Te Pūrongo o Mahi Haumaru Aotearoa

WorkSafe Quarterly Report

1 January – 31 March 2022

WORKSAFE
Mahi Haumaru Aotearoa

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Executive summary

WorkSafe's performance over this quarter was affected by the ongoing impact of the omicron variant of COVID-19.

Our people continued to show their adaptability and resilience in this quick moving environment by working in alternative ways, between the office and home, while providing technical insight and undertaking remote assessments and investigations.

Key areas of achievement for this quarter include:

- **Whakaari/White Island court process** – the first business was sentenced for failings at Whakaari/White Island. **INFLITE Charters Ltd** was sentenced on 31 March and **fined $227,500 with $40,000 in court costs** awarded.
- **COVID-19 response** – WorkSafe carried out COVID-19 compliance activity and worked with PCBUs as they adjusted to the new legislative requirements. To support this work, we recruited a new National Manager Coordination and Interventions (COVID-19) and 20 authorised officers.
- Due to WorkSafe's COVID-19 Protection Framework enforcement role, the volume of media queries received on COVID-19 alone was equal to a full year's worth of media enquiries. This should reduce as New Zealand moves through the outbreak and requirements change. As a result, we have seen a correlating decrease in the volume of queries related to our substantive HSWA role during Q3.
- **Expected year-end results for our performance**
    - Taura Here Waka: **Six external facing deliverables** were monitored over the quarter. Currently **four are on track** to be delivered as planned and two are being monitored, requiring some changes to the plans. **Seven organisational enablers** were monitored. Except for one enabler (Digital Transformation), **six are on track** and progressing as planned [refer page 4].
    - Measures from the Statement of Performance Expectations: 17 out 28 targets were met in Q3. Based on the Q3 performance, the expected year-end position is that **we will meet 17-19 targets (63-70%) out of 27 measures**. Note that we will not be able to report on one of the 28 measures due to data unavailability. In 2020/21, we achieved 10 out of 15 targets (66%) [refer page 9].
- There were **700 FTEs in Q3**, an increase of **13 FTEs since Q2** and of **83 FTEs, compared to Q3 in 2020/21**.
- **Staff turnover** for the 12 months to Q3 **was 15.8%**, a slight increase (15.7%) from Q2.
- We continue to manage **risk around the uncertainty of our future funding**, while ensuring our deliverables and work programmes are prioritised and balanced. Our focus is on maintaining delivery of outcomes while managing staff wellbeing and workforce impacts of COVID-19.
- WorkSafe has **a surplus year-to-date of $4.2m, compared to an expected budgeted deficit of $0.5m**. This is largely due to delays in the planned delivery of a number of projects and programmes. Most delayed projects and programmes have management plans and immediate effects on our performance and operation are not considered to be significant.

Other items to note that are not included in this report:

- Implementation of the **Laurenson Review recommendations –** the February update (in conjunction with MBIE) from the Laurenson Review recommendations was provided on 11 March 2022. The next report is due to the Minister on 11 April 2022.
- Update of the **Statement of Intent 21/22-24/25** impact measures – the updated Statement of Intent was tabled on 31 March 2022.

Overview

COVID-19 update

The 2021/22 COVID-19 Response and Recovery funding enables WorkSafe to build a COVID-19 focused workforce. The funding is phased to support ramping up of a new team from early 2022, while leveraging existing HSWA resources to deliver COVID-19 focused activity.

During Q3, WorkSafe undertook COVID-19 compliance activity. Most PCBUs are working on meeting legislative requirements, with support from inspectors to minimise undue stress or issues. Unfortunately, we have seen strong opposition to the COVID-19 Protection Framework in small pockets, requiring increased engagement with PCBUs that openly flout requirements. Some PCBUs have received multiple infringement notices, which remain unpaid, and are seeking to find other ways around the legislation.

To support this work, recruitment was undertaken for a National Manager Coordination and Interventions and 20 authorised officers. These positions will be ready in Q4, allowing the General Inspectorate to focus on more core activity under HSWA.

The Government announcement on 23 March may affect decisions on prosecutions for those PCBUs who remain non-compliant. Monitoring will continue, with decisions to be made on the appropriate course of action.

Expenditure

$	Available budget	YTD expenditure	Remaining budget
Capital	840,000	0	840,000
Operating	3,533,000	1,175,705	2,357,295
	4,373,000	**1,175,705**	**3,197,295**

Capital: WorkSafe has fully allocated the capital to the purchase of 12 electric vehicles. They are due to arrive in May 2022.

Operating: The remaining budget has been fully allocated to COVID-related activity as at Q3 and the project team are tracking to plan. There will be a sharp increase of expenditure in Q4, which is due to an increase in resources, with the key contributor being the 20 Authorised Officers.

Our forecast year-end spend is very close to the 2021/22 budget.

Taura Here Waka | Strategic Delivery Plan

External facing deliverables: **Six deliverables** were monitored over the quarter. These are: *1. Plant and structures, 2. WEPR, 3. Strong regulatory foundations, 4. Carcinogens and airborne risks, 5. Maruiti strategy,* and *6. ACC programme*

Currently **four are on track** to be delivered in Q4. **Two are not progressing as planned due to phasing** and are unlikely to be completed this year. These are:

- **Plant and structures:** Following the submission of the Budget bid in late November 2021, a project team was established to lead and strengthen the business case for delivery in February 2022. The business case has been approved at a WorkSafe level and has been sent to MBIE for final approval. The project management plan is due to be completed by the end of April. Recruitment for the project manager continues.

- **ACC Programme:** We have targeted investment this year to high-risk sectors and cross-cutting risks, particularly construction, manufacturing, vehicles, forestry, musculoskeletal injuries and Māori and Pacific worker harm. There are forecast underspends due to COVID-19 disruptions across delivery partners, delivery mode primarily online, staff turnover and less cost in design stages on programmes. Investigations into opportunities to redirect funding are ongoing.

Organisational enablers: There are also **seven organisational enablers** being monitored. These are: *1. Upstream interventions, 2. Pūmahara: Data and intelligence, 3. Digital transformation, 4. Mentally healthy work, 5. People and capability building, 6. Property Strategy and implementation* and *7. Taura Here Waka change and communications*

Six are on track to be delivered in Q4. **One is unlikely to be delivered**:

- **Digital Transformation:** While the majority of the programme is progressing as planned, several high risks and issues continue. Those related to resourcing are trending down as both external and internal staff are successfully being sourced. High risks continue around business change and readiness, alignment with dependent projects, a detailed definition of the organisation's future state, and digital independence scope and costs. Issues remain around insufficient office space and competing organisational priorities.

The following **four external facing deliverables** and **six organisational enablers are progressing** as planned and risks, if any, are being managed.

External facing deliverables	
WEPR *(includes Health and Safety Representation)*	WorkSafe has provided funding for SkillsNZ to engage with all HSR training providers across Aotearoa, so that regardless of training provider, WorkSafe can connect with HSRs that have opted in, to provide follow-up support, information, and regional networking opportunities. WorkSafe is working with NZ Institute of Safety Management to develop and launch an online tool of resources to support HSR capability and career progression.
Strong Regulatory Foundations *(Regulatory Improvements)*	In November 2021, ELT met to discuss the Hoe Nuku and agreed the scope of Ngā Paiaka to include three key workstreams, being: *Authorisations* (including Adventure Activities Phase 3 and the WorkSafe response to the Laurenson Review into Whakaari), *Exemptions* and *Delegations*. A programme management plan has been developed for Ngā Paiaka and a small programme management team is currently being recruited to support the efficient and timely delivery of the three workstreams. Health pathway socialised with key internal stakeholders, including operational policy and General Inspectorate. Triage agreement drafted and ready for approval. Reporting process agreed.
Carcinogens and Airborne Risks	The Programme Initiation Brief has been reviewed by ePMO. Forty-three initiatives within the nine projects were scoped with 84% of those are underway. Most of the remaining initiatives start in Q4, with project briefs being finalised. Benefit measurements have been scoped. *Accelerated silicosis:* planned inspector visits to 27 remaining businesses and four former fabricating businesses have been deferred due to current COVID-19 settings. The design of a pilot study to increase access to the accelerated silicosis assessment pathway is being finalised with WorkSafe input (led by Ministry of Health). A report was received from Massey University's Research Centre for Hauora and Health (RCHH) on how to make better use of data associated with the assessment pathway. A contract was signed with RCHH to undertake a literature review of risks from carving, develop an exposure monitoring plan and undertake monitoring. The risk from carving aligns to equitable outcomes as per WorkSafe outcomes framework. *Evidence and insights:* a contract was signed with RCHH for a feasibility study of a worker exposure database for New Zealand along with expert advice to support a framework to determine priority carcinogens.
Maruiti Strategy *(Harm Prevention wānanga and Māori-Crown relationships)*	Health and safety discussions have occurred with Toitu Tairāwhiti, Central North Island Collective and the Federation of Māori Authorities. This included the WorkSafe Board Chair meeting with the Chair of Ngāti Porou. A partnership agreement template was developed entailing formal working relationships and commitment with iwi and Māori. In Q3, WorkSafe, in conjunction with MBIE and the Māori business unit, discussed the development and implementation of the Maruiti 2027 refresh strategy. Engagement via Te Pou Ora in support of WorkSafe initiatives, including delivery of kaupapa Māori harm prevention online wānanga across Talley's meat industry, will be in April. Work is also underway with Tairāwhiti community rōpū to deliver four onsite kaupapa Māori wānanga in Gisborne with Aratu Forests.
Organisational enablers	
Upstream Interventions	An evaluation identifying the impacts of WorkSafe's targeted complex intervention activities with Talley's Group workers has been designed. Refining the design is on-going and is due to be completed by the end of June 2022. Once completed, the product from the engagement process will be used to evaluate the draft Improvement Plan that the Talley's senior leadership group has compiled with SafePlus.
Pūmahara	Satisfactory progress has been made on the implementation of the recommendations from Health Check received 20 December 2021 with two remaining tasks that are currently being actioned.

Mentally Healthy Work	A review of coronial work-related suicide data is underway and is scheduled for completion in July 2022. A deep-dive data collection into psychosocial risk exposure in the healthcare sector was also commissioned and due to report in June 2022. 'What Good Looks Like' material/videos are nearing completion and will be uploaded to the WorkSafe website in April. Mentally Healthy Work online reporting form is due by end March and currently on time. Mentally Healthy Work Initiative Brief was presented to the Triage group in Q3. Several high complexity Mentally Healthy Work assessments were completed and with one active investigation. Notification volumes are reducing but the complexity is increasing. Looking ahead to Q4, all targets for this deliverable are underway and anticipated to be delivered on-time.
People and Capability Building	This project is fundamental for setting WorkSafe up for success. Our people are key to leading the transformation and this brings much of the people capability and development work together in one place, from core competencies, development pathways through to performance and talent management. Over Q3, progress was made with the foundational work of the project. The Leadership review is progressing well, building on the existing Te Ohonga leadership framework. As part of the review, a pilot programme has started to capture all the recognized qualifications, certifications, and memberships. This will inform the evolution of our new MyHR system, ensuring we have the right capability going forward. This pilot will inform how we are progressing across the wider organisation. The Te Ao Māori workstream is progressing well with the roll out of Te Pou Ora's new online lessons. Further alignment continues to support embedding Te Ao Māori across all our workstreams.
Property Strategy and Implementation	The National Property Strategy was endorsed by the ELT and work has commenced on the proposed three-year operational plan, which will be tabled in Q4. This will outline how we will put the strategy into action and the associated capital and operational costs. Relocation of the Auckland and Hamilton office occurred in December. The staff were able to occupy the new offices from January 2022.
Taura Here Waka (THW) change and communications	Monthly programme meetings are ongoing. Some key activities and achievements to date are: • THW change plan, dashboard and stakeholder engagement approach are being developed. • We are also strengthening external representation at the THW portfolio steering group. We have identified some good candidates. • WorkSafe story around change was agreed at ELT.

Regulatory intervention

Operations activity

INFLITE Charters Ltd is the first business sentenced for failings at Whakaari/ White Island. INFLITE entered a guilty plea on 28 March 2022 and was sentenced on 31 March 2022. A $227,500 fine was imposed and $40,000 in prosecution costs awarded.

Handover of Pike River Mine from Pike River Recovery Agency (PPRA) to Department of Conservation. On 17 March 2022, the PPRA notified WorkSafe that the Pike River Mine has been abandoned and it is no longer classified by regulation as an operating mine. This notification is a formality required at least 14 days prior to actual abandonment by the Health and Safety at Work (Mining Operations and Quarrying Operations) Regulations 2016. This means mining activities undertaken at the site have ceased, and a general tidy-up completed. On 21 March 2022, inspectors assessed the site and observed the operator mitigated all mining-related risks to a good standard.

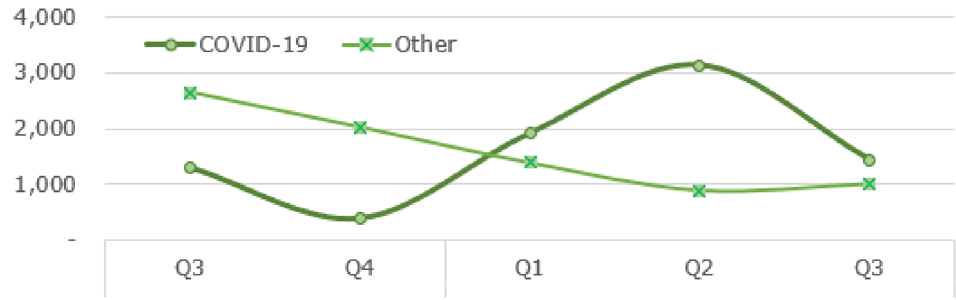
The Pike River Coal Mine land is being returned to Department of Conservation (DOC) who will monitor the underground mine main seal and ensure the installed drainage systems function correctly. DOC indicated they will retain some site buildings for training and other activities. The mine closure is a significant milestone, signaling the end of underground coal mining in New Zealand.

Notifications received

The following table shows the number of notifications that we received in 2021/22. Over the year, we've averaged approximately 4,400 notifications per quarter.

	Q1	Q2	Q3	YTD
COVID-19	2,059	3,435	3,001	**8,495**
Injury/illness	616	584	617	**1,817**
Unsafe conditions	594	590	644	**1,828**
Incidents	342	388	332	**1,062**
Total	**3,611**	**4,997**	**4,594**	**13,202**

General Inspectorate assessments



As anticipated, Q3 saw a continued focus on COVID-19 activity. While assessments are part of our work for COVID-19, we have also allocated resources to preparing prosecution files, updating, and embedding changing guidance and ensuring relevant training is undertaken in relation to COVID-19 and the changing environment.

Breach notifications are leading our assessments and remain predominantly in the hospitality and retail sector. We are starting to see an upswing in BAU and expect this to continue as the new COVID-19 function is stood up.

We may see lower assessments in the start of Q4, similar to March, as our staff are affected by the spread of omicron and are isolating at home. Health and Safety remains the top of mind and activity will not be undertaken if the risk is too high, or our own staff are unwell.

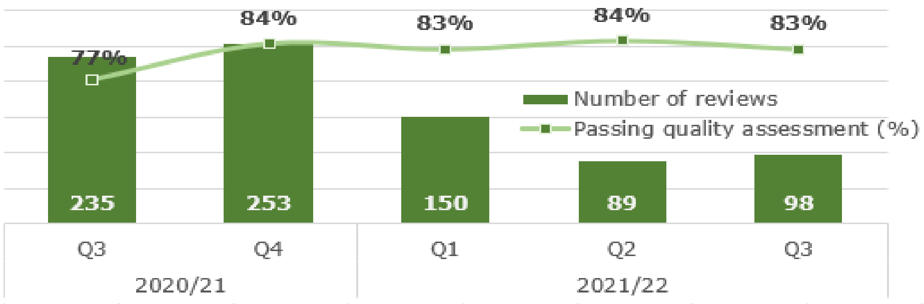
General Inspectorate investigations

	Q1	Q2	Q3	YTD
Investigations	2	2	8	**12**

The General Inspectorate may commence an investigation into a PCBU after a series of compliance issues.

There is an increase in investigations in Q3 due to enforcement of the COVID-19 order.

Assessment quality results



Previously the quality assessment of completed reviews was carried out by frontline managers and band 16 inspectors. This function will now be done by Senior Inspectors, that were introduced a little over a year ago.

There has been a drop in the numbers of reviews being completed as we embed the Senior Inspector pathway and recruit the roles. Some of this decrease can be attributed to Senior Inspectors either moving into other priority roles or providing COVID-19 response duties. This has resulted in fewer Senior Inspectors available to do this work. This was identified as a risk and is being addressed. From December 2021, the numbers of reviews completed have been steadily increasing while maintaining the quality requirements of the reviews.

High Hazards, Energy and Public Safety Investigations

Energy Safety investigations have a broad scope. They range from basic enquiries and recording data for monitoring and trend analysis, through to complex, involved investigations for fatalities or major events such as the Christchurch gas explosions.

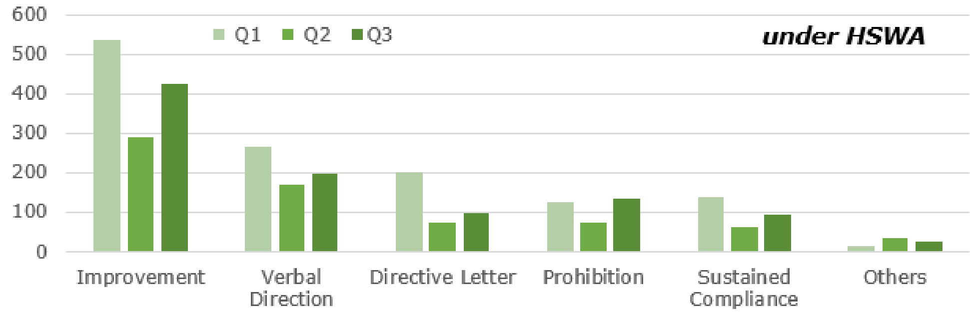
	Q1	Q2	Q3	YTD
Energy Safety	186	124	130	**440**
Extractives	1	-	-	**1**
Petroleum and gas	1	-	-	**1**
Major hazard facilities	-	-	-	**-**
Total	**188**	**124**	**130**	**442**

Investigations are triggered by notifications or are a follow-up from an audit or assessment. As such, investigations are reactive in nature. The decrease over the year is due to fewer notifications being received.

The purpose of investigating extractives, petroleum and gas, and major hazard facilities is to either prevent catastrophic events or respond to an event/high potential incident.

The low number of investigations in 2021/22 is in line with expectations.

Enforcement activity



There has been a return to HSWA-based enforcement in Q3 after a decrease in Q2 where there was a higher level of COVID-19 assessments.

COVID-19 enforcement

	Q1	Q2	Q3	YTD
Infringement	5	20	32	57
Verbal and written direction	24	35	51	110
Closure	0	0	3	3
Total	**29**	**55**	**86**	**170**

There was also an increase in COVID-19 enforcement with 32 Infringement notices and 51 combined directions given.

Specialist interventions

Specialist Interventions in the Operations Group manage the duty holder review, complex investigations, audit, and enforceable undertakings activities.

	Q1	Q2	Q3	YTD
Duty holder review	29	26	24	**79**
Investigations	22	22	30	**74**
Enforceable undertakings	0	4	1	**5**
Total	**51**	**52**	**55**	**158**

Activities in the specialist interventions area remain steady.

Quarterly performance

There are **28 measures monitored** as part of the WorkSafe **2021/22 Statement of Performance Expectations**. Based on Q3 performance, the expected year-end position is we will meet 17-20 targets (63-70%) out of 27 measures. Note that one measure will not be reported due to data unavailability.

Summary by core regulatory activity	Status		
	✓	×	TBC
Arahanga, whakapāpā me te whakapakepake | Lead, engage and influence There is potential for some slippage in our agreement with some partners, due to COVID-19 disruptions but we are working with their leadership groups to ensure the year-end target is met. In addition, we continued to focus on consolidating work, activities, and programmes which were already in place, acknowledging the importance of recognising and formalising existing relationships before introducing any new initiatives.	3	-	-
Whakaako, ārahi, whakamōhio me te ako | Educate, guide, inform and learn This includes three annual measures relating to the satisfaction survey that will reported at the end of Q4. Two other targets are on track to be delivered at year-end.	2	-	3
Kia hangaia te kaha, kia kanohi kitea ngā kaimahi | Build capability and worker participation Based on current activity, two targets are expected to be met.	2	-	-
Whakahou, whakahoahoa, whakatinana me te arotake | Innovate, design, implement and evaluate	4	-	-
Whakamana, whakahaere, aromatawai me te arotake | Authorise, oversee, assess and audit Resulting from COVID-19, our activities were restricted and adversely affecting our performance. Please see the next page for further information.	1	4	-
Ketuketu, whakauruhi, me te noho haepapa | Investigate, enforce, and hold to account This includes one measure that will not be reported at 30 June, due to data unavailability. Due to an isolated operational issue, one target is not going to be met at year-end. Please see the next page for further information.	2	1	1
Enabling measures: Of the five measures, the following two measures will now be delivered during 2022/23. • The core case management platform build has commenced by 30 June 2022. • Pūmahara developed by 30 June 2022, to support effective use of WorkSafe data, evidence, and expertise.	3	2	-
Total	**17**	**7**	**4**

The following targets are not going to be met at year-end.

	Measures	Target	YTD result	Variance explanation
A1	The percentage of General Inspectorate assessments that are directed by the WorkSafe company risk model.	≥60%	<60%	The arrival of the delta and omicron variants resulted in a change of assessment work from planned and proactive to reactive. WorkSafe was required to align resources to the current emerging risk. While we aim to move to our business-as-usual work as the new COVID-19 function is set up, we do not anticipate meeting the year-end target.

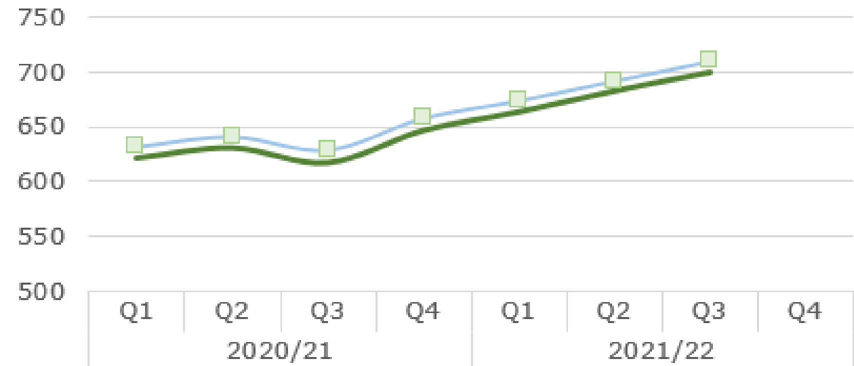
Measures		Target	YTD result	Variance explanation
A2	The number of energy safety audits (of products, suppliers, networks, distribution systems, installations) completed.	>650	456	The number of audits undertaken has been lower than planned due to a combination of challenges, mostly due to COIVD-19-related delays. We are unlikely to achieve the target of >650 as indicated throughout 2021/22. The impact of not achieving the expected audit targets is that there may be some product suppliers trading non-compliant products. To manage this impact, we have increased our focus on undertaking targeted desk-based audits of suppliers, products, and high-risk installations. We are also planning for any risks/issues that may arise from desk-based interventions. Targeted regional visits are also scheduled for the coming weeks, however delivery of these may be impacted by any further changes to the COVID-19 protection framework settings.
A3	The percentage of high hazard sites inspected compared to annual operating plan targets for major hazard facilities, petroleum and geothermal, and mining, tunnelling, and quarry sites.	100%	95%	In Q1 and Q2 the number of inspections was lower than planned due to COVID-19 restricting travel and face-to-face inspections. We previously indicated that we do not expect to achieve the 100% target. In Q3 there was a drive across the teams to carry out assessments where it was safe and possible to do so. Over the period, we completed 114 assessments, compared to the 97 planned. This means that YTD we have completed 330 of the 349 planned inspections. Resources have now been redirected to ensure that we have staff coverage in the South Island. This will enable us to carry out planned on-site inspections across the South Island without the risk of travel being affected by any further changes to the COVID-19 Protection Framework. The impact of not achieving expected site inspection targets is that we cannot physically verify that the sites are operating in line with their accepted safety case or Principal Hazard Management Plan. This has been observed to result in a decrease in the level of compliance at some high hazard sites. To manage this impact, we have undertaken virtual inspections, and prioritised on-site inspections at the highest risk sites or in response to high potential incidents.
A5	The percentage of complaints or concerns which indicate a possible breach of obligations by an adventure activity operator (AAO) (or a person conducting a business or undertaking that should be registered as an AAO) that are: - closed within the specified timeframe, or - where further action is taken.	100%	71%	To date, we have received 24 complaints or concerns. Seven of these were not closed within the specified time of 20 working days. These complaints were complex and required several stages of follow-ups. While these complaints were closed outside the target timeline, these complaints and concerns were addressed and people who raised these with WorkSafe have been informed. If all complaints or concerns received in Q4 are closed within the target timelines, the year-end performance will be 71%. Otherwise, the year-end performance will be below 71%. *This measure was initially put in place to assess whether AAOs were operating legally. However, the purpose of the measure was not achieved, because this measure merely assessed the timeliness of WorkSafe's response regardless of the nature of the complaints or concerns.* *Work is underway to develop a new and appropriate measure.*
H1	The 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.	100%	99%	Of 89 files, one did not meet the criteria. The reason for the file with the failed criteria is due to an isolated operational issue. The issue has been resolved and is highly unlikely to arise again. Given the nature of the issue, no system or other corrective action is considered necessary.

Organisational health

WorkSafe people

We are working to strengthen HR capability and capacity data to better support our people and for efficient allocation of our resources.

Staff number



	2020/21 Q1	Q2	Q3	Q4	2021/22 Q1	Q2	Q3	Q4
FTE	621	631	617	647	664	683	700	
Headcount	632	641	629	658	674	692	710	

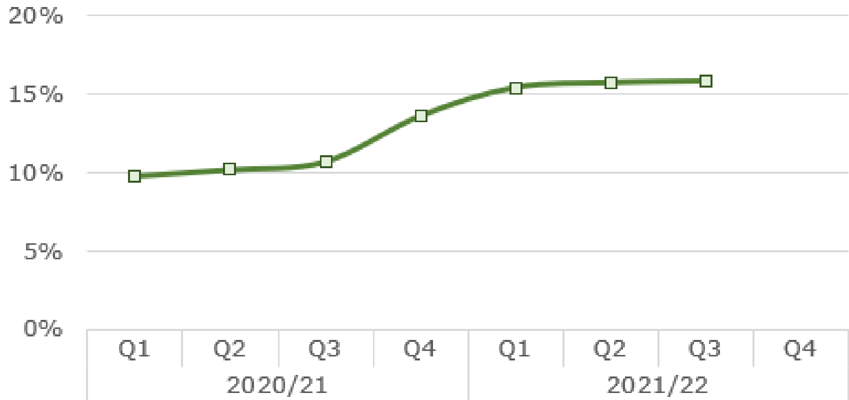
Following an increase in recruitment activity in Q2, **roles under active recruitment have dropped from 88 to 68 at the end of Q3.**

Of these, over half were new positions linked with COVID-19 related activity, regulatory reform (i.e. Plants and Structures, Refrigeration Licencing) and remaining IT and Comms and Marketing positions.

Recruiting to positions that require strong regulatory skills and knowledge remains challenging with the significant level of regulatory reform across the public sector and competition of scarce skills.

As of 31 March 2022, the ratio between frontline staff or those who directly support frontline staff is 4.8:1 (i.e. WorkSafe has 122 corporate staff and 588 frontline or supporting frontline staff). Work is underway to identify frontline, frontline delivery support and back office at a position level.

Voluntary turnover (12-month rolling average)



	2020/21 Q1	Q2	Q3	Q4	2021/22 Q1	Q2	Q3	Q4
Turnover	9.8%	10.2%	10.7%	13.6%	15.4%	15.7%	15.8%	

Permanent voluntary staff turnover for the 12 months to Q3 2022 was 15.8%.

Public sector core unplanned turnover as of 30 June 2021 was 10.5%, which was lower than our voluntary turnover of 13.6%, but across the Public Sector we understand turnover has increased.

Turnover in business units with core regulatory skills is higher than the organisation average. This is due to those with skill sets that are in demand, moving between agencies to secure different or more senior positions.

Of 30 permanent voluntary leavers in Q3, five (17%) were from Senior Advisor positions. There is no specific trend across business groups or occupations.

Organisational development

Learning and development: Trainee Inspector Cohort 21 completed their formal learning in Q3. Trainee Inspector Cohort 22 commenced their training in Q3. Due to COVID-19, many face-to-face workshops had to be cancelled in February and March. This will impact somewhat on the Inspector Career Pathways and Leadership Development.

Enterprise change management: The Enterprise change management (ECM) team continues to build change management maturity, competency, and capability, through the implementation of Prosci as our enterprise-wide change management methodology, and a strong focus on role-based change management training, support, and education.

The ECM team is working closely with the two Portfolio Change Leads and senior change managers to ensure a consistent and coordinated approach to managing change, and oversight of the pipeline and cumulative impact of change.

In-house ECM training programmes continue, along with customised training/support and coaching for people leaders, with an active ECM Community of Practice and Community of Interest operating to share ideas and knowledge on change management.

The development of an enterprise view of the change pipeline of change and the cumulative impact of that is essential if we are to be able to plan, sequence and deliver change in an integrated manner. The Taura Here Waka change approach will shape how change will be delivered across the Taura Here Waka portfolio (incl Hoe Nuku) and how it will be integrated with other change activity being undertaken across WorkSafe.

Diversity, equity, and inclusion

Work continues in line with the expectations set out in *Kia Toipoto – Closing Gender, Māori, Pacific and Ethnic Pay Gaps, Public Service Action Plan 2021-24*. Key initiatives underway to deliver on our expectations are:

- Initial data analysis is completed.
- The Joint PSA and WorkSafe Remuneration Working Group is progressing.
- Engagement on the draft Diversity, Equity and Inclusion Approach has commenced and will continue through to May 2022, with the approach being finalised in June and action plans being incorporated into the 2022/23 work programmes.

Health and safety

Incidents	Q3	YTD 2021/22	YTD 2020/21	Trend
Lost time Injury	-	5	4	↑
Medical treatment injury	1	3	10	↓
Total recordable injury	*1*	*8*	*14*	↓
Occupational illness	1	5	11	↓
First aid injury	-	5	21	↓
Hazard reports	7	40	80	↓
Near miss	7	37	86	↓

WorkSafe’s total recordable Injury has significantly decreased this quarter. Although it is often a positive indicator, our overall incident reporting has decreased significantly, almost by half compared to the same period in 2021:

- Lost Time Injuries have seen an increase from the previous year. This is due to a change in the way HSW team are classifying incidents. More work required to establish a common definition as part of the Health and Safety Management System.
- The hazard and Near-miss reporting where we have seen less reporting; this could be due to ongoing Omicron COVID-19 disruptions to external engagements and increase in working from home.

Organisational risks

Strategic risk profile

#	Risk	Residual Risk
1	A significant disruptive event impacts our ability to continue key business operations	High
2	Our environment does not allow our people to thrive, or our people are harmed as a result of work (Protection)	High
3	Our transformation does not enable us to become a modern, insights driven regulator (Participation)	High
4	We do not deliver on our business and strategic plans	High
5	We fail to meet our regulatory objectives and obligations	High
6	We do not use our funding effectively and/or efficiently to achieve our strategic objectives	High
7	We lose internal or external stakeholder support (Partnership)	Medium
8	Loss of support from authorising environment	High

During Q3 the output of the annual review of the strategic risk register has been tabled at the Audit Risk and Finance Committee for endorsement in March, and at the April Board for approval. The table represents a high-level view of the revised strategic risk register.

The ELT participated in a risk workshop and worked through a rigorous process to agree the risks and ratings, control environments and improvement actions. While old strategic risks have been closed all relevant controls and associated actions have been mapped to the new strategic risks (1, 3, 4). This ensures continuity of the work in progressing improvements in controls. The other risks form part of or are elements of the amended risks and have retained many of the controls (2, 5, 6, 7, 8).

The number of strategic risks has decreased from 12 to 8. One old strategic risk: *"Processes & ICT systems"* was not considered to be a strategic risk, but more operational in nature. Risk 9 "*People & Capability"* is considered a cause and not a risk event and has also been removed.

Several themes that cut across many of the new strategic risks were identified, these were: prioritising the work we do; telling our story; measurement of progress, outcomes and impacts; and capability and capacity of our people. These themes are reflected in the detailed risk descriptions where they are relevant and largely relate to causal factors to those risks.

Although seven of the eight risks have a residual rating of "High", there have been a reduction in risk within the "High" rating (therefore lower "High" ratings) for four risks (2, 3, 6 and 8) when compared to the inherent risk ratings. This reflects the effectiveness of controls have had in reducing the risk but not to a degree to reduce the overall residual risk ratings from a "High" to "Medium" or "Low" due to the methodology applied. For context, in the old strategic risk profile, eight out of twelve risks had residual risk ratings of "High". Reassessments of the initial residual risk ratings will occur with risk owners as the control environment becomes more effective.

Other insights highlighted by risk:

- The significant risk relating to ACC funding for 2022/23 and the broader impacts to WorkSafe requires urgent attention and management to ensure effective mitigations can be progressed at pace to reduce the exposure. There is risk also associated with both the delivery of 2021/22 programmes and meeting the return-on-investment measures.
- The uncertainty of future revenue resources indicates that management of Risk 6 will require significant focus. Any decisions impacting finances across WorkSafe needs careful management to ensure the short- and long-term implications of any decisions to accept financial risk are well understood and delegations adhered to.
- Tracking and timely implementation of the large number of required management actions and improvements associated with external reviews, whilst balancing delivery of business-as-usual, transformation activities and the ongoing impacts of COVID-19 needs to be prioritised effectively and balanced well to ensure the right outcomes are achieved and wellbeing impacts to our people are minimised.
- The broadening and expansion of the work we are required to do related to COVID-19 continues to be completed at pace. This will require a strong narrative on how this is being futureproofed to avoid future negative media attention.
- The continued focus on reactive COVID-19 activities is being signalled in this report as continuing to impact broader H&S outcomes and performance measures this needs to be carefully managed with mandates being eased and alternative ways of working.
- Sustained higher staff turnover rates (aligns with the rest of public sector) is maintaining the pressure and demands on back-office functions, particularly for recruitment, onboarding and offboarding activities. This is also creating some challenges for ensuring our new starters have all the required IT equipment up and running on day one, particularly as supply chain issues for laptops remain, resulting in a poor induction experience.

- Clarity and consistency of key messaging across all people in WorkSafe, our key stakeholders and the public is key. There is risk to giving effect to this in a timely manner whilst the Marketing, Communications and Customer Experience team is recruiting and inducting new staff members.

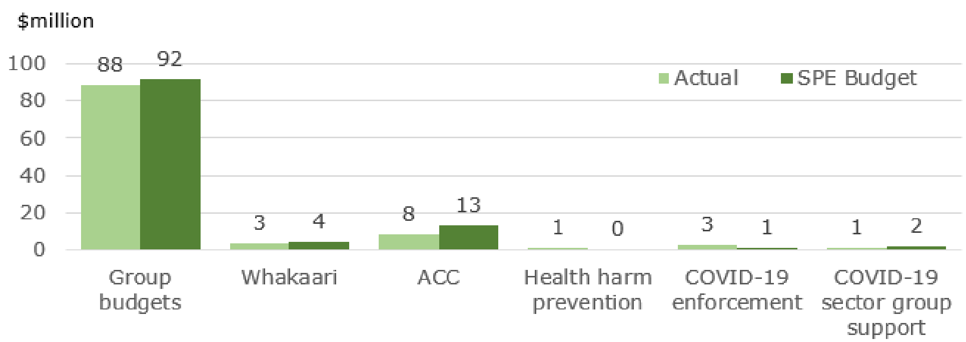
Financial performance as of 31 March 2022

Current financial position

WorkSafe has a year-to-date surplus of $4.2m compared to a budgeted deficit of $0.5m, driven by slower spend than budgeted in areas of specific funding. Recruitment of personnel and activation of programmes has also been impacted by COVID-19.

An increased spend rate is expected over the last quarter, but current forecasts are for a $1.8m surplus at year end compared to a budgeted deficit of $1.6m.

YTD spends by area



Year-end forecast underspend impacts

The movement of $3.2m from a budgeted deficit of $1.6m to a forecast surplus of $1.8m for 2021/22 is due to delays in the planned delivery for several areas across WorkSafe. The largest changes in delivery and the forecast impact are explained below:

- There have been some delays to the **Mentally Healthy Work** and **Carcinogens and Airborne Risks programmes** in 2021/22, resulting in a $1.2m forecast underspend. These programmes are currently progressing well and have clear delivery plans for 2022/23.
- **Whakaari:** the stand-up of the overarching programme (Ngā Paikaka) has been delayed resulting in a $0.6m forecast underspend. A project management plan has been developed and outlines delivery of the next two years, with an increase in expenditure in 2022/23.
- The **Digital Transformation programme** was delayed early in 2021/22 due to the availability of resources in the labour market pushing work into 2022/23. The forecast underspend is $0.6m.
- The **Refrigeration regulations** have been delayed until 2023 which has moved the supporting delivery work to 2022/23. The forecast underspend is $0.3m.
- Work to support the **Strategic Baseline Review** response is forecast to underspend by $0.3m in 2021/22. This work will continue into 2022/23.

Carry-forwards are proposed to move funding from 2021/22 to 2022/23 for these areas. The carry-forwards will be confirmed once underspends are confirmed as part of the year end outturn.

ACC funding

The ACC funding stream has been impacted by uncertainty around the future of this funding source. ACC has raised concerns relating to return-on-investment performance. Work is under way to explore alternative funding mechanisms.

WorkSafe has delivery plans for the ACC programme but cannot commit to long term programmes without certainty over the ACC contract. Invoicing to ACC has been delayed due to contract negotiations and using ACC cash funding. The first 1/3 funding instalment for 2021/22 was invoiced in March. This invoice is included in the Income in Advance and Debtors figures on the balance sheet.

Uncertainty around the future of this funding stream also provides significant risk to wider WorkSafe operations. The ACC funding contributes funding to fixed costs such as overheads, staffing and functions such as Safe Plus, Te Pou Ora and Health and Safety by Design. Internal discussions are being initiated to understand how to manage risks of reduced ACC funding.

The Estimated Outturn figures reflect the additional $3.5m operating and $0.84m capital WorkSafe has been appropriated during the year, in relation to our role in the COVID-19 Protection Framework.

ACC funding mechanism requires more work to ensure it is fit for purpose

- Whilst the ACC harm prevention funding continues to be underspent against budget, some contributing factors to this underspend include the challenge to translate programmes to a larger scale with our current partners; the diverted focus that COVID-19 has created for our partners; the ongoing challenge of the return-on-investment mechanisms and related ACC requirements; and ACC is now also spending in the same sectors with partners that historically had a sole relationship with WorkSafe.
- The Case for Change work that has been ongoing since mid-2021 has resulted in **an agreement in April where ACC will continue to fund harm prevention activity for 2022/23 at current levels of $15m per annum.**
- As part of the sustainable funding work and to achieve desired harm prevention outcomes, WorkSafe will continue to work with ACC to ensure harm prevention activity is funded at appropriate levels and not necessarily at current funding levels. Note that a significant proportion of WorkSafe's current harm prevention spend is now made up of fixed costs e.g. overheads, staffing and functions such as Safe Plus, Te Pou Ora, Health & Safety by Design).

Year-to-date as at 31 March 2022

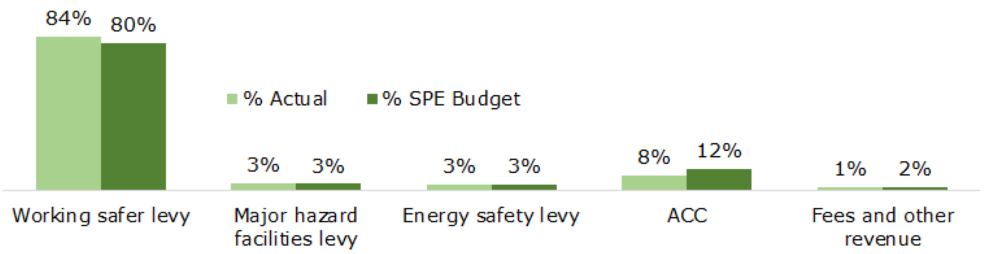
$000	Actual	Budget	Variance	Estimated Outturn	Full Year SPE
Revenue					
Revenue Crown	98,787	96,984	1,803	132,849	129,316
Interest Revenue	244	187	57	250	250
Other Revenue	9,614	14,566	(4,952)	12,449	19,368
Total Revenue	**108,645**	**111,738**	**(3,093)**	**145,548**	**148,934**
Expenditure					
Personnel	64,302	63,051	(1,251)	87,750	84,038
Contractors	6,340	2,899	(3,441)	8,453	3,673
Depreciation	4,548	5,314	766	7,355	7,355
Other expenditure	29,215	40,938	11,723	40,175	55,481
Total Expenditure	**104,405**	**112,202**	**7,797**	**143,733**	**150,547**
Surplus/(deficit)	**4,240**	**(465)**	**4,705**	**1,815**	**(1,613)**

Revenue

Higher than budgeted Crown Revenue reflects additional $3.5m funding WorkSafe has been appropriated during the year, in relation to its role in the COVID-19 Protection Framework.

Other revenue is lower than budgeted due to reduced ACC programme spend.

Breakdown of revenue as at 31 March 2022



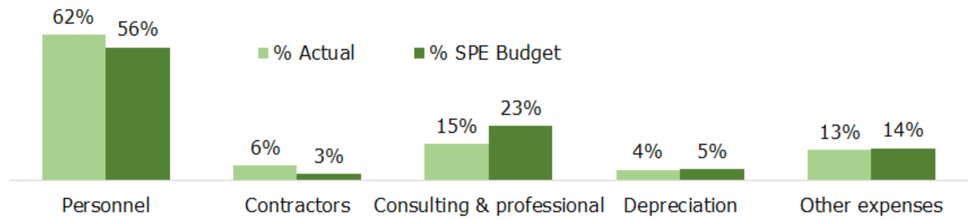
$000	Actual	Budget	Variance
Working safer levy	91,728	89,925	1,803
Major hazard facilities levy	3,750	3,750	-
Energy safety levies	3,309	3,309	-
ACC	8,309	13,001	(4,692)
Fees and Other Revenue	1,549	1,753	(204)
Total revenue	**108,645**	**111,738**	**(3,093)**

Expenditure

Overall expenditure is down, reflecting the delays described above. Tight labour markets have meant challenges recruiting, which has driven higher personnel, recruitment and contracting costs to secure resources.

Lower than budgeted other expenditure is reflective of lower project spend, particularly in the ACC programme due to planning/scoping of the next 3-year programme taking longer than expected.

Breakdown of expenditure as at 31 March 2022



$000	Actual	Budget	Variance
Personnel	64,302	63,051	(1,252)
Contractors	6,340	2,899	(3,441)
Consulting & professional	15,869	25,769	9,899
Depreciation	4,548	5,314	766
Other expenses	13,346	15,169	1,823
Total expenditure	**104,405**	**112,202**	**7,797**

Balance sheet

$000	Actual	Budget	Variance	Estimated Outturn	Full Year Budget
Cash and bank	7,589	5,112	2,477	6,175	4,125
Investments	20,217	22,000	(1,783)	30,217	24,500
Debtors	7,382	1,952	5,430	7,481	1,928
Fixed Assets	28,969	28,985	(16)	33,323	31,186
Total Assets	**64,157**	**58,049**	**6,108**	**77,196**	**61,739**
Creditors and Payables	8,501	4,937	(3,564)	8,567	6,224
Employment Liabilities	6,225	4,790	(1,435)	8,877	5,990
Income in Advance	4,339	5,413	1,074	10,389	1,068
Crown Loan	6,695	6,697	2	13,393	13,393
Total Liabilities	**25,760**	**21,837**	**(3,923)**	**41,226**	**26,675**
Net Assets	**38,397**	**36,212**	**2,185**	**35,970**	**35,064**
Equity					
Opening Equity	27,474	26,634	840	27,474	26,634
Memorandum Accounts	6,683	10,043	(3,360)	6,681	10,043
Surplus/(Deficit)	4,240	(465)	4,705	1,815	(1,613)
Total Equity	**38,397**	**36,212**	**2,185**	**35,970**	**35,064**

As of 31 March 2022

Assets

The higher debtors figure reflects the first instalment of ACC funding which was invoiced in March. A further two instalments are programmed before year end.

Creditors and payables

Reflects higher accruals due to timing of MBIE invoicing.

Income in Advance

Lower balance due to the budget assuming earlier invoicing of ACC as noted above, partly offset by lower ACC spend.

Equity

Last year’s surplus and capital injection were rolled into the opening balance.

Operating cashflow

The movements in cash reflect the lower spend in capital and operating as described above.

$000	Actual	Budget	Variance	Estimated Outturn	Full Year Budget
Operating Cash Flows					
Receipts from Crown	98,787	96,987	1,800	132,849	129,316
Receipts from Other Revenue/Interest	983	12,980	(11,997)	9,511	13,520
Payments to Suppliers/Employees	(100,024)	(109,876)	9,852	(136,934)	(143,687)
Net Operating Cash Flows	**(254)**	**91**	**(345)**	**5,426**	**(851)**
Investing Cash Flows					
Net Investments	8,433	4,000	4,433	(1,567)	1,500
Net Asset Purchase	(13,803)	(11,293)	(2,510)	(17,593)	(15,534)
Net Investing Cash Flows	**(5,370)**	**(7,293)**	**1,923**	**(19,160)**	**(14,034)**
Financing Cash Flows					
Capital Contribution	840	-	840	840	-
Crown Loan	6,695	6,697	(2)	13,393	13,393
Net Financing Cash Flows	**7,535**	**6,697**	**838**	**14,233**	**13,393**
Cash Movement					
Net (decrease)/increase in cash	1,911	(505)	(2,416)	499	(1,492)
Opening Cash	5,677	5,617	(60)	5,677	5,617
Closing Cash	**7,588**	**5,112**	**(2,476)**	**6,176**	**4,125**

Capital spends

$000	Actual	Budget	Variance	Estimated Outturn	Full Year Budget
ICT software	7,816	8,784	968	11,990	10,914
ICT hardware	315	200	(115)	300	300
Motor vehicles	1,706	2,840	1,134	2,960	3,000
Leasehold improvements	1,811	2,815	1,004	2,380	1,320
Other assets	108	239	131	200	-
Total capital spends	**11,756**	**14,878**	**3,122**	**17,830**	**15,534**

Spend explanation

ICT software spend is starting to pick up, with the underspend down from $1.4m last quarter. The Estimated Outturn includes spending carried forward from 2020/21 so is higher than the original budget for 2021/22.

Vehicles spend is down due to supply chain delays. Eighteen electric vehicles have been ordered and expected to be delivered in May.

Additional spend on office relocations was approved after the SPE was finalised, which is reflected in the actual and estimated outturn being higher than budget.