

Annual Report 2008



F.7

Annual Report of the
**Transport Accident
 Investigation Commission**
 Te Komihana Tirotiro Aitua Waka



for the period 1 July 2007 to 30 June 2008

*Presented to the House of Representatives
 as required by section 150 of the Crown Entities Act 2004.*

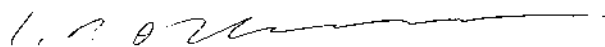
31 October 2008

Minister of Transport
Parliament Buildings
WELLINGTON

Dear Minister,

In accordance with section 150 of the Crown Entities Act 2004, the Commission is pleased to submit, through you, its Annual Report to Parliament for the period 1 July 2007 to 30 June 2008.

Yours faithfully



Hon W P Jeffries
Chief Commissioner

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PART 1: 2007/2008 in Review

Our Vision

Safer transport through investigation, learning and influence.

Chief Commissioner's Foreword

Next year, 2009, will be the thirtieth anniversary of the Erebus Antarctic air tragedy which ranks as New Zealand's worst ever transport accident.

The public has a right to know why transport accidents have occurred and the State has a reciprocal obligation to provide an authoritative, scientifically based analysis of the causes of a transport accident. The ancient office of the Coroner illustrates this principle of reciprocity. For centuries in England the King appointed local officials as coroners to establish the causes of an accidental death. It is essential for any community to know why an accidental death occurred in order to prevent future avoidable deaths by accident.

Since 1944 the State, as a contracting party to the Chicago Convention governing the development of civil aviation, has been obliged to provide facilities for independent investigation of aviation accidents. From 1945 to 1990 the Office of Air Accidents, a Division of the former Department of Civil Aviation, which later merged into the Ministry of Transport, met New Zealand's responsibilities under what is known as Annex 13 to the Chicago Convention.

After Erebus the New Zealand public witnessed the confusion created by two separate inquiries into the accident. Both inquiries made a major contribution to accident investigation. The first, the 'Chippindale Report', was completed by one of New Zealand's great accident investigators, the late Ron Chippindale. The Chippindale report followed an exhaustive and testing site investigation and an examination of the more immediate circumstances surrounding the flight of the aircraft. Mr Chippindale died tragically early this year, paradoxically in a transport-related accident. The second inquiry, a Royal Commission completed by a High Court Judge, Justice Peter Mahon, made a systemic analysis of the accident in its contextual complexities. This meant analysing the whole of the operational environment, including the administrative practices of the operator to the extent that these affected the actual operation.

"It is essential for any
community to know why
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by accident."

The Mahon inquiry also examined the interrelationship between pilots and the relatively-new computer-based on board navigational systems.

Perhaps unsurprisingly, given their different approaches, the two inquiries reached different conclusions, causing considerable controversy which persists to this day.

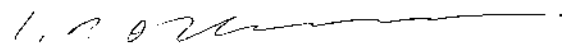
In the 1980's the then-Government commissioned the Swedavia – McGregor Report to advise it on reforming civil aviation in New Zealand. One of the outcomes of the subsequent restructuring of the Ministry of Transport was to create the independent Transport Accident Investigation Commission, to give better effect to Annex 13 of the Chicago Convention and to avoid the confusion caused by the two inquiries into the Erebus disaster. Accordingly, Parliament passed the Transport Accident Investigation Commission Act in 1990.

The Commission, unlike the Mahon Royal Commission, operates on an inquisitorial basis, taking full charge of the investigation and itself securing all necessary evidence. In contrast, an adversarial hearing involving opposing parties, such as the Mahon Royal Commission, leaves the evidence with interested parties and can fall prey to embryonic contests concerning possible civil liability. Because of the immunity provisions of the TAIC Act and the Commission's mandate to establish cause without reference to any form of liability, the public is better served in securing the answer to the question 'why?'

The Commission is pleased to acknowledge that in the 2008 Annual Budget the Government has provided significant additional funds to the Commission. Over the next year, the Commission will implement a strategy to use state of the art information technology and to develop the expertise of its human resources. It will also examine appropriate ways to increase public participation in its investigative processes – while preserving the need to protect some evidential sources.

In a larger sense, the Commission pays homage to the direct and indirect victims of transport accidents in New Zealand through the effort and effectiveness it brings to its mission of discovering the truth about the causes of transport accidents in order to help avoid their repetition.

This Annual Report to Parliament, and through Parliament to the people of New Zealand, evidences the progress of the Commission in achieving its goals over the past year.



Hon Bill Jeffries
Chief Commissioner

Chief Executive's Report

The Commission met 16 times in 2007/08 including holding one closed hearing, approving 21 preliminary reports prior to consultation, and closing 24 investigations (inquiries).

There were 1189 notifications made to the Commission from the Regulators, leading to 27 new investigations opened. That is one investigation opened for every 44 notifications. The number of notifications represents a 40% (342) increase on the number of notifications made to the Commission last year. The most common notified events to the Commission are airspace incursions from the aviation mode, derailments from the rail mode, and personal injury from the marine mode. Occurrences notified to the Commission are not necessarily the most common accident or incident type occurring in the transport modes. This is because only accident and some types of incidents, as defined in the regulatory statutes, are required to be notified to the Commission. So where the Commission is reporting on the most frequent notifications made to it, the most that can be construed from the information is an indication of the degree of risk of harm to people and damage to property attached to the occurrence type.

The most frequent types of occurrences set before the Commission for a determination on were landing incidents in the Air mode, braking irregularities, collisions and derailments in the Rail mode, and capsize, collisions, and loss of directional control in the Marine mode.

There were fewer investigations opened than planned (27/35) because of cost pressures arising from three complex inquiries involving one air case, and two marine cases. All three cases were resource intensive in terms of investigator time and specialist services required. Activity levels were adjusted in marine and rail modes so investigators could properly attend to the more complex cases, and in the case of the Rail team, complete outstanding cases. While fewer than planned inquiries (Reports produced) were completed the number of cases completed increased on last year – 24 compared with 15. The year ended with 39 open cases compared with last year's 52.

In terms of financial performance 2007/08, it has been a challenging period because of the previously mentioned cost pressures arising from the complex inquiries requiring reallocation of resources. Each case required specialist analysis driving a greater than forecasted operating deficit for year end with the prospect of further eroding the Commission's cash reserves and working capital.

In spite of the challenges presented by the high cost inquiries, the Commission ended the financial year with a small deficit of \$2.3k on total revenue of \$2.81m. This result is \$4.3k less than the budgeted surplus. This was achieved by strong fiscal management, adopting a conservative approach to allocating resources and scaling back new investigations from the first quarter where an expected \$95k year end deficit was forecasted. This approach saw the Commission improve its performance from the second quarter through to year end by \$92k.

Net cash flow from operating activities is \$38k compared to -\$128k in the previous financial year. The improved operating cash flow is a result of the tightened fiscal management, including lower discretionary spending. The improved operating cash flow and a crown injection of \$100k, in part to help meet the high cost inquiries, allowed the Commission to build its working capital by \$229k at the end of the 2007/08 financial year.

The Commission made considerable investment in its people for 2007/08 contributing \$84k to support staff training and development. This is part of a broader programme to build and maintain capability in what is a specific knowledge service.

An on-going focus on inquiry methods including site visits, desk top exercises and developing different forms of reports contributed to a more favourable bottom line. We are now well placed to focus our efforts in the coming year on improving our services by strengthening our corporate capability.



Lois Hutchinson
Chief Executive

Outcome of Capability Review

The Commission set its strategic direction for 2007/08 focused on a programme of continuous improvement across four key strategic areas:

1. **Mandate:** *The Commission is the independent crown entity in the transport sector mandated to inquire into circumstances and causes of accidents and serious incidents with the view to avoiding similar incidents in the future, without ascribing blame. Its organisational form is that of a Commission of Inquiry, and consequentially it is bound by procedural rules of inquiry and fair hearing requirements.*
2. **Expertise:** *To be effective in fulfilling its mandate the Commission needs to maintain capability as a high performing accident investigation and inquiry entity.*
3. **Information:** *The Commission recognises the value of reliable and factual information supporting its investigative functions and so seeks to strengthen its information platform and analytical capability.*
4. **Reputation:** *Safe-guarding and further developing the Commission's reputation is a cornerstone in ensuring the effectiveness of the work the Commission undertakes. The Commission seeks to be trustworthy, credible, and fearless.*

A frank self-assessment of the Commission's resources and performance against these areas highlighted significant infrastructural, procedural, and capability weaknesses which led to the commissioning of Pricewaterhouse Coopers to conduct a capability review. A pivotal finding of that review, completed in November 2007, was that the Commission's capacity to deliver on its mandate was limited by funding and resources. This allowed us to make a successful case in Budget 2008 for new funding over three years to build our corporate capability. The focus of this development of corporate capability will be primarily in strategic areas 2 and 3 and see information and quality assurance systems strengthened to support robust inquiry, and expertise developed in key aspects of inquiry processes.

While the strategic direction was being set and resourced, the Commission continued with business as usual with a focus on three objectives intended to improve transport safety:

1. Improve knowledge of the circumstances and causes of transport accidents and incidents;
2. Improve the response to safety recommendations made by the Commission; and
3. Develop protocols for deciding the extent of inquiries to be made into each occurrence investigated by the Commission.

Positive progress made against each of these objectives is detailed in the next section, however we would like to highlight now the specification of our information management needs, good progress in gaining regulator commitment and action to closing off open safety recommendations, and development of protocols to use the commission powers relating to the use of hearings or different types as part of its inquiry method.

The confluence of the strategic strides and operational achievements through the year see us with a stronger understanding of our role, preparedness to use the full range of inquiry tools open to us, professional expertise, and confidence in our capacity to rise to the challenges of the scale and complexity of a large scale mass casualty event that we earnestly hope will be avoided.

Performance against objectives for the year ended 30 June 2008

Objective 1: Improve knowledge of the circumstances and causes of transport accidents and incidents.

Improved knowledge of the circumstances and causes of accidents and incidents is the prime outcome of the Commission's work, and part of the Commission's on going programme of continuous improvement in service delivery. Areas of focus in 2007/08 were:

1. Developing a business plan for upgrading the Commission's information systems, including a database for accident investigation management.
 - This business plan was set aside until the outcome of the capability review was known. This work is now part of the Information Systems project commencing March 2009.
 - An audit of the Commission's record and information management systems was undertaken. The findings from this audit will inform the development of the proposed new information and quality assurance systems.
2. Redesign and redevelop the Commission's website.
 - The Commission's website was redesigned.

Objective 2: Improve the response to safety recommendations made by the Commission.

The Commission may make recommendations to the transport sector regulators in the interests of transport safety. These recommendations are advisory and are intended to prompt and guide remedial action within relevant parts of the sector so as to avoid similar occurrences in the future. The law anticipates implementation of the Commission's safety recommendations through the regulatory framework. At any given time there is an average of 195 safety recommendations remaining open. The Commission is committed to following up on the actions taken in respect of its safety recommendations.

Its focus in improving the response to safety recommendations made for 2007/08 was to:

- i. Work closely with the regulators to arrive at practical approaches to framing safety recommendations so that appropriate actions may be taken as a result; and
- ii. Progressively follow up on safety recommendations outstanding for 12 months or more.

Engagement with the regulators was positive. No safety recommendations were declined in 2007/08. Feedback from the regulators prompted the Commission to change its approach to framing safety recommendations. The Commission is trialling the making of an issue statement and recommending the Regulator take action to remedy the issue rather than specifying the steps the Regulator should take.

Positive progress was made in closing off aged safety recommendations with the assistance of the Regulators. Maritime New Zealand took concerted action to close off 40 safety recommendations. This was more than the previous two years in total.

Objective 3: Develop protocols for deciding the extent of inquiries to be made into each occurrence investigated by the Commission.

The Commission found that, as it ensures it is meeting the responsibilities of its mandate, it has to re-appraise its internal guidance for opening an inquiry and when it would be appropriate to hold a hearing to receive submissions. Draft criteria for opening inquiries were developed and considered by the Commission. There are issues on the application of the criteria requiring further consideration before the Commission consults with key stakeholders. Work on the criteria remains on going, and now forms part of the 2008/09 Quality Assurance Project.

“The Commission is committed to following up on the actions taken in respect of its safety recommendations.”

Operations Review

At a Glance

Table 1: Operations Summary 2007/08

| | AVIATION | RAIL | MARINE | TOTAL |
|--|------------------------------|--------------------|--------------------------|-------|
| Notifications | 526 | 205 | 458 | 1189 |
| Most Frequently Notified Event | Air space incursion (114) | Derailment (50) | Personal injury (114) | |
| Investigations Launched | 11 | 10 | 6 | 27 |
| Ratio Investigations Launched: Occurrences Notified | 1:48 | 1:20 | 1:76 | 1:44 |
| Reports Published | 9 | 8 | 7 | 24 |
| Safety Recommendations Issued | 26 | 7 | 21 | 54 |
| Safety Recommendations Closed | 1 | 26 | 40 | 67 |

- Notifications have increased 40% (510) overall from 2005/06 – 2007/08.
- Significant increases in aviation (75%) and marine (40%) notifications are due to a change in notification policy where the Rescue Co-ordination Centre is now required to notify all Emergency Locator Transmitter activations.
- The Commission's investigation launch rate has dropped from 5% on average to 2% overall. This is due to a greater number of notifications and fewer investigations launched because of a substantial call on resources by three complex cases.
- The number of reports published (released to public) improved by 60% (9) on 2006/07.
- The number of safety recommendations closed (deemed 'closed-acceptable') increased 235% (47) on 2006/07. This positive result was mainly due to Maritime New Zealand's commitment to processing our recommendations.

Spotlight on Operations

Aviation

Aviation summary for 2007/08:

- 44% of total notifications;
- 40% of investigations launched;
- 38% of reports published;
- 1 in 5 notifications were air space incursions (114/526);
- 13 open investigations at 30 June 2008, 2 less than 2007;
- Total direct cost of aviation investigations was \$86,424;
- Average (over three years) total direct cost is \$62,641; and
- Aviation cases are 45% of total direct investigation costs.

Overall, air related activity in the Commission has increased compared with 2006/07. Six more investigations were closed which was an achievement given two cases opened are complex and involve multiple stakeholders thus making them more labour intensive.

The most common type of air occurrence notified to the Commission was 'air space incursion'. This is typically an event where an aircraft enters controlled airspace without a clearance to do so. Nearly all of the occurrences notified according to the information available at the time appeared minor, and did not appear to affect other traffic. The high level of reporting was considered to be a reflection of the strict reporting requirement of Airways New Zealand. The Commission did not investigate any air space incursions after evaluation of the notification.

Runway incursion rate revealed

A report of the investigation of two serious runway incursions at Auckland International Airport in May and August 2007 revealed for the first time the nature and scale of a problem not previously recognised by key industry participants.

The investigation reinforced the frequent observation that such incidents can involve a combination of factors such as crew actions, operator procedures, air traffic controllers and their procedures, and aerodrome layout. Importantly, the investigation also emphasised that proven and fundamental procedures, such as standard radio procedures and lookout, help prevent incursions.

Safety recommendations made to, and accepted by, the Director of Civil Aviation included some relating to air traffic management procedures at airports that have multiple taxiways joining the runway, and the recording and investigation of runway incursion incidents so that trends can be identified and monitored.

The learnings from this investigation have been presented to, and received with considerable interest at, several domestic and international forums.

Figure 1: Air Activity 2005 – 2008

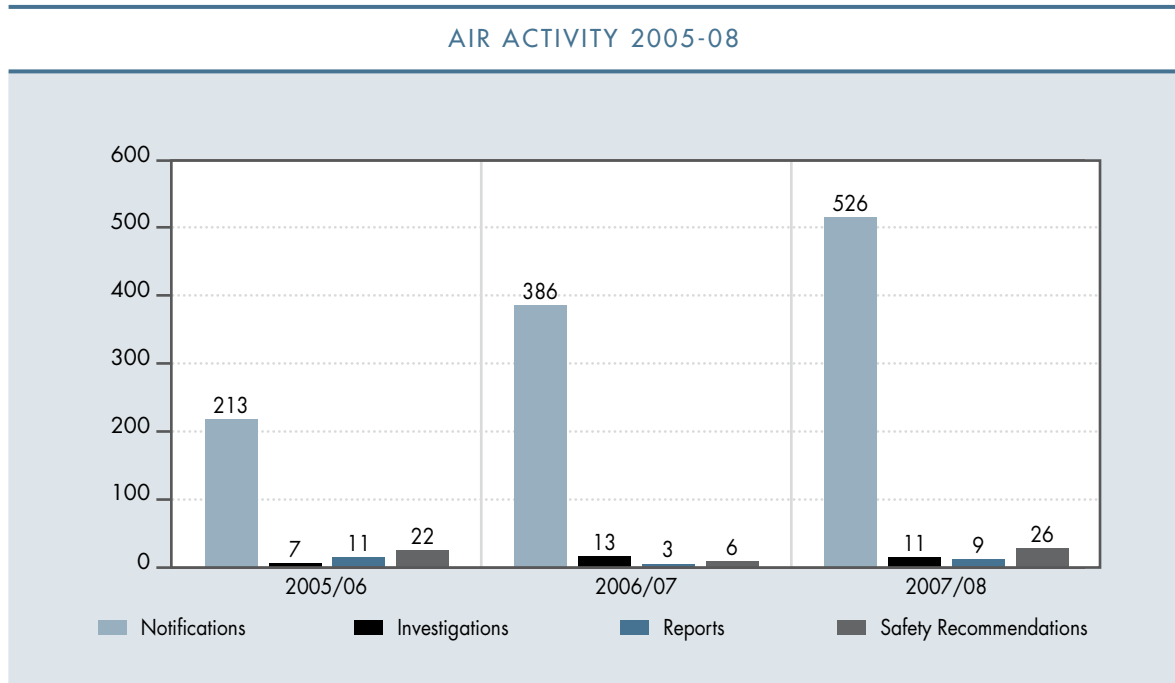


Figure 2: Air Notifications by Type of Occurrence 2007/08

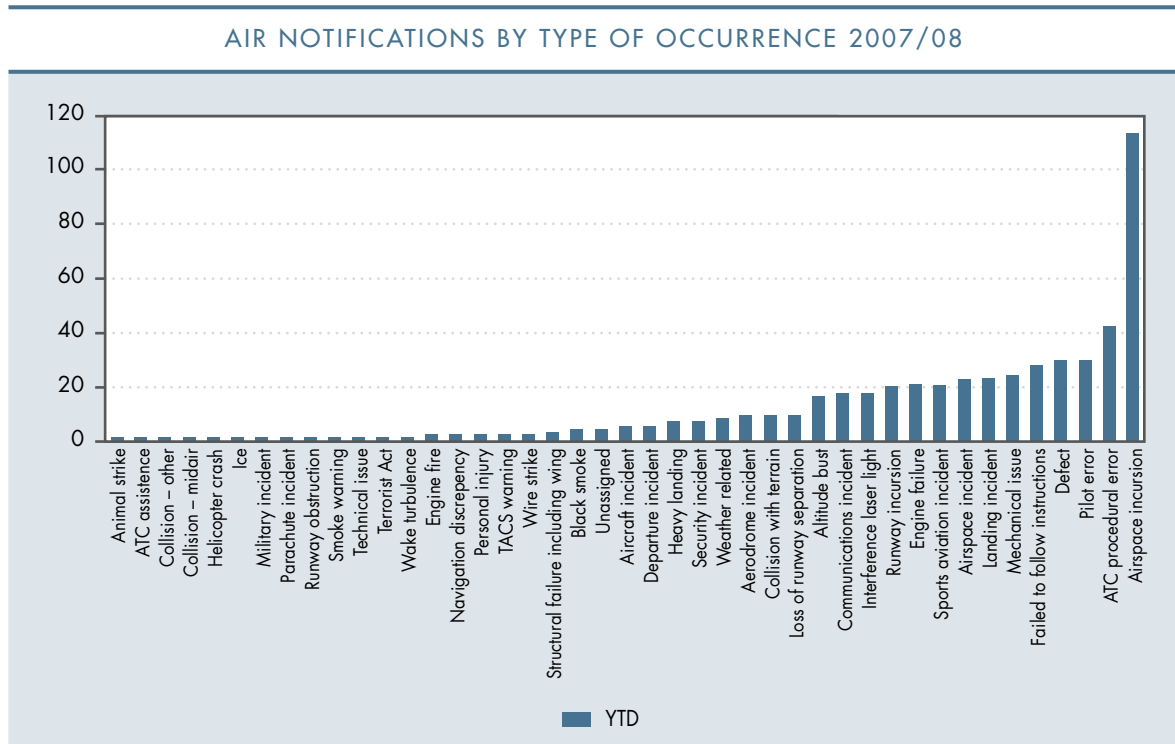


Table 2: Aviation Investigations Launched 2007/08

| INV NO: | VEHICLE DESCRIPTION | REPORTED EVENT | LOCATION | OCCURRED | LAUNCHED |
|---------|---|---|--|-----------|-----------|
| 07-007 | Hughes 500D Helicopter | Engine power loss resulted in heavy river landing | Makarora River, Otago | 13-Jul-07 | 14-Jul-07 |
| 07-008 | Boeing 737-800 | Runway excursion during takeoff | Sydney, Australia | 14-Jul-07 | 14-Jul-07 |
| 07-009 | Raytheon 1900D CK-EAH & Raytheon 1900D ZK-EAG | Critical runway incursion | Auckland | 1-Aug-07 | 2-Aug-07 |
| 07-010 | Fletcher ZK-DZG | Crash | Pukenui Forest | 22-Nov-05 | 29-Oct-07 |
| 07-011 | Cessna A152, ZK-KID | Impact with terrain | Te Urewera National Park, 23 km south-east of Murupara | 26-Oct-07 | 29-Oct-07 |
| 07-012 | Pacific Aerospace FU24-950, ZK-EGV | Collision with terrain | 4NM south Opotiki Aerodrome | 10-Nov-07 | 10-Nov-07 |
| 07-013 | PAC 750XL, ZK-KAY, 8E Silvaire, G-AKUL | Mid-air collision | U.K. | 18-Dec-07 | 18-Dec-07 |
| 08-001 | R22 helicopter & Cessna 152 | Mid-air collision | Paraparaumu | 17-Feb-08 | 17-Feb-08 |
| 08-002 | Aerospaciale A5355F1, ZK-IAV | Component failure in the rotor head assembly | Newtown, Wellington | 14-Apr-08 | 14-Apr-08 |
| 08-003 | Beech King Air BE20, ZK-MAN | Approach aid unavailability | Wellington Aerodrome | 16-May-08 | 20-May-08 |
| 08-004 | Boeing 737-3K2 | Windshear event | Christchurch Aerodrome | 7-Jun-08 | 11-Jun-08 |

Table 3: Air Reports Released to Public 2007/08

| INV NO: | VEHICLE DESCRIPTION | REPORTED EVENT | LOCATION | OCCURRED | RELEASED TO PUBLIC |
|---------------|---|---|--------------------|-----------|--------------------|
| 06-003 | Boeing 737-319, ZK-NGJ | Electrical malfunction and subsequent ground evacuation | Auckland | 12-Sep-06 | 13-Mar-08 |
| 06-004 | Robinson R44 Raven II, ZK-HUC | Wire strike during low level search | Punakaiki | 9-Nov-06 | 26-Jul-07 |
| 06-006 | Partenavia P68B, ZK-MYF | Engine power loss and subsequent forced landing | Takapau | 2-Dec-06 | 18-Oct-07 |
| 06-008 | Piper PA23-250-E Aztec, ZK-PIW | Landing gear collapse | Ardmore | 21-Dec-06 | 31-Jan-08 |
| 06-009 | Boeing 767, ZK-NCK | Fire in left engine during landing | Auckland | 30-Dec-06 | 19-Jun-08 |
| 07-001 | Boeing 777-300ER, A6-EBC | Incorrect thrust and configuration for take-off | Auckland | 22-Mar-07 | 22-Nov-07 |
| 07-003 | Piper PA 32 ZK-DOJ | Departed grass vector on landing | Elfin Bay Airstrip | 5-Apr-07 | 18-Apr-08 |
| 07-004 | Boeing 737-300 | Aircraft filled with smoke fumes | North of Ohakea | 3-May-07 | 13-Mar-08 |
| 07-005 | Raytheon 1900D, ZK-EAN and Air Nelson SAAD SF340A | Critical runway incursion | Auckland | 29-May-07 | 13-Mar-08 |
| INCORPORATING | | | | | |
| 07-009 | Raytheon 1900D, ZK-EAH and Raytheon 1900D ZK-EAG | Critical runway incursion | Auckland | 1-Aug-07 | 13-Mar-08 |

Rail

Rail summary for 2007/08:

- 17% of total notifications;
- 37% of investigations launched;
- 33% of reports published;
- 1 in 4 notifications were derailments (50/205);
- 18 open rail investigations at 30 June 2008, 7 less than 2007;
- Total direct cost of investigations was \$35,884;
- Average (over three years) total direct cost is \$41,560; and
- Rail cases are 19% of direct investigation costs.

Rail related investigation activity decreased overall from 2006/07. Seven fewer investigations were launched reflecting a 1:20 launch ratio compared with 1:7 in 2006/07. This is not of itself an issue since of the three modes, rail consistently has fewer notifications than marine or air. However the Commission's own practice has been a higher launch rate of investigations in rail than in aviation or marine – 5% compared with 2% in aviation, and 1% in marine. Consequentially, the rail caseload is consistently higher than either air or marine modes – 18 open cases compared with aviation's 13, and marine's 8. The higher launch rate is a function of the severity of the notification.

The New Zealand Transport Agency is required to report all accidents but has discretion over the type of incident to report whereas the Civil Aviation Authority and Maritime New Zealand are required to notify the Commission of all accidents and serious incidents. The case mix of notifications from the rail sector is weighted with mandatorily reported events, many of which are serious. Nonetheless, given the comparatively high rate of investigations launched for rail, there is a question as to whether the Commission is 'over servicing' the rail sector, rather than rail being inherently more problematic from a safety perspective. With this in mind, and to ensure appropriate allocation of resources across all its work, the Commission adopted a more focused evaluation approach to rail notifications. The result is a lower launch rate, but one targeted towards prevailing occurrences such as derailments. Derailments feature consistently at the top of most frequent rail occurrences notified and were behind half of the 10 investigations opened.

Urgent call to "listen out" for failing rolling stock

The Commission has called for the installation of fixed acoustic sensors under the tracks at strategic places in the rail network to automatically listen for and report faulty roller bearing units on rolling stock before they fail.

During the year, the Commission was notified of 12 incidents of failed roller bearing units (RBU) on running trains, 10 of which had led to derailments. Roller bearing failure is most often brought on by inadequate or lost lubrication, design fault, wheel tread defects, or poor fitting. As bearings fail, a 'hot box' develops as friction eventually leads to seizure, uneven 'braking', and derailment. Report 07-114 investigated one such RBU failure and subsequent derailment that resulted in extensive rolling stock and infrastructure damage.

The increasing trend of running train derailments attributed to RBU failures caused the Commission to issue an urgent safety recommendation to the Director of Land Transport New Zealand (now New Zealand Transport Agency) on 4 March 2008 identifying the lack of an integrated acoustic bearing monitoring system, in keeping with international best practice, and recommended that one be installed urgently.

A rail bearing acoustic monitor is a preventative detection system monitor which detects poorly performing wheel bearings whilst in traffic and reports faults before they lead to failure. Each type of developing fault produces a known characteristic acoustic signature which is automatically recognised and registered along with the rolling stock involved so that the operator can repair it before failure.

On 19 March 2008 the Director of Land Transport New Zealand responded that implementation of the safety recommendation was contingent on the operator's Board of Directors giving purchase approval. Therefore he was unable to provide a definitive date by which the recommendation would be implemented but would continue to closely monitor the situation.

Figure 3: Rail Activity 2005 – 2008

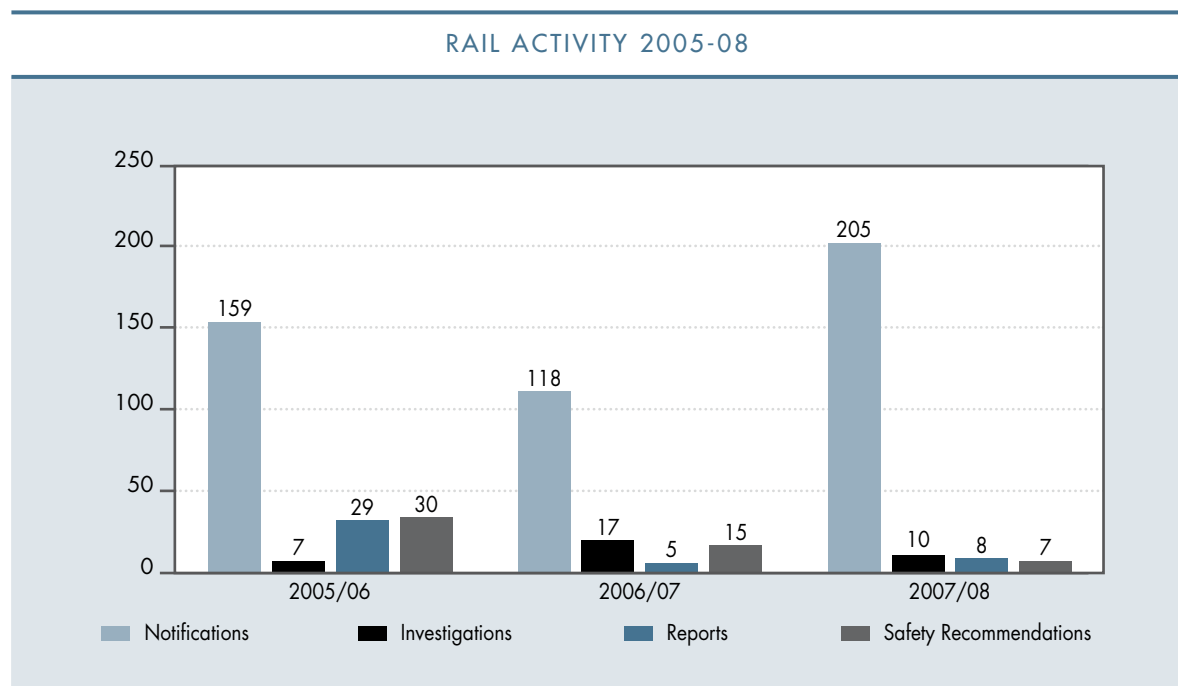


Figure 4: Rail Notifications by Type of Occurrence 2007/08

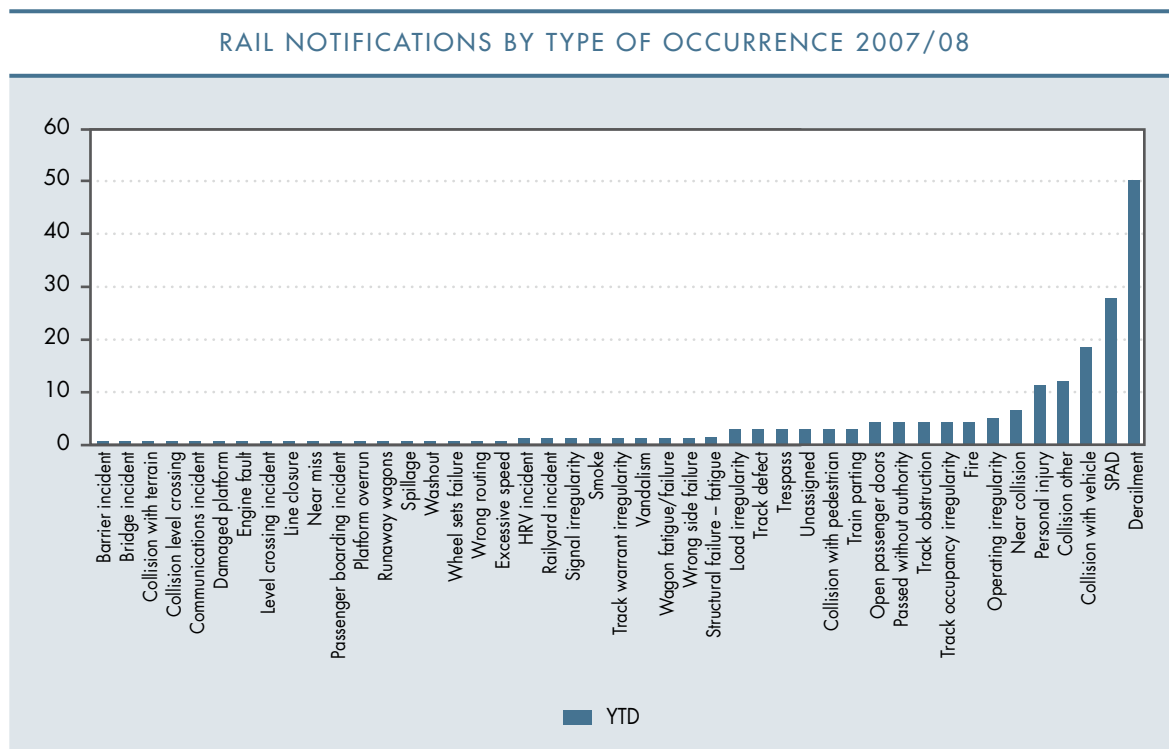


Table 4: Rail Investigations Launched 2007/08

| INV NO: | VEHICLE DESCRIPTION | REPORTED EVENT | LOCATION | OCCURRED | LAUNCHED |
|---------|---------------------------|----------------------------|--------------------------------|-----------|-----------|
| 07-111 | Express Freight Train 232 | Derailment | Ngaaurukegu – Hihitahi | 28-Jul-07 | 28-Jul-07 |
| 07-112 | Passenger Train 1013 | Train parting | Near the Westfield Junction | 20-Sep-07 | 21-Sep-07 |
| 07-113 | Express Freight Train 239 | Train parting | Between Te Awamutu and Te Kawa | 22-Sep-07 | 24-Sep-07 |
| 07-114 | Express Freight Train MP7 | Derailment | Near Tokirima | 7-Nov-07 | 7-Nov-07 |
| 07-115 | Freight Train 533 | Derailment | Near Tokirima | 7-Nov-07 | 7-Nov-07 |
| 08-101 | Freight Train 923 | Collision with stock truck | Hawkes Road Level Crossing | 14-Mar-08 | 14-Mar-08 |
| 08-102 | DMU Passenger Train 2215 | Derailment/rerailment | Sylvia Park | 14-Apr-08 | 14-Apr-08 |

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| INV NO: | VEHICLE DESCRIPTION | REPORTED EVENT | LOCATION | OCCURRED | LAUNCHED |
|---------|---------------------|------------------------|------------------|-----------|-----------|
| 08-103 | EMU Train 6294 | Fire and overhead down | Mana, Wellington | 19-Apr-08 | 19-Apr-08 |
| 08-104 | DMU Passenger Train | Fire | Glen Eden | 3-Jun-08 | 4-Jun-08 |
| 08-105 | Train 23720 | Derailment | Hihitahi | 21-Jun-08 | 21-Jun-08 |

Table 5: Rail Reports Published 2007/08

| INV NO: | VEHICLE DESCRIPTION | REPORTED EVENT | LOCATION | OCCURRED | RELEASED TO PUBLIC |
|---------|---|--------------------------------------|----------------------------------|-----------|--------------------|
| 05-116 | Bridge 256 | Collapse of bridge over Nuhaka River | Palmerston North – Gisborne | 6-May-05 | 18-Oct-07 |
| 05-123 | Empty passenger Train 4356 | Braking irregularity | Meadowbank | 7-Oct-05 | 18-Oct-07 |
| 05-124 | Express freight Trains 834 and 841 | Collision | Cora Lynn | 20-Oct-05 | 23-Aug-07 |
| 06-101 | Diesel multiple unit passenger Train 3163 | Fire in diesel auxiliary engine | Manurewa | 15-Mar-06 | 26-Jul-07 |
| 06-102 | SA/SD passenger Train 4306 | Braking irregularity | Between Westfield and Otahuhu | 31-Mar-06 | 26-Jul-07 |
| 06-108 | EMU passenger Train 9268 | Struck slip and derailed | Between Wellington and Wadestown | 26-Aug-06 | 18-Apr-08 |
| 06-112 | Tram 244 | Loss of airbrakes and collision | Christchurch | 21-Nov-06 | 26-Jul-07 |
| 07-101 | Express freight Train 73605 | Derailment | Main North Line near Vernon | 6-Jan-07 | 13-Mar-08 |

Marine

Marine summary for 2007/08:

- 38% of total notifications;
- 23% of investigations launched;
- 38% of reports published;
- 1 in 4 notifications were personal injuries (114/458);
- 8 open marine investigations at 30 June, 4 less than 2007;
- Total direct cost of marine investigations was \$70,983;
- Average direct cost (over three years) is \$108,977; and
- Marine cases are 36% of direct investigation costs.

Marine related activity in the Commission has slowed with fewer investigations launched compared with 2006/07, but the same number of investigations closed (seven). The Commission dealt with two complex cases requiring significant resources and time. These two cases, and one air case, placed a significant resource burden on the Commission in terms of direct costs and staff deployment. The budgetary impact was managed by stringent scrutiny of notifications and the likely benefit to be obtained by inquiring into them, particularly in the rail and air sectors.

Safe Ship Management System Failings Found

The efficacy of the Safe Ship Management System was brought into focus by three investigation reports published during the year. This system is intended to make ship owners and operators responsible for the daily safe operation of their vessels, with surveyors and the regulator taking responsibility for survey standards and oversight. Working properly, the system should ensure marine participants are taking active and continuous responsibility for safety, rather than focusing on compliance for the annual 'survey day'.

Reports 06-204 (capsize and foundering of a fishing vessel in Foveaux Strait), 06-208 (fire on board a fishing vessel at sea near the Kermadec Islands), and 07-206 (capsize of a fully laden rock barge) all highlighted deficient surveying by safe ship management companies. These reports also highlighted that the system and its supervision were not robust enough to detect or rectify these problems.

Reports 06-208 and 07-206 also highlighted the difficulties for the owners, operators and Safe Ship Management companies in correlating complex manning regulations with the maritime certificate structure and designated limits to ensure that vessels are correctly and safely manned at all times for the areas in which they are working.

Maritime New Zealand has accepted the recommendations made to them concerning these issues and is engaged in a review and upgrade of the Safe Ship Management System, along with introducing a series of mandatory training seminars for surveyors.

Figure 5: Marine Activity 2005 – 2008

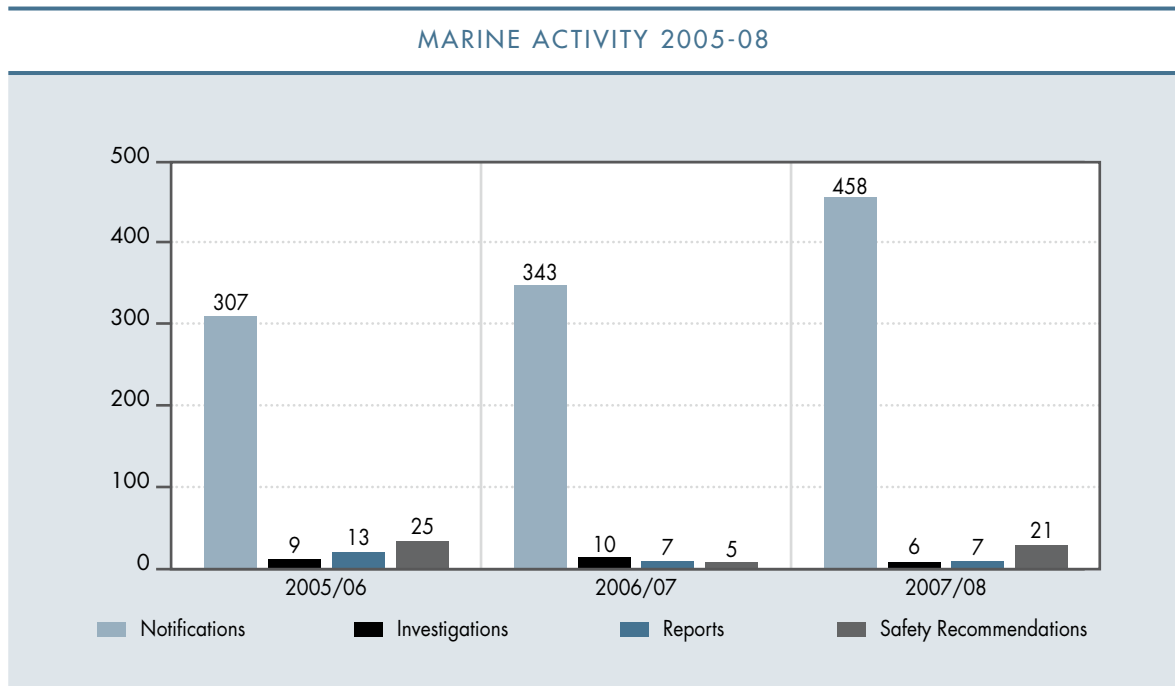


Figure 6: Marine Notifications by Type of Occurrence 2007/08

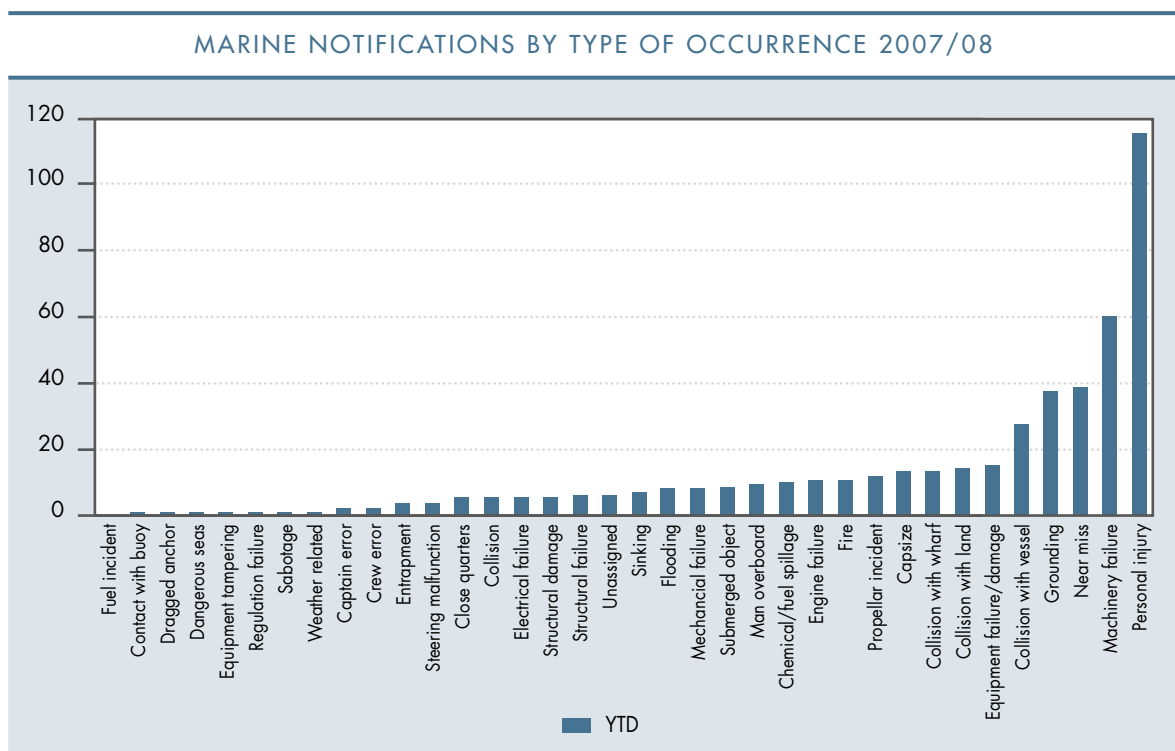


Table 6: Marine Investigations Launched 2007/08

| INV NO: | VEHICLE DESCRIPTION | REPORTED EVENT | LOCATION | OCCURRED | LAUNCHED |
|---------|--|--|-------------------------------------|-----------|-----------|
| 07-208 | Passenger ship <i>Pacific Star</i> | Heavy weather causing damage to vessel | Auckland to Port Vila, Vanuatu | 10-Jul-07 | 18-Jul-07 |
| 07-209 | Passenger ship <i>Rhapsody of the Sea</i> | Damage to propeller | Dunedin | 2-Nov-07 | 4-Nov-07 |
| 08-201 | Fishing charter vessel <i>Pursuit</i> | Driven onto rocks while at anchor | Southwest of North Cape light | 13-Apr-08 | 13-Apr-08 |
| 08-202 | Bulk carrier <i>Lodestar Forest</i> and bulk carrier <i>Anatoki</i> | Collision | Tauranga Harbour Roads | 28-Apr-08 | 29-Apr-08 |
| 08-203 | Passenger ferry <i>Monte Stello</i> | Total power black-out | Tory Channel, Marlborough Sounds | 2-May-08 | 2-May-08 |
| 08-204 | Private vessel <i>Flightless</i> and non-passenger vessel <i>Shikari</i> | Collision | Waikaway Bay, Queen Charlotte Sound | 20-Jun-08 | 20-Jun-08 |

Table 7: Marine Reports Published 2007/08

| INV NO: | VEHICLE DESCRIPTION | REPORTED EVENT | LOCATION | OCCURRED | RELEASED TO PUBLIC |
|---------------|----------------------------|--|---|-----------|--------------------|
| 05-212 | <i>Milford Sovereign</i> | Loss of directional control | Milford Sound | 20-Nov-05 | 23-Aug-07 |
| INCORPORATING | | | | | |
| 06-206 | <i>Fiordland Navigator</i> | Loss of directional control | Milford Sound | 8-Jul-06 | 23-Aug-07 |
| 06-201 | <i>Aratere</i> | Heavy weather incident | Cook Strait | 3-Mar-06 | 23-Aug-07 |
| 06-204 | <i>Kotuku</i> | Capsize | Foveaux Strait | 13-May-06 | 18-Apr-08 |
| 06-205 | <i>Lady Luck</i> | Collision and subsequent foundering | Motiti Island | 23-Jun-06 | 26-Jul-07 |
| 06-208 | <i>Santa Maria II</i> | Engine room fire | 105 NM W9W L'Esperance Rock, Kermadec Islands | 10-Dec-06 | 6-Dec-07 |
| 07-201 | <i>Cruise Cat</i> | Collision with navigational light beacon | Waikato River entrance, Lake Taupo | 22-Feb-07 | 6-Dec-07 |
| 07-206 | <i>Kimihia</i> | Capsize | Wellington Harbour entrance | 14-Apr-07 | 18-Apr-08 |

PART 2: Statement of Service Performance

For Outputs in the year ended 30 June 2008

Non-Departmental Output Expenses: Reporting On Accident Or Incident Investigations

The Commission delivers one output under Vote Transport. The Minister of Transport purchases independent investigation and reporting on aviation, rail, and marine accidents and incidents in New Zealand and the waters over which it has jurisdiction.

The Commission's activities contribute to a transport system that is increasingly safe and secure.

This is the first year of reporting on whether there is a reduction in category notifications so we are unable to compare across years. The general trend is reported on.

Table 8: Frequency of types of occurrences notified

| | Quantity of category occurrences | 10 most frequent occurrences notified | Quantity of occurrences in category |
|------|--|--|---|
| AIR | 526 occurrences over 43 categories of events – 1 category (airspace incursions) accounts for 22% of air notifications received | 1. Air space incursion 2. ATC procedural error 3. Pilot error 4. Defect 5. Failed to follow instructions 6. Mechanical issue 7. Landing incident 8. Air space incident 9. Sports aviation incident 10. Engine failure | 114 43 30 30 29 25 24 23 21 21 |
| RAIL | 205 occurrences over 45 categories of events – 1 category (derailments) accounts for 24% of rail notifications received. | 1. Derailment 2. Signal passed at danger 3. Collision with vehicle 4. Collision other 5. Personal injury 6. Near Collision 7. Operating irregularity 8. Fire 9. Track occupancy irregularity 10. Track obstruction | 50 27 18 13 12 6 5 4 4 4 |

... continued on the next page.

| | Quantity of category occurrences | 10 most frequent occurrences notified | Quantity of occurrences in category |
|--------|--|---|--|
| MARINE | 458 occurrences over 36 categories of events – 1 category (personal injury) accounts for 25% of marine notifications received. | <ol style="list-style-type: none"> 1. Personal injury 2. Machinery failure 3. Near miss 4. Grounding 5. Collision with vessel 6. Equipment failure 7. Collision with land 8. Collision with wharf 9. Capsize 10. Propeller incident | <p>114</p> <p>60</p> <p>39</p> <p>37</p> <p>28</p> <p>15</p> <p>14</p> <p>13</p> <p>13</p> <p>12</p> |

Table 9: Number of safety recommendations issued, by category of event (as identified in frequency table)

| AIR | | RAIL | | MARINE | |
|--------------------|----|----------------------|---|-----------------------------|----|
| Runway incursion | 10 | Braking irregularity | 1 | Capsize | 8 |
| Departure incident | 6 | Bridge collapse | 2 | Fire | 6 |
| Landing incident | 3 | Derailment | 4 | Loss of directional control | 7 |
| Engine failure | 2 | | | | |
| Mechanical failure | 2 | | | | |
| Fire | 2 | | | | |
| Smoke | 1 | | | | |
| Total | 26 | Total | 7 | Total | 21 |

Table 10: Change in Number of Category Occurrences

| | Change in the Number of Category Occurrences | No Change → Decrease in notifications ↓ Increase in notifications ↑ |
|--------|--|---|
| AIR | Airspace incursions | ↓ |
| | ATC procedural error | ↓ |
| | Pilot error | ↓ |
| | Defect | ↓ |
| | Failed to follow instructions | ↑ |
| | Mechanical issue | ↓ |
| | Landing incident | ↑ |
| | Air space incident | ↓ |
| | Sports aviation incident | ↑ |
| | Engine failure | ↓ |
| RAIL | Derailment | ↓ |
| | Signal passed at danger | → |
| | Collision with vehicle | ↑ |
| | Collision other | ↑ |
| | Personal injury | ↑ |
| | Near collision | ↑ |
| | Operating irregularity | ↓ |
| | Fire | ↑ |
| | Track Occupancy irregularity | ↓ |
| | Track Obstruction | ↓ |
| MARINE | Personal injury | ↓ |
| | Machinery failure | ↑ |
| | Near miss | → |
| | Grounding | → |
| | Collision with vessel | ↑ |
| | Equipment failure | ↓ |
| | Collision with land | ↓ |
| | Collision with wharf | ↑ |
| | Capsize | → |
| | Propeller incident | → |

Table 11: Ratio safety recommendations accepted by category/occurrences notified by category

| | | |
|---|--|-------|
| Outcome: The transport system is increasingly safe and secure | Impact Measure Ratio safety recommendations accepted by category/occurrences notified by category. [This is the first year of measuring safety recommendations by category accepted to occurrences by category notified. The ratios presented are base ratios. In future years we will compare and contrast movements in the ratios.] | |
| AIR | Runway over run | 1:24 |
| RAIL | Braking irregularity | 1:0 |
| | Collision | 4:13 |
| | Collision with vehicle | 4:9 |
| | Derailment | 2:25 |
| | Level crossing accident | 1:1 |
| | Level crossing incident | 1:1 |
| | Loss of over head power | 1:0 |
| | Near miss | 1:7 |
| | Passenger boarding incident | 1:1 |
| | Passenger door incident | 1:4 |
| | Signals passed at danger | 1:27 |
| | Track warrant irregularity | 3:4 |
| | Wrong routing | 1:1 |
| MARINE | Capsize | 1:13 |
| | Close quarters | 1:4 |
| | Collision | 3:4 |
| | Collision with land | 1:14 |
| | Foundering | 3:0 |
| | Grounding | 21:37 |
| | Heavy weather | 1:1 |
| | Loss of directional control | 3:0 |
| | Loss of propulsion | 1:0 |
| | Life boat incident | 4:0 |
| | Sinking | 1:6 |

Output Measures

Inquiries into accidents and incidents comprise two sub outputs.

These are:

1. Sub-Output 1: Investigations
2. Sub-Output 2: Reports Produced

Sub-Output 1: Investigations

Investigations are the principle function in the inquiry process. Investigations are fact finding where evidence is obtained and analysed to ascertain circumstances and causes of occurrences.

Table 12: Output Measures – Investigations

| MEASURES | 2007/08 ACTUAL | 2007/08 TARGET | % TO TARGET | 2006/07 ACTUAL | 2006/07 TARGET | % TO TARGET |
|---|---|--|----------------|-------------------|-------------------|----------------|
| QUANTITY | | | | | | |
| Air | 11 | 10 | 110% | 13 | 11 | 118% |
| Rail | 10 | 15 | 67% | 17 | 28 | 61% |
| Marine | 6 | 10 | 60% | 10 | 13 | 77% |
| Total | 27 | 35 | 77% | 40 | 52 | 77% |
| QUALITY | | | | | | |
| No challenges to the Commission's investigation process | Nil – achieved | Nil | | n/a | n/a | |
| TIMELINESS | Average elapsed time for closing investigations is <9months | | | | | |
| Air | 10.86 months | 1 overseas case the Commission assisted with took 4 years to complete, and another 17months. | | 8.67 months | | |

... continued on the next page.

| MEASURES | 2007/08 ACTUAL | 2007/08 TARGET | % TO TARGET | 2006/07 ACTUAL | 2006/07 TARGET | % TO TARGET |
|----------|-------------------|--|----------------|-------------------|-------------------|----------------|
| | | This has skewed the Commission's results. | | | | |
| Rail | 17.78 months | A backlog of cases from 2005/06 were cleared (7) reducing the Rail open cases from 25 to 18. | | 8.27 months | | |
| Marine | 14.56 months | A backlog of cases from 2005/06 were cleared (7) reducing the number of open cases from 12 to 8. | | 12.53 months | | |

Eight fewer investigations were launched than planned because resources had to be diverted to support investigations into three complex inquiries in the air and marine modes. The Commission, acting in accordance with its Output Agreement with the Minister of Transport, identified the significant call on its resources and sought agreement to manage the anticipated operating risk by reducing the number of planned investigations to be launched.

Sub-Output 2: Reports Produced

The Commission is required to prepare and publish findings and recommendations arising out of its inquiries. Report production involves the compilation of investigation evidence, findings and recommendations for the Commission to make determinations, and then to publish the findings and recommendations, if any.

Table 13: Output Measures – Reports Produced

| MEASURES | 2007/08 ACTUAL | 2007/08 TARGET | % TO TARGET | 2006/07 ACTUAL | 2006/07 TARGET | % TO TARGET |
|--|---|---|----------------|-------------------|-------------------|----------------|
| QUANTITY | | | | | | |
| Air | 9 | 9 | 100% | 3 | 8 | 38% |
| Rail | 8 | 18 | 44% | 5 | 18 | 28% |
| Marine | 7 | 12 | 58% | 7 | 12 | 58% |
| Total | 24 | 39 | 62% | 15 | 38 | 39% |
| QUALITY | | | | | | |
| Compliance to international standards for accident investigation reporting | achieved | | | achieved | n/a | |
| TIMELINESS | | | | | | |
| | Reports are published within 4 weeks (28 Days) of Commission adoption | | | | | |
| Air | 67% | | | | | |
| Rail | 38% | | | | | |
| Marine | 43% | | | | | |
| Total | 50% | The Commission exercised its prerogative to delay production because of extenuating circumstances relating to preparedness of stakeholders. Delays were never greater than 7 days (including weekends/public holidays). | | | | |

Reports produced increased on last year but were fewer than planned. Case complexity is the main factor contributing to fewer reports produced than planned. Staff training and oversight is also a factor for marine case completion.

The Commission

Members of the Commission

Hon. Bill Jeffries, Chief Commissioner

First appointed June 1997, current term expires September 2008. (Term has been extended.)

Pauline Winter, Deputy Chief Commissioner

First appointed September 2001, current term expires November 2009.

Bryan Wyness, Commissioner

Appointed November 2004, term expires November 2010.

Commissioners' remuneration is disclosed on page 51.

In respect of Section 151(j) of the Crown Entities Act 2004, there were no conflicts of interest disclosed that required permissions to act pursuant to Section 68 of the Crown Entities Act.

Assessors

Assessors are independent advisors to the Commission who have technical skills relevant to the investigations under consideration. They review draft reports and provide comment and advice to the Commission during their deliberations. They may also be consulted by the investigation team. The Transport Accident Investigation Commission Act 1990 allows the Commission to co-opt assessors to be members of the Commission, however, this step was not taken during the year.

Staff

The Commission's contribution to transport safety is achieved through the work of talented people who have dedicated their expertise to the Commission's inquiry work. The future performance of the Commission depends on maintaining and developing this capability. The Commission has started work on building its infrastructure in order to support the inquiry process.

Helping people grow professionally and personally is central to the Commission's core values. The Commission recognises that its credibility relies heavily on developing its employee capability. Over the past two years the Commission has sent two staff members to Cranfield University in the United Kingdom to further develop their investigative knowledge. This year a further two staff will be attending similar courses at Cranfield University.

The Commission supports professional development through a process of staff performance planning and review. The Commission encourages individual development plans for all staff based on their personal, professional and cultural aspirations. The process identifies professional training as appropriate to meet goals. In the past year, courses were provided on report writing, interview techniques, coastguard boat master courses, InDesign essentials, Microsoft access, and first aid courses. Staff also attended various conferences both in New Zealand and overseas including a rail conference in India, a marine conference in Canada, and aviation conferences in Australia and Singapore. The Deputy Chief Investigator of Accidents also spent some time visiting similar organisations overseas in Singapore, the United Kingdom, and Norway.

The Commission is a small organisation and has two streams of work teams, investigation and corporate. There is strong commitment to building the teams' skills, especially for enhancing communication styles in working relationships with increasingly diverse groups. In the past year the Commission ran a workshop for all staff on stress-proofing and setting up a monitoring programme for managers.

The Commission offers support to staff dealing with personal and work issues by providing an Employment Assistance Programme (EAP) to complement the existing workplace support.

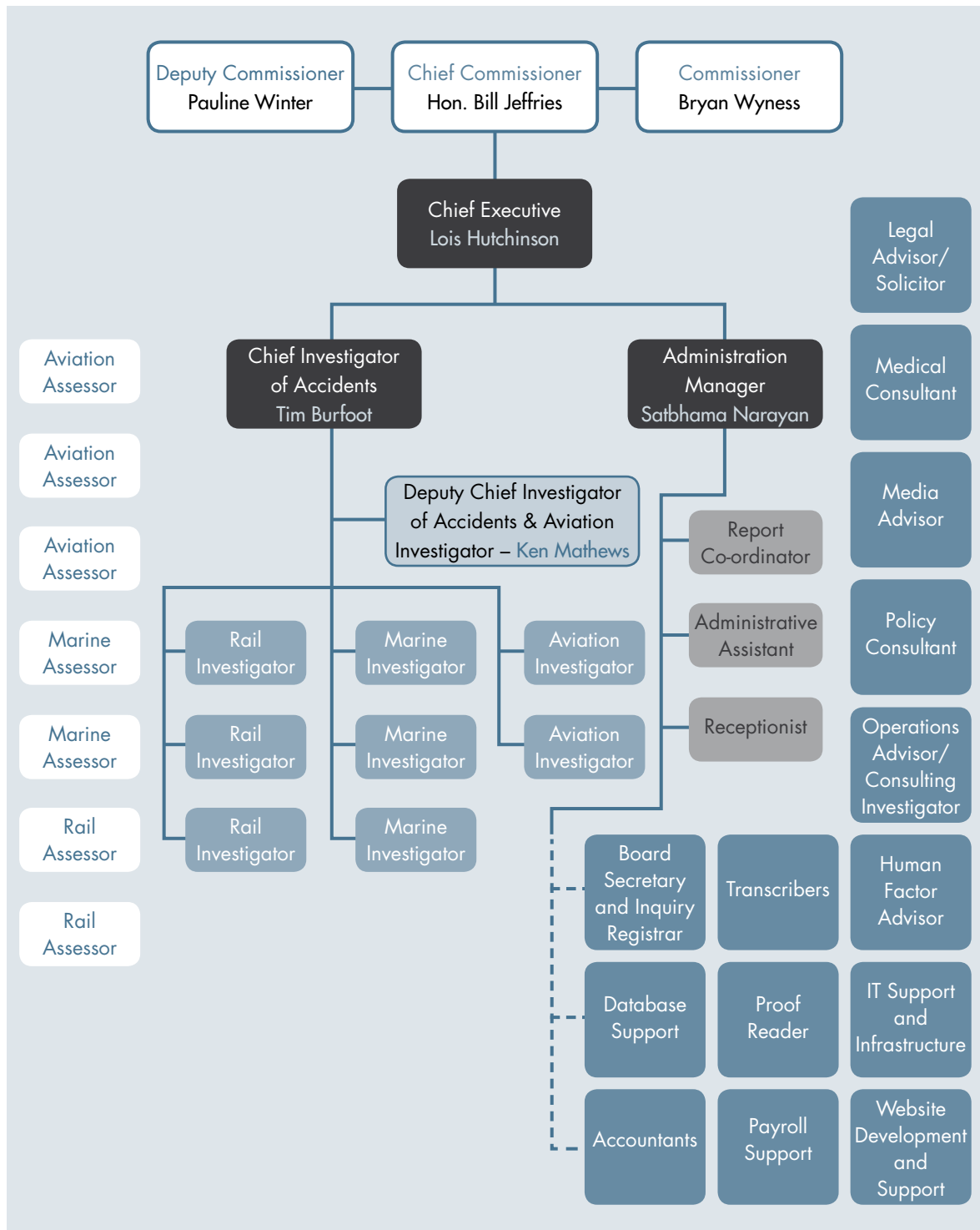
Family friendly policies were further developed. The Commission has various work/life balance initiatives at different stages of planning and implementation.

Table 14: Workplace Composition

| TAIC WORKPLACE COMPOSITION BY GENDER | | NUMBER |
|---|--|--------|
| Male | | 11 |
| Female | | 4 |
| TAIC WORKPLACE COMPOSITION BY ETHNICITY | | NUMBER |
| European | | 12 |
| Pacific | | 2 |
| Asian | | 1 |

Transport Accident Investigation Commission

Figure 7: Organisational Chart



Statutory Disclosures

There are no disclosures to be made in accordance with the Crown Entitles Act 2004 s151 in respect of (i) enforcement of natural person transactions, and (j) regarding permission granted to members to act despite having an interest. In respect of s151(f) the Minister of Transport did require the Commission to provide her with a Terms of Reference for the Capability and Resources Review planned for 2007/08 and a copy of the Report arising from the review. Both documents were provided to the Minister.

Functions

There were no changes to the Transport Accident Investigation Commission Act 1990 during 2007/08.

The Commission's functions are described in the Act. The functions follow from the Commission's statutorily stated principle 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."

The Commission's principle function is to investigate accidents and incidents. Other functions are:

- i. to ascertain the cause or causes of accidents and incidents by making such inquiries as it deems appropriate;
- ii. to co-ordinate and direct the investigations it does make, including by deciding which other parties to involve;
- iii. to prepare and publish the findings and recommendations resulting from each investigation;
- iv. (if requested) to deliver a written report on each investigation to the Minister;
- v. to co-operate and co-ordinate with overseas counterparts, including taking evidence on their behalf;
- vi. where it has not been formally notified by a transport safety regulator of an occurrence that it considers should be investigated under s13, to request such information as it considers appropriate; and to perform any function or duty conferred on it by its own Act or any other Act.

PART 3: Financial Statements

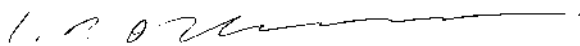
Statement of Responsibility

For the Year Ended 30 June 2008

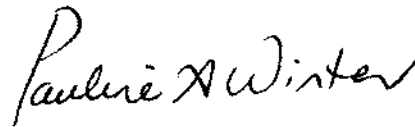
In the financial year ended 30 June 2008, the Commissioners and management of the Transport Accident Investigation Commission were responsible for:

- (a) The preparation of financial statements and the statement of service performance and the judgements therein; and
- (b) Establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Commissioners and management of the Transport Accident Investigation Commission, the financial statements and the statement of service performance for the financial year reflect fairly the financial position and operations of the Transport Accident Investigation Commission.



Hon. W P Jeffries
Chief Commissioner



Pauline Winter
Deputy Chief Commissioner

Statement of Accounting Policies

For the year ended 30 June 2008

1. Reporting entity

The Transport Accident Investigation Commission is an independent Crown entity established under the Transport Accident Investigation Commission Act 1990.

The Commission investigates aviation, marine and rail accidents and incidents, the circumstances of which have, or are likely to have, significant implications for transport safety. The Commission publishes safety recommendations and reports on accidents and incidents to avoid similar occurrences in the future.

The Commission also represents New Zealand at accident investigations in which New Zealand has a specific interest, conducted by overseas authorities, and exchanges accident and incident information with overseas government accident investigation authorities.

The Commission's air accident investigation capability is occasionally extended, on a cost recovery basis, to Pacific Island states with no similar agency.

Accordingly, Transport Accident Investigation Commission has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS').

The financial statements of the Commission are for the year ended 30 June 2008. The financial statements were authorised for issue by the board on 31 October 2008.

2. Basis of preparation

Statement of compliance

The financial statements for the year ended 30 June 2008 are prepared in accordance with the Transport Accident Investigation Commission Act 1990 and the Crown Entities Act 2004, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice ('NZ GAAP').

Basis of preparation

These financial statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

First year of preparation under NZ IFRS

This is the first set of financial statements prepared using NZ IFRS and comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly. Reconciliations of equity and the surplus/deficit for the year ended 30 June 2007 under NZ IFRS to the balances reported in the 30 June 2007 financial statements are detailed in note 16.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2006 for the purposes of the transition to NZ IFRS.

3. Measurement base

The financial statements have been prepared on a historical cost basis.

4. Functional and presentational currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

5. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS Statement of Financial Position at 1 July 2006 for the purposes of the transition to NZ IFRS.

(a) Budget figures

The budget figures are those approved by the Commission at the beginning of the year in the Statement of Intent. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the Commission for the preparation of the financial statements.

(b) Revenue

Revenue from the Crown

The Commission derives revenue through the provision of outputs to the Crown, for services to third parties and income from its investments. Such revenue is recognised at fair value when earned and is reported in the financial period to which it relates.

Interest

Interest income is recognised as it accrues on bank account balances, on-call and short-term deposits.

(c) Cash and cash equivalents

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

(d) Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Commission will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is the difference between the asset's carrying value and the present value of estimated future cash flows, discounted using the effective interest rate method.

(e) Fixed assets are shown at cost less accumulated depreciation and impairment losses.

Additions

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

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial position.

Depreciation

Depreciation is provided on a straight line basis at rates that will write them 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) | 33 - 50 | 2% to 3% |
| Computer equipment | 2.1 - 10 | 10% to 48% |
| Furniture and equipment | 2.1 - 20 | 5% to 48% |

(f) Intangible assets

Software acquisition

Acquired computer software licenses 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

Computer software licenses are amortised on a straight-line basis over their estimated useful life of 3 years. Amortisation begins when the asset is available for use and ceases at the date the asset is disposed of. The amortisation charge is recognised in the statement of financial performance.

(g) GST

All items in the 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 then it is recognised as part of the related asset or expense.

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

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

Commitments and contingencies are disclosed exclusive of GST.

(h) Statement of Cash Flows

Cash comprises monies held in the Commission's bank accounts and short term deposits.

Financing activities comprise the change in equity and debt capital structure of the Commission.

Investing activities relate to the sale and purchase of fixed assets.

Operating activities include all transactions and other events that are not investing or financing activities. Interest received is included in operating activities.

(i) Employee entitlements

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

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within the next 12 months, and sick leave.

The Commission recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the sick leave entitlement that can be carried forward at balance date, to the extent the Commission anticipates it will be used by staff to cover those future absences.

(j) Superannuation scheme

Defined contribution scheme

Obligations for contributions to Kiwisaver are accounted for as a defined contribution superannuation scheme and is recognised as an expense in the statement of financial performance as incurred.

(k) Taxation

The Commission is a public authority in terms of the Income Tax Act 2004 and consequently is exempt from income tax. Accordingly, no charge for income tax has been provided for.

(l) Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as incurred over the lease term of the lease in the statement of financial performance.

(m) Financial instrument risks

The Commission has policies to manage the risks associated with financial instruments. The Commission is risk averse and seeks to minimise exposure from its treasury activities. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Commission's exposure to fair value interest rate risk is limited to its short-term bank deposits which are held at fixed rates of interest.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments issued at variable interest rates expose the Commission to cash flow interest rate risk. The Commission has no variable interest rate investments.

If interest rates on cash and investments at 30 June 2008 had fluctuated by plus or minus 0.5%, the effect would have been to increase/decrease the surplus/deficit by \$1,272 (2007 \$1,522).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Commission is not exposed to currency risk, as it does not enter into foreign currency transactions.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Commission, causing the Commission to incur a loss.

Due to the timing of its cash inflows and outflows, the Commission invests surplus cash with registered banks. The Commission's investment policy limits the amount of credit exposure to any one institution.

The Commission's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents (note 1), investments (note 2) and trade and other receivables (note 3). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

The Commission has no significant concentrations of credit risk as it does not have any credit customers and only invests funds with registered banks with specified credit ratings.

Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through adequate amount of committed credit facilities and the ability to close out market positions. The Commission aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Commission maintains a target level of investments that must mature within specified timeframes.

The maturity profiles of the Commission's investments are disclosed in note 2.

Critical accounting estimates and assumptions

In preparing these financial statements the Commission 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 expectation or 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:

Property, plant and equipment useful lives and residual values

At each balance date the Commission reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Commission to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Commission, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position. The Commission minimises the risk of this estimation uncertainty by:

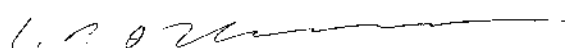
- physical inspection of assets;
- asset replacement programs;
- analysis of prior asset sales.

The Commission has not made any significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in note 5.

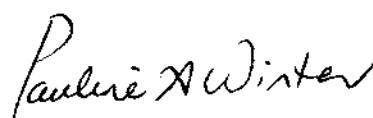
Statement of Financial Position

As at 30 June 2008

| | Note | Actuals 30/06/08 \$ | Budget 30/06/08 \$ | Actuals 30/06/07 \$ |
|---|------|---------------------------|--------------------------|---------------------------|
| ASSETS | | | | |
| <i>Current Assets</i> | | | | |
| Cash and cash equivalents | 1 | 306,127 | 207,000 | 166,773 |
| Investments | 2 | 157,517 | 150,000 | 207,696 |
| Trade and other receivables | 3 | - | - | 49 |
| Prepayments | 4 | 30,877 | 26,000 | 8,026 |
| Total Current Assets | | 494,521 | 383,000 | 382,544 |
| <i>Non-Current Assets</i> | | | | |
| Property, plant and equipment | 5 | 113,106 | 75,000 | 85,520 |
| Intangible assets | 6 | 1,848 | - | 997 |
| Total Non-Current Assets | | 114,954 | 75,000 | 86,517 |
| Total Assets | | 609,475 | 458,000 | 469,061 |
| Represented by: | | | | |
| <i>Liabilities and Taxpayers' funds</i> | | | | |
| <i>Current Liabilities</i> | | | | |
| Trade and other payables | 7 | 120,998 | 80,000 | 95,234 |
| Employee benefits payable | 8 | 144,787 | 83,000 | 127,803 |
| Total Current Liabilities | | 265,785 | 163,000 | 223,037 |
| <i>Taxpayers' Equity</i> | | 343,690 | 295,000 | 246,024 |
| Total Liabilities and Taxpayers' funds | | 609,475 | 458,000 | 469,061 |



Hon. W P Jeffries
Chief Commissioner



Pauline Winter
Deputy Chief Commissioner

The accompanying notes and statement of accounting policies should be read in conjunction with these financial statements.

Statement of Financial Performance

For the year ended 30 June 2008

| | Note | Actuals 30/06/08 \$ | Budget 30/06/08 \$ | Actuals 30/06/07 \$ |
|--|------|---------------------------|--------------------------|---------------------------|
| <i>Revenue</i> | | | | |
| Revenue Crown | | 2,723,000 | 2,722,000 | 2,616,000 |
| Rental income | | 62,363 | - | 86,183 |
| Other income | | 3,805 | 5,000 | 10,780 |
| Interest earned | | 25,733 | 26,000 | 27,112 |
| Total Revenue | | 2,814,901 | 2,753,000 | 2,740,075 |
| <i>Expenditure</i> | | | | |
| Audit fees - Financial Statement audit | | 11,400 | 11,000 | 11,350 |
| Audit fees - NZ IFRS Transistion | | 4,000 | - | - |
| Commissioners' fees | | 110,531 | 103,500 | 93,697 |
| Depreciation & Amortisation | | | | |
| Buildings | | 1,177 | 1,000 | 918 |
| EDP equipment | | 5,331 | 15,000 | 8,845 |
| Office furniture, fittings and equipment | | 11,119 | 20,000 | 11,700 |
| Software | | 2,449 | 4,000 | 3,087 |
| Lease, rentals and outgoings | | 271,895 | 200,000 | 310,107 |
| Capital charge | 9 | 19,642 | 31,000 | 27,103 |
| Personnel costs | | 1,656,922 | 1,753,000 | 1,594,866 |
| Other operating costs | | 722,769 | 612,500 | 751,368 |
| Total Expenditure | | 2,817,235 | 2,751,000 | 2,813,041 |
| Net Surplus/(Deficit) | | (2,334) | 2,000 | (72,966) |

The accompanying notes and statement of accounting policies should be read in conjunction with these financial statements.

Statement of Movements in Equity

For the year ended 30 June 2008

| | Note | Actuals 30/06/08 \$ | Budget 30/06/08 \$ | Actuals 30/06/07 \$ |
|--------------------------------------|------|---------------------------|--------------------------|---------------------------|
| Opening Taxpayers' equity at 1 July | | 246,024 | 293,000 | 318,990 |
| <i>Plus:</i> | | | | |
| Net Surplus/(Deficit) | | (2,334) | 2,000 | (72,966) |
| <i>Plus:</i> | | | | |
| Capital Contribution from the Crown | | 100,000 | - | - |
| Closing Taxpayers' equity at 30 June | | 343,690 | 295,000 | 246,024 |

The accompanying notes and statement of accounting policies should be read in conjunction with these financial statements.

Statement of Cash Flows

For the year ended 30 June 2008

| Note | Actuals 30/06/08 \$ | Budget 30/06/08 \$ | Actuals 30/06/07 \$ |
|---|---------------------------|--------------------------|---------------------------|
| <i>Cash flows from operating activities</i> | | | |
| Cash was received from: | | | |
| Revenue Crown | 2,723,000 | 2,722,000 | 2,616,000 |
| Rental income | 62,363 | - | 86,183 |
| Other income | 3,854 | 5,000 | 66,697 |
| Interest received | 25,932 | 26,000 | 29,326 |
| | 2,815,149 | 2,753,000 | 2,798,206 |
| Cash was disbursed to: | | | |
| Payments to suppliers | 1,117,683 | 937,000 | 1,277,617 |
| Payments to employees | 1,639,937 | 1,765,000 | 1,621,976 |
| Capital charge | 19,642 | 31,000 | 27,103 |
| Net cash flows from operating activities | 37,887 | 20,000 | (128,490) |
| <i>Cash flows from investing activities</i> | | | |
| Cash was received from: | | | |
| Proceeds from sale of investments | 49,980 | - | 100,000 |
| | 49,980 | - | 100,000 |
| Cash was applied to: | | | |
| Purchase of sale of property, plant and equipment | 48,513 | 40,000 | 25,799 |
| Net cash flows from investing activities | 1,467 | (40,000) | 74,201 |
| <i>Cash Flows from Financing Activities</i> | | | |
| Cash provided from: | | | |
| Capital Contribution from the Crown | 100,000 | - | - |
| Net Cash Flows from Financing Activities | 100,000 | - | - |
| Net movement in cash for the period | 139,354 | (20,000) | (54,289) |
| Opening cash and cash equivalents | 166,773 | 368,000 | 221,062 |
| Closing cash and cash equivalents | 306,127 | 348,000 | 166,773 |

The accompanying notes and statement of accounting policies should be read in conjunction with these financial statements.

Reconciliation of Cash Flow with Statement of Financial Performance

For the year ended 30 June 2008

| | 30/06/08 \$ | 30/06/07 \$ |
|---|----------------|----------------|
| (Deficit)/Surplus from Statement of Financial Performance | (2,334) | (72,966) |
| <i>Add Non-Cash Items</i> | | |
| Depreciation and amortisation | 20,076 | 24,550 |
| | 17,742 | (48,416) |
| <i>Add/(Less) movements in Working Capital Items</i> | | |
| Trade & other receivables | 49 | 55,917 |
| Accrued interest on investments | 199 | 2,214 |
| Prepayments | (22,852) | 15,817 |
| Trade & other payables | 25,765 | (126,911) |
| Employee benefits | 16,984 | (27,111) |
| Total working capital items | 20,145 | (80,074) |
| Net cash flows from operating activities | 37,887 | (128,490) |

The accompanying notes and statement of accounting policies should be read in conjunction with these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2008

1. Cash and cash equivalents

| | 30/06/08 \$ | 30/06/07 \$ |
|--|----------------|----------------|
| Cash at bank and on hand | 205,487 | 66,257 |
| Short-term deposits maturing in less than three months | 100,640 | 100,516 |
| Total cash and cash equivalents | 306,127 | 166,773 |

2. Investments

Investments are represented by short-term deposits which have maturities greater than three months from the date of acquisition.

Maturity analysis and effective interest rates of investments

The maturity dates and weighted average effective interest rates for short term deposits are as follows:

| | 30/06/08 | 30/06/07 |
|---|-----------|-----------|
| | \$ | \$ |
| Short-term deposits (average maturity 121 days) | 157,517 | 207,696 |
| Weighted average effective interest rate | 7.6% p.a. | 7.4% p.a. |

The carrying amounts of investments approximate their fair value.

3. Trade and other receivables

| | 30/06/08 | 30/06/07 |
|------------------------------------|----------|----------|
| | \$ | \$ |
| Gross Receivables | - | 49 |
| Less: Provision for doubtful debts | - | - |
| Net Receivables | - | 49 |

4. Prepayments and advances

| | 30/06/08 | 30/06/07 |
|--------------------------------|----------|----------|
| | \$ | \$ |
| Prepayments | 27,439 | 4,588 |
| ICAO Advance | 3,438 | 3,438 |
| Total prepayments and advances | 30,877 | 8,026 |

5. Property, plant and equipment

| | Buildings | Computer Equipment \$ | Furniture & Equipment \$ | Total \$ |
|---------------------------------|-----------|-----------------------------|--------------------------------|-------------|
| <i>Cost</i> | | | | |
| Balance at 1 July 2006 | 29,798 | 111,282 | 239,737 | 380,817 |
| Additions | 14,138 | 0 | 11,660 | 25,798 |
| Disposals | 0 | 0 | 0 | 0 |
| Balance at 30 June 2007 | 43,936 | 111,282 | 251,397 | 406,615 |
| Additions | 0 | 18,417 | 26,797 | 45,214 |
| Disposals | 0 | 0 | 0 | 0 |
| Balance at 30 June 2008 | 43,936 | 129,699 | 278,194 | 451,829 |
| <i>Accumulated Depreciation</i> | | | | |
| Balance at 1 July 2006 | 15,065 | 96,422 | 188,146 | 299,633 |
| Depreciation Expense | 918 | 8,845 | 11,700 | 21,463 |
| Impairment Losses | 0 | 0 | 0 | 0 |
| Balance at 30 June 2007 | 15,983 | 105,267 | 199,846 | 321,096 |
| Depreciation Expense | 1,177 | 5,331 | 11,119 | 17,627 |
| Impairment Losses | 0 | 0 | 0 | 0 |
| Balance at 30 June 2008 | 17,160 | 110,598 | 210,965 | 338,723 |
| <i>Carrying Amounts</i> | | | | |
| At 1 July 2006 | 14,733 | 14,860 | 51,591 | 81,184 |
| At 30 June 2007 | 27,953 | 6,015 | 51,551 | 85,519 |
| At 30 June 2008 | 26,776 | 19,101 | 67,229 | 113,106 |

6. Intangible assets

| | 30/06/08 \$ | 30/06/07 \$ |
|------------------------------|----------------|----------------|
| <i>Acquired Software</i> | | |
| <i>Cost</i> | | |
| Balance at beginning of year | 12,927 | 12,927 |
| Additions | 3,300 | 0 |
| Disposals | 0 | 0 |
| Balance at end of year | 16,227 | 12,927 |

... continued on the next page.

6. Intangible assets ... continued

| | 30/06/08 | 30/06/07 |
|---------------------------------|----------|----------|
| | \$ | \$ |
| <i>Accumulated amortisation</i> | | |
| Balance at beginning of year | 11,930 | 8,843 |
| Amortisation | 2,449 | 3,087 |
| Impairment losses | - | - |
| Balance at end of year | 14,379 | 11,930 |
| <i>Carrying Amounts</i> | | |
| As at beginning of year | 997 | 4,084 |
| At year end | 1,848 | 997 |

7. Payables and accruals

| | 30/06/08 | 30/06/07 |
|-----------------------------|----------|----------|
| | \$ | \$ |
| Trade creditors | 52,383 | 57,272 |
| Accrued expenses | 68,615 | 37,962 |
| Total Payables and Accruals | 120,998 | 95,234 |

8. Provision for employee leave entitlements

| | 30/06/08 | 30/06/07 |
|----------------------------|----------|----------|
| | \$ | \$ |
| Annual leave | 101,553 | 94,874 |
| Sick leave | 19,788 | 15,864 |
| Accrued salaries and wages | 23,446 | 17,065 |
| | 144,787 | 127,803 |

9. Capital charge

Levied at 7.5% on the taxpayers' funds for 2008. For the 2007 year the rate was 7.5%.

10. Employee remuneration

| Total remuneration and benefits \$000 | Number of Employees | |
|--|---------------------|------|
| | 2008 | 2007 |
| \$100-\$110 | 0 | 2 |
| \$110-\$120 | 5 | 2 |
| \$120-\$130 | 2 | 2 |
| \$130-\$140 | 1 | 0 |
| \$140-\$150 | 0 | 0 |
| \$150-\$160 | 0 | 0 |
| \$160-\$170 | 1 | 0 |
| \$170-\$180 | 0 | 0 |
| \$180-\$190 | 0 | 0 |
| \$190-\$200 | 1 | 1 |

The Chief Executive's total remuneration and benefits received in 2007/2008 is in the \$190,000-\$200,000 band.

11. Related party transactions

The Commission is a wholly owned entity of the Crown. The government significantly influences the role of the Commission in addition to being its major source of revenue.

The Commission enters into transactions with government departments, state-owned enterprises and other Crown entities. Those transactions that occur within normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Commission would have adopted if dealing with that entity at arm's length in the same circumstances have not been disclosed as related party transactions.

12. Key management personnel

| | 2008 | 2007 |
|---|-----------|-----------|
| Salaries and other short-term employee benefits | \$438,473 | \$386,672 |

Key management personnel include the Chief Executive and two members of the management team.

13. Commission members

Commission members earned the following fees during the year:

| Member | Fees | |
|--------------------------------------|----------|----------|
| | 2008 | 2007 |
| Hon WP Jeffries (Chief Commissioner) | \$45,000 | \$43,200 |
| Ms PA Winter | \$31,680 | \$21,182 |
| Mr B Wyness | \$33,851 | \$29,315 |

14. Statement of commitments

The Transport Accident Investigation Commission has ongoing leases of the following amounts:

| | 2008 | 2007 |
|------------------|-----------|-----------|
| Less than 1 year | 554,339 | 233,019 |
| 1 - 2 years | 615,714 | 191,334 |
| 2 - 5 years | 1,801,393 | 502,982 |
| 5+ years | 4,768,420 | 443,087 |
| | 7,739,866 | 1,370,422 |

Note: The lease for Level 14, 114 The Terrace, Wellington expired in February 2008. New leases have been taken on AXA House, 80 The Terrace and Bell Road, Lower Hutt. The Commission is looking to sub-lease Level 11, Cigna House.

15. Statement of contingent liabilities

There were no contingent liabilities existing at balance date. (2007: Nil.)

16. International Financial Reporting Standards

The Commission's financial statements for the year ended 30 June 2008 are the first statements that comply with NZ IFRS. The Commission has applied NZ IFRS 1 in preparing these financial statements. The Commission's transition date is 1 July 2006 and the opening balance sheet has been prepared at that date. The Commission's NZ IFRS adoption date is 1 July 2007.

In preparing its opening NZ IFRS Balance Sheet and restating the 2007 financial statements, the Commission has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous GAAP). An explanation of how the transition from previous GAAP to NZ IFRS has affected the Commission's financial position and financial performance is set out in the following tables and the notes that accompany the tables. The cash flow statements did not require restatement as there were no material transition adjustments identified.

Effect of NZ IFRS on the statement of financial position from previous GAAP to NZ IFRS as at 1 July 2006 and 30 June 2007.

| Assets | Note | Previous NZ GAAP 1 Jul 06 | Effect on transition to NZ IFRS | NZ IFRS 1 Jul 06 | Previous NZ GAAP 30 Jun 07 | Effect on transition to NZ IFRS | NZ IFRS 30 Jun 07 |
|---|------|---------------------------------|---------------------------------------|---------------------|----------------------------------|---------------------------------------|----------------------|
| <i>Current assets</i> | | | | | | | |
| Cash and cash equivalents | a,b | 119,491 | 101,571 | 221,062 | 66,258 | 100,515 | 166,773 |
| Investments | | 404,313 | (94,403) | 309,910 | 304,313 | (96,617) | 207,696 |
| Trade and other receivables | | 55,966 | - | 55,966 | 49 | | 49 |
| Accrued interest | b | 7,168 | (7,168) | - | 3,898 | (3,898) | - |
| Prepayments | | 23,843 | - | 23,843 | 8,026 | | 8,026 |
| Total Current assets | | 610,781 | - | 610,781 | 382,544 | - | 382,544 |
| <i>Non-Current assets</i> | | | | | | | |
| Property, plant and equipment | c | 85,269 | (4,085) | 81,184 | 86,517 | (997) | 85,520 |
| Intangible assets | c | - | 4,085 | 4,085 | - | 997 | 997 |
| Total Non-Current Assets | | 85,269 | - | 85,269 | 86,517 | - | 86,517 |
| Total Assets | | 696,050 | - | 696,050 | 469,061 | - | 469,061 |
| <i>Represented by:</i> | | | | | | | |
| <i>Liabilities and Taxpayers' funds</i> | | | | | | | |
| <i>Current liabilities</i> | | | | | | | |
| Payables and Accruals | d | 239,211 | (15,331) | 223,880 | 112,299 | (17,065) | 95,234 |
| Provision for employee leave entitlements | d,e | 120,733 | 32,447 | 153,180 | 94,874 | 32,929 | 127,803 |
| Total Current liabilities | | 359,944 | 17,116 | 377,060 | 207,173 | 15,864 | 223,037 |
| Taxpayers' Equity | e | 336,106 | (17,116) | 318,990 | 261,888 | (15,864) | 246,024 |
| Total Liabilities and Taxpayers' funds | | 696,050 | - | 696,050 | 469,061 | - | 469,061 |

Effect of NZ IFRS on the statement of financial performance for year ended 30 June 2007

| | NOTE | PREVIOUS NZ GAAP | EFFECT ON TRANSITION TO NZ IFRS | NZ IFRS |
|-----------------|------|---------------------|---------------------------------------|-----------|
| <i>Revenue</i> | | | | |
| Crown revenue | | 2,616,000 | - | 2,616,000 |
| Rental Income | | 86,183 | - | 86,183 |
| Other income | | 10,780 | - | 10,780 |
| Interest earned | | 27,112 | - | 27,112 |
| Total Revenue | | 2,740,075 | - | 2,740,075 |

... continued on the next page.

| | NOTE | PREVIOUS NZ GAAP | EFFECT ON TRANSITION TO NZ IFRS | NZ IFRS |
|--|------|---------------------|---------------------------------------|-----------|
| <i>Expenditure</i> | | | | |
| Audit fees | | 11,350 | - | 11,350 |
| Commissioners' fees | | 93,697 | - | 93,697 |
| Depreciation & Amortisation | | | | |
| Buildings | | 918 | - | 918 |
| EDP equipment | c | 11,932 | (3,087) | 8,845 |
| Office furniture, fittings and equipment | | 11,700 | - | 11,700 |
| Software | c | - | 3,087 | 3,087 |
| Lease, rentals and outgoings | | 310,107 | - | 310,107 |
| Capital charge | | 27,103 | - | 27,103 |
| Personnel costs | e | 1,596,118 | (1,252) | 1,594,866 |
| Other operating costs | | 751,368 | - | 751,368 |
| Total Expenditure | | 2,814,293 | (1,252) | 2,813,041 |
| Net Surplus/(Deficit) | | (74,218) | 1,252 | (72,966) |

Notes to the reconciliations of income and equity

a. Cash and cash equivalents and investments

Those term deposits with maturities of less than three months have been reclassified as cash and cash equivalents.

b. Accrued interest

Under previous NZ GAAP accrued interest was disclosed separately in the statement of financial position. Under NZ IFRS accrued interest has been added to the value of the underlying asset.

c. Intangible assets

Computer software has been reclassified as an intangible asset.

d. Accrued salaries and wages

Accrued salaries and wages has been reclassified as an employee benefit payable instead of an accrued expense.

e. Sick leave

Under previous NZ GAAP sick leave was not recognised as a liability. Under NZ IFRS the Commission recognises employees' unused sick leave entitlement that can be carried forward at balance date, to the extent the Commission anticipates it will be used by staff to cover future absences.

AUDIT REPORT

AUDIT NEW ZEALAND

Mark A. Anderson, Auditor

AUDIT REPORT

TO THE READERS OF THE TRANSPORT ACCIDENT INVESTIGATION COMMISSION'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of the Transport Accident Investigation Commission (the Commission). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Commission for the year ended 30 June 2008.

Unqualified Opinion

In our opinion:

- The financial statements of the Commission on pages 36 to 53:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Commission's financial position as at 30 June 2008; and
 - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the Commission on pages 24 to 30:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
 - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 31 October 2008, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Commissioners and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Commissioners;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Commissioners and the Auditor

The Commissioners are responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the as at 30 June 2008 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the

Commission's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Commissioners' responsibilities arise from the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Commission.



S B Lucy
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters Relating to the Electronic Presentation of the Audited Financial Statements and Statement of Service Performance

This audit report relates to the financial statements and statement of service performance of the Transport Accident Investigation Commission (the Commission) for the year ended 30 June 2008 included on the Commission's website.

The Commissioners are responsible for the maintenance and integrity of the Commission's website. We have not been engaged to report on the integrity of the Commission's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and related audit report dated 31 October 2008 to confirm the information included in the audited financial statements and statement of service performance presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Transport Accident Investigation Commission
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