

New Zealand Government

QUARTERLY REPORT

Quarter 3: 1 January to 31 March 2015



WORKSAFE
NEW ZEALAND | MAHI HAUMARU
AOTEAROA

SNAPSHOT OF QUARTER

WorkSafe New Zealand's highlights for the quarter include:

- The launch of the *Safer Farms* programme, focussed on the high-risk agriculture sector.
- Continuing work to establish the Forestry Industry Safety Council. The official launch is on 26 May.
- Progress towards implementing the new legislation.
- Developing the Occupational Health work programme, and building capability and systems to coordinate programme activities.
- Results from the Nielsen Survey *Health and Safety Attitudes and Behaviours in the New Zealand Workforce: A Survey of Workers and Employers*, which will be released in June. A summary of the key findings is on page 8.
- Building increased capacity in technical expertise across the mining sector, petroleum and geothermal sector, and major hazard facilities; increased capacity in our Inspectorate functions; and strengthening strategy, engagement, operational policy, research and evaluation, and operational intelligence functions. A comprehensive learning framework for Inspectorate roles is almost complete.

Leadership and Engagement

WorkSafe has continued an extensive engagement programme. Professor Gregor Coster, Board Chair, presented at the Safety Leaders' Summit (along with the Chief Executive, Gordon MacDonald) and the Rural Health Alliance conferences, and also visited the Board of Leighs Construction. Professor Coster also spoke to the Police Executive and was interviewed for *Safeguard* magazine. Visitors from the Environmental Protection Authority, ACC, and the Chairs of the Advisory Groups for Occupational Health and the Extractives Industry met with the Board. WorkSafe's Chair and Chief Executive also attended WorkSafe's Annual Review hearing with the Transport and Industrial Relations Committee.

Gordon MacDonald presented at the Safety Institute of Australia in Brisbane about WorkSafe and our Intervention Approach. He also met with New Zealand's Aluminium Smelter Limited, presented at the Forest Industry Contractors Association's Forestry Industry Summit, and attended the Master Plumbers, Gasfitters and Drainlayers New Zealand Conference.

We continue to partner with business through a range of our national programmes in high-risk areas (discussed in further detail in this Report), and engage with our many advisory groups on the regulatory changes and occupational health. Board and Senior Leadership Team members also led a number of *Safer Farms* launches across the country. A focus this quarter has been WorkSafe's engagement with agencies with high-risk activities (the Ministry of Defence, New Zealand Police, Fire Service, and Department of Corrections) to scope how we work together to support an ongoing network of agencies with high risks by sharing approaches and lifting health and safety performance. Defence agreed to host the initial workshop, with WorkSafe leading it.

WorkSafe is also working with the State Services Commission and the Protective Security Outreach Team to deliver a workshop to public sector Chief Executives on pending health and safety legislative changes and expectations. We are also, with the Ministry of Businesses, Innovation and Employment (MBIE), providing regular updates to public sector Chief Executives.

Performance Dashboard – Recent Results

2014-15 to 31 March		
	Fatalities	WorkSafe has confirmed 33 fatalities (17 Agriculture, 4 Construction, 1 Forestry, 2 Adventure Activities, 9 other. At this time in 2013-14 the number of confirmed fatalities was 27). This is a subset of all workplace fatalities ¹ .
	Serious Harm	2,394 notifications received for triage (782 fewer than in the same 2013-14 period).
	Inspector Numbers	167 Health and Safety Inspectors, 17 High Hazard Unit Inspectors. (Target of 180 Health and Safety Inspectors by 30 June 2015)
	Prosecutions	76% of files (42/55) recommended for prosecution met quality standards. YTD 86 prosecutions initiated, 75 prosecutions disposed, 87 currently active.
	Assessments	8,748 assessments undertaken (1,542 below forecast) ² 81% in priority sectors (above 75% target). 1,858 Canterbury assessments undertaken (245 above forecast).
	Budget	\$4.0m underspend, 6% against forecast. \$0.8m over-recovered revenue, 1% against forecast. (see page 12).
	OIAs	90% of responses (234/259) completed on time (target 90%).

KEY PRIORITIES UPDATE

The updates below relate to key Ministerial and WorkSafe Board priorities.

Our areas of focus

Working Safer reforms

Implementing the Regulatory Framework

WorkSafe has an intensive programme of work to prepare for implementing the new legislation. This includes developing an engagement campaign targeted at high-risk businesses (and a focus on how to reach Small and Medium Enterprises) to help them understand the new legislation and support them to establish good health and safety practices.

We are developing accessible guidance and education material in advance of the legislation coming into effect, practice guidance for the Inspectorate, a new enforcement approach, training and support for WorkSafe staff and inspectors, and are engaging with other agencies to ensure effective coordination and support.

There are four key implementation projects:

- General Workplace – Implementing most of the changes from the proposed Health and Safety at Work (HSW) Act and the General Risk Regulations. This project includes a review of contact centre and response/triage functions.
- Major Hazard Facilities – Implementing the new legislative requirements for businesses that store and use large volumes of high-risk hazardous substances.
- Asbestos – Implementing the new requirements for working with asbestos and for licensing of various classes of asbestos worker.

¹ WorkSafe NZ uses preliminary, ACC-blended data to provide an indicative fatality count. Statistics NZ publishes official and comprehensive workplace health and safety data annually.

² Our focus has been on lifting the quality of Assessments and providing Inspectorate expertise in the development of our National Programmes.

- Hazardous Substances – Preparing for the separation of workplace hazardous substance regulations from the Hazardous Substances and New Organisms Act 1996 to the HSW Act, and the introduction of new workplace hazardous substance regulations.

Standards and Guidance

WorkSafe's Standards and Guidance team has increased substantially to 30 staff, improving our ability to provide guidance on the new legislation and good practice support to those we regulate. Ensuring the legislation is well-supported by guidance is an important component of the *Working Safer* reforms. The team has a number of active workstreams, particularly in the agriculture, extractives, and forestry sectors.

Targeting highest risk

Forestry

WorkSafe has continued to maintain focussed forestry assessment and enforcement activity. The operational focus for this quarter remained on the most hazardous activity in the forest – tree felling. During the quarter WorkSafe carried out 157 tree felling assessments and 147 notices were issued. On 26 March 2015 a forestry fatality occurred in Taranaki, the first forestry death since January 2014. This is a reminder that forestry is an inherently dangerous industry and effective health and safety practices must be a top priority.

WorkSafe is on the Establishment Board of the Forestry Industry Safety Council (FISC), the Industry leadership body recommended by the Independent Forestry Safety Review. This has involved developing a terms of reference, identifying funding sources for FISC, and appointments to the Chair and Executive Director role. The official launch of FISC will take place on 26 May.

A three-year Forestry roadmap is being developed to identify key interventions and work priorities to support FISC over time. This will also ensure WorkSafe's operational presence remains in the right areas. As with all sectors, the intensity of WorkSafe's monitoring regime will be commensurate with the actual health and safety performance in the sector. The review and refinement of WorkSafe Tree Felling and Breaking Out Assessment Tools and Good Practice Guidelines remains our core business target for this quarter.

Agriculture and Safer Farms

WorkSafe has been facing challenges from the farming sector, particularly in relation to our enforcement approach around quad bike safety. WorkSafe has offered to work with Federated Farmers and Beef + Lamb New Zealand to set up a specific industry-focussed quad advisory group using the latest quad bike safety evidence and research to review the nature of the risks and reasonably practicable precautions which can be taken to mitigate them.

Safer Farms was successfully launched in February 2015 at multiple local events across rural New Zealand, with a good level of media coverage. The saferfarms.org.nz website has proved popular, with more than a 1000 new views every month and 350 new users of the online self-assessment tool. Work with major agriculture organisations remains on track, with a number of workshops scheduled to develop practical tools and resources for farmers. We will need to continue to engage closely with the sector to encourage greater comfort with the new legislation and our enforcement approach in this area.

The three major rural retailers have agreed to work with WorkSafe to develop and promote farm safety within their outlets across New Zealand. The planned interventions aimed at rural children have been progressing well, with Dairy NZ's *Rosie's World* web resource and the school programme pilot in Waikato both on track. Dairy NZ and Federated Farmers have almost finalised a Quality Workplace Accord that aims to lift compliance for employment relations, health, safety, and wellness across the dairy sector, and references *Safer Farms* as a critical delivery programme in the health and safety space.

Adventure Activities

The Adventure Activities regime has now been in force for five months and is embedding well. A total of 357 operators are currently considered subject to the regulations, and 291 operators are currently

registered. The Certifications, Approvals, and Registrations team are monitoring the remaining 66 operators who are yet to be registered.

As Adventure Activities shifts from implementation to business as usual, the focus is now moving into supporting understanding of the regulations, developing standards, and monitoring operator compliance with safety audit certificate conditions. Compliance activity has continued, including written warnings to two operators after they were found providing activities while not registered. The operators have stated they have now stopped providing that activity, and there is no evidence of further breaches.

WorkSafe is working with JAS-ANZ to launch the scheme enabling recognition of certification bodies on a more permanent basis, rather than the current 'temporary recognition' which is currently in place. It is likely that four certification bodies will seek accreditation with JAS-ANZ.

High Hazards Unit – Extractives

A Targeted Assessment inspection policy has been established. This is a highly effective inspection tool, and feedback from industry is that this approach is welcome and adds value to their operation.

As well as focussing on potentially catastrophic operations within Mining and Tunnelling, HHU Extractives continues to ramp-up engagement and enforcement activity within the quarry sector. During March and April there were two deaths at small quarries. Since 1 January 2015 there is an obligation on all quarry operators to notify WorkSafe of their operations. To date 220 notifications have been received, but various sources suggest that there could be around 700 quarrying operations currently active. HHU is working with industry groups (including MinEx, AQA, IOQ, and NZP&M) and various local authorities to socialise the new regulations and build a more complete and up-to-date industry database.

There has been successful implementation and testing of the multi-agency emergency response approach Underground Mines Emergency Protocol. Civil Defence, the New Zealand Police, and the Fire Service have now asked for discussions with WorkSafe on extending the protocol to include pre-existing rail tunnels under the control of KiwiRail and road tunnels under the control of NZTA.

Occupational Health

Exposure to asbestos, silica, wood dust, welding fumes, organic solvents, and pesticides was identified as a priority area in Occupational Health through stakeholder consultation and existing national and international evidence. The *Clean Air* programme is making good progress in identifying areas of risk that will be managed through WorkSafe's National Programmes in the construction, manufacturing, and agriculture sectors. This includes development of an inspector capability around key clean air risks (both general and specific risks), ways to control risks, and stakeholder engagement.

Occupational Health requirements are increasingly being built into WorkSafe's systems. A key element of the design of our ICT programme will be ensuring the special requirements of Occupational Health are reflected in the design. WorkSafe has also been focussing on building capability (including a new Occupational Health Senior Management position) to provide greater leadership and focus in this area.

Canterbury Rebuild

The Canterbury Rebuild programme continues to provide strong health and safety leadership and engagement. Assessment visits to construction sites in Canterbury significantly increased from 399 in 2012 to being on track to complete around 2,500 assessments in 2014-15. Enforcement notices also increased markedly from 122 in 2012 to 1,349 enforcement notices issued from 1 July 2014 to 6 March 2015.

There are now over 200 signatories and endorsees of the Canterbury Rebuild Safety Charter. The Charter assessment tool went online in January 2015, with over 160 assessments now received. This is an outstanding result and the first time that businesses have voluntarily offered their health and safety assessment results. The Charter leadership research has been published on the Charter website and work is underway to develop leadership tools based on that research.

The second half of the critical risk campaign was launched, with posters and 'toolbox talks' on all the Charter's critical risks. A Charter officer is being employed to engage with Charter signatory's workers. This will include the completion of a survey by at least 500 workers on health and safety. Over 4000

people have attended WorkSafe (including Charter) health and safety events since the launch of the programme in the middle of 2013.

WorkSafe continues to focus on vulnerable workers with our MBIE Immigration and Labour Inspectorate colleagues, including joint audits and assessments. WorkSafe has completed the first phase of a joint campaign with ACC. This started with a *Beat Fatigue* campaign. The occupational health van with mini-health checks and information for workers was very successful, with 400 workers at 30 sites over 8 days. The silica dust pilot is being finalised.

Working together

Workforce Development

An important part of *Working Safer* is supporting the capability needs in the broader health and safety system through workforce development. The Health and Safety Association of New Zealand (HASANZ) promotes excellence in workplace health and safety practice. WorkSafe is providing secretariat and financial support to enable it to develop a 3-5 year business plan, with a focus on exploring future funding options and being sustainable over time. We are also supporting them with the development of a register of health and safety professionals. This register is critical in order to provide businesses with easy access to competent professional health and safety advice.

The register will not work if people cannot be assured that professionals on it have reached a level of competency. WorkSafe is supporting accreditation of generalist health and safety practitioners (currently the key gap in professional competency standards) through the New Zealand Institute of Safety Management (NZISM) accreditation system, which will be based on the Institution of Occupational Safety and Health competency framework.

The industry training organisation Skills, responsible for health and safety qualifications, is finalising a project plan for the Targeted Review of Qualifications (TROQ) for Health and Safety. The TROQ itself is a lengthy process with a number of NZQA approval steps, and can typically take up to two years from initiation through to delivery of new qualifications to learners. WorkSafe will be a member of the TROQ governance committee to ensure health and safety outcomes are appropriately taken into account.

Strengthening our organisation

WorkSafe Culture

WorkSafe continued to focus on increasing its expertise and capacity across all areas of the organisation. We are committed to being consistent, proportionate, and fair in the way we work, to build trust and buy-in. We know we still have more work to do to get this right. We are using our education and engagement roles and leveraging off the new regulatory framework to help people understand the benefits of good health and safety. A comprehensive learning framework for our inspectors is delivering an all-inclusive suite of core behavioural and technical and industry knowledge (page 10 refers). We continue to implement our intervention approach across our work: being intelligence-led, highly-engaged, outcome-focused, and a credible enforcer where enforcement is necessary.

ICT Business Capabilities Programme

WorkSafe's ICT programme is a significant investment to enable accurate, accessible operational information across the organisation. This plays an important role in supporting the organisation to become a smart, risk-focussed regulator. The programme is on track and slightly under budget. A request to transfer \$6 million of capital funds from the 2014-15 year to 2015-16 year has been approved by the Treasury.

Business and Budget Planning

WorkSafe's business planning process has been refreshed to incorporate the principles underpinning our Intervention Approach, including being intelligence-led, risk-focussed, and taking a high engagement approach. Business planning work has included a new investment reporting approach which will provide greater visibility of expenditure against funding priorities in 2015-16. An integrated budget planning tool has also been built to provide a clear line of sight between budgets and strategic priorities and mapping of our work to Cabinet-agreed funding streams.

WorkSafe's Statement of Performance Expectations 2015-16 (SPE) is being developed, with a refreshed performance framework. Our indicators and measures better reflect the impacts and outcomes we are seeking in the broader health and safety system. The SPE will include our story and plan, our high-level budget, and our performance framework and indicators for the year ahead.

MBIE and WorkSafe are working together on options for the best approach and timeframe for the Funding Review to allow time for WorkSafe to reach a steady state and provide a more reliable picture of future funding needs.

Intelligence and Research and Evaluation

As well as developing our own operational intelligence base and survey data, we are further embedding our good relationships with ACC and Statistics NZ to understand the areas and causes of injury, and to mine other potential data sources to enrich the targeting of our interventions.

WorkSafe has worked with Nielsen to survey health and safety attitudes and behaviours in New Zealand in a key high-risk sectors (see page 8) in order to understand any behaviours or attitudes which may be impeding changes in health and safety, and are exploring where we can add a longitudinal component to see if our interventions, including the new legislation, are having an impact.

We are developing a research and evaluation agenda so we can more proactively respond to issues like scaffolding and provide analysis and evidence of the impacts of our initiatives. We are also aiming to work with high-risk sectors to better share our data so that they can also understand better risks in their sectors and develop responses.

FOCUS FOR NEXT QUARTER

Our focus in Quarter 4 will include:

Our Delivery

- The new practice framework for our Inspectorate will support consistent and proportionate practice. We will prepare to roll out an enforcement decision tool to inspectors that will ensure that they use consistent criteria for matching their response (from advice through to prosecution) to the nature, scale, and potential for harm from a breach of the law.
- Our approach will increasingly be transparent by making information freely available (e.g. our prosecution policy, selected assessment tools, and guidance are all online).
- Building on the publicity generated by the *Safer Farms* launches and engagement with local farming communities, along with further guidance work.
- Continued consultation with industry and partners in Canterbury to meet their needs and contribute to the Safe Rebuild. Continued focus will be asbestos, noise and vibration, and fatigue and impairment.
- Progress on the *Clean Air* programme's main workstreams: Enabling Frontline Delivery, Raising Awareness, and Evaluation Framework Development.
- Continued delivery in Assessments with agriculture and other sector-specific engagement, integration of Occupational Health, and hazardous substances work in collision repair and boatbuilding.
- Shifting primary focus in the adventure activities sector to monitoring compliance, as the number of new registrations for operators slows.

Strategy and Design

- Implementing the engagement campaign for the new legislation (including targeting Small and Medium Enterprises), and delivering collateral to support the changes, including the development of guidance material to support engagement with stakeholders relating to consultation on draft regulations.
- Progressing the Occupational Health work plan, and collecting baseline data.

Other Business

- Finalising the planning and budget process, including the 2015-16 Statement of Performance Expectations.
- The 2015-16 Estimates Examination process for Vote Labour Market is underway and being led by MBIE. WorkSafe will contribute to responses to written questions and preparation for the Estimates Hearing in front of the Finance and Expenditure Committee.

HEALTH AND SAFETY IMPACTS

Summary of Nielsen Research results

Health and Safety Attitudes and Behaviours in the New Zealand Workforce: A Survey of Workers and Employers is a significant multi-year survey of our highest risk sectors conducted for WorkSafe by Nielsen Research. It will help inform our work and monitor important elements of the New Zealand health and safety system as part of our Performance Framework.

WorkSafe will release the first part of the survey, analysing responses from over 3,500 workers and nearly 2,000 employers, in June. The 2014 survey provides baseline results that will be tracked over two further years. Seven key messages come through from the first survey findings:

1. Workers and employers give **priority to health and safety** but this could be even higher and carry through to safer behaviour.
2. **Leadership, shared responsibility**, and a **positive workplace** culture are important in ensuring healthy and safe workplaces but could be strengthened.
3. Workers and employers in the four high-risk sectors **acknowledge that they are in risky industries** but they do not acknowledge the potential for harm in their own workplaces.
4. There is a **mismatch between workers' and employers' perceptions** of what happens in the workplace, with employers more positive about health and safety than workers. There is also a mismatch between workers' views about how safe they are and the extent to which serious injuries and near misses occur – almost all workers consider themselves to be safe at work but a considerable proportion experience serious harms and near misses.
5. It is not all bad news; there is **a lot of good practice** but it could be better.
6. Workers and employers are aware to some extent of, and respond to, campaigns run by WorkSafe but **awareness of campaigns could be higher** and responses more widespread.
7. **Knowledge of WorkSafe** as an organisation is limited and could be improved.

The 2014 survey focussed more on safety than health. The 2015 and 2016 surveys will include more questions about occupational health. Nevertheless, the 2014 survey provides some initial insights into workers' and employers' views about how people are most likely to get seriously hurt at work and what long-term health problems people are most at risk of getting, as well as the health problems they actually experience.

The survey is just one source of information to inform WorkSafe's approach to improving health and safety but the findings suggest that workers and employers are receptive to communications. Once the reports are released, we will work with partner organisations like ACC, as well as industry and workers representatives, to further understand the implications of the findings for improving workplace health and safety.

Spotlight on Energy Safety

Our Energy Safety team is a small, experienced group whose work emphasises public safety and spans public areas, private homes, and the protection of property. Energy Safety publicises safety standards, provides consumer advice and offers energy safety education, monitors compliance, undertakes enforcement activities³, and audits energy networks, distribution systems, installations, and appliances. The team also works internationally to ensure that standards and regulatory alignment deliver safer outcomes for New Zealand.

³ Compliance and enforcement activities are under the Electricity Act 1992, the Gas Act 1992, and the provisions for the fuel gases of the Hazardous Substances and New Organisms Act 1996.

Electrical fires⁴ and reported unsafe situations make up the bulk of incidents. Legislation specifies incidents which must be formally notified to WorkSafe, and the Energy Safety team also records any other notified cases in order to build a bigger picture.

In the last year, 42 energy safety accidents (other than electrical fires) were reported to our Energy Safety team, with 17 people injured. However, no energy safety-related fatal accident notifications were received in the 2014 calendar year⁵. This is only the second time in the last 22 years that no fatality notifications were received (as also occurred in 2000). Statistics since the 1990s are showing a clear and compelling downward trend in fatality rates associated with exposure to electricity.

⁴ In 2014: 18 notifiable electrical fires and 128 non-notifiable electrical fires.

⁵ This excludes a traffic accident in which a person was electrocuted.

OUR ENABLERS

Building Internal Expertise and Capacity

WorkSafe has built increased expertise and capacity across all areas of the organisation, with a strong focus on technical expertise across mining, petroleum and geothermal, and major hazard facilities, as well as increased capacity in its Inspectorate functions. New leadership structures are now in place, strengthening our capability and capacity in operational policy, strategy, and stakeholder engagement areas. Remaining areas of focus for enhanced expertise and capacity are occupational health, and senior technical expertise in key industry focus areas, operational intelligence, and research and evaluation.

Training and development

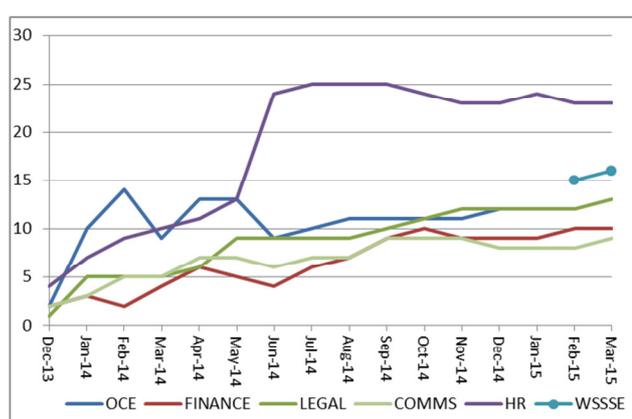
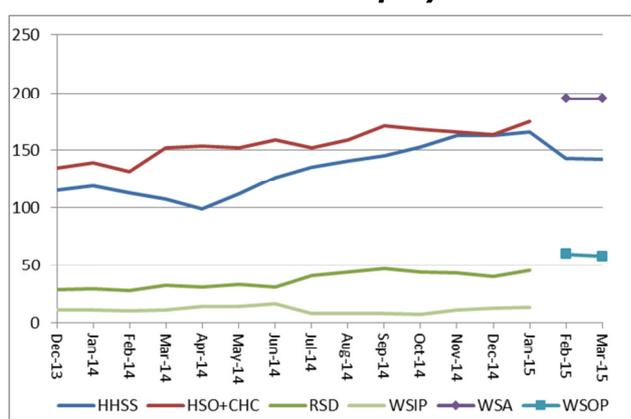
A comprehensive learning framework for Inspectorate roles is now almost complete and is delivering an all-inclusive suite of core behavioural and technical training and industry knowledge to both new and existing inspectors. Planning for the training of all WorkSafe personnel, and regulatory partners, to support the implementation of the new regulatory regime is well progressed.

The first phase of our leadership development programme has been reviewed and enhanced, delivering more comprehensive training and enhanced formal qualifications to new and emerging leaders. Work on the design of a comprehensive talent management and succession planning programme is well progressed, with implementation planned for July 2015.

Staff (as at 31 March 2015)

Branch	Total Staff	Branch	Total Staff
High Hazards and Specialist Services ⁶	155	Corporate/Finance	16
Assessments	205	Legal	14
Operational Policy	71	Communications	9
Strategy and Stakeholder Engagement	23	Human Resources	23
Total		516	
		(466 Permanent/Temporary employees; 36 contractors; 14 employees yet to start)	

Number of WorkSafe Employees December 2013 – March 2015



Key	HHSS	RSD	WSA	OCE
	High Hazards and Specialist Services	Regulatory Support and Design	Assessments	Office of the Chief Executive

⁶ Includes Inspectorate functions for Response and Investigations, as well as the High Hazards Unit, Technical Support Services, and Energy Safety teams.

HSO+CHC	Health and Safety Operations and Christchurch	WSIP	Working Safer Implementation Programme	WSOP	Operational Policy	WSSSE	Strategy and Stakeholder Engagement
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Changes to WorkSafe's structure as at 16 February 2015 are reflected in the graphs above. Note that the drop in High Hazards and Specialist Services is primarily due to the Guidance and Standards team moving to the Operational Policy branch (which replaces the RSD branch). Other changes include the Office of the Chief Executive and Research and Evaluation teams being moved to the new Strategy and Stakeholder Engagement branch, and the National Programmes team moving to the new Assessments branch (which replaces the HSO+CHC branch).

Inspectorate* (as at 31 March 2015)

	Chief Inspectors	Managers	Response/ Assessment/ Investigations Inspectors	Assistant Inspectors	Trainee Inspectors	Duty Holder Review Officers	Admin Support/ Others	TOTAL
Response & Investigations	1	8	36	2	2	6	6	61
Assessments – Northern	1	6	20	5	11	-	7	50
Assessments – Central	1	6	18	14	7	-	7	53
Assessments – Southern	1	5	14	6	10	-	7	43
Canterbury Rebuild	-	4	4	6	6	-	3	23
Total	4	29	92	33	36	6	30	230

167 Health and Safety Inspectors

Inspector Current Warrant Status	No Warrant	HSE Warrant only	HSE and HSNO Warrant	TOTAL
Response & Investigations	8	15	23	46
Assessments – Northern	8	16	12	36
Assessments – Central	3	26	10	39
Assessments – Southern	10	7	13	30
Canterbury Rebuild	6	9	1	16
Total	35	73	59	167

* Excludes High Hazards Unit (17 Inspectors). 3 Quarry Inspectors in the HHU are included in the 180 target for 30 June 2015.

Finance

The year to date position is a \$7.1m surplus, split as follows:

- Energy Safety – \$1.5m
- Workplace Health and Safety – \$5.6m

There are no specific issues and risks to report.

Financial Performance (1 July 2014 to 31 March 2015)					
\$000	YTD Actual (Q3)	YTD Budget	Variance	Estimated Outturn (year-end estimate)	SPE Budget (year-end estimate)
Revenue					
Revenue Crown	65,033	65,246	(213)*	87,061	84,854
Interest Revenue	679	589	90	813	269
Other Revenue	1,914	963	951	2,109	-
Total Revenue	67,626	66,798	828	89,983	85,123
Expenditure					
Personnel	38,137	39,593	1,456	52,720	49,700
Other Expenditure	21,595	24,255	2,660	30,522	34,123
Depreciation	756	644	(112)	1,141	1,000
Capital Charge	-	-	-	600	300
Total Expenditure	60,488	64,492	4,004	86,958	85,123
Surplus/(Deficit)	7,138	2,306	4,832	5,000	-

* The Crown revenue variance is a temporary timing difference in the cash disbursement profile, due to October baseline update changes.

We forecast to have a surplus of \$2.3m at 31 March 2015; the actual surplus is \$7.1m. Revenue is \$0.8m higher than budget from additional Petroleum Safety Case revenue, and expenditure is \$4.0m lower than budget largely driven by costs to implement the new regulatory framework (including Inspectorate training) being behind schedule due to delays in the enactment of the new legislation.

The full-year forecast surplus for WorkSafe is expected to be in the range of \$5.0m to \$5.6m.

The estimated outturn reflects forecast changes, including one-off funding in 2014-15 for Adventure Activities and revenue re-categorisation, since the Statement of Performance Expectations budget was finalised. These changes are also reflected in the estimated outturn expenditure.

Changes in Equity (as at 31 March 2015)			
\$000	YTD Actual (Q3)	Estimated Outturn (year-end estimate)	SPE Budget (year-end estimate)
Equity at beginning of year	10,948	10,948	7,771
Energy Safety 2013-14 surplus*	1,114	1,114	-
Transfer of assets from MBIE	37	37	-
Capital contribution from the Crown†	469	1,876	7,500
Net Surplus/(Deficit)	7,138	5,000	-
Equity as end of the period	19,706	18,975	15,271

* MBIE confirmed (October 2014) that the requirement to refund any surplus from Energy Safety activity to levy payers was revoked with the passage of the *WorkSafe New Zealand Act 2013*. Instead, surpluses or deficits can be retained by WorkSafe and recorded in a separate memorandum account to Workplace Health and Safety activity. While these surpluses do not need to be repaid at the end of each financial year, they cannot be used for anything other than Energy Safety activities. WorkSafe proposes to refund the surplus for 2013-14 and 2014-15 to MBIE.

† The capital contribution from the Crown includes \$1.876 million of the \$8.428 million additional capital contingency funding drawdown for the 2014-15 year that was approved by Joint Ministers on 5 September 2014. Due to delays to the new Health and Safety Reform Bill, and after assessing our cash position for the remainder of the year, a request for an in principle carry forward of \$6.552 million of the \$8.428 million to 2015-16 was requested and approved in the March baseline update.

Summary Balance Sheet (as at 31 March 2015)			
\$000	YTD Actual (Q3)	Estimated Outturn (year-end estimate)	SPE Budget (year-end estimate)
Assets			
Bank – Current Account	1,552		
Bank – Saving Account	1,592		
Bank – Investments	19,000	14,557	6,471
Debtors	446		
Fixed Assets	4,155	10,153	13,500
Total	26,745	24,710	19,971
Liabilities			
Creditors and Payables	1,974	4,968	3,500
Employment Liabilities	4,428	767	1,200
GST	637	-	-
Total	7,039	5,735	4,700
Equity			
Opening equity	10,948	10,948	7,771
Movement in equity	1,620	3,027	7,500
YTD surplus	7,138	5,000	-
Grand Total	19,706	18,975	15,271