



# WORKSAFE

## Statement of Performance Expectations

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2019/2020



# Vision

That everyone who goes to work comes home healthy and safe

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

# Purpose

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

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

# Values

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

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

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

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

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

*Haepapa: kia whai herenga kī ā tātou mahi*

## ACKNOWLEDGEMENTS

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

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

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

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



# CONTENTS

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Foreword	4
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Who we are	6
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What we do	7
Our scope	10
Governance	10
Our funding for 2019/20	10
Achieving our goals	11

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Our intentions	12
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WorkSafe's strategy: 2018/2022	13
Measuring our success	13
Our external focus areas	14
Our internal focus areas	17

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Measuring our performance	20
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Performance measures	22
Ministerial expectations	23

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Budget and financial statements	25
---------------------------------	----

Our funding	26
Statement of disclosure	27
Our reportable outputs	28
Statement of accounting policies	34
Critical accounting estimates and assumptions	37
Capital intentions 2019/20 to 2022/23	37

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# Foreword

Our mission is to transform New Zealand's health and safety performance towards world-class. To achieve this requires the commitment not just of WorkSafe, but of businesses, workers and a wide range of other players in the health and safety system.

WorkSafe's story began with a tragedy, when in 2010, 29 men lost their lives in their place of work. The Royal Commission and independent taskforce that followed the Pike River coal mining tragedy found that a new agency was needed, with a single focus on improving health and safety at work.

WorkSafe is now in its sixth year. Following the introduction of the Health and Safety at Work Act 2015, we are implementing the most significant reforms to health and safety in twenty years.

Last year we published our Statement of Intent 2018/19 – 2021/22, which sets out our four-year strategy towards achieving this mission. Our priorities are delivering the right mix of services in the right way, building our harm prevention programmes, growing effective strategic relationship and driving organisational excellence.

This Statement of Performance Expectations sets out WorkSafe's priorities in 2019/20; year two of our four year plan.

As a country we have made some progress to improve health and safety outcomes for workers. There are fewer work-related fatalities and injuries than there were five years ago, but we still

have a long-way to go. The hidden cost of work-related ill-health is becoming increasingly understood and we now estimate 800-1,000 workers die each year due to work-related health conditions, while many thousands more have their lives changed forever.

The true cost of this is felt by the individual, their families, friends, co-workers, communities and all New Zealanders.

WorkSafe is on a journey to be a modern, intelligence-led, world-class regulator. Our four year strategy sets a clear direction for how we'll develop our organisational maturity including through data analytics to target harm prevention initiatives to the highest risk areas, and ensuring regulatory interventions are more effectively and efficiently directed.

In December 2018 Government launched its 10-year Health and Safety at Work Strategy (the Strategy). The Strategy, jointly led by WorkSafe and Ministry of Business, Innovation and Employment (MBIE), sets out Government's overall direction for improving the health and safety of workers. A particular focus for WorkSafe as system leader, in 2019/20 is to support this Strategy through working

closely with other system participants to develop an action plan and measurement framework.

The role of WorkSafe is as important today as it was when established in 2013. We are continuing to evolve to meet the changing environment as we seek to achieve safer and healthier workplaces.

WorkSafe aspires to be a Regulator that targets the areas where we can make the greatest difference, while providing flexibility to be responsive to ongoing issues and emerging trends. This enables WorkSafe to use the right tools, in the right place at the right time.

As a Board we recognise and appreciate the support we receive from our union and business social partners and a wide range of stakeholders as we work together collectively to ensure that everyone goes home healthy and safe.



**Ross Wilson**  
Chair



**Paula Rose**  
QSO, Deputy Chair



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## Who we are



# We are the system leader for health and safety at work.

## What we do

WorkSafe aims to transform New Zealand’s health and safety performance towards world-class. As the regulator, we contribute to, and promote, improved energy safety and workplace health and safety performance. We use our education, engagement and enforcement levers to support our three core roles:

### REGULATORY EFFECTIVENESS

#### Te whai hua o te ture

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

### HARM PREVENTION

#### Te ārai i te kino

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

### SYSTEM LEADERSHIP

#### Kaiwhakahaere pūnaha

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

## Our regulatory approach

Government and society expect more from the health and safety system, and WorkSafe as its primary regulator. In our early years we had a focus on responding to acute harm (fatalities or injuries that occur immediately in the workplace) and strengthened our high hazards-related capability in response to the Pike River Coal Mining tragedy. More recently we have increased our focus on hazardous substances following the new Hazardous Substances regulations coming into force in 2017. However, chronic harm (illness, physical and mental that occurs over time) has been less immediately visible. Since establishment, WorkSafe has had a strong energy safety team.

Government's Health and Safety at Work Strategy 2018-2028 broadens the focus from acute harm to include wider health risks such as psychosocial (including bullying, sexual harassment). These types of harm are more complex. They can arise from multiple causes and have potential intervention points which will require new and innovative interventions. It is essential that workers and their employers are at the centre of what WorkSafe does to reduce all types of harm from work and energy use in New Zealand. This means that WorkSafe's operating model will need to evolve so that we can appropriately target risk across all harm types.

WorkSafe has limited resources and we can't respond to all health and safety incidents that fit within the legislation's broad scope. This means we need to make smart choices and trade-offs about how and when we respond. To support good decision-making across WorkSafe, we will be adopting a regulatory framework to guide our future direction.

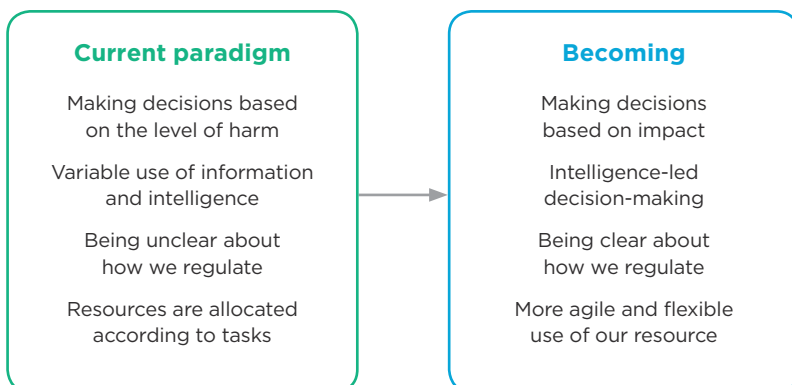
Research suggests that there is no 'best-fit' regulatory model. They each have their place, and their strengths and weaknesses. WorkSafe has adopted a framework that helps us stay true to our course and resist the pressures that can push a regulator to either over-regulate or under-regulate.

The framework will support the targeting of areas where we can make the greatest difference, while providing flexibility to be responsive to ongoing issues and emerging trends. It will let us be more nuanced and reflective about what we choose to focus our effort on, rather than reacting when harm has already occurred. It means that even though how we choose to intervene will be different depending on the circumstances, our decisions will be made using a consistent set of principles.

This approach will guide the development and evolution of our functions and services over time, so that WorkSafe can be agile and fit for purpose in the way we respond.

Over time, with improvements to intelligence and information, we expect to be able to front-foot more complex and challenging drivers of harm before harm occurs.

### OUR FUTURE REGULATORY FRAMEWORK







## Our scope

Our main objective is to promote and contribute to a balanced framework for securing the health and safety of workers, and to promote and contribute to the safe supply and use of electricity and gas in New Zealand! This means WorkSafe has a role to influence all the work that happens in New Zealand, as well as supporting a safe infrastructure to power our homes and businesses<sup>2</sup>

Our legal responsibilities are primarily to administer the *Health and Safety at Work Act 2015* (HSWA), the *Gas Act 1992* and the *Electricity Act 1992*. We also administer a significant number of Regulations related to the management of those Acts.

## Governance

As a Crown entity, WorkSafe is governed by the *Crown Entities Act 2004*, the *Public Finance Act 1989* and the *WorkSafe New Zealand Act 2013*. The Ministry of Business, Innovation and Employment (MBIE) monitors WorkSafe's performance on behalf of the Minister for Workplace Relations and Safety, who has ministerial responsibility for WorkSafe.

Our Board provides assurance that WorkSafe is achieving what was set out in our strategic documents and within budget. The WorkSafe Board has eight members with a range of expertise across the public and private sector and a focus on the tripartite perspectives of workers and business representatives, and government.

## Our funding for 2019/20

WorkSafe's appropriation for 2019/20 is \$106,282,000 which is largely funded by the Working Safer levy. The levy is collected from all businesses by the Accident Compensation Corporation (ACC) on behalf of MBIE, to recover the costs to the Crown of delivering WorkSafe's functions.

We collect revenue through the Major Hazard Facility and Energy Safety levies, as well as targeted fees, for specific regulatory activity undertaken by WorkSafe in these regimes. We also have a multi-year partnership agreement with ACC of \$15m per annum.

This year includes \$11,680,000 additional funding to ensure WorkSafe's core activities can be maintained and to begin to address challenges in the regulatory environment.

More information about our funding is set out on page 26.

A key focus for the year ahead is supporting WorkSafe to mature as a harm prevention-led intelligence-driven responsive regulator with broad harm coverage.

<sup>1</sup> Section 9, WorkSafe New Zealand Act 2013.

<sup>2</sup> WorkSafe's functions are set out in full in section 10, WorkSafe New Zealand Act 2013.

## Achieving our goals

Good health and safety at work protects people from harm, but also contributes to the long-term wellbeing and living standards of New Zealanders. A world-class health and safety at work system enables sustainable, inclusive growth in our economy, without compromising our people and our environment.

### WHAT WE ARE AIMING FOR



#### People value health and safety

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



#### Health and safety improves wellbeing

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



#### Collective approach to health and safety

Our work leads the health and safety system towards shared goals

### OUR CONTEXT

Government's priorities are to improve economic performance and social and environmental wellbeing. A Wellbeing Outlook that describes the current state of wellbeing in New Zealand was released alongside the Budget Policy Statement. A wellbeing approach recognises that while sustainable economic growth is important, it does not guarantee improvements to New Zealanders' living standards. The things that affect the quality of peoples' lives are much broader than GDP.

As work is a major part of people's life, health and safety protection at work is a significant contributor to New Zealanders wellbeing. Our work lives are changing with an aging workforce, technological advancements, immigration, climate change and changes to employment law. These are introducing new opportunities and challenges for employers and their workers. These include an increasing focus on psychosocial harm, a culturally and linguistically diverse workforce and adaptable workplace policies and procedures. All of these changes have an impact on increasing the role and expectation on WorkSafe as system leader for health and safety at work.

WorkSafe is committed to lifting New Zealand's health and safety performance at work. While the health and safety system has made progress, too many people are experiencing harm at work. This harm not only impacts the individual, their family, employer and co-workers but the whole of New Zealand. Within the agricultural sector alone there are, on average, 600 workers at any time off work as a result of harm. That is a significant cost economically to the sector and carries a huge social cost. The forestry and agriculture sectors remain areas of focus.

The current targets for New Zealand include a 25% reduction in work-related fatalities and injuries by 2020, a 50% reduction in asbestos disease by 2040, zero catastrophic events and that fatalities from electrical and gas accidents trend down. A system and culture change is required to meet these targets.

### THE HEALTH AND SAFETY AT WORK SYSTEM

Many groups influence health and safety at work, including regulators, government agencies, sector groups, practitioners, businesses, workers and unions. These groups together form our health and safety system.

In December 2018 the Government's Health and Safety at Work Strategy was launched. The Strategy, co-developed by WorkSafe and MBIE, sets out Government's vision for improving workplace health and safety across New Zealand over the next ten years. Its development flows on from the recommendations of the Taskforce on Workplace Health and Safety that reviewed New Zealand's system in response to the Pike River Coal Mining tragedy in 2012 and from public consultation.

The strategy will support greater integration so participants in the system can work together more effectively to drive improved performance. This will save lives, save money and makes business sense. The next step is to develop an action plan and performance framework to turn the Strategy's vision into action.



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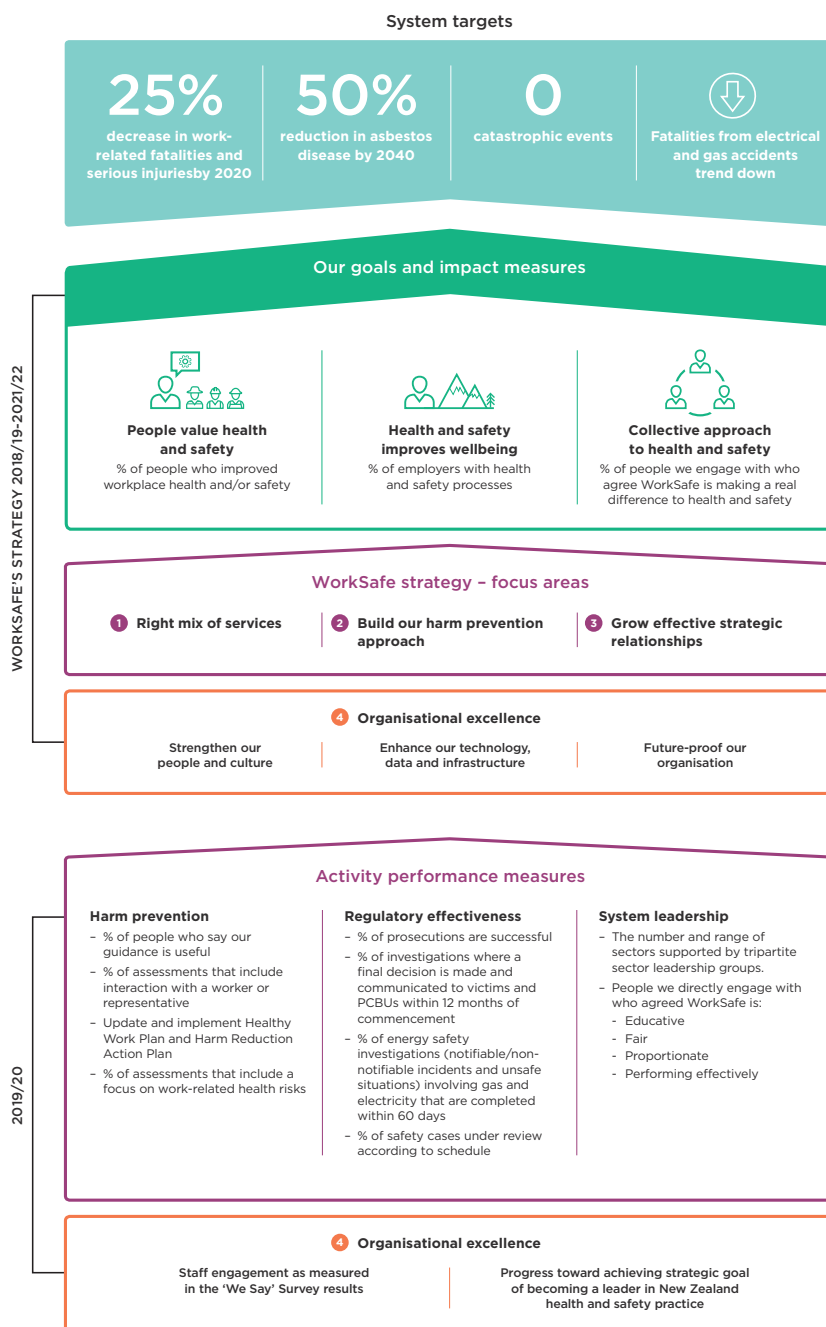
# Our intentions

## WorkSafe’s strategy: 2018-2022

WorkSafe’s four-year strategy, outlined in the *Statement of Intent 2018/19-2021/22*, sets out the improvements we need so that New Zealand can lift its health and safety at work performance towards world-class. We have set clear focus areas that will align our work with our strategic direction and will report annually against these. 2019/20 is the second year of turning our strategy into action.

## Measuring our success

WorkSafe has a clear view of what success looks like – we are working to transform New Zealand’s health and safety performance towards world-class. The framework below provides an overview of some of the ways we measure the progress being made by WorkSafe and across the broader health and safety system.

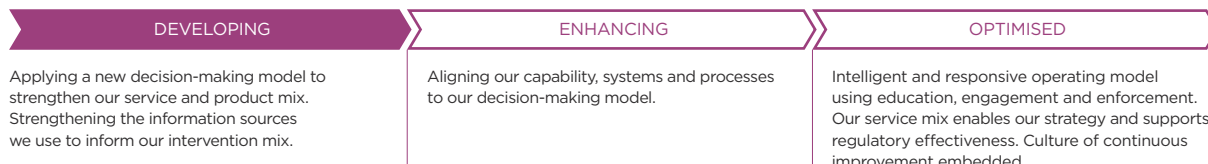


Our performance measures for 2019/20 are outlined on page 22.

## Our external focus areas

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

We are optimising our services and tools to support best practice and lift health and safety capability.



### Why this matters

WorkSafe's success relies on making effective choices as a regulator. We have limited resources available and need to intervene in the best way to make the greatest impact.

Our services and tools include everything from providing information and advice to monitoring and enforcing compliance. This involves awareness campaigns, publishing guidance and research, and undertaking targeted assessments of workplaces. It also involves investigating serious health and safety breaches and responding to unsafe incidents and precursor events that have the potential to cause serious harm.

We also have a critical role to work with and through others to resolve systemic work health and safety issues.

### What we intend to achieve in 2019/20

In 2019/20 we will develop an organisation-wide target operating model for our future regulatory framework. This will support increased and sustained improvements to the health and safety system. The target operating model will build on our current operating model. This year, to support the future state decision we will:

- complete the Operations Group operating model
- continue to develop an intelligence-led and technology-enabled approach to the prevention of work-related harm so WorkSafe can better target resources to underlying drivers of harm
- develop a decision-making framework to target resource to where it can make the biggest difference
- continue to support our inspectorate to keep pace with the changing and growing risk profile of work.

In preparation for future years, we will also engage with stakeholders to co-design and implement evidence based harm prevention programmes. The proposed target operating model will be discussed with stakeholders and a draft high-level implementation plan will be developed.

### CORE ACTIVITY

- Being fair, proportionate and educative in what we do.
- Use our range of enforcement tools to their best effect.
- Triage approximately 10,000 notifications of work-related health and safety incidents and respond appropriately.
- Undertake assessments and audits of workplaces, with a focus on higher risk sectors and work-related health.
- Support MBIE with the ongoing development of the Health and Safety Regulatory Framework.
- Conduct investigations and take prosecutions for significant health and safety incidents.
- Enable duty-holders to self-review their health and safety practice following an incident.
- Licence and certify high hazard operators and support them to effectively manage their critical health and safety risks and meet their legal obligations.
- Promote and contribute to the safe supply and use of electricity and gas, including by auditing gas and electrical products and investigating accidents and unsafe situations.
- Provide certifications, approvals and registrations for sectors and duty-holders requiring specified regulatory oversight.
- Assess Enforceable Undertakings as an enforcement tool.

## 2 Build our harm prevention approach

We are working to reduce harm through targeted, evidence-based programmes. We enable workers to participate in and influence health and safety improvements.



### Why this matters

While the level of work-related harm has been reducing, it still remains too high. The toll of our poor health and safety performance is paid by the individuals, families, friends, co-workers and communities of those who are killed, seriously injured or harmed at work. Our work focuses on reducing all harm – acute, chronic and catastrophic and preventing harm from gas and electricity.

There are sectors of work where the level of harm is significantly above average, specifically traditional sectors of agriculture, forestry, construction and manufacturing. Rates of harm are also high in some other sectors such as transport. However, when considering all types of harm, other sectors such as public administration and safety, health care and social assistance and education, and training should also be considered higher risk. We know that significant work is needed to lift New Zealand's maturity when it comes to managing work-related disease and ill-health, and address health impairments like fatigue that can have a significant impact on people's safety.

WorkSafe has a single-minded focus on harm prevention. A comprehensive integrated evidence-based approach to harm prevention is needed so that WorkSafe can enable people to address the underlying factors that drive harm at work and manage the risks in their workplace.

### What we intend to achieve in 2019/20

In 2019/20 we will consolidate our harm prevention plans and implement a harm prevention operating model, based on a comprehensive survey of consumers, workers and employers.

Our response will include supporting leadership to implement sector-specific initiatives to address the greatest risk of harm, and cross-sector initiatives to address risks common to all sectors, including improving worker engagement, participation and representation. Vehicles are the single biggest cause of fatal accidents at work across all sectors. In response to this we will address the risks of working in and around vehicles through a series of co-designed and co-delivered initiatives.

We will also implement initiatives tailored to workers at greatest risk of harm for example Māori and Pacific Peoples and migrants/vulnerable workers. Over the coming year there will be greater emphasis on reducing work-related health risks and we will develop proposals for addressing three areas of work-related health harm. Our Risk Management Tool will be piloted and available for use by small to medium businesses to enable their understanding of risk management.

### CORE ACTIVITY

- Deliver harm prevention activities with a focus on sector and system engagement, leadership development and worker engagement, participation and representation.
- Monitor and communicate on the performance of the health and safety system.
- Implement the Harm Prevention Action Plan with ACC.
- Use our research, intelligence and evaluation capability to inform our interventions and profile areas of emerging risk.
- Work with our strategic stakeholders and other experts to develop guidance and other educational material, so duty-holders can know what good looks like, how they can effectively manage critical risks and how to engage with workers and enable them to participate in health and safety.
- Help people to manage their obligations by using our tools and resources, and advertising these to a wide range of audiences.
- Support the development of system capability, particularly with the professional health and safety workforce.

### 3 Grow effective strategic relationships

We use the influence and insights of our strategic partners to work together to drive system-wide changes.



#### Why this matters

To achieve the future we want, all parts of the health and safety system need to demonstrate leadership and accountability by working together to address both safety and health.

One of the foundations of good health and safety at work is strong tripartite leadership, ensuring workers, business and system agencies work collectively to improve New Zealand's health and safety performance.

WorkSafe can also influence others to build capability and drive improvements to health and safety at work at a sector level. As a system leader we are uniquely able to help others form strong, strategic relationships and enable industry to lead their own health and safety change.

#### What we intend to achieve in 2019/20

We will strengthen purposeful and active relationships with strategic partners and stakeholders, including MBIE, ACC, health and transport, our social partners (NZCTU and businesses) and other regulators.

We will build on the success of the Health and Safety Regulators Chief Executives Group by implementing two shared initiatives. The Group was established by WorkSafe in 2018/19 and is heavily focused on building health and safety capability within the public sector, including supporting effective management of health and wellbeing within this sector. We will continue to chair the Health and Safety Regulator Chairs' Forum. The Forum was established to build a better understanding and collaboration at governance level to achieve a whole of government approach to the work that we're each doing to improve outcomes. A key action will be stakeholder mapping with other regulators.

We will continue to co-chair the Government's Health and Safety at Work Strategy Reference Group.

WorkSafe will continue to support existing sector leadership like the Forest Industry Safety Council (FISC), Agricultural Leaders' Health and Safety Action Group (ALHSAG), and Construction Health and Safety New Zealand (CHASNZ), along with specialist associations like the Health and Safety Association of New Zealand (HASANZ). We will also take a strong tripartite approach to working with industry in establishing other sector-led health and safety leadership models.

#### CORE ACTIVITY

- Coordinate with our strategic partners - including regulators, agencies and stakeholders - to address health and safety capability and performance issues.
- Undertake knowledge and insight work with other data-focused agencies (eg Stats NZ, Ministry of Transport, Immigration New Zealand, Labour Inspectorate, MBIE, and Ministry of Health).
- Engage with health and safety and other worker representatives when undertaking on-site assessments.
- Connect and engage with a wide range of people across New Zealand in person at roadshows, Fieldays, and other engagements, as well as through social media and our website.
- Contribute to work happening on an international scale, including with other regulators, international high hazard and energy safety bodies, and supporting MBIE's engagement with inter-government bodies like the International Labour Organization.
- Build on existing leadership forums and groups, including FISC, ALHSAG, CHASNZ, HASANZ, Public Sector Forum and the Health and Safety Regulators Chief Executives Group and Health and Safety Regulators Chairs' Forum.



## Our internal focus areas

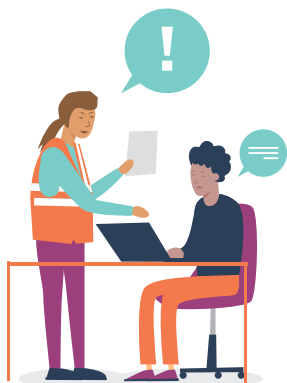
### 4 Drive organisational excellence



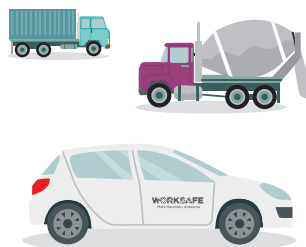
WorkSafe is a young organisation founded on mature people roots. Over the last five years we have established the organisation using and building on existing capabilities. We have built basic systems and processes enabling us to respond to initial needs. However, the needs of the health and safety system are changing and we need to change in order to remain sustainable and to meet future needs. While acknowledging and respecting the achievements of the past we are forward-looking and aim to become a modern, data- and intelligence-led, world-class regulator. To achieve this we need to strengthen our capability and modernise our systems and processes. This includes a clear focus on our own health and safety performance, improving staff wellness and engagement, and delivering on a comprehensive modernisation programme.

### A safe and healthy environment for our WorkSafe people

WorkSafe is an organisation with a single unifying purpose around supporting people to be healthy and safe. Caring for people is at the heart of what we do and is why we are focused on enabling New Zealand to transform its health and safety performance towards world-class levels. We are a people and service organisation with the vast majority of our resources, capability and cost being people-related. As a people centred organisation we put our primary focus on the four critical health and safety risks that affect our people:



Aggressive and threatening behaviour



Driving



Exposure to traumatic events



Stress

## Strengthen our people and culture

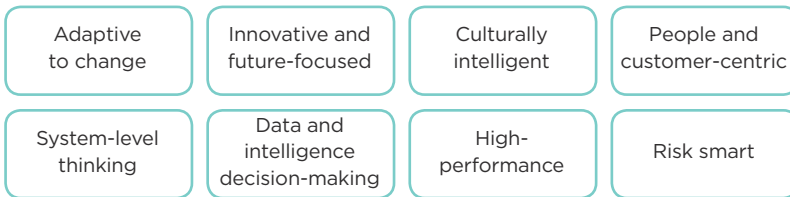
As an organisation focused on supporting people to be healthy and safe, caring for people is at the heart of what we do. We are a people and service organisation with the vast majority of our resources, capability and cost being people-related. Increasing understanding and expectations about health and safety has seen us move from a traditional regulatory approach to become more comprehensive covering harm prevention (across both physical and mental harms), regulatory effectiveness and system leadership.

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### What we intend to achieve in 2019/20

In 2018/19 we developed our People Strategy to build on the capability we already have to become a regulator with a diverse and highly skilled workforce. Our People Strategy provides a framework to strengthen our culture, supported by leadership and team development programmes. This year we are implementing our People Strategy across seven workstreams: leadership, performance, talent management, reward and recognition, employee experience, grow and adjust, and technology, including design work for a Human Resources Information and Payroll System. We are reviewing our values to support staff in delivering the refreshed 2018/19-2021/22 WorkSafe strategy.

#### Organisation-wide capabilities



#### Leadership capabilities



## Enhance our technology, data and infrastructure

We connect with a wide range of business and workers across New Zealand. To maximise our geographical coverage we need the right systems to enable staff to work in a smart, integrated, technology-enabled and data- and intelligence-driven way. This requires investment over the next four years and includes building a contemporary ICT platform, developing a core case management system, using cloud-based services, strengthening business intelligence capability, improving front end customer facing processes, developing a core web presence and consolidating existing websites. These improvements will have a flow-on effect supporting the development of evidence-based, targeted harm prevention programmes and enable WorkSafe to become more effective and efficient as current manual processes are replaced by technology-enabled platforms.

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### What we intend to achieve in 2019/20

In 2019/20 we will implement ICT capabilities such as Office 365 and a computing upgrade to modernise workplace environment and user solutions. We will also deliver foundations for a new case management system, which subject to further funding, will provide a single platform to record, manage and access operational information. Supporting our aspiration to be data- and intelligence-led, we will continue to build our business intelligence capability and enhance data and intelligence collection.

We will also refine our future office requirements, finalising our property strategy to ensure we are best located to serve workers, employers and communities across New Zealand.

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## Future-proof our organisation

WorkSafe is at a critical point of ensuring that the organisation is sustainable and future-proofed to lift New Zealand's health and safety performance towards world-class. This requires ensuring we have the right capability, service and interventions in place and that our funding and resources keep pace with what is expected of us.

In 2018/19 we developed our four-year strategy setting out our goals, focus areas and core roles. This provides a clear pathway to guide where we need to put our resources, effort and future investment.

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### What we intend to achieve in 2019/20

In 2019/20 we will resource a Modernisation Office to help us to prioritise and deliver on our activities as we lead the health and safety system and become a modern regulator. Over the next two years the Modernisation Office will embed a standard approach to projects so that we have the resource capability and capacity, tools and techniques to deliver programmes of work more efficiently and cohesively. The Modernisation Office will align sequence and resource each programme of work across the organisation's portfolio of projects to ensure success.



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## Measuring our performance

# WorkSafe's performance indicators all relate to the Vote Labour Market appropriation *Workplace Relations and Safety – Workplace Health and Safety*.\*

WorkSafe provides performance reports to the Minister for Workplace Relations and Safety each quarter, as well as in the Annual Report.

We measure our performance with a range of indicators. These reflect the activities undertaken by WorkSafe, including how well people think we are doing them through a perception survey. We also measure our performance against our internal focus area – organisational excellence.

WorkSafe's Statement of Intent 2018/19-2021/22 also looks at the impact and behaviour changes seen in workplaces and the flow-on impact on the health and safety at work system.

\* See page 28.

## Performance measures

PERFORMANCE MEASURES		LATEST RESULT 2018/19*	TARGET 2019/20
Harm prevention	% of people who say our guidance is useful <sup>3</sup> (this measure provides an indication of how we help all parts of the system understand what good health and safety practice looks like)	97%	Hold or increase
	% of assessments that include interaction with a worker or representative where available	88%	≥80%
	Update and implement Healthy Work Plan and Harm Reduction Action Plan	New measure	Achieve
	% of assessments that include a focus on work-related health risks	61%	≥50%
Regulatory effectiveness	% of prosecutions that are successful	89%	≥80%
	% of investigations where a final decision is made and communicated to victims and PCBUs within 12 months of commencement <sup>4</sup>	100%	100%
	% of energy safety investigations (notifiable/non-notifiable incidents and unsafe situations) involving gas and electricity that are completed within 60 days	98%	≥80%
	% of safety cases under review according to schedule <sup>5</sup>	New measure	100%
System leadership	The number and range of sectors supported by tripartite sector leadership groups	3 <sup>6</sup>	Increase by at least 2
	Percentage of people we directly engage with who agreed WorkSafe is: <sup>7</sup>		
	- Educative: (I now know more about what I need to do about health and safety in the workplace)	N/A reported in Q4	Increase
	- Fair: (WorkSafe treated me fairly)	N/A reported in Q4	Increase
	- Proportionate: (WorkSafe's response was in proportion to the level of risk or likely harm that the situation or issue posed to workplace health and safety)	N/A reported in Q4	Increase
- Performing effectively: (WorkSafe is making a real difference to workplace health and safety in New Zealand)	N/A reported in Q4	Increase	
Organisational excellence	Staff engagement as measured in the 'We Say' survey results	61%	To maintain or increase
	Progress toward achieving strategic goal of becoming a leader in New Zealand health and safety practice <sup>8</sup>	'Developing'	Achieve 'Performing' level

\* As at 31 May 2019, as some year-end results will not be available until after publication.

<sup>3</sup> Measured in the Service Excellence Survey. People who agreed that the written WorkSafe guidance they access was 'somewhat' or 'very useful'. These results come from people (employers, employees and self-employed) who have had recent contact with a WorkSafe Health and Safety Inspector during an assessment or investigation.

<sup>4</sup> Excludes cases where an extension of time has been granted under section 147 of HSWA.

<sup>5</sup> By 4 April 2021 WorkSafe must have either accepted or finally rejected any safety case submitted to it by the operator of an upper tier major hazard facility to which the transitional provisions apply. A safety case is required under R45 of the Health and Safety at Work (Major Hazard Facilities) Regulations 2016. WorkSafe plans to have 100% of safety cases received under active review in 2019/20 (completed and agreed or referred back to operator for further information). For planning purposes we forecast 60 safety cases. WorkSafe will assess submitted safety cases against the requirements of the regulations and generally in line with a planned programme of work. The safety case is an important document, it ensures that operators have identified key risks and necessary risk control measures and is a key leading indicator providing reassurance that risks from major hazard operations are being controlled.

<sup>6</sup> Forestry Industry Safety Council, Agricultural Leaders' Health and Safety Action Group, and Construction Health and Safety New Zealand.


<sup>7</sup> Measured in the Service Excellence Survey, after an interaction with a Health and Safety Inspector. 'People' includes workers and employers.

<sup>8</sup> Measured by the SafePlus assessment tool. The three levels of maturity are: Developing, Performing and Leading.

## Ministerial expectations

The Minister for Workplace Relations and Safety has set out his expectations of WorkSafe in the Letter of Expectations for 2019/20. WorkSafe is fully committed to meeting these expectations through our strategic work programme 2019/20.

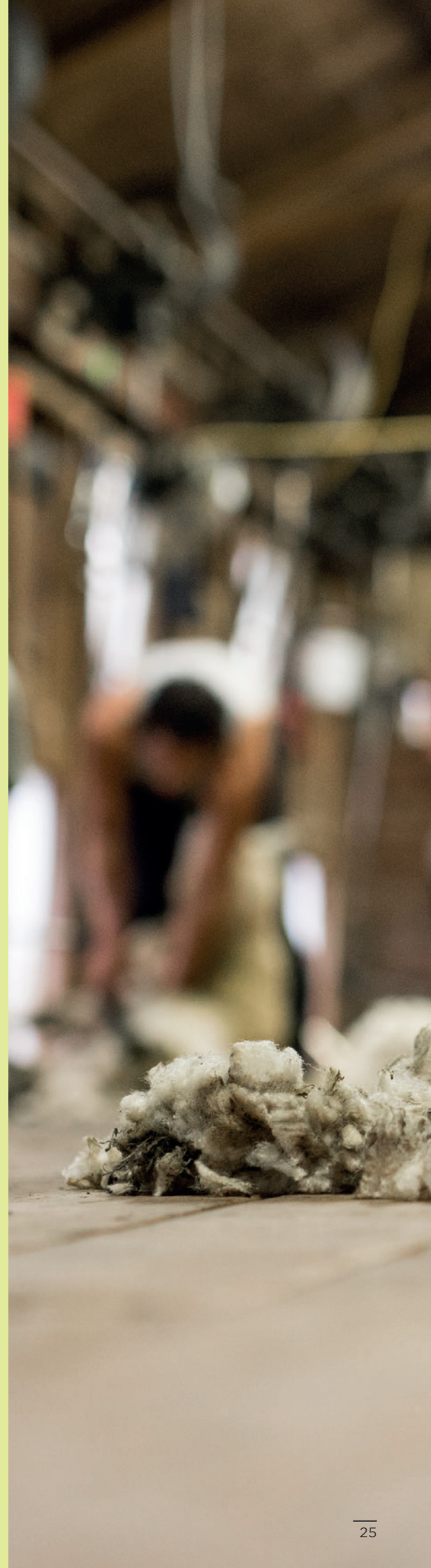
CORE ROLE	EXPECTATION	DELIVERABLE
<b>Regulatory effectiveness</b> 	Work with other regulators to drive best health and safety regulatory practice	<ul style="list-style-type: none"> <li>- Strengthen purposeful and active relationships with strategic partners and stakeholders, including other regulators, MBIE, ACC, health and transport and our social partners (NZCTU and business)</li> <li>- Execute two shared initiatives - CE regulatory forum</li> </ul>
	Supporting health and safety regulatory reform including implementation	<ul style="list-style-type: none"> <li>- Support MBIE with the ongoing development of the Health and Safety Regulatory Framework (including Plant and Structures Regulation and Mining Regulations)</li> </ul>
	Fulfil Energy safety regulator role and enhance the energy safety regulatory framework	<ul style="list-style-type: none"> <li>- Promote and contribute to the safe supply and use of electricity and gas</li> </ul>
	Build on new enforcement and legal tools in the Health and Safety at Work Act 2015	<ul style="list-style-type: none"> <li>- Use and build on our range of enforcement and legal tools including enabling duty-holders to self-review their health and safety practice and approving Enforceable Undertakings</li> </ul>
<b>Harm prevention</b> 	Work closely with system partners to build complementary harm prevention capability	<ul style="list-style-type: none"> <li>- Refresh and implement our harm prevention plans including ACC plan</li> <li>- Strengthen relationships with strategic partners and stakeholders</li> <li>- Sector specific programmes and cross-sector initiatives (vehicles etc)</li> <li>- Co-design evidence-based harm prevention programmes</li> </ul>
	Move towards improving outcomes in work-related health (including mental health and the reduction of psychosocial harms)	<ul style="list-style-type: none"> <li>- Refresh and implement our harm prevention plans including ACC plan</li> <li>- Strengthen relationships with strategic partners and stakeholders</li> <li>- Scope and design in work-related health including psychosocial risk factors</li> </ul>
	Support improved health and safety outcomes for workers with greater needs (such as Māori, Pasifika and migrant workers)	<ul style="list-style-type: none"> <li>- Implement programmes tailored to workers at greatest risk of harm (such as Māori, Pacific Peoples and migrant workers)</li> </ul>
	Actively contribute to the goals of the Health and Safety at Work Strategy	<ul style="list-style-type: none"> <li>- Contribute to the goals of the Health and Safety at Work Strategy</li> <li>- Co-lead a Strategy Reference Group with MBIE</li> </ul>

CORE ROLE	EXPECTATION	DELIVERABLE
<p><b>System leadership</b></p> 	<p>Commitment to a collaborative close relationship with MBIE</p>	<ul style="list-style-type: none"> <li>- Strengthen relationships with strategic partners and stakeholders</li> <li>- Support MBIE with the ongoing development of the Health and Safety Regulatory Framework (including Plant and Structures Regulation and Mining Regulations)</li> <li>- Contribute to the goals of the Health and Safety at Work Strategy</li> <li>- Co-lead a Strategy Reference Group with MBIE</li> </ul>
	<p>Co-lead Health and Safety at Work Strategy Stakeholder Reference Group</p>	<ul style="list-style-type: none"> <li>- Contribute to the goals of the Health and Safety at Work Strategy</li> <li>- Co-lead a Strategy Reference Group with MBIE</li> </ul>
	<p>Strengthen health and safety engagement at an industry level</p>	<ul style="list-style-type: none"> <li>- Strengthen relationships with strategic partners and stakeholders</li> <li>- Implement sector specific programmes and cross-sector initiatives (vehicles etc)</li> </ul>
	<p>Strengthen the framework for worker engagement, participation and representation</p>	<ul style="list-style-type: none"> <li>- Strengthen relationships with strategic partners and stakeholders</li> <li>- Co-design and co-deliver WEPR pilots in forestry and agriculture</li> </ul>
<p><b>Organisational excellence</b></p>	<p>Public confidence in WorkSafe's resource allocation and financial management</p>	<ul style="list-style-type: none"> <li>- Resource a Modernisation office</li> <li>- Implement new funding initiatives</li> <li>- Continue our Investment Advisory Committee that allocates resources and monitors benefits</li> <li>- Regular reporting to SLT, Board, Monitor and Minister</li> </ul>
	<p>Closely monitor any new investments with a focus on capturing the benefits achieved</p>	
	<p>Anticipate, forecast and adjust for emerging cost pressures so they are met within baseline funding</p>	



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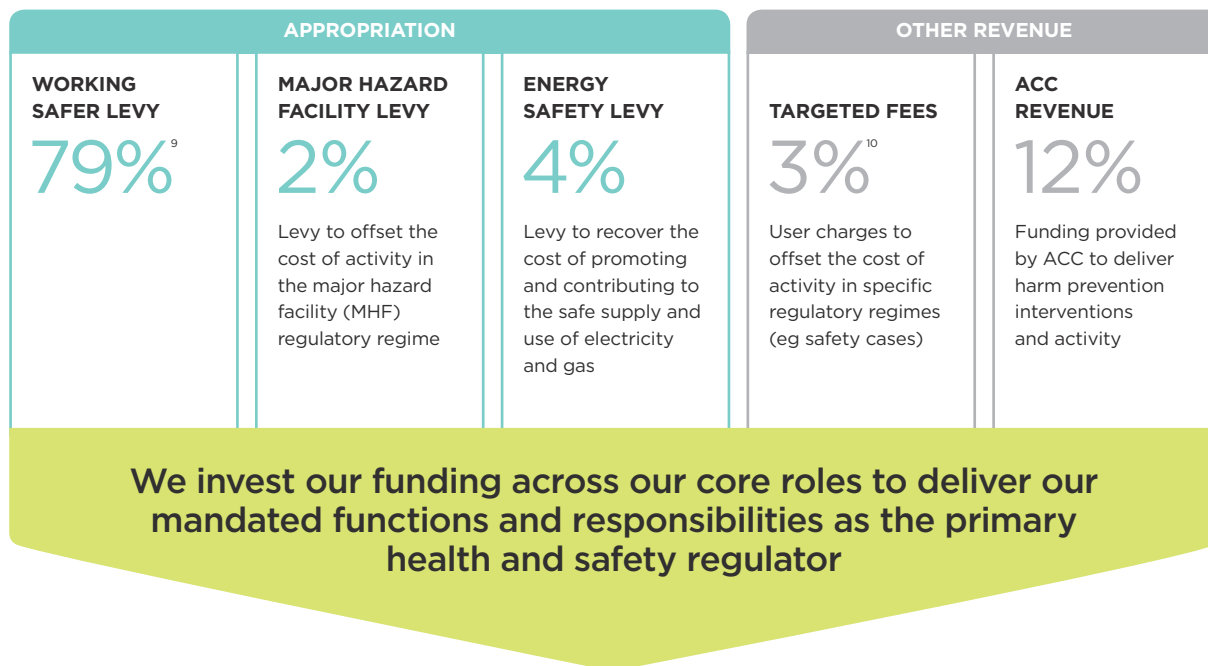
# Budget and financial statements



## Our funding

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

### Our funding sources as at 2019/20



### How we use our funding



#### REGULATORY EFFECTIVENESS

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



#### HARM PREVENTION

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



#### SYSTEM LEADERSHIP

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

<sup>9</sup> Includes a contribution to MHF activities.

<sup>10</sup> Includes interest revenue.

## Statement of disclosure

The Board has the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. It is responsible for the preparation of WorkSafe's prospective financial statements, the judgements made in them and the appropriateness of the assumptions them and all other required disclosures by WorkSafe.

In the Board's opinion, the prospective financial statements fairly reflect the operations and financial position of WorkSafe New Zealand as at 1 July 2019. As noted, financial results shown for 2018/19 are estimated, not actual. These prospective financial statements are not proposed to be updated subsequent to presentation.



**Ross Wilson**  
Chair



**Paula Rose** QSO  
Deputy Chair

## Our reportable outputs

WorkSafe is funded primarily through one appropriation in Vote Labour Market:<sup>11</sup>

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

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

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

PERCENTAGE OF PEOPLE (WORKERS AND EMPLOYERS) WHO:	RESULT 2017/18	PROVISIONAL RESULT 2018/19	TARGET 2019/20
Made at least one change to improve workplace safety and/or reduce risks to workers' health	84%	86%	80%

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

## Cost of service statement

\$000	ESTIMATED ACTUAL 2018/19	FORECAST 2019/20
Revenue from the Crown <sup>12,13</sup>	94,157	106,282
Interest revenue	1,204	753
Other revenue	9,827	16,724
<b>TOTAL REVENUE</b>	<b>105,188</b>	<b>123,759</b>
<b>TOTAL EXPENDITURE</b>	<b>106,888</b>	<b>127,759</b>
Surplus/(deficit)	(1,700)	(4,000)

<sup>11</sup> In addition, WorkSafe pays ACC \$869,000 annually for levy-collection services, which is a separate appropriation but is considered an integral part of the cost of delivering Workplace Health and Safety outputs.

<sup>12</sup> From non-departmental output expense Workplace Relations and Safety – Workplace Health and Safety (includes both Workplace Health and Safety revenue and Energy Safety revenue) and Working Safer Levy collection services.

<sup>13</sup> Includes \$869,000 for levy-collection services in both 2018/19 and 2019/20.

**Prospective statement of comprehensive revenue and expense for the year ended 30 June 2020**

<b>\$000</b>	ESTIMATED ACTUAL 2018/19	<b>FORECAST 2019/20</b>
<i>Revenue</i>		
Funding from the Crown	94,157	106,282
Interest revenue	1,204	753
Other revenue	9,827	16,724
<b>TOTAL REVENUE</b>	<b>105,188</b>	<b>123,759</b>
<i>Expenditure</i>		
Personnel costs	65,053	76,940
Depreciation and amortisation expense	3,020	5,109
Other expenses	38,814	45,709
<b>TOTAL EXPENDITURE</b>	<b>106,888</b>	<b>127,759</b>
Surplus/(deficit)	(1,700)	(4,000)
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>(1,700)</b>	<b>(4,000)</b>

## Prospective statement of financial position as at 30 June 2020

\$000	ESTIMATED ACTUAL 2018/19	FORECAST 2019/20
<i>Assets</i>		
<b>Current assets</b>		
Cash and bank	6,642	5,969
Receivables	1,000	1,000
Investments	27,000	17,000
<b>TOTAL CURRENT ASSETS</b>	<b>34,642</b>	<b>23,969</b>
<b>Non-current assets</b>		
Property, plant, and equipment	5,797	6,934
Intangible assets	8,420	13,766
<b>TOTAL NON-CURRENT ASSETS</b>	<b>14,217</b>	<b>20,700</b>
<b>TOTAL ASSETS</b>	<b>48,859</b>	<b>44,669</b>
<i>Liabilities</i>		
<b>Current liabilities</b>		
Payables	6,661	6,000
Income in advance	8,715	9,065
Employee entitlements	4,139	5,500
<b>TOTAL CURRENT LIABILITIES</b>	<b>19,515</b>	<b>20,565</b>
<b>Non-current liabilities</b>		
Employee entitlements	700	700
Income in advance	1,240	0
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,940</b>	<b>700</b>
<b>TOTAL LIABILITIES</b>	<b>21,455</b>	<b>21,265</b>
<b>Net assets</b>	<b>27,404</b>	<b>23,404</b>
<i>Equity</i>		
Capital reserves	25,934	25,934
Memorandum accounts	1,620	1,562
Accumulated surplus/(deficit)	(151)	(4,092)
<b>TOTAL EQUITY</b>	<b>27,404</b>	<b>23,404</b>

**Prospective statement of changes in equity  
for the year ended 30 June 2020**

<b>\$000</b>	ESTIMATED ACTUAL 2018/19	<b>FORECAST 2019/20</b>
Balance at 1 July	29,104	27,404
Total comprehensive revenue and expense	(1,700)	(4,000)
<b>BALANCE AT 30 JUNE</b>	<b>27,404</b>	<b>23,404</b>

## Prospective statement of cash flows for the year ended 30 June 2020

\$000	ESTIMATED ACTUAL 2018/19	FORECAST 2019/20
<i>Cash flows from operating activities</i>		
Receipts from the Crown	94,157	106,282
Interest received	1,204	753
Receipts from other revenue	14,095	15,173
Payments to suppliers	(66,441)	(45,709)
Payments to employees	(39,642)	(75,579)
<b>Net cash flow from operating activities</b>	<b>3,373</b>	<b>920</b>
<i>Cash flows from investing activities</i>		
Receipts from sale of property, plant, and equipment	300	400
Receipts from term deposits		10,000
Purchase of property, plant, and equipment	(2,017)	(3,160)
Purchase of intangible assets (ICT)	(2,220)	(8,833)
<b>Net cash flow from investing activities</b>	<b>(3,937)</b>	<b>(1,593)</b>
<i>Cash flows from financing activities</i>		
Capital contribution		
<b>Net cash flow from financing activities</b>	<b>0</b>	<b>0</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(564)</b>	<b>(673)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>7,206</b>	<b>6,642</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>6,642</b>	<b>5,969</b>



## Key assumptions and changes

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

- Financial information is prepared in accordance with generally accepted accounting practice.
- Other Revenue increases due to a partnering agreement with ACC for Harm Reduction.
- Revenue from multi-year programmes such as ACC partner programmes and Major Hazard Facilities Safety Cases are recognised on a percentage of completion basis, with any unspent portion treated as Income in Advance.
- Accumulated surpluses are used where available to supplement revenue.
- Capital expenditure reflects allocation of funding to the ICT capability roadmap. The investment required to deliver this capability will be subject to appropriate processes and our capital plan will be updated once this information is available.

## Statement of accounting policies

### Reporting entity

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

WorkSafe's primary objective is to provide services to the New Zealand public, as opposed to making a financial return. Accordingly, WorkSafe has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The Board authorised these prospective statements for issue on 24 June 2019.

### Basis of preparation

The financial statements have been prepared on a going-concern basis and the accounting policies have been applied consistently throughout the period.

### STATEMENT OF COMPLIANCE

The financial statements of WorkSafe have been prepared in accordance with the requirements of the *Crown Entities Act 2004*, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with Tier 1 PBE accounting standards and they comply with PBE accounting standards and PBE financial reporting standard 42.

### MEASUREMENT BASE

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

### FUNCTIONAL AND PRESENTATION CURRENCY

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

### Significant accounting policies

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

### REVENUE

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

### REVENUE FROM THE CROWN

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

### PROVISION OF SERVICES

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

### INTEREST

Interest revenue is recognised using the effective interest method.

### FOREIGN CURRENCY

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

### OPERATING LEASES

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

### CASH AND CASH EQUIVALENTS

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

### DEBTORS AND OTHER RECEIVABLES

Debtors and other receivables are measured at fair value, less any provision for impairment. A receivable is considered impaired when there is evidence that WorkSafe will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amount expected to be collected.

## INVESTMENTS

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.

## PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

## DEPRECIATION

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

ASSET CLASS	DEPRECIATION METHOD
Furniture and office equipment	General: 5 years 20% straight line (SL)  Leasehold improvements: The shorter of 10 years 10% SL or the remaining term of the lease of the building that has been fitted out
Computer hardware	4 years 25% SL
Motor vehicles	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.

## Intangible assets

### SOFTWARE ACQUISITION AND DEVELOPMENT

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

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

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

### AMORTISATION

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

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

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

## Impairment of non-financial assets

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

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

approach based on a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and the availability of information.

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

## Creditors and other payables

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

## Employee entitlements

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

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

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

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

## Pension liabilities

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

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

## Provisions

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

## Restructuring

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

## Goods and services tax (GST)

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

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

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

## Income tax

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

## Cost allocation

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

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

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

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

## Critical accounting estimates and assumptions

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

## Capital intentions 2019/20 to 2022/23

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

Our capital investment intentions to 30 June 2023 are detailed below:

Category	PLANNED INVESTMENT \$M			
	2019/20	2020/21	2021/22	2022/23
ICT	8.83	4.40	4.68	5.20
Motor vehicles	1.36	1.00	1.00	1.00
Leasehold improvements	1.60	0.75	0.75	0.75
Other assets	0.20	0.25	0.25	0.25
	<b>11.99</b>	<b>6.40</b>	<b>6.68</b>	<b>7.20</b>

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

WorkSafe is developing a future road map for ICT capability required to support its organisational strategy. The investment required to deliver this capability will be subject to appropriate business case processes and our capital plan will be updated once this information is available.

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

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

Discussions are ongoing to enable WorkSafe to implement an ICT capital programme and associated depreciation.



## Disclaimer

WorkSafe New Zealand has made every effort to ensure that the information contained in this publication is reliable, but makes no guarantee of its completeness. WorkSafe may change the contents of this publication at any time without notice.

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