



Transport Accident
Investigation
Commission

Statement of Performance Expectations Te tauākī tūmanako whakatutuki

2023/24

Prepared and published in accordance with the
requirements of the Crown Entities Act 2004



Transport Accident Investigation Commission
Te Kōmihana Tirotiro Aituā Waka
Statement of Performance Expectations 2023/24

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Transport Accident
Investigation
Commission

9 June 2023

Hon Michael Wood
Minister of Transport
Executive Wing
Parliament Buildings
Wellington

Dear Minister

Statement of Performance Expectations

We present the Statement of Performance Expectations of the Transport Accident Investigation Commission for the twelve months beginning 1 July 2023.

It has been prepared and is signed in accordance with the provisions of the Crown Entities Act 2004.

The strategic context for this document is set out in the Transport Accident Investigation Commission *Statement of Intent 2021-2025*.

Jane Meares
Chief Commissioner

Stephen Davies Howard
Deputy Chief Commissioner

Our vision

Tō mātou tirohanga

No repeat accidents – ever!
Whakakore aituā tukurua!

Our mission

Tā mātou whāinga

Safer transport through investigation, learning and influence

Our values

Ā mātou uara

Fairness
Impartiality
Independence
Competence
Integrity
Timeliness
Certainty

Our purpose

Tā tātou kaupapa

Ko te aronga a Te Kōmihana Tiro tiro Aituā Waka, ki te whakatau me te āta tiro tiro he aha te pūtake o ngā Aituā Waka. A me pēhea rā te karo, kia kore ai aua takanga e pa mai anō a tōna wā.

The purpose of the Transport Accident Investigation Commission is to determine the circumstances and causes of accidents and incidents with a view to avoiding similar occurrences in the future.

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Output class: accident and incident investigation and reporting

Aituā kāwai putanga, te whakawā me te ripoata maiki

What the output class is intended to achieve

We are a standing commission of inquiry and an independent Crown entity

The Transport Accident Investigation Commission (the Commission) is a standing commission of inquiry and an independent Crown entity. Our enabling legislation is the Transport Accident Investigation Commission Act 1990 (the Act). We were established so that New Zealand could meet its obligations under the Convention on International Civil Aviation (ICAO Convention), particularly Annex 13, which requires signatory States to undertake independent safety-focused accident investigations.

We also support New Zealand's obligations as a member of the International Maritime Organization (IMO) and the International Convention for the Safety of Life at Sea (SOLAS). The IMO's Maritime Casualty Investigation Code requires signatory states to have an independent body to investigate maritime accidents and incidents to avoid further occurrences rather than to apportion blame or liability.

Our mandate is to undertake independent, investigations into certain transport accidents and incidents to improve transport safety

The Act embodies these obligations by prescribing the Commission's purpose, which is 'to determine the circumstances and causes of accidents and incidents with a view to avoiding similar occurrences in the future, rather than to ascribe blame to any person'. Our mandate is to help avoid transport accidents by undertaking independent, safety-focused, investigations into certain transport accidents and incidents (occurrences) to improve transport safety. For each occurrence we investigate, we publish a report of our findings and recommendations. The Commission works in the aviation, rail and maritime transport modes.

We have a single output class

We are funded for a single output: accident and incident investigation and reporting.

This appropriation is intended to achieve the conduct and completion of independent inquiries into selected aviation, rail and maritime safety occurrences with the intent of helping to avoid recurrences.

How the output contributes to strategic intentions

We contribute to transport sector outcome of protecting people from transport related injuries

The transport sector outcome we contribute to is:

Protecting people from transport related injuries

This outcome is part of the Healthy and Safe People strand of the Transport Outcomes Framework developed by the Ministry of Transport. The outcome reflects the Government's safety priority of delivering a transport system where no-one is killed or seriously injured.

To achieve the transport sector outcome, the Commission has adopted a vision – an aspirational goal – that reflects our statutory purpose and drives all we do:

No repeat accidents – ever!

The Commission's mission statement focuses attention on what we are seeking to achieve and how.

Safer transport through investigation, learning and influence

Our purpose and strategic direction remains unchanged

The Commission's *Statement of Intent 2021–2025* sets out our strategic intentions. Our purpose, strategic framework, and overall direction remain unchanged from the previous planning cycle; but over the period of this statement of intent we seek to improve systems and processes and build on previous organisational gains.

In 2023/24 we are expanding capacity especially in the rail sector. Increased baseline funding from 1 July 2023 means we are able to employ two new rail investigators as well as specialist and administrative support (two and one additional staff members respectively).

The additional investigative capacity responds to the Government's increased investment in the rail network. The expected growth in freight and passenger numbers increases pressure on supporting infrastructure such as signalling systems, especially in congested metropolitan areas; and also increases risk where passengers and vehicles are crossing rail tracks.

We seek to influence the safety of the transport system through our strategic intentions to be accessible, credible, and ready

Because our recommendations are not mandatory, we contribute to safer transport systems by influencing others to act to reduce risk. Influence – our impact on the system – is achieved by having a clear and authoritative voice.

To achieve influence, our strategic intentions are to:

- be accessible by making it easier for people or organisations to access our findings and recommendations – the easier it

is for them to find the information they need, the more likely they are to act

- be credible by maintaining high standards in investigation processes and reports
- be ready to respond to a large-scale event and enhance our capacity to contribute to national resilience.

We intend to continue working with others in the transport system to maximise the effect of our inquiries; and in particular to:

- influence the transport system by effectively sharing our insights and knowledge with participants
- ensure effective communication with key stakeholders, including families and next-of-kin, so they are informed appropriately during the investigation process
- continue to ensure New Zealand is well-represented on the international stage as a respected and trusted colleague within the international community of transport accident investigation bodies
- support the Ministry of Transport's work programmes and cross-government initiatives exploring options for system improvements including the regulatory stewardship programme, and ongoing monitoring programme.

How performance for the output class will be assessed

Output measures centre on cost, volume, and timeliness

Table 1 shows performance measures for the output class: accident and incident investigation and reporting. Refer to the section on impact measures for quality-related indicators of performance.

The expected revenue and proposed expense for the output is equal to that stated in the prospective statement of comprehensive revenue and expense on page 22.

For more information about these measures and the judgements we made in choosing them see page 12. Changes in volume measures reflect the increased investigation capacity in 2023/24, as explained on page 2.

Table 1: Performance measures: cost, volume, and timeliness

Cost measure	Instrument	2023/24 target	2022/23 estimated actual	2022/23 target
Average cost of domestic inquiries closed	Timesheet and financial data analysis	\$400-450K	\$465K	\$400-450K
Volume measures	Instrument	2023/24 expected	2022/23 estimated actual	2022/23 expected
No. of reports published for domestic inquiries (incl. interim reports)	Casebook analysis, manual count	17-27	15	15-25
No. of inquiries by overseas jurisdictions assisted	Casebook data analysis	4-8	9	4-8
No. of domestic inquiries in progress at each month's end (12 month rolling average at 30 June)	Casebook data analysis	30	27	30
Timeliness measures	Instrument	2023/24 target	2022/23 estimated actual	2022/23 target
Proportion of closed domestic inquiries completed within 440 working days	Casebook data analysis	70%	73%	70%

Performance measurement

Inenga mahi

Measuring impact

Measuring our impact on transport safety is difficult; we take a qualitative approach

Direct measurement of the Commission's influence on sector outcomes is complex: transport is a complex adaptive system, our role within it is independent, and our recommendations are not mandatory – we contribute to improved safety by making information available to others in the transport system so they can act. Therefore, we take a mainly qualitative approach to measuring our impact.

We will use case studies to demonstrate our effectiveness, setting out what safety lessons we have identified, and the actions that sector participants, including recipients of our recommendations, have taken to improve safety. This approach gives a better understanding than quantitative measures could of our role in, and influence on, the system.

Measuring progress in strategic intentions

Implementation of the Knowledge Transfer System is key to achieving strategic objectives

Our ability to meet our strategic intentions is being enhanced through our Knowledge Transfer System (KTS), which aims to strengthen human and IT capital.¹ Implementation of the System continues to be the main organisational focus for 2023/24.

In 2022/23 we made good progress, taking a significant step in purchasing a new case management system (Hubstream) and beginning a carefully managed change programme. The change programme continues for the first half of 2023/24 and by December 2023 all investigations will be managed in Hubstream.

Once the case management system is 'business as usual', its broader organisational benefits can start to be fully realised, for example in support of the Research Strategy including the ability to undertake trend analysis.

2023/24 is a year of consolidation

The 2023/24 year is therefore one of consolidation as we embed new processes. Table 2 to Table 6 (beginning on page 7) show our targets for progress in strategic intentions. The indicators are the same as those used in 2022/23.

In some cases, the activities for 2023/24 are reviews and enhancements of strategies, plans or processes that were introduced

¹ Knowledge transfer is about capturing and organising data and information, and creating and distributing information and knowledge. Physical assets, people, and processes work together to enable knowledge transfer.

over the previous two years in support of the KTS (examples are reviews of the Communications Strategy and and Data Strategy). Some activities related to the Research Strategy have been carried over from 2022/23.

The publication of the biannual safety digest, which was to have begun in 2022/23 and become a regular output, has not occurred because of other priorities. It will be reconsidered for 2024/25.

The tables below also describe the 'end state' – what we plan to have achieved through our strategic intentions by the end of this planning cycle, that is by 30 June 2025.

Measuring organisational health and capability

Resilience remains core to maintaining organisational performance

Resilience is core to maintaining organisational performance. It has two broad aspects. One is maintaining professional standards as the transport system evolves rapidly and in significant ways, driven by advancing technology. The other aspect is our ability to operate effectively even if faced with a sudden shock such as a major accident or a natural disaster.

Measures of organisational health and capability centre on resilience, especially progress in strengthening human and IT capital. This focus reflects the Knowledge Transfer System discussed above.

We meet our obligations to be a good employer

We meet our obligations to be a good employer. Related activities – whether ongoing or one-off tasks – are part of our efforts to meet the Government Expectations on Employment Relations in the State Sector. These activities include, for example:

- Regular review of all our policies and practices against government guidelines. Employment policies, procedures, and practices are underpinned by the principles of natural justice and fairness in all circumstances.
- A work programme centred on diversity and inclusion, cultural awareness, and consideration of what it means for us to be a good partner under Te Tiriti o Waitangi. Much of the programme is guided by Papa Pounamu, the Public Service Commission's work programme for the wider public service.
- Implementing a new remuneration system.
- Continued engagement with the Public Service Association on pay and conditions for its members.

Performance measures

Performance indicators continue from last with additional impact measures

The tables on the following pages show targets for 2023/24 for progress in achieving strategic intentions and organisational health and capability goals.

We have used the same indicators and impact measures as in 2022/23. For the most part, the impact measures are based on a stakeholder survey, which we ran in early 2022 and intend to repeat every two years. The table also describes what we plan to have achieved by 30 June 2025.

For more information about these measures and the judgements we made in choosing them, see page 12.

Table 2: Performance measures for strategic intention to be accessible

Indicator	Target for 30 June 2024	Status at 30 June 2025
Stakeholder communications supports knowledge transfer	Review Communications Strategy Conduct stakeholder survey	The Communications Strategy is fully implemented All initiatives supporting the KTS are in place
The Research Strategy supports knowledge transfer	Enhance website to improve searchability Develop a classification system for safety issues Establish internal research library Identify and implement options for accessing technical and academic research	TAIC's body of knowledge is searchable and internal and external stakeholders can retrieve the information they need about transport safety issues

Impact measure	Target for 30 June 2024	Tool
Proportion of stakeholders who can find the information they need from us	Most stakeholders can find the information they need	Biennial stakeholder survey. The long-term target is for an increasing trend in positive responses to questions related to finding information and its usefulness. Small sample size means survey-to-survey change is not statistically meaningful.

Table 3: Performance measures for strategic intention to be credible

Indicator	Target for 30 June 2024	Status at 30 June 2025
<p>Investigation processes are:</p> <ul style="list-style-type: none"> fully documented integrated with TAIC workflows continually improved 	<p>Implement the recommendations from the 2022/23 review of two inquiries</p>	<p>Investigation processes are of the highest standard</p> <p>Digital evidence handling processes will be more robust and less prone to challenge</p> <p>All eight investigation processes are fully documented, with a review cycle in place</p>
<p>TAIC can undertake system risk trend analysis and target case selection to the highest safety risks</p>	<p>Review the risk-based approach to setting criteria for opening inquiries, which was implemented in 2022/23</p>	<p>Data analysis supports identification of the most pressing safety issues</p>

Impact measure	Target for 30 June 2024	Tool
<p>Judicial reviews of Commission inquiries that identify process issues</p>	<p>None</p>	
<p>Successful challenges from an Ombudsman, the Privacy Commissioner or the Human Rights Commission of an administrative decision or action.</p>	<p>None</p>	
<p>Proportion of stakeholders who view TAIC's information about transport safety issues as credible and influential</p>	<p>Most stakeholders view TAIC's information about transport safety issues as credible and influential.</p>	<p>Biennial stakeholder survey. The long-term target is for an increasing trend in positive responses to questions related to influence. Small sample size means survey-to-survey change is not statistically meaningful.</p>

Table 4: Performance measures for strategic intention to be ready

Indicator	Target for 30 June 2024	Status at 30 June 2025
We have plans and processes for responding to a major accident	<p>Review Major Accident Readiness Plan</p> <p>Implement recommendations from any desktop exercises</p>	<p>Commissioners have inquiry protocols appropriate for a large-scale event</p> <p>Investigation Services and Business Services have operating procedures and internal plans for responding to a major accident</p> <p>Documented standards support major accident response</p>
IT systems are scalable	Review Data Strategy	IT systems can scale and integrate with other systems
The Commission is active in the national community of emergency response agencies and our role and functions are well understood	<p>Commission representative attends all meetings of relevant working groups</p> <p>Commission staff participate in all relevant desktop exercises</p>	Commission staff are a vital part of the national community of emergency response agencies and contribute to the national resilience framework

Impact measure	Target for 30 June 2024	Tool
National emergency response plans for a major accident incorporate TAIC and the Commission	Positive evaluation from any desktop exercises	

Table 5: Performance measures for organisational health and capability – human capital

Indicator	Target for 31 June 2024	Status at 30 June 2025
We have the expertise we need	Put in place agreements/contracts for backups of specialist roles	<p>We have in-house:</p> <ul style="list-style-type: none"> IT and data interrogation expertise legal advice for legal challenges to evidence and access to third-party held technology and data human factors expertise
We have an effective investigation team	Fully implement competency-based training package	At least 80% (17 out of 21) of Investigation Services staff (investigators plus specialists) have completed the basic training for their role and have the necessary experience (at two years for investigators)

Measure of success	Target for 30 June 2024	Tool
Proportion of investigators who are designated investigator-in-charge or senior investigator	11 (from an establishment of 17 investigators, including the Chief Investigator of Accidents and modal managers)	Competency framework grading

Table 6: Performance measures for organisational health and capability – IT capital

Indicator	Target for 31 June 2024	Status at 30 June 2025
Data and information systems support TAIC's work, including data scaling demands	Fully implement case management system Successfully complete the change management programme	The Data Strategy is fully implemented

Measure of success	Target for 30 June 2024	Tool
Proportion of employees who consider they have the tools to do their job.	Most employees consider they have the tools to do their job	The Ask Your Team staff survey <i>(Note that small sample size means no statistically meaningful change from survey to survey is possible, so measure will be in long-term trend.)</i>

Service performance information judgements and assumptions

In preparing this statement of performance expectations, we have considered what service performance information is most appropriate and meaningful to users; that is, how can we best 'tell the story' of what we want to achieve and how well we are doing in reaching our aims and objectives.

Efficiency measures

We have only one output class: accident and incident investigation and reporting. Our output measures therefore focus on the efficiency in completing investigations and publishing inquiry reports (cost, volume, and timeliness). An explanation of the measures is shown in the table below.

Measure	Explanation
Average cost of inquiries closed	<p>The average cost of inquiries closed is the average across all inquiries closed over the reporting period. The cost of an inquiry is calculated over the whole of its life (that is, from launch date until publication of the final report). The cost includes:</p> <ul style="list-style-type: none"> • All direct costs. • A proportion of indirect costs that is set equally across all inquiries (including general overheads). • A proportion of indirect costs that is determined by the time spent on the inquiry. <p>Apportioning indirect costs over the life of the inquiry means that the time an inquiry is open has an effect on its overall cost.</p> <p>For 2023/24, the target is the same as 2022/23, but it is likely to increase in 2024/25 because of TAIC's increased funding coming into effect from 1 July 2023. As inquiries begin to close after that date, their total costs – and the average over all closed inquiries – will gradually reflect the new funding.</p> <p>Cost data is aggregated across all modes for the measure, but we report on individual inquiries in the annual report where further explanation is helpful for assessing performance; for example, if there are differences across modes and if one or more inquiries has cost significantly more than the average.</p>
Volume expectations	<p>Volume measures are indicators of capacity. Volumes are 'demand' driven and shown as an expected range rather than a target for both domestic inquiries and assisting with those in international jurisdictions. The expected volume range increases in 2023/24 with the increase in the number of investigators.</p> <p>The trend in the number of inquiries in progress (12-month rolling average of the number of inquiries open at month end) – the final measure in table 1 – is an indicator of demand on resources over the year. A rolling average is chosen to smooth out the effects of the 'lumpiness' of demand.</p>
Timeliness	<p>A year is calculated as 220 working days. The Commission aims to close inquiries within 440 working days, but more complex inquiries may take longer.</p>

Measure	Explanation
	<p>The measure recognises that a portion of our inquiries will always fall into this more complex category.</p> <p>Complexity can arise because of, for example, technical aspects of an investigation, or the number and/or substance of submissions received on draft reports.</p> <p>Of the inquiries that extend beyond 440 working days, most are in the aviation mode.² We have considered separate timeliness targets for these inquiries, but the small volumes involved mean that a percentage calculation is too coarse to represent performance faithfully.³</p>

Achieving strategic intentions

The indicators chosen to measure progress towards strategic intentions are internally focussed measures on activities that are important contributors to achieving our strategic goals. Many of these activities are linked to the application of funding we received to develop and implement a Knowledge Transfer System (refer to page 3).

The indicators are the same as those in the two previous Statements of Performance Expectations (2021/22 and 2022/23). This continuity gives a clear indication of progress. We have also included, for each indicator, what we want the organisation to have achieved by the end of the current strategic planning period, 30 June 2025. We consider this gives the reader improved context about our overall direction and progress.

Alongside these internally focussed measures we have chosen externally-focussed indicators of whether we are achieving our strategic intentions.

The main external indicator is a biennial stakeholder survey (starting from 2021/22) run by an independent research company. The survey has quantitative and qualitative aspects.

Reporting the results to the survey in a way that faithfully represents performance is difficult because of the small numbers involved. The number of stakeholders that we can approach for feedback on our performance is relatively small – we do not offer public services in the same way that many other government organisations do. The sample for any stakeholder survey is therefore always too small to allow statistically meaningful comparisons from one set of results to another and so we have not made the performance target for the year a single number. We plan to analyse the trend in responses over time as an indicator of performance.

To represent performance faithfully, we need to trade off the clarity of quantitative results with analysis of the qualitative part of the survey. To reduce bias, an independent researcher conducts the survey, analyses results, and makes recommendations for future performance improvements.

² The longer time to completion for aviation accidents is because they are more likely to feature remote accident sites; badly damaged wreckage; higher numbers of fatalities, witnesses and families, sometimes of multiple nationalities; and a requirement to contact overseas agencies because aircraft components come from a range of international manufacturers.

³ Even at the aggregated level, the measure is relatively coarse – for example, assuming 20 inquiries completed, one inquiry represents five per cent of the total.

Measuring organisational health and capability

As above, the indicators for organisational health and capability include measures based on internal activities linked to the application of funding we received to develop and implement a Knowledge Transfer System (refer to page 3). These are the same as those in the previous two Statements of Performance Expectations (2021/22 and 2022/23).

Alongside these internally focussed measures of activity, we have used two indicators of success. One is related to the proportion of investigators who are at a certain level of expertise. This is a quantifiable and objective measure.

The second is a survey of employees, which includes questions that relate to our systems and processes and whether they support staff in doing their jobs. This aspect of organisational health and safety was chosen because it is an important part of what we are aiming to achieve with the Knowledge Transfer System. An independent company runs the survey and analyses results.

The survey is based on small numbers – at 30 June 2022, our establishment was 32. Changes in results from one survey to another are not statistically meaningful and so we have not made the performance target for the year a single number. Rather, trend analysis of the results over several surveys provides an indication of whether we are successfully improving our data and information systems.

Measuring impact on the transport sector

As noted on page 5, we have taken a mainly qualitative approach to measuring our impact because transport is a complex adaptive system and because our role within it is independent.

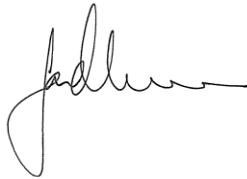
We will use case studies to demonstrate our effectiveness, setting out what safety lessons we have identified, and the actions that sector participants, including recipients of our recommendations, have taken to improve safety. This approach allows us to describe better our influence on the system.

Statement of responsibility

Te tauākī kawenga

The Board of the Transport Accident Investigation Commission is responsible for the preparation of this Statement of Performance Expectations in accordance with the requirements of the Crown Entities Act 2004.

On behalf of the Board, we confirm that the information contained in this Statement of Performance Expectations reflects the operations, prospective financial position and associated assumptions of the Transport Accident Investigation Commission for the period 1 July 2023 to 30 June 2024.



Jane Meares
Chief Commissioner



Stephen Davies Howard
Deputy Chief Commissioner

25 May 2023

Statement of accounting policies

Tauākī kaupapahere mahi kaute

Reporting entity

The Transport Accident Investigation Commission (TAIC) is an independent Crown entity established under the Transport Accident Investigation Commission Act 1990. Its main purpose is to inquire into maritime, aviation and rail occurrences within New Zealand with a view to determining their causes and circumstances rather than ascribe blame.

TAIC may also co-ordinate with overseas accident investigation authorities or represent New Zealand during accident investigations conducted by overseas authorities in which New Zealand has a specific interest.

TAIC's investigation capability is occasionally extended on either a pro bono public or a cost-recovery basis to Pacific Island States. This is negotiated case-by-case, based on Ministry of Foreign Affairs and Trade guidelines.

TAIC has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The Prospective Financial Statements of TAIC is for the year 2023/2024. The Prospective Financial Statements were authorised for issue by the Board on 25 May 2023. The Board is responsible for the Prospective Financial Statements presented, including the appropriateness of the assumptions underlying the Prospective Financial Statements and all other required disclosures.

Accounting policies

Overall considerations

The Prospective Financial Statements have been prepared in accordance with the Transport Accident Investigation Commission Act 1990, the Crown Entities Act 2004, PBE Financial Reporting Standard FRS-42 and New Zealand's generally accepted accounting practice as it relates to prospective financial statements.

The Prospective Financial Statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

The Prospective Financial Statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars.

The Prospective Financial Statements will not be further updated subsequent to publication.

The Prospective Financial Statements contain information that may not be appropriate for purposes other than those described in the statement of responsibility.

Changes in accounting policies

The accounting policies are consistent with those used in previous Prospective Financial Statements.

Particular accounting policies

The following particular accounting policies that materially affect the measurement of financial performance and financial position have been applied:

Revenue

Revenue from the Crown

TAIC is primarily funded by the Crown. The funding is restricted in its use for the purpose of meeting the objectives specified in TAIC's founding legislation and the scope of the relevant appropriations of the funder.

TAIC considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

The fair value of revenue from the Crown has been determined as equivalent to the amounts due in the funding arrangements.

Interest

Interest revenue is recognised using the effective interest method.

Rental revenue

Lease receipts under an operating sublease are recognised as revenue on a straight-line basis over the lease term.

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars (the functional currency) using the spot exchange rate from the settlement of such transactions and from the translation at year end. Exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus of deficit.

Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee.

Lease incentives received are recognised in the Prospective Statement of Comprehensive Revenue and Expense Surplus as a reduction in rental expense over the lease term.

Receivables

Short-term receivables are recorded at the amount due, less an allowance for credit losses. TAIC applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables.

In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Investments

Bank term deposits

Investments in bank term deposits are initially measured at the amounts invested.

Property, plant and equipment

Property, plant and equipment consist of the following asset classes: buildings, computer equipment, furniture and office equipment.

Additions

The cost of an item of property, plant, or equipment is recognised as an asset if, and only if, it is probable that the future economic benefits or service potential associated with the item will flow to TAIC and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts of the assets. Gains and losses on disposals are included in the Prospective Statement of Comprehensive Revenue and Expense. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds.

Subsequent costs

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

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

Depreciation

Depreciation is provided on a straight line basis at rates that will write the assets off over their estimated useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Fixed asset type	Useful life (years)	Depreciation rate (%)
Buildings (store)	5–50	2%–20%
Computer equipment	2–10	10%–50%
Furniture and equipment	2.1–14	7%–48%

Intangible assets

Software acquisition and development

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

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the Prospective Statement of Comprehensive Revenue and Expense.

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

Asset type	Useful life (years)	Depreciation rate %
Software	2.1–10	10%–48%

Impairment of property, plant and equipment and intangible assets

Non-cash-generating assets

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

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

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the Prospective Statement of Comprehensive Revenue and Expense.

Payables

Short-term payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which employees render the related services are measured based on accrued entitlements at current rates of pay.

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

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the year in which an employee provides a related service, such as long service leave, have been calculated based on:

- likely future entitlements accruing to employees based on years of service, year to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Annual leave and vested long service leave are classified as a current liability. Non-vested long service leave expected to be settled within 12 months of balance date is classified as a current liability. All other employee entitlements are classified as non-current liabilities.

Superannuation scheme

Defined contribution scheme

Obligations for contributions to KiwiSaver are accounted for as a defined contribution superannuation scheme and are recognised as an expense in the Prospective Statement of Comprehensive Revenue and Expense as incurred.

Provisions

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

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Good and services tax

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

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the Prospective Statement of Financial Position.

The net GST paid to, or received from, the Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Prospective Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Taxation

TAIC is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Critical accounting estimates and assumptions

In preparing these Prospective Financial Statements TAIC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

Estimating useful lives and residual values of property, plant and equipment

At each balance date, the useful lives and residual values of TAIC's property, plant and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires a number of factors to be considered such as the physical condition of the assets, expected periods of use of the assets by TAIC, and expected disposal proceeds from the future sales of the assets.

TAIC has not made any significant changes to past assumptions concerning useful lives and residual values.

Critical judgements in applying TAIC's accounting policies

Management has exercised the following critical judgements in applying accounting policies.

Lease classification

Determining whether a lease agreement is a finance or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to TAIC. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease means the asset is recognised in the Prospective Statement of Financial Position as property, plant and equipment, whereas for an operating lease no such asset is recognised.

TAIC has exercised its judgement on the appropriate classification of equipment leases, and has determined it has no finance leases.

Actual results

Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material.

Prospective financial statements

Ngā tauākī pūtea āmua

Note: in the tables below, actual figures for the year ended 30 June 2022 are from the audited financial statements in the 2021-22 annual report.

Figures exclude GST unless specified

TRANSPORT ACCIDENT INVESTIGATION COMMISSION

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ending 30 June	Actual 2022 \$000	Forecast 2023 \$000	Budget 2024 \$000
Revenue			
Funding from the Crown	7,247	7,247	9,273
Interest revenue	7	12	16
Other revenue	140	75	53
Total Revenue	7,394	7,334	9,342
Expenditure			
Audit Fees	22	24	26
Commissioners' fees	285	342	390
Depreciation and amortisation expense	184	157	188
Lease, rentals and outgoings	1,365	623	749
Personnel costs	3,991	4,103	5,136
Other expenses	1,941	2,175	2,853
Total Expenditure	7,788	7,424	9,342
Net Surplus/(Deficit)	(394)	(90)	-
Other Comprehensive revenue and expense	-	-	-
Total Comprehensive revenue and expense	(394)	(90)	-

TRANSPORT ACCIDENT INVESTIGATION COMMISSION

PROSPECTIVE STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE

For the year ending 30 June	Actual 2022 \$000	Forecast 2023 \$000	Budget 2024 \$000
Current assets			
Cash and cash equivalents	2,319	1,254	1,796
Receivables	21	1	3
Prepayments	191	65	72
Total current assets	2,531	1,320	1,871
Non-current assets			
Property, plant and equipment	482	1,165	1,088
Intangible assets	22	-	-
Total non-current assets	504	1,165	1,088
Total assets	3,035	2,485	2,959
Current liabilities			
Payables and deferred revenue	461	234	245
Employee entitlements	346	360	356
Lease incentive	-	33	33
Provisions	431	-	-
Total current liabilities	1,238	627	634
Non-current liabilities			
Employee entitlements	32	32	32
Lease incentive	-	339	306
Provisions	188	-	-
Total non-current liabilities	220	371	338
Total liabilities	1,458	998	972
Net assets	1,577	1,487	1,987
Equity			
General funds	1,577	1,487	1,487
Capital Contributions	-	-	500
Total equity	1,577	1,487	1,987

TRANSPORT ACCIDENT INVESTIGATION COMMISSION

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE

For the year ending 30 June	Actual 2022 \$000	Forecast 2023 \$000	Budget 2024 \$000
Balance at 1 July	1,971	1,577	1,487
Total comprehensive revenue and expense for the year	(394)	(90)	-
Total Capital Contributions	-	-	500
Balance at 30 June	1,577	1,487	1,987

TRANSPORT ACCIDENT INVESTIGATION COMMISSION

PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE

For the year ending 30 June	Actual 2022 \$000	Forecast 2023 \$000	Budget 2024 \$000
Cash flows from operating activities			
Receipts from the Crown	7,330	7,247	9,273
Interest received	6	12	16
Receipts from other revenue	119	475	51
Payments to suppliers	(3,083)	(3,887)	(4,135)
Payments to employees	(3,930)	(4,089)	(5,140)
Net cash flows from operating activities	442	(242)	65
Cash flows from investing activities			
Purchase of property, plant and equipment	(303)	(823)	(111)
Purchase of intangible assets	-	-	-
Sale of property, plant and equipment	-	-	-
Net cash flows from investing activities	(303)	(823)	(111)
Cash Flows from Financing Activities			
Capital Contribution from the Crown	-	-	500
Net Cash Flows from Financing Activities	-	-	-
Net (decrease)/increase in cash and cash equivalents	139	(1,065)	454
Cash and cash equivalents at the beginning of the year	2,180	2,319	1,342
Cash and cash equivalents at the end of the year	2,319	1,254	1,796

TRANSPORT ACCIDENT INVESTIGATION COMMISSION

PROSPECTIVE CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE

For the year ending 30 June	Actual 2022 \$000	Forecast 2023 \$000	Budget 2024 \$000
Asset programme			
Depreciation and amortisation expense	184	157	188
Buildings	375	818	-
AIMS Hardware and Software	-	-	-
Computer equipment	23	5	101
Investigation, furniture and fittings, office equipment	10	-	10
Total acquisition cost	408	823	111

Statement of significant underlying assumptions

Tauākī mō ngā whakaaro hōhonu

Te korero e whai ake nei mō ngā whakapae nui

The following assumptions have been applied in preparing the financial statements for TAIC.

Personnel costs

For 2023/24, salary forecast increases are 3%. The 2023/24 budget assumes a full complement of staff. Five new FTE's are included to increase rail investigation capacity and capability and provide improved resilience in investigation services.

Other operating costs

The budget for staff training costs in 2023/24 is at similar levels to 2022/23 with the addition of training for the new rail investigators. The budget for 2023/24 also includes costs for progressing the knowledge transfer system.

Other expenses have increased due to overhead to support an increase in rail investigations.

Revenue

Crown revenue has increased in 2023/24 from 2022/23. This is partly due to an expense transfer to 2023/24 for the knowledge transfer system implementation project. The main increase is due to funding received to increase rail investigation capacity and capability.

Investigations

Assumption for 2023/24's investigation costs is they will increase from 2022/23 due to more rail investigations.

Commissioners' fees

In 2023/24, the budget for commissioner numbers is five. During 2022/23 commissioner numbers increased from four to five. The budget allows for additional meeting days that are not always utilised.

Lease, rentals and outgoings

Lease costs include the rental for the new office premises for TAIC at 10 Brandon Street. TAIC moved to 10 Brandon Street in 2022/23 from 80 The Terrace.

On 1 May 2023, TAIC agreed to surrender its lease of old office premises, at 80 The Terrace. As a result, no make good is required to be made. The make good provision for 80 The Terrace was reversed in the 2022/23 financial year.

The rental agreement for 10 Brandon Street includes a \$400,000 lease incentive from the landlord. This is recognised as a liability and is releasing over the life of the lease to reduce rental expenditure. This is a contribution by the landlord for fit out work completed by TAIC.

TAIC has renewed its lease of a storage facility at Bell Road in Seaview. An increase in agreed rental cost for the storage facility has increased this expenditure line.

Capital Contributions

TAIC received \$500,000 to reinstate cash reserves impacted by the onerous lease at 80 The Terrace.

Statement of Performance Expectations 2023/24

Transport Accident Investigation Commission

Te Kōmihana Tiroiro Aituā Waka

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