

# Te Pūrongo o Mahi Haumaru Aotearoa

## WorkSafe Quarterly Report

Quarter 1: 1 July – 30 September 2022



**WORKSAFE**  
Mahi Haumaru Aotearoa

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## Executive summary

WorkSafe has made a positive start to 2022/23 and this is reflected in improved progress over the quarter in meeting our performance expectations.

To improve reporting, a new section has been added to this report entitled “Delivering our Strategy”. This section brings together:

- Our **Statement of Performance Expectations** focus areas, which supports our Statement of Intent 2022-25; and
- An overview of **Taura Here Waka (strength in every strand)** which provides progress on our Hoe Nuku (priority projects and programmes for WorkSafe) as well as providing progress with other key initiatives, projects and programmes underway.

Following Government changes to the COVID-19 Protection Framework, we are back to pre-COVID-19 work settings (e.g., resumption of near-normal operational delivery) with the continuation of a more flexible approach to working and an emphasis on precautions to keep our people safe.

To support WorkSafe’s COVID-19 function, a mix of permanent, fixed-term and contract roles were recruited. This ensured that when the COVID-19 framework was removed and related risks transitioned to form part of overall HSWA duties, permanent staff could continue to provide COVID-19 capability where needed. This transition is now underway. With an increase in operations activity over the quarter, it has been beneficial that these experienced employees have been able to transition to other roles within WorkSafe – many of which have proved difficult to recruit for in this constrained labour market.

### Key performance updates

- Over Q1, WorkSafe received a 64% increase in the volume of OIA requests than over the same period last year. Despite this, **all responses have been completed on time.**
- Taura Here Waka: Our six **Hoe Nuku** were monitored this quarter. Three are rated ‘on watch’ - **Nga Paiaka, Digital Transformation and Plant and Structures.** The three remaining are rated ‘on track’.
- Measures from the Statement of Performance Expectations: **18 out of 20 assessed targets were met in Q1.** Based on the Q1 performance, the expected year-end position is that **we could meet 20 out of 22 targets (85-95%).**

- There were **771 FTEs** in **Q1**, an increase of **107 FTEs**, compared to **Q1 in 2021/22.**
- **Staff turnover** for the 12 months to **Q1** was **15.1%**, a slight increase from **Q4 2021/22 (14.9%).**
- WorkSafe has a **year-to-date deficit of \$1.8m compared to a budgeted deficit of \$2.6m.** This has been driven by slower spend than budgeted in areas of specific funding e.g., Plant and Structures and Whakaari.
- In the 2022 Kantar Public (formerly Colmar Brunton) Public Sector Reputation Index – WorkSafe scored 103 overall which is an improvement of 6 points in 2022 and is now above-average for the public sector.
- **134 media queries** were received over this quarter with an average response time of two days.
- The **Energy Safety Winter Safety Campaign** focussed on promoting public awareness of risks involved with winter energy use (e.g., electric blankets and heaters) using the cartoon Claude the Cat. On social media, the campaign achieved an impressive click through response.

**! Attention:** We continue to manage **risk around the uncertainty of our future funding.** Our focus is on delivery of outcomes and our key strategic priorities. Work is under way to explore alternative funding mechanisms.

### What’s coming?

The findings of the **Strategic Baseline Review** were made public in August 2022. WorkSafe issued its response (“The Way Forward”), accepting the recommendations of the review to be as efficient and effective as possible. Over the coming months, planning and implementation of these recommendations will continue, and progress will be reported.

**The Annual Report 2021/22** is presently being audited and due to be tabled and published by the end of November.

# Delivering our strategy

This section has two main parts and is based on:

1. **Focus areas for WorkSafe Statement of Performance Expectations** (pages 12 – 14) which supports the Statement of Intent and provides a more detailed plan and information of what WorkSafe intends to achieve during 2022/23
2. **Taura Here Waka (strength in every strand)** which includes different initiatives, such as our Hoe Nuku, to help us deliver positive outcomes for Aotearoa, now and in the future.

This section also includes our response to COVID-19.

## Ngā Aronga matua | Focus areas

### Targeting our efforts – Health and Safety at Work Strategy 2018-28

- *High-risk activity in Construction and for Māori and Pasifika workers:* Following a significant incident in which a young Māori scaffolder was seriously injured while installing scaffolding by overhead power lines, an initiative was planned to target and grow awareness of this high-risk activity in Construction and for Māori and Pasifika workers. The initiative focused on enforcing the differences between the Electricity Act and the Health and Safety at Work Act (HSWA). We worked with power companies, developers, builders, scaffolders and Auckland City Council.
- *Harm Reduction Action Plan (HRAP):*
  - The legislatively required review of 2019-22 HRAP has been completed and found that despite the impact of COVID-19 on workplaces, WorkSafe and ACC have been able to research, design, deliver or complete more than 80 initiatives over the past three years.
  - 2022/23 HRAP focuses on initiatives to address (1) key areas of risk (including cross sector risks) and (2) reduce workplace harm to meet the changing needs of businesses and workers. Related information will be forwarded to stakeholders and published on the WorkSafe and ACC websites.
  - WorkSafe and ACC have identified key opportunities for collaboration over the next year to maximise impact. The focus will be on strengthening joint governance, performance monitoring and system level improvement initiatives needed to lift system maturity and enable change.

### Targeting our efforts – Supporting effective delivery of system and regime changes

- *Mining Operations and Quarrying Operations Regulations (MOQO) Amendments:* Since the introduction of the first phase of the amended Health and Safety at Work (MOQO) Regulations 2016 in July 2022, WorkSafe has

facilitated more than 30 engagements with industry to discuss implications with support from industry representatives at various locations from the New Zealand Tunnelling Society, Minerals West Coast, Strattera, MinEx, Institute of Quarrying, and Aggregates and Quarrying Association.

- *Representing New Zealand:* WorkSafe representatives attended the Asia Pacific Economic Cooperation Joint Regulatory Advisory Committee on Electrical and Electronic Equipment in Thailand. This provided an opportunity to present and an update on the review of requirements for high-risk products as well as take learnings from other regulatory environments.

### Delivering core regulatory services productively and effectively

- *Targeted Complex Intervention – Talley’s Group:* Face-to-face wānanga activity has now completed. Focus has shifted to the development of the road map for how Talley’s Group will deliver meaningful change to their culture incorporating learnings from SafePlus and an independent assessment, learnings from the WorkSafe wānanga and direction from the Talley’s Group leadership (TGL) team. This work culminated with a meeting between TGL and WorkSafe (including representatives from SafePlus) agreeing a work plan to enable a transition to a monitoring phase.
- *WorkSafe enforcement with public service organisations:* WorkSafe has undertaken enforcement activity with several large government organisations amplifying the responsibility every organisation has. Examples have included prosecutions following the death of a soldier in an NZDF training activity and a death in New Zealand Police custody.
- *Victims Right Act and the Victims Code:* WorkSafe has reprioritised FTEs to enhance its capability to deliver on its responsibilities under the Victims Right Act and the Victims Code. Brochures for Victims and Bereaved Families have been updated over the quarter and the Victim Services team continue to:
  - Focus in this area and consider victims and whānau when developing policies; and
  - Engage with victims and whānau providing advice and support to ensure they have access to all the resources available.

### Influencing health and safety at work practices – Giving particular emphasis to vulnerable groups

- *Maruiti strategy (Harm Prevention wānanga and Māori-Crown relationships).*
  - Partnership opportunities are being progressed with Tairāwhiti (East Coast) and Ngāi Tahu (Canterbury). It is anticipated that partnership agreements will be formalised during Q2 and Q3. Work is underway to identify and agree areas of health and safety concerns and opportunities and to co-design a work plan to address this.

- Over the next year, we will initiate similar discussions aimed at partnering with Ngāti Kahunungu and iwi in Te Tai Tokerau (Northland) and Te Moana a Toi-te-Huatahi (Bay of Plenty).
- We continue to support staff to increase understanding of tikanga Māori and promote contact with iwi on health and safety.
- The *Puataunofu education programme* aims to support workplaces to have culturally appropriate health and safety training for their workers. In Q1:
  - 26 workshops have been completed for over 650 workers, mostly in the manufacturing sector.
  - There has been a request by companies in Hawke’s Bay for WorkSafe to deliver the Puataunofu programme for those involved in recognised seasonal employment and a joint agency approach is being discussed to deliver further support to this sector.

*Building our capability to deliver effectively – Evidence based delivery and prioritisation: Complete the Pūmahara project to inform regulatory decision making*

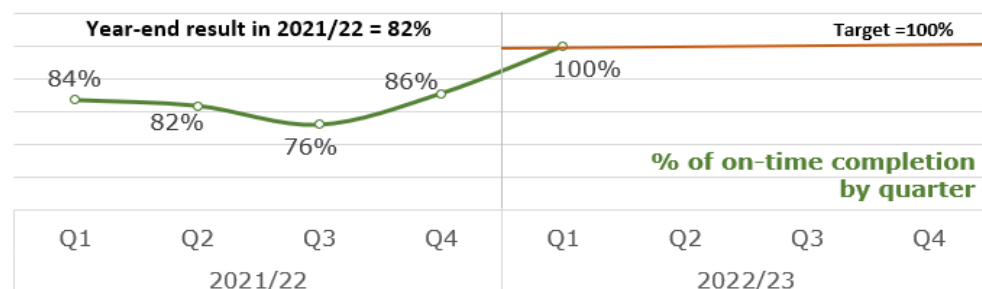
- Over Q1, the digital architecture for this programme has been agreed and visualisation, graphing and database software has been procured.
- The first iteration of Pūmahara is on track to be delivered by December 2022. From early next year, WorkSafe analysts will have access to this data source to help provide insights to inform decisions

*Building our capability to deliver effectively – Delivering our core service: Requests under the Official Information Act in a timely manner*

WorkSafe received a substantial number of OIA requests this quarter. Despite this, WorkSafe has **completed all responses to OIA requests on time**.

This represents significant progress on last year’s performance, where only 82% were completed on time.

	2021/22				2022/23
	Q1	Q2	Q3	Q4	Q1
OIA completed on time	122	90	95	124	<b>200</b>



## Taura Here Waka | Strategic Delivery Plan

### Hoe Nuku

Our Hoe Nuku are the six initiatives within the Taura Here Waka Portfolio we are prioritising now and in the immediate future. The six Hoe Nuku are:

**1. ON WATCH | Nga Paiaka** will improve our regulatory activities to ensure they are fit for purpose, used appropriately, efficient, and effective.

Nga Paiaka (strong regulatory foundations) is facing challenges due to budgeting and resourcing risks. A budget shortfall for the current financial year has been identified. Work is underway to identify and manage these risks for the programme.

Progress in relation to the programme’s four workstreams, is as follows:

- *Authorisations*: we have drafted consultation material for the revised safety audit standard with plans to test proposals with the sector in October and aiming for the revised standard to be in place by March 2023. New Standard Operating Procedures for Adventure Activities Registration have been drafted ready for publishing in October 2022.
- *Delegations*: work is underway to incorporate and better manage statutory delegations over the period of employment. Preparation is underway to review WorkSafe’s 599 statutory delegations with a new policy and set of principles established to guide that review.
- *Exemptions*: we have developed a proposed functional structure for WorkSafe to manage exemptions with the aim to free up scarce technical resource to focus on enforcement and harm reduction.
- *Compliance Certifier Regime*: this work has been carved out from *Authorisations* to manage the Smith Review recommendations. These recommendations are on track to be completed in 2022/23.

**2. ON WATCH | Digital Transformation** supports WorkSafe’s goal to be an insights-driven regulator.

Individual value streams are progressing well. However, a combination of programme challenges has been identified. To manage these challenges, we are:

- Focusing on closing the remaining four Gateway recommendations.
- Developing clear metrics to foster confidence in programme delivery.
- Introducing objectives to increase alignment between delivery squads and engagement with our people after a lengthy period of remote working.

Some key highlights in Q1 include:

- *Authorisations*: WorkSafe extractive and occupational diving team members can now use the new platform. Amusement Devices will be next. The new occupational diving authorisation system has reduced the average processing time by 54 days (69 days under the old manual system vs 15 days under the new digital platform).

- *Self Service:* Occupational Diving certificates are now live for users, and the public can now submit notifications online.
- *COVID-19 Notifications:* The build of the processing platform has been completed – this is the first step in replacing our existing case management system (Guardian).
- *Intervention Management System* (encompassing all Notifications, Prevention and Intervention, and Prosecution activities): This is now in progress.
- *Data to Analytics:* The following is progressing:
  - Build of the data management platform for generating operational insights.
  - Planning for the rollout of Microsoft Power BI.

**3. ON PLAN | Carcinogens and Airborne Risks** focuses on developing processes to guide how work-related harm from carcinogens and airborne risks is identified and managed in an effort to make a lasting impact on the health, safety, and wellbeing of workers.

All nine projects under the programme are well underway and there are no major outstanding risks or issues at the stage. Highlights include:

- *Workplace capability:* A series of roadshows across the country are underway and will run through Q2 to support business to manage carcinogens and airborne risks. A health risk assessment tool prototype was developed and is to be tested with users. A digital tool was launched to help businesses manage risks related to hazardous exposures.
- *Accelerated silicosis:* After COVID-19 delays, inspector visits to the remaining engineered stone businesses will be completed over Q2. A joint agency pilot study to increase worker access to the Accelerated Silicosis Assessment Pathway was designed and is expected to commence in Q2. Work is also underway with the Research Centre for Hauora and Health (RCHH) to develop an exposure monitoring plan - starting with those working with pounamu. Multiple engagements are planned with Ngai Tahu, other iwi and carving schools.
- *Evidence and insights:* Progress continued with RCHH on a feasibility study for a New Zealand worker exposure database and on a framework to determine priority carcinogens.

**4. ON WATCH | Plant and Structures** focuses on implementing new regulatory reforms to help keep workers healthy and safe.

This programme remains on-watch and continues to be monitored as a result of the risk associated with the delay in commencing public consultation of the draft regulations. WorkSafe has been advised that MBIE support extension of the registration period of high-risk plan from three years to six years to align with the registration cycle, but this is subject to approval of the consultation document and the subsequent public consultation process.

A requirement to register all high-risk plant within 3 years of enactment as initially proposed would pose a significant level and regulatory risk to WorkSafe. Highlights for the programme include:

- Workshops to review and provide feedback on draft regulations are ongoing.
- Review was provided for the Cost Recovery Impact Statement – this resulted in increases with some changes to fees. WorkSafe contributed to MBIE’s Aide Memoire which included an updated Cost Recovery Impact Statement summarising the implementation approach and the costs and benefits of aligning the initial period for registering high risk plant with a five-year registration cycle.
- Prioritisation of guidance topics workstream was completed and scoping the Plant and Structures regulatory special guides is underway.
- Ongoing engagement with Operations commenced with an aim to increase awareness and knowledge of the regulations and prepare for the tranche implementation – this is currently on schedule in readiness for first tranche to be implemented in June 2023.

**5. ON PLAN | Worker engagement, Participation and Representation (WEPR)** aims to embrace the worker voice, and ensure workers are engaged and active participants in the health and safety system. This includes ensuring workers have a greater ability to influence the way work is designed and done.

The Programme Management Plan has been approved and remains on schedule. Progress includes:

- Education Working Group endorsing the Health and Safety Representative (HSR) Delivery Project direction.
- The HSR Connection Point deliverables were met on budget and the website is now live.
- A regular HSR e-newsletter is now in distribution.
- Two new operational WorkSafe roles that deliver HSR education and guidance at workplaces are now active in the system – they have been well received and demand for their services is high.
- Te Ao Māori concepts for WEPR and HSRs have been commissioned.

**6. ON PLAN | Working Closer to the Source of Influence and Control** works with those who have influence and control over health and safety risks can do more to influence their entire supply chains.

- The Programme Management Plan has been presented to the Taura Here Waka Committee for review.
- Good progress is being made with the co-ordination and alignment of planning and operational activity underway.

- Next steps are to:
  - Confirm the Upstream Interventions approach.
  - Test this approach across priority sectors (construction, forestry and healthcare).
  - Build WorkSafe operational capability.
  - Ensure progress in priority sectors by working with stakeholders and delivery partners.

#### Other initiatives

#### Organisational development: People and capability building

- *Te Arawhiti framework*: Continuing implementation of this framework including the delivery of Te Reo and Tikanga Māori lessons.
- Te Puāwaitanga Programme which is aimed at growing WorkSafe's understanding of the Māori Crown relationship, was piloted and delivery across the motu commenced in Q1.
- *Inspector development pathway*: We have reviewed this pathway to ensure inspectors are adequately equipped to deliver on WorkSafe's strategic objectives. Opportunities to improve the Pathway have been identified and a plan is in place to deliver and incorporate these.

#### Mentally healthy work

We are working to collect baseline data and gain insight to build initiatives to develop awareness and capability in dealing with psychosocial factors at work.

Over 300 delegates attended the Mentally Healthy Work in Aotearoa New Zealand Conference hosted by WorkSafe on 22-23 September. The conference explored key concepts and definitions and there was demand for the conference to become a regular event.

#### Property strategy and implementation

Work is progressing in line with the Property Strategy including:

- completing work in the Wellington office to enable spaceless growth and flexible desking.
- temporary relocation of the Nelson office while the existing office is undergoing earthquake strengthening.
- securing a replacement office in Tauranga as notice has been given as of 30 January 2023.

Work is also progressing to strengthen security across sites including implementation of our one card solution.

#### COVID-19 update

WorkSafe has completed the establishment of its COVID-19-focused workforce. These roles provide flexible support across both COVID-19 and HSWA to ensure we can respond should our COVID-19 operating environment change. Authorised Officers are now working across a range of General Inspectorate work including responding to notifications and telephone-based compliance.

A COVID-19 reporting and evaluation framework has been developed to support any targeted interventions.

\$000	Actual	YTD Budget	Variance	Full Year Budget
Capital	346	720	374	1,840
Operating	1,569	1,616	47	6,261
<b>Total</b>	<b>1,915</b>	<b>2,336</b>	<b>421</b>	<b>8,101</b>

#### Capital

The underspend relates to the ICT solution which was delivered below budget. COVID funding relating to vehicles will also be below budget due to use of EECA funding/subsidies.

#### Operating

There is a small variance with operating costs which are below budget.

# Regulatory intervention

## Notifications received

The table below shows the number of notifications received over Q1. The number of COVID-19 notifications has decreased significantly after the COVID-19 Protection Framework was removed in September. However, HSWA based notifications have increased over the last quarter. Overall, we have received 2,305 notifications in the last three months, in part reflecting an increase in notifications received via the new Health Response Pathway.

*The Health Response Pathway is a standardised process for WorkSafe’s response to notifications it receives on work-related health risks. It aims to ensure a consistent response from WorkSafe to notifications.*

	2021/22				2022/23
	Q1	Q2	Q3	Q4	Q1
COVID-19	2,059	3,435	3,001	585	492
HSWA	1,552	1,562	1,593	1,580	1,813
<i>Injury/illness</i>	616	584	617	628	711
<i>Unsafe conditions</i>	594	590	644	599	688
<i>Incidents</i>	342	388	332	353	414
<b>Total</b>	<b>3,611</b>	<b>4,997</b>	<b>4,594</b>	<b>2,165</b>	<b>2,305</b>

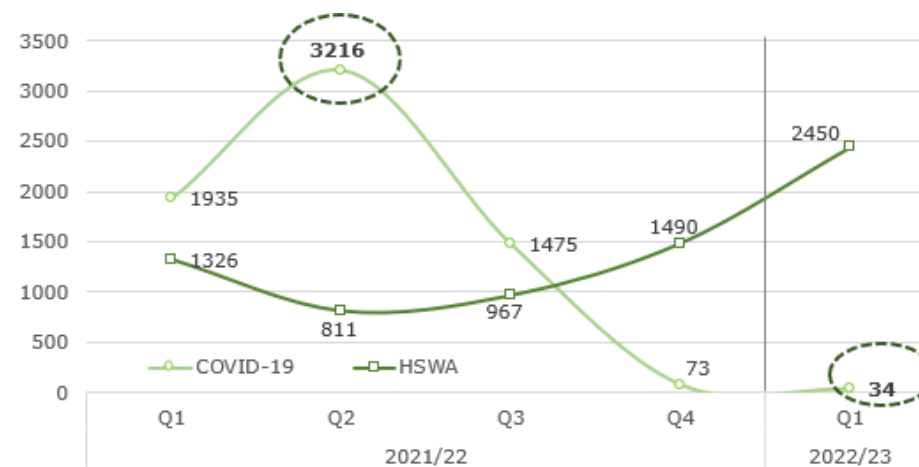
## Assessment quality results

*Review of our inspections ensures WorkSafe’s regulatory functions are being carried out to expected standards.*

	2021/22				2022/23
	Q1	Q2	Q3	Q4	Q1
Number of reviews	150	89	101	116	102
Pass rate (%)	83%	84%	83%	82%	86%

The pass rate of 70% or above for quality assurance and quality control (QA/QC) for inspector’s reviews has improved during this quarter to its highest point in 12 months at 86.3%. The numbers of QA/QC reviews being carried out by Senior Inspectors has declined slightly over the same period compared to the previous quarter (Q4 2021/22), however the number remains generally static over the last three quarters.

## General Inspectorate assessments



The General Inspectorate have focused on ensuring teams have adequate resource to plan and undertake external workplace assessments. Returning to HSWA focused activity has resulted in an increase in service delivery outcomes regarding General Inspectorate assessments. These engagements have resulted in establishing WorkSafe back into communities and connecting back to stakeholders in industry.

## General Inspectorate investigations

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

This quarter, one of these investigations involved a demolition where both class A and class B asbestos was identified and not removed prior to demolition. A prohibition notice was issued and ignored by the duty holder and some work continued despite the notice. All options were explored including using section 122 (Civil proceedings relating to non-compliance with notice) to compel the duty holder to comply with the notice. We are pursuing charges for failure to comply with a prohibition notice and obstruction.

	2021/22				2022/23
	Q1	Q2	Q3	Q4	Q1
Investigations	2	2	8	2	2



## 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.

	2021/22				2022/23
	Q1	Q2	Q3	Q4	Q1
Energy Safety	186	124	130	109	100
High hazards*	2	-	-	-	-
<b>Total</b>	<b>188</b>	<b>124</b>	<b>130</b>	<b>109</b>	<b>100</b>

\*Covers extractives, petroleum and gas, and major hazard facilities

## High Hazards, Energy and Public Safety compliance monitoring

Audits carried out by Energy Safety are a mix of in person and phone-based intervention.

	2021/22				2022/23
	Q1	Q2	Q3	Q4	Q1
Energy Safety Audits	117	103	241	316	137
Extractives Inspections	92	90	108	81	81
High Hazards Unit Inspections	22	14	11	26	37
<b>Total</b>	<b>231</b>	<b>207</b>	<b>360</b>	<b>423</b>	<b>255</b>

## Specialist interventions

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

Activities in the specialist interventions area remain steady.

	2021/22				2022/23
	Q1	Q2	Q3	Q4	Q1
Duty holder review	29	26	24	18	20
Investigations	22	22	30	27	31
Enforceable undertakings	2	7	1	3	3
Audits	1	2	3	1	2
Regulatory assurance investigations	8	8	9	11	4
<b>Total</b>	<b>62</b>	<b>65</b>	<b>67</b>	<b>60</b>	<b>60</b>

## Enforcement activity

### COVID-19 enforcement

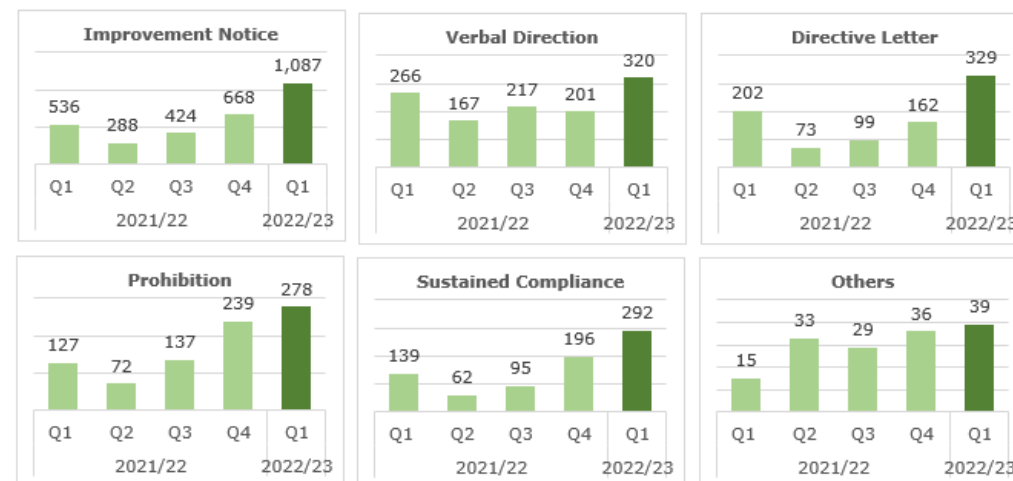
There was no COVID-19 enforcement activity in Q1.

### Enforcement under The Electricity Act 1992 and Gas Act 1992

	2021/22				2022/23
	Q1	Q2	Q3	Q4	Q1
Energy Safety Infringements Issued	4	-	5	2	3
Energy Safety Warnings issued	17	14	18	20	9

### HSWA-based enforcement

There has been a marked increase in the amount of HSWA-based enforcement carried out in Q1.



## Quarterly performance

The section provides further information about our performance in delivering and achieving **22 service and activity measures and targets** stated in our **Statement of Performance Expectations 2022/23** (pages 16-20). Our performance measures reflect our activities and the success of work we do. They include: the quality, timeliness and effectiveness of our work and asking how well people think WorkSafe is doing. WorkSafe is committed to our health and safety leadership role and to achieving our performance measures.

WorkSafe has performed well in Q1. As at the end of Q1, **18 out of 20 measures** were achieved (i.e., achievement of 90%). Based on our current activity, we expect to achieve approximately 85-95% of our measures at year-end.

### Performance at a glance

Core regulatory activity	SPE Performance Measures			
	Total SPE measures	On track	On watch	*Not yet reported
<i>Arahanga, whakapāpā me te whakapakepake   Lead, engage and influence</i>	3	2	1	
<i>Whakaako, awhina, whakamohio me te ako   Educate, guide, inform and learn</i>	4	2	1	1
<i>Kia whai āheitanga, kia kanohi kitea ngā kaimahi   Build capability and worker participation</i>	2	1		1
<i>Kia auaha, kia hoahoa, kia whakatinana me te arotake   Innovate, design, implement and evaluate</i>	4	4		
<i>Whakamana, he whakahaere, he aromatawai me te arotake   Authorise, oversee, assess and audit</i>	5	5		
<i>He ketuketu, he whakauruhi, me te noho haepapa   Investigate, enforce, and hold to account</i>	4	4		
<b>Total</b>	<b>22</b>	<b>18</b>	<b>2</b>	<b>2</b>

\*Not yet reported (i.e., Reported six-monthly or annually)

### Targets on watch - variance explanation

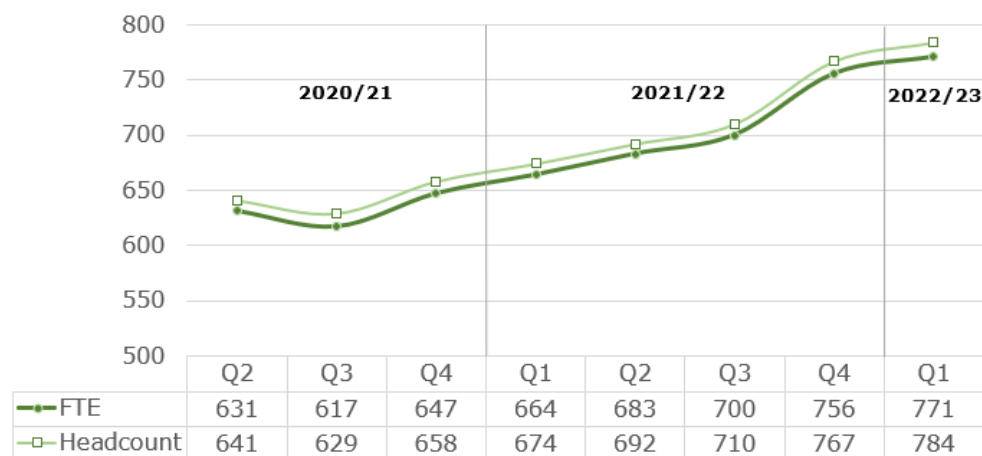
Measures	Target	Q1 result	Variance explanation
1.1 The proportion of partnerships funded by WorkSafe that meet or exceed the agreed partnership outcomes	100%	90%	Due to capacity constraints, two of our partners have had delays meeting their milestones. New dates have been agreed. It is considered a low risk that this measure will not be met by year-end.
2.1 The percentage of people we directly engage with who agree WorkSafe educates	>65%	58%	Focus will be concentrated over the next quarter to understand how this difference has occurred and with a view to improving the collection of data and/or engagement in an effort to meet this target by year-end.

# 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



### Staff number continued to increase but at a decreased rate.

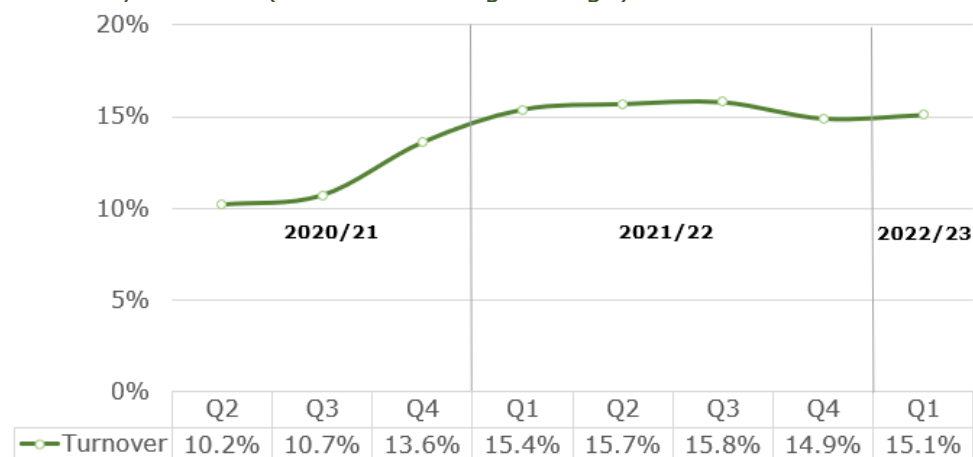
Recruitment activity has continued to steadily decline which is in-line with our budget and business plan for the year. The roles under active recruitment have dropped from 68 in Q4 to 51 at the end of Q1.

WorkSafe continues to recruit roles to support upcoming regulatory reform (i.e., Plants and Structures, Refrigeration Licencing) along with backfilling roles due to staff turnover.

While there has been some success in attracting a range of candidates to WorkSafe, some specialty areas remain challenging such as policy and ICT.

WorkSafe aims to have a ratio of 0.8 inspectors per 10,000 of worker population. Presently we have a ratio of 0.66 which includes all warranted inspectors and a ratio 0.79 which includes trainees. Efforts continue to increase this but are being hindered by skills shortage and a competitive job market.

Voluntary turnover (12-month rolling average)



### Permanent voluntary staff turnover for the 12 months to Q1 2022/23 was 15.1%.

Public sector core unplanned turnover as of 30 June 2022 is not yet available, however as of 30 June 2021 was 10.5%.

WorkSafe has continued to experience higher than usual turnover rates throughout 2021/22, and into 2022/23. Factors such as the Public Sector Pay Restraint Guidelines and increasing inflation rate may be impacting turnover, as employees seek to increase their salary through a change of employer. An increase in the availability of hourly rate contracting roles across government has also seen an increase in permanent staff resigning in favour of contracting roles.

The turnover rate for inspectors and regulatory officers is 16.2%. While this is not significantly higher than the overall turnover rate, combined with the number of WorkSafe inspectors seeking non-regulatory opportunities within WorkSafe, this may affect WorkSafe's ability to conduct its regulatory role.

## 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:

- Gender Pay Action Plan is underway, including the first workshop, and first of 150 1:1 interviews, engaging across the organisation to understand employee experiences.
- New step-based remuneration framework implemented in July.

## Health and safety

Incidents	Q1 2021/22	Q1 2022/23	Trend
Lost time Injury	2	2	-
Medical treatment injury	1	1	-
<i>Total recordable injury</i>	3	3	-
Occupational illness	1	4	↑
First aid injury	3	3	-
Hazard reports	26	10	↓
Near miss	19	17	↓

WorkSafe’s overall incident reporting remains low compared to pre-COVID-19 levels. A new incident reporting system will be introduced in Q2, which will make it easier for our kaimahi to report incidents, which in-turn will provide better insights into trends, causes allowing improvement plans to be implemented.

## Privacy

Six privacy incident notifications were made during the quarter. This compares with eight incident notifications in Q4, 2021/22. The six incidents were made of three actual breaches and three potential breaches. These were assessed to be moderate in terms of seriousness and have been satisfactorily resolved and appropriate remedial steps taken.

No privacy incident required notification to the Privacy Commissioner.

## Carbon Neutral Government Programme

As part of our involvement in the Carbon Neutral Government Programme, a “Sustainability at WorkSafe” intranet page has been set up to keep staff informed as to our contribution to the whole of government effort to become carbon neutral from 2025.

WorkSafe’s emissions measurements for our intervening reporting years 2019/20, 2020/21 and 2021/22 have now been completed.

### *Fleet and Electric Vehicles*

The Electric Vehicles (EV) charging infrastructure installation was completed in Rotorua and Wellington during Q1. WorkSafe now has four sites (in addition to Auckland and Christchurch) equipped with EV charging infrastructure. The delivery of new EVs to the Auckland site (5 vehicles) and Rotorua site (2 vehicles) was completed in early September 2022.

WorkSafe has recently updated our Fleet Optimisation and Transition Plan, which reflects the path to refresh our fleet under an electric-first policy. The plan will be updated annually, providing flexibility to respond to the evolving needs of our business and to ensure we maintain a fit-for-purpose fleet. WorkSafe is *on track to have a carbon neutral fleet by 2025/26*.

# 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

Overall risk ratings have remained stable through Q4 2021/22 and Q1 2022/23. Some actions to improve control effectiveness continue to have time frames extended, reflecting the ongoing challenges in capacity for implementing actions. Prioritisation activities by the Executive Leadership Team (ELT) continue and are expected to have a positive impact on the completion of a number of actions by the end of Q2 2022/23. This is predicted to have a positive impact on the control effectiveness and inform an update to the consolidated control environments and residual risk rating assessments, with a positive outlook. Closer monitoring of this progress is being expedited in Q2 2022/23 to track and report on the completion of actions that will have the most impact on the risks.

Several themes continue to cut across many of the strategic risks. These are: 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 relevant and largely relate to causal factors to those risks.

The themes are being mitigated and addressed through improved planning, regular prioritisation review with some activities being placed in a pipeline to create the capacity required for priority work, without placing undue pressure on our people. Better clarity and ongoing improvements are being made within accountability documents to tell the WorkSafe performance story. These will continue and allow ongoing refinements to the operating effectiveness of controls before being assessed and rated as effective.

To improve risk maturity across WorkSafe, a high-level approach and view of total assurance has been prepared, aligning to the three lines of defence model. A risk maturity assessment is in draft and will provide a platform for the plan to lift maturity to an agreed and approved target state. This will be tracked, and progress reported to ELT and relevant Governance Committees.

### Other insights highlighted by risk:

- The risk relating to ACC funding has moved from a current year 2022/23 exposure to the outyears, with \$15m funding for the current year and no confirmation of future funding. WorkSafe and ACC have been working on the Return-on-Investment measures and regular reporting is now being provided.
- Ministerial direction is being sought as part of Budget 2023 and ongoing sustainable funding. WorkSafe continues to apply rigour in any decisions impacting finances to ensure careful management of both short-and long-term implications, ensuring any decision to accept financial risk is 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 core activities and transformation needs to be prioritised effectively and balanced well to ensure the right outcomes are achieved and wellbeing impacts to our people are minimised in the approach to the summer holiday season. Prioritisation and the monitoring of progress against key project management plans and milestones will be critical controls to give effect to managing the delivery and transformation risks.
- The utilisation of COVID-19 funding and the nature of the work we are required to do related to COVID-19 continues to slow and strong narrative is required on how this is being futureproofed to avoid future negative media attention.

# Financial performance as at 30 September 2022

## Current financial position

WorkSafe has a year-to-date deficit of \$1.8m compared to a budgeted deficit of \$2.6m, driven by slower spend than budgeted in areas of specific funding e.g., Plant and Structures and Whakaari.

Funding for core delivery functions is under significant financial pressure with cost pressures rising relating to remuneration, inflation and ICT. Budget bids have been proposed and are currently being worked through.

*YTD expenditure by area as at 30 September 2022*

\$000	Actual	Budget	Variance	Full Year Budget
<b>Core Delivery</b>	<b>31,660</b>	<b>31,004</b>	<b>(656)</b>	<b>117,095</b>
<b>Specific Delivery</b>				
Whakaari	1,169	1,545	376	6,181
Energy Safety/MHF/P&G*	1,645	1,774	129	7,553
ACC	1,998	2,174	176	13,000
COVID-19 Enforcement	1,569	1,616	47	6,261
Harm Prevention Programme	1,062	998	(64)	4,587
Plant & Structures	692	1,399	707	5,597
<b>Total Specific Delivery</b>	<b>8,135</b>	<b>9,506</b>	<b>1,371</b>	<b>43,179</b>
<b>Total Expenditure</b>	<b>39,795</b>	<b>40,510</b>	<b>715</b>	<b>160,274</b>

\*MHF: Major hazard facilities; P&G Petroleum and geothermal energy

YTD expenditure is \$0.7m below budget largely in areas of specific delivery, this is offset by our core delivery function costs which is currently tracking over budget. The areas below are driving the variance:

- **Plant and Structures:** \$0.7m below budget due to the programme not yet ramping up because of delays in the legalisation being approved. Currently the implementation plan is being rephased to adjust for this.
- **Whakaari:** \$0.4m below budget due to the timing of the court case and the planning of the proactive work programme which is currently being worked through
- **Core Delivery:** \$0.7m above budget due to rising costs relating to remuneration, inflation and ICT costs.

## 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 however WorkSafe cannot commit to long term programmes without certainty over the ACC contract. Uncertainty around the future of this funding stream also provides significant risk to wider WorkSafe operations.

*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 investing in the same sectors with partners that historically had a relationship more directly 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 however budgeted activity for 2022/23 is lower.
- 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.

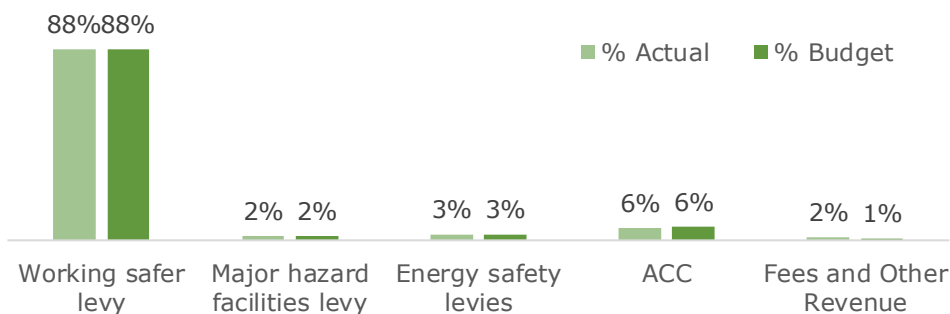
Year-to-date as at 30 September 2022

\$000	Actual	Budget	Variance	Full Year Budget
<b>Revenue</b>				
Revenue Crown	35,281	35,281	-	141,125
Interest Revenue	323	199	124	405
Other Revenue	2,428	2,423	5	14,329
<b>Total Revenue</b>	<b>38,032</b>	<b>37,903</b>	<b>129</b>	<b>155,859</b>
<b>Expenditure</b>				
Personnel	25,694	26,267	573	106,666
Contractors	2,732	2,640	(92)	6,426
Depreciation	1,671	1,997	326	8,461
Other expenditure	9,698	9,606	(92)	38,720
<b>Total Expenditure</b>	<b>39,795</b>	<b>40,510</b>	<b>715</b>	<b>160,273</b>
<b>Surplus/(deficit)</b>	<b>(1,763)</b>	<b>(2,607)</b>	<b>844</b>	<b>(4,414)</b>

#### Revenue

Crown Revenue is in line with budget. Interest Revenue is \$0.1m higher than budgeted due to stronger interest rates than budget. Other revenue is in line with budget with ACC Revenue \$0.1m below budget due to lower ACC programme spend, this was offset but higher Fees Revenue.

Breakdown of revenue as at 30 September 2022

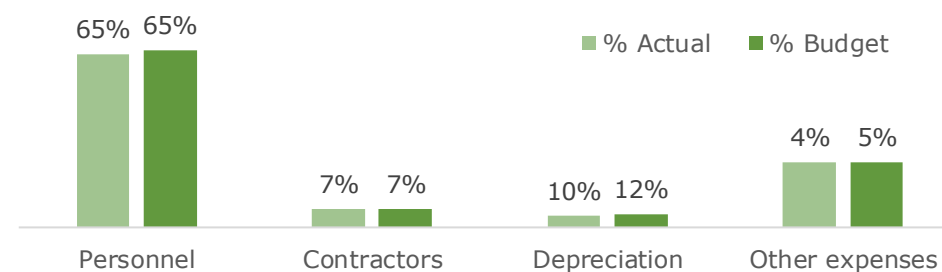


\$000	Actual	Budget	Variance
Working safer levy	33,505	33,505	-
Major hazard facilities levy	672	672	-
Energy safety levies	1,104	1,104	-
ACC	2,166	2,284	(118)
Fees and Other Revenue	585	338	247
<b>Total revenue</b>	<b>38,032</b>	<b>37,903</b>	<b>129</b>

#### Expenditure

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

Depreciation is lower than budgeted due to lower capital expenditure in Q1.



Breakdown of expenditure as at 30 September 2022

\$000	Actual	Budget	Variance
Personnel	25,694	26,267	573
Contractors	2,732	2,640	(92)
Depreciation	1,671	1,997	326
Other expenditure	9,698	9,606	(92)
<b>Total expenditure</b>	<b>39,795</b>	<b>40,510</b>	<b>715</b>

## Balance sheet as of 30 September 2022

\$000	Actual	Budget	Variance	Full Year Budget
Cash and bank	9,419	11,200	(1,781)	7,099
Investments	25,800	24,491	1,309	24,435
Debtors	2,374	2,402	(28)	2,585
Fixed Assets	34,599	37,250	(2,651)	46,628
<b>Total Assets</b>	<b>72,192</b>	<b>75,343</b>	<b>(3,151)</b>	<b>80,747</b>
Creditors and Payables	6,874	9,415	2,541	8,567
Employment Liabilities	7,758	8,895	1,137	9,877
Income in Advance	7,634	11,090	3,456	2,389
Crown Loan	11,994	12,343	349	24,907
<b>Total Liabilities</b>	<b>34,260</b>	<b>41,743</b>	<b>7,483</b>	<b>45,740</b>
<b>Net Assets</b>	<b>37,932</b>	<b>33,600</b>	<b>4,332</b>	<b>35,007</b>
<b>Equity</b>				
Opening Equity	28,462	26,487	1,975	30,924
Memorandum Accounts	11,233	9,720	1,513	5,180
Surplus/(Deficit)	(1,763)	(2,607)	844	(1,097)
<b>Total Equity</b>	<b>37,932</b>	<b>33,600</b>	<b>4,332</b>	<b>35,007</b>

### Assets

The cash balance is lower than budget as payment was not received from ACC in Q1 however, this has been offset by lower spend in capital and operating. The fixed asset balance is lower than budget due to lower capital spend.

### Creditors and payables

Reflects lower capital and operating spend.

### Income in Advance

The balance is lower than budget reflecting delays in receipt of ACC funding, partially offset by recognition of lower ACC spend.

### Equity

The prior year surplus was higher than forecast resulting in the difference against budgeted equity.



## Operating cashflow

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

\$000	Actual	Budget	Variance	Full Year Budget
<b>Operating Cash Flows</b>				
Receipts from Crown	35,281	35,281	0	141,125
Receipts from Other Revenue/Interest	2,751	4,249	(1,498)	11,377
Payments to Suppliers/Employees	(43,396)	(38,796)	(4,600)	(151,002)
<b>Net Operating Cash Flows</b>	<b>(5,364)</b>	<b>734</b>	<b>(6,098)</b>	<b>1,500</b>
<b>Investing Cash Flows</b>				
Net Investments	9,717	9,700	17	5,782
Net Asset Purchase	(4,045)	(6,397)	2,352	(21,323)
<b>Net Investing Cash Flows</b>	<b>5,672</b>	<b>3,303</b>	<b>2,369</b>	<b>(15,541)</b>
<b>Financing Cash Flows</b>				
Capital Contribution	-	988	(988)	3,450
Crown Loan	-	-		11,515
<b>Net Financing Cash Flows</b>	<b>-</b>	<b>988</b>	<b>(988)</b>	<b>14,965</b>
<b>Cash Movement</b>				
Net (decrease)/increase in cash	308	5,025	(4,717)	924
Opening Cash	9,111	6,175	2,936	6,175
<b>Closing Cash</b>	<b>9,419</b>	<b>11,200</b>	<b>(1,781)</b>	<b>7,099</b>

## Capital spends

\$000	Actual	Budget	Variance	Full Year Budget
ICT software	3,744	5,144	1,400	17,811
ICT hardware	2	100	98	400
Motor vehicles	225	720	495	2,880
Leasehold improvements	74	433	359	1,730
Other assets	-	-	-	-
<b>Total capital spends</b>	<b>4,045</b>	<b>6,397</b>	<b>2,352</b>	<b>22,821</b>

### Capital spend explanation

ICT software spend is lower partially due to legislative delays for Plant and Structures which has also delayed the ability to plan and ramp up this activity. Recruitment delays are causing further delays in ramping up activity.

Vehicles spend is lower due to supply chain delays.

Leasehold improvements are lower due to phasing of the budget.