

ANNUAL REPORT

2013 – 2014



VISION, PURPOSE, VALUES

OUR VISION

That everyone who goes to work comes home healthy and safe

OUR PURPOSE

To transform New Zealand's workplace health and safety performance

OUR VALUES

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

Courage – standing up for health and safety

Responsibility – being accountable for what we do

IN 2013/14



1.5 million website page-views



11,411 proactive health and safety assessments; another **2,837** assessments focused on hazardous substances



6000 serious harm incidents each year



77% of employers that we investigated or assessed made changes to their workplace practices

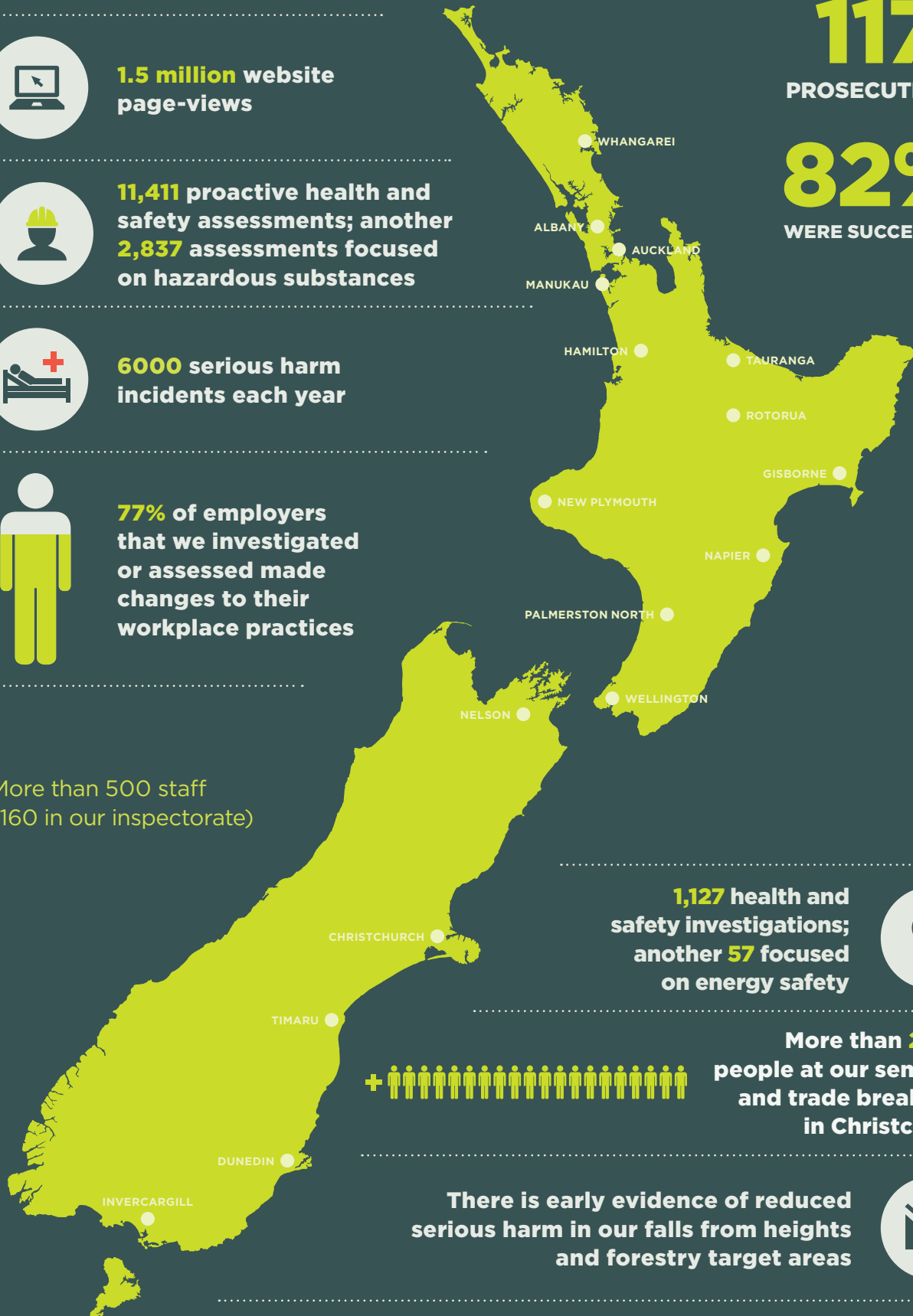
More than 500 staff
(160 in our inspectorate)

117

PROSECUTIONS

82%

WERE SUCCESSFUL



1,127 health and safety investigations; another **57** focused on energy safety



More than **2,000** people at our seminars and trade breakfasts in Christchurch



There is early evidence of reduced serious harm in our falls from heights and forestry target areas



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FROM THE BOARD

The *Working Safer* reforms have invigorated the New Zealand health and safety environment. For many years New Zealand's workplace health and safety regulator was running on empty and was not performing well. New Zealand became used to unacceptable levels of harm at work. When 29 men died at Pike River Mine in 2010, it was clear that the pendulum had swung too far.

Working Safer and the establishment of WorkSafe New Zealand were significant steps forward. We are aware of the importance of our task - to lead New Zealand to a reduction in workplace fatalities and serious injuries of least 10% by 2016 and 25% by 2020. We will ensure that WorkSafe NZ is an intelligent regulator using our funding and powers in a targeted and effective way.

Geoffrey Podger was WorkSafe NZ's initial acting Chief Executive. We were grateful for Geoffrey's experience and support during the establishment period. Early in 2014 we appointed Gordon MacDonald as our permanent Chief Executive. Gordon brings a career's worth of operational and executive health and safety experience from the United Kingdom's workplace health and safety regulator. Gordon is working with the Board

to assemble a strong senior leadership team. This year, WorkSafe NZ's Board and management team have been focused not just on the establishment of the new regulator, but also on business and sector engagement, and on addressing high-risk areas such as forestry, adventure activities, the high hazard sectors, and the Canterbury Rebuild. There has been a significant recruitment drive to build strength and expertise in our inspectorate.

Working Safer provides for a greater evidence-based approach. We have developed a new performance framework, created a new intervention approach, expanded our operational intelligence function, and appointed research and evaluation staff. Our interventions will increasingly be informed by evaluation and intelligence.

Coming off a low base, WorkSafe NZ has yet to hit its stride but good work is underway. There are many challenges ahead. Not least of these is making demonstrable improvements in occupational health, for which we are still at an early planning stage.

We are pleased to present this Annual Report outlining WorkSafe NZ's efforts in 2013-14. This report shows that WorkSafe NZ has been working hard. The statements of performance report against the measures in WorkSafe NZ's interim Statement of Intent 2013-17 (SOI).

Results show that WorkSafe NZ broadly met its goals in 2013-14. For future years a new performance framework will be used that more comprehensively measures the impacts of WorkSafe NZ's work and New Zealand's progress towards the 2016 and 2020 workplace health and safety targets.

The ambitions in the *Working Safer* reforms are substantial. Our regulatory reach is wider than the previous regulator's and will be expanded further by forthcoming legislation changes. It is an exciting time in the history of New Zealand's regulation of workplace health and safety; we are pleased to be part of it.

STATEMENT OF RESPONSIBILITY

The WorkSafe NZ Board is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance about the integrity and reliability of reporting. The Board is responsible for the preparation of WorkSafe NZ's statements of performance and financial statements and for the judgements made within them. In the Board's opinion, the statements of performance and financial statements contained in this Annual Report fairly reflect the operations and financial position of WorkSafe NZ from 16 December 2013 to 30 June 2014. We have included full-year information on non-financial performance for the benefit of the reader.



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

Professor Gregor Coster, CNZM, Chair



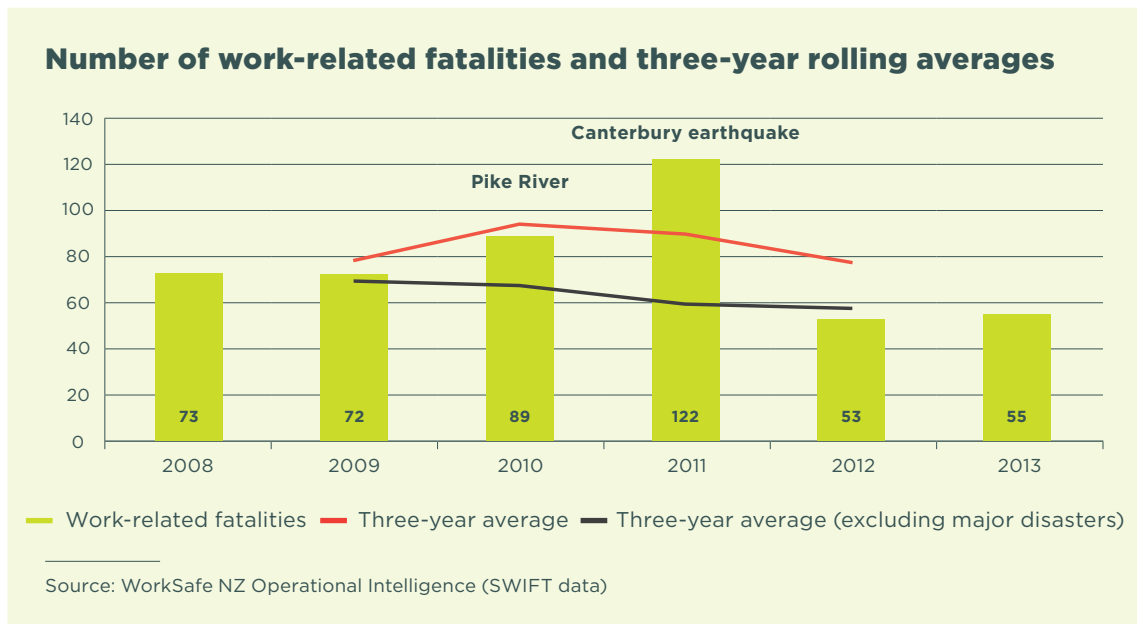
A handwritten signature in black ink that reads "Ross Wilson".

Ross Wilson, Deputy Chair

A SNAPSHOT OF THE YEAR

Too many people get killed, injured, or sick at work in New Zealand

In 2013 there were 55 work-related fatalities in New Zealand (based on provisional data). WorkSafe NZ is notified of approximately 6,000 serious harm incidents¹ annually. Up to 900 workers may prematurely die annually from diseases caused by long-term workplace exposures, while many more suffer serious, chronic ill-health. This is unacceptable.



This chart shows the provisional number of work-related fatalities in recent years². Three-year averages are used to moderate the volatility caused by low numbers. The 2011-13 average has been the lowest for the last six years (77 with major disasters included and 57 excluding major disasters).

In 2012 the Government set targets for reducing workplace fatalities and serious injuries by at least 10% by 2016 and 25% by 2020. When compared with the 2008-10 baseline, it is too early to say whether New Zealand is on track to meet the targets. The official datasets used to monitor progress have a two-year lag associated with determining the nature of injury and blending data recorded across agencies.

¹ The types of serious harm of which WorkSafe NZ must be notified are defined in the Health and Safety in Employment Act (HSE) 1992 and include amputation; crushing; severe burns; severe loss of bodily function relating to poisoning, noise; severe illness from absorption, inhalation, or ingestion of any substance; and any work-related harm requiring hospitalisation for a period of 48 hours or more.

² This data comes from WorkSafe NZ's System for Work-related Injury Forecasting and Targeting (SWIFT). It draws together data on the fatalities notified to WorkSafe NZ (which can include non-employees affected by work activity) and data on ACC's compensated fatalities (which can include those from Maritime New Zealand, the Civil Aviation Authority, and New Zealand Police jurisdictions that resulted in ACC fatal claims). It excludes fatalities of people under the age of 15 and deaths from work-related disease.

For more information, please refer to the Ministry of Business, Innovation and Employment (MBIE) and its report: *Working Safer: Progress Towards the 2020 Targets*.

A BLUEPRINT FOR CHANGE

The Government's response to the Independent Taskforce on Workplace Health and Safety (the Independent Taskforce) was the *Working Safer* reforms, announced in August 2013. *Working Safer* introduced New Zealand's most significant reforms of the workplace health and safety system in 20 years. The reforms include an overhaul of the law to provide clear, consistent rules and guidance for business, additional funding to strengthen enforcement and education with a focus on high-risk areas, and better coordination between government agencies.

At the centre of the reforms, a new agency - WorkSafe NZ - was established. Our strategic priorities are: strengthening our organisation, targeting risk, working together, working smarter, and rebuilding Canterbury safely.

STRENGTHENING OUR ORGANISATION

GOVERNANCE AND MANAGEMENT

The WorkSafe NZ Board was confirmed as Professor Gregor Coster (Chair), Ross Wilson (Deputy), Chris Ellis, Kerry Prendergast, Paula Rose, Don Stock, and Patrick Strange. With senior experience from the public

and private sectors, the Board has played an active leadership role in engaging and motivating business leaders across the country, as well as leading the organisation.

WorkSafe NZ's Chief Executive, Gordon MacDonald, started in March 2014. With 35 years' health and safety experience in the UK, including as a health and safety inspector, Gordon told us there were three things that attracted him to the job.

“ The first one was commitment – that sense that really something must be done. It's palpable. The second is consensus – it strikes me that a rare conjunction of interests have come around the consensus. That is an absolutely great platform to build upon.

The third is challenge. The current record speaks for itself and you have rightly set huge expectations around it improving. So the challenge is huge but I think building on the consensus surrounding the commitment gives us a chance of succeeding. ”

A GROWING AND MORE CAPABLE INSPECTORATE

Inspectorate capacity and capability were brought into focus by both the Royal Commission on the Pike River Coal Mine Tragedy and the Independent Taskforce. A high priority has been recruiting and training inspectors. By the end of 2013-14 we had 137 inspectors and 14 specialist High Hazards inspectors. By 2016 we plan to have 200.

We have established a comprehensive Inspectorate Development Framework that will enable our inspectors to obtain recognised qualifications and consider career progression. Additionally, we are implementing a new intervention approach and practice support framework that will support frontline staff to perform their work.

TARGETING RISK

In 2013-14 we completed 11,411 health and safety workplace assessments³; 88% in sectors of greatest risk⁴. Workplace assessments are planned visits to check health and safety compliance at specific sites. A single assessment may involve several interactions, on-and off-site. Assessments are educational; we give duty-holders a chance to learn and put things right. But where an inspector has concerns, immediate action may be taken and, if appropriate, we hold people to account for breaking the law.

We have several tools to enforce compliance, including improvement notices (requiring compliance where there is a breach of any provision of health and safety-related legislation), prohibition notices (which stop a duty-holder from undertaking an activity where serious harm is likely), and infringement notices (with an infringement fee of up to \$4,000). The most serious of our enforcement tools is prosecution action. WorkSafe NZ is focused on targeting priority areas and applying resources wisely.

CONCENTRATING ON THE MOST DANGEROUS INDUSTRIES

Disproportionate numbers of accidents happen in forestry, agriculture, construction, and manufacturing⁵. This can be seen in the chart on the next page, where these industries have higher rates of work-related injury (reflected here in the rates of weekly ACC compensation).

WorkSafe NZ ran national programmes in these sectors in 2013-14⁶. All programmes have the objective of improving health and safety, with a particular focus on high-risk activities. Each programme encompasses all levers, from education and guidance through to enforcement. Workplace assessments are a large part of the work.

³ The SOI target was to complete between 10,500 and 12,500 health and safety workplace assessments.

⁴ The SOI target was for 80% of our assessments to be in industries identified in the Workplace Health and Safety Strategy Action Plan (i.e. high-risk areas).

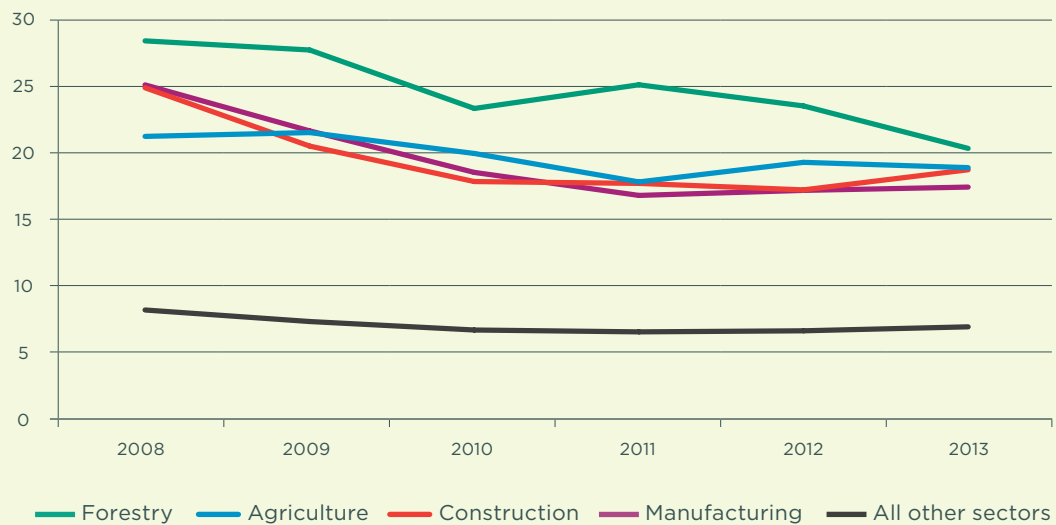
⁵ Between 2008 and 2013, almost half of the injuries in the 19 sectors of New Zealand's economy occurred within these four sectors.

⁶ Our national programmes include *Safer Forest Harvesting*, *Preventing Falls from Height in Construction*, *Safe Use of Machinery in Manufacturing*, and *Quad Bike Safety*.

We are starting to see an impact, for example a 25% reduction in falls from heights in construction. Our quad bike safety campaign paved the way for our forthcoming *Safer Farms* project, the first of a broader, integrated set of interventions.

This work will increasingly be strengthened through our partnership with the Accident Compensation Corporation (ACC) as we develop our joint workplace injury prevention action plan. We have commissioned a three-year research project to examine behaviours and attitudes towards safety to support our national programmes.

Rates of weekly compensation work-related injury claims per 1000 employed by industry



Source: WorkSafe NZ Operational Intelligence (ACC data)

Safer Forest Harvesting is part of WorkSafe NZ's national forestry programme. There are about 230 forestry workers severely injured each year. With ten deaths in the 2013 calendar year, forestry fatalities more than doubled. We significantly increased our work in 2013-14. Our leadership in forestry included Board- and management-level engagements. On the ground, our inspectors focused on the two most significant causes of injury: tree felling and 'breaking out' (i.e. removing trees to an area for transporting out of the forest block). Since starting the programme we have completed 434 assessments in forestry, and issued 521 improvement notices and 76 prohibition notices. In 2013-14 we took 11 prosecutions in forestry.

There is more work to be done. We think the sector must take more responsibility for the systems, processes, and behaviours that remove the risk of harm. We made the point to the Independent Forestry Safety Review, and to the sector as a whole, that the sector needs to step up; we are calling for a forestry safety blueprint.

MORE FOCUS ON HIGH-CONSEQUENCE EVENTS

High hazard sectors – extractives (including mining), petroleum and geothermal, and major hazard facilities⁷ generally have different risk profiles from those of other sectors. Given the hazardous materials at these workplaces, when failure occurs there is the potential for a catastrophic accident. These sectors require a different regulatory approach. We are focusing on process-safety and supporting more transparency around potentially dangerous events.

We expanded the High Hazards Unit to administer and communicate relatively new regulatory regimes⁸ in these sectors and lay the groundwork for our new focus on major hazard facilities. We doubled staff numbers to 20 in 2013-14.

We completed 149 assessments, inspections, and safety cases in high hazard sectors⁹. All three of our safety case reviews were to standard¹⁰. We provided guidance to support understanding and compliance in the mining sector¹¹. In 2013-14 we established our Extractives Advisory Group. We continue to monitor the Pike River re-entry work.

⁷ Major hazard facilities store large quantities of chemicals like fuels and fertilisers.

⁸ The HSE (Petroleum Exploration and Extraction) Regulations came into force in June 2013; the HSE (Mining Operations and Quarrying Operations) Regulations came into force in December 2013.

⁹ The SOI target was to complete 60 assessments, inspections, and safety cases in high hazard sectors.

¹⁰ The SOI target was that 90% of safety cases would be assessed in accordance with policy and standard operating practices, and processed within statutory timeframes.

¹¹ Including Approved Codes of Practice for fire or explosion and for ventilation in underground mines and tunnels, the Underground Mines Emergency Protocol, and guides to developing extractives safety management systems and hazard management systems for mines.

Our concerns about gas and fire in the Otira Tunnel triggered important safety systems discussions with KiwiRail and the NZ Transport Agency. This is leading to a ten-year national rail safety improvement strategy. This is an example of WorkSafe NZ becoming a more effective regulator by providing the leadership to promote system-wide improvements (as well as dealing with the actual incident).

Adventure activities are an important part of New Zealand's tourism and outdoor sectors, but tragedies have marred this landscape. A new regime requires operators providing these high-risk activities to extend a duty of care to their customers under the HSE Act. Operators are required to undergo a safety audit then register with WorkSafe NZ by 1 November 2014. We have worked intensively with operators and audit providers to get the system up and running. Approximately 360 operators are subject to the regulations. By 30 June 2014, 70 of them had registered, and the majority remaining were engaging with us and preparing for audits. We have been clear that we will take enforcement action against unregistered operators. Another important focus this year was on ensuring adequate audit capacity. There was a period during the year when no audit providers were available for this work. By late June we had encouraged four organisations to recognised providers of adventure activity audits¹².

INTRODUCING A FOCUS ON HEALTH

The scale of premature deaths from diseases caused by workplace exposures is believed to be approximately ten times larger than that for those caused by accidents. *Working Safer* introduced a much stronger focus on occupational health. Ministerial Board appointments echoed this focus, as did WorkSafe NZ's vision: 'Everyone who goes to work comes home healthy and safe'.

There has been a longstanding history of prioritising safety over workplace health issues, and this is where our current capacity and focus lie. As such, in 2013-14 WorkSafe NZ's efforts towards safer workplaces were significantly more intense than its work on occupational health. Our new performance framework identified this as an important area, and that targets for improving occupational health would be set by December 2014.

Our primary intervention in 2013-14 was regulating the safe management of hazardous substances in workplaces. We completed 2,837 workplace assessments this year in accordance with the Hazardous Substances and New Organisms (HSNO) Act 1996¹³. In Canterbury we worked actively with industry to improve practices around asbestos. We acknowledge that these are only steps toward improving occupational health – a much wider plan is being developed. We established the Occupational Health Advisory Group to the WorkSafe NZ Board and we will work closely with this expert group in the coming years.

¹² These organisations were determined to have the capacity to meet the projected demand from operators by confirming that their teams of auditors would be able to undertake at least eight audits per week.

¹³ The SOI target was to complete between 3,000 and 3,500 HSNO workplace assessments. Hazardous substances can be harmful to health but some of them also have the potential for creating industrial accidents. Our HSNO-related work therefore relates to both occupational health and safety issues.

WORKING TOGETHER

The health and safety system includes people in workplaces and their representatives, suppliers and directors, health and safety professionals, and government agencies. All parties need to work together for the system to work well.



ENGAGING INFLUENTIAL GROUPS, WORKING THROUGH DIFFERENCES

We have fostered relationships around the Canterbury Rebuild Safety Charter and with key sector groups including the Business Leaders' Health and Safety Forum; the Construction Safety Council; Scaffolding, Access and Rigging New Zealand; and the Roofing Association of New Zealand. These groups challenge and support our drive for better health and safety, and help to communicate important health and safety messages to constituent and community groups.

The New Zealand Council of Trade Unions and BusinessNZ talk regularly with us. Their contributions to improving the health and safety system cannot be overstated. The formation of our new advisory groups for extractives and occupational health, including their representatives, will bring expert and different views into the development of our plans and practices.

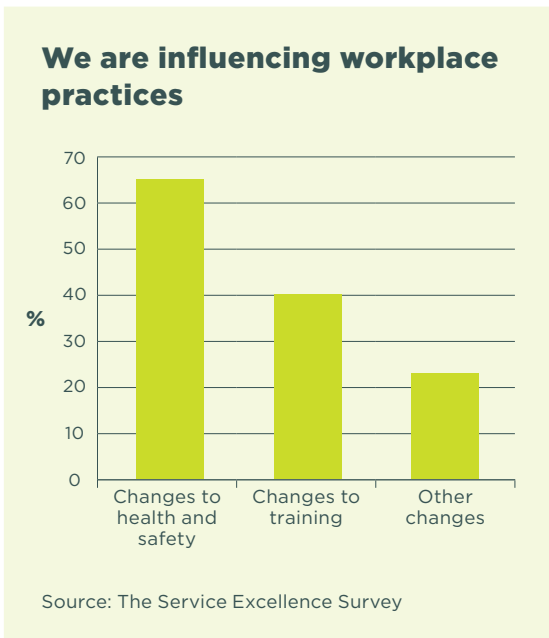
In 2013-14 an independent research company surveyed people in workplaces that we had investigated or assessed; 77% of employers said they had made changes to their practices as a result of contact with our inspectors¹⁴. The nature of these changes is shown in the chart. Modifications to systems and equipment (e.g. putting guards on machines) is included as 'Other changes'.

We have modified this survey for next year to collect more detail about changes made after contact with WorkSafe NZ. We will use this survey to focus increasingly on the fairness, consistency, and value for money of our service delivery.

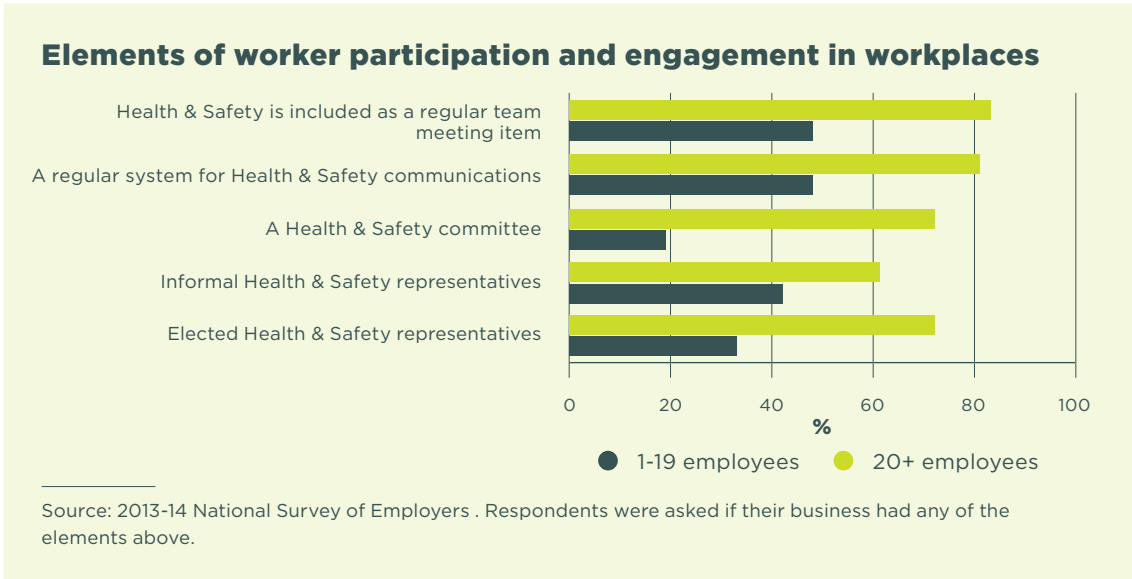
PROFILING WORKER PARTICIPATION IN HEALTH AND SAFETY

The health and safety system is likely to perform better when more workers know how to keep themselves and their colleagues safe and can actively participate in health and safety arrangements at their work. Currently, formal systems of employee participation are required by the HSE Act in large workplaces, and in small workplaces if requested by staff. In the 2013-14 National Survey of Employers, 56% of employers reported that their businesses had formal systems for employee participation. WorkSafe NZ will be seeking greater participation in the future. This is a focus area in the forthcoming legislation.

Larger employers appear more committed to involving workers in health and safety than smaller employers, as demonstrated in the chart on the opposite page.



¹⁴ This data is from the Service Excellence Survey conducted by Research New Zealand. The SOI target was for 80% customer satisfaction with the overall quality of service delivery. We achieved only 56%. The 2013-14 survey only involved people potentially subject to enforcement action, which could have contributed to the lower level of satisfaction.



BETTER COORDINATION BETWEEN GOVERNMENT AGENCIES

We are one of several regulators operating in the health and safety system. There is a Chief Executives' Group comprising Gordon MacDonald and heads of the transport agencies¹⁵. It directs cross-sector work, with a particular focus on setting up systems to share information, and identifying jurisdictional responsibilities in areas of ambiguity.

In 2013-14 we refreshed Memoranda of Understanding with the Environmental Protection Authority and the New Zealand Defence Force. We have ongoing agreements with Maritime New Zealand, the Civil Aviation Authority, the New Zealand Police, and the NZ Transport Agency.

We have a strategic partnership with ACC (which has functions and programmes that influence health and safety practices) and signed an operational partnership with it in 2013-14. We also made progress towards a joint workplace action plan with ACC, and alongside both ACC and MBIE we advanced the Safety Star Rating Scheme in 2013-14¹⁶.

58% of employers agree that the government is effective in enforcing obligations for businesses under the HSE Act. We are seeking higher rates in the future, supported by better coordination between agencies.

Source: 2013-14 National Survey of Employers

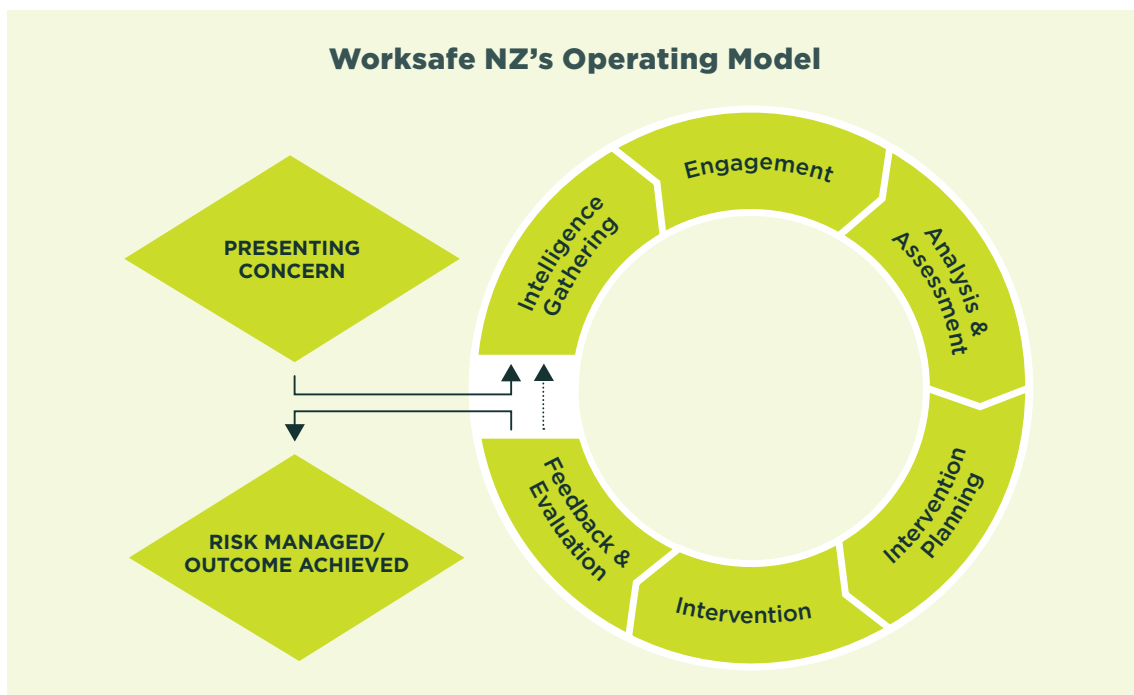
¹⁵ These agencies include Maritime New Zealand and the Civil Aviation Authority, which regulate workplace health and safety in their respective jurisdictions.

¹⁶ This scheme aims to assess and inform businesses' health and safety practices, offering financial and other incentives as reward and recognition. It will include an assessment tool to measure effective worker engagement, leadership commitment, risk management, and continuous learning. Health and safety experts, businesses, and worker representatives are helping to develop a prototype for further testing prior to implementation. Any new scheme would come into effect after the new Health and Safety at Work Act comes into force.

WORKING SMARTER

A NEW WAY OF OPERATING

In 2013-14 we developed an intervention approach to better determine how we intervene to achieve sustained improvements in health and safety outcomes. At the heart of our approach is a new operating model. This model is scalable; from sector-wide problems through to discrete health and safety issues in a workplace, it can be used to inform our intervention choices across the continuum (i.e. education to enforcement). The model expands our focus from the presenting concern to root causes. It requires intelligence-gathering and the engagement of others, including in our analysis and assessment. Greater planning for and evaluation of interventions are integral. Feedback and evaluation will establish whether a desired outcome has been achieved or if more work is needed.



This operating model is underpinned by a set of principles and supported by decision-making guides. Considerable work began in 2013-14 on lifting the quality of decision-making¹⁷, including decisions affecting practice quality, enforcement actions, and identifying when to escalate an issue for a higher-level decision.

¹⁷ The SOI stated that by 31 December 2013 a management monitoring system would be trialled and implemented to provide quality assurance of decision-making for health and safety enforcement action decisions. This primarily related to our business management system, and our initial implementation is complete. Further development is being progressed, including national practice assurance and benchmarking.



INVESTIGATIONS

In 2013-14 we completed 1,127 investigations of health and safety and/or hazardous substance incidents in workplaces, and 57 gas and electricity incidents¹⁸. Overall, this was more than forecast and many of our investigations were more complex than in previous years. We completed 81% of our health and safety investigations within five months¹⁹. Prompt investigations are required for prosecutions (which must be taken within six months of the event becoming known). In 2013-14 we also started work on lifting the quality of our investigations.



NEW PROSECUTION POLICY

Where our interventions include prosecutions, they have serious implications. In 2013-14 we developed a prosecution policy to clarify the process that staff and counsel should follow to ensure that decisions are made fairly, consistently, and proportionately. Of the files recommended for prosecution, 91% met quality standards²⁰; a higher result than the previous year. In 2013-14 we initiated 117 prosecutions as outlined in the chart on the next page. Of our completed prosecutions, 82% were successful²¹. We also expanded our Legal Services team in 2013-14.

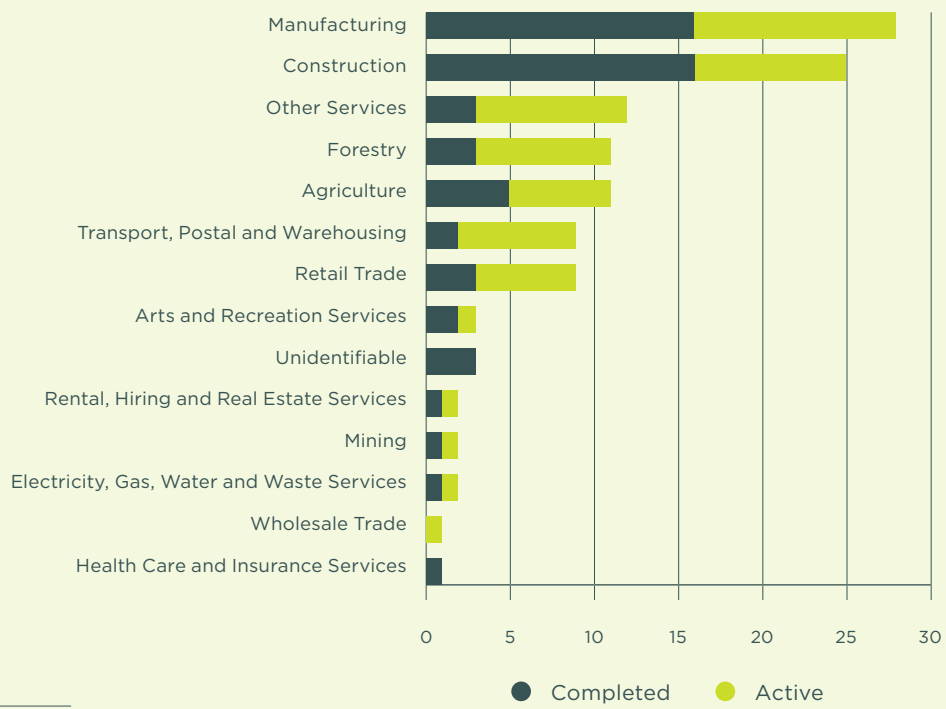
¹⁸ The SOI forecasted a need for 800-1,000 health and safety and HSNO on-site investigations and 65 investigations of significant gas and electrical accidents and incidents.

¹⁹ The SOI target was for 90% of on-site investigations to be completed within five months of notification of each event.

²⁰ The SOI target was for 80% of files recommended for prosecution to have sufficient evidence (achieved at least an eight out of ten in Legal Services' reviews of files) and to be consistent with our enforcement criteria.

²¹ The SOI target was for 80% of prosecutions to be successful.

Number of prosecutions initiated in 2013-14 by industry



Source: WorkSafe NZ Operational Intelligence

A NEW LEGISLATIVE FRAMEWORK

New workplace health and safety legislation is under consideration. We have supported MBIE with the development of the proposed Health and Safety at Work Act and associated regulations. This legislative framework introduces a new duty-holder, a 'person conducting a business or undertaking' (PCBU). The concept of PCBU includes all the participants in the supply chain. We have been working through what this will mean in practice and contributing insights to the development of the legislation and regulations. We plan to focus on a number of aspects of the legislation, such as how duty-holders are cooperating and consulting with each other, especially those people with the greatest influence and control over health and safety.

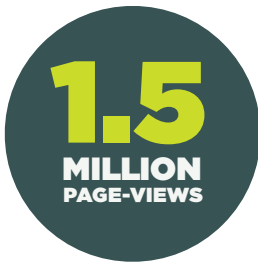
Giving good guidance



An important part of WorkSafe NZ's role is providing health and safety guidance to those we regulate. In the past our guidance was insufficient. In 2013-14 a permanent manager was appointed to this area, along with 20 new staff members. This team produces codes of practice as well as guidance on best practice, as well as WorkSafe NZ's interpretation of the law.

The team has begun a significant programme of work, including supporting the new legislation. In 2013-14, 86 standards, factsheets, best practice guidelines, and online tools were finalised²². This material was developed with experts and consultation. We will increasingly test whether our material is helpful for those who use it.

Utilising digital channels



Our website has solid traffic, with 1.5 million unique page-views since August 2013; 40% were return visitors. On average visitors spent around a minute on the site - longer when seeking to notify us of particular work or harm. Increasingly smart phones, tablets, and other mobile devices are being used to access our website (total visitor numbers show an increase from 10% to 14% over the period). WorkSafe NZ will focus on developing a wider digital platform to meet audience needs.

²² The SOI target was to deliver 20-35 standards in accordance with the standard setting framework.



Supporting systems

Fit-for-purpose ICT systems are vital for us to transform WorkSafe NZ into a smart regulator. In 2013-14 we completed plans for improvements to WorkSafe NZ's business management system and more widespread enhancements to our case management system, called Guardian. We were successful in gaining approval for \$14 million for ICT improvements²³.



Operational Intelligence

WorkSafe NZ has introduced an integrated Operational Intelligence function. A key focus is to provide comprehensive, timely, accessible, and information-rich data on workplace injuries and occupational illnesses to target our work at the highest priorities. The quality of our ICT systems and case management data from the inspectorate is vital for the team to deliver an intelligence-led focus. The team has trialled new intelligence reports (e.g. company profiles and strategic assessments) and started exploring new data-dissemination techniques to make operational intelligence more widely available.

²³ In Budget 2014 Cabinet approved a capital contingency of \$17.25 million for WorkSafe NZ that included \$14 million for ICT business capability improvements.

REBUILDING CANTERBURY SAFELY

Our Canterbury Rebuild Health and Safety Programme is a strategic priority given that it includes high-risk activities on a scale unprecedented in New Zealand.

This programme is a prime example of the regulator working differently: collaborating and innovating alongside industry and other partners towards health and safety success. Through Canterbury we have an opportunity to leave a positive health and safety legacy, locally and nationally.

In 2013-14 Board members spoke at local events, delivering important health and safety messages and including WorkSafe NZ's approach and the focus of our Rebuild programme.

WORKING WITH INDUSTRY

The Canterbury Rebuild Safety Charter is a unique collaboration between government organisations and companies leading the Rebuild. We provide crucial secretariat support and fund a range of Charter initiatives including the Charter's self-awareness tool, guidance for industry on leadership, and the Charter communication materials. We organise quarterly events and fund resources for signatories. The Charter was launched by senior rebuild leaders, including Ministers, on 4 July 2013 with 51 signatories and endorsees, and a year later it had more than 100 signatories and nearly 30 endorsees. For more information see safetycharter.org.nz.



Canterbury Rebuild Safety Charter – from left to right: Steve Taw, South Island Regional Manager – Hawkins Construction, Graham Darlow, Chief Executive – Fletcher Construction (and Chair of the Safety Charter steering group) and Mark Hopgood, Chief Executive – Arrow International.

“ Since the Safety Charter was launched in July last year it has grown significantly. Our industry in Canterbury is really stepping up in terms of health and safety – and we have the potential to create a real legacy with the rebuild. Our work is making a difference. We had dozens of construction, insurance, government and industry leaders and workers come together – many of them competitors. This is about making real and tangible differences to the safety performance of our companies and our industry as a whole. ”

Graham Darlow, Chief Executive – Fletcher Construction and Chair of the Canterbury Rebuild Safety Charter steering group.

INSPECTORATE CAPACITY

The programme inspectorate has more than doubled, to ten inspectors, including two Australian inspectors on rotation. These inspectors are part of a highly experienced team from WorkCover New South Wales who are working alongside our team in Canterbury to support our increasing work across the Rebuild.

TARGETING KEY HARMS AND HIGH RISKS

Asbestos, mobile plant, excavations, and falls from height have been focus areas. In 2013-14 more than 2,000 workers attended our seminars and trade breakfasts in Christchurch on these areas. This is an example of WorkSafe NZ providing much more education, support, and guidance than was the case previously. An Asbestos Toolkit was launched in 2013-14 and assessment tools for inspectors are being implemented. A silica dust testing pilot has begun and we are targeting issues relating to at-risk/vulnerable workers.

Assessment visits to construction sites in Canterbury increased significantly...

2012	2013	1 Jan-31 May 2014
399	704	713

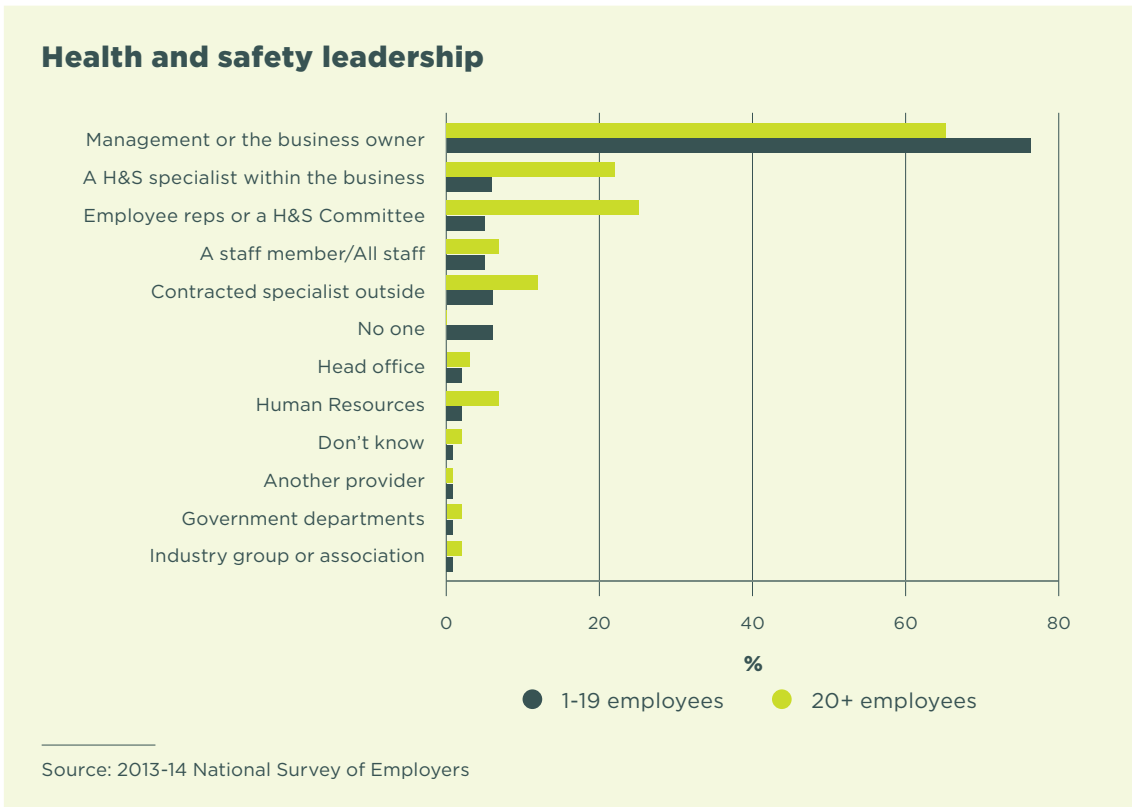
...as did enforcement notices issued to Canterbury construction companies

2012	2013	1 Jan-31 May 2014
122	470	408

EMPLOYER INSIGHTS

MBIE’s National Survey of Employers provides data on the proportion of New Zealand employers with health and safety systems. In the past two years just over one-third of employers have reported that they have actively used, documented hazard management systems, documented accident investigation processes, and health and safety inductions²⁴. We are committed to seeing these rates lift.

When employers were asked who provided health and safety expertise and leadership in their businesses, ‘management or the business owner’ was at the top of their lists, especially in smaller businesses. WorkSafe NZ remains cautious about the quality of this leadership and our future research will explore the behaviour and attitudes underpinning this.

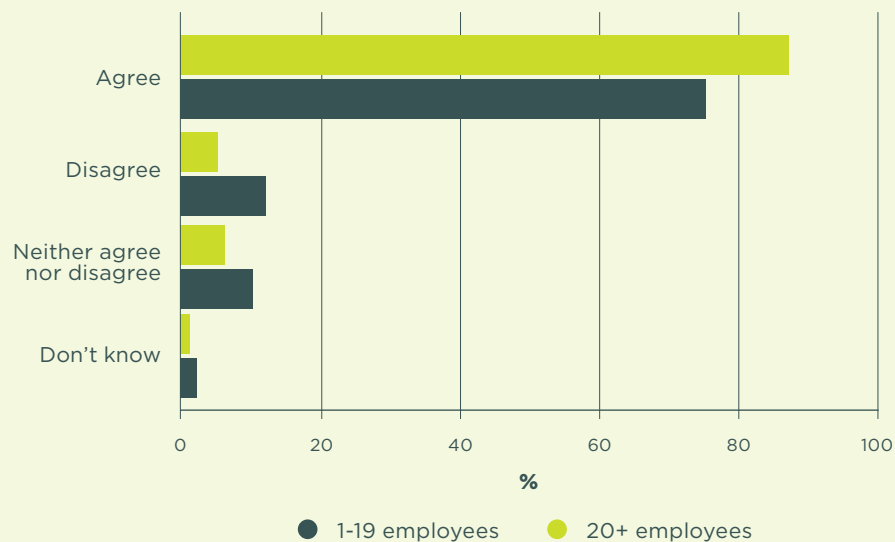


²⁴ The 2012-13 National Survey of Employers identified that 39% of employers had all of the elements listed above in their health and safety systems, and in 2013-14 the result was 35%. However, the margin of error for both figures was around +/-4.5%, meaning that the difference is not statistically significant. What we can take from these survey results is that roughly one-third of employers have these elements in their health and safety systems. In future we will be including formal employee participation systems as part of this indicator.

The majority of employers felt that their business owners and managers had a good understanding of their health and safety obligations under the HSE Act.

WorkSafe NZ is particularly interested in high-risk sectors, and our tactical intelligence in agriculture, forestry, construction, and manufacturing is that the majority of business owners and managers do not always have an accurate understanding of their duties. We will keep monitoring this data from the National Survey of Employers, as it helps us to understand what employers think about their own knowledge.

Business owners and managers have a good understanding of their health and safety obligations



Source: 2013-14 National Survey of Employers

PERFORMANCE DATA SUMMARY

The measures in WorkSafe NZ's interim SOI 2013-17 were mostly of activities, and the quality and timeliness of service delivery. The tables below outline the measures, forecasts/targets, and results achieved by year end.

Our snapshot provides commentary on the results and also comments on our impacts in 2013-14 and discusses outcomes. This foreshadows future Annual Reports, which will use a broader set of indicators set out in WorkSafe NZ's updated SOI 2014-18 and Statement of Performance Expectations 2014-15 (SPE). These indicators underpin the new performance framework that we developed in 2013-14, laid out on pages 28 and 29.

ACTIVITY	FORECAST AND RESULT	MORE INFORMATION
Completed health and safety workplace assessments	Forecast: 10,500-12,500 Result: 11,411	See page 8
Completed HSNO workplace assessments	Forecast: 3,000-3,500 Result: 2,837	See page 11
Completed high hazard assessments, inspections, and safety cases	Forecast: 60 Result: 149	See page 10
Completed health and safety and HSNO on-site investigations	Forecast: 800-1,000 Result: 1,127	See page 16
Investigations of significant gas and electricity accidents and incidents	Forecast: 65 Result: 57	See page 16
Standards developed in accordance with the standard setting framework	Forecast: 20-35 Result: 86	See page 18
Audits of networks, distribution systems, and installations	Forecast: 30 Result: 53	
Visit electrical and gas appliance suppliers and audit products	Forecast: 150 visits and 400 audits Result: 163 visits and 409 audits	

Fuel Quality Monitoring: The interim SOI 2013-17 incorrectly identified a Fuel Quality Monitoring measure for an activity that is not performed by WorkSafe NZ. This work is undertaken by MBIE's Energy and Resources team (not WorkSafe NZ's Energy Safety team). Results will be reported in MBIE's 2013-14 Annual Report.

QUALITY AND TIMELINESS	STANDARD AND RESULT	MORE INFORMATION
The percentage of on-site health and safety and HSNO investigations completed within five months of notification of each event	Standard: 90% Result: 81%	See page 16
The percentage of customers who were satisfied with the overall quality of service delivery received	Standard: 80% Result: 56%	See page 13
The percentage of MBIE contact centre health and safety phone calls answered within 20 seconds (this is an MBIE measure) ²⁵	Standard: 80% Result: 64%	This result was mainly due to capacity issues and operational work practices at MBIE. This is being managed through a change process, and new ways of working will ensure that productivity levels are raised and targets can be met
Trial and implement a management monitoring system to provide quality assurance of decision-making for health and safety enforcement action decisions by 31 December 2013	Standard: Trial and implement system Result: Initial system implementation was completed by 31 December 2013	See page 15
The percentage of files recommended for prosecution that have sufficient evidence and are consistent with our enforcement criteria	Standard: 80% Result: 91%	See page 16
The percentage of WorkSafe NZ assessments targeted at industries identified in the Workplace Health and Safety Strategy Action Plan	Standard: 80% Result: 88%	See page 8

²⁵ This was a useful measure of customer experience when the regulator used a single call centre. However, since WorkSafe NZ separated from MBIE there have been two centres in use (MBIE's primary contact zone and WorkSafe NZ's response team). WorkSafe NZ also receives notifications, complaints, and queries via other methods e.g. web and email. In time, WorkSafe NZ will explore a more comprehensive measurement approach.

QUALITY AND TIMELINESS	STANDARD AND RESULT	MORE INFORMATION
Percentage of safety cases for the petroleum sector to be assessed in accordance with policy and standard operating practices and processed within statutory timeframes	Standard: 90% Result: 100%	See page 10
Public safety to consumers and industry compliance with legislation, regulations and standards will be monitored through analyses of accident investigations and a proactive, risk-based auditing programme based on previous years' auditing and accident data, and in accordance with ISO 9001 standards:	Standard: Retain ISO 9001 certification Result: Retained certification	
› The percentage of notifiable accident investigations ²⁶ responded to and action commenced with 24 hours of the notification of accidents	Standard: 95% Result: 96%	
› The percentage of audits conducted, completed and closed within 30 working days of the start of the audits	Standard: 90% Result: 90%	

²⁶ As defined in section 16 of the Electricity Act 1992 and section 17 of the Gas Act 1992.

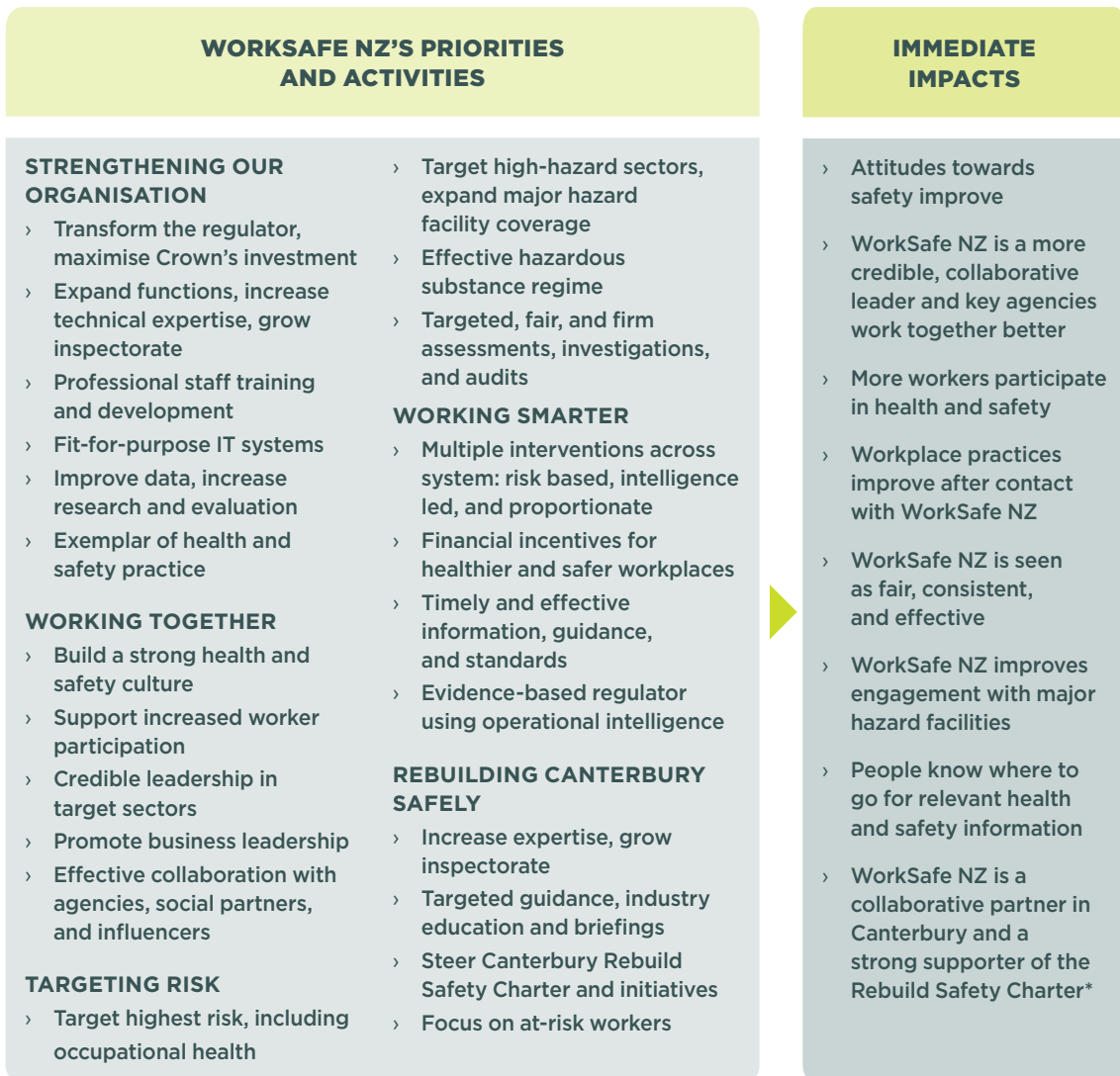
INTERMEDIATE OUTCOMES	LAST RESULT AND 2013-14 RESULT	MORE INFORMATION
An increased proportion of employers with good health and safety systems and practices ²⁷	2012-13: 39% 2013-14: 35%	See page 22
The percentage of MBIE contact centre users satisfied or very satisfied with services received (this is an MBIE measure)	2012-13: 70% ²⁸ 2013-14: 72%	Owing to a small sample, the difference between the 2012-13 and 2013-14 results is not statistically significant
At least 80% of prosecutions are successful	2013-14: 82%	See page 16
<p>The interim SOI 2013-17 outlined a range of indicators that would be developed for:</p> <ul style="list-style-type: none"> › Response to targeted advice and guidance › Quality and utility of our guidance material › Effectiveness of workplace health and safety incentive schemes (e.g. Safety Star Rating Scheme) › The rate of improvement notices and enforceable undertakings that are complied with within the specified timeframes › The rate of visits to targeted businesses that result in compliance 	WorkSafe NZ developed a new performance framework and indicators that were included in the SOI 2014-18 and SPE 2014-15	

²⁷ Measured through the National Survey of Employers, which provides data on the proportion of employers with the following elements in their health and safety systems: an actively used, documented hazard management system, a documented accident investigation process, health and safety inductions for all employees, with records of inductions kept, and health and safety inductions for contractors and subcontractors (where used).

²⁸ The interim SOI 2013-17 incorrectly stated that 84% of MBIE's contact centre users were satisfied with the services received. That figure was subsequently revised down to 70%.

WorkSafe NZ's future Annual Reports will use a broader set of indicators underpinning this new performance framework. For more information, refer to WorkSafe NZ's SOI 2014-18 and SPE 2014-15.

FRAMEWORK OF WORKSAFE NZ'S PERFORMANCE WITHIN



THE NEW ZEALAND HEALTH AND SAFETY SYSTEM



regulators, representative bodies, workers, and people conducting businesses or undertakings

* We will work with industry in top-priority areas (i.e. Canterbury and forestry) to set clear goals and targets.

STAFF

WORKSAFE NZ IS A GOOD EMPLOYER

We are focused on ensuring that policies, practices and systems are in place in accordance with the good employer provisions of the Crown Entities Act 2004.

We are working in partnership with our employees and the Public Service Association (which represents approximately half of our workforce) to develop systems that give effect to the good employer provisions and support the provision of equal employment opportunities to all employees.

We have embarked on the development of a high-engagement/joint problem-solving culture that actively engages all employees in decision-making in all aspects of our operations. We operate joint performance improvement teams involving managers and employees in problem-solving about critical aspects of our strategy and operation.

Our recruitment and selection processes use selection tools that are free from bias, and we actively monitor key recruitment statistics relating to age, ethnicity, and gender. We have established a recruitment site that profiles employees from diverse backgrounds to support recruitment diversity, and we use a wide range of advertising media to ensure that we attract diverse applicants.

PAY AND WORKING ARRANGEMENTS

We operate a transparent remuneration system where the processes for progression are clearly documented and accessible to all employees. Our job evaluation methodologies are gender-neutral and ensure that the full scope of each role is considered through the job evaluation process. We use a range of non-monetary recognition practices.

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

INTERNAL HEALTH AND SAFETY

We have developed a comprehensive internal health and safety strategy to support the development of our health and safety systems. This strategy incorporates safety culture and leadership, worker engagement, hazard and risk identification and management, site management, health and wellbeing programmes, incident and accident reporting and investigation, safety tools and equipment, injury and illness support and rehabilitation, and monitoring, reporting, and assurance.

We have recently published comprehensive guidelines for managers and employees in relation to workplace bullying.

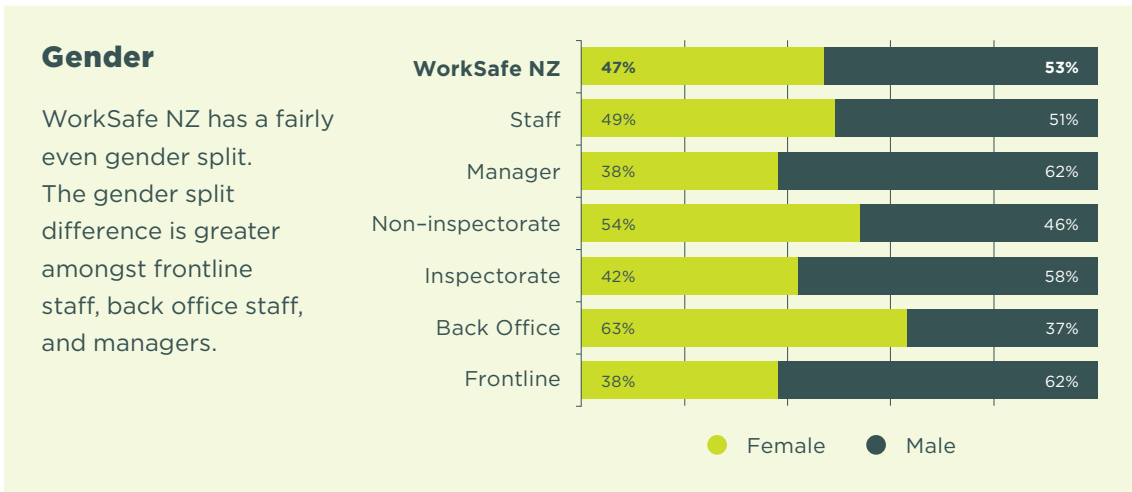
OUR DEVELOPMENT PROGRAMMES

We have recently finalised a structured leadership development programme to equip all managers with the skills necessary to manage a diverse workforce effectively, and operate effectively at leadership levels.

We have built a comprehensive inspectorate capability development programme that will provide structured development to all health and safety inspectors as they advance their capabilities to be effective regulators. The programme is open to new and existing inspectors and provides a wide range of development opportunities to all personnel regardless of background and experience. We operate a rotation programme in our core inspectorate functions to support ongoing development and job enrichment.

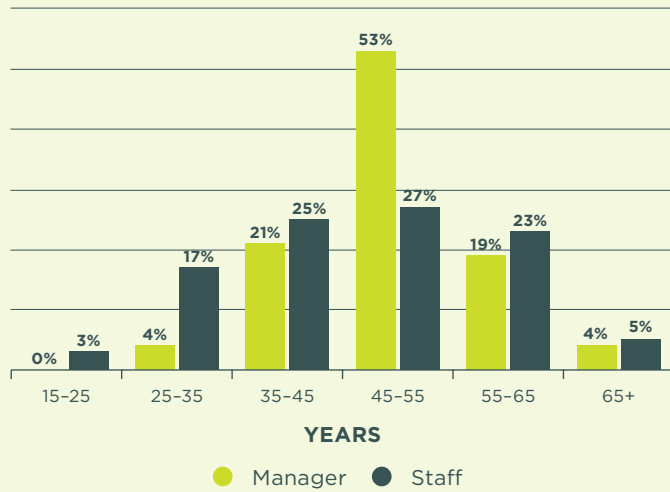
OUR WORKFORCE PROFILE

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



Age

WorkSafe NZ has an older workforce with an average age of 47.2 years. Many of our staff have prior industry experience. 25% of staff are 35-45 years old, 27% are 45-55, and 23% are 55-65. These proportions are consistent across all groups (front and back office, inspectorate, and staff). 53% of managers are between 45 and 55 years old.



	AVERAGE AGE
Frontline	48.8
Back office	44.5
Inspectorate	47.9
Non-inspectorate	46.3
Manager	49.9
Staff	46.6
WorkSafe NZ	47.2

Ethnicity

ETHNIC GROUP	Frontline	Back office	Inspectorate	Non-inspectorate	Manager	Staff	WorkSafe NZ
NZ European	60%	60%	62%	58%	60%	60%	60%
Māori	10%	5%	12%	4%	9%	8%	8%
Pacific Islands	4%	2%	4%	1%	0%	4%	3%
Others	15%	17%	15%	16%	16%	15%	15%
Unknown/Unstated	11%	17%	8%	20%	16%	12%	13%



INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of WorkSafe New Zealand's financial statements and non-financial performance information for the period ended 30 June 2014

The Auditor-General is the auditor of WorkSafe New Zealand (WorkSafe NZ). The Auditor-General has appointed me, Phil Kennerley, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non-financial performance information of WorkSafe NZ on her behalf.

We have audited:

- › the financial statements of WorkSafe NZ on pages 38 to 63, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- › the non-financial performance information of WorkSafe NZ that comprises statements about service performance and outcomes on pages 6 to 27.

OPINION

In our opinion:

- › The financial statements of WorkSafe NZ on pages 38 to 63:
 - › comply with generally accepted accounting practice in New Zealand; and
 - › fairly reflect WorkSafe NZ's:
 - financial position as at 30 June 2014; and
 - financial performance and cash flows for the period ended on that date.
- › The non-financial performance information of WorkSafe NZ on pages 6 to 27:
 - › complies with generally accepted accounting practice in New Zealand; and
 - › fairly reflects WorkSafe NZ's service performance and outcomes for the period ended 30 June 2014, including for each class of outputs:
 - its service performance compared with forecasts in the Statement of Intent 2013-17 published on 16 December 2013; and
 - its actual revenue and output expenses compared with the forecasts in the Statement of Intent 2013-17 published on 16 December 2013.

Our audit was completed on 31 October 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and we explain our independence.

BASIS OF OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and non-financial performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and non-financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of WorkSafe NZ's financial statements and non-financial performance information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of WorkSafe NZ's internal control.

An audit also involves evaluating:

- › the appropriateness of accounting policies used and whether they have been consistently applied;
- › the reasonableness of the significant accounting estimates and judgements made by the Board;
- › the appropriateness of the reported non-financial performance information within WorkSafe NZ's framework for reporting performance;
- › the adequacy of all disclosures in the financial statements and non-financial performance information; and
- › the overall presentation of the financial statements and non-financial performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and non-financial performance information.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

RESPONSIBILITIES OF THE BOARD

The Board is responsible for preparing financial statements and non-financial performance information that:

- › comply with generally accepted accounting practice in New Zealand;
- › fairly reflect WorkSafe NZ's financial position, financial performance and cash flows; and
- › fairly reflect its service performance and outcomes.

The Board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and non-financial performance information that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the publication of the financial statements and non-financial performance information, whether in printed or electronic form.

The Board's responsibilities arise from the Crown Entities Act 2004.

RESPONSIBILITIES OF THE AUDITOR

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

INDEPENDENCE

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with, or interests in, WorkSafe NZ.



Phil Kennerley
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

WORKSAFE NZ FINANCIAL STATEMENTS

All financials relate to the 6.5-month budget in the SOI 2013-17 (since WorkSafe NZ's establishment on 16 December 2013 to 30 June 2014).

STATEMENT OF COMPREHENSIVE INCOME FOR 6.5 MONTHS ENDED 30 JUNE 2014

WorkSafe NZ was established on 16 December 2013, therefore this statement covers a period of 6.5 months, and there is no comparative data for 2013-14.

\$000	NOTES	ACTUAL 2014	BUDGET 2014
Income			
Revenue from the Crown	3, 29	44,112	46,954
Interest income		272	159
Other income	4	429	1,857
Total income		44,813	48,970
Operating expenditure			
Personnel costs	5	24,485	22,884
Property costs	7	2,386	3,384
Depreciation and amortisation expense	11, 13	557	910
Other expenses	6	13,994	21,792
Total expenditure	29	41,422	48,970
SURPLUS/(DEFICIT) ²⁹	29	3,391	-
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		3,391	-

Explanations of major variances against budget are provided in note 28.

²⁹ We are required to return the difference between Energy Safety actual expenditure and revenue received for Energy Safety activities. A surplus of \$1.114 million will be returned to MBIE.

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

WorkSafe NZ was established on 16 December 2013, therefore this statement covers a period of 6.5 months, and there is no comparative data for 2013-14.

\$000	NOTES	ACTUAL 2014	BUDGET 2014
Assets			
Current assets		-	-
Cash and cash equivalents	8	13,711	10,767
Debtors and other receivables	9	741	-
Investments	10	3,000	-
Prepayments		-	-
TOTAL CURRENT ASSETS		17,452	10,767
Non-current assets		-	-
Property, plant and equipment	11	2,617	4,766
Intangible assets	13	549	2,284
TOTAL NON-CURRENT ASSETS		3,166	7,050
TOTAL ASSETS		20,618	17,817
Liabilities			
Current liabilities		-	-
Creditors and other payables	14	4,241	2,948
Employee entitlements	15	3,106	1,667
Provisions	16	442	-
Repayment of Energy Safety surplus		1,114	-
TOTAL CURRENT LIABILITIES		8,903	4,615
Non-current liabilities		-	-
Employee entitlements	15	767	695
Provisions		-	-
TOTAL NON-CURRENT LIABILITIES		767	695
TOTAL LIABILITIES		9,670	5,310
NET ASSETS		10,948	12,507
Equity			
General funds		2,277	-
Transfer of assets from MBIE		8,671	12,507
TOTAL EQUITY		10,948	12,507

Explanations of major variances against budget are provided in note 28.

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE 6.5 MONTHS ENDED 30 JUNE 2014

WorkSafe NZ was established on 16 December 2013, therefore this statement covers a period of 6.5 months, and there is no comparative data for 2013-14.

\$000	NOTES	ACTUAL 2014	BUDGET 2014
Balance at 16 December			
Comprehensive income		-	-
Net surplus	17	3,391	-
Other comprehensive income		-	-
Total comprehensive income		3,391	-
Owner transactions			
Repayment of Energy Safety surplus		(1,114)	-
Transfer of assets from MBIE	17	8,671	12,507
BALANCE AT 30 JUNE		10,948	12,507

Explanations of major variances against budget are provided in note 28.

STATEMENT OF CASH FLOWS FOR THE 6.5 MONTHS ENDED 30 JUNE 2014

WorkSafe NZ was established on 16 December 2013, therefore this statement covers a period of 6.5 months, and there is no comparative data for 2013-14.

\$000	NOTES	ACTUAL 2014	BUDGET 2014
<i>Cash flows from operating activities</i>			
Receipts from the Crown - operating		44,112	46,954
Receipts from other revenue		57	1,857
Interest received		186	159
Payments to suppliers		(9,762)	(22,228)
Payments to employees		(23,382)	(22,884)
Goods and services tax (GST) (net)		(2,400)	-
Net cash flow from operating activities	18	8,811	3,858
<i>Cash flows from investing activities</i>			
Payments for new term deposits		(3,000)	-
Purchase of property, plant and equipment		-	(4,870)
Purchase of intangible assets		-	-
Receipt from maturity of term deposits		-	-
Net cash flow from investing activities		(3,000)	(4,870)
<i>Cash flows from financing activities</i>			
Capital contribution		4,000	-
Cash payment from MBIE for accumulated depreciation on assets transferred		3,900	8,300
Transfer of other assets from MBIE		-	3,479
Net cash flow from financing activities		7,900	11,779
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		13,711	10,767
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		13,711	10,767

The GST (net) component of operating activities reflects the net GST paid to Inland Revenue. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes. The net GST paid to Inland Revenue includes the GST relating to investing activities.

Explanations of major variances against budget are provided in note 28.

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

WorkSafe New Zealand is a Crown Agent as defined by the Crown Entities Act 2004, and was established on 16 December 2013. As such, WorkSafe NZ's ultimate parent is the New Zealand Crown. WorkSafe NZ is funded primarily by government through Vote Labour.

WorkSafe NZ's primary objective is to provide public services to the New Zealand public, as opposed to making a financial return. Accordingly, WorkSafe NZ has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). WorkSafe NZ is domiciled in New Zealand.

The financial statements for WorkSafe NZ are for the 6.5 months ended 30 June 2014, and were approved by the Board on 25 September 2014.

BASIS OF PREPARATION

Statement of compliance

The financial statements of WorkSafe NZ have been prepared in accordance with the requirements of the Crown Entities Act 2004, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). These financial statements have been prepared in accordance with NZ GAAP as appropriate for public benefit entities, and they comply with NZ IFRS.

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

WorkSafe NZ was established on 16 December 2013 and as such this has been our first period of operation. There were no significant changes of accounting policy during the period ended 30 June 2014.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, WorkSafe NZ will be required to apply the Public Benefit Entity (Tier 1 reporting entity) of the public sector Public Benefit Entity Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. Therefore WorkSafe NZ will transition to the new standards in preparing its 30 June 2015 financial statements. WorkSafe NZ has assessed

the implications of the new Accounting Standards Framework as not significant.

Owing to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore the XRB has effectively frozen the financial reporting requirements for public benefit entities until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

SIGNIFICANT ACCOUNTING POLICIES

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

Revenue

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

Revenue from the Crown

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

Interest

Interest income is recognised using the effective interest method.

Foreign currency

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

Operating leases

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

Cash and cash equivalents

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

Debtors and other receivables

Debtors and other receivables are measured at fair value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that WorkSafe NZ will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor; probability that the debtor will enter into bankruptcy,

receivership, or liquidation; and default on payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, past due).

Bank deposits

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

For bank deposits, impairment is established when there is objective evidence that WorkSafe NZ will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into receivership or liquidation, and default in payments are considered indicators that the deposit is impaired.

Depreciation

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

LEASEHOLD IMPROVEMENTS	THE SHORTER OF 10 YEARS 10% STRAIGHT LINE (SL) OR THE REMAINING TERM OF THE LEASE OF THE BUILDING THAT HAS BEEN FITTED OUT
Computers	4 years 25% SL
Office equipment	5 years 20% SL
Furniture and fittings	5 years 20% SL
Motor vehicles	6 years 16.67% SL

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

Property, plant, and equipment

The property, plant, and equipment asset classes consist of building fit-out, computers, furniture and fittings, office equipment, and motor vehicles. Property, plant, and equipment are shown at cost, less any accumulated depreciation and impairment losses.

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

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

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

The costs of day-to-day servicing of property, plant, and equipment are recognised in the statement of comprehensive income as they are incurred.

INTANGIBLE ASSETS

Software acquisition and development

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

The cost of internally generated computer software represents expenditure incurred in the development phase of the software only. The development phase occurs after the following can be demonstrated: technical feasibility; ability to complete the asset; intention and ability to sell or use the asset; and development expenditure can be reliably measured.

Expenditure incurred on the research of an internally generated intangible asset is expensed when it is incurred. When the research phase cannot be distinguished from the development phase, the expenditure is expensed when it is incurred.

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

Amortisation

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

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

Acquired computer software	3-5 years 33% to 20% SL
Developed computer software	5 years 20% SL

IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant, and equipment and intangible assets that have finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

CREDITORS AND OTHER PAYABLES

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

EMPLOYEE ENTITLEMENTS

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

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

WorkSafe NZ recognises a liability and an expense for bonuses where it is contractually obliged to pay them.

PENSION LIABILITIES

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

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

PROVISIONS

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

RESTRUCTURING

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

NOTIONAL MEMORANDUM ACCOUNTS

Memorandum accounts reflect the cumulative surplus/(deficit) of those departmental services that are intended to be fully cost-recovered from third parties through fees, levies, or charges. The balance of the memorandum account is expected to trend towards zero over time.

GOODS AND SERVICES TAX (GST)

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

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

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

INCOME TAX

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

BUDGET FIGURES

The budget figures are derived from the Statement of Intent 2013-17 as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

COMPARATIVE DATA

WorkSafe NZ was established on 16 December 2013 and as such this has been our first period of operation.

COST ALLOCATION

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

COST ALLOCATION POLICY

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

CRITERIA FOR DIRECT AND INDIRECT COSTS

Direct costs are those costs directly attributable to a significant activity.

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

COST DRIVERS FOR ALLOCATION OF INDIRECT COST

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements we have made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed reasonable under the circumstances.

There are no critical assumptions to detail specifically.

2. ESTABLISHMENT OF WORKSAFE NZ

WorkSafe NZ was established on 16 December 2013 when it assumed the operational workplace health and safety functions of the Ministry of Business, Innovation and Employment (MBIE). MBIE transferred the following assets to WorkSafe NZ:

\$000	ASSETS TRANSFERRED FROM MBIE
Assets	
Cash and cash equivalents	4,000
Debtors and other receivables	3,935
Investments	-
Property, plant and equipment	2,854
Intangible assets	875
Total assets	11,664
Liabilities	
Creditors and other payables	-
Employee entitlements	2,993
Total liabilities	2,993
NET ASSETS	8,671

3. REVENUE FROM THE CROWN

We have been provided with funding from the Crown for specific purposes as set out in the relevant scope of the Crown appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding. Included in this revenue is funding for Energy Safety activities (also refer to note 29). We are required to return any surplus from this activity to levy payers via MBIE.

4. OTHER INCOME

\$000	ACTUAL 2014
Safety case revenue	180
<i>Safer Farms</i> funding from ACC	215
Other income	34
TOTAL OTHER INCOME	429

5. PERSONNEL COSTS

\$000	ACTUAL 2014
Salaries and wages	15,287
Other personnel-related costs	1,253
Contractors	6,285
Restructuring costs	915
Defined contribution plan employer contributions	495
Increase/(decrease) in employee entitlements	250
TOTAL PERSONNEL COSTS	24,485

6. OTHER EXPENSES

\$000	ACTUAL 2014
Fees to Audit New Zealand for audit of financial statements	74
Fees to Audit New Zealand for other services	-
Fees to Board members	131
Fees to Advisory Board members	32
Consultancy	3,164
Advertising, publicity, and sponsorship	262
ICT costs and technical support	754
Legal services	739
Staff travel	1,963
Shared services provided by MBIE ³⁰	5,235
Other expenses	1,640
TOTAL OTHER EXPENSES	13,994

³⁰ MBIE provides support as part of our service-level agreement and this includes ICT, property services, and accounting services.

7. PROPERTY EXPENSES

\$000	ACTUAL 2014
Rental and leasing costs	2,190
Other property costs	196
TOTAL PROPERTY EXPENSES	2,386

8. CASH AND CASH EQUIVALENTS

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

Cash at bank is non-interest bearing. The on-call account and term deposits earn interest at rates set from time to time by the banks with which we bank and invest. The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

9. DEBTORS AND OTHER RECEIVABLES

\$000	ACTUAL 2014
Debtors and other receivables	458
GST receivable	283
Less: provision for impairment	-
TOTAL DEBTORS AND OTHER RECEIVABLES	741

The carrying amount of receivables approximates their fair value.

The ageing profile of trade receivables at year end is detailed below:

\$000	GROSS	IMPAIRMENT	NET
Not past due	375	-	375
Past due 1-30 days	-	-	-
Past due 31-60 days	-	-	-
Past due 61-90 days	-	-	-
Past due over 90 days	-	-	-
TOTAL	375	-	375

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

Movements in the provision for impairment of receivables are as follows:

PROVISION FOR IMPAIRMENT OF RECEIVABLES	ACTUAL
Balance at 16 December 2013	-
Additional provisions made during the year	-
Receivables written off during the year	-
TOTAL	-

10. INVESTMENTS

\$000	ACTUAL 2014
Current portion	
Term deposits	3,000
Total current portion	3,000
Non-current portion	
Term deposits	-
Total non-current portion	-
TOTAL INVESTMENTS	3,000

There is no impairment provision for investments.

The carrying amount of term deposits with maturities less than 12 months approximates their fair value.

11. PROPERTY, PLANT, AND EQUIPMENT

\$000	FURNITURE AND OFFICE EQUIPMENT	COMPUTER HARDWARE	MOTOR VEHICLES	TOTAL
<i>Cost or valuation</i>				
Balance at 16 December 2013	1,330	17	4,493	5,840
Additions at cost	-	-	-	-
Additions at fair value	-	-	-	-
Disposals	-	-	(22)	(22)
Balance at 30 June 2014	1,330	17	4,471	5,818
<i>Accumulated depreciation and impairment losses</i>				
Balance at 16 December 2013	1,061	16	1,909	2,986
Depreciation expense	54	-	177	231
Elimination on disposal	-	-	(16)	(16)
Balance at 30 June 2014	1,115	16	2,070	3,201
<i>Carrying amounts</i>				
Balance at 16 December 2013	269	1	2,584	2,854
Balance at 30 June 2014	215	1	2,401	2,617

There are no restrictions over the titles of WorkSafe NZ's property, plant, and equipment. No items of property, plant, and equipment are pledged as security for liabilities.

12. DIRECTIVES FROM MINISTERS RELATING TO PROCUREMENT AND PROPERTY

On 22 April 2014 the Minister of State Services and the Minister of Finance issued whole-of-government directions to apply a consistent approach to procurement, property, and ICT across government. WorkSafe NZ will act on these directions (with the exception of the ICT directive, which does not specifically relate to WorkSafe NZ).

13. INTANGIBLE ASSETS

\$000	ACQUIRED SOFTWARE	INTERNALLY GENERATED SOFTWARE	ASSETS UNDER CONSTRUCTION	TOTAL
<i>Cost or valuation</i>				
Balance at 16 December 2013	3,622	167	-	3,789
Additions	-	-	-	-
Disposals	-	-	-	-
Cost or valuation at 30 June 2014	3,622	167	-	3,789
<i>Accumulated amortisation and impairment losses</i>				
Balance at 16 December 2013	2,779	135	-	2,914
Amortisation expense	294	32	-	326
Disposals	-	-	-	-
Accumulated amortisation and impairment losses at 30 June 2014	3,073	167	-	3,240
<i>Carrying amounts</i>				
Balance at 16 December 2013	843	32	-	875
BALANCE AT 30 JUNE 2014	549	-	-	549

There are no restrictions over the titles of WorkSafe NZ's intangible assets. No intangible assets are pledged as security for liabilities.

Additions at cost include assets that were previously owned by MBIE that were transferred to WorkSafe NZ on 16 December 2013 at their net book value.

WorkSafe NZ does not own land or buildings.

14. CREDITORS AND OTHER PAYABLES

\$000	ACTUAL 2014
Creditors	1,514
Accrued expenses	2,690
Revenue in advance	-
Other payables	37
TOTAL CREDITORS AND OTHER PAYABLES	4,241

Creditors and other payables are non-interest bearing and are normally settled on less-than-30-day terms. Therefore the carrying value of creditors and other payables approximates their fair value.

15. EMPLOYEE ENTITLEMENTS

\$000	ACTUAL 2014
<i>Current portion</i>	
Accrued salaries and wages	1,103
Annual leave	1,884
Retirement and long service leave	119
Total current portion	3,106
<i>Non-current portion</i>	
Retirement and long service leave	767
Total non-current portion	767
TOTAL EMPLOYEE ENTITLEMENTS	3,873

16. PROVISIONS

\$000	ACTUAL 2014
<i>Current portion</i>	
Restructuring	442
Total current portion	442
TOTAL PROVISIONS	442

Movements for each class of provision are as follows:

\$000	RESTRUCTURING
<i>Cost</i>	
Balance at 16 December 2013	218
Additional provisions made	800
Amounts used	(576)
BALANCE AT 30 JUNE 2014	442

This provision represents redundancy payments expected to be paid in 2014-15.

17. EQUITY

\$000	ACTUAL 2014
General funds	
Balance at 16 December 2013	-
Net surplus	3,391
Capital contribution	-
Repayment of Energy Safety surplus	(1,114)
Transfer of assets from MBIE	8,671
BALANCE AT 30 JUNE	10,948

18. RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

\$000	ACTUAL 2014
Net surplus	3,391
Add/(Less) non-cash items	-
Depreciation expense	557
Total non-cash items	557
Add/(Less) movements in working capital	-
(Increase)/Decrease in debtors and receivables	(458)
(Increase)/Decrease in prepayments	-
Increase/(Decrease) in creditors and other payables	4,289
Increase/(Decrease) in provisions	442
Increase/(Decrease) in employee entitlements	873
(Increase)/Decrease in GST	(283)
NET MOVEMENTS IN WORKING CAPITAL ITEMS	4,863
NET CASH FLOW FROM OPERATING ACTIVITIES	8,811

19. CAPITAL COMMITMENTS AND OPERATING LEASES

Capital commitments

WorkSafe NZ did not have any capital commitments at balance date.

Operating leases as lessee

Operating commitments are for office rent in Invercargill, car parks for our Nelson regional office and residential leases for overseas visiting inspectors working on the Canterbury Rebuild programme.

\$000	ACTUAL 2014
No later than one year	126
Later than one year and not later than five years	217
Later than five years	231
TOTAL NON-CANCELLABLE LEASES	574

WorkSafe NZ leases office premises in local locations from MBIE. The lease periods vary and are not reflected above because the arrangements are included in the colocation agreement for support services with MBIE.

20. CONTINGENT ASSETS AND LIABILITIES

WorkSafe NZ was established on 16 December 2013, therefore this statement covers a period of 6.5 months, and there is no comparative data for 2013-14.

Contingent liabilities

There is a potential staff personal grievance dispute liability estimated at \$34,000. There are two claims for reimbursement of legal costs and damages totalling \$23,654 in relation to incorrect initial advice received for scaffolding compliance, and unsatisfactory investigation services relating to 2012. There is a potential legal dispute claim, as yet unquantified, in relation to WorkSafe NZ's decision to not continue funding an activity provider.

Contingent assets

WorkSafe NZ had no contingent assets as at 30 June 2014.

21. RELATED PARTIES

All related party transactions have been entered into on an arm's-length basis.

We are a wholly owned entity of the Crown. The government significantly influences our role in addition to being our major source of revenue.

Significant transactions with government-related entities

We received funding from the Crown of \$44.11 million during the year ended 30 June 2014 for specific purposes as set out in our founding legislation and the scope of the relevant government appropriations. The debtor-Crown at year end is \$Nil.

Payments to MBIE totalling \$8.79 million were made, which included fees for shared support services including property, legal services, IT, and accounting services. The amount owing to MBIE at year-end is \$0.048 million.

Collectively, but not individually significant, transactions with government-related entities

In conducting our activities we are required to pay various taxes and levies (such as GST, FBT, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. We are exempt from paying income tax.

We also purchase goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities in the year ended 30 June 2014 totalled \$9.02 million. There was a balance outstanding of \$0.059 million at year end.

We received revenue on behalf of entities controlled, significantly influenced, or jointly controlled by the Crown. Receipts from these government-related entities for the year ended 30 June 2014 totalled \$0.215 million. There was a balance of \$0.215 million outstanding at year end. This revenue was from ACC to fund the *Safer Farms* national programme.

KEY MANAGEMENT PERSONNEL COMPENSATION

\$000	ACTUAL 2014
Board fees, salaries and other short-term employment benefits	1,314
Post-employment benefits	-
Other long-term benefits	-
Termination benefits	-
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	1,314

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

The schedule below presents material related party transactions for the year ended 30 June 2014, which were at arm's length on normal commercial terms. The cross-appointment of Board members supports productive relationships between agencies in relation to their overlapping areas of interest and function. There are well-designed processes for managing any potential conflicts of interest at WorkSafe NZ, and no permissions to act despite being interested in a matter, in terms of section 68 of the Crown Entities Act 2004, were granted in the year ended 30 June 2014. All items are shown exclusive of GST.

NAME OF BOARD MEMBER AND ENTITY	RELATIONSHIP	TRANSACTION	AMOUNT (\$)	BALANCE OUTSTANDING AS AT 30 JUNE 2014 (\$)
Professor Gregor Coster, CNZM (Chair)				
<i>WorkSafe NZ received the following:</i>				
ACC	Board member	Funding to deliver Safer Farms national programme	215,000	215,000
<i>WorkSafe NZ purchased the following:</i>				
ACC	Board Member	Contribution to the Review of the Construction Safety Council Competency Framework	16,190	-
ACC	Board Member	Salary costs for staff member seconded from ACC to the WorkSafe NZ Canterbury Recovery programme	57,910	-
ACC	Board Member	WorkSafe NZ insert to go into ACC levy invoices	4,250	-
Kerry Prendergast, CNZM				
<i>WorkSafe NZ purchased the following:</i>				
Audit New Zealand	Advisory Board member	Fees for the audit of the financial statements	74,000	24,000
Environmental Protection Authority	Chair	Fees paid for 10 staff attending the Hazardous Substances Conference and salary recovery costs for a seconded staff member	31,037	-
Don Stock				
<i>WorkSafe NZ received the following:</i>				
Business Leaders' Health and Safety Forum	Board member	Reimbursement of Charter event	6,313	6,313
<i>WorkSafe NZ purchased the following:</i>				
Business Leaders' Health and Safety Forum	Board member	Annual membership fee	15,000	-

22. BOARD AND COMMITTEE FEES

22A. FEES TO BOARD MEMBERS

\$000	ACTUAL 2014
<i>Board remuneration (fees paid) during the 6.5 months</i>	
Professor Gregor Coster, CNZM (Chair)	35.0
Ross Wilson (Deputy Chair)	20.3
Christopher Ellis	16.2
Kerry Prendergast, CNZM	16.2
Paula Rose , QSO	16.2
Don Stock	16.2
Patrick Strange (from February 2014)	11.2
TOTAL BOARD MEMBER REMUNERATION	131.3

We have Directors' and Officers' Liability and Professional Indemnity insurance in respect of the liability and costs of Board members and employees.

No Board members received compensation or other benefits in relation to cessation.

The Audit, Risk and Finance Committee is a sub-committee of the WorkSafe NZ Board, and the Board members are not paid separately in addition to Board fees, except for Neil Stiles (Independent Chair), who was paid \$5,400 during the 6.5 months of operation.

22B. FEES TO COMMITTEE MEMBERS

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

\$000	ACTUAL 2014
<i>Committee remuneration (fees paid or payable) during the 6.5 months</i>	
<i>Occupational Health Advisory Group remuneration</i>	
George Adams (Chair)	2
Glenys Barker	1
Suzanne Broadbent	1
Professor Bill Glass	1
Associate Professor Ian Laird	1
Dr David McLean	1
Dr Jim McLeod	1
Andrea McMillan (fees paid to the University of Otago)	1
Marama Parore	1
Total Occupational Health Advisory Group remuneration³¹	10
TOTAL COMMITTEE MEMBER REMUNERATION	10

³¹ The Occupational Health Advisory Group's first meeting was in May 2014. Dr Kathleen Callaghan and Bill Newson are also committee members, but they do not receive fees.

23. EMPLOYEE REMUNERATION

	ACTUAL 2014
<i>Total remuneration paid or payable during the 6.5 months</i>	
\$100,000 - \$109,999	3
\$110,000 - \$119,999	4
\$120,000 - \$129,999	2
\$130,000 - \$139,999	-
\$140,000 - \$149,999	-
\$150,000 - \$159,999	1
\$160,000 - \$169,999	-
\$170,000 - \$179,999	-
\$180,000 - \$189,999	-
\$190,000 - \$199,999	1
TOTAL EMPLOYEES	11

During the year ended 30 June 2014, seven staff received compensation and other benefit payments in relation to cessation totalling \$491,662.

24. EVENTS AFTER BALANCE DATE

There were no significant events after balance date that required the financial statements to be adjusted.

25. FINANCIAL INSTRUMENTS

25A. FINANCIAL INSTRUMENT CATEGORIES

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

\$000	ACTUAL 2014
<i>Loans and receivables</i>	
Cash and cash equivalents	13,711
Debtors and other receivables	741
Investments - term deposits	3,000
Total loans and receivables	17,452
<i>Financial liabilities measured at amortised cost</i>	
Creditors and other payables	4,232
Total financial liabilities measured at amortised cost	4,232

25B. FINANCIAL INSTRUMENT RISK

Our activities expose us to a variety of financial instrument risks, including credit risk and liquidity risk. WorkSafe NZ has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Credit risk

Credit risk is the risk that a third party will default on its obligations to us, causing us to incur loss.

Owing to the timing of our cash inflows and outflows, we invest surplus cash with a registered bank.

In the normal course of business we are exposed to credit risk from cash and term deposits with banks, debtors, and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position. We have experienced no defaults of interest or principal payments for term deposits. We hold no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings:

\$000	ACTUAL 2014
<i>Counterparties with credit ratings</i>	
Cash at bank and term deposits	-
AA-	16,711
TOTAL CASH AT BANK AND TERM DEPOSITS	16,711
<i>Counterparties without credit ratings</i>	
Debtors and other receivables	741
TOTAL DEBTORS AND OTHER RECEIVABLES	741

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the ability to close out market positions. We primarily manage liquidity risk by continuously monitoring forecast and actual cash flow requirements.

Contractual maturity analysis of financial liabilities

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

\$000	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	LESS THAN 6 MONTHS	6-12 MONTHS	LATER THAN ONE YEAR
Creditors and other payables	4,235	4,235	4,235	-	-
TOTAL	4,235	4,235	4,235	-	-

26. CAPITAL MANAGEMENT

Our capital is equity that comprises accumulated funds. Equity is represented by net assets.

We manage our equity as a by-product of prudently managing revenue, expenses, assets, liabilities, investments, and general financial dealings to ensure that WorkSafe NZ effectively achieves its objectives and purpose, while remaining a going concern.

27. NOTIONAL MEMORANDUM ACCOUNT

The table below details the balance of the notional memorandum account that records cumulative workplace health and safety funding received from ACC against cumulative workplace health and safety expenditure by WorkSafe NZ and its predecessors. Significant additional funding was provided for workplace health and safety in 2013-14, which is reflected in the annual deficit. From 1 April 2014 the levy collected by ACC increased, which will see the balance of this notional account gradually move into positive.

\$000	ACTUAL 2014
Opening balance	12,783
Health and Safety in Employment (HSE) levy revenue	48,077
HSE expenditure prior to WorkSafe NZ	(33,219)
HSE expenditure WorkSafe NZ	(40,013)
Memorandum account annual surplus/(deficit)	(25,155)
MEMORANDUM ACCOUNT CLOSING BALANCE	(12,372)

28. EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variances from our budgeted figures in the Statement of Intent 2013-17 are as follows:

Statement of comprehensive income

The Workplace health and safety appropriation for 2013-14 was shared between MBIE (1 July 2013 to 15 December 2013) and WorkSafe NZ (16 December 2013 to 30 June 2014).

When the forecast statement of comprehensive income was prepared for WorkSafe NZ, assumptions about the split of the appropriation had to be made. In practice, more expenditure was incurred in the first 5.5 months, when the health and safety activities were delivered by MBIE, than was initially forecast. This is reflected in the actual revenue being lower for the forecast period.

The variance in other revenue reflects a change in the way that MBIE provided Energy Safety revenue to WorkSafe NZ.

The overall lower-than-forecast expenditure reflects the same rationale as the overall lower revenue. The variances in the individual expenditure line items within the statement of comprehensive income reflect the fact that this was our first period of operation and the forecast expenditure items were based on high-level estimates of activity.

Statement of financial position

The variances reflect the fact that the forecast statement of financial position was an estimate completed well before WorkSafe NZ was established. The variances between forecast and actual performance are not significant.

Statement of cash flows

The variances in the statement of cash flows follow explanations provided for the statement of comprehensive income and statement of financial position.

29. COST OF SERVICE SUMMARY

\$000	ACTUAL 2014	BUDGET 2014	VARIANCE 2014
Revenue - Crown*	44,112	46,954	(2,842)
Revenue - other	701	2,016	(1,315)
Total revenue	44,813	48,970	(4,157)
Expenditure	41,422	48,970	(7,548)
SURPLUS/(DEFICIT)*	3,391	-	3,391

* Crown revenue includes Energy Safety revenue of \$2.499 million. Total expenditure includes \$1.385 million of Energy Safety expenditure. The surplus includes the Energy Safety surplus of \$1.114 million that will be returned to MBIE.

DISCLAIMER

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ISSN 2382-2201 (Print)

ISSN 2382-221X (Online)

Published: 31 October 2014

PO Box 3705, Wellington 6140, New Zealand



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ISSN 2382-2201 (Print)
ISSN 2382-221X (Online)

WSNZ00095 AR OCT 2014