents and unsafe situations) involving gas and electricity that are completed within 60 working days	91%	≥80%
	Complete the assessment of all safety cases for existing MHF high hazard establishments by April 2021 <sup>3</sup>	New measure	Complete all

<sup>1</sup> This is measured through the *Service Excellence Survey* and is intended to provide an indication of how we help our partners and stakeholders understand what good health and safety practice looks like. These people are employers, employees and the self-employed, who have had recent contact with a WorkSafe Health and Safety Inspector during an assessment or investigation.

<sup>2</sup> This excludes cases where an extension of time has been granted under section 147 of Health and Safety at Work Act 2015.

FOCUS AREAS	MEASURES	LATEST RESULT 2019/20 AS AT 31 MARCH 2020	TARGET 2020/21
 <b>System leadership</b>	All WorkSafe-funded partnership agreements with sector groups establish (or have) work programmes that will deliver tripartite health and safety initiatives	New measure	Achieve
	The members of every partnership group funded by WorkSafe 'agree' that they have tripartite arrangements (with workers (or their representatives), employers (or their representatives) and government) in their development and delivery of a work programme and the initiatives within it	New measure	Achieve
	Percentage of people we directly engage with who agreed WorkSafe is: <sup>4</sup>	Not yet available: reported in Quarter 4	Increase on previous year result
	<ul style="list-style-type: none"> <li>- Educative: (I now know more about what I need to do about health and safety in the workplace)</li> <li>- Fair: (WorkSafe treated me fairly)</li> <li>- Proportionate: (WorkSafe's response was in proportion to the level of risk or likely harm that the situation or issue posed to workplace health and safety)</li> <li>- Performing effectively: (WorkSafe is making a real difference to workplace health and safety in New Zealand)</li> </ul>	Not yet available: reported in Quarter 4	Maintain previous years result
 <b>Organisational excellence</b>	Staff engagement as measured in the 'We Say' survey results	61%	To maintain or increase on previous year result
	Progress toward achieving strategic goal of becoming a leader in New Zealand health and safety practice <sup>5</sup>	'Performing'	Achieve 'Performing' level

WorkSafe's Statement of Intent 2018/19-2021/22 also looks at the impact and behaviour changes seen in workplaces and the flow-on impact on the health and safety at work system. This year, WorkSafe will be reviewing our system measures, which may have a consequential impact on our performance measures in future years (from 2022/2023).

<sup>3</sup> By 4 April 2021, WorkSafe must have either accepted or finally rejected any safety case submitted to it by the operator of an upper tier MHF to which the transitional provisions apply. A safety case is required under Regulation 45 of the Health and Safety at Work (Major Hazard Facilities) Regulations 2016. The safety case is an important document, it ensures that operators have identified key risks and necessary risk control measures and is a key leading indicator providing reassurance that risks from major hazard operations are being controlled. In 2019/20, WorkSafe 'achieved' its measure through completing and agreeing safety cases, or referring them back to the operator for further information.

<sup>4</sup> Measured in the Service Excellence Survey. These results come from people (employers, employees and self-employed) who have had recent contact with a WorkSafe Health and Safety Inspector during an assessment or investigation. The final results for 2019/20 are not yet available and will be reported in our fourth quarter report.

<sup>5</sup> Measured by the SafePlus assessment tool. The three levels of maturity are: Developing, Performing and Leading.



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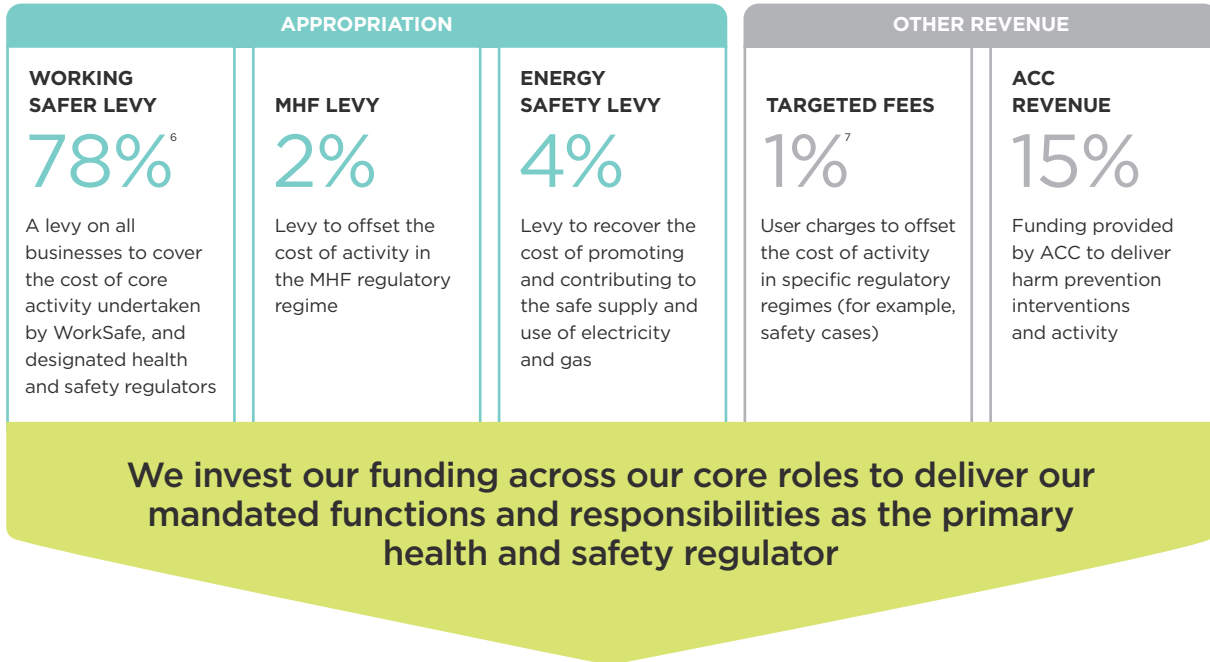
# Budget and financial statements



## Our funding

We are funded through a single Appropriation, set by Parliament’s Annual Budget process. The majority of funding for the Appropriation is collected through the Working Safer Levy. Other revenue is obtained from targeted fees and a partnership agreement with ACC.

### Our funding sources as at 2020/21



### How we use our funding



#### REGULATORY EFFECTIVENESS

- Assessments and audits
- Investigations
- Technical services
- Certification, approval and registration
- Enforcement activity
- Development of the policy and regulatory framework



#### HARM PREVENTION

- Design and delivery of comprehensive, multi-year harm prevention initiatives
- Education and guidance on health and safety best practice



#### SYSTEM LEADERSHIP

- Supporting the delivery of sector led health and safety leadership models
- Strategic coordination of regulators, agencies and stakeholders to lift health and safety capability and performance
- Measurement and communication of health and safety system performance

<sup>6</sup> Includes a contribution to MHF activities.

<sup>7</sup> Includes interest revenue.

## Statement of disclosure

The Board has 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. It is responsible for the preparation of WorkSafe's prospective financial statements, the judgements made in them and the appropriateness of the assumptions made in them and all other required disclosures by WorkSafe.

In the Board's opinion, the prospective financial statements fairly reflect the operations and financial position of WorkSafe as at 1 July 2020. As noted, financial results shown for 2019/20 are estimated, not actual. These prospective financial statements are not proposed to be updated subsequent to presentation.



**Ross Wilson**  
Chair



**Paula Rose** QSO  
Deputy Chair

## Our reportable outputs

WorkSafe is funded primarily through one appropriation in Vote Labour Market:<sup>8</sup>

### Workplace Relations and Safety – Workplace Health and Safety

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

The measure used to report against the appropriation is that 'More people improve their practices as a result of direct interaction with WorkSafe':

PERCENTAGE OF PEOPLE (WORKERS AND EMPLOYERS)	RESULT 2019/20	TARGET 2020/21
Percentage of people (workers and employers) who made at least one change to improve workplace safety and/or reduce risks to workers' health, after interaction with a Health and Safety Inspector	83%	>85%

Service Excellence Survey, after interaction with a Health and Safety Inspector

## Cost of service statement

\$000	ESTIMATED ACTUAL 2019/20	FORECAST 2020/21
Revenue from the Crown <sup>9,10</sup>	106,282	109,758
Interest revenue	1,053	541
Other revenue	15,621	20,906
<b>TOTAL REVENUE</b>	<b>122,956</b>	<b>131,205</b>
<b>TOTAL EXPENDITURE</b>	<b>122,010</b>	<b>135,394</b>
Surplus/(deficit)	946	(4,189)

<sup>8</sup> In addition, WorkSafe pays ACC \$869,000 annually for levy-collection services, which is a separate appropriation but is considered an integral part of the cost of delivering Workplace Health and Safety outputs.

<sup>9</sup> From non-departmental output expense *Workplace Relations and Safety – Workplace Health and Safety* (includes both Workplace Health and Safety revenue and Energy Safety revenue) and Working Safer Levy collection services.

<sup>10</sup> Includes \$869,000 for levy-collection services in both 2019/20 and 2020/21.

### Prospective statement of comprehensive revenue and expense for the year ended 30 June 2021

<b>\$000</b>	ESTIMATED ACTUAL 2019/20	<b>FORECAST 2020/21</b>
<i>Revenue</i>		
Funding from the Crown	106,282	109,758
Interest revenue	1,053	541
Other revenue	15,621	20,906
<b>TOTAL REVENUE</b>	<b>122,956</b>	<b>131,205</b>
<i>Expenditure</i>		
Personnel costs	79,987	87,390
Depreciation and amortisation expense	3,609	6,035
Other expenses	38,414	41,969
<b>TOTAL EXPENDITURE</b>	<b>122,010</b>	<b>135,394</b>
Surplus/(deficit)	946	(4,189)
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>946</b>	<b>(4,189)</b>

## Prospective statement of financial position as at 30 June 2021

\$000	ESTIMATED ACTUAL 2019/20	FORECAST 2020/21
<i>Assets</i>		
<b>Current assets</b>		
Cash and bank	5,096	5,045
Receivables	1,702	1,700
Investments	30,000	14,000
<b>TOTAL CURRENT ASSETS</b>	<b>36,798</b>	<b>20,745</b>
<b>Non-current assets</b>		
Property, plant and equipment	8,718	10,638
Intangible assets	11,214	14,209
<b>TOTAL NON-CURRENT ASSETS</b>	<b>19,932</b>	<b>24,847</b>
<b>TOTAL ASSETS</b>	<b>56,730</b>	<b>45,592</b>
<i>Liabilities</i>		
<b>Current liabilities</b>		
Payables	7,662	5,000
Income in advance	11,873	6,693
Employee entitlements	5,607	6,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>25,142</b>	<b>17,693</b>
<b>Non-current liabilities</b>		
Employee entitlements	700	700
Income in advance	0	0
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>700</b>	<b>700</b>
<b>TOTAL LIABILITIES</b>	<b>25,842</b>	<b>18,393</b>
<b>Net assets</b>	<b>30,888</b>	<b>27,199</b>
<i>Equity</i>		
Capital reserves	27,119	27,619
Memorandum accounts	4,338	4,253
Accumulated surplus/(deficit)	(569)	(4,673)
<b>TOTAL EQUITY</b>	<b>30,888</b>	<b>27,199</b>

**Prospective statement of changes in equity  
for the year ended 30 June 2021**

<b>\$000</b>	ESTIMATED ACTUAL 2019/20	<b>FORECAST 2020/21</b>
Balance at 1 July	28,757	30,888
Capital contribution	1,185	500
Total comprehensive revenue and expense	946	(4,189)
<b>BALANCE AT 30 JUNE</b>	<b>30,888</b>	<b>27,199</b>

## Prospective statement of cash flows for the year ended 30 June 2021

\$000	ESTIMATED ACTUAL 2019/20	FORECAST 2020/21
<i>Cash flows from operating activities</i>		
Receipts from the Crown	106,282	109,758
Interest received	1,053	541
Receipts from other revenue	17,218	15,226
Payments to suppliers	(37,249)	(44,129)
Payments to employees	(77,563)	(86,997)
<b>Net cash flow from operating activities</b>	<b>9,741</b>	<b>(5,601)</b>
<i>Cash flows from investing activities</i>		
Receipts from sale of property, plant, and equipment	365	400
Receipts from term deposits	1,000	16,000
Purchase of property, plant, and equipment	(4,981)	(4,400)
Purchase of intangible assets (ICT)	(6,872)	(6,950)
<b>Net cash flow from investing activities</b>	<b>(10,488)</b>	<b>5,050</b>
<i>Cash flows from financing activities</i>		
Capital contribution	1,185	500
<b>Net cash flow from financing activities</b>	<b>1,185</b>	<b>500</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>438</b>	<b>(51)</b>
Cash and cash equivalents at the beginning of the year	4,658	5,096
Cash and cash equivalents at the end of the year	5,096	5,045

### Key assumptions and changes

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

- Financial information is prepared in accordance with generally accepted accounting practice.
- Revenue from multi-year programmes such as ACC partner programmes and MHF safety cases are recognised on a percentage of completion basis, with any unspent portion treated as Income in Advance.
- Accumulated surpluses are used where available to supplement revenue.



## Statement of accounting policies

### Reporting entity

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

WorkSafe's primary objective is to provide 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 Board authorised these prospective statements for issue on 29 June 2020.

### 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.

### MEASUREMENT BASE

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

### FUNCTIONAL AND PRESENTATION CURRENCY

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

### STANDARD EARLY ADOPTED

In line with the Financial Statements of the Government, WorkSafe has elected to early adopt PBE IFRS 9 Financial Instruments.

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

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

### AMENDMENT TO PBE IPSAS 2 STATEMENT OF CASH FLOWS

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

### PBE FRS 48 SERVICE PERFORMANCE REPORTING

PBE FRS 48 replaces the service performance reporting requirement of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021.

### 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. It 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.

### PROVISION OF SERVICES

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

### INTEREST

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

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

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

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

### INVESTMENTS

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

### PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

## DEPRECIATION

Depreciation is calculated using the straight-line basis at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of asset have been estimated as 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	5-6 years 16.67% - 20% SL

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

## Intangible assets

### SOFTWARE ACQUISITION AND DEVELOPMENT

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

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

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

## AMORTISATION

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

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

ASSET CLASS	DEPRECIATION METHOD
Acquired computer software	2-5 years 20-50% SL
Developed computer software	5-8 years 12.5-20% SL

## Impairment of non-financial assets

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

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

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

## Creditors and other payables

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

## Employee entitlements

Employee entitlements that WorkSafe expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date and sick leave.

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

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

## Superannuation schemes

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

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

## Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of

a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## Restructuring

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

## Goods and services tax (GST)

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

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

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

## Income tax

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

## Cost allocation

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

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

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

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

## Critical accounting estimates and assumptions

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

## Capital intentions 2020/21 to 2023/24

WorkSafe's capital assets consist primarily of ICT to support business capabilities, leasehold facilities, office equipment and a vehicle fleet to support the inspectorate. Funding for capital is a combination of depreciation funding plus capital injections as required.

Our capital investment intentions to 30 June 2024 are detailed below:

	PLANNED INVESTMENT \$M			
	2020/21	2021/22	2022/23	2023/24
ICT software	6.95	3.68	4.20	4.20
ICT hardware	0.30	0.60	0.60	0.60
Motor vehicles	1.90	1.40	1.40	1.40
Leasehold improvements	2.00	0.75	0.75	0.75
Other assets	0.20	0.25	0.25	0.25
	<b>11.35</b>	<b>6.68</b>	<b>7.20</b>	<b>7.20</b>

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

WorkSafe is transitioning these services progressively to support its organisational strategy. The investment required to deliver this capability will be subject to appropriate business case processes and our capital plan will be updated once this information is available.

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

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



## Disclaimer

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