

# WorkSafe

TE PŪRONGO O MAHI HAUMARU AOTEAROA

1 October – 31 December 2024



Te Kāwanatanga o Aotearoa  
New Zealand Government

**WORKSAFE**  
Mahi Haumaru Aotearoa

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The purpose of this report is to provide an update of WorkSafe’s performance over the previous quarter to the Minister for Workplace Relations and Safety and the Ministry of Business, Innovation and Employment (monitoring department). This includes WorkSafe’s progress in achieving objectives as set out in its accountability documents, together with a review of WorkSafe’s organisational health and financial performance.

The quarterly report is available on [www.worksafe.govt.nz](http://www.worksafe.govt.nz) after each quarter.

## Executive summary

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Over Q2, WorkSafe continued its organisational change. WorkSafe’s new organisational structure will be in place by 31 March to ensure we are set up to deliver on our strategic priorities.

The Q2 performance continued to be impacted by a large number of vacancies (over 100 positions) that were put on hold due to an extended consultation period. However, overall performance remained steady, with noticeable improvement in inspector productivity. Improvements to data availability to evidence our performance story through measures continued in Q2, with further work required in Q3.

### Quarter 2 at a glance

- Delivering on strategy** Delivery of the priority plans continued in Q2, including the set-up of workstreams for the Permit plan. Elements of the Permit plan are included in the Strategic Baseline Review Delivery Plan endorsed by MBIE in November 2024.
- Regulatory activities** The level of regulatory activities (assessments) has increased 15% compared with the same period last year.
- Performance measures** Performance remained steady as WorkSafe continued to implement new strategy and organisational change. Of the 14 measures reported, eight targets were met.
  - People** There were 567 FTEs in Q2, a decrease of 19, compared to 586 in Q1. Voluntary turnover was 12%, a decrease of 3.1% from 15% in Q1.
  - Finance** A surplus of \$17.6m was achieved against a YTD forecast of \$12.8m (+\$4.8m). The variance is mainly due to Crown revenue being higher than budget due to the Public Service Pay Adjustment funding now being recognised (as it was approved by Joint Ministers in August 2024) and cost variances until the change process is completed and the new structure implemented.

### Focus for the next quarter

- The new organisational structure will ‘go live’ in Q3. A transition team has been set up and transition activities will commence and continue through into Q4 to support the implementation of the new structure.
- The inspectorate workforce development programme recruitment workstream will deliver a new recruitment and training approach in Q3. Other workstreams will deliver the alignment of the triage and allocation of notifications, establishment of new operational performance measures, and development of a current state assessment and forward plan.
- The permit plan is focused on improving how WorkSafe carries out our permitting activities. The focus for Q3 is delivering the compliance framework, performance indicators, compliance monitoring approach and decision-making framework.
- WorkSafe will implement and progress the plan to embed key recommendations from the Strategic Baseline Review that was presented to the Minister and MBIE, including developing new measures for the 25/26 financial year.

- WorkSafe will continue to support MBIE with the consultation on regulatory options for the engineered stone industry which opened on 18 December 2024 and is due to close on 18 March 2025.

## Priorities and key updates in Q2

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*Progress on the organisational priorities is reported in this section. Key activities and achievements during the quarter are also summarised.*

### Priorities and focus areas

#### *Inspectorate capability*

In Q2, scoping of the inspectorate capability improvement program has progressed, resulting in development plans for frontline inspectorate kaimahi as well as their leaders. The development plans have been approved by the Board, with a view to implement these in Q3.

#### *Guidance*

WorkSafe progressed the guidance project with mapping the current suite of guidance against a tier-based framework. This has informed the delivery workplan which will make progress towards bringing the overall suite up to date. By the end of Q4, around half of the current 280 guidance products considered to be 'out of date' will have been removed.

In Q2, guidance prevention and control of leptospirosis and safe use of pesticides was published.

#### *Strategic Baseline review recommendations*

MBIE have endorsed the plan and milestones required to address the remaining key recommendations from the Strategic Baseline review. The Executive Leadership Team has allocated resources to deliver the plan and delivery is on track.

#### *Organisational change*

WorkSafe began consultation on an organisational change proposal and has reviewed the feedback. Following engagement with the PSA and other stakeholders, final decisions were shared in December 2024. The expression of interest process will progress with interviews from January. The new structure is expected to take effect 31 March 2025.

### Key activities and updates

#### *Priority plans*

The priority plans support new ways of working. Collaborative relationships are being strengthened with sector stakeholders so they can participate in key pieces of work. Sector groups are making connections between their work programmes and activities in the priority plans, helping highlight areas where WorkSafe can increase efforts.

Sectors most connected to permitting and authorisations, primarily related to construction, are also being updated on developments in the Permit plan.

#### *ACC funding*

WorkSafe's injury prevention deliverables report for Q1 was presented to ACC. Some delays across activities were signalled. In Q2, strategic relationship meetings between WorkSafe and ACC were held setting out a framework for broader operational relationships between WorkSafe and ACC as the ACC injury prevention funding draws to an end in March.

#### *Maruiti 2027 Strategy*

WorkSafe commenced a refresh of its Maruiti 2027 strategy to align with the new organisational strategy, with the set-up phase completing in Q2. Maruiti 2027 aims to improve the equity gap for Māori and to reduce fatalities, serious harm and health impact on Māori. The revised strategy will be presented to the Executive Leadership Team for approval in Q3, with implementation planned for Q4.

# Delivering the strategy

WorkSafe focuses its effort on where it will make the biggest difference and contribute to equitable outcomes. WorkSafe is guided by evidence and insights about acute, chronic and catastrophic harm, and will focus on high-risk sectors – agriculture, forestry, construction, and manufacturing, and high-risk activities such as mining, adventure activities and work involving hazardous substances.

## Focusing on high-risk sectors and activities

The sector plans cover the sectors where the most acute and chronic harm occurs, and the permit plan covers high-risk activities that can result in serious or catastrophic harm if not well managed.

### 1. Sector plans for high-risk sectors



#### Agriculture

support the sector-led 'Farm Without Harm' strategy, target high-risk areas of harm, align assessment and enforcement activities, and collaborate with trusted sources of influence to improve health and safety practices.

Initiatives	Progress
Give certainty to the sector through a clear and credible enforcement position.	This initiative is now progressing as part of the wider enforcement work programme and will be captured in the revised Enforcement and Compliance Policy. <i>Note that this is an initiative across all four priority sectors.</i>
Target delivery of tailored programmes to reach workers at greater risk	Wānanga were delivered in Te Mātau-a-Māui (Hawkes Bay). The group formed a position to undertake a leadership role to address root-causes of harm, and with a view to forming a community-led Health and Safety group to improve equitable outcomes for Māori in the agriculture sector.
Target management of substances hazardous to health	Review of the Notification and Triage framework is progressing with an updated model undergoing testing. The revised framework will help enable WorkSafe to focus its resources in the areas with the highest risk of harm.
Influence through organisations and events where rural people meet and seek advice	In Q2, work included a scan of opportunities to better use WorkSafe resources and setting out objectives and outcomes for the engagements.
Target vehicle and machinery safety	Review of the Notification and Triage framework is progressing with an updated model undergoing testing. The revised framework will help enable WorkSafe to focus its resources in the areas with the highest risk of harm.



#### Construction

supports sector-led priorities by clarifying WorkSafe's role, target the management or risk and overlapping duties on complex sites, focusing on actions that only WorkSafe can take, and encourage large, influential businesses to lead improved health and safety practice.

Initiatives	Progress
Build understanding of workers at greater risk	This initiative is scheduled to start in Q3. In preparation, an internal rōpu has been established, starting with data and intelligence required to influence planning. In addition, during Q2, WorkSafe delivered the Puataunofu health and safety programme to a number of construction business.



## Forestry

*support sector-led priorities by clarifying WorkSafe's role in the system, foster Kaupapa Māori approaches to drive locally led shifts in health and safety practice, and targeting interventions to address the most serious risks in forestry.*

Initiatives	Progress
Complete the refresh of forestry guidance	The forestry guidance is being drafted. Pre-consultation stakeholder feedback workshops were held in November and the latest draft has been shared. Work to integrate the feedback is ongoing, with remaining consultation to occur in Q3.
Regional harm prevention approach in Te Tairāwhiti	The co-chairs of the Te Kawa a Tāne Alliance have sourced an independent resource to undertake a case study review with regional stakeholders. Initial findings suggest an acknowledgement of low engagement. The Te Kawa a Tāne Alliance has revamped their operating model for 2025, to make it more effective and efficient.  Work on the Mechanisation workstream will commence in 2025 under the new operating model, which will enable a true view of mechanisation in the region and next steps. WorkSafe remains strategically involved.
Target safe tree felling practice	Reviewing the Notification and Triage framework is in progress with an updated model undergoing testing. The revised framework will help enable WorkSafe to focus its resources in the areas with the highest risk of harm. Forestry assessment tools are also being updated and are currently in a late stage of draft. Delivery of targeted assessment activity is on track.
Encourage improved worker engagement, participation and representation (WEPR)	A series of workshops to identify current challenges existing in the forestry sector relating to WEPR were conducted. The workshops also identified education resources to be developed using ACC funding which will support future delivery. The WEPR assessment process will be analysed further in Q3 to identify opportunities to expand the use of WEPR engagement and education resources.
Share WorkSafe data and insights with the forestry sector leads	Work is ongoing to: <ul style="list-style-type: none"> <li>– better understand the data and insights requirements of the forestry sector</li> <li>– identify what WorkSafe can provide now and what might be available in the future.</li> </ul>



## Manufacturing

*support sector-led priorities by clarifying WorkSafe's role in the system, target interventions to address the most serious risks, and encourage culturally responsive worker engagement.*

Initiatives	Progress
Contribute to the joint agency response to accelerated silicosis	The last round of assessments was completed. Inspectors have also continued to visit newly identified businesses, those that have changed ownership or premises, and those where concerns have been raised. WorkSafe has continued to engage with industry bodies. Feedback was provided to MBIE as part of its consultation on the regulation of engineered stone.
Share WorkSafe data and insights with manufacturing sector leads	WorkSafe presented at the Sector Lead meeting, providing context on WorkSafe-held data, the modernisation of data infrastructure and its impact on delayed publication of data. Sector Leads shared issues and support needs for interacting with the data and insights.

	Next steps include gathering specific data requirements from the wood, metal and food manufacturing sub-sectors and developing a response.
Deliver tailored programmes to reach workers at greater risk	<p>WorkSafe has continued engagement with the two Auckland manufacturers whose busy pre-Christmas production schedules delayed Puataunofu programme delivery. WorkSafe has refined its targeted approach to implement in Q3 with these businesses and has also approached five other manufacturing businesses with high harm for Pasifika with the aim of delivering the Puataunofu programme.</p> <p>WorkSafe has developed relationships with six manufacturing businesses in Tāmaki Mākaurau (Auckland) and Te Waipounamu (South Island) that were identified through data intelligence. Two Tāmaki Mākaurau businesses are engaging with WorkSafe's tailored Kaupapa Māori programmes, with one wānanga held in Q2, and another wānanga scheduled for early Q3 to avoid the high production season. A fourth business, with a high Pasifika workforce, will engage through the Puataunofu programme.</p> <p>In Te Waipounamu, initial contact was made with two large businesses showing interest in kaupapa Māori interventions. Both have agreed to re-engage with WorkSafe in Q3 and Q4, after the high productive season.</p>

## 2. High-risk activities



### Permit

*set clear expectations for regulated parties, establish robust and consistent decision-making processes, and strengthen compliance monitoring for regulated high-risk work.*

Initiatives	Progress
Clear a backlog of historic applications	The approach to long-dated compliance certifier applications, to reduce backlog over three quarters was agreed.
Have a compliance system and framework for permit	The draft compliance framework was designed.
Establish performance standards, including performance expectations of third parties	The work on reporting performance is underway to capture more regimes. At present, only asbestos licensing and adventure activities regimes are captured in performance reporting.
Establish robust and consistent decision-making	The risk rating and maturity assessment for authorisations decision-making was developed.
Strengthen compliance monitoring	This initiative is scheduled to commence in Q3.

# Regulatory activities by output

The WorkSafe New Zealand Act 2013 sets out 16 functions for WorkSafe to undertake as the regulator. Those functions describe the various ways in which WorkSafe is expected to 'promote and contribute to' – or influence – health and safety at work. Broadly, these functions can be grouped into three outputs that WorkSafe delivers – **Engage**, **Enforce**, and **Permit**.



## Engage

Helping businesses and workers to understand how to meet their responsibilities to ensure work is healthy and safe.

### 1. Education and training

Nine Puataunoko Come Home Safely workshops reaching 192 workers in the following sectors were delivered: 13% manufacturing, 17% warehousing, transport and logistics, 58% construction, and 12% government services.

### 2. Information and resources

The Leptospirosis good practice guide and nine fact sheets have been updated and replaced with a single updated Prevention and control of leptospirosis– quick guide. Leptospirosis is the most common work-related infectious disease, caught from exposure to the urine of infected animals. The information can now be found in a single document, with online learning modules, and a printable one-page information sheet with key points for workers, making it more accessible and user-friendly.

WorkSafe’s website has been updated with a new homepage design and mega-menu delivering detailed improvements to WorkSafe’s digital channels. The changes give WorkSafe better functionality to communicate its priorities and showcase high-value content to users, with the ability to curate menu items based on popularity, importance, or a combination of both. The mega-menu brings it up to date with best practice and reflects the structure of the website, giving users a visible overview of where to find content and improving navigation.

### 3. Workplace assessments

Workplace assessment activity is either part of a planned program or carried out as a response to a notification. Notifications are received from businesses and the public. Once received, they are reviewed for an appropriate course of action.

In Q2, approximately 4% fewer notifications were received, and 13% fewer assessments were conducted than in Q1. However, compared to this time last year Q2 assessments are up 15% (noting that Q2 is usually lower than other quarters due to the Christmas shutdown).

	2023/24			2024/25	
	Q2	Q3	Q4	Q1	Q2
<b>Notifications</b>	2,454*	2,485	2,239	2,537	<b>2,443</b>
<b>Assessments</b>	2,513	2,985	3,271	3,292	<b>2,887</b>

\*revised



## Enforce

Taking action against those who fail to meet their responsibilities to ensure work is healthy and safe.

Where businesses and workers do not carry out their responsibilities as they should, some form of action may be taken to enforce compliance with the law. There are a variety of enforcement tools available to WorkSafe to hold people to account and achieve the maximum influence. Some of the enforcement tools include:

- *Improvement notice*: issued by a WorkSafe inspector directing that a work health and safety risk be addressed.
- *Prohibition notice*: issued requiring activity to cease immediately if a WorkSafe inspector determines that a serious health or safety risk is occurring or could occur.
- *Infringement notice*: requiring a responsible party to pay a fine for breaching specified health and safety obligations.

In Q2, WorkSafe issued 1,451 notices in total.

	2023/24			2024/25	
	Q2	Q3	Q4	Q1	Q2
<b>Improvement</b>	1,410	1,160	1,259	1,653	<b>1,209</b>
<b>Prohibition</b>	220	201	201	267	<b>242</b>
<b>Infringement</b>	0	2	3	4	<b>0</b>
<b>Total</b>	1,630	1,363	1,463	1,924	<b>1,451</b>

In addition to issuing notices, WorkSafe has also taken the following actions

- *Prosecution*: WorkSafe files charges for breaches of the law which may result in the Court imposing financial penalties or other sanctions.

During Q2, following a fatal accident, a company was ordered to pay over \$300,000 in reparations after a felled log came loose and fatally struck a person. The log was put in place as a plug which acted as a bridge for other logs to slide over. However, it came loose and slid down a hill. The risk assessment only listed two hazards for the entire site and did not consider the risks of the plugged log dislodging.

WorkSafe’s new strategy focuses on forestry because its fatality rate is nearly 20 times higher than the average for all industries. WorkSafe’s priority plans for the sector notes workers hit or trapped by a moving object as a specific source of high harm and targeting frontline activities in forestry will increase the opportunities to significantly improve health and safety, reduce acute harm and address inequities.

- *Enforcement undertaking*: Voluntary agreements between WorkSafe and a duty holder. They are legally binding and are generally used as an alternative to prosecution.

During Q2, WorkSafe agreed an enforceable undertaking with a manufacturing company following an incident in their factory. The incident occurred when a pressurised hose disengaged from a clamp and sprayed a hazardous substance into the air and a worker’s eyes. The company is required to:

- provide financial amends to the victim
- install CCTV systems to identify situations or events that could indicate risks to workers health and safety, with findings used to drive continuous improvements
- develop and deliver a webinar with the Employer and Manufacturers Association highlighting the incident and key learning
- fund a pilot programme by Blind Low Vision NZ to educate and support businesses employing visually impaired staff, with a focus on workplace health and safety, inclusion and wellbeing.

WorkSafe will regularly monitor the progress of the agreed actions.

In Q2, there were 8 disposed (resolved) prosecutions. In one case (see above), the prosecution was disposed as a result of WorkSafe entering into an enforceable undertaking with the PCBU.

	2023/24			2024/25	
	Q2	Q3	Q4	Q1	Q2
<b>Disposed prosecutions including enforceable undertaking*</b>	16	25	13	12	<b>8</b>

\*Figures may change subject to appeal



### Permit

Allowing businesses and individuals to carry out high-risk work activities that require permission to do so

Permitting activities in Q2 included:

- **Five safe work instruments (SWIs)** are being developed. Three SWIs, for seamless steel gas cylinders, burners, mining and quarrying completed public consultation. Consultation on a fourth SWI for setting-controlled substance licence requirements for explosive substances is progressing this quarter and all four are currently on track to be sent to the Minister for consideration in Q4. WorkSafe also held a workshop with industry stakeholders (universities and crown research laboratories) on the laboratories SWI. Work is continuing with the sector to ensure the laboratories SWI will achieve health and safety outcomes for workers and provide workable requirements for the regulated community.
- As at Q2, 941 authorisations and five exemptions have been processed for the 2024/25 year. In Q2, 454 authorisations and two exemptions were processed.

## Performance measures

This section reports on the measures and targets included in the Performance Framework from the Statement of Intent 2024/25-2027/28 (SOI) and Statement of Performance Expectations 2024/25 (SPE).

This is the second quarter reporting against the new set of performance measures to reflect WorkSafe's new strategy. The Q2 performance remained steady, achieving seven out of 13 reported measures as in Q1.

### Overview of performance

	Total number	Number reported in Q2	Achieved	Not achieved
SOI measures (Impact)	5	4	4	-
SPE measures (Output)	7	6	2	4
Organisational measures	5	4	2	2
<b>Total</b>	<b>17</b>	<b>14</b>	<b>8</b>	<b>6</b>

### Statement of Intent 2024/25-2027/28

WorkSafe has five impact measures. As at Q2, three reported targets were achieved. Unreported targets are highlighted in yellow and variance explanations are provided.

Impact measure	YTD Actual	Target
<b>Engage</b>		
The percentage of people who make a change after interaction with WorkSafe New Zealand	96%	≥85%
The percentage of employers who know more about what they need to do after interaction with WorkSafe New Zealand	68%	≥60%
<b>Enforce</b>		
The percentage of businesses in priority areas or sectors that improve workplace safety following improvement notices	-	≥95%
<p>NB. There are some ongoing issues with sample identification and selection for the survey required for this measure. Therefore, this measure cannot be reported in Q2. WorkSafe is currently working to resolve these issues for Q3.</p>		
The percentage of businesses that improve workplace safety following improvement notices	95%	≥95%
<p>NB. As above, WorkSafe is currently working to improve our externally validated data for this measure. However, internal data shows that 94.7% of improvement notices were complied with by the notice due date or within two weeks of issue. As this measure was not reported in Q1, the result reflects a quarterly result, rather than YTD.</p>		
<b>Permit</b>		
Develop and implement a framework to assess the proportion of businesses that carry out regulated work activity in accordance with their authorisation	On track	By 30 June 2024/25

## Statement of Performance Expectations 2024/25

### Financial performance by output (\$M)

	Annual budget	YTD actual	% annual budget spent
Engage	66.639	25.531	38%
Enforce	55.808	20.852	37%
Permit	20.450	11.032	54%
<b>Total</b>	<b>142.897</b>	<b>57.415</b>	<b>40%</b>

### Non-financial performance

There are seven output measures. These assess the quality and timeliness of activities delivered by WorkSafe. Unmet targets are highlighted in yellow and variance explanations are provided.

Output measure	YTD Actual	Target
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#### Engage

1.1	The percentage of recipients satisfied with WorkSafe's interventions	96%	70%
1.2	The percentage of resource directed into high-risk sectors and regions with high harm inequity	76%	80%

*The data utilised for this measure currently only captures assessments undertaken by our General Inspectorate. It does not account for work undertaken more broadly across WorkSafe e.g. by our Major Hazard Facilities and equity and engagement teams. We will continue to build on data availability to improve inputs for this measure. The WorkSafe Triage and Notification Decision Models are being re-developed to align resource with priority sectors, and the target is expected to be met by year-end.*

1.3	The net promoter score of priority partners and sector lead groups that have trust and confidence in WorkSafe	-	>0
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*Of 32 priority partner and sector lead groups invited to complete a survey, 14 completed the survey. Of which 11 respondents gave ratings of 6 or lower, and 3 gave ratings between 7 and 8. A new question asked participants to rate the quality of their most recent engagement with WorkSafe. 64% rated their engagement experience as good or excellent.*

NB. Due to insufficient sample size, no meaningful score can be reported.

#### Enforce

2.1	The percentage of investigations in priority sectors (agriculture, forestry, manufacturing and construction)	80%	≥85%
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*Investigations typically relate to fatalities, high harm or serious risk, which are reactive by nature. While many investigations fall within the four priority sectors, not all efforts can be directed there, as fatal or serious harm events in other areas also require investigative resource.*

Output measure		YTD Actual	Target
2.2	The percentage of prosecutions that result in the relevant parties being held to account	75%	≥80%

*The YTD result is below target due to two defendants in Q2 being found not guilty and one case being withdrawn for procedural reasons. Note that this result is provisional, as all prosecutions are subject to appeal.*

### Permit

3.1	The percentage of authorisation applications and renewals processed within agreed timeframes*	68%	≥85%
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*Of the two regimes currently measured, 81% of Asbestos and 39% of Adventure Activities applications and renewals were processed within agreed timeframes. Incorporating the new processes and regulations for the Adventure Activities Regime have impacted the timely processing of applications. As the new process sets in, processing times are expected to trend down. In addition, WorkSafe has improved systems for tracking performance and identification of delayed applications. The Permit Plan will deliver further improvements to the systems and processes, and overall performance.*

3.2	The percentage of authorisation applications and renewals processed according to WorkSafe's quality standards*	100%	≥85%
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\*Two authorisation application processes (Asbestos and Adventure Activities) are measured.

## Organisational health and capability

WorkSafe has five organisational health and capability measures. The staff engagement measure (not reported in Q2) is based on the We Say survey.

The costs were lower than 2023/24 costs across WorkSafe, due to vacancies, resulting in two of the four measures not meeting the targets in Q2. Unmet targets are highlighted in yellow.

Organisational measure	Actual	Target
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### Organisational efficiency

Frontline staff to support staff ratio	76:24	Improvement from 2023/24*
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\*As at 30 June, the ratio was 74:26

### Budget management

Expenditure within budget	22.3%	Spend is within ±2% of budget
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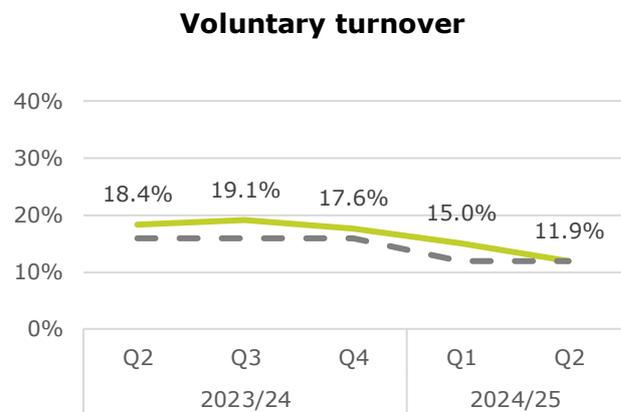
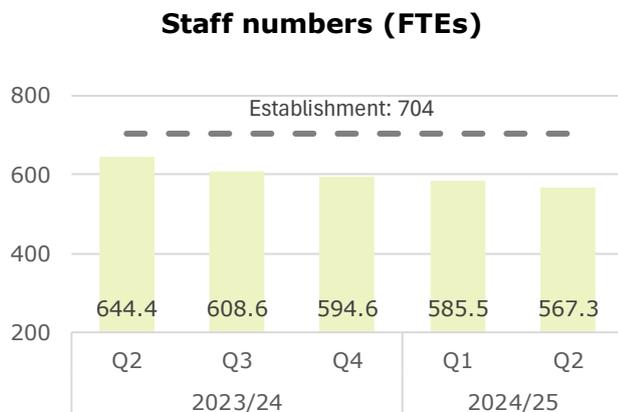
### Cost efficiency

Cost of Inspectorate activities	5.9%	Within 2% of 2023/24 costs
Cost of processing authorisation applications and renewals	-0.6%	Within 2% of 2023/24 costs

# Organisational health and risks

## WorkSafe People

Both staff numbers and voluntary turnover continued to decrease.



## Inspectorate capacity

The total number of inspectors has reduced by 3 since Q1 and were all due to resignations. Three recruitment cohorts are planned for the 2025 calendar year to bring on a maximum of 60 new trainee inspectors.

		Ratio of inspectors per 100,000 workers		Total number of inspectors		
		Trainees included	Trainees excluded	Trainees	Inspectors	Total
2024/25	Q1	6.7	6.0	19	178	197
	Q2	<b>6.6</b>	<b>6.3</b>	<b>9</b>	<b>185</b>	<b>194</b>

## Personnel expenditure

Total FTEs*	Total salary*	Average salary*
566.3	\$72,396,538	\$127,841

\*as per the Public Service Commission definition (ie, excludes the Chief Executive)

## Contractors and consultants

\$000	Actual	Budget	Variance	Full year budget
Operational expenditure	3,397	6,280	2,884	11,684
Capital expenditure	439	2,120	1,681	4,240

- Due to ongoing organisational change and impact of the implementation of the new strategy, some planned activities for the first two quarters has been delayed which resulted in an underspend.
- The number of contractors increased by six. These resources are supporting WorkSafe to expedite delivery of our strategy and priority plans, either through direct involvement or by supporting the transition to our new organisational structure.

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	2023/24			2024/25	
	Q2	Q3	Q4	Q1	Q2
<b>Contractor numbers</b>	20	15	15	15	<b>21</b>

## Risks

### *Organisational change process*

The outcomes of the change process and decisions were communicated to kaimahi in December. The next phase of progressing the expressions of interest process for impacted roles is underway.

During the change process, risks related to employee wellbeing, engagement and productivity are all heightened.

### *Mitigations*

Mitigations are in place to support kaimahi, these include interviewing support, a centralised change support hub and EAP services. A transition plan is in place to ensure minimal interruption and continuity of key services as the new organisational structure is implemented.

## Financial performance

WorkSafe's quarter two result is a surplus of \$17.60m compared to a budget deficit of \$1.61m. This is mainly due to increased revenue since the SPE was prepared; cost variances arising from delays to organisational change; and greater than anticipated vacancies as the new structure is implemented.

### Statement of comprehensive revenue and expenditure

\$000	Actual	Budget	Variance	Full Year Budget
<b>Revenue</b>				
Revenue Crown	69,465	67,517	1,948	135,035
Interest Revenue	1,290	784	506	1,569
Other Revenue	4,264	4,005	259	6,340
<b>Total Revenue</b>	<b>75,019</b>	<b>72,306</b>	<b>2,713</b>	<b>142,944</b>
<b>Expenditure</b>				
Personnel	41,530	49,842	(8,312)	95,732
Contractors	1,182	2,164	(982)	4,252
Depreciation	3,739	4,425	(686)	8,850
Other Expenditure	10,964	17,487	(6,523)	34,063
<b>Total Expenditure</b>	<b>57,415</b>	<b>73,918</b>	<b>(16,503)</b>	<b>142,897</b>
<b>Surplus/(deficit)</b>	<b>17,604</b>	<b>(1,612)</b>	<b>19,216</b>	<b>47</b>

### Revenue by area

Crown revenue is higher than budget due to the Public Service Pay Adjustment funding now being recognised as it was approved by Joint Ministers in August 2024. Other revenue is above budget due to higher interest revenue. ACC revenue is also higher than budget, mainly due to revisions to the ACC programme, which aligns to ACC programme expenditure.

\$000	Actual	Budget	Variance
Working safer levy	65,913	63,965	1,948
Major hazard facilities levy	1,346	1,346	-
Energy safety levies	2,206	2,206	-
ACC	3,762	3,334	428
Fees and Other Revenue	1,792	1,455	337
<b>Total revenue</b>	<b>75,019</b>	<b>72,306</b>	<b>2,713</b>

## Expenditure by area

\$000	Actual	Budget	Variance	Full Year Budget
<b>Core Delivery</b> <i>(excl. Depreciation)</i>	<b>46,045</b>	<b>62,421</b>	<b>16,377</b>	<b>121,571</b>
<b>Depreciation</b>	<b>3,727</b>	<b>4,425</b>	<b>698</b>	<b>8,850</b>
<b>Specific Delivery</b> <i>(tagged funds)</i>				
Whakaari	381	-	(381)	-
Energy Safety/ MHF/P&G	3,501	3,703	202	7,406
ACC Programme	3,762	3,334	(428)	5,000
Refrigeration	-	35	35	70
<b>Total Specific Delivery</b>	<b>7,643</b>	<b>7,072</b>	<b>(572)</b>	<b>12,476</b>
<b>Total Expenditure</b>	<b>57,415</b>	<b>73,918</b>	<b>16,503</b>	<b>142,897</b>

- Core Delivery expenditure (excluding depreciation) is \$16.5m below budget due to cost variances arising from delays to organisational change and greater than anticipated vacancies as the new structure is implemented.
- Core Delivery Depreciation is \$0.7m below budget, due timing of capital spends.
- Whakaari has spent \$0.3m, funded through the Whakaari contingency funding received in 2023/24.
- ACC Programme is \$0.4m above budget due to rephased activities/work programmes.

## Capital spend

\$000	Actual	Budget	Variance	Full Year Budget
ICT software	532	1,170	638	2,340
ICT hardware	-	150	150	300
Motor vehicles	-	950	950	1,720
Leasehold improvements	10	860	850	1,900
<b>Total capital spend</b>	<b>542</b>	<b>3,130</b>	<b>2,588</b>	<b>6,260</b>

- ICT software spend to date is primarily on Digital's continuous improvement project.
- The purchase of motor vehicles has been delayed whilst the workforce planning and related fleet strategy are completed.
- Leasehold improvements underspend is due to the replanning of office requirements and lease timings.

## Memorandum accounts

\$000	Total YTD Balance	YTD Actual	Prior Year Total YTD
<b>Major Hazard Facilities Levies</b>			
Revenue	20,706	1,538	19,168
Expenditure	(19,935)	(1,309)	(18,626)
<b>Total surplus/(deficit)</b>	<b>771</b>	<b>229</b>	<b>542</b>
Add Crown Account surplus/(deficit)	1,708	(193)	1,901
<b>Total surplus/(deficit) - WorkSafe held levies</b>	<b>2,479</b>	<b>36</b>	<b>2,443</b>

## Current financial position: Statement of financial position

\$000	Actual	Budget	Variance	Full Year Budget
Cash and bank	31,993	18,837	13,156	21,047
Investments	21,000	15,000	6,000	15,000
Debtors	9,374	4,150	5,224	4,257
Fixed assets	35,411	42,643	(7,232)	38,423
<b>Total assets</b>	<b>97,778</b>	<b>80,630</b>	<b>17,148</b>	<b>78,727</b>
Creditors and payables	8,211	6,254	1,957	5,201
Employment liabilities	6,200	8,234	(2,034)	8,234
Crown loan	19,528	19,528	-	17,945
<b>Total liabilities</b>	<b>33,939</b>	<b>34,016</b>	<b>(77)</b>	<b>31,380</b>
<b>Net assets</b>	<b>63,839</b>	<b>46,614</b>	<b>17,225</b>	<b>47,347</b>
<b>Equity</b>				
Capital reserves	35,778	36,976	(1,198)	37,925
Memorandum accounts	2,479	1,853	626	1,853
Accumulated surplus/(deficit)	25,582	7,785	17,797	7,569
<b>Total Equity</b>	<b>63,839</b>	<b>46,614</b>	<b>17,225</b>	<b>47,347</b>

- **Cash and bank:** higher than budget mainly due to overall lower spending.
- **Investments:** higher than budget due to higher surplus cash invested in term deposits.
- **Debtors:** higher than budget mainly due to the timing of PSPA funding receipts and payments to WorkSafe's payroll provider.
- **Fixed assets:** lower than budget mainly due to the accumulated impact of the timing of capital spends.
- **Creditors and payables:** higher mainly due to the timing of November GST being due for payment in January rather than December.
- **Employment liabilities:** lower than budget due to timing of use of annual leave and accrued salaries.
- **Crown Loan:** within budget. No transactions are expected until the end of the year.
- **Equity:** higher than budget due to actual surplus of \$17.60m compared to budgeted deficit of \$1.61m.

## Statement of cash flows

The overall cash position is higher than budget, mainly due to lower expenditure. The individual differences reflect the variances discussed above in the Revenue and expenditure by area and the Statement of financial position.

<b>\$000</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Full Year Budget</b>
<b>Operating cash flows</b>				
Receipts from Crown	67,031	67,517	(486)	135,035
Receipts from other revenue or interest	4,095	5,943	(1,848)	7,927
Payments to suppliers/employees	(55,933)	(74,133)	23,200	(136,207)
<b>Net operating cash flows</b>	<b>15,193</b>	<b>(673)</b>	<b>20,866</b>	<b>6,755</b>
<b>Investing cash flows</b>				
Net investments	(10,992)	(5,000)	(10,992)	(5,000)
Receipt from sale of fixed assets	50	-	50	-
Net asset purchase	(541)	(3,220)	2,679	(6,438)
<b>Net investing cash flows</b>	<b>(11,483)</b>	<b>(8,220)</b>	<b>(8,263)</b>	<b>(11,438)</b>
<b>Financing cash flows</b>				
Capital contribution	-	-	-	-
Crown loan paid, net	-	-	-	(2,000)
<b>Net financing cash flows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,000)</b>
<b>Cash movement</b>				
Net (decrease)/increase in cash	3,710	(8,893)	12,603	(6,683)
Opening cash	28,283	27,730	553	27,730
<b>Closing cash</b>	<b>31,993</b>	<b>18,837</b>	<b>13,156</b>	<b>21,047</b>