



Transport Accident Investigation Commission

Statement of Intent

2009 – 2012

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The Commission's Purpose and Function

About the Commission

PURPOSE

The Transport Accident Investigation Commission (the Commission) is a standing Commission of Inquiry established under the Transport Accident Investigation Commission Act 1990 (the Act).

The Commission's purpose, as set out in its Act, is to determine the circumstances and causes of aviation, rail and maritime accidents and incidents to avoid similar occurrences in the future. It does this by conducting inquiries, which aim to inform members of the transport sector about the lessons that can be learnt from transport accidents. The knowledge gained from these inquiries helps transport sector members improve safety systems within the sector, both domestically and internationally.

INTERNATIONAL OBLIGATIONS

New Zealand has international civil aviation and maritime obligations to meet. These obligations are met through the Commission.

New Zealand is a signatory to the Convention on International Civil Aviation (the Chicago Convention). Article 26 of the Chicago Convention requires signatory States to investigate accidents and serious incidents involving foreign state aircraft. Annex 13 to the Chicago Convention sets out the international standards and recommended practices for investigating aircraft accidents and incidents.

Similarly New Zealand is a signatory to the Convention on the International Maritime Organization (IMO) and the many supporting maritime conventions such as the International Convention for the Safety of Life at Sea (SOLAS), supported by the Code of International Standards and Recommended Practices for a Safety Investigation into a Marine Casualty or a Marine Incident (Casualty Investigation Code).

The Chicago Convention and the Causality Investigation code require that signatories undertake independent accident and incident investigations. The Commission undertakes this role in New Zealand and conducts its investigations in accordance with the Conventions' standards and operating procedures.

INDEPENDENCE

It is important that the public has confidence in the Commission's inquiries into the circumstances and causes of occurrences. Public confidence can only be maintained if the Commission is seen to carry out its inquiries independently - free from actual or perceived bias, conflict of interest, or threat of sanction. New Zealand's international obligations also require that the Commission carries out its inquiries independently. For these reasons the Commission is classified as an

independent Crown entity, and Parliament has mandated the Commission's operational independence.

What the Commission does

NATURE OF FUNCTIONS

The Commission has three Commissioners appointed by the Governor-General in Council, supported by an administrative office, including a staff of accident investigators. The Commission's functions are set out in the Act and summarised in Schedule Two of its output agreement¹. Its main function is to inquire into maritime, aviation and rail accidents and incidents within New Zealand and, if asked, to co-ordinate and co-operate with other accident investigation organisations overseas.

The Commission's day-to-day operations focus almost exclusively on inquiring into accidents and incidents. An inquiry falls into five distinct phases:

Phase One: Receive notification from a transport regulatory agency of an occurrence and decide whether or not to inquire into the occurrence;

Phase Two: Inquire into the occurrence and prepare a draft preliminary report;

Phase Three: Approve a preliminary report and distribute it to interested persons as a basis for consultation;

Phase Four: Approve and publish a final report including safety recommendations; and

Phase Five: Monitor and follow up the implementation of recommendations.

In most cases, inquiries are carried out by examining evidence and interviewing witnesses. In 2007, the Commission broadened its approach in two inquiries where deeper scrutiny of the organisational and regulatory safety systems was needed because issues arose over the performance of the safety systems as a whole. In one of these inquiries the Commission held its first formal submissions hearing where invited parties could make submissions directly to the Commissioners.

The Commission has also begun to monitor accident notification patterns and trends through a database. The database has been developed to support the Commission's activities within particular categories of events and emerging trends so that signals of deeper system failures or changing behaviours can be identified.

¹ Agreement Between the Minister of Transport and the Transport Accident Investigation Commission: Output Agreement 2008/09

Who the Commission works with

THE NEW ZEALAND GOVERNMENT TRANSPORT SECTOR

While the Commission is an independent Crown entity it is also part of the New Zealand Government transport sector. The Commission has a role in working with other agencies in the sector to contribute towards the New Zealand Government's strategies and objectives.

The sector comprises the Minister of Transport, the Ministry of Transport, four Crown entities, three state-owned enterprises, one Crown established Trust, and the New Zealand Police.

The Commission is statutorily linked to the Civil Aviation Authority, the New Zealand Transport Agency and Maritime New Zealand through its own Act and the empowering legislation of each of the other entities. These entities regulate (respectively) the aviation, rail and maritime sectors. The Commission receives notification of occurrences from these transport regulators and may, in the course of making inquiries, investigate the role of the regulator in relation to an occurrence. The Commission has Memoranda of Understanding with these agencies to clearly set out how it will work with each agency.

The Commission is the only agency in the transport sector charged with inquiring into accidents and incidents to prevent similar accidents occurring in the future. By comparison, transport regulators investigate some maritime, aviation and rail accidents and incidents with a view to taking regulatory action, such as suspending or revoking transport documents or prosecuting for transport offences. The Police also investigate some serious transport occurrences where an offence is suspected.

OTHER NEW ZEALAND AGENCIES

The Commission has links with coroners. Coroners investigate sudden deaths with a view to determining the causes of death. The fact that the vast majority of transport-related fatalities are sudden means that coroners are very likely to investigate these occurrences. As a coroner and the Commission may both inquire into some fatal occurrences the Commission is working with coroners to establish protocols surrounding such cases.

INTERNATIONAL COMMUNITY

Reflecting New Zealand's international obligations, the Commission is part of a wider network of independent accident investigation agencies, and its practices and procedures are highly influenced by the international practices established globally for independent accident investigations in the fields of transportation. The Commission subsequently has close ties with its peers in America, Canada, UK, Norway, Sweden, Singapore, Taiwan and Australia.

Strategic Direction

The Commission's status as an independent Crown entity and a state sector entity under the Crown Entities Act 2004 means its primary obligation is to ensure that it fully meets the responsibilities of its own statutory mandate. In meeting this mandate, the Commission must align with the Government's strategic direction.

Fulfilling the Commission's Mandate

THE COMMISSION'S VISION

The Commission's vision of "safer transport through investigation, learning, and influence" reflects its focus on "assisting transport safety".

Aligning With Government

THE GOVERNMENT'S STRATEGIC DIRECTION

The Government's priority is to "grow the New Zealand economy in order to deliver greater prosperity, security and opportunity for New Zealanders."² .

CONTRIBUTION TO THE STRATEGIC DIRECTION

The Commission contributes primarily to the sector objective of "assisting safety and personal security" by inquiring into the causes of transport accidents and incidents, and sharing its findings with the transport sector with the aim of reducing repeat occurrences.

The Commission supports economic development by improving transport safety. For example, where the Commission's inquiries reduce the number of transport accidents and incidents this can, in turn, reduce the need for health services, and improve New Zealand's reputation as a tourist destination.

The Commission also supports the efficiency and effective management of Government assets, for example, by helping to prevent rail accidents which cause damage to track and rolling stock.

Strategic Goals

The Commission has four strategic goals, which are designed to meet the Commission's vision of "safer transport through investigation, learning, and influence", and to support the Government's strategic direction.

² Governor-General Anand Satyanand in the Speech from the Throne on 9 December 2008

STRATEGIC GOAL 1: THE COMMISSION'S INQUIRIES INFLUENCE THE SAFETY BEHAVIOUR OF THE TRANSPORT SECTOR.

This strategic goal supports the Commission's vision of "influence" in the transport sector. The Commission must not only possess expertise in conducting inquiries; it must also be *perceived* as having this expertise. The key to achieving this strategic goal is ensuring that the Commission produces timely, easily accessible and accurate reports, and that its staff continues to maintain expertise through appropriate training.

STRATEGIC GOAL 2: THE COMMISSION IS ABLE TO LAUNCH INQUIRIES WHERE IT BELIEVES THERE WILL BE VALUABLE LESSONS.

This goal supports the Commission's vision of "safer transport through investigation", and requires the Commission to have the capability to investigate where the circumstances demand it. This, in turn, requires the Commission to maintain a team of well qualified and experienced staff, and to have effective procedures in place to direct its inquiry processes optimally.

STRATEGIC GOAL 3: THE COMMISSION'S FINDINGS ARE ACCURATE AND ITS RECOMMENDATIONS EFFECTIVE.

This strategic goal is drawn from the Commission's vision of "learning" in the sector, and requires that the Commission's reports accurately describe the circumstances of an investigated incident or accident, that the findings are appropriate and reasonable, and that the safety recommendations, if implemented, will result in improved transport safety. This, in turn, requires expert staff, accurate information, and effective review procedures.

STRATEGIC GOAL 4: THE COMMISSION COMPLIES WITH ITS ACT AND WITH INTERNATIONAL OBLIGATIONS.

This strategic goal is drawn from the Commission's obligation to comply with its own Act, and the Government's obligations under international conventions and codes, including the Chicago Convention, SOLAS and the Casualty Investigation Code. This strategic goal requires the Commission to maintain a high standard of staff training and work capacity, as well as to complete international peer reviews.

Outcomes and Impact

Outcomes

The Commission works toward achieving the outcome mandated in its Act, namely that "similar accidents and high risk incidents are increasingly avoided". This helps to further the Government's strategic direction because if similar accidents are avoided then the New Zealand transport system will become increasingly safe and secure; it will be more able to support economic growth.

The Commission's method for achieving this outcome is through inquiries, which includes the production of reports containing findings and safety recommendations. Its inquiries serve to inform members of the transport sector of the lessons that might be learnt from transport

accidents. If these lessons are acted upon, then changes and improved safety systems within the sector should result.

Impact

The Commission will measure the “learning outcomes” of its reports by looking at the impact that these reports, and especially safety recommendations, have on transport safety. The Commission will do this by sampling specific reports and recommendations and looking at changes in the rates of similar accidents over time.

The nature of the Commission’s work makes measuring the impact of safety recommendations across broad categories very difficult. The scale of time and the variable causative factors of transport accidents mean that the impact of the Commission’s recommendations is easily lost among other influences in the sector. However, a historical analysis of very specific accident types could reveal the impact of the Commission’s safety recommendations.

Not all accident types are a good candidate for this kind of analysis. It is very difficult, for example, to establish trends for rare occurrences that may be “one offs” or that may occur once a year or less.

More common accident types, however, have a base rate of occurrence that may be monitored over time. The impact of the Commission’s recommendations on the rates of these types of incidents and accidents can be monitored with some accuracy, and, allowing for changes in the New Zealand transport sector, the success of individual reports and safety recommendations in preventing similar accidents can be measured.

As part of this sampling process the Commission will select one to three reports from the previous five years for impact analysis. These reports will be selected based on addressing occurrence types that lend themselves to easy analysis of trends, as discussed above.

For these reports, an analysis will be made of historical trends before and after the issuing of the report, along with information regarding other influencing factors, implementation of recommendations, further investigatory actions, and other significant events. As this is a qualitative measure of a very diverse field of information, no formal target can be made. However, in reporting these figures the Commission would hope to discover a reduction in rates of specific accident types following the engagement of the Commission in inquiry. If it is found that the rate of accidents did not decline after the engagement of the Commission, this would be a concern for the Commission, and would prompt a review of the specific report, and of the Commission’s processes.

The Commission's Operating Environment

THE TRANSPORT SECTOR

The New Zealand transport system produces a stable and to a limited extent predictable number of incidents and accidents each year, thereby providing the core environment in which the Commission operates. The Commission's window into these incidents and accidents is the notifications it receives from regulators. Notification numbers for the last three years are given in the table below:

	Mode	2005-2006	2006-2007	2007-2008
Notifications Received	Air	213	386	526
	Rail	159	118	205
	Marine	307	343	458
	Total	679	847	1189

Note that changes in notification rates do not necessarily reflect changes in accident or incident rates, but may instead be the result of changes in notification practices.

It is from these notifications that the Commission launches inquiries, and eventually produces reports. The recent scale of the Commission's operations is shown in the table below which reports annual data for the three financial years 2005/2006 through to 2007/2008:

	Mode	2005-2006	2006-2007	2007-2008
Inquiries Launched	Air	7	13	11
	Rail	17	17	10
	Marine	9	10	6
	Total	33	40	27
Final Reports Approved	Air	12	3	9
	Rail	30	5	8
	Marine	12	7	7
	Total	54	15	24

CHANGING TRANSPORT INDUSTRY

The rail industry continues to change. The Government purchase of TranzRail was completed in 2008. This has impacted on the notification practices of the rail industry, and the Commission has experienced an increase in notifications of rail occurrences. This is a positive development, but there are other implications that will require further monitoring, such as the status of safety recommendations issued to Tranzrail prior to its purchase, and the relationship between the Commission and the new rail regulator.

GOVERNMENT POLICY

Infrastructure development is a key goal for the New Zealand Government, and transport safety is an important element of that. There is potential for change in government policy which could alter the transport environment in New Zealand. These changes could have consequences for accident investigation and transport safety.

INTERNATIONAL CONTEXT

The Commission exists as part of a global network of transport accident investigation bodies, and is party to several international conventions on the conduct of inquiries, and subject to scrutiny on the basis of its adherence to recommended practices. The Commission's standing in the international community is an important part of its work. Co-operating with international investigatory bodies allows the Commission to participate in overseas investigations in which there is a New Zealand interest, and gives the Commission access to international expertise and resources.

The Commission's Operating Intentions

The Coming Year – 2009-2010: Strategic Objectives

The Commission has identified four strategic objectives for the coming year with a focus on continuous improvement. They are:

- building the Commission's expertise by building its corporate and inquiry capability;
- better intelligence, information and evidence: turning information into intelligence at the Commission's finger-tips and strengthening its evidence base;
- optimising delivery of the Commission's statutory mandate through better targeting of its resources, and optimising its approaches to inquiry; and
- effectively communicating its findings and recommendations to the sector; getting its message across so that the lessons are acted on.

OBJECTIVE 1

*Increasing the Commission's **expertise** by building its corporate and inquiry capability*

Building the Commission's corporate and inquiry capability continues to be a key objective for the Commission for 2009-2012. Staff expertise is essential to all of the Commission's strategic goals, directly impacting on the actual and perceived quality of the Commission's reports. Maintaining staff capacity is also essential to the Commission's ability to launch inquiries as required. In order to meet these goals, the Commission's staff need to be rigorously trained and developed to meet international standards. This objective also contributes to the State Services Commission's goals of employer of choice and trusted State Service³.

In 2008/9, the Commission developed a "People Strategy" to meet its training needs. This is described in greater detail in the "Managing Organisational Health" section following this chapter.

To make progress towards this objective, in 2009/10 the Commission will:

- implement a competency-based "People Strategy"; and
- implement recommendations from the sustainability and capability initiative⁴ quality assurance project⁵.

The Commission's success in meeting this objective will be measured by the quality of its investigation practices being recognised by an international peer review as best practice. The next bi-annual international peer review is scheduled for 2010/11. The Commission will also expect improved training to impact on improving timeliness figures and to maintain report outputs and launch rates.

OBJECTIVE 2

*Better intelligence, **information** and evidence: turning information into intelligence at the Commission's finger-tips and strengthening its evidence base*

Gathering better intelligence, information, evidence and access systems is another key objective for the Commission for 2009-2012. This links to the Commission's strategic goals of accurate and effective inquiries, and the ability to launch inquiries where significant safety implications exist.

The Commission currently has a largely paper-based information system, which makes sophisticated data analysis difficult. Monitoring patterns and trends in accidents and incidents

³ State of the Development Goals Report 2007: Transforming the State Services

⁴ Ministry of Transport Capability and Resource Review: Transport Accident Investigation Commission, November 2007

⁵ The Quality Assurance Report

helps it to target resources effectively and to improve the quality of its inquiries. In 2008/09, the Commission approved the design of an electronic information management system and employed a researcher. The Commission will expand upon these achievements with the aim of developing an effective suite of intelligence practices which support its strategic goals.

To make progress towards this objective, in 2009/10 the Commission will:

- begin implementing a new electronic accident information management system (AIMS);
- develop a research strategy; and
- review existing systems for information management.

Achievement will be measured by completion of these projects on time. It is also expected that completion of these projects will help the Commission continue to avoid contested proceedings, and pass peer-reviews conducted by international organisations.

OBJECTIVE 3

*Improve the Commission's **delivery** through well-targeted resources to optimise inquiry processes.*

Optimising the delivery of its statutory mandate is the Commission's third strategic objective. This will involve better targeting of resources and improving its inquiry processes. This objective is about doing what the Commission already does, but better. This objective links to the Commission's strategic goal of accurate and effective investigation, and to compliance with its Act and international obligations.

The Commission's inquiries will have greater impact if its resources are better targeted at those accidents and incidents which are likely to have the most impact on safety. Effective targeting means choosing more intelligently which occurrences to investigate and focusing on those with the most benefit for transport safety. For example, the Commission does not currently inquire into general aviation accidents and incidents. However, because this sector has a high accident rate, closer attention may be warranted.

In 2008/09 the Commission began a review of its criteria for assessing which accidents and incidents to inquire into. This review is being undertaken to bring the Commission's investigation criteria into greater alignment with the provisions of the Act, and to improve the efficiency of the Commission's operation – thereby optimising the safety outcomes from investigated occurrences. Proposed new criteria are expected to be completed by June 2009, after which the Commission will consult with interested parties before finalising it. The Commission will provide details of these revised criteria in its 2010/2013 Statement of Intent.

The Commission can also increase its impact through optimising its approaches to inquiries. The sustainability and capability initiative⁶ conducted by the Commission identified that it needed to strengthen its understanding of safety systems and their performance in the transport sector, review the role of assessors and Commissioners in the inquiry process, and increase the scale and scope of its inquiries so that appropriate occurrences are inquired into and reported on in line with international expectations.

The Commission has begun to respond to this, and in 2007 it broadened its approach in two inquiries where deeper scrutiny of the organisational and regulatory safety systems was undertaken. In one of these inquiries the Commission held its first formal submissions hearing where invited parties could make submissions directly to the Commissioners. These inquiries produced safety actions with broad-reaching implications for safety in New Zealand. In 2008/09 the Commission increased its monitoring of overseas developments by becoming more active in international civil aviation forums.

To make progress towards this objective, in 2009/10 the Commission will:

- clarify the role of assessors and the role of Commissioners in the inquiry process;
- work with the Ministry of Transport on a possible legislative amendment to allow the Minister of Transport to delegate administration of Annex 13 of the Chicago Convention to the Commission;
- develop protocols for public hearings; and
- implement revised criteria for assessing which accidents and incidents to inquire into.

Achievement will be measured through recognition by an international peer review that the Commission's inquiries meet best practice. Also, the Commission would expect to see a reduction in accident rates in reports chosen for historical analysis.

OBJECTIVE 4

*Effectively **communicate** the Commission's findings and recommendations to the sector:*

This objective speaks to the Commission's strategic goal of influencing the behaviour of the transport sector, by ensuring that the Commission's findings and recommendations are readily available and easily accessed.

The Commission currently communicates findings and recommendations through its reports which are tied to specific occurrences. The Commission is currently implementing improvements to its website to aid communication of these findings and recommendations. Work began on this in 2008/9.

⁶ Ministry of Transport Capability and Resource Review: Transport Accident Investigation Commission, November 2007
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Long term, the Commission is looking to review its communications strategy and considering new publication formats and delivery modes for reports, findings, and recommendations.

In 2009/10 the Commission will make progress towards this objective by further improving the performance of its web site and improving access to online resources.

Strategic Objective Timelines

The table below summarises the strategic objectives detailed above. It shows work that has already begun, and anticipates work that will be conducted in the future.

Strategic Objective	2008-2009	2009-2010	2010-2011	2011-2012
1. Expertise	Devised People Strategy Undertook Quality Assurance Review	Implement People Strategy Implement recommendations from Quality Assurance Review	Evaluate implementation of People Strategy, and revise it	Implement revised People Strategy
2. Information	Began work designing AIMS Employed researcher	Finish developing and begin implementing AIMS Develop research strategy Review existing information management systems	Implement AIMS Implement research strategy	Evaluate AIMS Continue implementing research strategy
3. Delivery	Increased involvement in international civil aviation meetings Began revising criteria for assessing which accidents and incidents to inquire into.	Work on legislative amendment to allow delegation of administration of Annex 13 Develop protocols for public hearings Develop revised criteria for assessing which accidents and incidents to inquire into	Develop protocols for hearings Implement revised criteria Review system for monitoring recommendation acceptance/closure rate	Implement revised system for monitoring recommendation acceptance/closure rate
4. Communication	Improved website accessibility	Improve function of website and further increase accessibility of materials online	Review and refine communications strategy	

Managing Organisational Health

The sustainability and capability initiative⁷ confirmed that there was a need for significant investment in the Commission to both realise the efficiency and effectiveness opportunities that were noted.

Capability Building

Since 2008/09, the Commission has been progressively building its capability to deliver services effectively and efficiently. The recruitment of new staff has extended its organisational capabilities, while allowing existing staff to focus on core roles. The Commission is also strengthening its administrative and investigative infrastructure, with a focus on improving record and data management. In 2009/10, the Commission will implement a range of initiatives aimed at furthering the organisational capability and data management goals of previous capability building exercises. This includes working towards better staff recruitment and retention, creating a learning and development culture within the organisation, skills training for specialist staff, and upgrading the Commission's technology to improve and streamline service delivery processes.

The capability building programme will continue until 2010-2011. These activities will also contribute to the State Services Commission's development goals⁸, including 'employer of choice', 'networked state services' and 'accessible state services'.

People Capability

The Commission is committed to developing its staff at all levels and believes that by doing so it will improve its strategic outcomes and ultimately ensure success as a high performing entity. The Commission's strategy for achieving these goals is outlined in the following chart:

⁷ Ministry of Transport Capability and Resource Review: Transport Accident Investigation Commission, November 2007

⁸ State of the Development Goals Report 2007: Transforming the State Services
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Goal	Activity	
Achieving quality outcomes	Having a performance review system that drives high levels of achievement.	Requiring both behavioural and technical capabilities to maintain the Commission's longstanding reputation as an inquisitorial entity.
Aligns and inspires action	Ensuring the Commission's purpose, direction, policies and performance expectations are clearly articulated and understood by staff.	Build a culture of accountability, including performance monitoring and providing feedback. Communicate to staff and provide support in achieving the Commission's strategic objectives and goals.
Wellbeing	Promote personal responsibility for well being.	Provide an environment where staff enjoy their work and gain satisfaction The Commission promotes 'work life' balance e.g. time-in-lieu policy, commitments to good health, working remotely.
Work with the Treaty of Waitangi	Recognise the Commission's obligations to the Treaty of Waitangi	Encourage, support and deliver the Commission's responsibilities under the Treaty of Waitangi.
Value difference	Take positive steps to support diversity within the Commission to more closely reflect the community	Encourage and allow diversity of ideas and style of expression.

Risk Management

The Commission’s Audit and Risk Committee provides oversight of the Commission’s management of risks. Specific key risks identified for the next three years are noted in the following table.

Specific Risks	Mitigation
Emerging risks on financial resources from increased costs associated with systematic and large scale occurrences.	The Commission and Ministry of Transport are exploring response protocols for managing the resourcing of substantive inquiries.
Information produced from existing data management system is insufficient and unreliable, and could compromise the Commission's analytical capability when reporting on investigations.	Develop and implement a new data management system
Access to high-quality staff.	Adequate levels of suitably qualified staff will be maintained by appropriate training and development. Future needs will be identified and a succession plan will be developed as part of a business continuity plan
The Commission’s ability to hold effective public hearings could be compromised in the absence of clear policy and legal criteria and procedures.	A public hearing framework will be developed, which will include clear policy and legal criteria for holding public hearings.

Reporting to the Minister

The Commission will report quarterly to the Minister of Transport on the following matters:

- key achievements and events for the period, and emerging issues;
- ‘actual’ progress for the period against the financial and non-financial output measures set out in Schedule One⁹, including explanation of any significant variances from these measures and any impact on the expected delivery of the related outputs. Specifically, non-financial reporting will be against the Statement of Outputs (Schedule One)¹⁰;
- ‘actual’ financial performance for the period against the forecast financial statements set out in Schedule Six¹¹, including explanation of any significant variances from those forecasts and

⁹ Agreement Between the Minister of Transport and the Transport Accident Investigation Commission: Output Agreement 2008/09

¹⁰ Ibid

¹¹ Ibid

the impact on the expected year-end outturn. Specifically, financial reporting will be against the:

- financial measures in the Statement of Outputs (Schedule One)¹²;
- forecast financial statements listed in Schedule Four¹³;
- an explanation of the changes and the supporting rationale whenever financial and/or non-financial performance is reforecast substantively by the Commission during the period (e.g. a revised budget is adopted), an explanation of the changes and the supporting rationale. Future reporting will then state the reforecast measures, reference the explanation, and report against the reforecast measure levels; and
- any significant issues or risks arising during the period, or anticipated, the impacts of these issues or risks and the ways these are being managed by the Commission. This reporting will include consideration of issues or risks for organisational capability.

Other Required Information

Statutory Requirements

The Commission has a statutory requirement to report any intended new borrowings or financial leases for the period covered by its Statement of Intent. The Commission does not intend incurring any such borrowings or leases during 2010/13.

Other Reasonably Necessary Information

The Commission considers that all the information reasonably necessary for others to achieve an understanding of the Commission's intentions and direction for the period 2009-2012 is included in other sections of this report.

Financial and Non-Financial Measures

Non-Financial Measures

The Government funds independent inquiries into aviation, rail, and marine accidents and serious incidents by the Commission. These inquiries are to determine the circumstances and causes of accidents and incidents having significant implications for transport safety, with a view to avoiding

¹² Ibid

¹³ Ibid

similar occurrences in the future, rather than ascribing blame to any person. Inquiries have two outputs: Reports, containing findings, and safety recommendations.

The report output is key to the Commission achieving its strategic goals of influencing the behavior of the transport sector and having the capacity to launch inquiries where it sees the potential for safety implications. To this end, the Commission will undertake to produce 35-50 reports annually, based on the rate of new investigations launched. In line with this expected publication rate, the Commission will launch inquiries in a similar range, expecting over time to maintain close to a 1:1 ratio between inquiries opened and reports published. As accidents happen at unpredictable and highly varied rates, and because the nature of some accidents requires substantially higher funding and investigator input, a variable workload is expected. Allowing for a flexible range of reports allows the Commission to launch inquiries in accordance with the Act, while maintaining a reasonable investigator workload and report output.

The quality of the Commission's reports is key to the achievement of its strategic goals of accurate and effective findings, influencing the sector, and meeting its international obligations. Timeliness is an important measure of report's effectiveness in influencing the sector. Qualitative measures are also important. The Commission expects to undergo regular bi-annual peer review, and to maintain a record of no contested proceedings. The Commission will also produce historical analysis of accident trends surrounding selected reports, as discussed in the chapter "Outcomes and Impacts".

The non-financial measures that the Commission intends to use for the years 2010/12 are outlined in the chart below:

Measures For Inquiries	2008-2009	2009-2010	2010-2011	2011-2012
QUANTITY				
New Inquiries Opened	35-50	35-50	35-50	35-50
QUALITY				
Number of contested proceedings against findings	0	0	0	0
Bi-annual international peer review of investigative capability, testing for alignment with international principles & standards		Review		Review
Historical report impact review	1-3	1-3	1-3	1-3
TIMELINESS				
<i>Measured in average number of working days, date launched – date published</i>				
Inquiries – investigations only	220	220	220	220
Inquiries – with hearings	360	360	360	360
REPORTS PUBLISHED	35-50	35-50	35-50	35-50

Financial Measures

	2008-2009		2009-2010
Expense	Budget	Estimated Actual	Budget
	\$000	\$000	\$000
Total Appropriation	3938	3938	3938

Summary of Service Provider	2008-2009		2009-2010	
	Budgeted	Estimated	Budgeted	Reporting Mechanism
	\$000	Actual	\$000	
		\$000	\$000	
Reporting on Accident or incident investigations	3938	3938	3939	Provider's annual report

Current and Past Policy Initiatives		2008-09	2009-10	2010-11	2011-12	2012-13
Policy Initiative	Year of first impact	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted
		\$000	\$000	\$000	\$000	\$000
Commission capability	2008-09	0	1200	1200	1200	1200
Increase funding to ensure Commission's viability and capability for service	2007-08	121	121	121	121	121

Statement of Accounting Policies

Reporting entity

The 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 in order to avoid similar occurrences in the future.

The Commission also represents New Zealand at accident investigations conducted by overseas authorities 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.

The Financial Forecasts of the Commission are for the years 2009-2013. The Financial Forecasts were authorised for issue by the Board on 31 March 2009.

Changes in accounting policies

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

The Financial Forecasts have been prepared on a historical cost basis.

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

PARTICULAR ACCOUNTING POLICIES

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

(a) Budget figures

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 Forecasts.

(b) Revenue

The Commission derives revenue through the provision of outputs to the Crown, 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.

(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

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.

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 Forecast of Financial Position.

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

Fixed Asset Type	Useful Life (Years)	Depreciation Rate %
Buildings (store)	33 - 50	2% to 3%
Computer equipment	2.1 – 10	10% to 48 %
Furniture and equipment	2.1 – 20	5% to 48%

(f) Intangible assets

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.

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 Forecast of Financial Performance.

(g) GST

All items in the Financial Forecast 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 Forecast 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 Forecast of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

(h) Forecast 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) Provision for employee leave entitlements

Employee benefits 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) Taxation

The Commission is a public authority in terms of the Income Tax Act 2004 and consequently is exempt from income tax.

(k) 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 an expense on a straight line basis over the lease term.

Lease incentives received are recognised in the Forecast of Financial Performance over the lease term as an integral part of the total lease term.

(l) 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.

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.

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.

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, investments and trade receivables. 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 Commission 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 an 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.

(m) Critical accounting estimates and assumptions

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

Property, plant and equipment useful lives and residual values

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

the asset by the Commission, and expected disposal proceeds from the future sale of the asset.

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

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

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

This part has been prepared in accordance with the requirements set out in s 142 of the Crown Entities Act 2004.

FORECAST 2009-2013: STATEMENT OF FINANCIAL PERFORMANCE

(Figures exclude GST unless specified)

For the Budget year ended 30 June 2010

Statement of financial performance	Forecast Projected Actual 2008/09	Proposed Budget 2009/10	Estimated Budget 2010/11	Estimated Budget 2011/12	Estimated Budget 2012/13
	\$000	\$000	\$000	\$000	\$000
Revenue:					
Crown	3,938	3,938	3,938	3,938	3,938
Other/lease ¹	62	101	154 ⁷	154 ⁷	154 ⁷
Profit on sale of fixed assets	0	0	0	0	0
Interest on deposits	42	42	43	48	48
Total revenue	4,042	4,081	4,135	4,140	4,140
Expenses:					
Audit	12	12	15	15	15
Capital Charge	26	48	92	92	92
Commissioners' fees ² (excluding expenses)	143	157	156	156	156
Depreciation ³	50	60	80	90	90
Personnel costs	2,127	2,264	2,273	2,282	2,282
Lease, rentals and outgoings ⁴	593	771	771	771	771
Loss on sale of fixed assets	-	-	-	-	-
Other operating costs	1,022	757	745	732	732
Total expenses	3,973	4,069	4,131	4,138	4,138
Net surplus (deficit)	69	12	3	2	2

FORECAST 2009-2013: STATEMENT OF FINANCIAL POSITION

(Figures exclude GST unless specified)

Budget year as at 30 June 2010

Statement of financial position	Forecast Projected Actual 2008/09	Proposed Budget 2009/10	Proposed Budget 2010/11	Proposed Budget 2011/12	Proposed Budget 2012/13
Assets	\$000	\$000	\$000	\$000	\$000
Cash at bank & deposits	548	563	573	630	692
Prepayments & advances	15	20	20	20	20
Receivables & accrued interest	10	10	10	10	10
Physical assets	360	995	985	935	885
Total assets	933	1,588	1,589	1,596	1,608
Liabilities					
Payables & accruals	140	118	110	110	110
Provision for payment of surplus	0	0	0	0	0
Provision for leave ₅	130	160	165	170	180
Total liabilities	270	278	275	280	290
Taxpayers' funds	663	1,310	1,314	1,316	1,318
Taxpayer's funds as a percentage of total assets.	71%	82%	83%	82%	82%
Ratio of current assets to current liabilities	2.1	2.1	2.2	2.4	2.5
Ratio of fixed assets to total assets.	0.4	0.6	0.6	0.6	0.6
Taxpayers' funds:					
Taxpayers' funds at beginning of year ₆	344	663	1,310	1,314	1,316
Surplus (deficit) for year	69	13	3	2	2
Capital injection	250	635	0	0	0
Taxpayers' funds at end of year	663	1,311	1,314	1,316	1,318

FORECAST 2009-2013: CASHFLOW STATEMENT

For the Budget year ended 30 June 2010

Cash flow statement	Forecast Projected Budget 2008/09	Proposed Budget 2009/10	Estimated Budget 2010/11	Estimated Budget 2011/12	Estimated Budget 2012/13
	\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities:					
Cash provided from:					
Supply of outputs - to Crown	3938	3938	3938	3938	3938
Supply of outputs - to other	62	101	154	154	154
Interest	32	42	43	48	48
Cash disbursed to:					
Cost of producing outputs	-3877	-3957	-3963	-3951	-3946
Payment of capital charge to Crown	-26	-48	-92	-92	-92
Net cash flows from operating activities	129	76	80	97	102
Cash flows from investing activities:					
Cash provided from:					
Sale of fixed assets	0	0	0	0	0
Cash disbursed to:					
Purchase of fixed assets	-295	-695	-70	-40	-40
Net cash flows from investing activities	-295	-695	-70	-40	-40
Cash flows from financing activities:					
Cash provided from:					
Capital contribution from Crown	250	635	0	0	0
Cash disbursed to:					
Payment of surplus to Crown	0	0	0	0	0
Net cash flows from financing activities	250	635	0	0	0
Net increase (decrease) in cash held -	84	16	10	57	62
Cash at beginning of period	464	548	564	574	631
Gain (loss) effect of exchange rate changes	0	0	0	0	0
Cash at end of period	548	564	574	631	693

FORECAST 2009-2013: CAPITAL EXPENDITURE

As at 31 March 2009

Capital expenditure	Forecast	Forecast	Forecast	Forecast	Forecast
	2008/09	2009/10	2010/11	2011/12	2012/13
Fixed asset program	\$000	\$000	\$000	\$000	\$000
Revenue Capital	250	635	0	0	0
Depreciation	50	60	80	90	90
AIMS	200	635	0	0	0
Computer equipment	35	20	40	10	10
Investigation, Furniture & fittings, office equipment	60	40	30	30	30
Total acquisition cost	295	695	70	40	40

Notes:

- ¹ Revenue from subleasing (65%) old premises, the lease agreement runs out in 2015.
- ² Commissioner's fees include overlapping during transitions and any changes imposed by Remuneration Authority.
- ³ Depreciation includes the new IT system in CAPEX program.
- ⁴ Lease expenditure includes the old premises which is subleased - shown as other/ lease revenue.
To accommodate additional staff the Commission required bigger floor space. The previous SOI lease figures were estimated from the lease rate of the old premises floor space, which then was available. The Commission was not able to secure it as the budget figures were not available and the Commission could engage in any negotiations.
- ⁵ Provision for leave liability increase outer years due to staff numbers
- ⁶ Taxpayers funds increase due to the IT system build in the CAPEX program.
- ⁷ Current assumption for subleasing old premises is that it will be fully leased by mid 2010. The Commission is making efforts to find a suitable lessee by advertising and approaching prospective tenants.



Hon W P Jeffries
Chief Commissioner



Pauline Winter
Deputy Chief Commissioner

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

SCHEDULE ONE: FUNDING - CROWN

(Figures exclude GST unless specified)

Funding	2008/09	2009/10	2010/11	2011/12	2012/13
	\$000	\$000	\$000	\$000	\$000
Crown funding	3938	3938	3938	3938	3938
Capital Injection	250	635	0	0	0

