



Annual Report

Transport Accident Investigation Commission

Te Komihana Tirotiro Aitua Waka

Year Ended 30 June 2009

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



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2 November 2009

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 2008 to 30 June 2009.

Yours faithfully

Hon W P Jeffries
Chief Commissioner

Transport
Accident
Investigation
Commission

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Part 1: 2008/09 in Review

The Commission's Vision

Safer transport through investigation, learning and influence.

Chief Commissioner's Foreword

In this eighteenth Annual Report to Parliament for the period 1 July, 2008 to 30 June, 2009 the Commission recognises the general global reduction in economic activity and the challenge that this new economic environment creates for the Commission's stewardship of the \$3,938,000 of public funds provided by Parliament to the Commission to enable it to perform its statutory functions.

In December 2008 the newly elected government required all those responsible for the expenditure of public funds in New Zealand to think and act creatively in order to achieve maximum value for each dollar spent. The challenge for the Commission is to meet this objective of improved productivity while maintaining scrupulous performance of its statutory functions.

The Commission reports to Parliament its progress in meeting this challenge.

In accordance with the Business Sustainability and Effectiveness Initiative, commenced in the 2008/09 financial year, the Commission is adopting a new information technology programme equipping each investigator in the field backed by a common information platform specifically designed for the task of accident inquiry. The Commission's executive team is ensuring that the New Zealand information system in development will complement similar information systems used by our counterparts in Australia, Canada and the United States.

In June 2009, the Australian Transport Safety Bureau conducted a seminar for investigators in best international practice of transport investigation factual analysis. The Commission is grateful to our Australian counterparts for sharing some of the results of their A\$5 million project designed to improve the Australian Transport Safety Bureau's investigative capability.

Professional competency directly contributes to productivity because avoidable elementary costly mistakes are not made. Accordingly, the Commission pays considerable attention to investing in its principal human assets, the professional investigators, and the Commission provides a programme of continual professional development for them.

Each of the Commission's investigators is sent to Cranfield University in the United Kingdom for initial and advanced level accredited investigation training. As the Commission engages in multi-modal investigation, it is essential for each investigator to receive this internationally regarded training.

The Commission will shortly publish its first short-form report. Some accidents and incidents are suitable for a speedy examination and publication of findings and recommendations. The Commission will be astute to ensure that such accidents and incidents are without complexity and therefore suitable for such short-form reporting where discussion of factual matters not relevant to the analysis and findings will be brief. Short-form reporting is another example of the Commission meeting the objective of improved productivity in these more straitened times.

Realistically, the general reduction in economic activity represents a potential hazard to the profitability of transport operators. Adequate levels of maintenance and safe operations for aeroplanes, ships and trains in New Zealand ought not to be compromised by ill-advised “cost savings.” The Commission is aware that some thirty-five million travellers each year in New Zealand rely upon the Commission to contribute to transport safety through rigorous investigation into incidents which may be precursors of possible serious fatal accidents.

Looking at transport statistics, for rail, some 20 million paying passengers use trains each year, principally in the greater Wellington region and in metropolitan Auckland with two new major upgrading projects in both these cities over the next three years involving a new generation of trains and state of the art electrical equipment.

For air, some 10 million paying passengers use scheduled air services within the country each year. Another half million people are involved in general aviation, agriculture and tourism flights. An economic downturn inevitably affects each air line operator, from the largest airline fleet to the one plane tourism operator.

For ferry services, more than 5 million paying passengers travel on our waters each year. Perhaps ten thousand people are employed in ocean fishing and tourism.

The Commission’s developing application of the “lead-indicator” approach, which is the doctrine that most accidents have identifiable precursors which serve as an early warning of possible transport disasters, will provide the Commission with valuable evidence, particularly in relation to investigation into notified incidents.

The Commission is alert to the possibility that in more difficult trading conditions there may be a tendency to dilute safety standards. As a guardian of transport safety for the New Zealand public, the Commission will fearlessly expose such dilutions, if evidentially established in the course of an investigation.

Looking beyond New Zealand, the Transport Accident Investigation Commission Act 1990 empowers the Commission to co-operate in appropriate overseas investigations. The Commission has Accredited Representative status in the French inquiry into the Air New Zealand owned and XL Airways operated Airbus A320 accident off Perpignan, southern France on 27th November 2008 and is grateful for the support of its counterparts in the United Kingdom’s Air Accident Investigation Branch in this work. The French BEA Interim Report released on 24 February 2009 referred to non-revenue aviation operations and the attendant special risks associated with such endeavours. The final report into this accident is likely to be of great importance to the international aviation community.

The Commission has accepted invitations from the governments of Vanuatu, Kiribati and Tonga to provide technical expertise in investigations involving the accident of a Britton Norman Islander airplane and the sinking of two ferries. The safety of passenger ferries in the Pacific represents a challenge to the region’s Governments and maritime operators.

On 30 July 2008 the British registered cruise ship Pacific Sun encountered heavy seas 200 nautical miles north east of New Zealand. The Commission, on request, provided technical assistance to the United Kingdom’s Maritime Accident Investigation Branch into the incident which left 77 passengers and crew injured.

Looking to the future, on 1 January 2010 the International Maritime Organisation's Casualty Investigation Code becomes mandatory requiring sea accidents and incidents to be investigated using the principles applying under Annex 13 of the Convention on International Civil Aviation to which the New Zealand Government became a signatory on 7 December 1944

Further, the new International Civil Aviation Organisation's State Safety programme requires the New Zealand Civil Aviation Authority to adopt its own investigation of risks within the national aviation system. All approved aviation operators will soon be obliged to formulate their own Safety Management System with 15 specified components covering safety, data collection, analysis and identification of risks, with each chief executive being made ultimately accountable for the safety of the aviation operator.

These technical developments will serve the thirty-five million travellers in New Zealand each year who trust those who hold statutory operator licenses issued by the New Zealand state to safely transport them to their destinations. The Commission plays a central role in that comprehensive transport safety system.

The annual budget of the Transport Accident Investigation Commission is almost \$4 million which equates to about a dollar each year from each New Zealander. The twin goals of the Commission are to prudently expend the tax-payer resources and to contribute to a competently operating New Zealand transport system. It is difficult to assess the economic value of the domestic and export goods carried each year; obviously, great economic interests of the nation depend upon a safely functioning transport system. The Commission, by facilitating New Zealand's transport system, contributes to the economic well-being of our country.

Next year there will be changes in the composition of the present Commission, as I have come to the end of my time of service to the Commission. My Commission colleagues over the past five years, Pauline Winter and Bryan Wyness each contribute substantially to the work of the Commission. For me, it has been an honour to serve with them, and also with the Chief Executive, Lois Hutchinson, Chief Investigator, Tim Burfoot, and the investigators and staff - all working together to make the New Zealand transport system safe and efficient.



Hon Bill Jeffries
Chief Commissioner

Chief Executive's Report

The Commission met as a Commission of Inquiry 11 times in 2008/09 which included 3 special hearings to receive oral submissions, approving 18 preliminary (draft) reports to go to the parties involved for consultation, and finalising 21 inquiries. In addition, the Commission met as a governance board 11 times.

There were 1237 notifications of occurrences made to the Commission from the Regulators, leading to 28 new inquiries opened. That is one inquiry opened for every forty-four notifications. The number of notifications represents a 4% (48) increase on the number of notifications made to the Commission last year. This is a lower rate of increase compared with previous years. Notifications to the Commission have been increasing year on year since 2005 (average increase of 174 notifications a year) with a significant increase in 2007 (of 342 notifications).

The most common notified events to the Commission were airspace incursions from the aviation mode, derailments from the rail mode, and personal injury from the marine mode. This was the same pattern as the previous year.

The most frequent types of occurrences inquired into by the Commission were collisions with terrain in aviation, and collisions in the marine. Rail cases were varied with no one type of occurrence dominating.

Service performance followed a similar pattern to last year with fewer investigations opened than planned (28/40 compared with last year's 27/39). This was mainly due to a more focused approach to opening inquiries in cases with the greatest opportunities for safety learnings. This is because the Commission's investigation staff and Commissioners are operating at full capacity. The unit service capacity of an investigator is 4 cases in and out each year, with queues and delays forming if more inquiries have to be opened than planned, inquiry openings are bunched, or an existing inquiry is more complex than average. The caseload for the Commission is expected to be 40 open cases on average at any given time. The year ended with the Commission's open cases at 47.

Similar factors apply to the work of Commissioners. They are at capacity when cases before them (preliminary or final) exceed 6 per month. The Commissioners require time for study, deliberation, and consultation when required. Interested persons have a right to be heard by the Commission on preliminary reports. Usual practice is for interested persons to make written submissions, but there are times when the issues are complex or suited to personal explanation or discussion. It is not unusual for the Commissioners to seek further clarification on points of issue or additional information to assist them in their deliberations. All this pushes out the time for inquiry completion.

Inquiry reports published were 18 compared with 24 last year. The reason for the fewer reports published is the service gap created when a senior rail investigator departed halfway through the financial year and was replaced by a trainee, while the marine team has had a trainee for the past two years so reducing its capacity. Meanwhile, aviation inquiries opened in the previous and year of report were below expectation leading to fewer reports.

The Commission has been focusing attention on clearing the rail backlog. Cases are not readily transferred to other investigators because case completion requires detailed and specific knowledge of the circumstances of the accident or incident which is obtained through a site investigation. However many of the cases are incident based, suitable for more shortened reporting formats, or for grouping under one report where the incidents are common to one type of event category such as derailments or platform overruns.

Work continues on refining our launch criteria to ensure we are opening inquiries into occurrences that will have valuable lessons for transport safety.

2008/09 was the first year of our 3 year Business Sustainability and Effectiveness Initiative. The purpose of the initiative is to build the Commission's corporate capability. The main emphasis of the initiative is to strengthen the administrative infrastructure in support of the Commission's inquiry functions. There are five key projects to the initiative:

- Corporate infrastructure & capability
- Quality Assurance
- Information systems upgrade
- Facilities
- Competency based staff training

The Facilities project is now completed. The Commission moved to new premises so it could accommodate staff recruited to the new positions. The Commission also upgraded its wreckage storage facility so that it could secure evidence and maintain compliance with occupational health and safety legislation.

The Quality Assurance project is programmed over 2 years. Year 1 involved undertaking a review of the Commission's policies and procedures. This is now completed. A number of recommendations were made covering areas such as internal control processes, documentation management, evidence handling and human resource management systems. Year 2 of the programme begins with implementation of recommendations made to remedy deficiencies in the Commission's Human Resources system.

The Information systems upgrade was deferred until after the Quality Assurance Review was completed because there are linkages to the outcome of the review with respect to investigation processes and documentation. Investigation processes and documentation management are key features of the proposed Accident Investigation Management System to be developed in 2009/10.

Similarly aspects of the corporate infrastructure & capability project were deferred while awaiting the outcome of the Quality Assurance Review. Most notably recruitment to the new roles relating to human resources, IT management and quality services was held over. As a result of the Quality Assurance Review and the recommendations made for process improvement, these roles are being reappraised in terms of scope of services and fit to the organisation.

Finally the competency based training programme for investigation staff is established and aligned with international standards for accident investigation practice.

The year end result is a deficit of \$149k compared to a budgeted surplus of \$1k. The deficit arose from providing for the loss incurred by the Commission when subletting its former premises. The Commission has minimized the losses incurred by securing a tenant for the remaining life of the lease under difficult market conditions. The provision covers the net present value of this loss over the 5 year term of the sublease less the expected rental income (*refer to Note 15 of the Financial Statements*). The Commission's decision to defer aspects of the Business Sustainability and Effectiveness Initiative impacted on the capital expenditure program for 2008-2011 for the development of the Accident Investigation Management System (AIMS). The deferment of the AIMS project resulted in property, plant and equipment budget being under-spent by \$111k. The overall expenditure over three years for this project is \$800k.

The Commission's on-going focus is to continue to improve upon its performance as New Zealand's independent accident investigation organisation. Key activities ahead are completion of the Sustainability and Effectiveness Initiative with IT systems upgraded and quality assurance recommendations in the areas of records management, finance, evidence management and occupational health and safety implemented.



Lois Hutchinson
Chief Executive

Performance against key objectives for the year ended 30 June 2009

The Commission had two key objectives in 2008/09. These were to:

- assist economic transformation by increasing transport safety; and
- fulfil the Commission's mandate by building its corporate capability.

Objective 1 relates to the Commission's principle purpose of investigating certain accidents and incidents with the view to avoiding similar occurrences in the future. The Commission's work is expected to impact on increasing transport safety by informing members of the transport sector, both domestically and internationally, of the safety lessons that can be learnt from transport accidents and incidents.

Achievements and progress against Objective 1 are discussed in Operations Review and the Statement of Service Performance.

Objective 2 relates to a specific project called the Sustainability Initiative, which the Commission commenced in the 2008/09 financial year to improve the Commission's corporate capability. The Sustainability Initiative is a planned programme over three years, which targets five areas for development. These are:

Focus Area	Activity	Year	Progress
Quality assurance framework	Review policies and procedures	2008/09	External quality assurance audit completed in June 09 with a final report issued containing 23 recommendations covering all aspects of the Commission's operations, e.g. records management, finance, health and safety, evidence management, investigation processes and human resource policy & procedures. A work programme has been established to implement these recommendations with human resource matters being prioritised.
	Review quality assurance systems	2008/09	
	Develop and implement systems	2008/10	
Corporate infrastructure and capability	Recruitment and organisational restructure	2008/09	Recruitment - four new positions filled: <ul style="list-style-type: none"> • General Counsel • Researcher • Executive Assistant • Communications Manager
			One position restructured - Corporate Services Manager
	Develop people strategy	2009/10	Three of the 6 new positions and 2 restructured positions were reappraised through the Quality Assurance (QA) Review Project and recommendations were finalised at the end of 2008/09. Subsequently position details, job descriptions and recruitment is underway and due to be completed in 2009/10. Work on the Commission's people strategy has been deferred after being reappraised through the QA Review Project. The report back from the QA Review Project identified a number of Human Resource system deficiencies that need to be addressed before an effective People Strategy is put in place.

Focus Area	Activity	Year	Progress
New upgraded IT system (AIMS)	Scoping of project	2008/09	Commencement of this IT project was delayed pending the completion of the quality assurance project. That way, the Commission's information technology needs and priorities could be evaluated from a quality assurance perspective before appropriate specifications could be developed for the new IT system.
	Selection of provider	2008/09	Preparations are now underway to identify an appropriate IT system, with a procurement process scheduled to be completed by December 2009, and development scheduled to commence in the first half of 2010.
	Development work commences	2009/10	
Competency based staff training programme	Current training arrangements reviewed and rolled out to staff	2008/11	A standard investigator training programme is now established with attendance at Cranfield University being a core requirement. Advanced training is now being appraised, although advanced aviation training programmes are more readily available than are rail and marine courses.
			Training for corporate services staff is now established as part of the annual business planning cycle and is assessed against the Commission's business needs at the time.
	Performance management systems are updated		The Commission's performance management systems have been evaluated with recommendations made for updating them. An integrated system is proposed. Work is underway to consult with staff with a view to implementing in November 2009.
Expanded facilities	Source and lease suitable premises	2008/09	Completed
	Reassign current premises	2008/09	Sub-lease secured until November 2009. Search continues to find another sub-tenant to lease the premises after November.

Operations review

At a Glance

	Aviation	Rail	Marine	Total
Notifications	580	251	406	1237
Most Frequently Notified Event	Air space incursion (98)	Derailment (41)	Personal injury (97)	
Inquiries Opened	7	9	12	28
Ratio Inquiries Opened : Occurrences Notified	1:83	1:28	1:34	1:44
Reports Published	8	5	5	18
Safety Recommendations Issued	10	19	12	41
Safety Recommendations Closed	4	7	12	23

Notifications are up 4% (48) from 2007/08, with greater variance within the categories. Air is up 10% (54). Rail is up 23% (46). Marine is down 12% (-52).

The Commission's investigation launch rate is in line with 2007/08, at 2%.

The number of reports published is down by 6 on 2007/08, due to two time-consuming cases, and continuing induction training of two trainee investigators.

The number of safety recommendations closed is down on 2007/08 (67/23). This is due in part to a large number of "backlog" recommendations being closed in that year.

Spotlight on Operations

Aviation

The aviation summary for 2008-2009 is:

- 47% of total notifications;
- 25% of investigations launched;
- 44% of reports published;
- 10 open investigations at 30 June 2009, 3 fewer than 2008;
- total direct cost of aviation investigations was \$118,115, an increase of \$31,691 from last year;
- average (over three years) total direct cost is \$82,269, an increase of \$19,628 from last year; and
- aviation cases are 37% of total direct investigation costs, down from 45% last year.

Aviation notifications are similar to the previous year, but the most frequent category, airspace incursions, is down. Airspace incursions are now 1 in 6 air notifications, compared to 1 in 5 last year. Fewer air inquiries were opened this year (7 vs. 11) reflecting a more focused approach from the Commission. The Airbus accident in Perpignan, France, drew resources from other cases, and contributed to a high cost for aviation investigations this year.

Repeated call for action on mountain flying training

In the past 15 years the Commission has investigated 5 accidents where poor decision-making coupled with inadequate mountain-flying skills has contributed to the deaths of 29 people. The Commission has previously made recommendations to the Director of Civil Aviation that training syllabi for aeroplane pilots be amended to include mandatory mountain or adverse terrain training.

In a report released in May 2009, the Commission again recommended that the Director of Civil Aviation address this significant safety issue. At 1555 hours on Friday 26 October 2007, Cessna A152 ZK-KID was on a cross-country navigation training flight when it entered a narrow and rising valley at low level from which escape was impossible. As the instructor attempted to manoeuvre out of the valley, the aircraft struck several trees. The instructor was killed and the student suffered serious injuries, but was able to walk out and summon assistance.

The instructor did not have the training and skills necessary to recognise the dangers associated with flying over mountainous terrain or to make an early decision to avoid entering the valley. The low flying leading up to the accident was not approved or justified.
(Report 07-011)

Table 1: Air Activity 2006 -2009

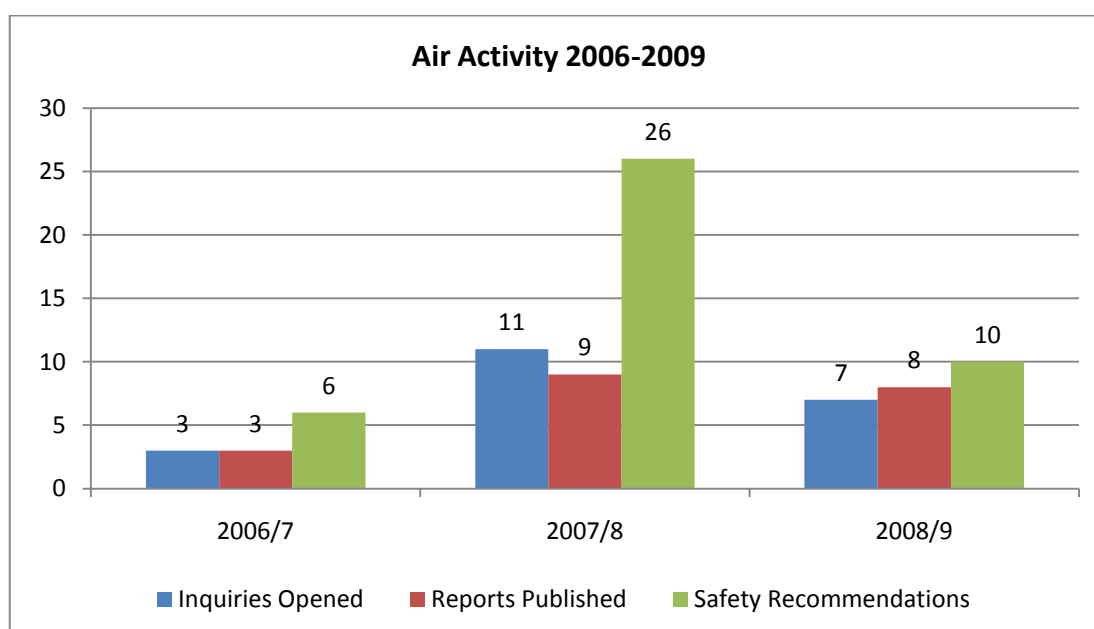


Table 2: Air Notifications by Type of Occurrence 2008-2009

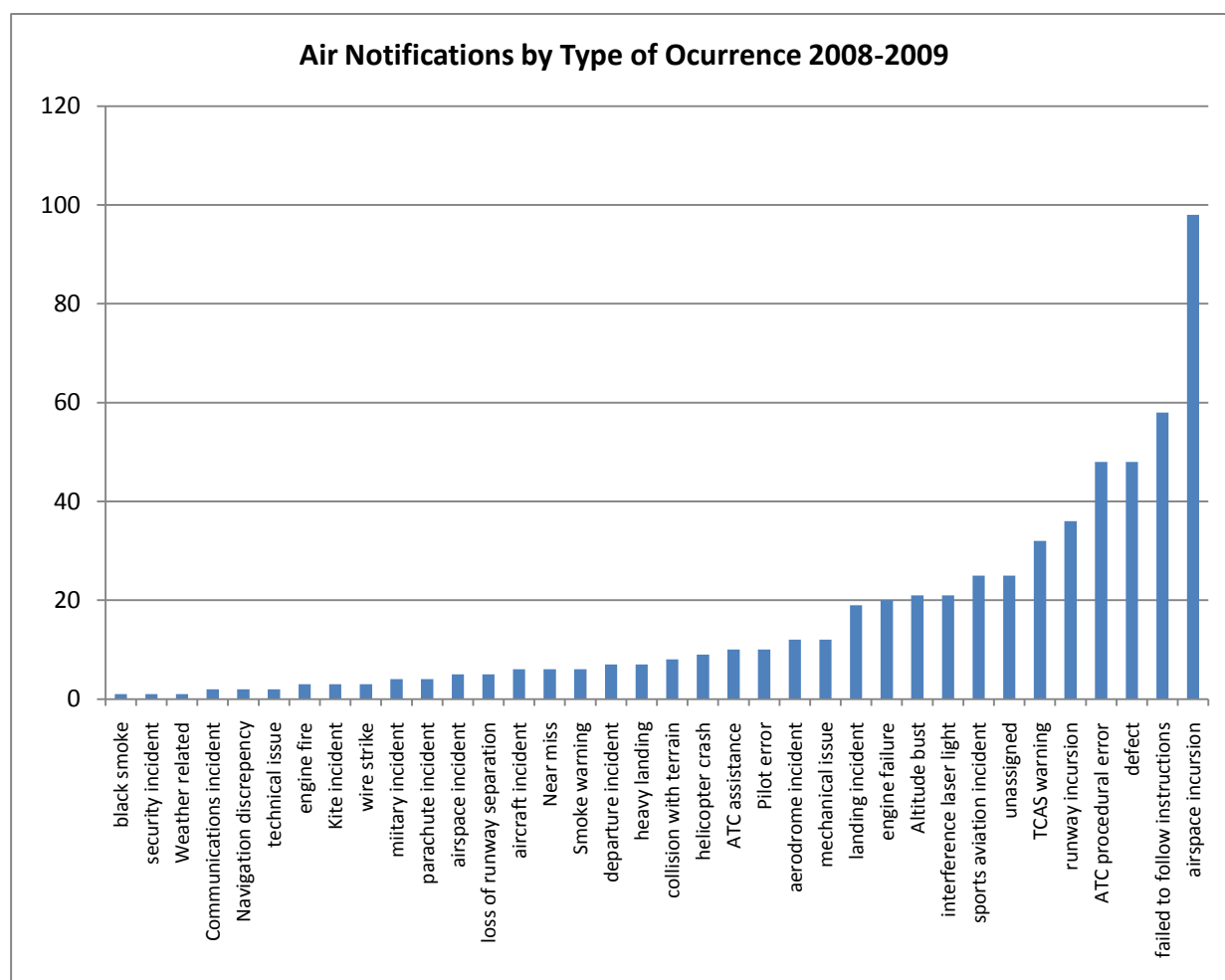


Table 3: Aviation Inquiries Opened 2008-2009

Investigation No	Vehicle Description	Event	Location	Date Occurred	Launched
09-003	Fairchild Metro SA227-AC ZK-NSS	Control difficulty and runway excursion	New Plymouth Aerodrome	31-Mar-09	01-Apr-09
09-002	Airborne XTS-912 ZK-DGZ	In-flight break-up	Able Tasman National Park	09-Feb-09	01-Apr-09
09-001	Britten Norman Islander BN2, YJ-RV2	Crashed	Vanuatu	19-Dec-08	21-Jan-09
08-008	Airbus A320	Crashed into ocean	20 km from Perpignan Airport, France	27-Nov-08	01-Dec-08
08-007	Robinson R22, ZK-HXR	Collision with lake	Lake Wanaka	01-Nov-08	06-Nov-08
08-006	PAC 750X, ZK-JPP	Collision with terrain	Switzerland	21-Sep-08	02-Oct-08
08-005	ZK-HWE Hughes 369D	Impact with terrain	Maori Saddle, Paringa, Westland	11-Aug-08	11-Aug-08

Table 4: Aviation Reports Published 2008-2009

Investigation No	Vehicle Description	Event	Location	Date Occurred	Public release
07-010	Fletcher ZK-DZG	Crash	Pukenui Forest	22-Nov-05	18-Jun-09
07-006	Beech 1900D	Wheels up landing following failure of landing gear to lower	Woodbourne/Blenheim	18-Jun-07	28-May-09
07-011	Cessna A152, ZK-KID	Impact with terrain	Te Urewera National Park, 23 km south-east of Murupara	26-Oct-07	21-May-09
07-012	Pacific Aerospace FU24-950, ZK-EGV	Collision with terrain	4NM south Opotiki Aerodrome	10-Nov-07	23-Apr-09
06-007	Kawasaki Hughes 369HS, ZK-HDJ	Collision with terrain	Mt Ruapehu	11-Dec-06	15-Jan-09
08-002	Aerospaciale A5355F1, ZK-IAV	Component failure in the rotor head assembly	Newtown, Wellington	14-Apr-08	15-Jan-09
07-002	Dornier 228-202 ZK-VIR	Partial incapacitation of crew during positioning flight	Over the Southern Alps en route from Westport to Christchurch	30-Mar-07	15-Jan-09
06-005	Gippsland GA8 Airvan, ZK-KLC	Partial engine failure	Cook Strait	27-Nov-06	14-Aug-08

Rail

The rail summary for 2008-2009 is:

- 20% of total notifications;
- 32% of investigations launched;
- 28% of reports published;
- 1 in 6 notifications were derailments (41/251);
- 23 open rail investigations at 30 June 2009, 5 more than 2008;
- total direct cost of investigations was \$68,462, an increase of \$32,578 from last year;
- average (over three years) total direct cost is \$48,300, an increase of \$6,740 from last year; and
- rail cases are 22% of direct investigation costs, up from 19% last year.

Rail notifications show a reduction in derailment notifications from 50 in 2007/08 to 41 this year. Derailments are a persistent problem in rail, so this is a pleasing development. The Commission published fewer rail reports this year than in the previous year due to the departure of an experienced rail investigator and the training of his replacement. Launch rates are also down on the previous year. Historically the Commission has had a high launch rate for rail, and this year has seen

the Commission adopt a more focused approach to launching rail investigations, with an emphasis on persistent occurrence types.

Rail safety compromised by underutilisation of available tools

Train tracking and control opportunities as well as sleep disorder and fatigue management best practices are not being utilised in train management, as an investigation into an early morning track warrant overrun found. A northbound freight train failed to stop as it reached Seddon at 0400 hours on 12 May 2007 and ran unwarranted for 15km until the driver was roused on the radio.

While there was no conflicting train at the time, the driver had arranged with an earlier conflicting train for it to wait on the loop at Seddon with the subject train to take the main line. Neither driver could remember the northbound driver making a required local traffic radio call at the Seddon limits which should have included a reminder of his warrant limits, nor did this lack of call go unchallenged by the southbound driver.

An extensive, multi-faceted investigation found the driver’s fatigue was caused by a lack of recent sleep, an undiagnosed sleep disorder, inadequate food or breaks on his shift, and circadian rhythms that were naturally lower in the early morning. The sleep disorder might have been identified before the accident had the company used contemporary assessment tools. Driver reaction times recorded by onboard systems could, had available onboard technology been enabled or upgraded, have alerted the driver and train control to the developing fatigue, notified train control of the train’s GPS position, and allowed for automatic or remotely activated stopping of the train.

Four safety recommendations were made to the Director of Land Transport in the report published in April 2009 (Report 07-108).

Table 5: Rail Activity 2008-2009

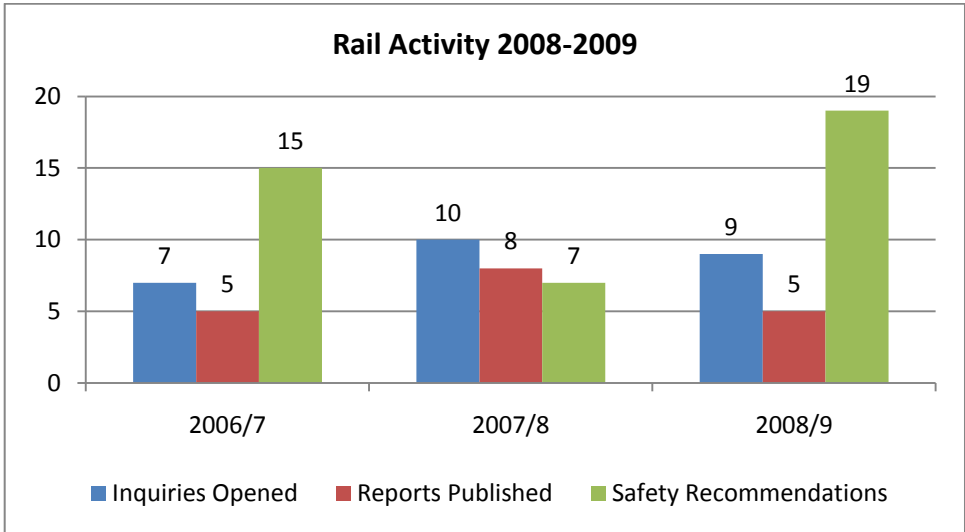


Table 6: Rail Notifications by Type of Occurrence 2008-2009

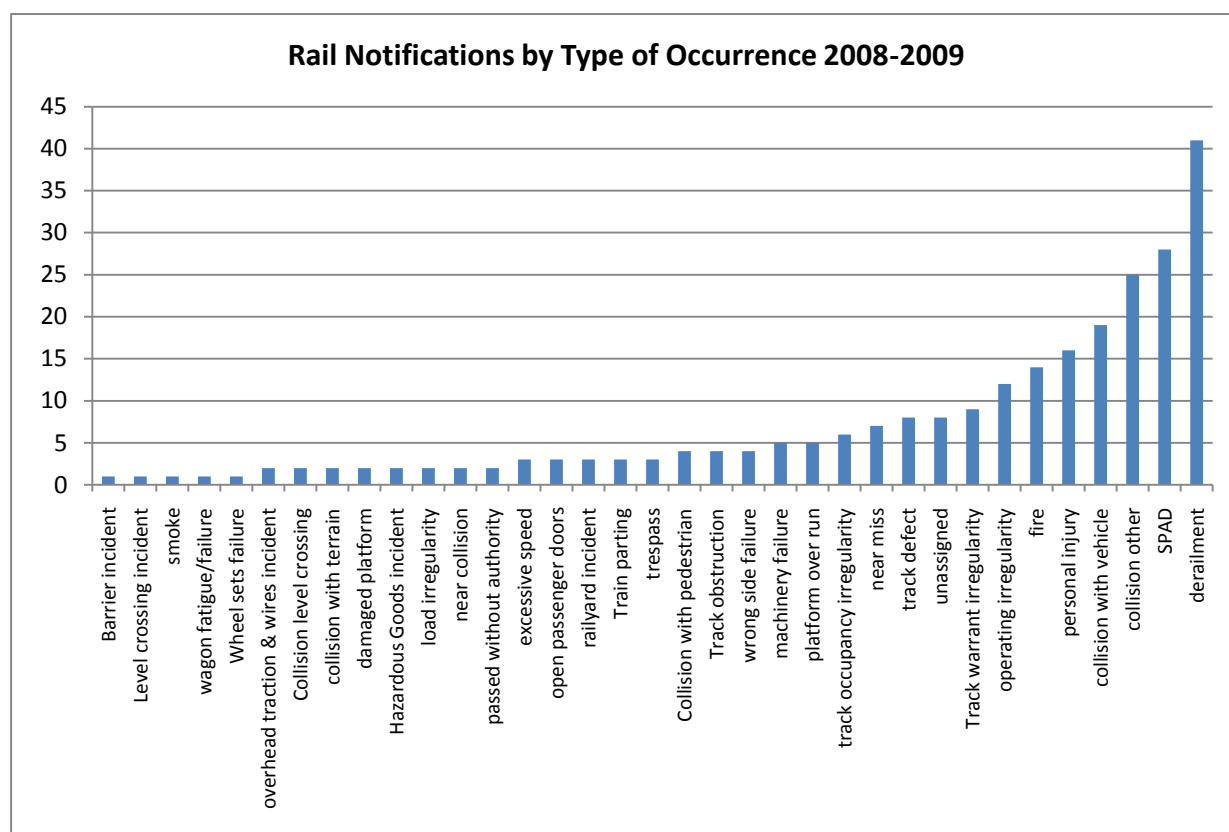


Table 7: Rail Inquiries Opened 2008-2009

Investigation No	Vehicle Description	Event	Location	Date Occurred	Launched
09-101	Express Freight Train 211	Derailment	Near Hunterville	07-May-09	07-May-09
08-113	SA/SD passenger Train 5250	Collision with stopblock	Britomart Station, Auckland	19-Dec-08	20-Dec-08
08-112	Express freight Train 848 and struck Train 845	Collision	Cass, Midland Line	08-Nov-08	08-Nov-08
08-111	Express freight Train 524	Derailment	Pukitutu	03-Oct-08	03-Oct-08
08-110	Express Freight Train MP1 and Train 225	Operating irregularity	Amokura	23-Sep-08	23-Sep-08
08-109	Passenger Service 9113	Platform overrun and SPAD	Auckland	04-Sep-08	04-Sep-08
08-108	Express freight Train 845	Overran track warrant	near Reefton	13-Aug-08	13-Aug-08
08-107	DMU passenger Train	Fire	Waitakere, Auckland	25-Jul-08	28-Jul-08
08-106	EMU passenger Train 9280	Ran into landslide debris and derailed	Wellington - Wadestown	23-Jul-08	24-Jul-08

Table 8: Rail Reports Published 2008-2009

Investigation No	Vehicle Description	Event	Location	Date Occurred	Public release
06-106	Express freight Train 826	Wrongside signal failure	Cora Lynn	31-Jul-06	25-Jun-09
07-108	Express freight Train 720	Track warrant overrun	Seddon, Main North Line	12-May-07	16-Apr-09
07-113	Express freight train 239	Wagons left in section	Te Awamutu - Te Kawa	22-Sep-07	12-Jan-09
07-110	Express Freight Train MP2	ONTRACK worker fatally injured when hit by passing train	Ohinewai	19-Jun-07	16-Oct-08
06-110	DMU passenger Train 4045	Uncontrolled mainline movement	Britomart	09-Oct-06	18-Sep-08

Marine

The marine summary for 2008-2009 is:

- 33% of total notifications;
- 43% of investigations launched;
- 28% of reports published;
- 1 in 4 notifications were personal injuries (97/406);
- 13 open marine investigations at 30 June 2009, 5 more than 2008;
- total direct cost of marine investigations was \$130,208, up \$59,225 from last year;
- average direct cost (over three years) is \$108,382, down \$595 from last year; and
- marine cases are 41% of direct investigation costs, up from 36% last year.

Marine notifications are steady from the previous year, with only minor changes in category occurrences. Inquiries opened are up 6 on the previous year, making for a busy year for the marine investigators. This rise in inquiries opened simply reflects a large number of occurrences requiring the Commission's investigation, rather than a change in Commission policy.

Catastrophe avoided in textbook safety incident

The specialised bulk iron sand carrier Taharoa Express was losing stability reserves, at significant risk of capsize, and at growing risk of structural failure as it made a run from its offshore loading buoy at Port Taharoa to shelter in Tasman Bay from approaching severe weather on 21 June 2007. An investigation of the incident published in May 2009 presented a classic picture of diverse factors combining and compounding to cause it.

The ship had been scheduled to have a slurry of about 116,000 dry tonnes of iron sand mixed with water pumped aboard. Earlier during the loading process the ship’s duct keel had flooded with water from the slurry-loading process, disabling the ship’s ballast and cargo de-watering systems. The water had gravitated from the cargo overflow recesses into the duct keel through welding access holes left unsealed after steel renewal in dry dock prior to the loading voyage.

When the ship began its run from the weather at about 1330 hours it had an estimated 17,800 cubic metres (m³) of water on top of the iron sand that had settled in 5 of its cargo holds, as well as a water ballast hold and several ballast tanks partially full. During the voyage a starboard list progressively increased until about 0150 hours on 22 June when the ship took a larger roll that woke key personnel who found that the ship now had a 17° starboard list. The ship was manoeuvred to minimise the motion of the ship in the heavy seas, but the list reached 22° before the ship reached Tasman Bay. The cause of the list was the progressive shift of iron sand in all loaded holds owing to wash action caused by sloshing free water, and possibly contributed to by an en masse shift of iron sand in one or more cargo holds.

A hierarchal, rigid and compartmentalised culture within the ship’s crew and its management company resulted in communication difficulties that meant that early warnings of the failing systems were misdiagnosed or ignored. None of the organisations responsible had a clear understanding of the cargo sand’s properties generally. The onboard stability computer could not adequately analyse the ship’s stability characteristics for a specific load.

Mandatory safety management systems for the ship operator and for aboard the ship, and a voluntary safety management system for the management of loading and for the operation of the port were all partially or poorly developed and applied by the 3 different organisations responsible, and they did not integrate with each other sufficiently. This meant that the potential for the incident circumstances to arise and be managed had not been realised or planned for. International and New Zealand standards for carrying bulk cargoes and general regulatory requirements for safety management and oversight were unmet.

A range of safety recommendations to the Director of Maritime Safety and the ship’s Flag State of Panama asked for the deficiencies identified to be addressed. (Report 07-207)

Table 9: Marine Activity 2006–2009

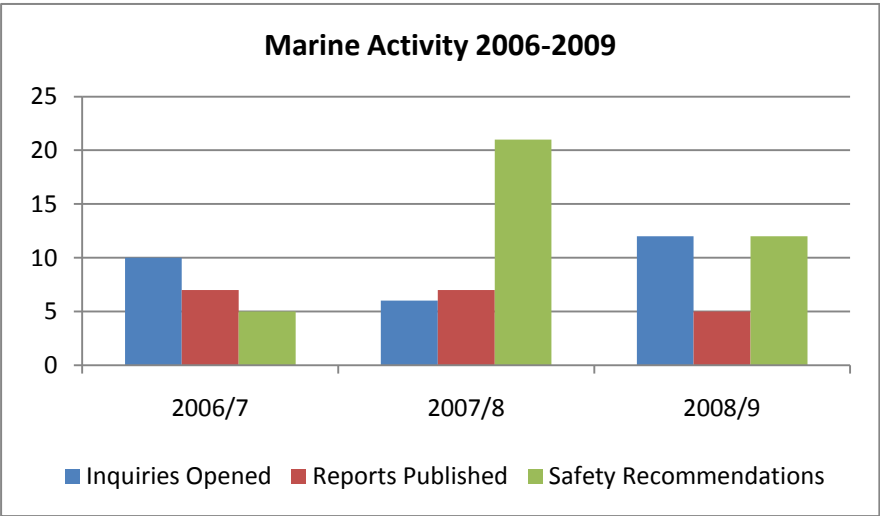


Table 10: Marine Notifications by Type of Occurrence 2008-2009

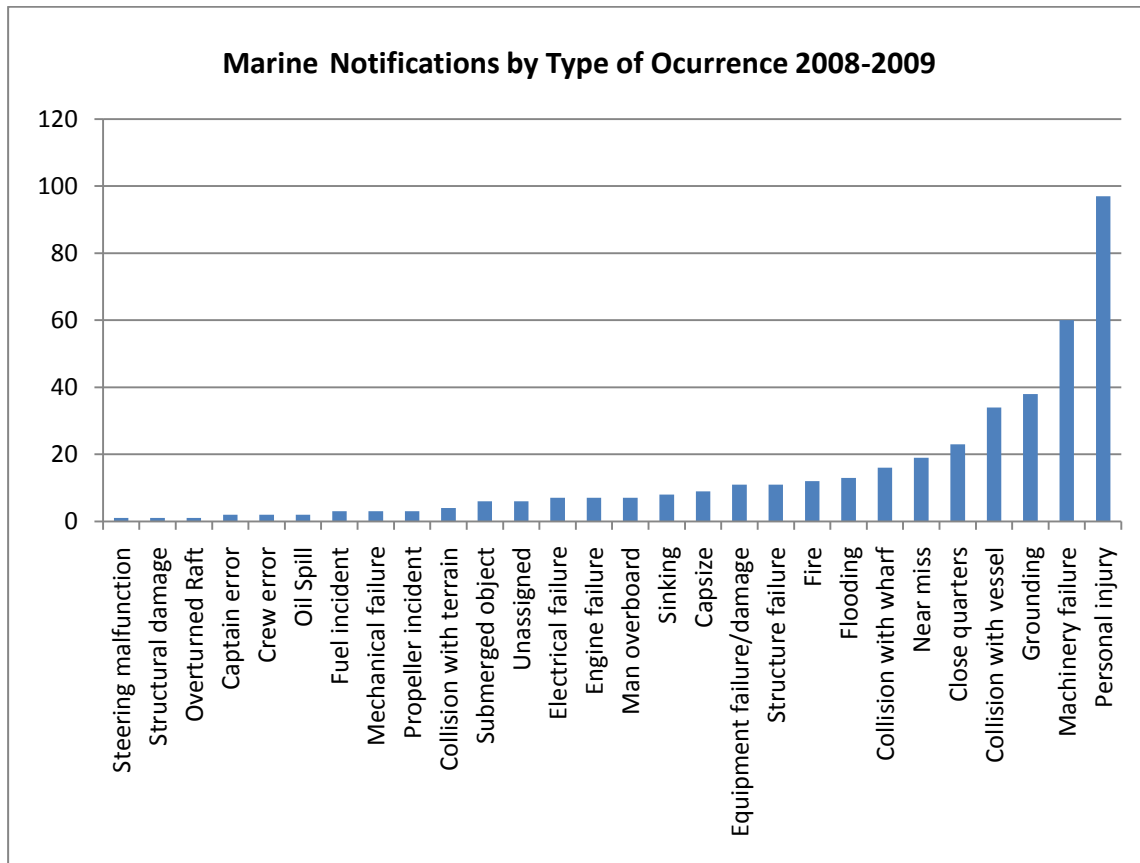


Table 11: Marine Inquiries Opened 2008-2009

Investigation No	Vehicle Description	Event	Location	Date Occurred	Launched
09-207	Volunteer Coastguard Vessel	Injury to persons	Manukau Harbour, Auckland	04-Jun-09	09-Jun-09
09-206	Tall Ship sail training vessel Soren Larsen	Structural heavy weather damage	200 nautical miles off the New Zealand Coast	01-Jun-09	08-Jun-09
09-205	Registered fishing boat Pantas #1	Fatal accident	port of Bluff	22-Apr-09	23-Apr-09
09-204	Dive! Tutakara Rescue	Collision with rock resulting in serious injury	Ngunguru harbor	03-Mar-09	04-Mar-09
09-203	Commercial Jet Boat	Jet boat capsize	Dart River, Queenstown	20-Feb-09	24-Feb-09
09-202	Passenger Vessel "Oceanic Discoverer"	Fatal injury	Port of Napier	19-Feb-09	19-Feb-09
09-201	Jetboat and Seadoo GTX	Collision	Queenstown	05-Jan-09	06-Jan-09
08-209	NIAD rigid inflatable	Foundering	Christchurch	29-Oct-08	29-Oct-08
08-208	Passenger cruise ship "Pacific Sun"	Heavy roll	Vanuatu bound for Auckland	30-Jul-08	30-Sep-08
08-207	Kawarau Jet No 6	Capsize	Kawarau-Shotover River confluence	25-Sep-08	25-Sep-08
08-206	Freight ferry "Monte Stello"	Collision with wharf	Glasgow Wharf, Wellington	08-Aug-08	08-Aug-08
08-205	Fishing vessel "San Cuvier"	Grounding	Near Opotiki, Bay of Plenty	27-Jul-08	28-Jul-08

Table 12: Marine Reports Published 2008-2009

Investigation No	Vehicle Description	Event	Location	Date Occurred	Date Released
08-202	Bulk carrier "Lodestar Forest" and bulk carrier "Anatoki"	Collision	Tauranga Harbour Roads	28-Apr-08	25-Jun-09
07-202	Fishing vessel "Walara-K"	Flooding and foundering	200 miles off Cape Egmont	07-Mar-07	18-Jun-09
07-207	Bulk carrier Taharoa Express	Cargo shift whilst seeking safe haven	southwest of Cape Egmont	22-Jun-07	28-May-09
08-201	Fishing charter vessel "Pursuit"	Grounding	Murimotu Island, North Cape (Otou)	13-Apr-08	15-Jan-09
06-207	Passenger vessel "Milford Sovereign"	Stalled engines and collision with rock wall	Milford Sound	31-Oct-06	18-Dec-08

Part 2: Statement of Service Performance

For Outputs in the year ended 30 June 2009

The Commission has only one output. All costs and revenue relate to this output.

Reporting On Accident and Incident Investigations

The Commission is funded to investigate and report on aviation, rail and marine accidents and incidents in New Zealand and the waters over which it has jurisdiction.

Table 13: Frequency of types of occurrences notified

	Quantity of category occurrences	10 most frequent occurrences notified	Number of occurrences in category 2008/09	Number of occurrences in category 2007/08*
Air	580 occurrences over 36 categories of events - 1 category (airspace incursions) accounts for 17% of air notifications received	1: Airspace incursion	98	114
		2: Failed to follow instructions	58	30
		3: ATC procedural error	48	43
		4: Defect	48	30
		5: Runway incursion	36	19
		6: TCAS warning	32	13
		7: Sports aviation incident	25	21
		8: Unassigned	25	19
		9: Altitude bust	21	21
		10: Interference laser light	21	18
Rail	251 occurrences over 35 categories of events - 1 category (derailments) accounts for 14% of rail notifications received.	1: Derailment	41	50
		2: SPAD	28	27
		3: Collision other	25	18
		4: Collision with vehicle	19	23
		5: Personal injury	16	12
		6: Fire	14	4
		7: Operating irregularity	12	5
		8: Track warrant irregularity	9	4
		9: Track defect	8	4
		10: Unassigned	8	4
Marine	406 occurrences over 28 categories of events - 1 category (personal injury) accounts for 24% of marine notifications received.	1: Personal injury	97	114
		2: Machinery failure	60	60
		3: Grounding	38	37
		4: Collision with vessel	34	28
		5: Close quarters	23	4
		6: Near miss	19	39
		7: Collision with wharf	16	13
		8: Flooding	13	7
		9: Fire	12	12
		10: Equipment failure/damage	11	15

*This is the first year that the Commission has reported variance in notification numbers between years. Previous reports indicated trends across a single year.

Table 14: Number of safety recommendations issued, by category of event (as identified in frequency table)

Air		Rail		Marine	
Collision with terrain	9	Collision Other	8	Structure Failure	7
Mechanical issue	1	Operation Irregularity	4	Collision with Vessel	3
		Track Warrant Overrun	4	Sinking	1
		Train Parting	2	Grounding	1
		Wrong side failure	1		
Total	10	Total	19	Total	12

Table 15: Ratio safety recommendations accepted by category/occurrences notified

Outcome: The transport system is increasingly safe & secure		Impact Measure		
		Ratio safety recommendations accepted by category/occurrences notified by category		
Mode	Occurrence	2008/09	2007/08	
Air	Runway over run	0:19	1:24	
	Collision with terrain	9:8	0:10	
	Mechanical issue	1:12	0:33	
Rail	Braking irregularity	0:0	1:0	
	Collision Other	8:25	4:13	
	Collision with vehicle	0:19	4:9	
	Derailment	0:41	2:25	
	Level crossing accident	0:0	1:1	
	Level crossing incident	0:1	1:1	
	Loss of over head power	0:0	1:0	
	Near miss	0:7	1:7	
	Passenger boarding incident	0:2	1:1	
	Passenger door incident	0:3	1:4	
	Signals passed at danger	0:28	1:27	
	Track warrant irregularity	0:9	3:4	
	Wrong routing	0:0	1:1	
	Operating Irregularity	4:12	0:3	
	Track Warrant Overrun	4:9	0:7	
	Train Parting	2:3	0:3	
	Wrong side failure	1:4	0:1	
Marine	Capsize	0:9	1:13	
	Close quarters	0:23	1:4	
	Collision with vessel	3:34	3:4	
	Collision with land	0:4	1:14	
	Foundering	1:0	3:0	
	Grounding	1:38	21:37	
	Heavy weather	0:0	1:1	
	Loss of directional control	0:0	3:0	
	Loss of propulsion	0:7	1:0	
	Life boat incident	0:0	4:0	
	Sinking	1:8	1:6	
	Structure failure:	7:11	0:5	

Output Measures

Inquiries into accidents and incidents compromise two sub-outputs. These are:

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

The number of inquiries opened in 2008-2009 was lower than the expected target (28 to 40). This was due to a natural variation in the number of cases meeting the Commission's launch criteria and the Commission's more focused approach when opening inquiries. Inquiries were opened only where it was clear that they would have significant safety lessons, and that they would not waste resources through duplication of effort.

The time taken to produce reports was higher than the expected target. The Commission took on average 445 days to complete a report against a target of 220 days. This, in turn, impacted on the number of reports published, which is below target (18 to 40). The two items are linked as the longer it takes to complete a report the fewer number of reports are produced. A number of factors have contributed to this situation. These are discussed below.

The Commission is trialling short form reporting as a way to improve timeliness of reports and to increase the number of reports produced. Inquiries that are not complex and do not require extended analysis will be published in a shorter form. The first short-form reports are expected to be published in 2009/10. A learning process is required for investigators to develop the skills to create successful short-form reports. Because the Commission must still consult fully with interested persons, regardless of the length of the report, there is a limit to the time savings possible from short-form reporting.

Rail

Rail has a high case load, the result of a historically high launch rate in that mode. This backlog of rail inquiries continues to create a high workload for the rail investigators who must also manage new rail inquiries opened. The Commission is attempting to mitigate this high workload by adopting a more focused approach to opening rail inquiries and by prioritising the completion of older inquiries.

Contributing to this situation was the service gap created when a senior rail investigator left the Commission half way through the financial year and was replaced by a trainee investigator, with a reduced workload. Although his inquiries were reallocated to the remaining rail investigators, "take up" of these inquiries was difficult. This is not unusual as inquiries are not easily transferable to other investigators because of the detailed and specific knowledge acquired by an investigator during the early stages of an investigation, particularly from visiting the accident site and interviewing witnesses.

Marine

With marine, a complex marine inquiry involving the near capsizing of the bulk carrier, the Taharoa Express, required substantial work from investigators, thereby increasing the amount of time spent on this inquiry and reducing the amount of time available for other inquiries. This inquiry was complicated because of the complex ownership and management structures applicable to the vessel, the technical and operational issues associated with loading and transporting iron sand, the national and international regulatory systems involved, and the historical control and management of the port leading up to the incident. All these aspects had to be fully investigated as part of the Commission's inquiry into the Taharoa incident, and required the input of the entire marine investigation staff.

In addition, the marine team continued to support a trainee investigator, who was working with a reduced case load. The training of this investigator added to the workload of the Commission's more experienced marine investigators thereby slowing report output across the marine team.

Air

With air, investigators worked on two complex overseas inquiries in 2008/09 - the Airbus accident in Perpignan, France, and the crash of a Britten Norman Islander in Vanuatu. Both investigations required investigators to spend periods of time out of New Zealand and away from other inquiries, extending inquiry completion times and reducing the total number of air reports produced.

Sub-Output 1: Investigations - Inquiries Opened

Measures	2008/09 Actual	2008/09 Target	% To Target	2007/08 Actual	2007/08 Target	% To Target
Quantity						
Air	7	15	47%	11	10	110%
Rail	9	15	60%	10	15	67%
Marine	12	10	120%	6	10	60%
Total	28	40	70%	27	35	77%
Quality						
No challenges to the Commission's investigation process	Nil - achieved	Nil		Nil - achieved	Nil	
Bi-Annual international peer review	Not scheduled	Not scheduled		n/a	n/a	

Measures	2008/09 Actual	2008/09 Target	2007/08 Actual	2007/08 Target
Timeliness: Inquires – investigations only (average working days to final approval)				
Air	399	200	231	200
Rail	470	200	385	200
Marine	415	200	315	200
Average of all investigations	423	200	317	200
Timeliness: Inquires – with hearings* (average working days to final approval)				
Air	n/a	360	n/a	n/a
Rail	n/a	360	n/a	n/a
Marine	n/a	360	n/a	n/a
Average of all investigations	n/a	360	n/a	n/a

*no inquiries were held with hearings in 2008/09

Sub-Output 2: Reports Produced

Measures	2008/09 Actual	2008/09 Target	% To Target	2007/08 Actual	2007/08 Target	% To Target
Quantity						
Air	8	15	53%	9	9	100%
Rail	5	15	33%	8	18	44%
Marine	5	10	50%	7	12	58%
Total	18	40	45%	24	39	62%

Measures	2008/09 Actual	2008/09 Target	2007/08 Actual	2007/08 Target
Timeliness: Full reports – Investigations Only (Average working days to public release) Reports are published within 4 weeks (28 Days) of Commission adoption				
Air	424	220	252	220
Rail	491	220	409	220
Marine	432	220	329	220
Average of all investigations	445	220	324	220
Timeliness: Full reports – with hearings* (Average working days to public release)				
Air	n/a	380	n/a	n/a
Rail	n/a	380	n/a	n/a
Marine	n/a	380	n/a	n/a
Average of all investigations	n/a	380	n/a	n/a
Timeliness: Short Reports† (Average working days to public release)				
Air	n/a	150	n/a	n/a
Rail	n/a	150	n/a	n/a
Marine	n/a	150	n/a	n/a
Average of all investigations	n/a	150	n/a	n/a

* no reports were published with hearings in 2008/09

† no inquiries were appropriate for publication with a short-form report in 2008/09

The Commission

Members of the Commission

Members of the Commission are:

- the Hon Bill Jeffries - Chief Commissioner (appointed in June 1997: term expires in March 2010);
- Ms Pauline Winter - Deputy Chief Commissioner (appointed in September 2001: term expires in November 2009);
- Mr Bryan Wyness – Commissioner (appointed in November 2004: term expires in November 2010).

Commissioners' remuneration is disclosed in Part Three of this report.

Assessors

Assessors are independent advisors to the Commission who have specialist expertise and knowledge about aviation, maritime or rail matters.

The Commission has seven assessors; all of them engaged as contractors. Their role is pivotal to helping the Commission to conduct quality inquiries and to produce quality investigation reports. Their core functions are to review draft investigation reports and to provide comments and advice to the Commissioners during their deliberations.

Assessors may also be consulted by the Commission's investigation team during an inquiry, however, the Commission is careful to ensure that the relationship between its assessors and investigators is kept at arms length. This is to ensure that assessors are able to provide objective advice to Commissioners, independent of the Commission's investigators, thereby acting as a further quality check for the Commission's investigation reports.

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 financial year ended 30 June 2009.

Staff

The Commission is a small organisation comprising 18 permanent staff members. A number of specialist contractors are also available to support the Commission, as and when required, including several assessors, a medical consultant, an IT consultant and an accountant.

Table 16 shows the composition of the Commission's employee workforce. Table 17 sets out the Commission's organisational structure.

Table 16 Workforce Composition (gender and ethnicity)

Male	13
Female	5
European	14
Pacific	2
Maori	1
Asian	1

Commission staff (excluding the Chief Executive) are organised into one of two work teams – the Investigation Team and Corporate Services.

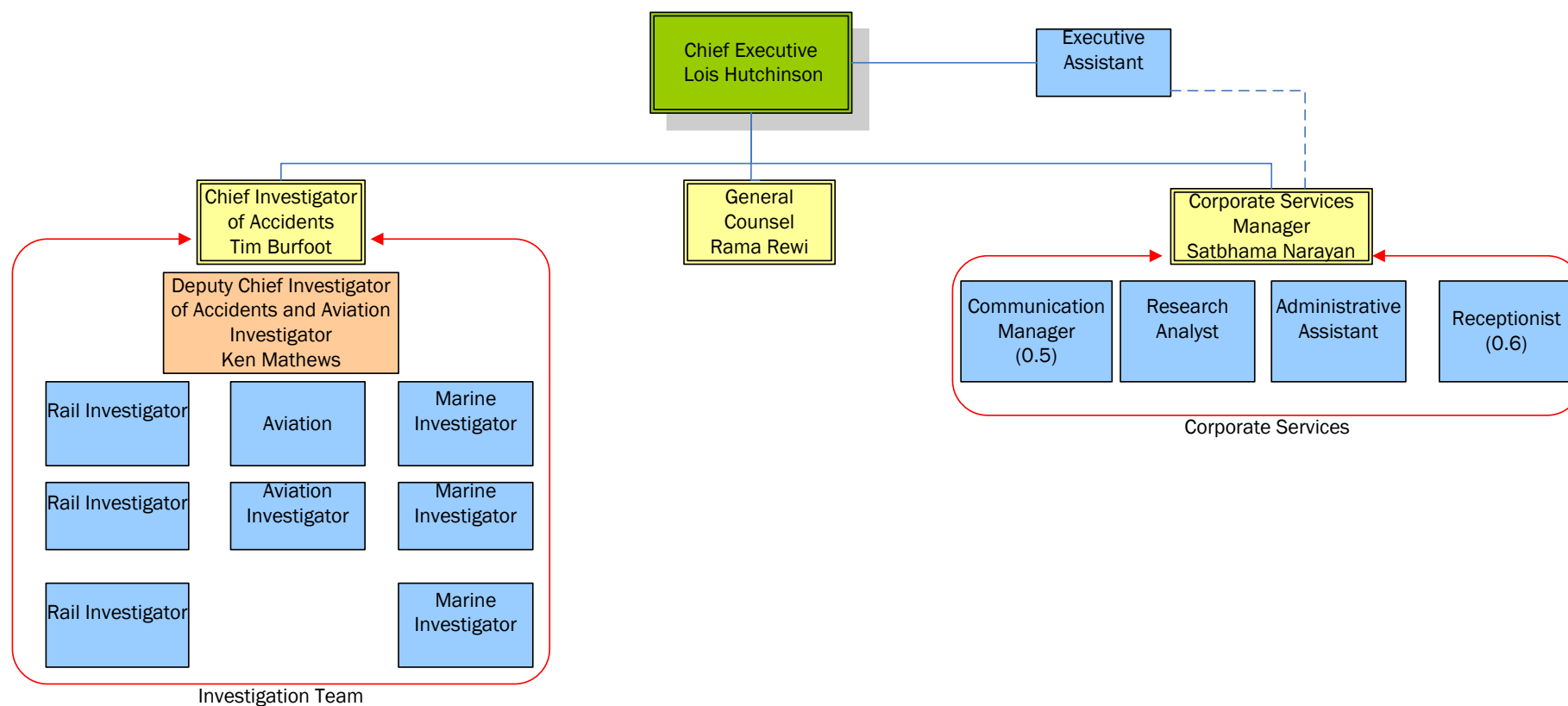
The Investigation Team comprises the Chief Investigator of Accidents and nine investigators, all of whom have a background in either rail, aviation or marine. The Investigation Team, in turn, is made up of three “mode” groups with three investigators in each group.

Corporate Services consists of seven permanent staff members with a diverse range of qualifications and expertise, including financial, human resources, legal, research and communications. The team is responsible for providing a range of services, including administrative, human resources, financial, strategic planning, IT, research, corporate governance and legal services.

Table 17: Organisational Chart

Transport Accident Investigation Commission

Current Organisation Structure (Permanent staff only)



Other information required by the Crown Entities Act 2004

Section 151 of the Crown Entities Act 2004 requires certain information to be included in this report. For example:

- section 151(f) requires information about directions given by the Minister of Transport. No such directions were issued in the financial year ended 30 June 2009;
- section 151(g) requires information about the Commission's compliance with its obligation to be a good employer (including its equal opportunities programme). This is discussed more fully below;
- section 151(h) requires information about payments made to Commissioners and employees in the financial year ended 30 June 2009. This information is contained in Part 3 of this report;
- section 151(i) requires information about the enforcement of certain natural person transactions. No such transactions occurred in the financial year ended 30 June 2009;
- section 151(j) requires information about any permissions for Commission personnel to act despite having an interest. No such permissions were granted to any person with an interest;
- Section 151(k) requires information about any other matters relating to or affecting the Commission's operations. Work continues on refining the Commission's launch criteria to ensure that the inquiries it opens will add value to the lessons already learnt, and will not waste scarce resources through duplication of effort where there is nothing more to be gained. A draft set of criteria is being trialled against notifications and current investigations, with the intention of using the results of this trialling to finalise the criteria before distributing them to key stakeholders for comment.

Further, work is being done to develop criteria to help determine when hearings should be convened for a particular inquiry and how those hearings should be conducted. The overriding question will always be what process and forms of information gathering will be the most effective for the inquiry concerned. Full hearings, for example, may not always be the best means because of the substantial costs and time required to organise them, the high likelihood of legal representation and the reluctance of people to talk openly in public. Alternative forms of information gathering, which the Commission already employs, include interviewing people, requesting written submissions, holding one-on-one discussions with interested persons and writing to people for information. Another approach, which the Commission intends employing more regularly, is conducting closed hearings where specific witnesses are invited to meet with Commissioners to answer questions.

Good employer initiatives

The Commission recognises that to remain a high performing inquiry entity it must continue to develop its employees' capabilities. The Commission, therefore, invests a significant amount of resources training its investigative and corporate staff. It does this by working with staff to develop individual development plans based on their personal and professional training needs, and on the Commission's own strategic objectives and operational needs.

Further, participation in international events and training programmes is an important part of the Commission's work programme. The Commission is obliged to be in a state of preparedness for

occurrences, large and small, wherever they occur. So, to be ready, Commission members and staff attend training workshops, seminars, strategic meetings and conferences annually to learn and to cement relationships. In particular, the Commission's investigator are required, as part of their ongoing development, to attend the investigative training course run by Cranfield University in the United Kingdom. Two investigators participated in this course this year.

The Commission is also committed to promoting a balanced work/home lifestyle as well as a safe and healthy lifestyle for staff, and supports all efforts and initiatives to promote a balanced and healthy lifestyle as the norm. To help achieve this objective, the Commission:

- contributes towards staff's gym membership or other exercise related fees;
- contributes towards eye examinations and prescription glasses;
- offers to pay for staff's flu vaccinations;
- allows flexible working hours and the ability for staff to work away from the office by providing laptops and remote access to the Commission's systems; and
- provides time in lieu (i.e. additional to alternative holidays) to staff who are required to work in the weekends.

Functions of the Commission

The Commission's core purpose is described in the Transport Accident Investigation Commission Act 1990 as being *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.*

To satisfy that purpose, the Commission has a number of functions - its main one being to investigate accidents and incidents. Its other functions include:

- ascertaining the cause or causes of accidents and incidents by making such inquiries as it deems appropriate;
- co-ordinating and direct the investigations it does make, including by deciding which other parties to involve;
- preparing and publish the findings and recommendations resulting from each investigation;
- (if requested) delivering a written report on each investigation to the Minister;
- co-operating and co-ordinating with overseas counterparts, including taking evidence on their behalf;
- where the Commission has not been formally notified by a transport safety regulator of an occurrence that it considers should be investigated under s13, then requesting such information as it considers appropriate; and
- performing any function or duty conferred on it by the Transport Accident Investigation Commission Act 1990 or any other Act.

There were no changes to the Transport Accident Investigation Commission Act 1990 during 2008/09.

Directions issued by Ministers

On 21 July 2008 the Minister of State Services and the Minister of Finance issued a direction regarding all-of-government shared authentication services pursuant to section 107 of the Crown Entities Act 2004.

Crown agents were directed as follows:

- (1) before developing a proposal to invest in or build online credential management or identity verification capability as an alternative to using all-of-government shared authentication services, whether the proposal is to be funded from retained depreciation funding or from new funding, to consult with State Services Commission' and
- (2) if, after such consultation:
 - (i) the Crown agent still intends to invest in or build alternative online credential management or identity verification capability; and
 - (ii) the State Services Commission has not agreed, either in the individual case or by reference to a generic class consent, to the Crown agent investing in or building alternative online credential management or identity verification capability,

the Crown agent must obtain the approval of its responsible Minister and the Minister of State Services before taking action to implement the proposal, unless any requirement in this clause 1 would be inconsistent with section 113 of the Crown Entities Act 2004.

The Commission was not involved in any proposals relating to this direction during 2008/09.

Part 3: Financial Statements

Statement of Responsibility for the Year Ended 30 June 2009

In the financial year ended 30 June 2009, Commissioners and management of the Transport Accident Investigation Commission were responsible for:

- preparing the financial statements and the statements of service performance and the judgments therein; and
- establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

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



Hon. W P Jeffries
Chief Commissioner

Date: 2 November 2009



Pauline Winter
Deputy Chief Commissioner

Date: 2 November 2009

Financial Statements

Statement of Accounting Policies for the year ended 30 June 2009

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 2009. The financial statements were authorised for issue by the board on 2 November 2009.

2. Basis of preparation

Statement of compliance

The financial statements for the year ended 30 June 2009 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's 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.

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. Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Commission include:

- NZ IAS 1 Presentation of Financial statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard required information in financial statements to be aggregated on the bases of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with the Crown in its capacity as "owner". The revised standard gives the Commission the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Commission intends to adopt this standard for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.
- NZ IAS 23 Borrowing Costs (revised 2007) replaces NZ IAS 23 Borrowing Costs (issued 2004) and is effective for reporting periods commencing on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The Commission intends to adopt this standard for the year ending 30 June 2010 and has not yet determined the potential impact of the new standard.

- NZ specific amendment to NZ IAS 2 Inventories. In November 2007 the New Zealand Accounting Standards Review Board approved an amendment to NZ IAS 2 Inventories, which requires public benefit entities to measure inventory held for distribution at cost, adjusted when applicable for any loss of service potential. Prior to the amendment, public benefit entities were required to measure inventories held for distribution at the lower of cost and current replacement cost. Application of the amendment is mandatory for reporting periods beginning on or after 1 January 2008. The Commission will adopt the amended standard for the year ending 30 June 2009 and expects the impact of adopting the new standard to be minimal.

6. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(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

Depreciated 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 8.4%
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 2009 had fluctuated by plus or minus 0.5%, the effect would have been to increase/decrease the surplus/deficit by \$1,955 (2008 \$1,272).

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.

The Commission holds cash with Kiwi Bank, National Bank and BNZ. These banks are part of the Crown Retail Deposit Scheme. Deposits up to \$1 million held with these banks are guaranteed by the Crown.

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.

The total cost of the sub-lease of Cigna House has been estimated and included in the current year's lease, rental and outgoings expense. This cost has been calculated by discounting the future net cash outflows of the sub-lease at a discount rate of 5%.

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.

Changes in Accounting Policies

There have been no changes in accounting policies this year. All policies are applied on bases consistent with those used in the previous year.

Critical judgments in applying the Commission's accounting policies

Management has exercised the following critical judgments in applying the Commission's accounting policies for the period ended 30 June 2009:

Leases classification

Determining whether a lease agreement is a finance or an operating lease requires judgment as to whether the agreement transfers substantially all the risks and rewards of ownership to the Commission. Judgment 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 statement of financial position as property, plant and equipment, whereas for an operating lease no such asset is recognised.

The Commission has exercised its judgment on the appropriate classification of equipment leases and, has determined that no lease arrangements are finance leases.


Statement of Financial Position

As at 30 June 2009

	Note	Actuals 30/06/09	Budget 30/06/09	Actuals 30/06/08
Assets				
Current Assets				
Cash and cash equivalents	1	696,399	508,000	306,127
Investments	2	-	-	157,517
Trade and other receivables	3	12,448	10,000	-
Prepayments	4	9,853	15,000	30,877
Total Current Assets		718,700	533,000	494,521
Non-Current assets				
Property, plant and equipment	5	218,517	330,000	113,106
Intangible assets	6	18,395	-	1,848
Total Non-Current Assets		236,912	330,000	114,954
Total Assets		955,612	863,000	609,475
Represented by:				
Liabilities and Taxpayers' funds				
Current Liabilities				
Trade and other payables	7	140,848	140,000	120,998
Employee benefits payable	8	179,404	130,000	144,787
Provision for rental loss	9	83,911	-	-
Total Current Liabilities		404,163	270,000	265,785
Non-Current Liabilities				
Provision for rental loss	9	106,485	-	-
Total Current Liabilities		106,485	-	-
Total Liabilities		510,648	270,000	265,785
Taxpayers' Equity				
		444,964	593,000	343,690
Total Liabilities and Taxpayers' funds		955,612	863,000	609,475



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 2009

	Note	Actuals 30/06/09	Budget 30/06/09	Actuals 30/06/08
Revenue				
Revenue Crown		3,938,000	3,938,000	2,723,000
Rental Income		45,223	-	62,363
Other income		2,707	8,000	3,805
Interest earned		39,107	28,000	25,733
Total Revenue		4,025,037	3,974,000	2,814,901
Expenditure				
Audit fees - Financial Statement audit		11,500	12,000	11,400
Audit fees - NZ IFRS Transition		-	-	4,000
Commissioners' fees		115,610	140,000	110,531
Depreciation & Amortisation		37,309	50,000	20,076
Lease, rentals and outgoings		719,152	504,000	271,895
Rental Loss	9	190,396	-	-
Capital charge	10	25,777	26,000	19,642
Personnel costs	11	2,005,396	2,384,000	1,656,922
Loss on disposal of assets		15,945	-	-
Other operating costs		1,052,678	857,000	722,769
Total Expenditure		4,173,763	3,973,000	2,817,235
Net Surplus/(Deficit)		(148,726)	1,000	(2,334)

Statement of Movements in Equity

For the year ended 30 June 2009

	Note	Actuals 30/06/09	Budget 30/06/09	Actuals 30/06/08
Opening Taxpayers' equity at 1 July		343,690	342,000	246,024
Plus:				
Net Surplus/(Deficit)		(148,726)	1,000	(2,334)
Plus:				
Capital Contribution from the Crown		250,000	250,000	100,000
Closing Taxpayers' equity at 30 June		444,964	593,000	343,690

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 2009

	Actuals 30/06/09	Budget 30/06/09	Actuals 30/06/08
Cash flows from operating activities			
Cash was received from:			
Revenue Crown	3,938,000	3,938,000	2,723,000
Rental Income	45,223	-	62,363
Other income	2,707	8,000	3,854
Interest received	42,291	28,000	25,932
	<u>4,028,221</u>	<u>3,974,000</u>	<u>2,815,149</u>
Cash was disbursed to:			
Payments to suppliers	1,870,513	1,475,000	1,117,683
Payments to employees	1,970,780	2,384,000	1,639,937
Capital charge	25,777	26,000	19,642
Net cash flows from operating activities	<u>161,151</u>	<u>89,000</u>	<u>37,887</u>
Cash flows from investing activities			
Cash was received from:			
Proceeds from sale of investments	154,333	-	49,980
	<u>154,333</u>	<u>-</u>	<u>49,980</u>
Cash was applied to:			
Purchase of property, plant and equipment	175,212	295,000	48,513
Net cash flows from investing activities	<u>(20,879)</u>	<u>(295,000)</u>	<u>1,467</u>
Cash Flows from Financing Activities			
Cash provided from:			
Capital Contribution from the Crown	250,000	250,000	100,000
Net Cash Flows from Financing Activities	<u>250,000</u>	<u>250,000</u>	<u>100,000</u>
Net movement in cash for the period	390,272	44,000	139,354
Opening cash and cash equivalents	306,127	464,000	166,773
Closing cash and cash equivalents	<u>696,399</u>	<u>508,000</u>	<u>306,127</u>

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 2009

	30/06/09	30/06/08
(Deficit)/Surplus from Statement of Financial Performance	(148,726)	(2,334)
Add Non-Cash Items		
Depreciation and amortisation	37,309	20,076
Loss on Disposal of Assets	15,945	-
	<u>(95,472)</u>	<u>17,742</u>
Add/(Less) movements in Working Capital Items		
Trade & other receivables	(12,448)	49
Accrued interest on investments	3,184	199
Prepayments	21,024	(22,852)
Trade & other payables	19,850	25,765
Employee benefits	34,617	16,984
Provision for rental loss	190,396	-
Total working capital items	<u>256,623</u>	<u>20,145</u>
Net cash flows from operating activities	<u>161,151</u>	<u>37,887</u>

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 2009

1. Cash and cash equivalents	30/06/09	30/06/08
Cash at bank and on hand	138,570	205,487
Short-term deposits maturing in less than three months	557,829	100,640
Total cash and cash equivalents	696,399	306,127

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:

	30/06/09	30/06/08
Short-term deposits (average maturity in 2008 121 days)	0	157,517
Weighted average effective interest rate	n/a	7.6% p.a

The carrying amounts of investments approximate their fair value.

3. Trade and other receivables	30/06/09	30/06/08
Not past due	11,448	
1-30 days	311	-
31-60 days	-	-
61-90 days	689	-
Gross Receivables	12,448	-
Less: Provision for impairment	-	-
Net Receivables	12,448	-

The carrying value of investment is approximately their fair value.

4. Prepayments and advances	30/06/09	30/06/08
Prepayments	6,415	27,439
ICAO Advance	3,438	3,438
Total prepayments and advances	9,853	30,877

5. Property, plant and equipment	Buildings	Computer Equipment	Furniture & Equipment	Total
Cost				
Balance at 1 July 2007	43,936	111,282	251,397	406,615
Additions	-	18,417	26,797	45,214
Disposals	-	-	-	-
Balance at 30 June 2008	43,936	129,699	278,194	451,829
Additions	114,210	20,707	18,565	153,482
Disposals	-13,798	-106,812	-194,831	-315,441
Balance at 30 June 2009	144,348	43,594	101,928	289,870
Accumulated Depreciation				
Balance at 1 July 2007	15,983	105,267	199,846	321,096
Depreciation Expense	1,177	5,331	11,119	17,627
Impairment Losses	-	-	-	-
Balance at 30 June 2008	17,160	110,598	210,965	338,723
Depreciation Expense	5,721	14,010	12,395	32,126
Reversal accumulated depreciation	-3,727	-105,985	-189,784	-299,496
Balance at 30 June 2009	19,154	18,623	33,576	71,353
Carrying Amounts				
At 1 July 2007	27,953	6,015	51,551	85,519
At 30 June 2008	26,776	19,101	67,229	113,106
At 30 June 2009	125,194	24,971	68,352	218,517

6. Intangible Assets	30/06/09	30/06/08
Acquired Software Cost		
Balance at beginning of year	16,227	12,927
Additions	21,730	3,300
Disposals	-9,241	-
Balance at end of year	28,716	16,227
Accumulated amortisation	30/06/09	30/06/08
Balance at beginning of year	14,379	11,930
Amortisation	5,183	2,449
Reversal accumulated depreciation	-9,241	-
Balance at end of year	10,321	14,379
Carrying Amounts		
As at beginning of year	1,848	997
At year end	18,395	1,848
7. Payables and Accruals	30/06/09	30/06/08
Trade creditors	116,379	52,383
Accrued expenses	24,469	68,615
Total Payables and Accruals	140,848	120,998
8. Provision for employee entitlements	30/06/09	30/06/08
Current employee entitlements are represented by:		
Annual leave	119,411	101,553
Sick leave	23,755	19,788
Accrued salaries and wages	36,238	23,446
Total current portion	179,404	144,787
Non-current employee entitlements are represented by:		
Retirement and long service leave	-	-
Total non-current portion	-	-
Total employee entitlements	179,404	144,787
9. Provision for rental loss		
The Commission has a lease for Level 11, Cigna House which is surplus to requirement. The current sub-lease expires in November 2009 and a new tenant has recently been signed until the expiry of the lease, in May 2015. As a result of this sub-lease the Commission will incur a loss. A provision of \$190,396 has been provided for in 2009 to cover the net present value of this loss. This provision is for the future discounted rental payments net of anticipated rental income.		
10. Capital charge		
Levied at 7.5% on the taxpayers' funds for 2009. For the 2008 year the rate was 7.5%.		
11. Personnel Costs	30/06/09	30/06/08
Salaries and wages	1,894,583	1,578,669
Employer contributions to defined contribution plans	9,674	8,207
Increase/(decrease) in employee entitlements	34,617	32,848
Recruitment	43,402	8,600
Other Staff Costs	23,120	28,598
	2,005,396	1,656,922

Employer contributions to defined contribution plans include contributions to Kiwisaver.

Employee remuneration

Total remuneration and benefits \$000	Number of Employees	
	2009	2008
\$100-\$110	2	0
\$110-\$120	2	5
\$120-\$130	4	2
\$130-\$140	1	1
\$140-\$150	0	0
\$150-\$160	0	0
\$160-\$170	1	1
\$170-\$180	0	0
\$180-\$190	0	0
\$190-\$200	0	1
\$200-\$210	1	0

The Chief Executive's total remuneration and benefits received in 2008/2009 is in the \$200,000-\$210,000 band.

12. 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.

13. Key management personnel

	2009	2008
Salaries and other short-term employee benefits	480,153	438,473
Employer contributions to defined contribution plan	2,892	1,780
	<u>\$483,045</u>	<u>\$440,253</u>

Employer contributions to defined contribution plan include contributions to Kiwisaver

Key management personnel include the Board, Chief Executive and two members of the management team. Board fees are disclosed separately below.

14. Commission members

Commission members earned the following fees during the year:

Member	Fees	
	2009	2008
Hon WP Jeffries (Chief Commissioner)	47,730	45,000
Ms PA Winter	35,640	31,680
Mr B Wyness	32,240	33,851
	<u>\$115,610</u>	<u>\$110,531</u>

15. Statement of commitments

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

	30/06/09	30/06/08
Less than 1 year	749,829	554,339
1 - 2 years	741,884	615,714
2 - 5 years	2,188,270	1,801,393
5+ years	4,651,862	4,768,420
	<u>8,331,844</u>	<u>7,739,866</u>

The Commission leases four properties, one of which has been sublet due to it being surplus to requirement. The Commission has recently signed a sub lease for Level 11, Cigna House through to the lease expiry in May 2015. The actual minimum sub-lease payment to be received is \$126,090 per annum. The total amount to be received over the whole term will be \$661,973.

A significant portion of the total operating leases relate to the lease of Levels 15 & 16, AXA House. This lease expires in August 2023. The lease for Cigna House expires in May 2015 and the lease for Bell Road expires in June 2017.

16. Statement of contingencies

Contingent liabilities

There were no contingent liabilities existing at balance date. (2008: Nil.)

Contingent assets

There were no contingent assets existing at balance date. (2008: Nil.)

17. Categories of financial assets and liabilities

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	30/06/09	30/06/08
Loans and receivables		
Cash and cash equivalents	696,399	306,127
Debtors and other receivables	12,448	-
Investments - term deposits	-	157,517
	<u>708,847</u>	<u>463,644</u>

18. Capital Management

The Commission's capital is its equity, which comprises accumulated funds and other reserves. Equity is represented by net assets.

The Commission is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

The Commission manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure the Commission effectively achieves its objectives and purpose, whilst remaining a going concern

19. Explanation of significant variances against budget

Explanations for significant variations from the Commission's budgeted figures in the statement of intent are as follows:

Statement of financial performance

Lease, rentals and outgoings

Lease, rentals and outgoings were \$215,152 over budget due to the sub-lease of Level 15, Cigna House not covering the lease cost to the Commission. The \$45,223 rental income was also offset against the expense in the statement of intent, but is shown separately under income in these statements.

Personnel costs

Personnel costs were \$378,604 under budget due largely to a delay in the hiring of planned new staff members. This delay enabled the Commission to save money on salaries, recruitment and other staff costs.

Other operating costs

Other operating costs were \$195,678 over budget to a higher than expected cost of investigations. This is the Commission's core responsibility, with the Commission having no control over the number of accidents that need to be investigated. Every effort is made to ensure only necessary costs are incurred to minimise any budget overruns.

Statement of financial position

Cash and cash equivalents

Cash and cash equivalents is \$188,399 over budget due to the delay in the AIMS project. The delay in acquiring key personnel to implement the project has meant the Commission was unable to proceed with the planned expenditure in 2009. This project has been started in the 2009/2010 financial year.

Property, plant and equipment

Property, plant and equipment is \$111,483 under budget due to the delay in the AIMS project as above. This decrease in expenditure was partly offset by a higher than anticipated fitout of the Commission's new offices in AXA House.

Statement of changes in equity

Surplus/deficit for the year

The Commission made a deficit of \$148,726 due to the one-off cost of the sub-lease of Cigna House. This is an unplanned and one-off cost that will be incurred this year, but will result in income each year over the term of the lease.

Statement of changes in cash flows

The statement of changes in cash flows shows a net movement in cash for the period \$346,273 better than budgeted due to the cash savings in personnel costs and the delay in the AIMS project. This was partially offset by the increased payments to suppliers.

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 2009

The Auditor-General is the auditor of the Transport Accident Investigation Commission (the Commission). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit. 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 2009.

Unqualified Opinion

In our opinion:

- The financial statements of the Commission on pages 30 to 42:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Commission's financial position as at 30 June 2009; 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 18 to 22:
 - 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 2 November 2009, 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 Commission 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 Commission 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 Commission as at 30 June 2009 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

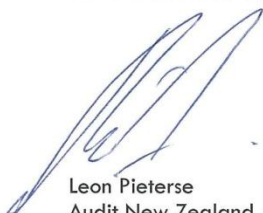
and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Commissioners' responsibilities arise from the Crown Entities Act 2004.

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.




Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the Transport Accident Investigation Commission (the Commission) for the year ended 30 June 2009 included on the Commission's web site. The Commission's Commissioners are responsible for the maintenance and integrity of the Commission's web site. We have not been engaged to report on the integrity of the Commission's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. 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 related audit report dated 2 November 2009 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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