

New Zealand Government

QUARTERLY REPORT

Quarter 1: 1 July to 30 September 2014



WORKSAFE
NEW ZEALAND | MAHI HAUMARU
AOTEAROA

SNAPSHOT OF QUARTER

Steady progress was made delivering WorkSafe NZ's work programme:

- *Safer Forest Harvesting* is showing good results, with a marked decrease in reported Serious Harm events and a trending reduction of infringement notices issued per assessment visit.
- The Canterbury Rebuild Programme is progressing as intended with our increased presence. There has been a significant increase in proactive health and safety assessments and enforcement notices from previous years and extensive engagement with industry, particularly through the Safety Charter.
- The new Adventure Activities regime takes effect on 1 November. We are working through a number of operational details and challenges to ensure we are ready to implement the regulations.
- The Health and Safety Association of New Zealand (HASANZ), a new umbrella association for workplace health and safety professions in New Zealand, was launched in September.
- Work on the draft Occupational Health Strategy was well advanced. The first phase considers how occupational health service delivery and we can influence cultural and behavioural changes in workplace practice. The Clean Air Programme, focussed on airborne/respiratory occupational disease risks, is on track to identify a suite of interventions by October 2014.

Leadership and Engagement

A number of useful engagements with a range of stakeholders were undertaken. Of note, the Board Chair, Chief Executive, and General Manager High Hazards and Specialist Services met with the KiwiRail Board. This provided a useful exchange of views on our respective approaches to health and safety. We will meet again in 6-12 months' time to review progress. The WorkSafe NZ-NZ Defence Force Memorandum of Understanding was signed on 6 August 2014. This sets out how we will work together on the enforcement of health and safety legislation.

The Chief Inspector Extractives gave presentations on Quarrying across the country as part of the Jim MacDonald Memorial Lecture Tour, where he was well received. WorkSafe also had valuable discussions with the Environmental Protection Authority and Maritime New Zealand on WorkSafe NZ's new Intervention Approach.

Key Monitors – Year to Date results

2014/15 as at 30 September		
	Fatalities ¹	11 confirmed, one to be confirmed (4 Agriculture, 3 Construction, 4 other).
	Serious Harm	692 notifications received (50 fewer than 12-month average).
	Inspector Numbers	151 Health and Safety Inspectors, 16 High Hazard Unit Inspectors.
	Prosecutions	81% of files (18/22) recommended for prosecution met quality standards. 80 prosecutions currently underway.
	Assessments	2,938 assessments undertaken – 76% in priority sectors (above forecast).
	Investigations	233 investigations opened.
	Operating Budget	\$1.3m below forecast.
	OIAs	97% of responses (110/112) completed on time.

¹ Provisional number of workplace fatalities reported and investigated by WorkSafe NZ in 2014/15. We are improving our internal data quality. A more integrated dataset using WorkSafe NZ and ACC data will be used in the next quarter.

KEY PRIORITIES UPDATE

The updates below relate to key Ministerial² and WorkSafe NZ Board priorities.

Health and Safety at Work Act and Regulations

WorkSafe NZ has continued to support the Ministry of Business, Innovation and Employment (MBIE) with responding to issues arising from the 214 submissions received. The Select Committee will reconvene in the next quarter to hear further oral submissions.

We have facilitated meetings to discuss the draft regulations as they impact across WorkSafe NZ and have supported internal Guidance Group meetings across the five subject areas (worker participation, Major Hazard Facilities, hazardous substances, asbestos, and general concepts) covered in these draft regulations. The WorkSafe NZ Board continues to meet with MBIE to discuss development of the new legislation, with the latest session scheduled for October.

WorkSafe NZ has launched the first in a series of updates on the Health and Safety Reform Bill. The first update focusses on seven key Bill principles. The information is available on our website, has been sent to 22,000 business addresses, and is also being promoted through major stakeholders and social partners, LinkedIn, and Twitter. A briefer, hard copy version of the material will be given to our inspectors to distribute. These updates will continue on approximately a two-monthly basis through until the Bill is passed. More planning will occur regarding launch material.

Forestry sector

Operational work on the *Safer Forest Harvesting* programme continues and is showing good results. While there is a long way to go, there has been a marked decrease in reported serious harm events. In the first five months of the year, serious harm notifications are almost half what they were a year ago, and down about 60% on the six-year average. While we continue to have a high level of enforcement activity, there is also a trending reduction of infringement notices issued per Assessment visit.

Safer Forest Harvesting Activity Snapshot

Late August 2013-3 October 2014

	Breaking out	Tree Felling	Other Safety-Related	TOTAL
Assessments	232	415	101	748
Prohibition Notices	27	73	13	113
Improvement Notices	255	451	99	805
Written Warnings	15	41	6	62

WorkSafe NZ has received an embargoed copy of the findings of the Independent Forestry Safety Review, which is expected to be publicly released on 31 October. Work with MBIE and the Ministry of Primary Industries on drafting the government response and what the WorkSafe NZ actions are likely to be has begun. This work is occurring alongside the development of the Joint WorkSafe NZ/ACC Injury Prevention plan and WorkSafe NZ's 3-5 year Forestry Intervention plan.

Canterbury Rebuild

The Canterbury Rebuild Programme is progressing as intended with our increased presence. There has been a significant increase in assessments from previous years (from 399 in 2012 to 713 from 1 January-31 May 2014). WorkSafe NZ's focus on poor compliance has meant that enforcement notices have risen

² Discussions with the new Minister for Workplace Relations and Safety about his priorities will be held later in the financial year and reflected in future quarterly reports.

(from 122 in 2012 to 408 from 1 January-31 May 2014) and is also reflected in our extensive engagement with industry, particularly through the Safety Charter, which now has over 160 signatories and endorsees. Over the longer term our impacts will be measured through an evaluation framework, currently developed by Sapere Research Group.

The Charter's Critical risk communications campaign has been launched, the Site Safe Leadership research will be finalised in October, and the Charter web-based Self-Assessment tool is being piloted. The team has worked with the Labour Inspectorate on its first joint audit focussing on vulnerable workers (including migrant and less-experienced workers). The first phase of the silica dust project (focussed on minimising harm from inhalation of dust that can lead to silicosis and respiratory issues) will be completed by the end of October. The programme's focus on the transport and storage sector has been beneficial in light of the recent Lyttelton Port fatality and we will continue with a high level of engagement in that area.

Adventure Activities

WorkSafe has been working intensively to support the new Adventure Activity regulatory regime that takes effect on 1 November. As at 2 October, 342 operators had notified that they are covered by the adventure activity regulations. Of these 74 had registered, and 194 of the 268 remaining to be registered had started the audit process.

A team of 18 assessment inspectors and five regional managers has been confirmed for the enforcement team and significant progress has been made on enforcement procedures and tools. The project team is working through a number of operational details and challenges to ensure we are ready to implement the regulations.

Occupational Health Strategy

The draft Occupational Health Strategy was reviewed by the Board on 25 September, and will be considered by WorkSafe NZ's Occupational Health Advisory Group (OHAG) on 6 October.

WorkSafe NZ occupational health targets are being developed. Work is also underway to identify priority sub-sectors where the value of interventions will be maximised, how to support the inspectorate, and intervention design. The Clean Air Programme, focussed on airborne/respiratory occupational disease risks, is on track to identify a suite of interventions by October 2014 and with implementation beginning in January 2015.

Priorities for hazardous substances assessments will be agreed with the Environmental Protection Authority shortly.

Agriculture sector, Safer Farms Programme

Market testing with farmers on the promotional concepts for the *Safer Farms* programme is underway, and details will soon be announced. Initial indications are that the campaign is testing well. The website and 'where do I start' tool are under development, and the media campaign, website, and a supporting public relations campaign are on track to go-live over the period November 2014 to early February 2015.

The funding agreement with ACC is being finalised, and is planned to be signed in October. Work is underway to finalise the assessment approach and supporting resources for inspectors. The responses to a request for proposal seeking suppliers to provide education and information delivery services to the rural community are currently being assessed. The delivery of these services is on track to begin in February 2015.

High Hazards

The Major Hazard Facilities (MHF) Team has engaged with operators of potential top tier MHFs and has started to prepare them for the proposed new safety case regulatory framework. This requires operators to demonstrate they have identified risks and have controls in place. The planned visits will include an assessment of the current preparedness of the facility for the proposed MHF regulations. Guidance

material is being developed to support both these and the Health and Safety in Employment (Petroleum Exploration and Extraction) Regulations 2013.

WorkSafe NZ is providing technical expertise to MBIE policy to assist with the development of the new MHF regulations to manage the risks of potential catastrophic failures and strengthen the regulatory regime. WorkSafe NZ has conducted an initial survey of the MHF landscape in order to assess the number of sites that may be subject to the new regulations. This data will be tested once new specialist inspectors are on-board.

Injury prevention

Work to develop the joint injury prevention plan with ACC is underway. A paper outlining the Approach and Planning Process (2014-2015) will be presented to the WorkSafe NZ Board in October 2014. We are on track to publish the first three year joint action plan by mid-2015, alongside the introduction of the new Health and Safety at Work Act.

Safety Star Rating Scheme

In September the Safety Star Rating Scheme proof-of concept paper was delivered to the ACC and Labour Ministers. The Minister for ACC signed off the paper. We will actively test the Scheme and assessment tool design with targeted government agencies and business and worker representatives through a series of workshops in November and December. Key decision points early next year will include how the Scheme is positioned within the broader suite of workplace health and safety incentive schemes and the roles and responsibilities for WorkSafe NZ and ACC in delivering the Scheme. The project will report to Government early in 2015 with the high level implementation plan and to seek a go/no go decision to take the Scheme to road test.

Launch of HASANZ

The Health and Safety Association of New Zealand (HASANZ), a new umbrella association for workplace health and safety professions in New Zealand, was launched on 10 September 2014 in Auckland by George Adams, Chair of the Independent Forestry Safety Review and WorkSafe's OHAG. HASANZ aims to raise professional standards across the occupational health and safety sector to provide healthier and safer workplaces for New Zealanders. HASANZ was created in response to a *Working Safer* commitment to set up a representative body for health and safety professionals to help prevent serious harm and fatalities at work.

An Establishment Chair was appointed on 1 October to support HASANZ through its first year of operation. The Chair will be meeting member organisations in October and the next HASANZ meeting will be held in the first week of November. A project manager role has been advertised to support the implementation of a professionals register and provide secretariat support to HASANZ, interviews will commence shortly.

Health and Safety Professional Accreditation

WorkSafe NZ has agreed to provide a grant to the New Zealand Institute of Safety Management (NZISM) to support the development of a professional accreditation system. An accreditation system for generalist health and safety professionals ensures appropriate qualifications and experience, maintains currency of knowledge, and is a pre requisite for individuals to apply to be registered. WorkSafe NZ continues to work with the sector to consider other proposals that support accreditation.

FOCUS FOR NEXT QUARTER

Our focus in Quarter 2 will include:

- Strategic planning to determine key priorities and resourcing requirements. This will inform our contribution to MBIE's Four Year Budget Plan and supporting Ministerial and Board priorities.
- Preparing for the Independent Forestry Review findings (due to be publicly released on 31 October) and the response to recommendations.
- Progressing the Occupational Health Strategy and increasing our focus on delivery of hazardous substances assessments.
- Managing enforcement of the Adventure Activities regime from 1 November 2014.
- Reporting back to Cabinet on work to identify high-risk government agencies that operate in higher risk areas for workplace health and safety and developing proposals for engaging with relevant agencies.
- Supporting MBIE with initial work to develop a National Health and Safety Strategy.
- Preparing for the Financial Review of WorkSafe NZ for 2013/14 year (Transport and Industrial Relations Select Committee).

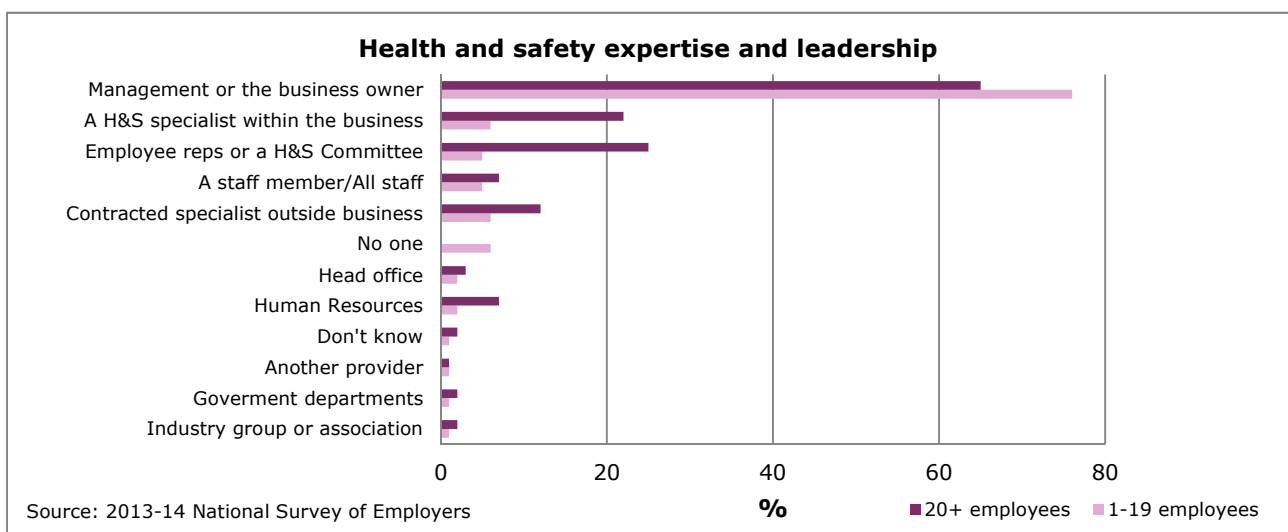
HEALTH AND SAFETY IMPACTS

We want our work to have a positive impact on New Zealand’s workplace health and safety system. Our Statement of Performance Expectations 2014-15 (SPE) outlines the impacts that we are seeking and how we will monitor progress. We will include updates in our Quarterly Reports as they become available throughout the year. This quarter the latest National Survey of Employers results are profiled.

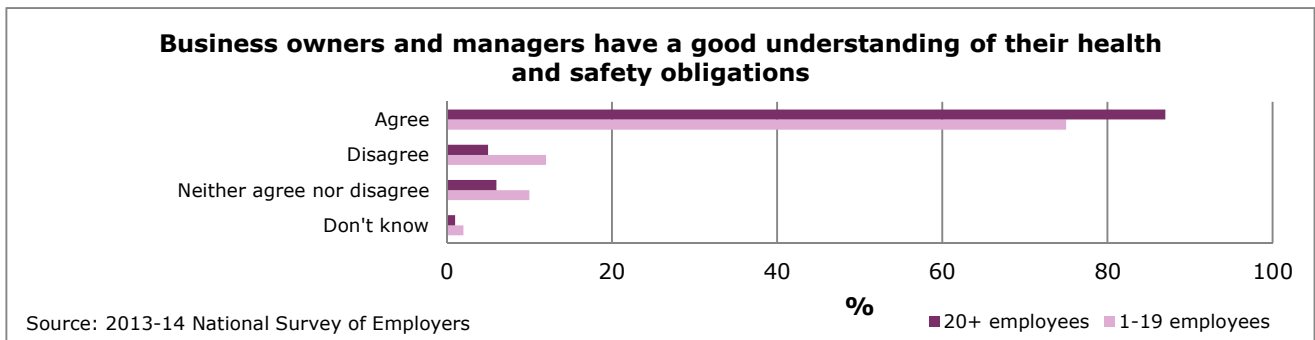
National Survey of Employers

The National Survey of Employers is undertaken by MBIE. It provides representative data on employers’ views on health and safety. When asked for their views on government effectiveness, 58% of employers agreed that the government is effective at enforcing obligations for businesses under the Health and Safety in Employment Act 1992 (the HSE). We are seeking higher rates in the future³, supported by better coordination between agencies.

When employers were asked who provides health and safety expertise and leadership in their businesses, ‘management or the business owner’ was most frequently mentioned, especially in smaller businesses.



The majority of employers considered that their business owners and managers have a good understanding of their health and safety obligations under the HSE Act, while almost 25% disagreed, wouldn’t say, or were unsure about this point. We will keep monitoring this data as it helps us understand employers’ self-assessment of their own knowledge. We work mainly in high-risk sectors, and our tactical intelligence in agriculture, forestry, construction, and manufacturing is that the majority of business owners and managers in these sectors do not always have an accurate understanding of their duties.



³ Refer to SPE performance indicator 5b.

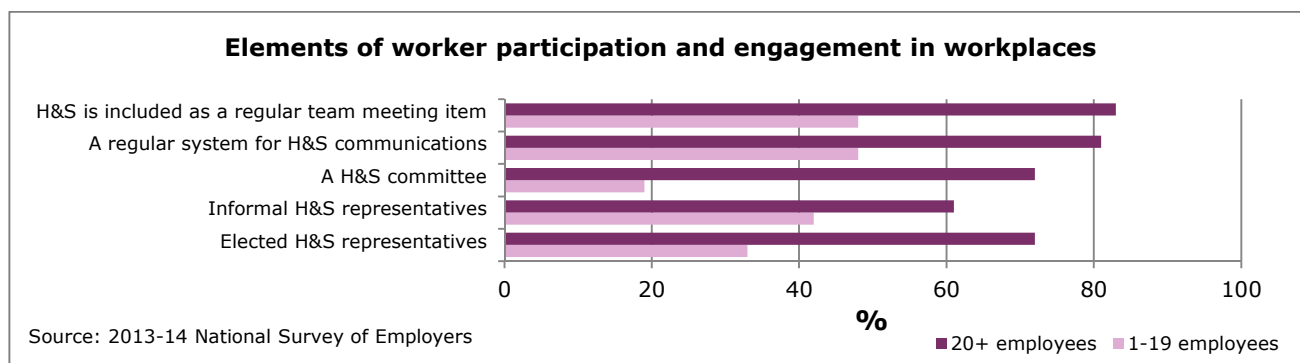
The survey also captures information about the health and safety systems that employers say they have. For the last two years, just over a third⁴ of employers reported having an actively-used documented hazard management system, a documented accident investigation process, and health and safety inductions.

In our experience, there can be a difference between employers saying they have good systems in place and the reality. We are committed to seeing a higher rate of employers both reporting and utilising effective systems because this indicates that more employers are focussed on actively managing their health and safety⁵.

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 for employee participation are required by the HSE Act in large workplaces, and in small workplaces if requested by staff. The NSE found that, in 2013-14, 56% of employers reported that their business had a formal system for employee participation. WorkSafe NZ will be seeking higher participation in the future.

Larger employers appear more committed to involving workers in health and safety processes than smaller employers, as illustrated below.



⁴ In 2013-14 35% of employers had all of the elements listed above in their health and safety systems, down from 39% in 2012-13. However, as the margins of error in those years were +/-4.7% and +/-4.1% respectively, this decrease is not statistically significant. In the future WorkSafe NZ will also be including formal employee participation systems as part of this performance indicator.

⁵ Refer to SPE performance indicator 9a.

OUR ENABLERS

Building Internal Expertise and Capacity

WorkSafe NZ is in a building phase to deliver the Government's priorities for improving health and safety outcomes. We are increasing our Inspectorate capacity and overall capability, and are also enhancing our technical and specialist expertise.

The High Hazards Unit has expanded its Inspectorate, with recruitment processes running throughout the quarter. Two new Quarry Inspectors, a team of five Major Hazard Facility Inspectors and a Deputy Chief Inspector are now in place.

The latest recruitment drive for trainee inspectors closed on 28 September. There are vacancies in 10 locations around the country for both Assessment and Investigations Inspectors. Successful candidates will start in late January 2015. There has been huge interest in joining the Inspectorate, with nearly 1,800 applications for the 15 positions available.

Training and development

WorkSafe NZ has established a comprehensive Inspectorate Development Framework to support technical and behavioural skill development and support career development and advancement. Learning and Development opportunities at WorkSafe NZ include a blend of learning approaches including traditional classroom-based training, online learning, and structured on the job learning. This blended approach supports our people to apply their learning on the job.

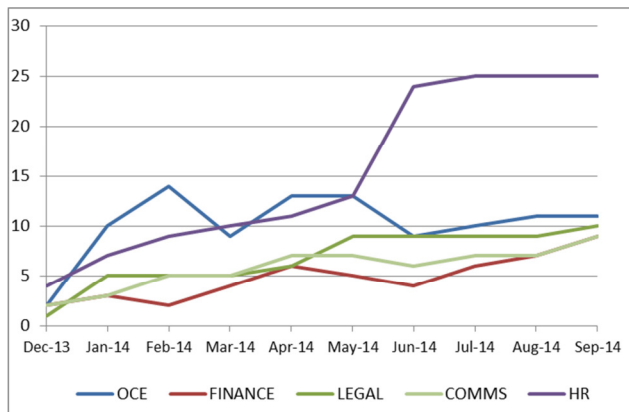
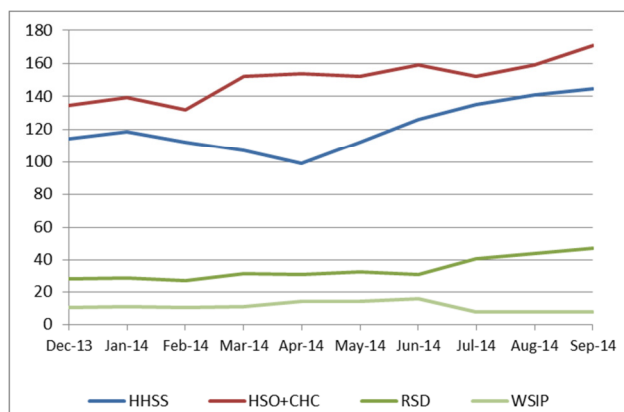
From 1 July 2014, 45 new Inspectors (three cohorts of Trainee Inspectors) have commenced this Inspectorate Learning and Development Pathway.

WorkSafe NZ's new foundation-level Leadership Development Programme supports our leaders in their first two years of their role, with an organised induction, a core leadership programme, a Coaching Programme, and in-depth management and leadership skill courses. The core programme enables our leaders to obtain a National Certificate in Business (First Line Management) Level 4. The Coaching Programme has been rolled out across the Inspectorate and managers are attending the core and in-depth leadership programmes. The Leadership Development Programme continues to be developed for intermediate and advanced leadership levels.

Staff (as at 30 September 2014)

Branch	Total Staff	Branch	Total Staff
High Hazards and Specialist Services	170	Office of the Chief Executive	12
Health and Safety Operations	145	Corporate/Finance	11
Christchurch/Canterbury Rebuild	31	Legal	12
Regulatory Support and Design	54	Communications	11
Working Safer Implementation Programme	18	Human Resources	24
TOTAL		488 (430 Permanent/Temporary employees; 43 contractors; 15 employees yet to start)	

Number of WorkSafe NZ Employees December 2013 – September 2014



Inspectorate (as at 30 September 2014)

	Chief Inspectors	Managers	Response/ Assessment/ Investigations Inspectors	Assistant Inspectors	Trainee Inspectors	Admin Support/ Others	TOTAL
Response & Investigations	1	7	30	9	-	6	53
Assessment – Northern	1	6	12	10	10	7	46
Assessment – Central	1	7	11	11	15	9	54
Assessment – Southern	1	5	15	1	8	7	37
Canterbury Rebuild	-	4	7	5	7	4	27
TOTAL	4	29	75	36	40	33	217

151 Health and Safety Inspectors

Inspector Current Warrant Status	No Warrant	HSE Warrant only	HSE and HSNO Warrant	TOTAL
Response & Investigations	1	13	25	39
Assessment – Northern	12	10	10	32
Assessment – Central	14	14	9	37
Assessment – Southern	7	4	13	24
Christchurch Rebuild	11	6	2	19
TOTAL	45	47	59	151

Systems

The business case and associated additional funding for ICT business capability (\$14.0m) and motor vehicles and equipment (\$3.225m) was approved by the Ministers of Labour and Finance in September. A Programme Manager began work in September to develop the plan and manage the steps in the implementation. A Programme Board for the ICT plan and implementation has been established and will meet in October, where the high level plan, programme structure, and term of reference will be tabled for approval. Decisions on the capital funding for first 6 months to facilitate contracted resources will be made by the Board later in Quarter 2.

Finance

The year to date position is a \$1.3m surplus, split as follows:

- Energy Safety – \$0.6m (the final Energy Levy surplus will need to be returned to MBIE and part of that will be returned to levy payers)
- Health and Safety – \$0.7m (which will be retained).

There are no specific issues and risks to report.

Financial Performance (1 July 2014 to 30 September 2014)					
\$000	YTD Actual (year-end estimate)	YTD Budget	Variance	Estimated Outturn (Q1)	SOI Budget (year-end estimate)
Revenue					
Revenue Crown	21,615	21,389	226**	86,326	81,426
Interest Revenue	229	135	94	540	269
Other Revenue	124	314	(190)	1,255	3,428
TOTAL REVENUE	21,968	21,838	130	88,121	85,123
Expenditure					
Personnel	12,983	13,126	142	50,903	48,051
Other Expenditure	7,365	8,905	1,540	36,330	34,544
Depreciation	263	120	(143)	500	2,528
Capital Charge	-	-	-	-	-
TOTAL EXPENDITURE	20,611	22,151	1,539	87,733	85,123
Surplus/(Deficit)	1,357*	(313)*	1,670	388	-

* Includes Energy Safety surplus to be returned to levy payers via MBIE.

** The Crown revenue variance is the result of a revised approach in recording Energy Safety revenue compared to that assumed in the budget.

We forecast a small year to date deficit at 30 September, the actual result is a surplus of \$1.357m. This has been driven by timing variances in consultancy professional fee expenditure. We expect to be on budget (updated during the year) at 30 June.

The estimated out turn (which is the opening budget approved by the WorkSafe NZ Board) reflects changes, including one-off funding in 2014-15 for Adventure Activities and revenue re-categorisation, since the SOI budget was finalised. These changes are also reflected in the estimated outturn expenditure.

Changes in Equity (as at 30 September 2014)			
\$000	YTD Actual (year-end estimate)	Estimated Outturn (Q1)	SOI Budget (year-end estimate)
Equity at beginning of year	10,948	10,948	12,507
Transfer of assets from MBIE	-	-	-
Capital contribution from the Crown	-	-	-
Net Surplus/(Deficit)	1,357	388	-
Equity as end of the period	12,305	11,336	12,507

Summary Balance Sheet (as at 30 September 2014)			
\$000	YTD Actual (year-end estimate)	Estimated Outturn (Q1)	SOI Budget (year-end estimate)
Assets			
Bank – Current Account	450	9,000	9,553
Bank – Saving Account	4,750		
Bank – Investments	14,000		
Debtors	170		
Fixed Assets	2,897	6,836	8,231
TOTAL	22,267	15,836	17,784
Liabilities			
Creditors and Payables	5,475	3,500	2,915
Employment Liabilities	3,722	1,000	2,362
GST	765	-	-
TOTAL	9,962	4,500	5,277
Equity			
Opening equity	10,948	10,948	12,507
YTD surplus	1,357	388	-
TOTAL	12,305	11,336	12,507