



Annual Report

Transport Accident Investigation Commission
Te Komihana Tirotiro Aitua Waka

Year ended 30 June 2013

Prepared for presentation to the House of Representatives
in accordance with section 150 of the Crown Entities Act 2004



29 October 2013

The Hon Michael Woodhouse MP
Associate Minister of Transport
Parliament Buildings
Wellington

Dear Minister

Annual Report 2013

We have the honour to present to you for tabling in the House of Representatives this Annual Report of the Transport Accident Investigation Commission for the year ended 30 June 2013.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'John Marshall'.

John Marshall QC
Chief Commissioner

A handwritten signature in blue ink, appearing to read 'H. Cull'.

Helen Cull QC
Deputy Chief Commissioner

Our vision

No repeat accidents – ever!

Our mission

Safer transport through investigation, learning and influence

Our values

Fairness
Impartiality
Independence
Competence
Integrity
Accessibility
Timeliness
Certainty

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The Transport Accident Investigation Commission

The Commission is an independent Crown entity named in Part 3 of Schedule 1 of the Crown Entities Act 2004. It is also a permanent Commission of Inquiry under the Transport Accident Investigation Commission Act 1990, with all the powers conferred by that Act and by the Commissions of Inquiry Act 1908 (except in relation to costs).

The Commission has three Commissioners appointed by the Governor-General:

- Mr John Marshall QC – Chief Commissioner (appointed March 2010, term expires March 2015)
- Ms Helen Cull QC – Deputy Chief Commissioner (appointed May 2011, term expires May 2016)
- Mr Howard Broad CNZM – Commissioner (appointed March 2013, term expires April 2017)

The Commission's purpose is to determine the circumstances and causes of aviation, rail and maritime accidents and incidents with a view to avoiding similar occurrences in the future rather than to ascribe blame. It does this by investigating transport occurrences and then informing the transport sector and the public - both domestically and internationally - of what happened, the lessons that can be learnt from them, and what might need to change to help prevent a recurrence.

The Commission is structured into two main units; Investigation Services and Business Services. Investigation Services is led by the Chief Investigator of Accidents and consists of teams of investigators responsible for investigating rail, marine and aviation occurrences. Business Services performs a range of corporate functions, including finance, research, legal, governance, policy, communications, human resource, information and communications technology, information management, and general administration.

The Commission's organisational structure is set out at Figure 1 on page 22.

Commissioners' remuneration is disclosed in Part 3 of this report.

Chief Commissioner's review

It is a pleasure to introduce this annual report of the Transport Accident Investigation Commission for the financial year ended 30 June 2013.

Inquiry highlights

2012/13 was a busy year for the Commission, with a number of high profile inquiries occupying significant investigator and Commission time. Two particularly complex inquiries - into the Easy Rider fishing boat tragedy (12-201) and a mid-air collision near Feilding (10-008) were completed - along with a significant review of civil flying training safety in New Zealand (10-011). In all three cases, the Commission held hearings and invited interested persons to meet with them.

Other significant inquiries continued through the year included the grounding of the Rena (11-204) and the Carterton hot air balloon tragedy (12-001). In the case of the Rena, extensive engagement within international interests has prolonged the Commission's inquiry. However, a draft final report for this inquiry was nearly completed for consultation by the end of the financial year.

Overall, good progress was achieved with inquiries during 2012/13 even though investigative capacity in the marine and air modes was constrained with three of a total of nine investigators still under training.

Alcohol and drug impairment continued to feature in occurrences in all transport modes considered by the Commission. This is deeply concerning. The Commission has made a number of recommendations in this area, recommending detection and deterrence measures such as the setting of impairment limits and the introduction of testing regimes. The Commission's latest Historical Impact Review, commenced in 2012/13, also looks at fatigue and substance impairment.

Strategic highlights

The Commission introduced a new set of values based on the International Consortium for Court Excellence Framework. This framework has been adopted by a number of groups and organisations from Europe, Asia, Australia and the United States, and is imbedded within the Commission. This framework informs the Commission's approach to conducting inquiries.

Stakeholder highlights

During 2012/13, inquiry participants and key stakeholders were invited to participate in an independently conducted formal survey about the Commission's investigative and inquiry processes, and its approach to communications. This was the first survey of its kind. The Commission received positive feedback from survey participants who saw the Commission acting appropriately, and having a positive impact on transport safety. A general concern was raised about the length of time it takes the Commission to complete inquiries. This feedback has informed our thinking about how the Commission can improve its timeliness and keep stakeholders better informed.

Capability and capacity highlights

The Commission is committed to adopting a better public service approach to its business operations, and made good progress during 2012/13 to improve its investigative and corporate procedures and processes. A review of the Commission's major accident manual and other investigative procedures was commenced, with particular focus on the Commission's evidence collection protocols and evidence analysis framework. Work also began on developing an international strategy to help the Commission to determine when and how to assist other countries' investigative efforts (beyond those with a direct New Zealand connection which is already provided for in international conventions).

Budgetary constraints, coupled with opportunities offered by new all-of-Government purchasing contracts, meant that the Commission's management team invested considerable effort to realise operational and service efficiencies. Good savings were achieved in information and communications technology services enabling a long-standing research analyst position to be advertised at year-end.

Managing organisational risk

The Commission is facing two significant risks in the medium to long term; the impact of an ageing workforce, and budgetary pressures caused by:

- the impact of staff turnover and complex cases;
- the challenges of new technologies and increased data availability from more heavily computerised systems;
- the potential demands of a major accident or other expensive logistical or technical challenge.

The Commission is a fully funded Crown entity, and its statutory independence and quasi-judicial nature means that it cannot raise additional funds. Although it continues to look for opportunities to improve service and operational efficiencies and to make savings, the Commission will continue to face strong budgetary pressures.

It has been six years since the Commission last received an increase in operational funding. A funding review is now desirable. Commission management has begun exploring with the Ministry of Transport how this should occur during the current year.

Potential new direction

The Taskforce on Workplace Health and Safety was established in June 2012 to evaluate whether the workplace and safety system in New Zealand was fit for purpose, and to recommend practical strategies for reducing the high rate of workplace fatalities and serious injuries by 2020. It released its report in April 2013 with a recommendation that the Commission's role and function be extended to allow the Commission to investigate some workplace health and safety accidents and incidents.

The Commission sees merit in this proposal, given it already has a legal framework and operational processes to conduct safety focused root-cause investigation and analysis which could cost effectively extend to other "modes". Agencies of similar scope to that proposed exist in other countries. We look forward to contributing to the policy process that will consider this recommendation.

A handwritten signature in blue ink, appearing to read 'John Marshall', is positioned above the typed name and title.

John Marshall, QC
Chief Commissioner

Part 1: Non-financial reporting

Parliament set the Commission's purpose as being "...to determine the circumstances and causes of accidents and incidents with a view to avoiding similar occurrences in the future". This purpose is given voice in the Commission's vision statement of "No repeat accidents, ever!" to which the Commission contributes through its mission "Safer transport through investigation, learning and influence" alongside the efforts of other sector participants.

The Commission's work also contributes towards the Government's goal for a transport system "that maximises economic and social benefits for New Zealand and minimises harm".

To summarise the above in public sector accountability terms: the Commission's "output" of inquiries is designed to have "impact" through actions taken in response by transport sector participants that contribute to the "outcome" of safer transport.

Corporate objectives and achievements

In order to deliver on its mission and contribute to its vision, the Commission established five strategic objectives for the year. This section describes what has been achieved in respect of each of them and, where possible, the general impact the Commission's work has had. The next section focuses on the process, product and direct impact of the inquiries handled during the year.

Objective 1: Inquiries are properly conducted

Fundamental to the Commission's effectiveness in improving transport safety is Parliament and the public's on-going confidence in the Commission's performance as an inquiry entity. How well it undertakes its functions as a Commission of Inquiry is contingent on the effectiveness of its systems and procedures, and the knowledge, skill sets and conduct of its people.

During 2012/13, the Commission began reviewing its systems and procedures to improve the quality and timeliness of its inquiries. This included commencing a review of its major accident manual and other investigative procedures, particularly regarding evidence collection protocols and evidence analysis. Work also began on developing an international strategy to guide the Commission's engagement to help meet other countries' investigative needs. This work will continue in 2013/14.

Management also looked at reviewing the way inquiries were scoped to ensure investigation work was properly focused without effort on low-value aspects. Agreement was reached with its Canadian peer organisation, the Transportation Safety Board (TSB) for the Commission to participate in TSB-led benchmarking exercise as a way of reviewing the Commission's investigative processes and procedures. However, late in the year TSB has deferred this for a few months due to competing demands on it.

Research plays an important role in informing the Commission's inquiries about trends, attitudes and issues in the transport sector that could affect transport safety. For each of the past three financial years the Commission has conducted a Historical Impact Review. Previous reviews have focused on a single transport mode specific type of occurrence such as agricultural flying. However, the review commenced in 2012/13 adopted a multi-modal look at the Commission's impact on fatigue and substance impairment related safety issues.

Objective 2: Sound, cost effective Crown entity performance

The Commission invested considerable effort to investigate and achieve savings through the all-of-Government purchasing contracts and shared services opportunities. A range of information and communications technology initiatives should achieve annual savings of about \$77,000. Further significant savings of \$43,000 annually over a five-year term are expected from replacing and moving the Commission's office multi-function print devices under an all-of-government contract in the current year.

Shared service opportunities were fully explored with a range of agencies, including the possibility of the Commission moving premises and co-locating with another agency in exchange for that agency providing business services support. However, the Commission's small size, statutory independence and quasi-judicial status continued to make it difficult to find appropriate arrangements for its business services functions.

On the investigation-front, the Commission endeavours to work with other agencies to share cost when salvaging or examining wreckage or, in the case of the New Zealand Defence Force, when seeking assistance or people. Care is taken to ensure that the Commission's independence, particularly from other investigations, is maintained in these circumstances.

A new business continuity plan was developed, supported by the information and communications technology changes mentioned which have reduced the Commission's dependency on having its offices available for occupation.

Objective 3: Capable staff are developed and maintained

The base skill pivotal to the Commission's successful performance is factual investigation. Credible factual investigation depends, in part and as a starting point, on transport sector experience and expertise. However, this must be supported by strong investigative and analytical experience and expertise. It takes at least three years for a new investigator arriving with a strong transport background to become adequately trained and experienced to be regarded as fully effective.

The Commission continued to invest significantly in its staff's development by funding its investigators to complete fundamental and advanced training courses at Cranfield University in the United Kingdom, as well as an investigative interview training programme.

Work began on developing a workforce plan. This plan examines the Commission's workforce requirements in an evolving environment of skill scarcity, ageing workforces, increasing costs, increasing demand for immediate, readily accessible, accurate information, public certainty of inquiry outcomes without undue delay, and better use of public resources. This plan will be completed in 2013/14.

Objective 4: Inquiry and entity information is shared and is accessible

In 2011/12 an accident investigation information management system (AIIMS) was introduced to provide electronic workspace, filing, procedural and project management support for inquiries, along with a parallel system providing electronic documents and records management for general corporate information.

An evaluation of the system's configuration based on usage and user experience saw a project scoped and approved to occur in the current year to refine the storage structure and data attached to records to further improve usability and retrieval, along with the appropriate retention, archiving or disposal of aged electronic and physical records in accordance with the Public Records Act 2005.

The Commission's records management environment was audited during the year for Archives New Zealand against the requirements of the Public Records Act 2005. The Commission received the highest grades of "actioned" or "embedded" for 21 of 24 audit areas summarised in the report.

A data base project was nearly completed during the year to integrate the Commission's historical inquiry data records with the new accident investigation information management system in order to allow longitudinal analysis and reporting of metadata. This project will also allow safety issues

identified in inquiries, and the actions others take to address them to be captured as discrete, linked data entities along with the data-basing of safety recommendations as has occurred in the past.

Completion of the database project will in turn allow the finishing touches to be put to a new Commission website which will offer users enhanced search and presentational features, including mapping and, in time, multi-media presentations.

Objective 5: Responsive, reciprocal stakeholder relationships are developed and maintained

The Commission engaged independent researchers to survey inquiry participants and key stakeholders about how well the Commission's inquiry processes worked from their perspectives, and what impact they believe the Commission is having on transport safety. This was the first comprehensive survey of its kind conducted by the Commission. The researchers summarised the feedback given:

- The Commission's investigators comply with their statutory requirements when formally interviewing people as part of an investigation.
- Investigation procedures and practices are generally well thought of. Investigators are seen as making it easy for the individual to tell their story or provide information, investigators approach the investigation in an objective and skilled way, and phone and face-to-face interactions with the investigations team are helpful.
- The Commission is also perceived as being good at working with families and treating them sensitively, and is open in communications.
- The Commission could sometimes take a more robust approach to its investigations and gather evidence from a wider range of sources.
- The Commission adequately consults in the process of developing reports that come out of inquiries, considers the views of different parties and presents a fair and balanced view in its reports.
- The Commission could improve the timeliness with which it commences and completes its investigations and reports.

In summary, the independent researchers concluded, the feedback was positive, and provided a picture of an organisation that is perceived by its stakeholders as being highly professional and good at its job.

The Commission is continuing to work with other agencies, through membership of a steering group, to ensure that New Zealand is well placed to deal with the deceased, victims and their families, and public information demands following a mass fatality accident. It is also developing its expertise in this area by sponsoring, from the current year, a senior manager to undertake post-graduate study in the field of disaster and emergency management.

The Commission's case book

This section highlights aspects of the Commission's inquiry work during 2012/13, including the impact that the inquiries completed have had. The Commission's full casebook of inquiries open at any time during the financial year is included at Appendix 1, while the Statement of Service Performance (against the forecast in the Statement of Intent) follows at Part 2 on page 23. An update to date list of current inquiries, published inquiry reports, and safety recommendations are available on the Commission's website www.taic.org.nz along with general corporate information.

The next 3 paragraphs draw on the summary tables at Table 1 on the next page. Where a number is reported followed by another in brackets, eg "3 (4)" the first measure relates to the year under review and the second to the previous year.

During the year the Commission opened 15 (15) inquiries of which 8 (7) were in the rail mode. The Commission is careful in its case selection to attempt to investigate those incidents or accidents where new safety lessons or recommendations may emerge from the inquiry, or where there is increased likelihood of occurrences repeating or where international obligations oblige it to investigate. It does not seek to duplicate the investigations that other agencies will generally be undertaking into an incident or accident. In general the decision to open an inquiry is taken by a senior manager acting under delegation from the Commission. During the year a decision made under delegation not to open an inquiry was challenged by the representative of a person injured in an accident. The Commission sought further information, heard submissions from the representative and, after careful consideration, confirmed the decision not to investigate.

When fully staffed with 9 investigators who are each fully effective (after about three years investigator training and experience) the Commission estimates it should complete between 20 and 25 domestic inquiries a year (2 or 3 per investigator), taking an average 330 working days (18 months), with half of all inquiries ideally completed in the 220 working days (1 year) to 440 working days (2 year) range. This translates, assuming an unlikely even flow of cases in and out, to 30 cases open at any one time. When fewer investigators are available output per investigator goes down in the affected mode(s) as available investigators take on more case openings each with the attendant intensive evidence gathering phase as well as give time to the recruitment, training and development of new investigators and the pick-up of cases from departed staff.

While fully staffed with investigators for most of the year, new and recent investigators in the marine and aviation modes meant they were effectively operating on 2 investigators each throughout the year. Both these modes were also dealing with major complex cases (such as the 11-204 Rena grounding, 12-201 Easy Rider capsized, and 10-008 Feilding mid-air collision) which were deliberately prioritised above other inquiries against which time continues to accrue. Complex cases also take more of Commissioners' time in considering evidence, submissions (including at hearings) and decision making. These circumstances collectively explain why the total number of inquiries completed was 10 (15), and why the average working days of cases open at the end of the year was sitting at 426 (221). However, the positive impact of case prioritisation was evident in a drop in the average working days taken to complete inquiries; 440 (557).

The Commission also assisted overseas peer agencies during the year with 5 (3) air and 2 (2) marine inquiries with a New Zealand connection. This work also occupies investigator time.

Table 1: Caseload data 2012/13

		Marine			Rail			Air			Total		
		Jun-11	Jun-12	Jun-13									
Caseload at year end													
Inquiries	Opened	3	3	2	3	7	8	7	5	5	13	15	15
	Continued	5	4	5	7	2	6	2	6	7	14	12	18
	Total	8	7	7	10	9	14	9	11	12	27	27	33
Elapsed WD	Opened	303	411	601	334	725	1048	798	578	376	1435	1714	2025
	Continued	1574	1467	4391	4603	575	3286	475	2216	4360	6652	4258	12037
	Total	1878	1879	4992	4937	1300	4334	1273	2794	4736	8088	5973	14062
Average WD	Opened	101	137	301	111	104	131	114	116	75	110	114	135
	Continued	315	367	878	658	288	548	237	369	623	475	355	669
	Total	235	268	713	494	144	310	141	254	395	300	221	426
Completed by year end													
	Inquiries completed	10	4	2	10	8	3	8	3	5	28	15	10
	Elapsed WD	3559	1539	878	5453	5716	1064	2086	1097	2462	11098	8352	4404
	Average WD	356	385	439	545	715	355	261	366	492	396	557	440
Total active inquiries during													
	Active inquiries	18	11	9	20	17	17	17	14	17	55	42	43
	FTE Investigators	2.1	1.6	2.1	2.6	2.9	2.6	2.2	2.1	2.1	6.9	6.6	6.8

Notes: Opened = opened in that year, Continued = remained open throughout that year, Completed by year end = closed in that year. WD = working days (220 WD/calendar year). Inquiry numbers exclude assistance to overseas inquiries which also consumes investigator time. The investigator establishment is 9.0 full time equivalents (FTE). All positions are filled although three investigators are in training, and one investigator works across rail and air inquiries with 0.1FTE of his time is allocated to corporate needs.

Inquiries have impacts that help prevent recurrences

The Commission's founding legislation sets the prevention of recurrences through the process or output of inquiries as the organisation's purpose.

Testing for recurrence and relating this to Commission performance is problematic for the following reasons:

- The Commission can only set out what happened, highlight the key lessons, record safety actions already taken by others, and make recommendations. It has no policy, regulatory, or hands-on role in the transport sector. It is up to others to do what is necessary to prevent recurrences.
- The Commission does not inquire into every occurrence, so would need to rely on other data sets (eg of regulator's investigations into greater numbers of events) to determine this.
- Commission inquiries are by design looking into rare events so, even if accurate counting of recurrences was assured, the statistical reliability of small data sets would be an on-going issue.
- Occurrences that appear similar have differing causes. For instance, the Easy Rider (12-201) and the Kotuku (06-204) multi-fatality tragedies both involved fishing vessels in private use transporting mutton-birds and their cargo, however the findings from these inquiries had little in common other than maritime rules were breached. The qualitative analysis required to establish true recurrence incidence would be a significant commitment.

Nevertheless, the Commission has committed in the current year to work with the Ministry of Transport and regulators to see if meaningful trend analysis can be established for a small set of indicators with some relevance to recent Commission case-load.

One proxy for recurrence is where the Commission notes in an inquiry that a recommendation has previously been made to address an issue that has happened again as one factor of the later occurrence. The Commission records this in its inquiry report, and the database changes mentioned earlier will include capture of every time a previously made and open recommendation is relevant to a later inquiry.

It is also possible to assess the actual or potential impact of an individual inquiry's progress or output by assessing key features of the final inquiry report:

- Findings enumerate the key factors drawn from the analysis of the facts that contributed to the occurrence. The number of findings loosely equates to the complexity of both the occurrence and the inquiry.
- Key lessons attempt to distil the main points learnt through the inquiry that other sector participants should take on board to ensure they do not get themselves into a similar situation.
- Safety actions describe what others did in response to the event and inquiry process before the inquiry finished and for which a safety recommendation would otherwise have been made.
- Recommendations highlight the most serious safety issues identified in an inquiry and ask for something to be done. Recipients' responses received by time of publication are included in the published report. The Commission periodically follows up on recipients' progress in fulfilling recommendations.

The following table sets out this impact information for the inquiries completed during the year. Please note that carefully worded inquiry reports' contents have been extensively préciséd in this summary to give a quick impression of the inquiries' complexity and impact. The published inquiry reports are the definitive record which must be referred to for any other purpose.

Table 2: Impact indicators for inquiries for which final reports were published in 2012/13

Inquiry	Mode	Title	Findings (number) <i>Greater ≈ more complex</i>	Key Lessons (number and précis) <i>"What did we learn that others should take heed of to avoid it happening to them?"</i>	Safety Actions (number and précis) <i>"What has been done while the inquiry's been underway that's removed the need for a relevant recommendation?"</i>	Recommendations (number and précis) <i>"What needs to change to reduce the likelihood of a recurrence?"</i>
10-008	Aviation	Cessna 152 ZK-TOD and Cessna 152 ZK-JGB, mid-air collision near Feilding, Manawatu, 26 July 2010	16	(4): <ul style="list-style-type: none"> • Instructor's priority is safe command before training needs • Pilots must make good radio calls and listen • Pilots need to keep good lookout • Pilots need to understand limitations of "see and avoid". 	(10): <ul style="list-style-type: none"> • Aerodrome changed traffic procedures • To CAA multiple regarding education, aerodromes, regulatory oversight. 	(3): To CAA: <ul style="list-style-type: none"> • education of instructors re primary safety duty • education of lessons from this inquiry • aircraft visibility enhancements.
10-010	Aviation	Bombardier DHC-8-311, ZK-NEB, landing without nose landing gear extended, Woodbourne (Blenheim) Aerodrome, 30 September 2010	12	(4): <ul style="list-style-type: none"> • Intermittent faults are often precursors to total failure, so diagnosis should be exhaustive • The more a pilot knows about aircraft systems the better armed they will be to troubleshoot • Warning system alerts should not be dismissed without considering all other available information • Pilots must retain sufficient systems knowledge to deal with situation note covered by quick reference handbooks. 	(7): <ul style="list-style-type: none"> • Manufacturer: issued reminder re appropriate procedures for landing gear operation • issued warning re potential false down and locked warning • developed new alternate downlock indication system. • Operator: amended quick reference handbook • changed procedures for confirming gear position in event of indicator conflicts • improved hydraulic ground rig filers and procedures • added a cleaning task to a frequent maintenance checklist. 	(2): To CAA: <ul style="list-style-type: none"> • urging Canadian regulator to note issues and require manufacturer to improve reliability and dependability of down-lock verification • monitoring investigations into a landing gear door part and liaison with Canadian regulator to ensure acceptable corrective actions.

Inquiry	Mode	Title	Findings (number) <i>Greater ≈ more complex</i>	Key Lessons (number and précis) <i>“What did we learn that others should take heed of to avoid it happening to them?”</i>	Safety Actions (number and précis) <i>“What has been done while the inquiry’s been underway that’s removed the need for a relevant recommendation?”</i>	Recommendations (number and précis) <i>“What needs to change to reduce the likelihood of a recurrence?”</i>
10-011	Aviation	Report into flying training safety in New Zealand	23	Not applicable. This inquiry was conducted using data, literature, and submission analysis as its principle tool, rather than accident investigation.	Not applicable. This inquiry was conducted using data, literature, and submission analysis as its principle tool, rather than accident investigation.	(4): To CAA: <ul style="list-style-type: none"> • data systems to ensure meaningful and complete data on flying training • further quantitative research and causal analyses of flying training occurrences in its database to identify and address issues • ensuring instructor demographics collected suitable for data analysis • give priority proposed regulatory amendments affecting aviation training organisations and pilot licencing.
11-001	Aviation	Bell Helicopter Textron 206L-3, ZK-ISF, Ditching after engine power decrease, Bream Bay, Northland, 20 January 2011	4	(4): <ul style="list-style-type: none"> • Pilots should have flight following or a flight plan in place to ensure a search is started without delay • Occupants of single-engine aircraft operating at low level over water should wear lifejackets when out of gliding range to land • Emergency locator transmitters and radio calls should be made as soon as a forced landing appears likely • Helicopter pilots who operate 	0	0

Inquiry	Mode	Title	Findings (number) <i>Greater ≈ more complex</i>	Key Lessons (number and précis) <i>“What did we learn that others should take heed of to avoid it happening to them?”</i>	Safety Actions (number and précis) <i>“What has been done while the inquiry’s been underway that’s removed the need for a relevant recommendation?”</i>	Recommendations (number and précis) <i>“What needs to change to reduce the likelihood of a recurrence?”</i>
				over water should do underwater escape training.		
11-002	Aviation	Bombardier DHC-8-311, ZK-NEQ, landing without nose landing gear extended, Woodbourne (Blenheim) Aerodrome, 9 February 2011	8	(3): <ul style="list-style-type: none"> • Simulator training for emergencies should teach procedures to be performed as robustly as would be required on an aircraft • Pilots should be told of flight simulator differences so not misled on aircraft • Quick reference handbooks visual design should minimise error potential in high stress situations. 	(7): <ul style="list-style-type: none"> • Manufacturer advice to operators re landing gear procedures. 	(2): To CAA: <ul style="list-style-type: none"> • liaise with state of manufacturer to make other states aware of simulator issues • urge operators to adopt checklist formats that reduce possibility of error.
10-204	Marine	Bulk carrier Hanjin Bombay, grounding, Mount Maunganui, 21 June 2010	12	(4): <ul style="list-style-type: none"> • Crew must know their vessels • Crew resource management must reach all areas • Tug assistance should be commensurate with risk • Common ship's language must be maintained in emergency. 	(1): <ul style="list-style-type: none"> • Port changed tug escort procedures. 	(2): To MNZ: <ul style="list-style-type: none"> • ensuring pilots know about ship and personnel performance issues relevant to pilotage • audit and approval of port operating systems.

Inquiry	Mode	Title	Findings (number) <i>Greater ≈ more complex</i>	Key Lessons (number and précis) <i>“What did we learn that others should take heed of to avoid it happening to them?”</i>	Safety Actions (number and précis) <i>“What has been done while the inquiry’s been underway that’s removed the need for a relevant recommendation?”</i>	Recommendations (number and précis) <i>“What needs to change to reduce the likelihood of a recurrence?”</i>
12-201	Marine	Fishing vessel Easy Rider, capsize and foundering, Foveaux Strait, 15 March 2012	18	(5): <ul style="list-style-type: none"> • Skippers must know stability • Navigating small craft in rough seas at night should be avoided • Lifesaving equipment must suit the number and size of people on board • Rules for lifesaving equipment are a minimum • Those liable for commercial operations must understand and comply with requirements. 	(4): To MNZ: <ul style="list-style-type: none"> • worked with mutton birding community and vessel owners • contacted owners of similar vessels • developing stability education programme. 	(3): including 1 urgent To MNZ: <ul style="list-style-type: none"> • essential ships records • requirements for switching vessel use • lifejacket education.
10-101	Rail	Wrong route setting, high-speed transit through turnout, near miss and SPAD (signal passed at danger), Tamaki, 13 August 2010	16	(3): <ul style="list-style-type: none"> • Safe rail operations rely on good communication between all operating personnel • All participants need to understand fully and be working to a common object before safe operations can be achieved • Documents created to provide essential information should be clear and suitable for intended recipients. 	(9): To KiwiRail: <ul style="list-style-type: none"> • briefing to signal boxes reinforced need for correct communication protocols applying to both radios and telephones • various actions effected with centralisation of signalling to Wellington • introducing automatic train protection technology in Auckland metro rail network • installed new train control system ensuring train visibility in inbuilt wrong-routing protections • introduced track worker local control of stop signals at stations 	(2): To NZTA: <ul style="list-style-type: none"> • risk of train drivers being distracted and forgetting recent warning signals passed • re ensuring daily bulletins conveyed critical information in a clear and unambiguous way.

Inquiry	Mode	Title	Findings (number) <i>Greater ≈ more complex</i>	Key Lessons (number and précis) <i>“What did we learn that others should take heed of to avoid it happening to them?”</i>	Safety Actions (number and précis) <i>“What has been done while the inquiry’s been underway that’s removed the need for a relevant recommendation?”</i>	Recommendations (number and précis) <i>“What needs to change to reduce the likelihood of a recurrence?”</i>
					<ul style="list-style-type: none"> • signal improvements at Tamaki • Veolia raised fatigue training. 	
11-103	Rail	Track workers nearly struck by passenger train near Paekakariki, North Island Main Trunk, 25 August 2011	15	(3): <ul style="list-style-type: none"> • Safe rail operations require the right plan for the task • Safety-critical workers must be properly trained and certified • Every step must be taken to prevent substance impairment and workers must have a discreet reporting mechanism of suspicions or use 	(1): <ul style="list-style-type: none"> • KiwiRail introduced random drug and alcohol testing, in addition to post-event testing already in place. 	(2): To NZTA: <ul style="list-style-type: none"> • KiwiRail's safety system needing to have accurate training and revalidation records for all staff competencies • all rail participants having policies for zero tolerance, random and post-event testing, and discreet reporting of use of performance impairing substances.
11-104	Rail	Freight Train 261 collision with bus, Beach Road level crossing, Paekakariki, 31 October 2011	9	(2): <ul style="list-style-type: none"> • Those responsible for setting standards for road vehicles and rail level crossing should consider cross-modal consequences • Drivers of long vehicles need to know if there is not enough room between a road intersection and level crossing. 	(1): <ul style="list-style-type: none"> • Bus operator included rail emergency number in vehicle emergency plans and alerted industry through monthly magazine. 	(4): including 2 urgent To NZTA: <ul style="list-style-type: none"> • repeating 1996 recommendation already repeated in 2002 re identifying and mitigating risk from insufficient stacking distances for legal length vehicles • crossing profile able to strand legal road vehicle • stacking distance at accident site • stacking distances at other crossings • alerting relevant operators of rail emergency number.

Recommendations

Recommendations are a formal inquiry output made during or at the conclusion of an inquiry to address a safety issue that has been identified. Not every inquiry generates recommendation(s), others highlight recommendations previously made and sometimes (and ideally) relevant parties will already have taken actions since the occurrence that mean there is no need to make them. As mentioned earlier, database changes were commenced during the year in order to allow safety issues and related safety actions - as well as safety recommendations - to be separately recorded, retrieved and reported upon from the new financial year.

Commission investigators periodically review open recommendations with recipients, mainly the transport sector regulators, and place closure recommendations before the Commission where appropriate action has been taken.

The following table records the numbers of recommendations (SR n) issued and closed during the year, the number of Inquiries (Inq n) they related to, and the average working days (Ave WDs open) closed inquiries had been open (220 working days/year). The same table is given for the previous year, but readers are cautioned against making direct comparisons due to differences created due to, for instance, closing a large number of related recommendations generated by a single inquiry, or the particular nature of inquiries underway or closed in a particular year.

Table 3: Recommendations issued and recommendations closed 2012/13

SRs 12/13FY	Issued		Closed		
	SR n	Inq n	SR n	Inq n	Ave WDs open
Air	8	3	2	2	142
Rail	5	3	2	2	1766
Marine	5	2	12	8	1619

Table 4: Recommendations issued and recommendations closed 2011/12

SRs 11/12FY	Issued		Closed		
	SR n	Inq n	SR n	Inq n	Ave WDs open
Air	19	5	4	1	131
Rail	3	2	22	15	701
Marine	6	4	6	5	871

SR n = number of safety recommendations.

Inq n = number of inquiries.

Ave WDs open = average working days open (220 working days/calendar year).

Corporate organisation

The Commission is a small organisation that relies on the knowledge, skills and professionalism of its specialist workforce. This Commission operates a flexible and comprehensive people capability strategic plan that ensures that staff impacts are always considered as part of general business decision-making so that high performance is always enabled and encouraged. This includes consulting staff on the development and revision of corporate policies.

The Commission restructured its business services team from the start of the financial year following the resignation and departure of the former Corporate Services Manager. Management positions were reduced by one through the establishment of three General Manager positions and some reallocation of responsibilities. The restructure was achieved without redundancies. The new structure is set out in the chart on the next page.

Three Business Services vacancies which have arisen during the year have been covered by contractors in order to ensure flexibility can be retained in case of further structural change flowing from shared service opportunities exploration, and possible policy changes affecting the Commission’s mandate and size flowing from the Independent Taskforce into Workplace Health and Safety.

An air investigator still in training resigned during the year and was quickly replaced.

Table 5: Employee workforce composition (gender and ethnicity) at 30 June 2013

Gender	Number	Ethnicity	Number
Male	11	European	13
Female	4	Maori	1
		Asian	1
		Pacific	0

Note that these tables exclude three employee vacancies filled by contract staff.

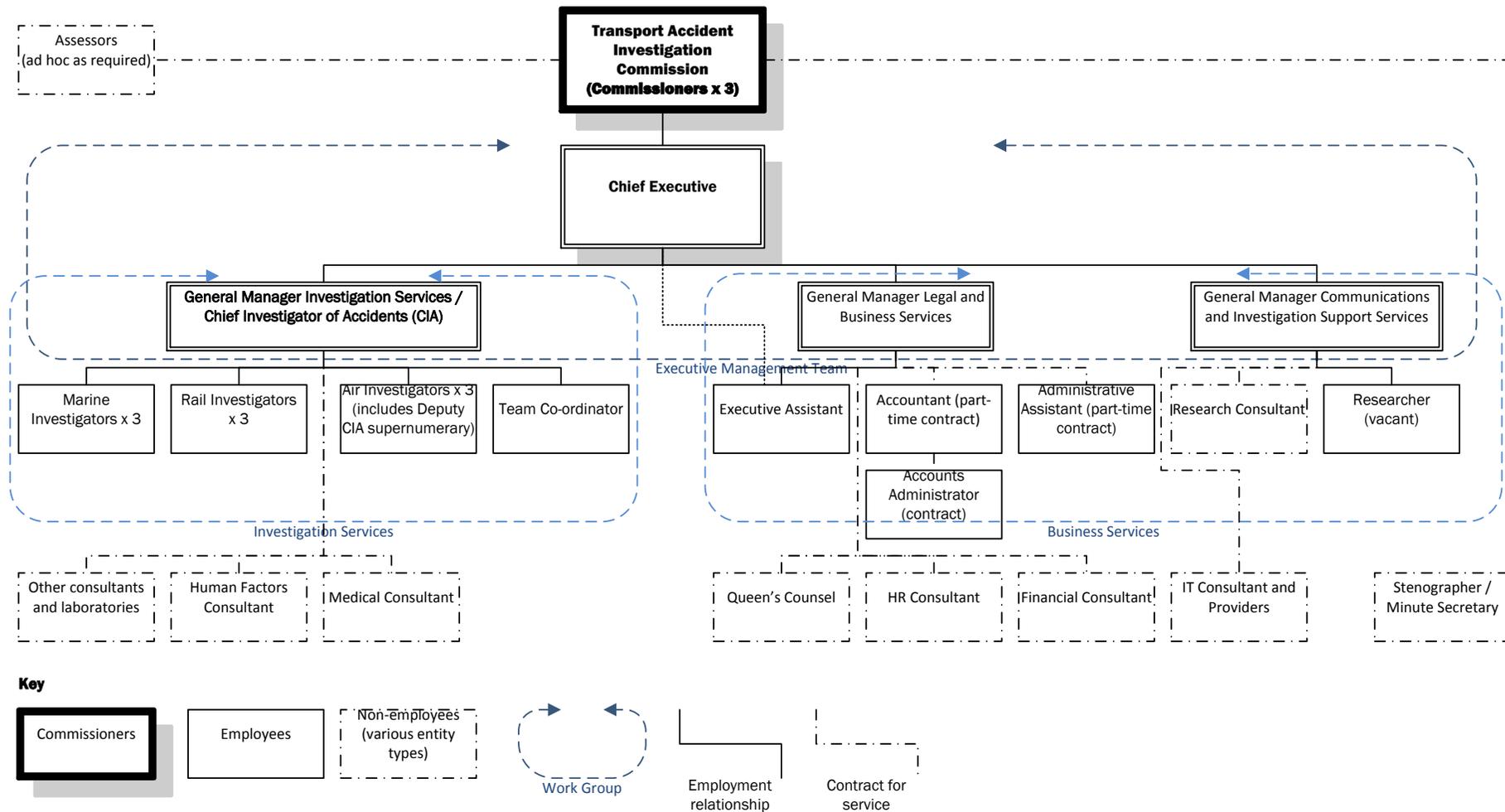
Good employer initiatives

The Commission is an equal opportunities employer that includes both practical and psychometric assessments, as well as thorough curriculum vitae and reference checks, in its recruitment processes.

The Commission’s training programme ensures staff members develop and maintain the knowledge and skills essential to their specialist work. This includes overseas university-based programmes in basic and advanced accident investigation, and modal specific training and professional education opportunities beyond the maintenance of professional credentials that might be required for a role.

The Commission remains committed to promoting a safe, healthy and balanced lifestyle for staff. To help achieve this objective, the Commission: contributes to staff gym memberships or other exercise-related fees, contributes to eye examinations and prescription glasses, funds optional staff flu vaccinations, provides medical examinations for investigators, allows flexible (including part-time) working hours and the ability for staff to work away from the office, provides time in lieu (i.e. additional to alternative holidays) to staff who are required to work in the weekends, and provides health and safety training and protective and corporate clothing appropriate to roles.

Figure 1: Organisational Chart as at 30 June 2013



Statement of responsibility for the year ended 30 June 2013

In the financial year ended 30 June 2013, Commissioners and management were responsible for:

- preparing the financial statements and the statements of service performance and the judgements therein
- 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, 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.



John Marshall QC
Chief Commissioner



Helen Cull QC
Deputy Chief Commissioner

23 October 2013

Part 2: Statement of service performance

for output targets in the year ended 30 June 2013

The Commission has only one output class; Inquiries. This section provides an overview of the Commission's service performance results for this financial year. Details of inquiries active during the year, including metadata from which some of the following measures are calculated, are at Appendix 1. Refer to the Statement of Comprehensive Income on page 32 for the revenue and expenditure of this output class.

The following table reports against the forecast set out on page 10 of the SOI.

Table 6: Non-financial measures 1 July 2012 – 30 June 2013

Measure ¹²	Actual 2011/12	Actual 2012/13	SOI Target 2012/13	SOI Target 2013/14
Average lifetime cost per inquiries closed	\$383k	New formula being developed³	\$129k	New formula in place by 1 January 2014
Inquiries closed	15	10	30	20-25 domestic plus 4-8 overseas jurisdictions assisted.
Reports published (includes interim reports)	17	10	30	N/A
Average age of inquiries in progress (working days at year end)	221	257	300	330 (working days, 12 month rolling average)
Percentage closed under 220 days	7%	10%	20%	N/A
Percentage closed under 310 days	N/A	20%	30%	N/A
Percentage closed under 440 days	53%	40%	100%	N/A
Historical Impact Review (qualitative measure)	1	0	1	N/A
Stakeholder Survey (qualitative measure)	Piloted	Most stakeholders believe Commission having positive impact	Active	Most stakeholders believe Commission having positive impact
Lack of successful Judicial Review of the inquiry process	-	-	-	0
Lack of successful review by the Ombudsman	-	-	-	0

¹ Inquiry related measures are of domestic inquiries only.

² References to "working days" and "days" are calculated using a year of 220 working days.

³ Review of the previous formula used found that it did not accurately apportion investigator time to inquiries leading to over-reporting of the cost of inquiries open for a relatively long time and under-reporting of the cost of inquiries open for a relatively short time. Time recording has been enhanced for the current year, with a new formula to be developed and applied to the full current year.

Part 3: Financial overview and statements

This section provides an overview of the Commission's financial result for the period. For further information, refer to the financial statements and accompanying notes on pages 31 to 43.

The Commission reported a net surplus of \$0.082m compared with a breakeven budget.

The total operating revenue was \$4.02m, which included \$3.87m of Crown funding, \$0.026m from interest earned, \$0.123m from sublease income and \$0.008m from other sources.

The surplus achieved was driven by interest earned on term deposits, and a small favourable variance on operating expenditure.

Current liabilities as at 30 June 2013 have decreased from last year due to the final payment for phase one of the AIIMS project included in last year's balance.

The movement in taxpayers' liability and equity reflects the current year's net surplus.

Statement of accounting policies for the year ended 30 June 2013

1. Reporting Entity

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

The Commission's ultimate parent is the New Zealand Crown.

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

The Commission's investigation capability is occasionally extended, on either a pro bono public or a cost recovery basis to Pacific Island States.

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

The financial statements of the Commission are for the year ended 30 June 2013. The financial statements were authorised for issue by the Board on 23 October 2013.

2. Basis of preparation

Statement of compliance

The financial statements for the year ended 30 June 2013 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 functional and presentation currency of the Commission is New Zealand dollars. All values are rounded to the nearest dollar.

5. Changes in accounting policies

Overall considerations

The accounting policies are consistent with those used in the previous financial year.

An overview of standards, amendments and interpretations issued, but not yet effective is given in note 6.

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

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

(a) NZ IFRS 9 Financial Instruments

(b) NZ IFRS 9 Financial Instruments

A standard, amendment, and interpretation issued but not yet effective that has not been early adopted, and which is relevant to the Commission is NZ IFRS 9 Financial Instruments. This standard will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology and Phase 3 Hedge Accounting.

Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability as fair value through the surplus/deficit.

The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework approved by the Minister of Commerce will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the External Reporting Board has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

7 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 its 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.

Rental Income

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

(c) Financial Instruments

The Commission's financial instruments comprise cash and cash equivalents, trade and other receivables and creditors and other payables. A financial instrument is recognised when the Commission becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all the substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial instruments are initially recognised at their fair value and classified into one of the following categories. Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit and loss;
- held to maturity investments; and
- available-for-sale financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except those at fair value through the profit and loss are subject to review for impairment at least each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The Commission's cash and cash equivalents and trade and other receivables fall into this category of financial instruments.

Loans and 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 this 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.

Financial liabilities

The Commission's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest rate method, except for financial liabilities held for trading or designated at fair value through profit and loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss. The Commission does not currently have any financial liabilities held for trading or designated at fair value through profit or loss.

(d) **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.

(e) **Property, plant and equipment**

Property, plant and equipment 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 recognised in the statement of comprehensive income.

Depreciation

Depreciation is provision 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)	5 - 50	2% to 20%
Computer equipment	1.5 - 10	10% to 67%
Furniture and equipment	1.2 - 18	5.5% to 80.4%

(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 Comprehensive Income.

Fixed asset type	Useful life Years	Depreciation Rate
Software	2.1 - 3	10% - 48%

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment at each financial reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(g) **Provisions**

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

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks

specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Onerous Contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, any impairment losses on the assets associated with that contract are recognised.

(h) 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.

(i) 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.

(j) 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 and annual leave earned, but not yet taken at balance date.

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.

(k) 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 comprehensive income as incurred.

(l) Taxation

The Commission is a public authority in terms of the Income Tax Act 2007 and consequently is exempt from income tax. Accordingly, no charge for income tax has been provided for.

(m) 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 comprehensive income.

8 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 Simpl (Cigna) House has been estimated and included in the last year's lease, rental and outgoings expense. This cost was 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 comprehensive income, 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 4.

9 Critical judgements in applying the Commission's accounting policies

Management has exercised the following critical judgements in applying the Commission's accounting policies for the period ended 30 June 2013:

Leases classification

Determining whether a lease agreement is a finance or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Commission.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas for an operating lease no such asset is recognised.

The Commission has exercised its judgement on the appropriate classification of equipment leases and, has determined that the lease arrangement with Fuji Xerox is a finance lease.

Statement of financial position
as at 30 June 2013

Assets	Note	Actuals 30/06/13	Budget 30/06/13	Actuals 30/06/12
Current Assets				
Cash and cash equivalents	1	1,036,394	636,000	1,061,117
Trade and other receivables	2	2,213	20,000	11,352
Prepayments	3	34,354	40,000	25,005
Total Current Assets		1,072,961	696,000	1,097,474
Non-Current Assets				
Property, plant and equipment	4	194,843	305,000	228,105
Intangible assets	5	738,244	860,000	780,703
Total Non-Current Assets		933,087	1,165,000	1,008,808
Total Assets		2,006,048	1,861,000	2,106,282
Represented by:				
Liabilities and taxpayers' funds				
Current Liabilities				
Trade and other payables	6	174,668	70,000	286,780
Employee entitlements	8	183,934	95,000	192,125
Finance lease – current	16	5,773	6,000	24,802
Provision for rental loss	9	42,703	0	42,703
Total Current Liabilities		407,078	171,000	546,410
Non-Current Liabilities				
Finance lease – non current	16	0	0	5,773
Provision for rental loss	9	64,871	98,000	102,451
Total Non-Current Liabilities		64,871	98,000	108,224
Total Liabilities		471,949	269,000	654,634
Taxpayer's Equity				
Total Liabilities and Taxpayers' Equity		1,534,099	1,592,000	1,451,648
		2,006,048	1,861,000	2,106,282

John Marshall QC
Chief Commissioner

Helen Cull QC
Deputy Chief Commissioner

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

Statement of comprehensive income
for the year ended 30 June 2013

Revenue	Note	Actuals 30/06/13	Budget 30/06/13	Actuals 30/06/12
Revenue Crown		3,865,000	3,865,000	3,865,000
Rental income		123,032	126,000	122,757
Other income		7,651	-	24,999
Sale of documents		22	-	17
Interest earned		26,167	23,000	31,408
Total Revenue		4,021,872	4,014,000	4,044,181
Expenditure				
Audit Fees – financial Statement audit		17,630	19,000	16,800
Commissioners’ fees	13	122,830	139,000	148,516
Depreciation and amortisation		142,856	135,000	124,864
Finance costs	7	20,981	-	14,332
Lease, rentals and outgoings		768,653	802,000	786,343
Personnel costs	10	1,965,665	2,219,000	2,092,244
Other operating costs		900,806	700,000	755,905
Total Expenditure before fraud		3,939,421	4,014,000	3,939,004
Less Fraud – Loss	25	-	-	(30,927)
Net Surplus/(Deficit)		82,451	-	74,250
Other Comprehensive Income				
Total Comprehensive Income for the year		82,451	-	74,250

Explanations of major variances against budget are provided in note 24.

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

**Statement of movement in taxpayers' equity
for the year ended 30 June 2013**

	Actuals 30/06/13	Budget 30/06/13	Actuals 30/06/12
Balance at 1 July	1,451,648	1,592,000	1,377,398
<i>Owner transactions</i>			
Capital contribution from the Crown	-	-	-
<i>Comprehensive Income</i>			
Net Surplus/(Deficit)	82,451	-	74,250
Other Comprehensive Income	-	-	-
Total Comprehensive Income for the year	82,451	-	74,250
Balance at 30 June	<u>1,534,099</u>	<u>1,592,000</u>	<u>1,451,648</u>

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

Statement of cash flows
for the year ended 30 June 2013

	Actuals 30/06/13	Budget 30/06/13	Actuals 30/06/12
Cash flows from operating activities			
Cash was received from:			
Revenue Crown	3,865,000	3,865,000	3,865,000
Rental income	128,355	126,000	122,757
Other income	11,523	-	25,016
Interest received	26,133	23,000	27,524
Goods and services tax (net)		-	36,495
	4,031,011	4,014,000	4,076,792
Cash was disbursed to:			
Payments to suppliers	(1,947,302)	(1,710,000)	(1,670,895)
Payments to employees	(1,973,856)	(2,304,000)	(2,055,224)
Goods and services tax (net)	(34,986)	-	
Net cash flows from operating activities	74,867	-	350,673
Cash flows from investing activities			
Cash was received from:			
Proceeds from sale of asset	-	-	40
Cash was applied to:			
Purchase of property, plant and equipment and Intangibles	(74,789)	(70,000)	(285,116)
Net cash flows from investing activities	(74,789)	(70,000)	(285,076)
Cash Flows from Financing Activities			
Cash provided from:			
Capital contribution from the Crown	-	-	
Cash was applied to:			
Payments to finance leases	(24,801)	-	(33,063)
Net Cash Flows from Financing Activities	(24,801)	-	(33,063)
Net movement in cash for the period	(24,723)	(70,000)	32,706
Opening cash and cash equivalents	1,061,117	706,000	1,028,411
Closing cash and cash equivalents	1,036,394	636,000	1,061,117

The GST (net) component of cash flows from operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial purposes and to be consistent with the presentation basis of other primary financial statements.

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

Reconciliation of cash flow with statement of comprehensive income for the year ended 30 June 2013

	30/06/13	30/06/12
(Deficit)/surplus from Statement of Comprehensive Income	82,451	74,250
Add/(Less) Non-cash items		
Depreciation and amortisation	142,856	124,864
Loss on disposal of asset	7,654	-
	232,961	199,114
Add/(Less) movements in Working Capital Items		
Trade and other receivables	9,139	(3,884)
Prepayments	(9,349)	(7,010)
Trade and other payables	(112,113)	155,939
Employee benefits	(8,191)	37,020
Provision for rental loss	(37,580)	(30,506)
Total working capital items	(158,094)	151,559
Net cash flows from operating activities	74,867	350,673

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

Notes to the financial statements for the year ended 30 June 2013

1. Cash and cash equivalents	30/06/13	30/06/12
Cash at bank and on hand	403,253	618,043
Short-term deposits maturing in less than 3 months	633,141	443,074
Total cash and cash equivalents	<u>1,036,394</u>	<u>1,061,117</u>

2. Trade and other receivables	30/06/12	30/06/11
Not past due	2,213	11,294
1-30 days	-	58
31-60 days	-	-
61-90 days	-	-
Gross Receivables	<u>2,213</u>	<u>11,352</u>
Less: Provision for impairment	-	-
Net Receivables	<u>2,213</u>	<u>11,352</u>

The carrying value of trade and other receivables is approximately their fair value

3. Prepayments	30/06/13	30/06/12
Prepayments	34,354	25,005
Total prepayments and advances	<u>34,354</u>	<u>25,005</u>

4. Property, plant and equipment

Cost	Buildings	Computer Equipment	Furniture & Equipment	Total
Balance at 30 June 2010	145,193	103,772	199,530	448,495
Additions	7,997	16,370	22,494	46,861
Disposals	-	-	-	-
Balance as at 30 June 2011	153,190	120,142	222,024	495,356
Additions	16,729	27,130	14,163	58,022
Disposals	-	(9,316)	-	(9,316)
Balance at 30 June 2012	169,919	137,956	236,187	544,062
Additions	-	28,240	3,982	32,222
Disposals	-	-	(19,022)	(19,022)
Balance at 30 June 2013	169,919	166,196	221,147	557,262
Accumulated depreciation				
Balance as at 30 June 2010	29,539	54,125	46,824	130,488
Depreciation Expense	11,004	34,205	57,910	103,119
Disposals	-	-	-	-
Balance as at 30 June 2011	40,543	88,330	104,734	233,607
Depreciation Expense	12,679	21,107	57,629	91,415
Disposals	-	(9,065)	-	(9,065)
Balance at 30 June 2012	53,222	100,372	162,363	315,957
Depreciation Expense	13,927	26,755	17,148	57,830
Disposals	-	-	(11,368)	(11,368)
Balance at 30 June 2013	67,149	127,127	168,143	362,419

Cost	Buildings	Computer Equipment	Furniture & Equipment	Total
Carrying Amounts				
At 30 June 2010	115,654	49,647	152,706	318,007
At 30 June 2011	112,647	31,812	117,290	261,749
At 30 June 2012	116,697	37,584	73,824	228,105
At 30 June 2013	102,770	39,069	53,004	194,843

The carrying amount of the leased asset is \$0 (2012: \$3,578)

5. Intangible Assets

Acquired Software : Cost	30/06/13	30/06/12
Balance at beginning of year	838,640	611,506
Additions	42,567	227,134
Disposals	-	-
Balance at end of year	881,207	838,640
Accumulated amortisation	30/06/13	30/06/12
Balance at beginning of year	57,937	24,488
Amortisation	85,026	33,449
Disposals	-	-
Balance at end of year	142,963	57,937
Carrying amounts		
As at beginning of year	780,703	587,018
At year end	738,244	780,703

6. Trade and other payables

	30/06/13	30/06/12
Trade creditors	80,557	179,211
Accrued expenses	94,111	107,569
Total Payables and Accruals	174,668	286,780

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

7. Finance costs	30/06/13	30/06/12
Interest on finance lease	8,261	5,285
Interest on rent provision	7,258	9,047
Interest on GST payments	5,462	0
Total finance costs	20,981	14,332

8. Provision for employee entitlements

	Annual Leave	Accrued Salary & Wages	Total
Employee entitlements are represented by:			
Balance at 30 June 2012	118,091	74,034	192,125
Additional provisions made			
Amounts used	(1,797)	(6,394)	(8,191)
Balance at 30 June 2013	116,294	67,640	183,934

9. Provision for rental loss

The Commission has a lease for Level 11, Simpl (Cigna) House which expires in 2015. The premises have been subleased for most of the remainder of the lease term but at a loss. A provision of \$215,033 to cover this liability was made in 2010 for the future discounted rental payments net of anticipated rental income. In 2011, the provision was reduced by \$34,088, this being the rental payments and interest on discounting for 2010/11. In 2012, the provision was reduced by a further \$35,791 and a further \$37,580 in 2013, this being the rental payments and interest on discounting for 2012/13. The provision of \$107,574 reflects the future discounted rental payments net of anticipated rental income.

10. Personnel costs	30/06/13	30/06/12
Salaries and wages	1,845,588	1,974,857
Employer contributions to defined contribution plans	32,842	3,347
Decrease in employee entitlements	(8,191)	37,020
Termination benefits	27,123	0
Recruitment	16,826	28,915
Other staff costs	51,477	48,105
Total personnel costs	1,965,665	2,092,244

Employer contributions to defined contribution plans are contributions to KiwiSaver.

Employee remuneration

Total remuneration and benefits	Number of employees	
\$000	2013	2012
\$100 - \$110	1	2
\$110 - \$120	1	3
\$120 - \$130	4	3
\$130 - \$140	2	1
\$140 - \$150	1	0
\$150 - \$160	0	0
\$160 - \$170	0	0
\$170 - \$180	1	1
\$180 - \$190	0	0
\$190 - \$200	0	0
\$200 - \$210	0	0
\$210 - \$220	0	1
\$220 - \$230	1	0

The Chief Executives' total remuneration and benefits received in 2012/2013 is in the \$220,000- \$230,000 band.

11. Related party transactions

The Commission is an independent Crown Entity and operates under the Crown Entities Act 2004. The Commission is solely Crown funded.

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.

All related party transactions have been entered into on an arm's length basis. The Commission is a wholly owned entity of the Crown.

Significant transactions with government-related entities

The Commission has been provided with funding from the Crown of \$3,865,000 (2012 \$3,865,000) for specific purposes as set out in its founding legislation and the scope of the relevant government appropriations.

Collectively, but not individually, significant transactions with government-related entities

In conducting its activities, the Commission is required to pay various taxes and levies (such as GST, PAYE, and

ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The Commission is exempt from paying income tax.

The Commission also purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2013 totalled \$84,878 (2012 \$123,561). These included the purchase of air travel from Air New Zealand, and postal services from New Zealand Post.

12. Key management personnel	2013	2012
Salaries and other short-term employee benefits	815,591	761,860
Employer contributions to defined contribution plans	10,825	8,863
Termination benefits	27,123	0
	<u>853,539</u>	<u>770,723</u>

Employer contributions to defined contribution plans are contributions to KiwiSaver.

Key Commission personnel comprise 3 Board members, the Chief Executive and 3 executive managers. (2012: 7 key Commission personnel). Board fees are disclosed separately below.

13. Commission members

Commission members earned the following fees during the year:

Member	Fees	
	2013	2012
Mr JL Marshall, QC (Chief Commissioner)	62,330	67,876
Ms HA Cull, QC (Deputy Chief Commissioner)	43,000	40,320
Mr HG Broad, CNZM (Commissioner) (appointed 1 March 2013)	14,000	0
Captain BS Wyness (Commissioner) (Deceased 20 July 2012)	3,500	40,320
	<u>122,830</u>	<u>148,516</u>

14. Statement of commitments

The Transport Accident Investigation Commission has the following non-cancellable operating leases of the following amounts:

	30/06/13	30/06/12
Less than 1 year	755,486	755,486
1 – 2 years	741,610	755,486
2 – 5 years	1,625,389	1,919,566
5+ years	2,311,739	2,759,173
	<u>5,434,224</u>	<u>6,189,711</u>

The Commission has three substantial leases. The Commission has signed a sublease for Level 11, Simpl House through to the lease expiry in May 2015.

The Commission does not have the right of renewal on the leases.

Expiry terms and sublease

Premises	Expiry Date	Per Annum	Whole Term
Level 15 and 16, 80 The Terrace	August 2023	447,433	4,996,340
Level 11, Simpl House	May 2015	166,509	485,650
Bell Road	June 2017	141,544	707,721

15. Capital commitments

	30/06/13	30/06/12
EDRMS project	96,162	8,888
	<u>96,162</u>	<u>8,888</u>

16. Finance leases

	30/06/13	30/06/12
Total minimum lease payments payable:		
Less than 1 year	8,266	33,063
1 – 2 years	-	8,266
2 – 5 years	-	-
5+ years	-	-
	<u>8,266</u>	<u>41,329</u>
Future finance charges	2,493	10,754
Present value of minimum lease payments	5,773	30,575

	30/06/13	30/06/12
Present value of minimum lease payments payable		
Less than 1 year	5,773	24,802
1 – 2 years	-	5,773
2 – 5 years	-	
5+ years	-	-
Total present value of minimum lease payments	5,773	30,575
Represented by:		
Current	5,773	24,802
Non-current	-	5,773
	5,773	30,575

The Commission has entered into a finance lease for various photocopying and publishing equipment from Fuji Xerox. The net carrying amount of the leased items is shown in note 4.

The finance lease is spread over a term of 45 months. The present value of the lease payments has been calculated using an interest rate of 12%. This lease expires in September 2013.

The finance lease can be renewed at the Commission's option, with rents set by reference to current market rates for items of equivalent age and condition. The Commission does not have the option to purchase the assets at the end of the lease terms. The Commission does not intend renewing this finance lease.

There are no restrictions placed on the Commission by any of the finance leasing arrangements.

Finance lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default of payment.

17. Financial instrument risks

The Commission has practices 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 2013 had fluctuated by plus or minus 0.5%, the effect would have been to increase/decrease the surplus/deficit and tax payer funds by \$131 (2012 \$157).

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 practice 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 and cash equivalents (note 1), and trade and other receivables (note 2). 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.

The Commission holds cash with Kiwi Bank, ANZ Bank and BNZ.

The credit ratings of the banks the Commission holds deposits with are as follows:

Kiwi Bank Limited	AA+
ANZ Bank New Zealand Limited	AA-
Bank of New Zealand Limited	AA-

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 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 cash and cash equivalents are disclosed in note 1.

	Total	6-12 Months	1-5 Years	5+ Years
Financial Liabilities				
Trade & other payables	117,561	117,561	-	-
Finance Lease	5,773	5,773	-	-

18. Statement of contingencies

Contingent liabilities

There are no contingent liabilities existing at balance date (2012: Nil).

In November TAIC made a voluntary disclosure to the IRD regarding errors in GST payments made between October 2010 and August 2012. IRD notified prior to the year-end date that a penalty may be applied and interest for the underpayment of GST from October 2010 may be payable by TAIC.

Contingent assets

At balance date the Commission was continuing to receive reparations for the money that was taken fraudulently. Reparations received at 30 June 2013 were \$5,000 (2012: \$12,200).

19. Subsequent events

In August 2013, the IRD provided confirmation that a penalty of \$11k was to be applied (but fully waived) and interest of \$5k was payable relating to the GST voluntary disclosure.

20. 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:

	30/06/13	30/06/12
Loans and receivables		
Cash and cash equivalents	1,036,394	1,061,117
Debtors and other receivables	2,213	6,029
Total loans and receivables	1,038,607	1,067,146
Financial liabilities measured at amortised cost		
Creditors and other payables	117,561	194,688
Finance lease	5,773	30,575
	123,334	225,263
21. Equity		
	30/06/13	30/06/12
General Funds		
Balance at 1 July	1,451,648	1,377,398
Surplus/(deficit) for the year	82,451	74,250
Balance at 30 June	1,534,099	1,451,648

22. Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) financial instruments with quoted prices with identical instruments in active market.
- Valuation technique using observable inputs (level 2) financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets or financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) financial instruments valued using models where one or more significant inputs are observable.

All financial assets and financial liabilities disclosed on the Commission's statement of financial position are level 1 on the hierarchy. There have been no transfers between different levels of the fair value hierarchy.

23. 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, acquisitions 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.

24. Explanation of significant variance against budget

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

Statement of comprehensive income

Other operating costs

Other operating costs were \$200,805 (29%) over budget due to professional fees included in operating costs but budgeted within personnel costs. In 2012/13 professional fees were included in operating costs. In previous years these were included as personnel costs. There is a corresponding under spend in personnel costs against budget.

Employee entitlements

Employee entitlements were higher than budget by \$88,934 due to a number of employees having high annual leave balances.

Trade and other payables

Trade and other payables were \$104,667 higher than budget due to the budget not reflecting payments due for contractor costs associated with an unplanned redundancy and also timing of information technology projects payable at year end.

Statement of financial position

Cash and cash equivalents

Cash and cash equivalents is \$400,394 over budget. Cash is higher as a result of the cumulative effect of all the other items on the balance sheet, as well as the fact that the Commission made a profit of \$82,451 versus a budgeted surplus of \$Nil. Also the cash and cash equivalents budget figure is somewhat of a balancing figure on the Statement of Intent. All other items are based on actuals, historical cost and educated estimates.

Non-current Assets

Non-current assets are \$231,913 less than budget due to the AIIMS project completed in 2011/12 being under budget but this not reflected in the 2012/13 budget. Also the budgeted amount for property, plant and equipment does not reflect historical balances.

Statement of changes in cash flows

The statement of changes in cash flows shows a net movement in cash for the period \$45,277 better than budgeted due to payments to suppliers and employees being less than expected.

25. Fraudulent Losses

Following the identification of suspicious transactions during the 2011 year, an investigation quantified a loss due to fraudulent activity. These losses have occurred over a number of years as follows:

2007	2,430
2008	41,211
2009	68,092
2010	100,517
2011	72,065
2012	30,927

There are no fraudulent losses in the 2013 financial statements (2012: \$30,927).

Independent Auditor's Report

To the readers of the Transport Accident Investigation Commission's financial statements and non-financial performance information for the year ended 30 June 2013

The Auditor-General is the auditor of Transport Accident Investigation Commission (the Commission). The Auditor-General has appointed me, Kelly Rushton, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non-financial performance information of the Commission on her behalf.

We have audited:

the financial statements of the Commission on pages 26 to 43, that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of movement in taxpayers' equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and

the non-financial performance information of the Commission that comprises the report about impacts on pages 14 to 20, and the statement of service performance on page 24.

Opinion

In our opinion:

the financial statements of the Commission on pages 26 to 43:

comply with generally accepted accounting practice in New Zealand; and

fairly reflect the Commission's:

financial position as at 30 June 2013; and

financial performance and cash flows for the year ended on that date.

the non-financial performance information of the Commission on pages 14 to 20 and page 24:

complies with generally accepted accounting practice in New Zealand; and

fairly reflects the Commission's service performance and impacts for the year ended 30 June 2013, including for each class of outputs:

its service performance compared with forecasts in the statement of forecast service performance at the start of the financial year; and

its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Our audit was completed on 23 October 2013. This 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 Board and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and non-financial performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and non-financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Commission's financial statements and non-financial performance information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.

An audit also involves evaluating:

the appropriateness of accounting policies used and whether they have been consistently applied;

the reasonableness of the significant accounting estimates and judgements made by the Board;

the appropriateness of the reported non-financial performance information within the Commission's framework for reporting performance;

the adequacy of all disclosures in the financial statements and non-financial performance information; and

the overall presentation of the financial statements and non-financial performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and non-financial performance information.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing financial statements and non-financial performance information that:

comply with generally accepted accounting practice in New Zealand;

fairly reflect the Commission's financial position, financial performance and cash flows; and

fairly reflect its service performance and impacts.

The Board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and non-financial performance information that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the publication of the financial statements and non-financial performance information, whether in printed or electronic form.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Transport Accident Investigation Commission Act 1990.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our 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 External Reporting Board.

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



Kelly Rushton
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Appendix 1: Inquiries active in the year ended 30 June 2013

This table is ordered by date launched for all inquiries live at any point in the financial year. Overseas assists are included, but are not taken into account for timeliness calculations. WD = working days calculated on a 220 day year. Colour coding: green, under 220 WD; yellow, 220-309 WD; orange, 310-439 WD; red, 440 and over WD. All domestic inquiries are assigned a starting priority of 2, which may be elevated to 1 in the case of a need for urgency, or demoted to 3 to allow for more urgent cases to proceed ahead. Estimated completion dates were as at 30 June 2013; some will have been extended since to take account of a new expectation of 330 working days average to complete an inquiry, and to take into account developments in specific cases and the overall case load.

Figure 8: Inquiries active in the year ended 30 June 2013

Status	Inquiry #	Mode	Description	Occurred	Launched	Published	Working days	Estimated completion date	Estimated working days	Priority
Closed Overseas Assist	09-008	Aviation	Report 09-008 Australian-registered Israel Aircraft Westwind 1124A aircraft, registration VH-NGA, ditched in the sea, 5km SW of Norfolk Island, 18 November 2009	19/11/2009	20/11/2009	1/11/2012				
Continued	09-210	Marine	Bulk carrier Taharoa Express, Cargo shift, Port Taharoa	17/12/2009	17/12/2009			19/09/2013	826	3
Closed Overseas Assist	10-002	Aviation	Inquiry 10-002: (ATSB AO-2010-016) Engine fire, Airbus A320-232 - VH-VQO, 74 km NNW of Adelaide SA, 15 March 2010	15/03/2010	22/03/2010	13/07/2012				
Closed	10-204	Marine	Inquiry 10-204: Bulk carrier Hanjin Bombay, grounding, Mount Maunganui, 21 June 2010	21/06/2010	22/06/2010	2/05/2013	629			
Closed	10-008	Aviation	Cessna 152 ZK-TOD and Cessna 152 ZK-JGB, mid-air collision near Feilding, Manawatu, 26 July 2010	26/07/2010	26/07/2010	28/03/2013	588			
Closed Overseas Assist	10-205	Marine	Korean registered fishing vessel, O Yang 70, capsize and sinking 400 miles East of New Zealand, 18 August 2010	18/08/2010	23/08/2010	14/08/2012				
Closed	10-101	Rail	Report 10-101: wrong route setting, high-speed transit through turnout, near miss and SPAD (signal passed at danger), Tamaki, 13 August 2010	18/08/2010	24/08/2010	15/11/2012	490			

Status	Inquiry #	Mode	Description	Occurred	Launched	Published	Working days	Estimated completion date	Estimated working days	Priority
Continued	10-206	Marine	Coastal container vessel Spirit of Resolution, grounding Manukau Bar, Auckland	18/09/2010	29/09/2010			12/09/2013	650	3
Closed	10-010	Aviation	Inquiry 10-010: Bombardier DHC-8-311, ZK-NEB, landing without nose landing gear extended, Woodbourne (Blenheim) Aerodrome, 30 September 2010	30/09/2010	30/09/2010	1/11/2012	460			
Closed	10-011	Aviation	Report into flying training safety in New Zealand	26/07/2010	20/12/2010	28/03/2013	499			
Closed Overseas Assist	10-207	Marine	Report 10-207. Korean registered fishing vessel, In Sung No.1, sinking in the Ross Sea, 13 December 2010.	13/12/2010	20/12/2010	1/11/2012				
Closed	11-001	Aviation	Bell Helicopter Textron 206L-3, ZK-ISF, Ditching after engine power decrease, Bream Bay, Northland, 20 January 2011	20/01/2011	21/01/2011	21/03/2013	476			
Closed	11-002	Aviation	Bombardier DHC-8-311, ZK-NEQ, landing without nose landing gear extended, Woodbourne (Blenheim) Aerodrome, 9 February 2011	9/02/2011	9/02/2011	7/02/2013	439			
Continued	11-102	Rail	Express Freight Train 842, track occupation irregularity between Staircase and Craigieburn	13/04/2011	13/04/2011			12/09/2013	532	1
Continued	11-003	Aviation	Robinson R22 helicopter, collision with terrain, Arawhata Valley, Mount Aspiring National Park	27/04/2011	28/04/2011			12/09/2013	523	3
Continued	11-202	Marine	Passenger and freight ferry Monte Stello, struck underwater object, Tory Channel	4/05/2011	4/05/2011			12/12/2013	574	3
Continued	11-004	Aviation	Pa31-350 Chieftain, landing gear malfunction, Nelson aerodrome	11/05/2011	11/05/2011			15/08/2013	498	3
Closed	11-103	Rail	Track workers nearly struck by passenger train near Paekakariki, North Island Main Trunk, 25 August 2011	26/08/2011	26/08/2011	23/05/2013	383			
Continued	11-203	Marine	Jet Raider, Catastrophic engine failure, Motuihe Channel, Hauraki Gulf	27/08/2011	27/08/2011			12/09/2013	450	3

Status	Inquiry #	Mode	Description	Occurred	Launched	Published	Working days	Estimated completion date	Estimated working days	Priority
Continued	11-005	Aviation	Boeing 747, Engine malfunction on approach to land at Auckland International Airport, Auckland International Airport	18/09/2011	23/09/2011			15/08/2013	417	2
Continued	11-204	Marine	Container Ship Rena, Grounding, Astrolabe Reef, Tauranga	5/10/2011	5/10/2011			12/09/2013	426	1
Continued	11-006	Aviation	Britten-Norman Trislander, Runway excursion, Pauanui Aerodrome, Coromandel Peninsula	22/10/2011	22/10/2011			12/09/2013	416	3
Continued	11-007	Aviation	Boeing 737, Approach incident, Christchurch Airport	29/10/2011	31/10/2011			12/09/2013	411	3
Closed	11-104	Rail	Freight Train 261 collision with bus, Beach Road level crossing, Paekakariki, 31 October 2011	31/10/2011	1/11/2011	13/09/2012	191			
Continued	11-105	Rail	Freight Train 228, Wrong line running irregularity, Puhunui Station, Auckland	12/11/2011	14/11/2011			12/09/2013	402	2
Continued	11-106	Rail	Hi-Rail 46293 & Passenger Train 3121, Near Collision, Paerata and Papakura	28/11/2011	28/11/2011			22/08/2013	381	2
Continued	12-001	Aviation	Cameron A-210 Hot-Air Balloon, Basket contacted power lines and caught fire, Carterton	7/01/2012	7/01/2012			15/08/2013	353	1
Closed	12-201	Marine	Inquiry 12-201: Fishing vessel Easy Rider, capsize and foundering, Foveaux Strait, 15 March 2012	15/03/2012	16/03/2012	3/05/2013	249			
Continued	12-101	Rail	Train 926D, Load shift on part of Train 926D, Rolleston	6/04/2012	6/04/2012			17/10/2013	337	2
Continued	12-102	Rail	RO-2012-102, Power outage at Wellington Train Control Centre, affecting Auckland Rail Network	26/04/2012	26/04/2012			17/10/2013	325	3
Continued	12-103	Rail	RO-2012-103 Train 229, Main Line Derailment, Maewa	3/05/2012	3/05/2012			12/12/2013	354	2
Continued	12-002	Aviation	AO-2012-002 Airbus A320, bird strike, on approach to Wellington Airport	20/06/2012	21/06/2012			14/11/2013	308	1

Status	Inquiry #	Mode	Description	Occurred	Launched	Published	Working days	Estimated completion date	Estimated working days	Priority
Opened	12-104	Rail	RO-2012-104 Train 723, Track Occupation Irregularity, Seddon, 1 August 2012	1/08/2012	1/08/2012			14/11/2013	283	2
Assisting Overseas Inquiry	12-003	Aviation	AO-2012-003 Australian-registered Airbus A320, descended below minimum safe altitude, Queenstown, 16 July 2012	16/07/2012	17/08/2012					
Opened	12-202	Marine	MO-2012-202 Fishing Vessel Torea, Collision with uncharted rock, Ruapuke Island, Foveaux Strait	24/08/2012	24/08/2012			17/10/2013	252	2
Opened	12-105	Rail	RO-2012-105 Passenger Train, wrong routed, Wiri Junction, 31 August 2012	31/08/2012	4/09/2012			14/11/2013	263	2
Opened	12-203	Marine	MO-2012-203 Fishing vessel Amaltal Columbia, fire onboard, 85 km northeast of Lyttelton	12/09/2012	12/09/2012			17/10/2013	241	2
Opened	13-101	Rail	RO-2013-101 Freight Train 345, Derailment, Mission Bush Branch	9/01/2013	14/01/2013			14/03/2014	255	2
Assisting Overseas Inquiry	13-001	Aviation	AO 2013-001 Canadian registered aircraft, missing in Antarctica, within the Ross Dependency area	24/01/2013	25/01/2013					
Opened	13-002	Aviation	AO 2013-002 Robinson R44, Autorotation precautionary landing, Lake Rotorua	24/02/2013	24/02/2013			24/02/2014	220	
Opened	13-003	Aviation	AO-2013-003 Robinson R66, in-flight break-up, Kaweka Range	9/03/2013	9/03/2013			9/03/2014	220	2
Assisting Overseas Inquiry	13-004	Aviation	AO-2013-004 Robinson R44, VH-WHO, found on steep terrain, 20 km south-west of Mudgee, New South Wales	9/12/2012	25/03/2013					
Opened	13-102	Rail	RO-2013-102 Train 4664, Train departed without crew onboard, Between Wingate and Taita Stations	28/03/2013	28/03/2013			13/03/2014	211	2
Opened	13-005	Aviation	AO-2013-005 R22 Beta Helicopter, loss of control, New Plymouth	30/03/2013	4/04/2013			20/03/2014	211	2
Opened	13-103	Rail	RO-2013-103 Train 5618, collision with the stop block, Melling Station	15/04/2013	15/04/2013			18/04/2014	222	2

Status	Inquiry #	Mode	Description	Occurred	Launched	Published	Working days	Estimated completion date	Estimated working days	Priority
Opened	13-006	Aviation	AO-2013-006 Airbus A340, Runway excursion, Auckland Airport	18/05/2013	20/05/2013			31/05/2014	226	2
Opened	13-104	Rail	RO-2013-104 Ganz-Mavag electric multiple unit passenger train, derailment, Wellington	20/05/2013	20/05/2013			31/05/2014	226	2
Opened	13-007	Air	AO-2013-007 Boeing 737-800 ZK-ZQG, stabiliser trim mechanism damage, Auckland International Airport	7/06/2013	21/06/2013			19/06/2014	219	2
Opened	13-106	Rail	RO-2013-106 Track occupation irregularity, leading to near collision, Otira, Arthurs Pass	10/06/2013	11/06/2013			30/06/2014	231	2
Opened	13-105	Rail	RO-2013-105 Express Passenger Train 1203, moved from platform while wheelchair bound passenger was alighting, Waikanae Station	10/06/2013	11/06/2013			30/06/2014	231	2

Matters relating to the electronic presentation of the audited financial statements and statement of service performance

This audit report relates to the financial statements and statement of service performance of the Transport Accident Investigation Commission (the Commission) for the year ended 30 June 2013 included on the Commission's website. The Commission's Commissioners are responsible for the maintenance and integrity of the Commission's website. We have not been engaged to report on the integrity of the Commission's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance as well as the related audit report dated 25 October 2012 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

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

CA-2013-602

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