State of a Thriving Nation 2024

Health, Safety and Wellbeing in New Zealand

Business Leaders' Health & Safety Forum

August 2024

Business Leaders' Health and Safety Forum 2024 State of a Thriving Nation report

This report was produced by economists Shamubeel Eaqub and Rosie Collins for the Business Leaders' Health and Safety Forum.

We would like to acknowledge ACC and WorkSafe NZ for providing access to their most recent statistics for this report.

For further information
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About the Forum

The Forum is a coalition of 400+ business and government leaders committed to improving the performance of workplace health and safety in New Zealand and working towards our vision of *leaders building cultures that enable people and businesses to thrive*. The Forum represents 25% of New Zealand's total workforce.

We connect CEOs and senior leaders to share, learn and advocate for a thriving New Zealand.

This report follows on from the inaugural State of a Thriving Nation report released in 2023 and is part of the Forum's work to advocate for a thriving New Zealand and improved health and safety performance across the country.

Special thanks to our member CEOs and organisations for their support, which enables the Forum to produce this report on an annual basis.

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1. Executive summary

The Business Leaders' Health and Safety Forum (Forum) is committed to reporting annually on the performance of New Zealand's health and safety system. This 2024 report follows the inaugural report in 2023.

Fatalities, serious injuries and work-related health issues incur significant human, social and economic costs. Last year, we reported for the first time that lost lives, lost earnings, serious injury costs to ACC and health issues cost the country $4.4 billion in 2022. This year's report updates that figure with the cost for 2023 **increasing to $4.9 billion**.

Catching up to Australia would save New Zealand $1.4 billion a year. Equally, if we were to match the United Kingdom's (UK) performance, we would save $3.4 billion per year. This is a considerable human and economic price to pay.

In this year's report, we commissioned a Kantar survey to understand public perceptions and experiences of workplace health and safety in New Zealand. It tells us that health and safety matters to all New Zealanders. **Nearly half of New Zealanders are affected by a workplace incident to themselves, colleagues, family or friends.**[1] Half of New Zealanders have a positive perception of New Zealand's health and safety performance and response after an incident. However, when asked, respondents were willing to pay an additional 'insurance' to make work safer, totalling $730 million per year. (For context, New Zealanders are willing to pay $130 million to reduce online harm from cyberbullying.)

Our survey of Forum members showed that, for well-run businesses, health and safety is simply part and parcel of a tidy house, a well-performing business and a confident workforce.

Those businesses will continue to invest in health and safety, but in line with a slowing economy, they will moderate (but still grow) their health and safety personnel and activities (especially by increasing softer activities such as management engagement).

New Zealand's health and safety performance is getting gradually better, but it is not good. While the workplace fatality rate has fallen by 35% over the past decade and the minor injury rate has fallen by 37%, the serious injury rate has increased by 18%.

Broken down regionally, some areas, such as Gisborne and Hawke's Bay, stand out for poorer health and safety performance, even with their industrial make-up taken into account.

Our fatality rate is 60% higher than Australia and over 500% higher than the UK. Our serious injury rate is 35% higher than Australia and more than 330% higher than the UK. Australia and the UK have similar legislative settings as ours, but something is not working in New Zealand.

Our regulatory system

In the second year of this report, we take a deep dive into the regulatory system and where New Zealand sits in comparison with the UK and Australia.

When we consider the differences between New Zealand and the UK, it is less about regulation and more about *regulatory practice*. This report's research tells us that there must be a systems approach to health and safety because it is constantly changing (emergent and incomplete) and is an interaction of all involved (complex and networked – regulators, business, workers, unions, insurance and public).

1 A representative survey of New Zealand adults conducted by Kantar.

The health and safety system is heavily networked and interdependent. The peak regulatory body, WorkSafe NZ, has clearly indicated that it will focus its resources on core regulatory functions, but there is a gap in who takes a system leadership role.

In New Zealand, there is no standing institutional mechanism for the system's stewardship or associated risks of poor performance. Risks such as business confusion about what the standards are, mistrust in the regulator or poor coordination between agencies like WorkSafe NZ, Ministry of Business Innovation and Employment (MBIE) and Accident Compensation Commission (ACC) are not being well identified or managed. WorkSafe NZ's regulatory practice focuses almost exclusively on proximate risks – the acute, chronic or catastrophic harms that directly affect New Zealanders (like trips or falls) – but not the less tangible effects of its own performance or dynamics between New Zealand's regulatory institutions.

In contrast, as a more mature regulator, the UK's Health and Safety Executive (HSE) has a much stronger hold on sources of systemic risk and conceives itself as within the system, not above it. A closer look at HSE UK's regulatory style shows how this makes a significant difference to its regulatory practice.

When we compare our performance to that of Australia, we can also see that New Zealand has:

- fewer proactive and reactive workplace visits
- fewer inspectors
- fewer infringement, improvement and prohibition notices but more enforceable undertakings
- more legal proceedings finalised and fewer won but larger fines imposed (relative to economic size).

As New Zealand's health and safety system matures, some key areas to focus on are:

- establishing clear mechanisms for monitoring system performance that focus on systemic risks and institutional design, not just direct incidences of harm
- ensuring WorkSafe NZ and MBIE embrace their role as players in system stewardship
- consistently and proportionately holding bad actors to account
- continuing to embed a shift to lift the confidence of those managing proximate risks – supporting businesses to know what to do, increasing clarity of roles and responsibilities and reducing the effects of ambiguity across the safety system.

HSE UK's approach and its sustained and impressive reduction of work-related harm shines a clear development path for New Zealand's maturing health and safety system. HSE UK's understanding of leadership is clear: it is done *with* not *to* or *for* others. This philosophy flows through to its actions and performance.

Every incident of harm at work is a reminder that health and safety at work is unfinished business. Too many New Zealanders experience this harm. We must keep getting better, with strong accountability mechanisms that show us how we are tracking and what we are collectively aiming for.

The Forum and its member businesses will continue to stand up for a better performing and more collaborative health and safety system in New Zealand to ensure we have an effective regulatory system which is overseen by strong system stewardship.

State of a Thriving Nation 2024 by the numbers

$4.9 BILLION

Total cost of harm

NEARLY 50%

of NZers affected by workplace health and safety

60%

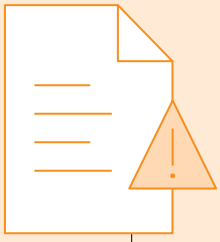
higher fatality rate than Australia

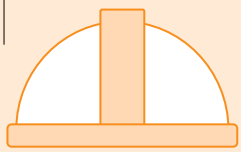
$730 MILLION

is what NZers are personally willing to pay to make work safer

Australia's H&S regulators:

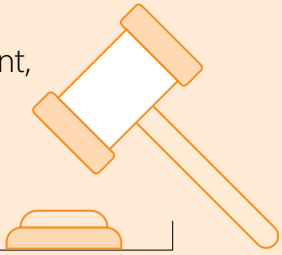
carry out more proactive and reactive workplace visits than New Zealand





have more H&S inspectors than New Zealand

issue more infringement, improvement and prohibition notices than New Zealand



2. Recorded harm and its costs

Workplace fatalities, injuries and health effects are related but separate measures. They are all important but gaining a true picture of each encounters different barriers. Health effects are difficult to observe as there can be long delays and causality is not always easily established. Serious injuries statistics are difficult to compare internationally because insurance and compensation arrangements and definitions aren't always the same.

With these caveats in mind, we bring together available datasets in one place to get a better sense of the health and safety journey in New Zealand, where possible, within the context of history and international experience.

2.1. Workplace harm $4.9 billion

We estimate that workplace harm through injuries, health issues and fatalities cost $4.9 billion in 2023, up from $4.4 billion in 2022 (Figure 1). This considers the cost to ACC, private losses through lost income, the statistical value of life and updating the cost of health effects from WorkSafe NZ reporting to 2023 (higher prevalence and updating for inflation).

This is made up of fatalities (62 fatalities on average over the last 5 years at statistical value of life[2] updated for inflation to 2023 equates to $821.5 million), serious claims (ACC reported $1,118 million of injury costs plus private costs of $538 million assuming the compensation is 80% of pay and one week standdown for new claims) and updating WorkSafe NZ's work-related health estimates and burden of harm[3] (from disease and long-term injuries) for inflation to at least $2,462 million.

While the burden of harm estimate is now dated, a new report by WorkSafe NZ[4] summarises latest data on sources of long-term health risks from carcinogens and airborne risks, musculoskeletal risks, work organisation and environmental risks and psychosocial risks. The report also helpfully summarises trends in fatalities and injuries from 2002–2021.

Our estimate is conservative at 1.3% of GDP. A global comparison study[5] estimated New Zealand's harm burden of health and accidents was 3.6% of GDP (or $14.0 billion). Because of differences in data coverage, the international comparison needs to be interpreted with caution. Updating to latest injury and economic data could reduce this estimate to 1.6% of GDP (or $6.4 billion). Nevertheless, a consistent approach applied globally gives a sense of relative rankings.

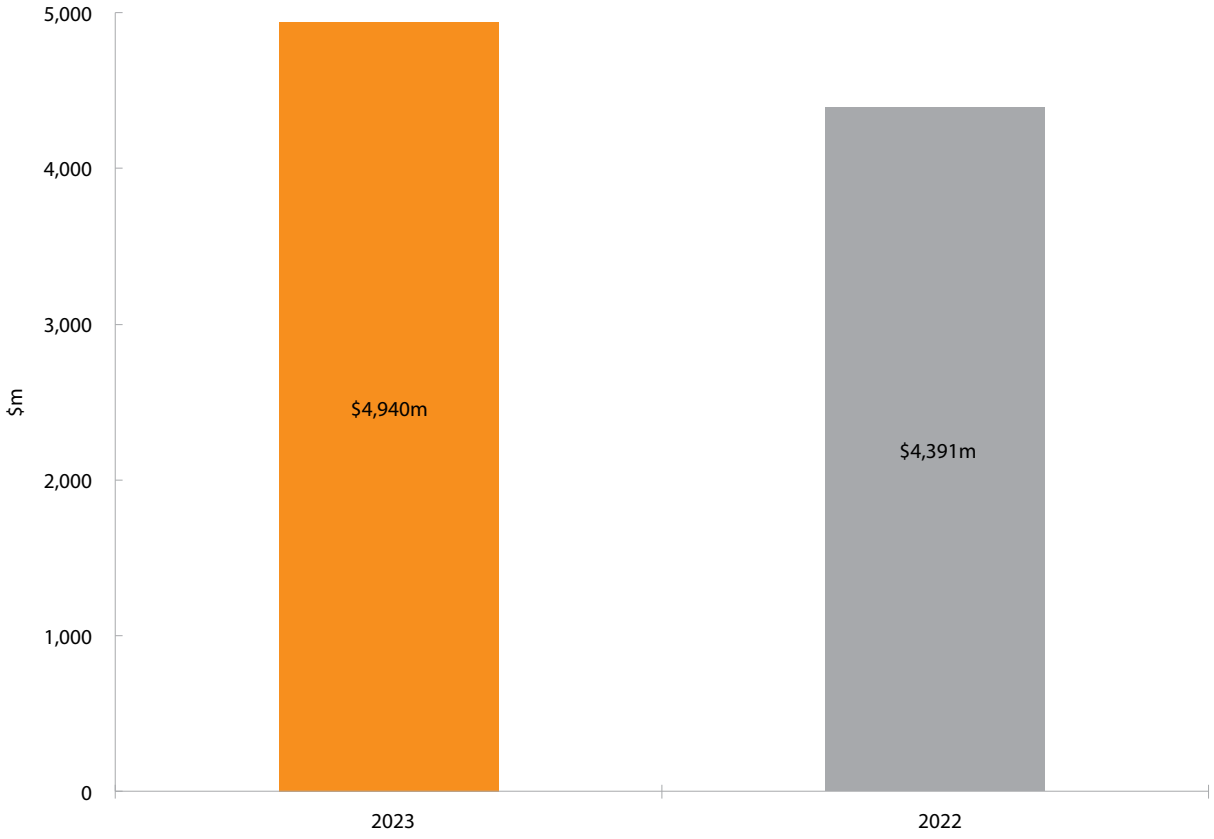
2 Milne, J. (2023, May 1). *Price of life: Govt to value safer and faster journeys nearly three times more.* https://newsroom.co.nz/2023/05/01/govt-to-pay-three-times-the-price-for-faster-safer-journeys/

3 https://www.worksafe.govt.nz/topic-and-industry/work-related-health/work-related-health-estimates-and-burden-of-harm/

4 WorkSafe. (2024). *Work health and safety: An overview of work-related harm and risk in Aotearoa New Zealand.* https://www.worksafe.govt.nz/research/work-health-and-safety-an-overview-of-harm-and-risk-in-aotearoa-new-zealand-2024/

5 Takala, J., Hämäläinen, P., Sauni, R., Nygård, C.-H., Gagliardi, D., & Neupane, S. (2023). Global-, regional- and country-level estimates of the work-related burden of diseases and accidents in 2019. *Scandinavian Journal of Work, Environment & Health*, 50(2), 73–82. https://doi.org/10.5271/sjweh.4132

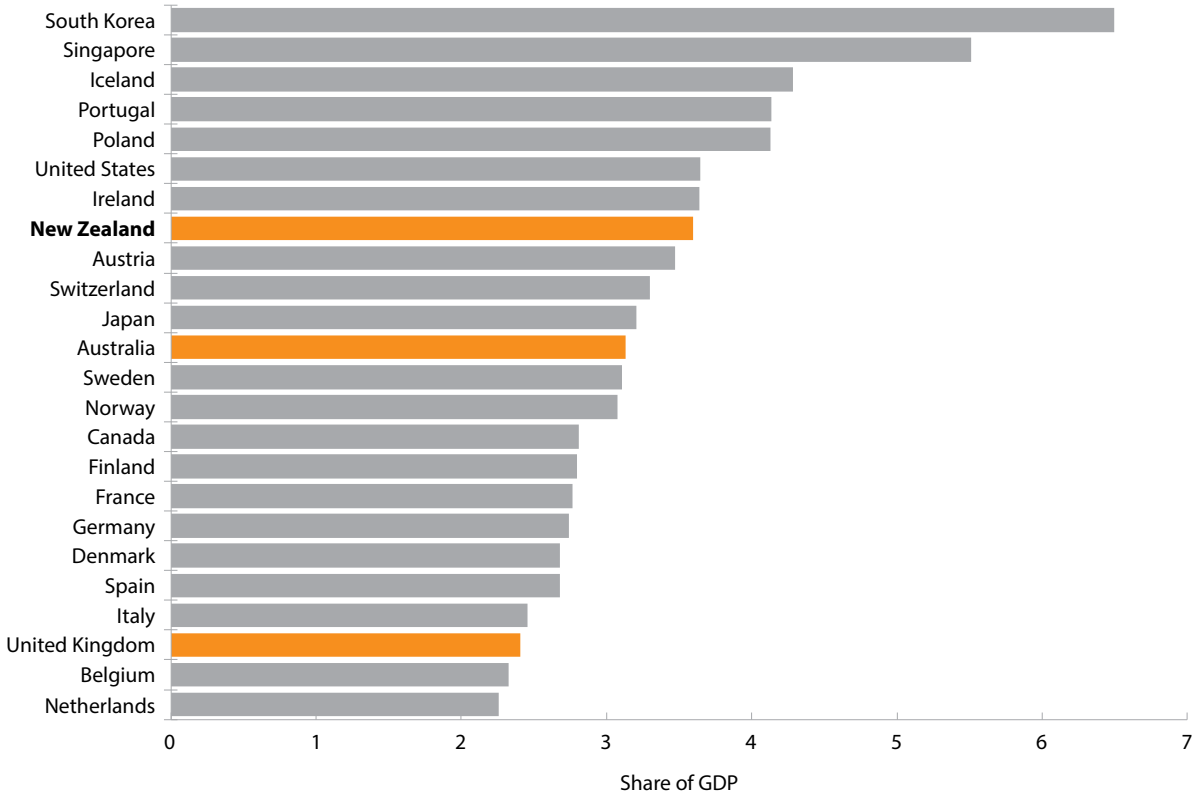
Figure 1: Workplace harm cost New Zealand $4.9b in 2023



Source: Author estimates from WorkSafe NZ, ACC and Stats NZ source data

Figure 2 shows that New Zealand compares favourably to South Korea, Singapore, United States and Ireland but is worse than many other peers (including Australia and the UK, which we highlight due to our similar regulatory settings).

Figure 2: International comparable approach shows New Zealand has a higher health and safety burden compared to Australia and UK but lower than other peer countries



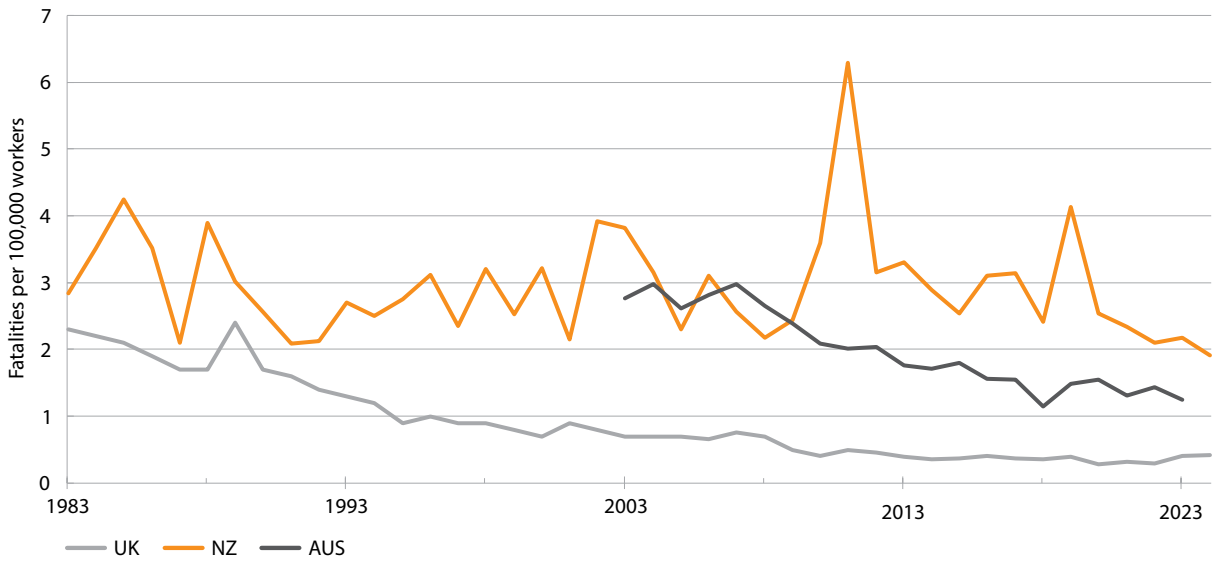
Source: Takala et al., 2023

2.2. Fatalities trend improving gradually

New Zealand's workplace fatality rate is gradually improving. The provisional 2024 fatality rate of 1.9 per 100,000 workers (2.2 in 2023) is the lowest in our dataset (Figure 3). This is encouraging.

However, the 5-year average to 2024 remains much higher than in Australia (1.6 times) or in the UK (6.4 times).

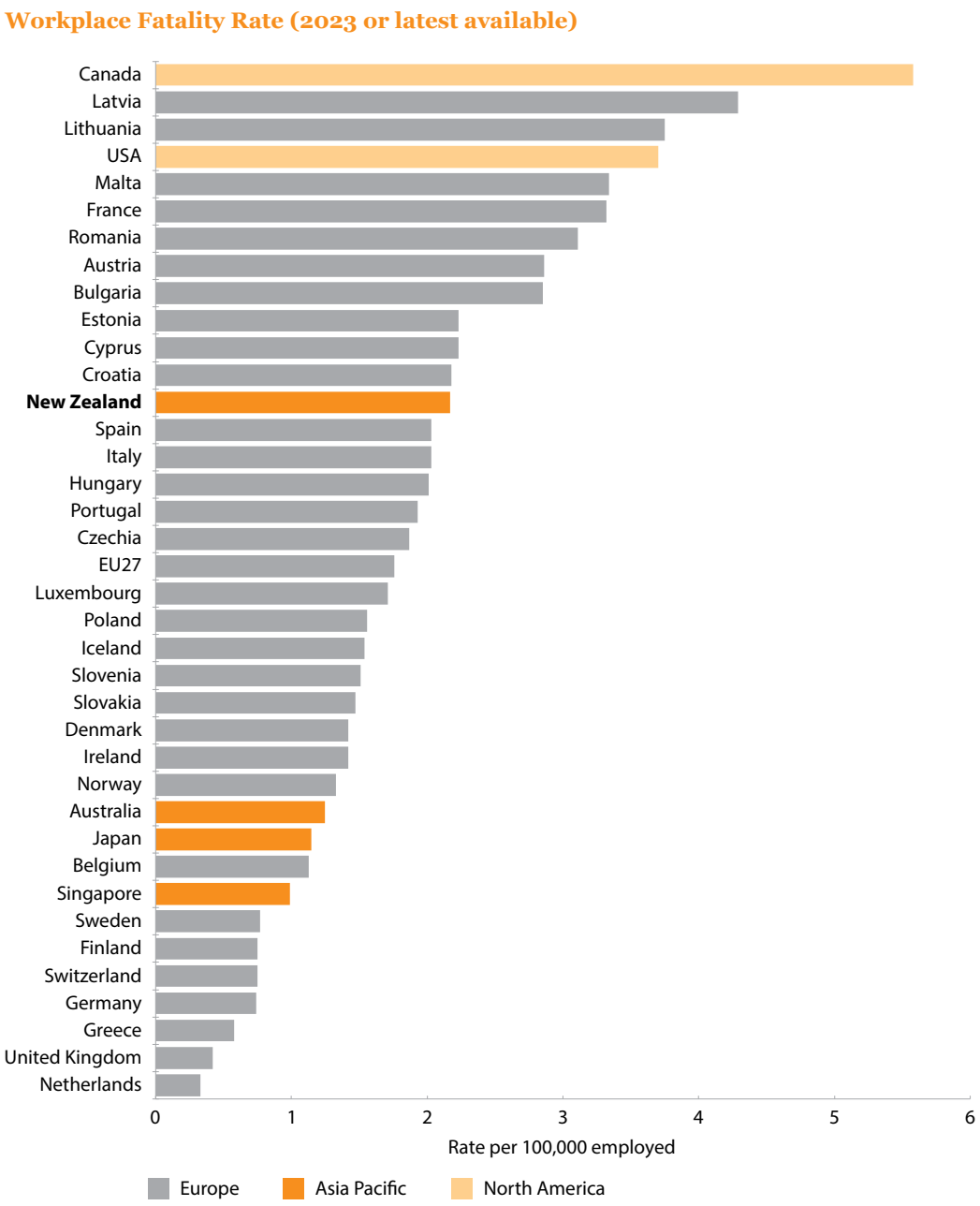
Figure 3: Workplace fatalities are higher in New Zealand than Australia



Source: WorkSafe NZ, Safe Work Australia, HSE UK

Figure 4 shows that New Zealand compares well to some peer countries, and there is much to learn from others. International comparisons are affected by differing reporting.

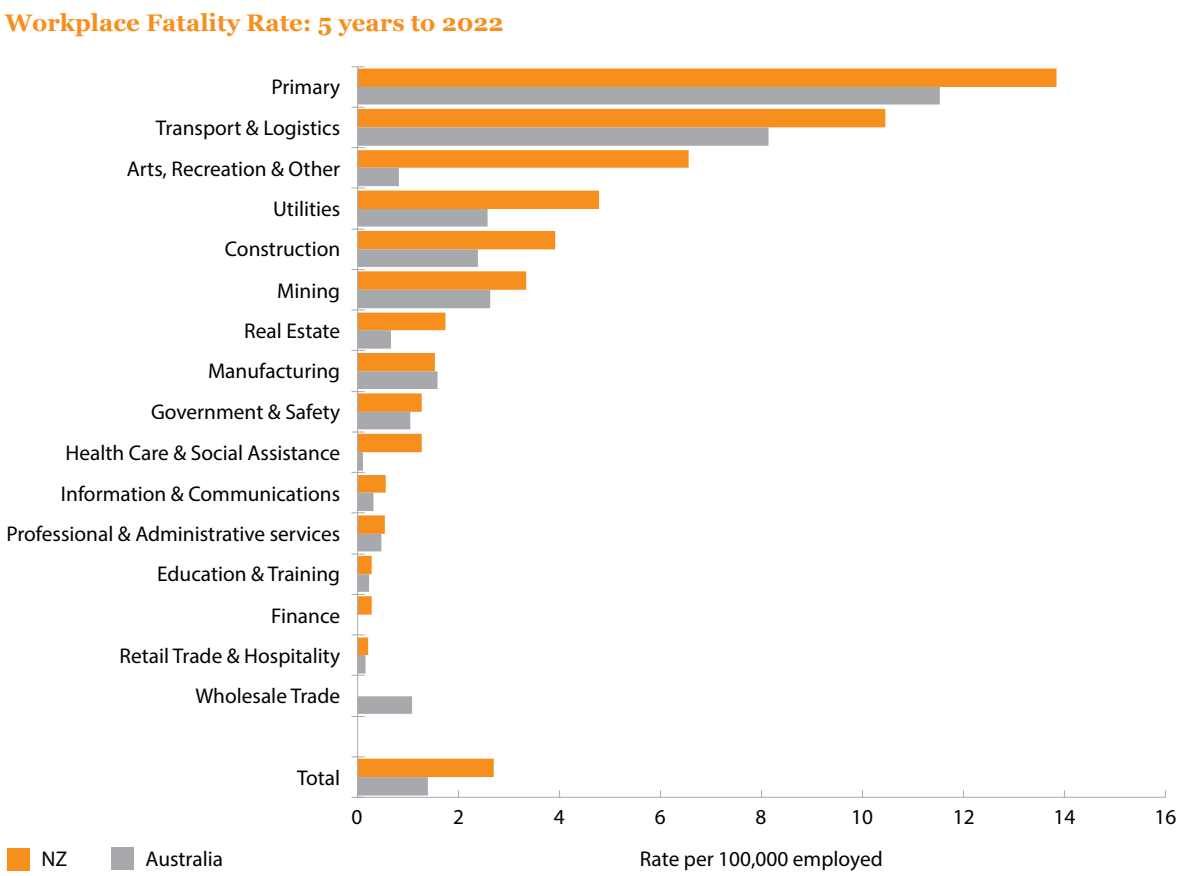
Figure 4: New Zealand fatality rate is high



Source: International Labour Organisation, Eurostat, Safe Work Australia, WorkSafe NZ

Figure 5 shows the difference in fatality rate by industry in New Zealand and Australia. New Zealand's higher fatality rate is not high because of our economic structure – it's about less-safe work.

Figure 5: Fatality rates are higher across most industries in New Zealand



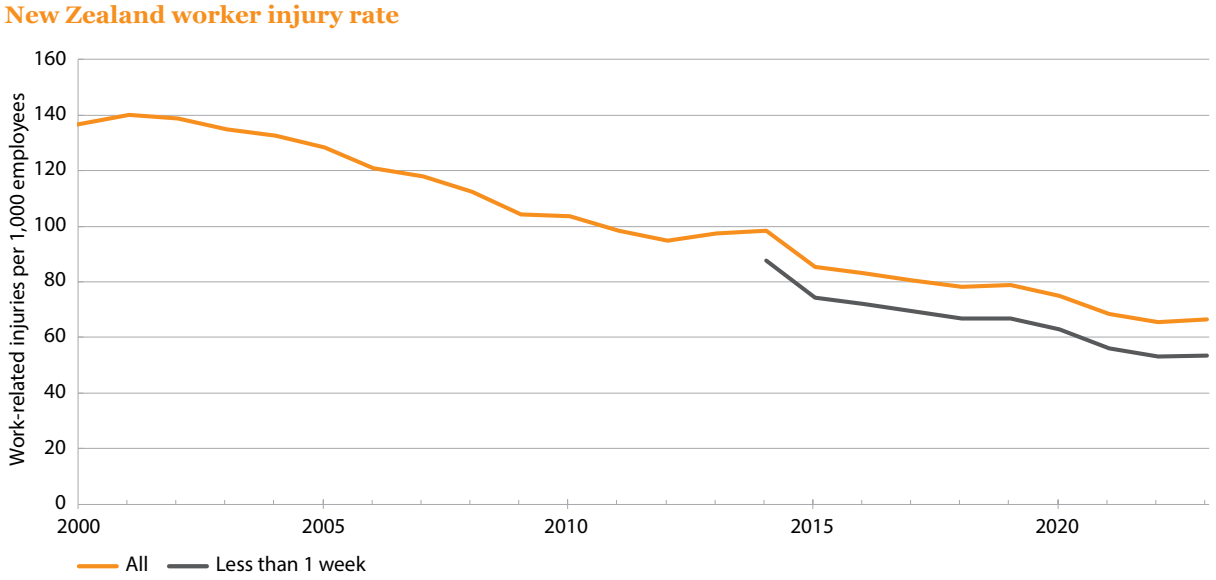
Source: WorkSafe NZ, Safe Work Australia

2.3. Injury rate improving but serious injuries rising

The overall injury rate – the number of injuries relative to number employed – has been trending lower since the early 2000s (Figure 6).

However, this improving trend has been largely in less-serious injuries (defined here as not requiring more than a week off work).

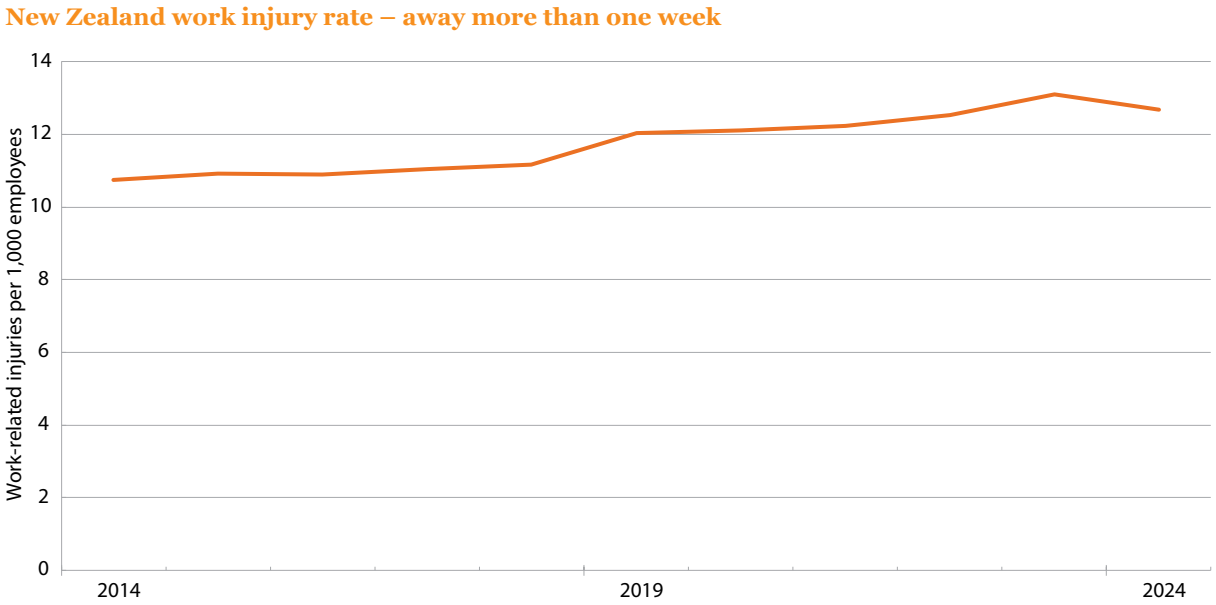
Figure 6: Injury rates have trended lower over time



Source: ACC, Stats NZ

The number of injuries requiring more than a week off work fell in 2024 but remains high in the context of the past decade (Figure 7 on page 12).

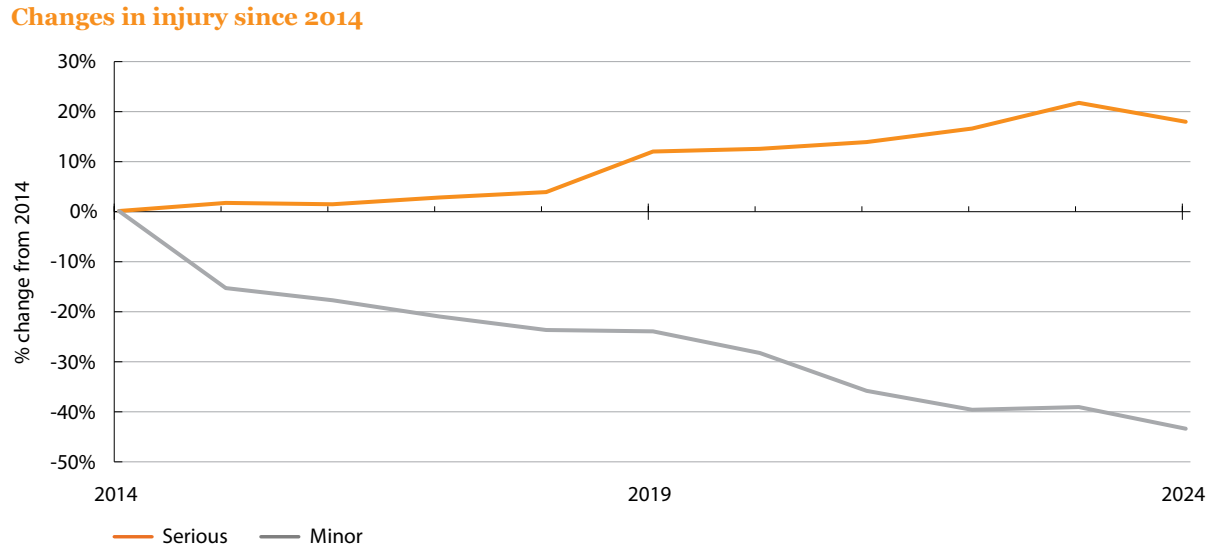
Figure 7: Serious injury rate eased a touch in 2024 but remains high in the context of the past decade



Source: ACC, Stats NZ

Over the past decade, the minor injury rate has decreased by 37% while the serious injury rate has increased by 18% (Figure 8).

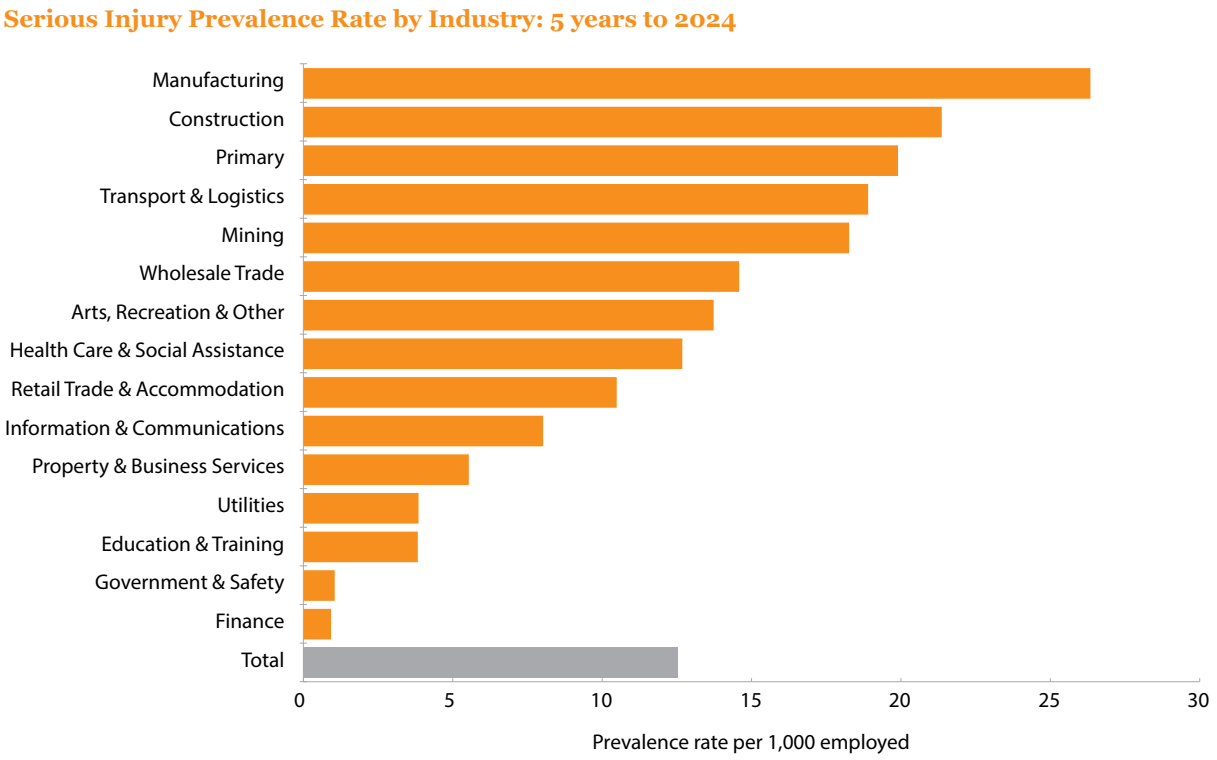
Figure 8: Over the past decade, minor injury incidence has fallen but serious injury incidence has increased



Source: ACC, Stats NZ

Figure 9 shows that some industries are inherently more hazardous and thus experience higher rates of injuries. Manufacturing, construction, primary (agriculture and forestry), transport and logistics, and mining stand out for their high serious injury rates.

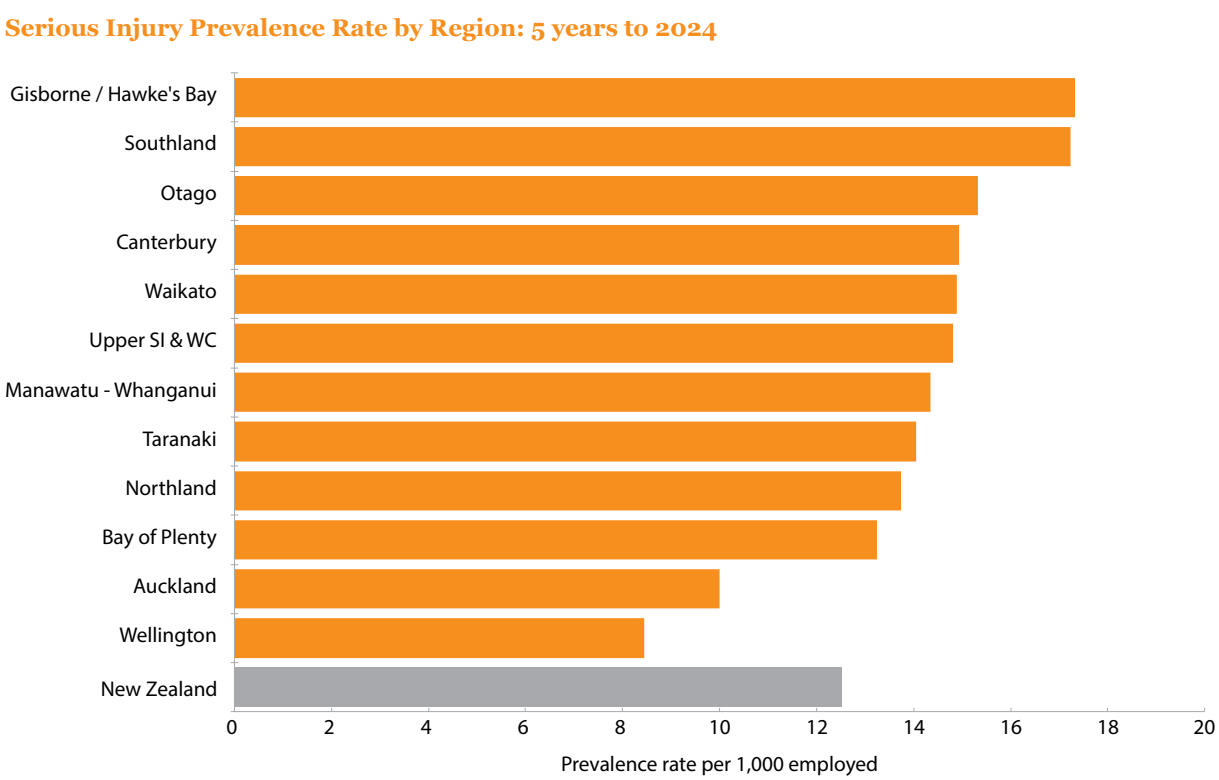
Figure 9: Some industries are inherently riskier, requiring greater focus



Source: ACC, Stats NZ

This partly explains why some regions like Gisborne and Hawke's Bay have high serious injury rates (Figure 10 on page 14). But that is not the full explanation.

Figure 10: Locational differences are only partly about industry mix



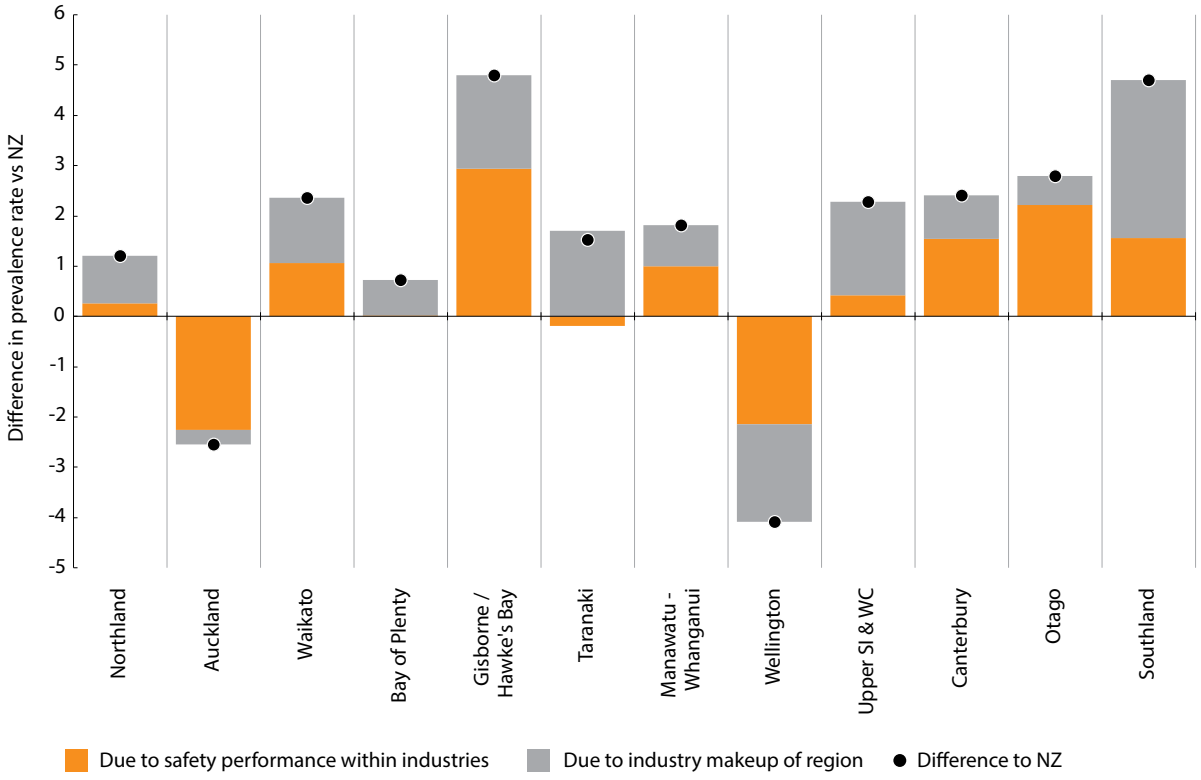
Source: ACC, Stats NZ

Figure 11 shows how much of the regional differences in serious injury rate are because of the industrial make-up of the local economy and injury performance within industries. The latter is more interesting, as it shows us where it is low performance within industries that is hurting workers.

In Gisborne and Hawke's Bay, 40% of the higher serious injury rate is due to industrial make-up and 60% is due to poor health and safety performance within industries. Auckland, Wellington and Taranaki stand out as having better health and safety performance within industries.

Figure 11: Industry performance is often a significant issue, especially in provincial New Zealand

Serious Injury Prevalence Rate vs NZ: 5 years to 2024



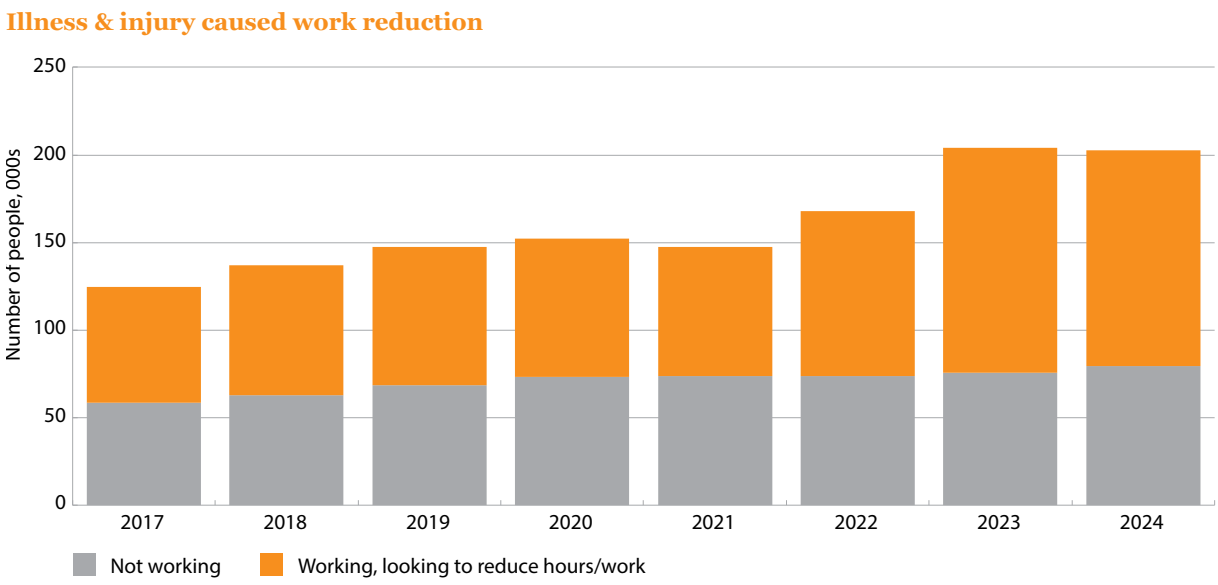
Source: ACC, Stats NZ

2.4. Health effects

WorkSafe NZ estimates[6] at least $2 billion in health costs annually from work-related health, which is the impact work can have on people's health (mental and physical, short and long term). It is estimated up to 900 people die from work-related causes every year and that there are 5,000–6,000 hospitalisations from work-related health risks and gradual process injury claims such as hearing loss.

These figures are complex to update regularly, but adjusting for inflation, this would increase to $2.5 billion from $2 billion when the most recent data was published. This is supported by other partial indicators: 202,550 potential workers are affected by injury and illness – people either out of work or looking to reduce work (Figure 12).

Figure 12: Increasing number of potential workers are affected by illness and injury

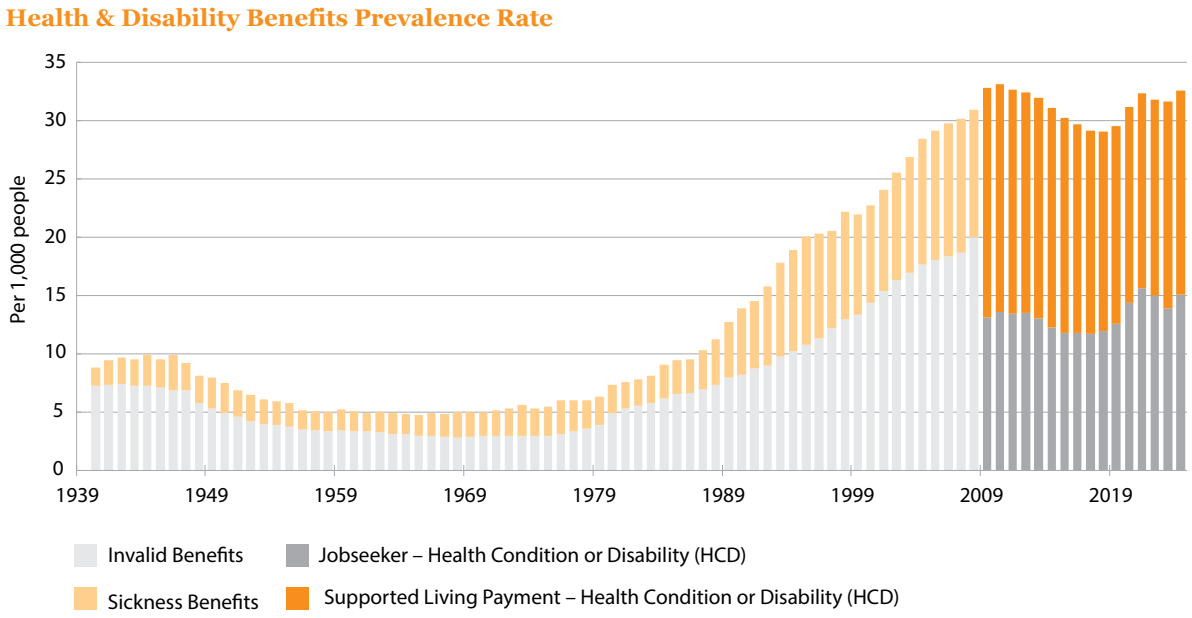


Source: Stats NZ

6 https://www.worksafe.govt.nz/topic-and-industry/work-related-health/work-related-health-estimates-and-burden-of-harm/

There are 172,266 people on disability welfare payments (Figure 13 shows the rate per 1000 people). Injuries and illness affect over 170,000 individuals, and this reduces New Zealand's workforce and economic potential.

Figure 13: Benefit data confirms significant human potential constrained by health and disability



Source: Stats NZ, Ministry of Social Development

Consumer perceptions of health and safety

We commissioned Kantar to conduct a nationally representative survey of New Zealand adults[7] to understand their perceptions and experiences of workplace health and safety in New Zealand (Figure 14).

What the survey found

New Zealanders have a positive view of our health and safety system. A net 33% of respondents hold a positive view (49% good or very good, 18% bad or very bad). This was less positive among older cohorts, women, people in the South Island, and Māori and Pasifika.

A large chunk (27%) did not know how New Zealand compared against the UK and Australia. Of those who had a view, a net 14% viewed our health and safety performance as being worse (11% better, 21% worse).

A surprising statistic was the widespread experience of workplace harm:

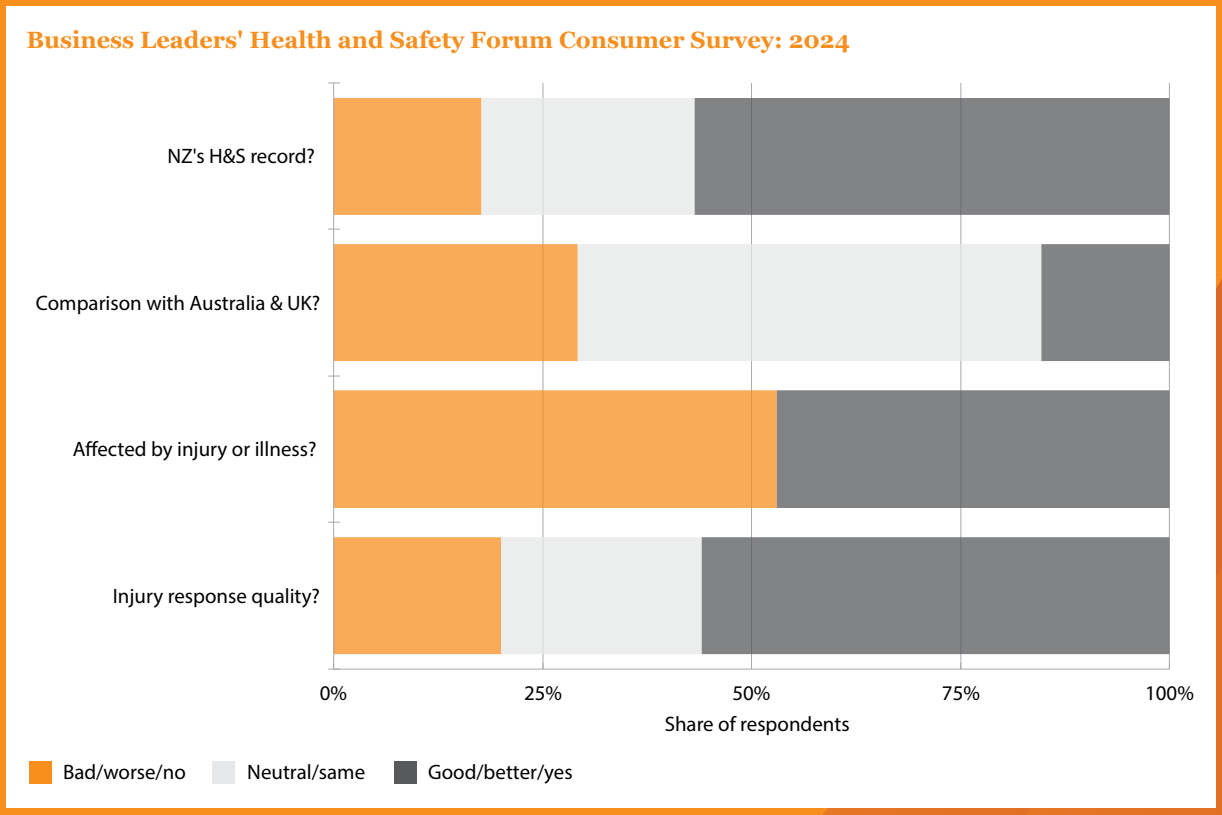
- 47% of New Zealanders were affected – 18% were personally affected, 16% had a family member affected and 18% had a friend or workmate affected.
- Encouragingly, more than half of those affected by workplace harm had a positive experience post the event. A net 36% reported a positive experience (56% good or very good, 20% bad or very bad). This suggests that follow-up activity by WorkSafe NZ, ACC, health professionals, some employers and others is of a good quality.

What people are willing to pay to reduce workplace harm

We asked respondents if they would be willing to pay some kind of 'insurance' to reduce workplace harm – 55% would pay some nominal amount, most in the small $1–24 per month group. **This equates to $730 million per year – what New Zealanders would pay out of their own pocket for work not to hurt.**

7 Kantar nationwide online omnibus survey of a nationally representative sample of 1,000 New Zealanders aged 18 or over. The margin of error is ±3.1%. The survey was undertaken 12–19 June 2024.

Figure 14: Nearly half of New Zealand's adults affected by workplace harm



Source: Kantar survey for Business Leaders' Health and Safety Forum

Survey of Forum members

We surveyed Business Leaders' Health and Safety Forum members for a pulse check on the economy and business plans over the past year and the year ahead (their expectations and plans), building on a similar survey in 2023.

The survey was conducted in March–April 2024. The Forum membership is weighted towards larger firms with formal boards, so the results are not necessarily representative of the entire business community. Nevertheless, the survey results give us an insight into how large businesses serious about health and safety are finding the economy and how they are responding (See Figure 15 on page 21):

- Sales growth in industry and suppliers (a good proxy for economic growth) moderated in 2024 and is expected to shrink next year. Firms' own sales mirror a similar pattern but businesses are less pessimistic (expecting the barest of growth in own sales next year).
- Businesses expect to keep investing in their business and training their people, but the pace will moderate. Hiring intentions are negative, meaning job losses are likely.
- Businesses remain committed to their health and safety programmes. Businesses expect to keep hiring more health and safety staff, although at a more moderate pace than in the last two years. Businesses intend to increase interaction between management and staff next year and modestly increase budget for health, safety and wellbeing. This shows businesses regard health and safety as important regardless of the economic cycle but will put more resource into organisational culture while moderating planned expansion of health and safety headcount budget.

Figure 15: Summary of results, 2024 Forum members' survey

Net % of firms reporting an increase in:	2023	2024	Expected 2025
External environment			
Sales volumes in industry	21%	7%	-8%
Sales volumes in suppliers	28%	-2%	-14%
Own business measures			
Sales volumes	30%	16%	2%
Investment in capital	38%	26%	11%
Investment in training	33%	25%	15%
Staffing	40%	12%	-23%
Number of H&S staff	22%	25%	9%
Interaction between management & staff	48%	40%	54%
Budget for health, safety and wellbeing	47%	27%	11%

Source: Business Leaders' Health and Safety Forum survey of its members

3. Regulation vs regulatory practice

Summary

While New Zealand, Australia and the United Kingdom share similar health and safety regulation, practice of the regulator and how the regulatory system is set up vary. This year, we have focused on these differences and found that:

- New Zealand's regulatory interventions were more reactive than SafeWork Australia (which is similar to NZ's maturity), neatly summarised in Safe Work Australia's annual comparative performance monitoring report[8].
- WorkSafe NZ's 2024 strategy creates strong focus to core regulatory services, which we see consistent with addressing this issue.
- New Zealand's regulatory system lacks clarity or agreement on the mechanisms to oversee and coordinate the various government actors with unique roles in New Zealand's health and safety performance.

There are other differences too. Unions and insurers play a much stronger role in the UK. We will delve into these issues in future years.

As our regulatory system matures, it should be better placed to support excellent business practice and protect workers and the public. There is no end date to this, regulatory practice is an ever-evolving process of shaping and being shaped by the system.

3.1. What is regulatory practice?

A regulatory framework is made up of legislation and regulations – firm rules that set boundaries for behaviour – and practices that animate and uphold these arrangements.

Legislation and regulations are a type of *hard law* – setting the rules of the game and making clear explicit expectations for those regulated. In New Zealand, this function for health and safety is developed and managed by MIBE.

- *Hard law* is often what is thought of when thinking about the role of a regulator, but much of *regulatory practice* relies on *soft law* to succeed.
- *Soft law* is good-practice guidance, proactive regulator clarity of priorities and co-design with industry groups, i.e. enabling others' resources, knowledge and participation. In New Zealand, that is primarily led by WorkSafe NZ.

Due to binding constraints (limited financial resources and information) and complex local knowledge and relationships within workplaces, UK and Australian experience clearly demonstrates that the regulator's ability to mobilise and enable the participation of others to meet their duties and implement *soft law* effectively is critical. No regulator can solely "rule its way" to good performance. The recently released 2024 WorkSafe NZ strategy recognises this and looks to focus on core regulatory functions.

Because the risks to workers are always evolving (both the risks themselves and the context) so too must regulatory practice – ensuring the *hard* and *soft law* are constantly evolving and responding in service of reducing harm to workers most effectively.

8 Safe Work Australia. (2024). *Lost time injuries: Frequency rates* [Data set]. https://data.safeworkaustralia.gov.au/report/cpm25

Effectiveness of regulatory practice relies on the willingness of firms to collaborate and uphold regulatory arrangements in the future. Proactive activities tend to involve clarifying expectations and standards, risk priorities and roles and key responsibilities, while responsive measures tend to be more about assessing and requiring compliance with *hard law* and communicate learnings from a failure or event (including prosecution and enforcement).

Effectiveness is also enhanced by good alignment and coordination across institutional players – so that the incentives and sanctions on businesses and workers (i.e. the risk creators) are clear in providing motivations to manage risks, and sufficient clarity about how to do it without causing significant confusion.

This enables all players – businesses, workers, industry and business groups, trainers, and other government agencies – to know and play their parts effectively, recognising the range of different types of controls and impacts across the system.[9]

WorkSafe NZ's core regulatory practices

WorkSafe NZ is New Zealand's primary regulator and it describes its approach as *"a really responsive risk-based framework"* to achieve proportionate responses to health and safety events within the regulatory landscape. This means planning interventions, that acknowledge:

- "our regulated community's behaviours and attitudes toward health and safety
- our constraints as a regulator
- how well we're managing our regulatory risks
- how our health and safety system is changing over time."[10]

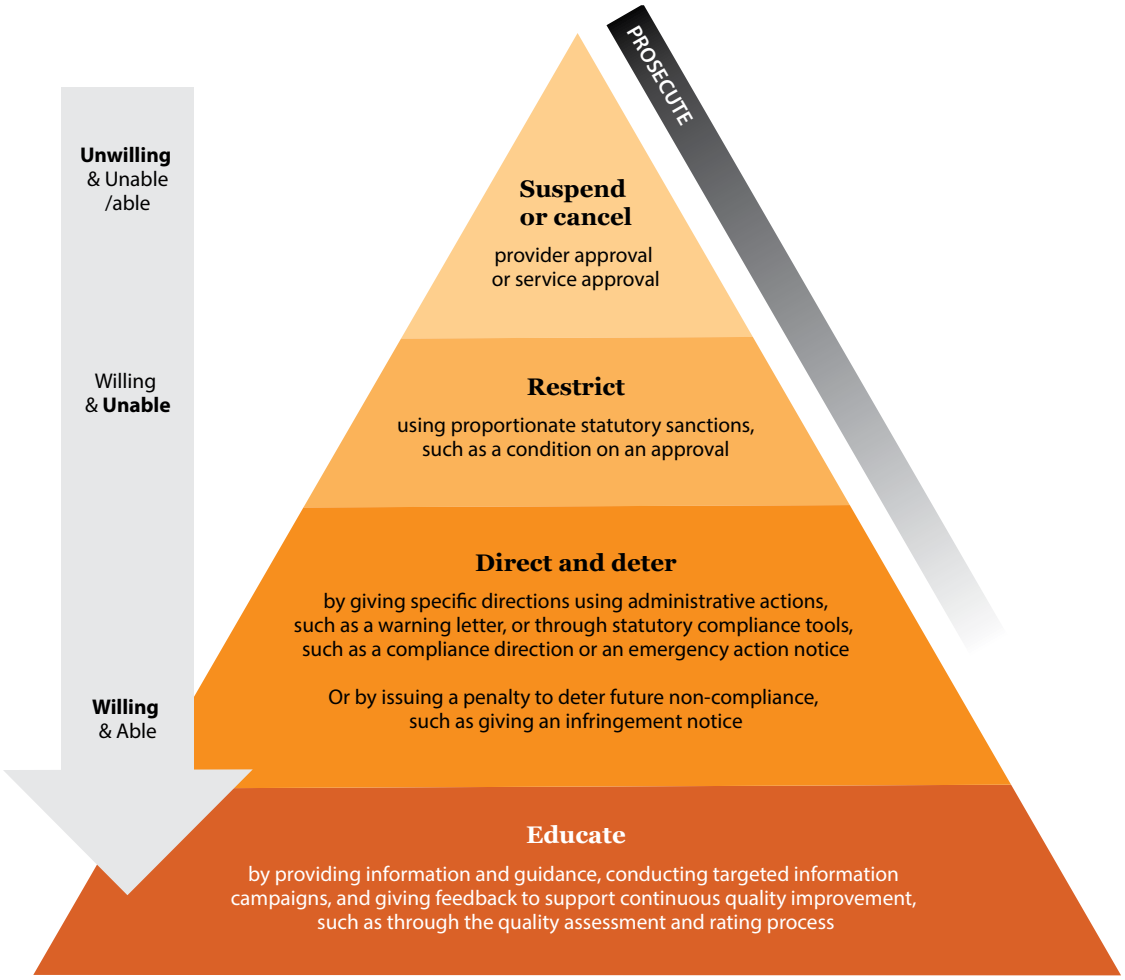
WorkSafe NZ's approach is dynamic and allows flexibility and discretion in managing non-compliance.

Figure 16 shows a textbook model of a really responsive risk framework in practice.

9 The OECD's Best Practice Principles for Regulatory Policy emphasise the importance of role clarity, preventing undue influence and maintaining trust, decision making and governing body structures for independent regulators, accountability and transparency, engagement, funding and performance evaluation – see https://www.oecd-ilibrary.org/governance/oecd-best-practice-principles-for-regulatory-policy_23116013

10 https://www.worksafe.govt.nz/laws-and-regulations/operational-policy-framework/operational-policies/how-we-regulate/

Figure 16: A model approach to regulatory activities



Source: https://www.acecqa.gov.au/national-quality-framework/guide-nqf/section-5-regulatory-authority-powers/15-good-regulatory-practice

At an operational level this means when responding to events that have already occurred, the regulator takes a set of graduated responses to:

- respond in a way that is proportionate to the risk
- escalate regulatory action
- de-escalate regulatory action
- minimise costs associated with a response.

In theory, regulators put most of their effort into educational and directive activities, working mostly with those who are willing and able to develop effective risk management approaches.

A smaller share of resources is directed at unwilling actors, where suspensions and prosecutions play a much bigger role in stopping workplace harm.

Stewardship function

In New Zealand, WorkSafe NZ is a key regulatory player because of the unique nature of its powers to control, prohibit and permit business activities.

But other institutions also have unique and important roles and responsibilities, such as MBIE (on system stewardship, maintaining the regulatory hierarchy), ACC (prevention, compensation, return to work), unions, and industry bodies. See Appendix One for a wider explanation of these controls.

Managing **systemic risks**, those which emerge because of dynamics between these overlapping institutions (and which affect how willing and equipped participants are to uphold regulatory arrangements in the future) takes a strong stewardship function. Systemic risks arise because it is hard to coordinate many institutions (such as WorkSafe NZ, MBIE, ACC, unions, firms and the public). Addressing this requires a strong stewardship function, which oversees and directs to make sure everyone is aligned.

There is a strong relationship between regulatory performance related to systemic risks and the management of **proximate risks** – risks that *directly* cause harm to workers such as via sustained exposure to a toxic substance or pollutant.[11] While WorkSafe NZ and others (e.g. ACC, MBIE) have controls over many aspects of systemic risks (e.g. the ability to reduce ambiguity by clarifying roles and responsibilities proactively), businesses and workers have full control over proximate risks. Improving systemic risk management can significantly reduce proximate harm as businesses and workers become confident in risk management.

In the UK a stewardship function is performed by the HSE UK and in Australia this is done by SafeWork Australia. **In New Zealand, however, an explicit stewardship function is not well specified**. Although New Zealand's health and safety legislation calls out the 'system', this remains undefined, making it difficult to identify and ensure responsibilities and accountabilities for system performance.

Responsibilities for overseeing, coordinating and prioritising the various roles across the regulatory system instead appear to be without any clear or agreed owner. Both MBIE and WorkSafe NZ have explicit "system stewardship" roles (along with designated regulator agencies and ACC), yet how these roles are properly delivered – and interact – remains unclear.

3.2. Looking to Australia and the UK

The Business Leaders' Health and Safety Forum's 2024 Independent Taskforce *Been there. ~~Done that~~.*[12] report looked into repeated failures of New Zealand's health and safety performance over a number of years, and highlighted clear challenges around both regulations and regulatory practice.

The report concluded a clear gap in system ownership and coordination (i.e., stewardship). It also highlighted concerns about a lack of regulatory clarity for businesses and variable sanctions and incentives for duty-holders. A comparison with Australia and UK give us further insights into this, and also a way forward.

11 These types of risk are simple to understand because they tend to be quite visible (split into acute, chronic or catastrophic categories of harm). Although these risks differ for each industry and workplace, they largely become known through experience, evidence analysis and best practice over time.

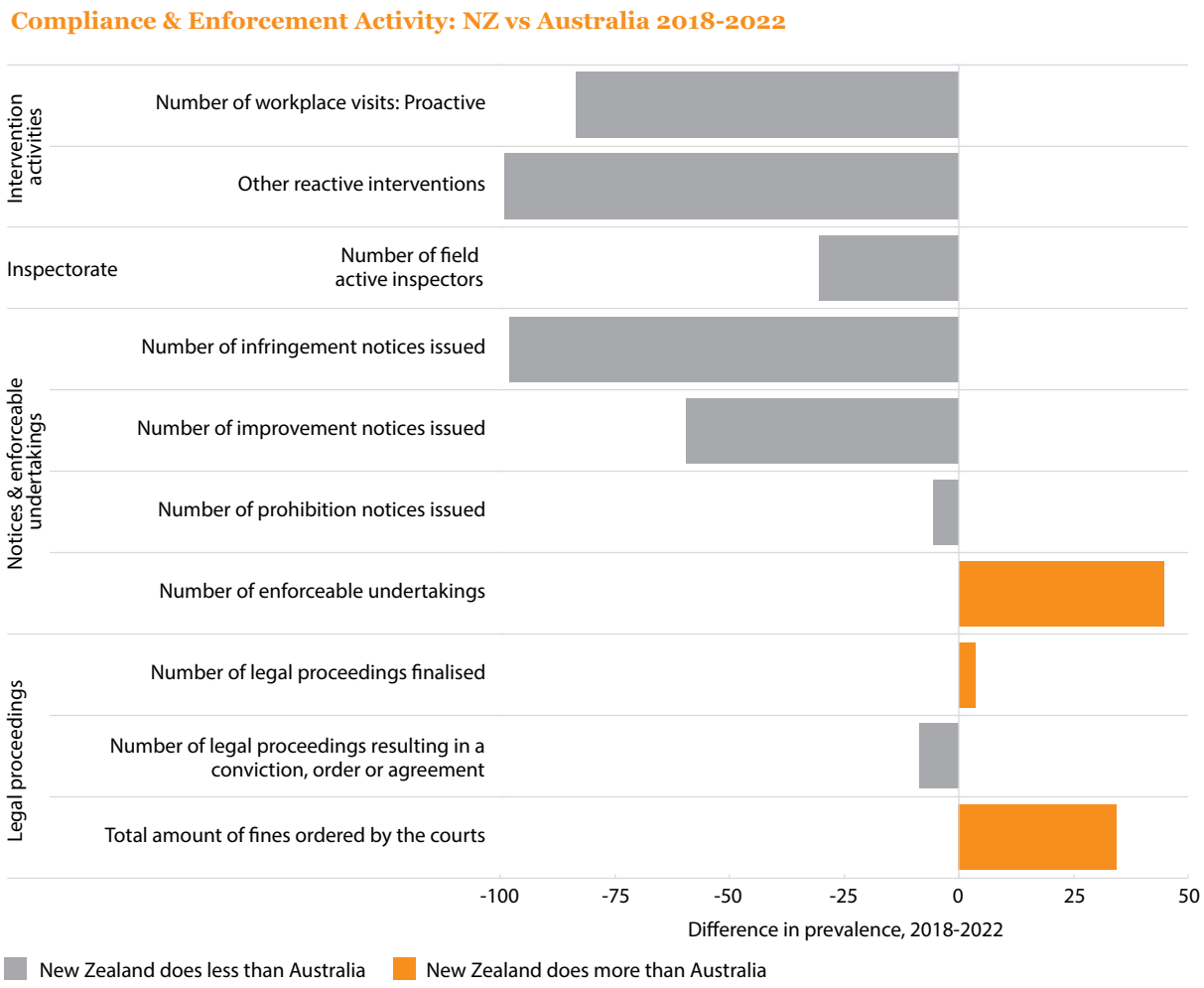
12 Business Leaders' Health & Safety Forum (2024). "*Been there. ~~Done that~~.* – a report into New Zealand's repeated health and safety failures" https://www.forum.org.nz/resources/a-report-into-new-zealands-repeated-health-and-safety-failings/

Australia is more proactive

We compared New Zealand's regulatory actions with Australia's to get a sense of how we compare with a regulatory landscape of a similar stage of development and maturity as New Zealand's. Safe Work Australia was established in 2009, WorkSafe NZ in 2013.

A comparison of regulatory activities across New Zealand and Australia shows significant variation in New Zealand's activities.[13] Figure 17 summarises the statistics after accounting for size differences (employment for all indicators, except dollar fine amounts are adjusted by nominal GDP).

Figure 17: Australia spends a lot more resources on lower-level interventions



Source: Safe Work Australia, WorkSafe NZ, Australian Bureau of Statistics, Stats NZ

13 Safe Work Australia (2023). Comparative Performance Monitoring Report 25/ Work Health and Safety Performance. https://data.safeworkaustralia.gov.au/report/cpm25

We found that, relative to Australia, New Zealand has:

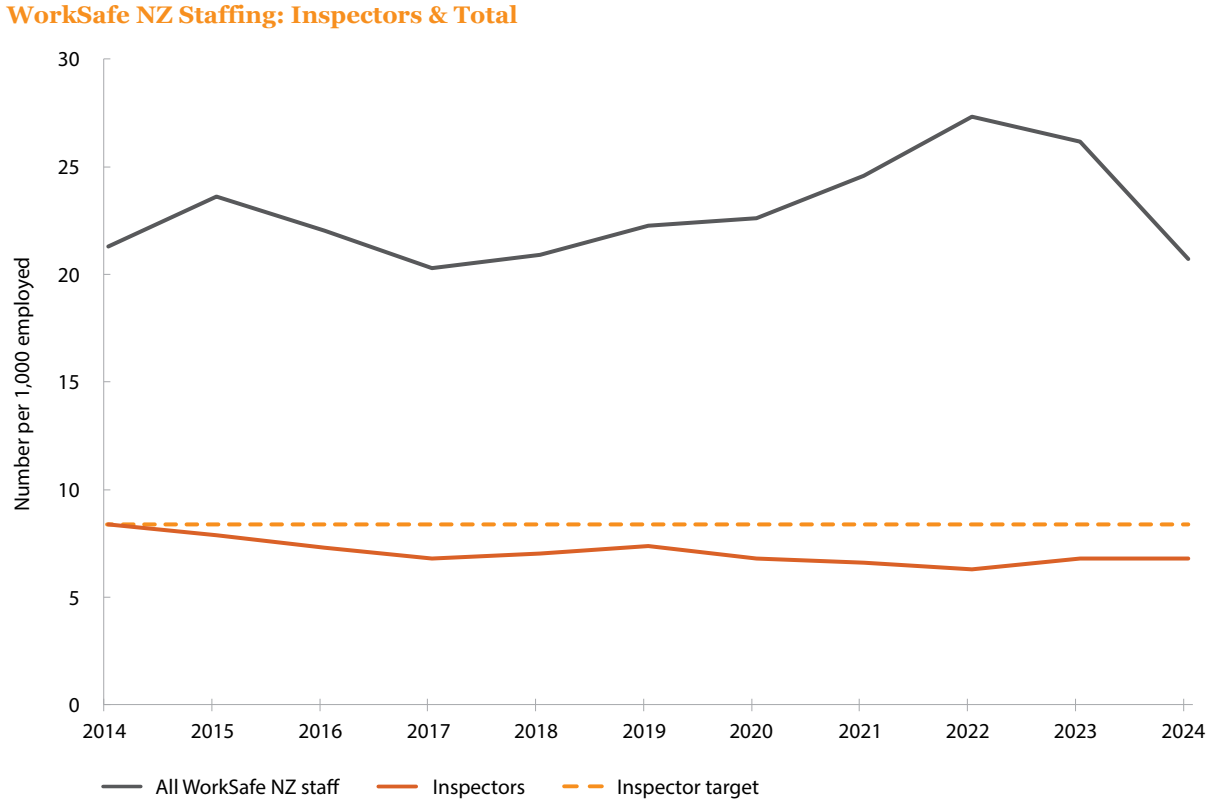
- fewer proactive and reactive workplace visits
- fewer inspectors (see Figure 18 for WorkSafe NZ inspector targets and Figure 19 for lower inspector density compared to Australia)
- fewer infringement, improvement and prohibition notices
- more use of enforceable undertakings
- more legal proceedings finalised yet fewer won
- larger fines imposed (relative to economic size).

There is a stark contrast in how much and where New Zealand is targeting its intervention activities, such as workplace visits, the number of inspectors and the number of infringement and improvement notices.

This comparison does not explain the difference in health and safety performance with Australia but suggests areas of focus for regulatory activities in New Zealand by being more proactive and being better resourced to engage with business.

The 2024 WorkSafe NZ Strategy indicates an acknowledgment of this context and commitment to shift in this direction.

Figure 18: New Zealand is still not at target inspector rate (6.8 per 1000 employed vs 8.4 target)



Source: WorkSafe NZ, Stats NZ

Figure 19: New Zealand has around 31% fewer inspectors than Australia (adjusted for number of employed)

Source: Safe Work Australia, WorkSafe NZ, Australian Bureau of Statistics, Stats NZ

Businesses say quality guidance is elusive

For many firms in New Zealand, it is not clear when they are doing a good job at managing health and safety. This leaves WorkSafe NZ vulnerable to ambiguity. **It is critical that businesses can identify what is expected of them and feel confident making changes.**

Business leaders' feedback to the Business Leaders' Health and Safety Forum 2024 survey was that WorkSafe NZ needs to be more proactive to address ambiguity so that businesses better understand what is expected. Many commented on regulatory style and a top-down approach with a paucity of guidance on issues like overlapping responsibilities, resulting in mystified expectations.

In key examples, some business leaders have expressed frustration with poorly communicated roles and responsibilities and ambiguity about system stewardship functions:

*"It's not just about being held to account. It's also **about ensuring companies understand their supply chain responsibilities**, their fatal and catastrophic risks and what controls should be in place to address these risks. Prioritise H&S outcomes but not just more compliance."*

*"There is still **almost no evidence of inter-agency regulation** and [there is] **confusion about roles and responsibilities between regulators.**"*

*"Many of our subcontractors are SMEs. Engaging with them on H&S matters has always been a challenge as many have little or no systems and aren't interested in improving their practices. If the **Regulations are not clear about what good looks like**, if no-one ever checks these systems for compliance and there is not incentive or [a] cost-neutral way for them to achieve compliance, most will not change."*

HSE UK understands and describes its role as leading but not alone

We also wanted to understand how a very mature regulator such as HSE UK (established in 1975) discusses its stewardship role in a regulatory landscape and acts to reduce ambiguity as a system risk.

HSE UK's regulatory philosophy stood out relative to both New Zealand and Australian systems. Notably, HSE UK clearly describes the explicitly dual nature of its leadership function throughout its strategic documents, emphasising the interdependent nature of its role to "achieve the right regulatory balance between supporting excellent business practice and protecting workers and the public".[14] When leadership is mentioned, HSE UK explicitly notes that the regulator does not act alone. It is a key player rather than a system leader.

"We lead the way but we do not act alone".

HSE UK

Under this framing, HSE UK sets shared objectives, with three strategic objectives aiming for relevance, collaboration and accessibility.[15]

Figure 20: How HSE UK describes itself

Source: HSE UK

14 HSE UK (2023). *HSE Business Plan 2023/24*. https://www.hse.gov.uk/aboutus/assets/docs/hse-business-plan.pdf; HSE UK. (2022). *Protecting people and places: HSE strategy 2022 to 2032*. https://www.hse.gov.uk/aboutus/assets/docs/the-hse-strategy.pdf

15 The objectives aim for HSE UK to be relevant, fair and just, people-focused, collaborative, financially viable and accessible.

A dual objective emphasises both a proactive and reactive approach to regulatory practice, with aims to **support excellent business practice** and **protect workers and the public**.

Support is interpreted foremostly as an *action, not an outcome*. HSE UK aims to uphold employers to "give employers the confidence to manage risks appropriately". Again, the system is understood as a collaborative set of relationships with the HSE UK as a key player.

WorkSafe NZ's changing identity a welcome shift towards improving clarity

The way WorkSafe NZ has described its role over the course of 2024 has evolved to a much stronger focus on proximate risks and increasing support for businesses than in recent years.

WorkSafe NZ's refreshed strategy[16] (released in June 2024) confirmed its function as a regulator of proximate harm in New Zealand, emphasising its core functions to *engage, enforce and permit*. A focus on helping businesses and workers understand has been explicitly introduced as a process of engagement, moving WorkSafe NZ closer to HSE UK's collaborative style (Figure 21).

This is a necessary shift and clearly focusses WorkSafe NZ as the operational agent of regulatory practice. This is consistent with the resources available to it.

16 WorkSafe. (2024). *WorkSafe NZ strategy*. https://www.worksafe.govt.nz/about-us/who-we-are/worksafe-strategy/

Figure 21: WorkSafe NZ's refreshed role description focuses exclusively on proximate risks, but there is now a gap in a system function

Source: WorkSafe NZ

While WorkSafe NZ's new strategy clarifies its role in supporting businesses to understand their roles it is silent on the broader discussion of system stewardship.

OECD best-practice principles for regulators suggest actions to uphold role clarity and maintain trust are essential principles for effective regulatory governance. This includes the role of the regulator in **system stewardship**.

In Australia, Safe Work Australia has that role, with state based regulators delivering on the ground.

Meanwhile HSE UK's strong sense of collaborative style and clear success relative to our own also suggests greater sensitivity to systemic risk is part of maturing as a regulatory system.

Australia will likely take a similar path to develop this stewardship mechanism further – Safe Work Australia already focuses heavily on coordinating policy development across subnational governments and improving industry input.

In the past, New Zealand has stood up institutional mechanisms in crises (such as the Pike River Royal Commission, the 2013 Independent Taskforce and the Independent Forestry Safety Commission). Past efforts could be the model for a standing committee (or similar) taking this stewardship responsibility.

Given the still-maturing landscape in New Zealand, our next report will look at the progress towards developing this system stewardship mechanism.

Maritime NZ shows this is very achievable

Positive feedback from port leaders benefiting from the proactive and teamwork-focused regulatory style of Maritime NZ as the new ports regulator (via the Port Health and Safety Leadership Group) suggests a different regulatory style is possible, and is being achieved, in New Zealand.

The executive positioning of Maritime NZ has a distinctly collaborative quality: "our goal is not just to respond to harm, but to **work with others** to prevent it from occurring in the first place".

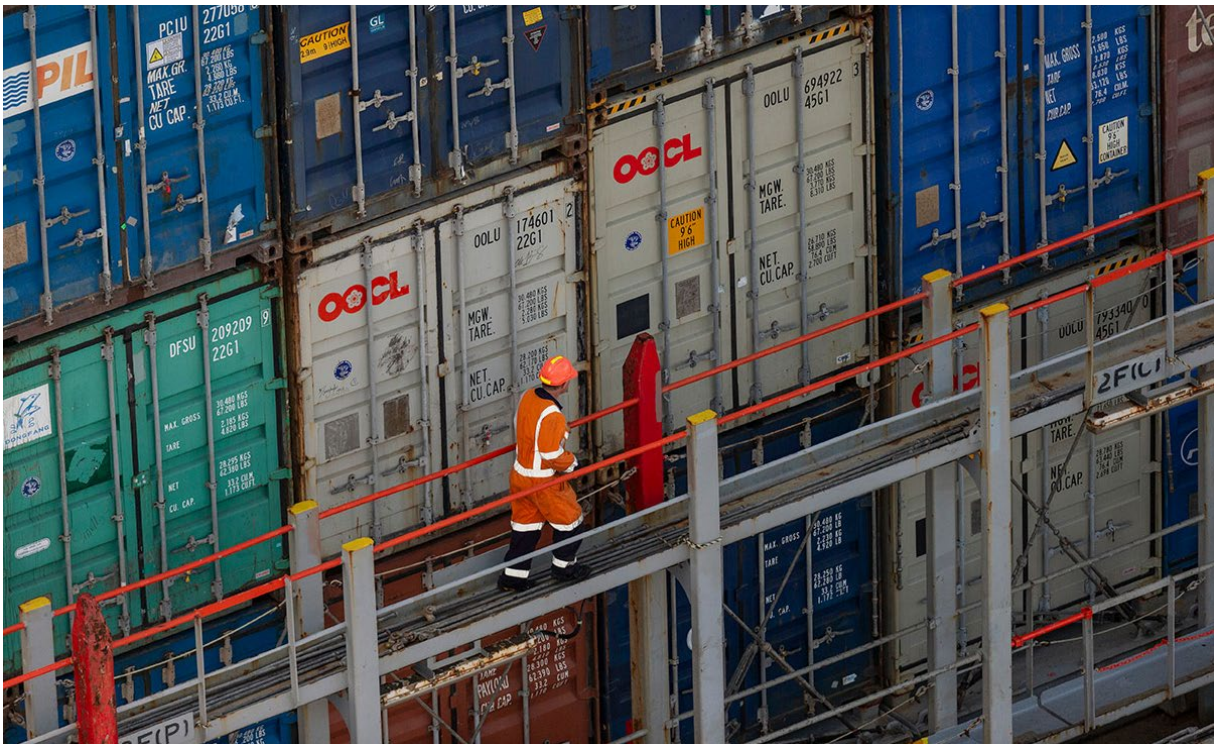
Support is expressed as an action that Maritime NZ enacts for both ports and workers rather than an outcome to support confidence in their designation as regulator.

*"We will continue our work, **collaborating closely** with the Port Health and Safety Leadership Group, to **actively support the sector to take preventive actions** and put in place strong safety controls, to support people who work on ports return home safe to their families."*

MARITIME NZ

This can allow leadership done *with* rather than *for* or *to* others.

WorkSafe NZ's new "operating plans" for its identified high-risk sectors and its own permitting functions suggests a similar direction of travel.



4. Conclusion

Health and safety in the workplace matters to all of us. Nearly half of New Zealanders have personal experience with it. While there is a welcome improvement trend in fatality and minor injury rates, serious injury rates have trended higher.

Despite the improvements, the current levels of fatalities and injuries remain too high compared to Australia and the UK, both countries with similar legislation settings.

The harm from workplace fatalities, injuries and ill health cost New Zealand $4.9 billion in 2023. We would reduce that avoidable burden by 28% (or $1.4 billion) if we were able to replicate Australia's performance. That burden would fall by 73% if we could catch up to the UK.

We know that better is possible.

To lift our performance towards Australia and the UK, one thing we need to do is to improve our regulatory practice (we already have similar regulation). There is clear scope for more proactive activities from WorkSafe NZ. Their recent strategy and intentions via its high-risk sector operating plans, indicate a positive commitment to move in this direction. This is an important step.

To reduce the burden to New Zealand businesses, workers and the economy we also need to see a clear and explicit commitment to improving system stewardship. We need clarity and reduced ambiguity on expectations for businesses, while also aligning incentives and sanctions from across the range of government agencies with explicit roles and responsibilities.

Ultimately, an improved and more responsive system contributes to businesses and workers knowing what to do better, where the risks are created and how to best mitigate those.

Where and how New Zealand achieves that system stewardship is up to us. We can use existing institutions (for example MBIE). Or for example, we have established independent bodies in the past to respond to "systemic failures" such as the Pike River Royal Commission, the 2013 Independent Taskforce and the Independent Forestry Safety Review.

Rather than wait for the next catastrophe, we need a standing function that is charged with monitoring and guiding the performance of the regulator and the health and safety system. Whatever shape it takes, it remains a glaring hole in our current national approach.

New Zealand is making progress slowly. Our system is evolving but without clear direction or purpose. The faster we progress the more our people and our businesses can thrive.

Appendix one: Controls for proximate and systemic risks

Like businesses and people, regulators deal with a constantly evolving field of risks. There are two broad categories: **proximate risks** (like a ladder falling or toxins leaking at a workplace) and **systemic risks** (like ambiguity, underlying power dynamics that erode system function and breed mistrust and under-resourced regulatory functions that reduce collaboration and the willingness of others to uphold the intended regulatory arrangements).

Systemic risks are difficult to define and quantify. They are easy to ignore by taking a narrow focus on obvious sources of harm. By comparison, proximate risks are much simpler to understand and tend to be quite visible. These differ for each industry and workplace but largely become known through experience, evidence analysis and best practice.

Confusion is an example of a systemic risk. This class of risk shapes the regulatory system indirectly, worsening system function and reducing willingness to collaborate with the regulator, opening up space for harm at the proximate level.

Underneath causes of harm lie complex relationships and dynamics. Shaping these is ultimately what drives effective regulatory arrangements. If incentives to participate in health and safety are in place and businesses are supported to know what to do, the system can achieve effectiveness at controlling proximate sources of harm at a much greater scale.

Controls for proximate risks are imperfect and practice can slip over time, requiring constant attention from firms and encouragement and enforcement from regulators to ensure sustained commitments to good practice. Most occupational health and safety regulations focus on this class of risk and workplace harm dynamics.

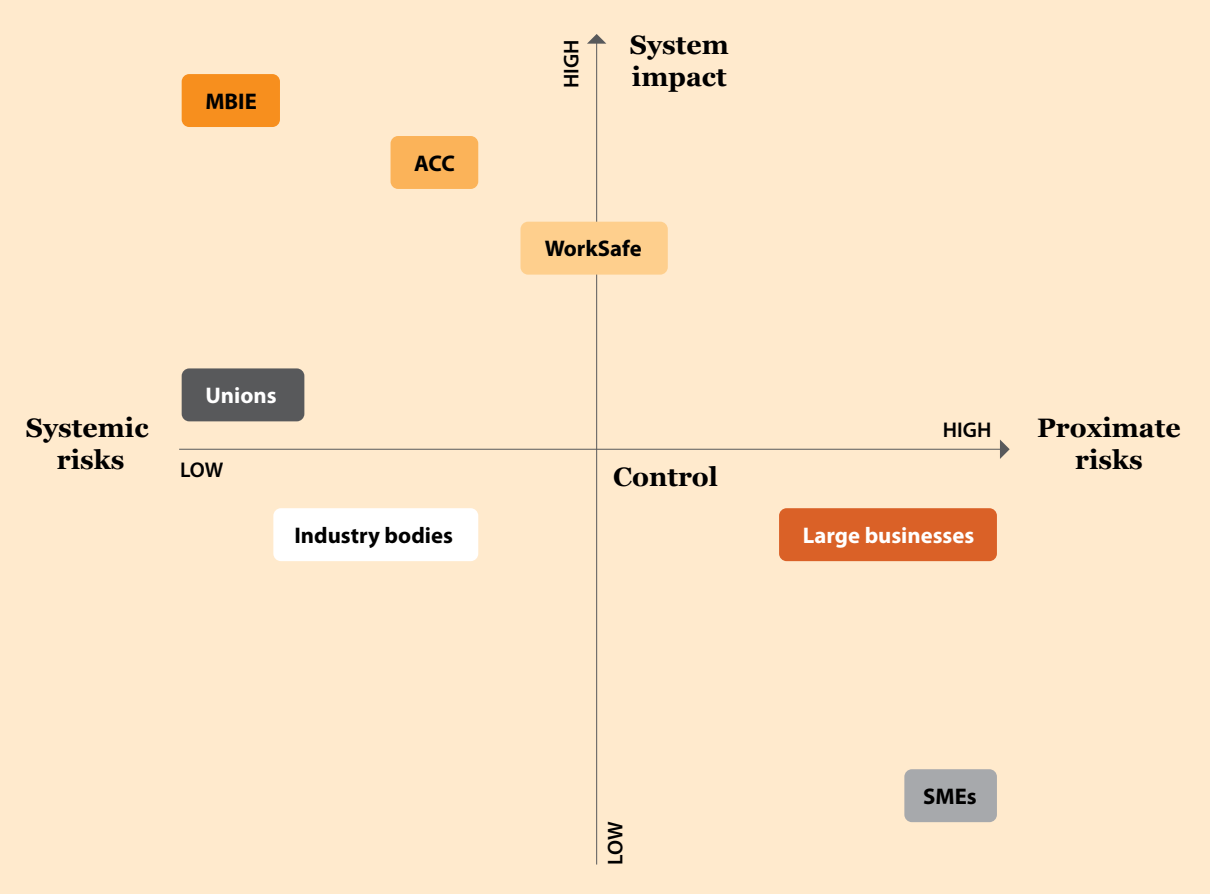
When an event occurs such as a serious workplace injury, WorkSafe NZ's response sends signals to others about what to expect in the future. How they respond (or not) sets the standard. If WorkSafe NZ's signals don't make sense to those watching, they lose credibility in a wider set of relationships than just those directly affected.

Controls for proximate risks are the responsibility of risk creators – WorkSafe NZ can require, educate, encourage and enforce, but ultimately what happens inside a business is up to the managers and workers. **If WorkSafe NZ's actions are not well understood, responsiveness to events can seem reactive and haphazard, leading to amplified ambiguity and confusion.** Responses to proximate-level events can channel into systemic risk.

Reflexivity – a capacity for communicating learnings and showing an awareness and appreciation of the potentially contradictory effects of regulatory decisions – is what makes a regulator truly responsive in a capacity consistent with best practice. Attention to these types of feedback loops and potential trade-offs as well as efforts to reduce ambiguity by clarifying roles and responsibilities ahead of time form the basis of controls for systemic risks.

WorkSafe NZ has higher controls over systemic risks than many other players but less control over proximate risks. On the other side, an individual business does not have much impact at a system level (Figure 22 on page 36).

Figure 22: A stylised model of key participants in the New Zealand health and safety system*



* Institutions listed are indicative only – this is not an exhaustive list.

Much of WorkSafe NZ's impact comes from its capacity to deploy hard and soft law to shape incentives and control systemic risks (like poor information and unclear roles and responsibilities). Because these risks are more amorphous, they are not easily controlled – but they can be improved through strong attention on institutional design and critical relationships between actors.

Other players also have a strong role in the design of the health and safety system such as ACC.[17] It indirectly generates systemic risks by changing the underlying power dynamics and relations through its decisions and practices.

Other players such as industry bodies and unions also have very little control over proximate risks. They don't or can't stop falls from height or put up guard rails in workplaces, but they have a sustained focus on system dynamics and tendencies. They play a key part in interpreting WorkSafe NZ's signals for others and so shape the landscape proactively.

17 The role of ACC in New Zealand's landscape is vital but seriously under theorised. This type of analysis is an area for much-needed future work – something we would expect to come up in a national conversation about system performance and risks.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