



Annual Report

Transport Accident Investigation Commission
Te Komihana Tirotiro Aitua Waka

Year ended 30 June 2014

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

**Transport Accident Investigation Commission
Annual Report 2014**

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10 November 2014

Hon Simon Bridges MP
Minister of Transport
Parliament Buildings
Wellington

Dear Minister

Annual Report 2014

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 2014.

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 Transport Accident Investigation Commission (the Commission) is a standing commission of inquiry established by the Transport Accident Investigation Commission Act 1990 (the Act). The Act prescribes the Commission's purpose, which is "to determine the circumstances and causes of accidents and incidents with a view to avoiding similar occurrences in the future, rather than to ascribe blame to any person"¹. 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, and what might need to change to help prevent a recurrence. To achieve its purpose the Commission must:

- decide whether to investigate (the Commission must do so if it believes that an accident or incident has significant implications for transport safety or would allow it to make recommendations that would improve transport safety)
- co-ordinate and direct the investigations it initiates and decide which other parties (if any) should be involved in its investigations
- consider evidence gathered by investigators, advice from experts, and the submissions of consulted people and organisations; and hold private or public hearings
- publish its findings and recommendations – the Commission has recommendatory powers only.

The Commission has broad investigative powers under the Act, including the power of entry and inspection, and the power to seize, remove and protect evidence. It also has wide powers under the Commissions of Inquiry Act 1908.

On occasions, Coroners, the New Zealand Police, and transport safety authorities (the regulators²), may also investigate the same transport occurrences as the Commission is investigating. The Commission has the unique and important role of conducting investigations independently of any other interest – for the purpose of helping to improve safety, and not to attribute blame or liability.

The Commission has two 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)

Usually there are three Commissioners, but at the time this Annual Report was being prepared, a third Commissioner was being sought to fill a vacancy from January 2014.

The Commission is required under statute to employ a Chief Executive. The Chief Executive employs 10 investigative staff (including the Chief Investigator of Accidents) and 8 corporate support staff. 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 23.

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

¹ Section 4 of the Transport Accident Investigation Commission Act.

² Maritime New Zealand, the Civil Aviation Authority, and the New Zealand Transport Agency.

Chief Commissioner's overview

Inquiry highlights

The Commission's caseload was consistently high over the year. When the Commission has a full complement of trained investigators, its optimal operating capacity is 30 open cases. For the first eight months of 2013/14, the Commission's caseload was 35 or more, dropping to 32 by the end of the year. Investigator resources in the aviation and rail modes were particularly extended. Although the average age of open inquiries is under target, the high workload during the year is likely to affect the time to complete inquiries over 2014/15.

In October 2013, the Commission released its report into the Carterton hot-air balloon tragedy (12-001). Recommendations arising from the inquiry included a call for reform of alcohol and drug regulation across the aviation, rail, and marine modes. The Commission's recommended reforms included the introduction of preventative measures (such as alcohol and drug prohibition), and detection and deterrence regimes for people working in safety-sensitive roles. Alcohol and drug impairment of persons in safety critical positions in the transport industry is a matter of significant concern for the Commission, and it continues to feature in occurrences across modes.

The inquiry into the grounding of the *Rena* continued (11-204). The *Rena's* operator, Ciel Ship Management, made a substantial submission to the Commission, which extended the inquiry. The Commission expects to complete the inquiry and publish its report before the end of 2014.

Strategic highlights

The Commission contributes to safer transport in part by informing the transport sector about safety issues and influencing sector participants to act on those issues. Over an approximately 12-month period to the second half of 2013, the Commission had expressed its concerns to the rail regulator over the regulator's effectiveness. The Commission was of the view that oversight of the rail industry would be improved if the regulator were more visible and assertive. The regulator, the New Zealand Transport Agency (NZTA), subsequently restructured and reassigned responsibility for rail regulation higher within the organisation, and it has begun to raise its public profile as the regulator. The Commission's release of a report into a near head-on collision Staircase-Craigieburn (11-102) is a case in point, where the NZTA made a media statement endorsing the inquiry's findings and asserting its role. That inquiry had established significant concerns for KiwiRail's risk management and operation of train control.

Stakeholder highlights

In May 2014, the Commission was pleased to host and chair the annual Meeting of the Chairpersons of the International Transportation Safety Association. These meetings offer a valuable opportunity for the Commission and our peer organisations internationally to share experiences, exchange information on transport safety matters, and contribute to safer systems worldwide. This year's meeting was attended by 28 representatives of investigation agencies from 15 countries. One of the achievements of the meeting was to reach a resolution to support, and actively move towards adopting, International Civil Aviation Organization proposals to enhance the international standards relating to aircraft tracking and flight recorders. These moves arose in the wake of missing Malaysia Airlines Flight MH370.

During the year, the Commission developed its inaugural Watch List. The Watch List is a monitoring tool. It is designed to communicate to the regulators, industry operators, and the public, the transport safety-related issues that the Commission is especially concerned about, and which it thinks require greater attention and action. The issues chosen for inclusion in the Watch List are drawn from previous recommendations of the Commission, or they may be international in origin but have domestic relevance. Watch List issues could also be emerging issues from investigation experience, domestic trend monitoring or other research. The Watch List is expected to be published before the end of 2014.

Capability and capacity highlights

The Commission continued its commitment to adopting a better public service approach to its business operations. During 2013/14 it made further progress in improving its investigative and corporate procedures and processes.

A review of the Commission's major accident manual and other investigative procedures, which began in 2012/13, continued. The focus has been on the Commission's evidence collection protocols and evidence analysis framework. A review of the high-level quality manuals is near completion. Work for the coming year will focus on the next tier of documentation.

An information management and technology project to reconfigure the Commission's electronic documents and records management system was completed. The focus for the coming year is to transition records from the old to the new system, and to renew information management policy and guidelines.

Managing organisational risk

In March 2014, a television current affairs programme made allegations of poor wreckage scrutiny and handling, and unconsidered alternative theories and evidence in respect of the Fox Glacier parachuting aircraft accident (10-006). The Commission instituted a formal review of evidence, analysis and findings, while Commission managers conducted a practice review. Independent experts were involved in both processes. The review of the Commission's inquiry into the accident was near completion at the time this report was being prepared.

The Commission began working with the Ministry of Transport on a review of the Commission's business model and funding to confirm whether, as the Commission believes, an increase in baseline funding (last increased six years ago) is needed. The Commission faces challenges in maintaining an appropriate capacity and competency in the face of an ageing workforce, changing expectations of inquiry breadth and depth, as well as technological and data analysis advances in the transport sector generally, and the challenges and opportunities these give accident investigation. During the year, an independent reviewer completed exhaustive stakeholder research and business evaluation as the start of the process to determine whether an increase in Crown funding is justified.

In summary, the number of reports published during the year and the amount of progress made on corporate projects has been gratifying. The Commission's achievements have been realised despite the high tempo of work over 2013/14, as represented by the number of open inquiries; and an operating environment where resources are strained. It has been a challenging but successful year for the Commission.



John Marshall, QC
Chief Commissioner

1. Non-financial reporting

1.1. The Commission's case book

- 1.1.1. This section highlights aspects of the Commission's inquiry work during 2013/14, 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. The Statement of Service Performance (against the forecast in the Statement of Intent) follows at section 2 on page 25. An up-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.
- 1.1.2. The following paragraphs draw on Table 7 on page 25. Where a number is reported followed by another in brackets, for example "3 (4)", the first measure relates to the year under review and the second to the previous year.
- 1.1.3. During the year the Commission opened 16 (15) domestic inquiries. 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 within the 220 to 440 working days (1 to 2 years). 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.
- 1.1.4. Although fully staffed with investigators for the year, the marine and aviation modes were effectively operating on 2 investigators each throughout the year because one investigator in each is a relatively recent recruit. This explains why the total number of inquiries completed was, at 17 (10), less than the target.
- 1.1.5. The average working days of cases open at the end of the year was 271 (257). Twenty-nine percent (30%) of cases were completed within 220 and 440 days. The times to completion for the air and marine modes have been especially affected by two complex inquiries: the Carterton hot-air balloon accident (12-001) and the grounding of the *Rena* (11-204). Complex inquiries such as these not only require a lot of investigator time, but also inquiry time including hearings and considerations of submissions from the range of interested parties.
- 1.1.6. The Commission also assisted overseas peer agencies during the year with 6 (7) inquiries with a New Zealand connection. All six were in the aviation mode. This work also occupies some investigator time.

Table 1 Caseload data 2013/14

		Air			Rail			Marine			Total		
		Jun-12	Jun-13	Jun-14									
Caseload at year end													
Inquiries	Opened	5	5	5	7	8	5	3	2	3	15	15	13
	Continued	7	7	6	2	6	9	4	5	4	13	18	19
	Total	12	12	11	9	14	14	7	7	7	28	33	32
Elapsed WD	Opened	578	226	667	725	631	355	411	362	264	1,714	1,219	1,286
	Continued	2,277	2,626	1,771	675	1,979	3,067	1,643	2,645	2,517	4,595	7,250	7,355
	Total	2,855	2,852	2,438	1,400	2,610	3,422	2,054	3,007	2,781	6,309	8,469	8,641
Average WD	Opened	116	45	133	104	79	71	137	181	88	114	81	99
	Continued	325	375	295	338	330	341	411	529	629	353	403	387
	Total	238	238	222	156	186	244	293	430	397	225	257	270
Completed by year end													
Inquiries completed	Inquiries completed	3	5	6	8	3	6	4	2	5	15	10	17
	Elapsed WD	1,097	2,462	3,098	5,716	1,064	2,223	1,539	878	2,099	8,352	4,404	7,420
	Average WD	366	492	516	715	355	371	385	439	420	557	440	436
Total active inquiries during year													
Active inquiries	Active inquiries	14	17	17	17	17	20	11	9	12	42	43	49
	FTE Investigators	2.1	2.1	3.0	2.9	2.6	3.0	1.6	2.1	3.0	6.6	6.8	9.0

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.
- For the year ended 30 June 2012, the table now includes report 10-001 (*Report into flying training safety in New Zealand*), which was classified as an inquiry report only after it had been completed.
- Jun-13 figures in the Total section differ from those in the Annual Report 2013. That column in the previous report gave raw calendar days totals which had not been converted to their working days equivalents as shown here.

1.2. Inquiries have impacts that help prevent recurrences

Testing for recurrence

- 1.2.1. 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 (for example, 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 ongoing issue.
 - Occurrences that appear similar often have differing causes. The qualitative analysis required to establish true recurrence incidence would be a significant commitment.

Outcome measures

- 1.2.2. Despite the difficulties in testing for recurrence, the Commission has committed 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.
- 1.2.3. Table 2 shows the outcome measures and progress made during 2013/14 to establish data sets to be reported on from 2014/15.

Table 2 Outcome measures

Outcome measure	Comment
The incidence of aircraft involved in pilot training nearly colliding or colliding with other aircraft	Data is available for training-related safety occurrences involving collisions or near-collisions with other aircraft, along with standardising data of training hours flown. The reliability of the source data, and the validity of trend analysis given the small data set involved is being further considered.
The incidence of rail safety occurrences involving trains or rail maintenance vehicles where visible mapped or computed GPS positions at train control could have helped avoid a conflict or track warrant breach.	This measure is to be implemented using data on SPAD A occurrences and kilometres travelled as the standardizing variable.
The incidence of recreational boating accidents involving serious injury or loss of life where a lack of demonstrated knowledge by the skipper appears to have been a factor	This data is currently not collected. However, Maritime New Zealand is undertaking a project analyzing loss of life in maritime accidents, which the Commission hopes will provide the information required for this outcome measure in relation to fatalities. Once the project is completed (currently forecast for the end of 2014), its suitability as an ongoing measure will be assessed.
The incidence of the presence of performance impairing substances in persons performing safety critical task in the aviation, marine, and rail transport modes	This information is not collected.

Key lessons, safety actions and recommendations

- 1.2.4. 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.
- 1.2.5. 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 distil the main points learnt so that the conditions in the transport system that led to the accident or incident can be modified, and similar situations avoided.
 - 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.
- 1.2.6. Table 3 sets out this impact information for the inquiries completed during the year. Please note that carefully worded inquiry reports’ contents have been extensively précised 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 3 Key lessons, safety actions, and recommendations from inquiries closed 2013/14

Findings (number)	Key lessons (number and précis)	Safety actions (number and précis)	Safety recommendations (number and précis)
<i>Greater ≈ more complex</i>	<i>“What did we learn that others should take heed of to avoid it happening to them?”</i>	<i>“What has been done while the inquiry’s been underway that’s removed the need for a relevant recommendation?”</i>	<i>“What needs to change to reduce the likelihood of a recurrence?”</i>
Aviation inquiry 11-004, Piper PA31-350 Navajo Chieftain, ZK-MYS, Nelson Aerodrome, 11 May 2011 Landing without nose landing gear extended			
5	(5): <ul style="list-style-type: none"> • Persons who work on aircraft must refer to written resources • and check parts against reference material to ensure the correct parts are used • and must use the correct part name and number in documentation. • Defect causes must be identified, not just the part replaced. • Prompt receipt and review of loose-leaf log book entries can help detect possible recurring defects. 	0	(2): To CAA: <ul style="list-style-type: none"> • To take action in concert with industry to improve maintenance rules compliance and best practice conformation. CAA gave qualified acceptance of the recommendation. • To widen the range of aircraft that require duplicate checks after specified maintenance. CAA rejected the recommendation.

Findings (number)	Key lessons (number and précis)	Safety actions (number and précis)	Safety recommendations (number and précis)
<i>Greater ≈ more complex</i>	<i>"What did we learn that others should take heed of to avoid it happening to them?"</i>	<i>"What has been done while the inquiry's been underway that's removed the need for a relevant recommendation?"</i>	<i>"What needs to change to reduce the likelihood of a recurrence?"</i>
Aviation inquiry 11-005 , Boeing 747, 18 September 2011 Engine compressor surges			
4	0	0	0
Rail inquiry 11-102, Staircase-Craigieburn, 13 April 2011 Track occupation irregularity, leading to near head-on collision			
12	(8): The need for: <ul style="list-style-type: none"> • Effective risk management systems in which responsibilities are understood, and changes to safety-critical functions properly assessed. • Supervision and support of safety-critical staff within a supportive workplace culture. • Fatigue management including food and rest breaks, training, and supervision. • Minimising distractions to safety-critical staff. 	(7): <ul style="list-style-type: none"> • Procedures for authorising track occupancy. • Upgrading control room radio controls. • Alertness training and medical assessments. • Rostering. • Instructing controllers on workload management. • Two new roles which would manage some of the issues identified. • Electronic visibility of trains at train control. 	(5): Relating to KiwiRail train control: <ul style="list-style-type: none"> • Risk management practice. • Stress and fatigue management. • Controller workload. • Electronic visibility in the control room of trains. • NZTA oversight of the above.
Air inquiry 12-001, near Carterton, 7 January 2012 Hot-air balloon collision with power lines and in-flight fire			
14	(2): <ul style="list-style-type: none"> • Short and long-term cannabis use affect task performance. Under no circumstances should safety-critical transport workers ever use it. • Balloon pilots should give power lines a wide margin and follow manufacturers' advice and best industry practice if they ever inadvertently encounter them. 	(2): <ul style="list-style-type: none"> • Audit of balloon maintainers following an urgent safety recommendation, and remedial action with one maintainer • A new rule required adventure aviation operators to have a drug and alcohol risk monitoring and management programme in place. 	(2): <ul style="list-style-type: none"> • An urgent safety recommendation was made to CAA early in the investigation to urgently check balloon maintainers for compliant practices and be satisfied that balloons are airworthy. • A recommendation was made to the Ministry of Transport to introduce a drugs and alcohol regime across all three modes in the Commission's jurisdiction, to include prescribed maximum levels for alcohol, prohibition of drug impaired operation, and random and post-incident testing.

Findings (number)	Key lessons (number and précis)	Safety actions (number and précis)	Safety recommendations (number and précis)
<i>Greater ≈ more complex</i>	<i>"What did we learn that others should take heed of to avoid it happening to them?"</i>	<i>"What has been done while the inquiry's been underway that's removed the need for a relevant recommendation?"</i>	<i>"What needs to change to reduce the likelihood of a recurrence?"</i>
Rail inquiry 11-106, Crown Road level crossing near Paerata, North Island Main Trunk, 28 November 2011 Hi-rail vehicle nearly struck by passenger train			
11	(4): <ul style="list-style-type: none"> • Train controllers need to verify all information before authorising track occupations. • The risk of train controllers making assumptions needs ongoing management. • Proper eating and rest breaks are crucial to minimise the risk of controller fatigue. • Food must be available and adequate breaks given. 	(2): <ul style="list-style-type: none"> • Procedures for authorising track occupancies had been changed. • A range of initiatives including food provision, training, break encouragement, active supervision, and monitoring had been put in place to reduce the likelihood of controller fatigue. 	2 new recommendations were made and 2 recommendations from a previous inquiry were reinforced. The new recommendations concerned: <ul style="list-style-type: none"> • Ensuring KiwiRail had mechanisms in place and working to reduce assumption based controller error. • NZTA ensuring KiwiRail did this.
Rail inquiry 13-108, Wellington, 9 September 2013 Near collision between 2 metro passenger trains			
N/A due short report format.	N/A due short report format.	N/A due short report format.	(3): Relating to: <ul style="list-style-type: none"> • KiwiRail installing a protection overrun mechanism at the incident signal, and review signalling arrangements in busy, high risk metro passenger areas for similar needs. • KiwiRail reinforcing rules forbidding non-operational conversation with train drivers. • NZTA ensuring KiwiRail did the above.
Marine inquiry: 09-210, Port Taharoa, 16 December 2009 Bulk carrier, Taharoa Express, cargo shift			
5	(2): <ul style="list-style-type: none"> • Bulk cargo must be well trimmed in the hold to prevent shifts during loading or when at sea. • Sufficient operational experience must be available during ship-loading to ensure a safe and efficient operation. 	(2): <ul style="list-style-type: none"> • Laboratory testing, modelling, and validation on post-incident voyages had improved knowledge of the cargo's behaviour. • More frequent measurements of the loaded iron sand's profile were being taken. 	0

Findings (number)	Key lessons (number and précis)	Safety actions (number and précis)	Safety recommendations (number and précis)
<i>Greater ≈ more complex</i>	<i>"What did we learn that others should take heed of to avoid it happening to them?"</i>	<i>"What has been done while the inquiry's been underway that's removed the need for a relevant recommendation?"</i>	<i>"What needs to change to reduce the likelihood of a recurrence?"</i>
Rail inquiry 11-105, Wiri Junction, South Auckland, 12 November 2011 Freight Train 228 wrong-routed, into closed section of track			
3	(3): <ul style="list-style-type: none"> • Rail work areas must be fully protected, and the protections understood. • All rail staff must communicate properly and speak up if plans are not proceeding as understood. • Compliance with visitor policies should be monitored. 	(4): <ul style="list-style-type: none"> • Bulletins are now issued in advance of planned work. • A safety booklet on working procedures for major work areas has been issued. • The signaling system at Wiri junction has been upgraded. • Train control diagram conventions have been upgraded. 	0
Marine inquiry 12-202, Foveaux Strait, 24 August 2012 Fishing vessel Torea, collision with uncharted rock			
5	(2): <ul style="list-style-type: none"> • Skippers must know how many persons are on board, and never exceed the maximum permitted. • Skippers of small craft must be cautious when operating in shallow waters that have not been fully surveyed. 	(1): <ul style="list-style-type: none"> • Procedures for the booking and use of the Torea have been changed and incorporated into the vessel's safe ship management system. 	0
Marine inquiry 11-203, Passenger ferry Jet Raider, Hauraki Gulf, 27 August 2011 Catastrophic engine failure			
8	(2): <ul style="list-style-type: none"> • Emergency response training must cover standard procedures and other common scenarios. • Instruction placards for critical systems should be clear and concise. 	(2): <ul style="list-style-type: none"> • New signs have been developed. • New emergency response protocols and drill schedules have been put in place. 	(1): To the Auckland Council: <ul style="list-style-type: none"> • To co-ordinate the operators of ferries on the Hauraki Gulf to adopt design features and training programmes aimed at minimising risks in an emergency. The Council gave qualified acceptance of the recommendation.
Aviation inquiry 12-003, Australian-registered Airbus A320, Queenstown, 16 July 2012 Descended below minimum safe altitude,			
	(Assisting overseas inquiry)		

Findings (number)	Key lessons (number and précis)	Safety actions (number and précis)	Safety recommendations (number and précis)
<i>Greater ≈ more complex</i>	<i>“What did we learn that others should take heed of to avoid it happening to them?”</i>	<i>“What has been done while the inquiry’s been underway that’s removed the need for a relevant recommendation?”</i>	<i>“What needs to change to reduce the likelihood of a recurrence?”</i>
Aviation inquiry 11-003, ZK-HMU, Robinson R22, near Mount Aspiring, 27 April 2011 In-flight break-up			
10	(2): <ul style="list-style-type: none"> Regulatory systems must make sure that operating parameters for an aircraft type are clearly communicated to pilots wherever the aircraft is operated. Pilots must be fully aware of the operating limitations for aircraft they fly, and must always stay within those limitations. 	0	(4): To the CAA: <ul style="list-style-type: none"> To review Robinson safety awareness training, and facilitate the sector adopting best practice. To review regulations to enhance the operational safety of Robinson aircraft in New Zealand. To encourage the use of flight tracking devices. To continue supporting international work to improve the crash survivability of emergency locator transmitters, and to include GPS information in the data transmitted by such devices. The CAA accepted the recommendations.
Air inquiry 11-006, Britten-Norman BN.2A Mk.III-2, ZK-LGF, Pauanui Beach Aerodrome, 22 October 2011 Runway excursion			
10	(3): <ul style="list-style-type: none"> Pilots must know the weight and balance of their aircraft and remain within permissible limits. Pilots should use a standard weight for passengers only if it represents actual weights. Managers need to ensure pilots follow procedures. 	0	(1): To the CAA: <ul style="list-style-type: none"> To apply stricter requirements on air operators to correct identified deficiencies; any serious identified safety issues should always result in findings. The CAA accepted the recommendation. (1): <ul style="list-style-type: none"> To establish accurate values for the equivalent single wheel loads at the aerodromes it operates. The Council accepted the recommendation.

Findings (number)	Key lessons (number and précis)	Safety actions (number and précis)	Safety recommendations (number and précis)
<i>Greater ≈ more complex</i>	<i>"What did we learn that others should take heed of to avoid it happening to them?"</i>	<i>"What has been done while the inquiry's been underway that's removed the need for a relevant recommendation?"</i>	<i>"What needs to change to reduce the likelihood of a recurrence?"</i>
Rail inquiry 12-101, Main South Line Rolleston, 6 April 2012 Load shift on Train 962D struck stationary train			
5	(2): <ul style="list-style-type: none"> Persons responsible for securing and checking the security of loads must be familiar with requirements. Proper freight-securing equipment must be easily available. 	(1): <ul style="list-style-type: none"> All but one of the type of wagons involved in the accidents have been fitted with chains and additional tie down points. 	(2): To KiwiRail: <ul style="list-style-type: none"> To take steps to ensure staff involved in load securing and checking are trained and discharge their duties in a manner consistent with the KiwiRail Freight Handling Code. To the NZTA: <ul style="list-style-type: none"> To ensure that KiwiRail addresses the above recommendation.
Aviation inquiry 13-004, Robinson R44, VH-WHO, 20km south-west of Mudgee, New South Wales Found on steep terrain,			
	(Assisting overseas inquiry)		
Marine inquiry 13-202, Bulk carrier, IDAS Bulker, Napier, Hawke' Bay, 8 August 2013 Pilotage incident			
8	(1): <ul style="list-style-type: none"> Organisations need to ensure their compliance-monitoring systems detect changing regulatory requirements. 	(4): <ul style="list-style-type: none"> Operating procedures and practices changed. Harbourmaster requested to ensure the Hawke's Bay Regional Council changes navigation charts as appropriate. Internal compliance annual audit procedures amended. External compliance auditors informed of this change. 	(1): <ul style="list-style-type: none"> That the harbourmaster ensures the Maritime Rules and Bylaws for piloting vessels within the Napier Pilotage Area are followed. Further, that the markings on, and content in, nautical publications are accurate in describing the areas and procedures for pilotage within Hawke's Bay Regional Council's areas of responsibility.

Findings (number)	Key lessons (number and précis)	Safety actions (number and précis)	Safety recommendations (number and précis)
<i>Greater ≈ more complex</i>	<i>"What did we learn that others should take heed of to avoid it happening to them?"</i>	<i>"What has been done while the inquiry's been underway that's removed the need for a relevant recommendation?"</i>	<i>"What needs to change to reduce the likelihood of a recurrence?"</i>
Aviation inquiry 11-007, Christchurch International Airport, 29 October 2011 Descent below instrument approach minima			
6	(2): <ul style="list-style-type: none"> • Good crew communication and interaction are essential elements of flight safety. • Adherence to standard operating procedures by all crew members is essential. 	(4): <ul style="list-style-type: none"> • Calls/responses to be made during an instrument approach amended. • Notices issued to all pilots stressing the importance of making the appropriate calls. • The lessons from this incident are being used in training. • New press-to-talk switches installed. 	(1): <ul style="list-style-type: none"> • To note that the pilot check process can interfere with safe flight operations if not properly managed, and raise this potential safety issue with the industry in the most appropriate manner.
Rail inquiry 13-102, Wingate – Taita, 28 March 2013 Passenger train travelled with doors open			
2	(2): <ul style="list-style-type: none"> • Systems in rail vehicles should provide the intended warnings for drivers clearly and unambiguously • There should always be a method for train managers to contact train drivers directly in an emergency, and those methods should be fully utilised. 	(12): <ul style="list-style-type: none"> • Review of training undertaken. • Professional development courses for training consultants conducted. • Three new operational team leader positions created. • Processes to recruit, train, support and supervise tutors reviewed. • New specification for the selection and training of tutors. • Training for tutors reviewed. • Quality control process introduced. • Training log books amended with the aim of maintaining driving experience. • New training documents introduced. • A review of driver training started. • Training now competency-based. • A review of the train driver mastery test completed. 	0

Findings (number)	Key lessons (number and précis)	Safety actions (number and précis)	Safety recommendations (number and précis)
<i>Greater ≈ more complex</i>	<i>“What did we learn that others should take heed of to avoid it happening to them?”</i>	<i>“What has been done while the inquiry’s been underway that’s removed the need for a relevant recommendation?”</i>	<i>“What needs to change to reduce the likelihood of a recurrence?”</i>
Marine inquiry 13-201, log-carrier, <i>Taokas Wisdom</i> , Nelson, 11 July 2013 Accommodation fire on board			
3	(3): <ul style="list-style-type: none"> Establishing a command centre to manage a firefighting response increases the chances of controlling a fire and minimises the damage it causes. Enclosing the space that is on fire helps prevent the spread of the fire and minimises damage. Closing down the air supply to a space that is on fire is essential to extinguishing the fire. 	0	(1): To the operating company for the <i>Taokas Wisdom</i> : <ul style="list-style-type: none"> To focus in more detail on the effectiveness of the emergency-response training on board all ships under its management.

1.3. Recommendations

- 1.3.1. 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. The Commission’s website (www.taic.org.nz) hosts a copy of the recommendations database.
- 1.3.2. 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.
- 1.3.3. Table 4 records the numbers of recommendations issued and closed during the year, the number of inquiries they related to, and the average working days closed recommendations had been open (220 working days/year). Table 5 gives the equivalent information for the previous year, but readers are cautioned against making direct comparisons. Differences can occur because a large number of related recommendations generated by a single inquiry may be closed all at the same time; or because of the particular nature of inquiries underway or closed in a particular year. At the end of 2013/14 (2012/13) there were 222 (200) safety recommendations open with an average age of 2004 (1855) working days. The increasing average age is due, in part, to a historic safety recommendations which may have been superseded by sector restructuring and technology changes; however these will not be closed off without further research and then formal decision by the Commission.
- 1.3.4. The rail recommendations closed in the year related to improving the safety of heavy vehicles at level crossings; better monitoring of improvements in the crashworthiness of the rail fleet; and better communications between locomotive engineers and train controllers, and locomotive engineers and passenger operations. The marine recommendation closed in 2013/14 related to ensuring that nautical publications are kept current.

Table 4: Recommendations issued and recommendations closed 2013/14

	Issued		Closed		
	Safety recs	Inquiries	Safety recs	Inquiries	Working days open*
	No.	No.	No.	No.	Average
Air	10	5	nil	-	-
Rail	14	5	4	3	560
Marine	3	3	1	1	27

*220 working days = 1 year

Table 5: Recommendations issued and recommendations closed 2012/13

	Issued		Closed		
	Safety recs	Inquiries	Safety recs	Inquiries	Working days open*
	No.	No.	No.	No.	Average
Air	8	3	2	2	142
Rail	5	3	2	2	1,766
Marine	5	2	12	8	1,619

*220 working days = 1 year

1.4. Corporate operating intentions and achievements

- 1.4.1. The Commission seeks to contribute to a vision of **No repeat accidents – ever!** Like any vision, it is an aspirational one as it is unlikely to be achieved due to accident risk that is either deliberately accepted or cannot be eliminated. It can only be realised by the concerted efforts of individual and private and public sector entities involved in transport.
- 1.4.2. The Commission’s particular contribution towards its vision is captured by its mission statement of “Safer transport through investigation, learning and influence”. The vision and mission statements are consistent with the Commission’s statutory purpose “...to determine the circumstances and causes of accidents and incidents with a view to avoiding similar occurrences in the future”.
- 1.4.3. To meet the wants and needs of stakeholders, and deliver independent safety-focused investigation in keeping with its legislation and operating environment, the Commission works to five operating intentions. Operating intentions are organisation themes setting management priorities for the Commission’s daily operations and on-going organisational development. The Commission’s operating intentions are unchanged from 2012/13, but work under each was focused to respond to the strategic drivers and the challenges and risks encountered during the year.
- 1.4.4. This section describes what has been achieved in respect of each of the operating intentions 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.

Operating intention 1: Develop and maintain inquiry and investigation best practice

- 1.4.5. How well the Commission undertakes its functions as a Commission of Inquiry is contingent on the effectiveness of its systems and procedures, and the knowledge, skills and conduct of its people. The International Civil Aviation Organisation (ICAO) has historically used a checklist to audit New Zealand for compliance with the ICAO standards and recommended practices for aircraft and accident and incident investigation. The Commission's own policy and procedures have been the scrutinised by the ICAO auditors because the Commission is New Zealand's independent accident investigation entity that fulfils New Zealand's obligations under Annex 13 to the Convention. ICAO has since moved to a continuous monitoring approach whereby New Zealand CAA populates an electronic compliance checklist for Annex 13 operations. The Commission uses this compliance checklist as a measure of its own compliance with New Zealand's obligations under Annex 13. This is then forwarded to the CAA for feeding back to ICAO on an annual basis. New Zealand is in the process of closing out ICAO recommendations stemming from the last actual audit. The Commission has been working with the CAA in the 2013/14 year to close out those recommendations relating to its own policies and procedures.
- 1.4.6. The Commission continued to invest in the training and development of its staff. It also completed a plan to ensure it can meet its workforce requirements in future years. See section 1.6 on page 21 for further discussion.
- 1.4.7. 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. The Commission has been able to put greater effort into progressing its research strategy with an appointment in January 2014 to the researcher/analyst position, which had been vacant for two years. Each year, the Commission has an Historical Impact Review, designed to assess the influence of the Commission's activity in the transport sector. The reviews have previously focused on one type of occurrence specific to a single transport mode such as agricultural flying. However, the most recent review has adopted a multi-modal look at the Commission's impact on substance impairment related safety issues. The review is near completion and will be published by the end of 2014.

Operating intention 2: Major accident preparedness

- 1.4.8. During the year, the Commission was represented by a general manager on a steering group for the development of a Mass Fatalities Framework for New Zealand. The Commission's particular interest is in helping ensure that the information and welfare needs of victims and their families are provided for within the state response. Commission staff also reviewed the organisation's compliance with the International Civil Aviation Organization's requirements and guidance for accident investigation in accordance with Annex 13 to the Chicago Convention.

Operating intention 3: Continuously improve operating efficiency

- 1.4.9. The Commission continued to seek efficiencies to meet cost pressures and to improve service delivery where possible. It has already joined a range of beneficial all-of-government purchasing contracts (related mainly to information and communication technology), which have yielded annual savings of about \$77,000. Another \$43,000 of annual savings have been realised from placing the Commission's office multi-function print devices under an all-of-government contract last year.
- 1.4.10. Over 2013/14 the Commission continued to pursue purchasing and shared services initiatives when these are appropriate. Further savings of \$1,700 per year are expected from joining the all-of-government rental car contract. However, finding shared service opportunities are difficult because of the Commission's small size, statutory independence and quasi-judicial status.

- 1.4.11. 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.
- 1.4.12. The Commission continued its participation in the benchmarking exercise conducted by its Canadian peer organisation, the Transportation Safety Board (TSB). This exercise is a way of reviewing the Commission's investigative processes and procedures. It has usefully highlighted how the Commission's size and structure affect the nature of the work it undertakes, and how this differs from its peer organisations. These differences make comparisons difficult, however. The Commission has discussed methodology with the TSB and will continue to work with it to complete the exercise.
- 1.4.13. During the year, the Ministry and Commission agreed that from 2014/15, the Commission should move to a quadrimesterly (four-month) reporting cycle against the Statement of Intent and associated Statement of Performance Expectations, instead of quarterly (three monthly) reporting. This has the advantages of releasing staff time for all parties to other priorities, while smoothing Ministry and Ministerial workloads by the offset to other agencies' reporting cycles. Due to the scale and nature of Commission activity it was considered that an extra month between reports would not risk a diminution of performance oversight, particularly as all significant inquiry activity is reported on a continuous basis through weekly and ad hoc briefings.

Operating intention 4: Communicate more about what we do, learn and recommend to improve transport safety

- 1.4.14. The Commission prepared and confirmed its initial Watch List of safety issues of ongoing significant concern to it. The Watch List is to be released in the current financial year. Such lists are used by several of the Commission's international peer organisations to help focus attention on issues that they most wish policy makers, regulators, industry or other sector participants to address in order to improve transport safety.

Operating intention 5: Grow stakeholder relationships for their mutual benefit

- 1.4.15. The Commission undertook its second, independently conducted, annual formal survey of inquiry participants and key stakeholders. The survey explored participants' experience of the Commission's investigative and inquiry processes and its approach to communications, and views about whether the Commission is helping to improve transport safety. In general, feedback was positive, and similar to the previous survey's findings that the Commission acts appropriately, and has a positive impact on transport safety. However, survey participants again raised concerns about the length of time it takes the Commission to complete inquiries. Timeliness and how this is managed given the high caseload will be a focus for the Commission in 2014/15.
- 1.4.16. 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 needs of victims of a major transport accident, and with victims' families, and the need for co-ordinated information management for government and external stakeholders, including news media.

1.5. Corporate organisation

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

Table 6: Employee workforce composition (gender, ethnicity, and age) as at 30 June 2014

Gender	Number	Ethnicity	Number	Age	Number
Male	11	European	17	<51 years	8
Female	7	Maori	0	51-55 years	2
		Asian	1	56-60 years	4
		Pacific	0	61-65 years	4

1.6. Developing and maintaining staff

- 1.6.1. 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.
- 1.6.2. A Workforce Plan was completed during the year. The 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. The document now forms part of the 2014-18 Statement of Intent work programme and has informed the funding review process.
- 1.6.3. The Commission's training programme ensures staff members develop and maintain the knowledge and skills essential to their specialist work. The Commission funds investigators to complete fundamental and advanced training courses at Cranfield University in the United Kingdom, and modal specific training and professional education opportunities beyond the maintenance of professional credentials that might be required for a role.
- 1.6.4. This year, the Commission continued its policy of investing significantly in staff development. Two investigators undertook Cranfield training in 2013-14. Overall, there were 18 attendances by investigators at courses, training sessions, and conferences. The Commission is sponsoring a senior manager to undertake post-graduate study in the field of disaster and emergency management; and funded other corporate staff to attend professional courses and conferences.

1.7. Good employer initiatives

- 1.7.1. 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.
- 1.7.2. 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 (that is, 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.
- 1.7.3. The Commission is a learning organisation and promotes an open and participative work environment. It encourages staff to contribute to corporate planning and development, and in the operation of the Commission through, for example, involvement in the development of policy. The Commission strives to create a respectful and collaborative work culture in which all employees are committed to its success.

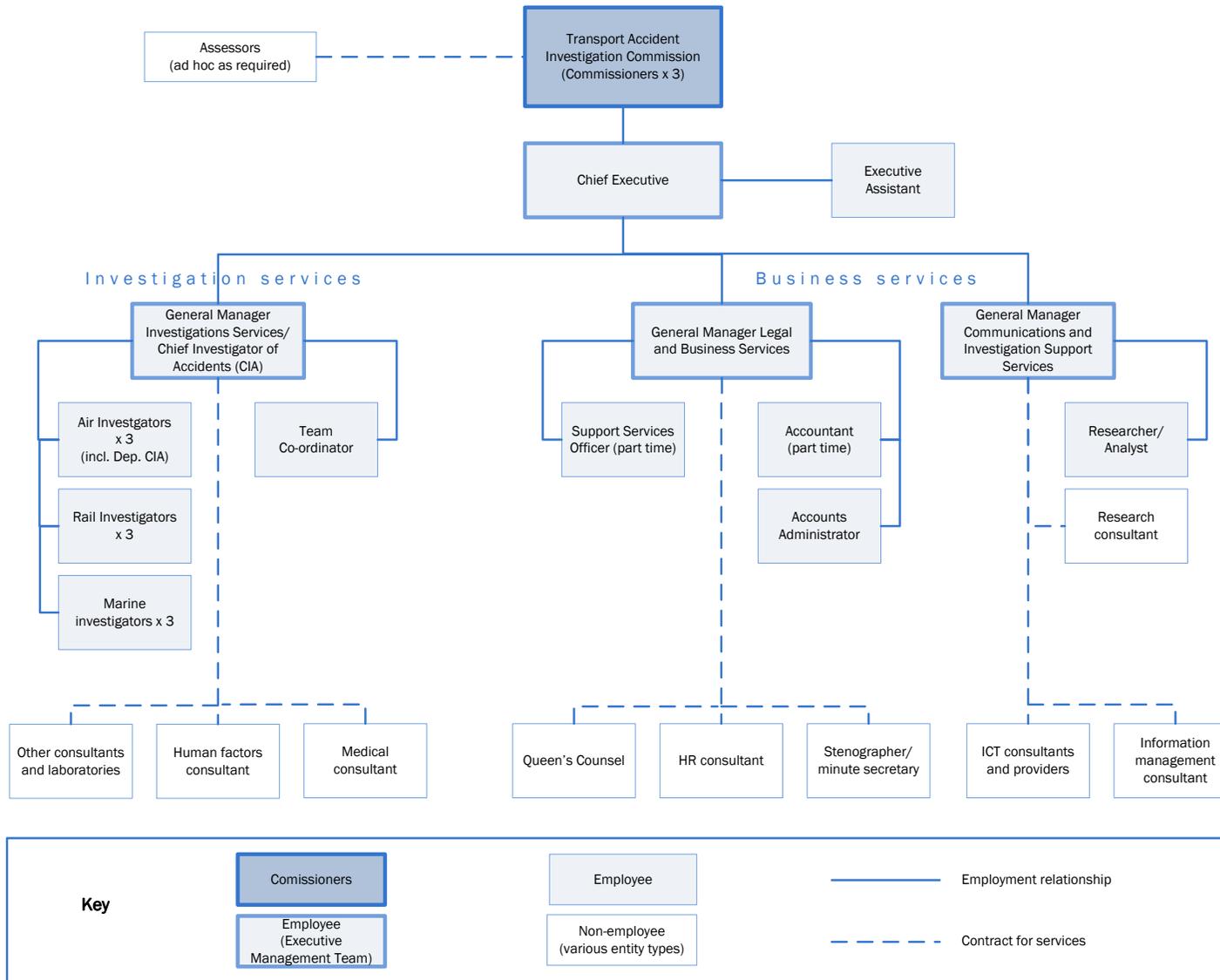


Figure 1: Organisational Chart as at 30 June 2014

Statement of responsibility

In the financial year ended 30 June 2014, 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

29 October 2014

2. Statement of service performance for output targets

2.1.1. The Commission has 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 Annex 1. Refer to the Statement of Comprehensive Income on page 32 for the revenue and expenditure of this output class. Table 7 reports against the forecast set out on page 13 of the Statement of Intent for 2013 - 2016.

Table 7: Non-financial measures for the year ended 30 June 2014

Measure	Actual 2012/13	Actual 2013/14	SOI Target 2013/14
Cost			
Average lifetime cost per inquiries closed	Formula re-developed	\$245k	\$171K ¹
Quantity			
Number of domestic inquiries completed	10	17	20-25
Number of inquiries by overseas jurisdictions assisted	7	6	4-8
Number of domestic inquiries in progress as at 30 June (12 month rolling average)	30.2	34.3	30
Timeliness			
Average age of domestic inquiries in progress (working days at year end, 12 month rolling average)	271	265	330
Percentage closed between 220 and 440 days	30%	29%	50%
Quality/impact			
Historical Impact Review (qualitative measure)	1	0²	1
Stakeholder Survey (qualitative measure)	Most stakeholders believe Commission having positive impact	Most stakeholders believe Commission having positive impact	Most stakeholders believe Commission having positive impact
Successful judicial Review of a Commission inquiry process or decision	0	0	0
Successful challenge to an Ombudsman, the Privacy Commissioner, or Human Rights Commissioner of an administrative decision or action	0	0	0

Notes:

- References to "working days" and "days" are calculation using a year of 220 working days.
- ¹Based on allocating all budget (including general overheads) to inquiries based on a formula driven by direct costs and time on job, and on completing a target 22.5 inquiries in a year with an average duration of 18 months each.
- ²Draft report was completed and approved for consultation in 2014/15 with Ministry of Transport and transport regulators.

3. Financial overview and statements

3.1. Financial overview

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 42.

The Commission reported a net surplus of \$0.076m compared with a breakeven budget.

The total operating revenue was \$3.99m, which included \$3.87m of Crown funding, \$0.031m from interest earned, \$0.090m from sublease income and \$0.007m 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 2014 have decreased from last year due to last year's balance including the provision for rental loss on Simpl House that was reduced to nil during the year with the early surrender of the lease.

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

3.2. Statement of accounting policies

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 2014. The financial statements were authorised for issue by the Board on 29 October 2014.

2. Basis of preparation

Statement of compliance

The financial statements for the year ended 30 June 2014 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 below 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

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, financial assets 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
- 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 – 14	7% 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 2.5 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 - 10	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.

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 2014:

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 previous finance lease arrangement with Fuji Xerox ended in September 2013. This arrangement was replaced with an operating lease.

3.3. Statement of financial position

Table 8 Statement of financial positions as at June 2014

Assets	Note	Actuals 30/06/14	Budget 30/06/14	Actuals 30/06/13
Current Assets				
Cash and cash equivalents	1	993,284	875,000	1,036,394
Trade and other receivables	2	2,915	-	2,213
Prepayments	3	49,647	24,000	34,354
Total Current Assets		1,045,846	899,000	1,072,961
Non-Current Assets				
Property, plant and equipment	4	148,018	166,000	194,843
Intangible assets	5	752,075	730,000	738,244
Total Non-Current Assets		900,093	896,000	933,087
Total Assets		1,945,939	1,795,000	2,006,048
Represented by:				
Liabilities and taxpayers' funds				
Current Liabilities				
Trade and other payables	6	150,307	125,000	174,668
Employee entitlements	8	185,716	155,000	183,934
Finance lease – current	16	-	-	5,773
Provision for rental loss	9	-	60,000	42,703
Total Current Liabilities		336,023	340,000	407,078
Non-Current Liabilities				
Finance lease – non current	16	-	-	-
Provision for rental loss	9	-	-	64,871
Total Non-Current Liabilities		-	-	64,871
Total Liabilities		336,023	340,000	471,949
Net Assets				
Total Equity		1,609,916	1,455,000	1,534,099



John Marshall QC
Chief Commissioner



Helen Cull QC
Deputy Chief Commissioner

29 October 2014

The accompanying notes and statement of accounting policies should be read in conjunction with these financial statements. Refer to note 24 for major variances.

3.4. Statement of comprehensive income

Table 9 Statement of comprehensive income for the year ended June 2014

	Note	Actuals 30/06/14	Budget 30/06/14	Actuals 30/06/13
Revenue				
Revenue Crown		3,865,000	3,865,000	3,865,000
Rental income		90,421	123,000	123,032
Other income		6,945	10,000	7,673
Interest earned		31,497	23,000	26,167
Total Revenue		3,993,863	4,021,000	4,021,872
Expenditure				
Audit Fees – financial Statement audit		18,310	18,000	17,630
Commissioners’ fees	13	136,505	164,000	122,830
Depreciation and amortisation		143,765	163,000	142,856
Finance costs	7	2,491	-	20,981
Lease, rentals and outgoings		733,173	775,000	768,653
Personnel costs	10	2,042,747	2,064,000	1,965,665
Other operating costs		841,055	837,000	900,806
Total Expenditure		3,918,046	4,021,000	3,939,421
Net Surplus/(Deficit)		75,817	-	82,451
Other Comprehensive Income				
		-	-	-
Total Comprehensive Income for the year		75,817	-	82,451

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.

3.5. Statement of movement in taxpayers' equity

Table 10 Statement of movement in taxpayers' equity for the year ended June 2014

		Actuals 30/06/14	Budget 30/06/14	Actuals 30/06/13
Balance at 1 July		1,534,099	1,455,000	1,451,648
Owner transactions				
Capital contribution from the Crown		-	-	-
Comprehensive Income				
Net Surplus/(Deficit)		75,817	-	82,451
Other Comprehensive Income		-	-	-
Total Comprehensive Income for the year		75,817	-	82,451
Balance at 30 June		1,609,916	1,455,000	1,534,099

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

3.6. Statement of cash flows

Table 11 Statement of cash flows for the year ended June 2014

	Actuals 30/06/14	Budget 30/06/14	Actuals 30/06/13
Cash flows from operating activities			
<i>Cash was received from:</i>			
Revenue Crown	3,865,000	3,865,000	3,865,000
Rental income	90,421	123,000	128,355
Other income	7,003	10,000	11,523
Interest received	30,738	23,000	26,133
Goods and services tax (net)	7,039	-	-
	4,000,201	4,021,000	4,031,011
<i>Cash was disbursed to:</i>			
Payments to suppliers	(1,885,804)	(1,896,000)	(1,947,302)
Payments to employees	(2,040,965)	(2,004,000)	(1,973,856)
Goods and services tax (net)	-	-	(34,986)
Net cash flows from operating activities	73,432	121,000	74,867
Cash flows from investing activities			
<i>Cash was received from:</i>			
Proceeds from sale of asset	-	-	-
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment and Intangibles	(110,768)	(103,000)	(74,789)
Net cash flows from investing activities	(110,768)	(103,000)	(74,789)
Cash Flows from Financing Activities			
<i>Cash provided from:</i>			
Capital contribution from the Crown	-	-	-
<i>Cash was applied to:</i>			
Payments to finance leases	(5,774)	(6,000)	(24,801)
Net Cash Flows from Financing Activities	(5,774)	(6,000)	(24,801)
Net movement in cash for the period	(43,110)	(12,000)	(24,723)
Opening cash and cash equivalents	1,036,394	863,000	1,061,117
Closing cash and cash equivalents	993,284	875,000	1,036,394

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.

3.7. Reconciliation of cash flow with statement of comprehensive income

Table 12 Reconciliation of cash flow with statement of comprehensive income for the year ended June 2014

		30/06/14	30/06/13
(Deficit)/surplus from Statement of Comprehensive Income		75,817	82,451
Add/(Less) Non-cash items			
Depreciation and amortisation		143,765	142,856
Loss on disposal of asset		-	7,654
		219,582	232,961
Add/(Less) movements in Working Capital Items			
Trade and other receivables		(702)	9,139
Prepayments		(15,294)	(9,349)
Trade and other payables		(24,362)	(112,113)
Employee benefits		1,782	(8,191)
Provision for rental loss		(107,574)	(37,580)
Total working capital items		(146,150)	(158,094)
Net cash flows from operating activities		73,432	74,867

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

3.8. Notes to the financial statements

	30/06/14	30/06/13
1. Cash and cash equivalents		
Cash at bank and on hand	292,279	403,253
Short-term deposits maturing in less than 3 months	701,005	633,141
Total cash and cash equivalents	993,284	1,036,394
2. Trade and other receivables	30/06/14	30/06/13
Not past due	2,915	2,213
1-30 days	-	-
31-60 days	-	-
61-90 days	-	-
Gross Receivables	2,915	2,213
Less: Provision for impairment	-	-
Net Receivables	2,915	2,213
The carrying value of trade and other receivables is approximately their fair value		
3. Prepayments	30/06/14	30/06/13
Prepayments	49,647	34,354
Total prepayments and advances	49,647	34,354

4. Property, plant and equipment

Cost	Buildings	Computer Equipment	Furniture & Equipment	Total
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
Additions	-	4,525	-	4,525
Disposals	-	-	(89,462)	(89,462)
Balance at 30 June 2014	169,919	170,721	131,685	472,325
Accumulated depreciation				
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
Depreciation Expense	13,925	24,722	12,703	51,350
Disposals	-	-	(89,462)	(89,462)
Balance at 30 June 2014	81,074	151,849	91,384	324,307

Cost	Buildings	Computer Equipment	Furniture & Equipment	Total
Carrying Amounts				
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
At 30 June 2014	88,845	18,872	40,301	148,018

5. Intangible Assets

Acquired Software : Cost	30/06/14	30/06/13
Balance at beginning of year	881,207	838,640
Additions	106,246	42,567
Disposals	-	-
Balance at end of year	987,453	881,207
Accumulated amortisation	30/06/14	30/06/13
Balance at beginning of year	142,963	57,937
Amortisation	92,415	85,026
Disposals	-	-
Balance at end of year	235,378	142,963
Carrying amounts		
As at beginning of year	738,244	780,703
At year end	752,075	738,244

6. Trade and other payables	30/06/14	30/06/13
Trade creditors	41,614	80,557
Accrued expenses	108,693	94,111
Total Payables and Accruals	150,307	174,668

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	30/06/14	30/06/13
Interest on finance lease	2,491	8,261
Interest on rent provision	-	7,258
Interest on GST payments	-	5,462
Total finance costs	2,491	20,981

8. Provision for employee entitlements	Annual Leave	Accrued Salary & Wages	Total
Employee entitlements are represented by:			
Balance at 30 June 2013	116,294	67,640	183,934
Additional provisions made			
Amounts used	(17,215)	18,997	1,782
Balance at 30 June 2014	99,079	86,637	185,716

9. Provision for rental loss

The Commission had a lease for Level 11, Simpl (Cigna) House which was due to expire in 2015. The premises were subleased for most 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. In February 2014, the lease and sub-lease for level 11 Simpl (Cigna) House was surrendered and a one of payment relating to the surrender was made as final settlement of the rental liability.

10. Personnel costs	30/06/14	30/06/13
Salaries and wages	1,907,893	1,845,588
Employer contributions to defined contribution plans	51,173	32,842
Increase in employee entitlements	1,782	(8,191)
Termination benefits	-	27,123
Recruitment	31,910	16,826
Other staff costs	49,989	51,477
Total personnel costs	2,042,747	1,965,665

Employer contributions to defined contribution plans are contributions to KiwiSaver.

Employee remuneration

Total remuneration and benefits	Number of employees	
\$000	2014	2013
\$100 - \$110	2	1
\$110 - \$120	1	1
\$120 - \$130	4	4
\$130 - \$140	2	2
\$140 - \$150	0	1
\$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	0
\$220 - \$230	1	1

The Chief Executives' total remuneration and benefits received in 2013/2014 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 (2013 \$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 2014 totalled \$64,492 (2013 \$84,878). These included the purchase of air travel from Air New Zealand, and postal services from New Zealand Post.

12. Key management personnel	2014	2013
Salaries and other short-term employee benefits	803,537	815,591
Employer contributions to defined contribution plans	9,684	10,825
Termination benefits	-	27,123
	813,221	853,539

Employer contributions to defined contribution plans are contributions to KiwiSaver.

Key Commission personnel comprise 3 Board members, the Chief Executive and 4 executive managers. (2013: 7 key Commission personnel). Board fees are disclosed separately below.

13. Commission members

Commission members earned the following fees during the year:

Member	Fees	
	2014	2013
Mr JL Marshall, QC (Chief Commissioner)	67,865	62,330
Ms HA Cull, QC (Deputy Chief Commissioner)	46,800	43,000
Mr HG Broad, CNZM (Commissioner) (resigned 31 January 2014)	21,840	14,000
Captain BS Wyness (Commissioner) (Deceased 20 July 2012)	-	3,500
	136,505	122,830

14. Statement of commitments

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

	30/06/14	30/06/13
Less than 1 year	600,378	755,486
1 – 2 years	600,378	741,610
2 – 5 years	1,509,495	1,625,389
5+ years	1,864,306	2,311,739
	4,574,557	5,434,224

The Commission has two substantial leases and an operating lease for photocopier equipment. The Commission surrendered its sublease and head lease on February 5th 2014 for Level 11, Simpl House which was due to expire in May 2015.

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

Expiry terms and sublease

Premises and equipment	Expiry Date	Per Annum	Whole Term
Level 15 and 16, 80 The Terrace	August 2023	447,433	4,996,340
Bell Road	June 2017	141,544	707,721
Photocopier equipment	October 2018	11,400	57,000

15. Capital commitments

	30/06/14	30/06/13
--	-----------------	-----------------

EDRMS project	-	96,162
	-	96,162
16. Finance leases		
	30/06/14	30/06/13
Total minimum lease payments payable:		
Less than 1 year	-	8,266
1 – 2 years	-	-
2 – 5 years	-	-
5+ years	-	-
	-	8,266
Future finance charges	-	2,493
Present value of minimum lease payments	-	5,773
	30/06/14	30/06/13
Present value of minimum lease payments payable		
Less than 1 year	-	5,773
1 – 2 years	-	-
2 – 5 years	-	-
5+ years	-	-
Total present value of minimum lease payments	-	5,773
Represented by:		
Current	-	5,773
Non-current	-	-
	-	5,773

The Commission had entered a finance lease for various photocopying and publishing equipment from Fuji Xerox. This lease expired in September 2013 and was replaced with an operating lease.

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 2014 had fluctuated by plus or minus 0.5%, the effect would have been to increase/decrease the surplus/deficit and tax payer funds by \$157 (2013 \$131).

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	A+
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	86,162	86,162	-	-

18. Statement of contingencies**Contingent liabilities**

There are no contingent liabilities existing at balance date (2013: Nil).

Contingent assets

At balance date the Commission was continuing to receive reparations for the money that was taken fraudulently. Reparations received at 30 June 2014 were \$5,300 (2013: \$5,000).

19. Subsequent events

There were no significant events after balance sheet date.

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:

	30/06/14	30/06/13
Loans and receivables		
Cash and cash equivalents	993,284	1,036,394
Debtors and other receivables	2,915	2,213
Total loans and receivables	996,199	1,038,607
Financial liabilities measured at amortised cost		
Creditors and other payables	86,162	117,561
Finance lease	-	5,773
	86,162	123,334

21. Equity

	30/06/14	30/06/13
General Funds		
Balance at 1 July	1,534,099	1,451,648
Surplus/(deficit) for the year	75,817	82,451
Balance at 30 June	1,609,916	1,534,099

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

Revenue

Revenue is \$27,137 (1%) less than budget due to the surrender of the Simpl House sublease.

Statement of financial position

Cash and cash equivalents

Cash and cash equivalents is \$118,284 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 \$75,817 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.

Current Liabilities

The provision for rental loss is \$60,000 less than budget due to the surrender of the sublease for Simpl House in February 2014.

Statement of changes in cash flows

The statement of changes in cash flows shows a net movement in cash for the period \$31,110 less than budgeted due to less rental income than expected as a result of the surrender of the Simpl House sublease.

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 2014**

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 42, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in 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 statement of service performance on page 25 and the report about outcomes on pages 7 to 20.

Opinion

In our opinion:

- the financial statements of the Commission on pages 26 to 42:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Commission's:
 - financial position as at 30 June 2014; and
 - financial performance and cash flows for the year ended on that date.
- the non-financial performance information of the Commission on page 25 and 7 to 20:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Commission's service performance and outcomes for the year ended 30 June 2014, 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 29 October 2014. 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 outcomes.

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

Annex 1: Inquiries active in the year ended 30 June 2014

Table 13 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, 220 WD or less; yellow, 221-330 WD; orange, 331-441 WD; red, over 440 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 2014; 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.

Table 13 Inquiries active in the year ended 30 June 2014

Status	Inquiry #	Mode	Description	Occurred	Launched	Published	Working days	Estimated completion date	Estimated working days	Priority
Closed	09-210	Marine	Bulk carrier, Taharoa Express, cargo shift, Port Taharoa, 16 December 2009	17/12/2009	17/12/2009	12/12/2013	877			
Continued	10-206	Marine	coastal container vessel Spirit of Resolution, grounding, Manukau Bar, Auckland	18/09/2010	29/09/2010			20/11/2014	911	3
Closed	11-102	Rail	Inquiry 11-102: Track occupation irregularity, leading to near head-on collision, Staircase-Craigieburn, 13 April 2011	13/04/2011	13/04/2011	17/10/2013	553			
Closed	11-003	Aviation	In-flight break-up ZK-HMU, Robinson R22, near Mount Aspiring, 27 April 2011	27/04/2011	28/04/2011	27/03/2014	641			
Continued	11-202	Marine	passenger and freight ferry Monte Stello, struck underwater object, Tory Channel	4/05/2011	4/05/2011			12/03/2015	848	3
Closed	11-004	Aviation	Piper PA31-350 Navajo Chieftain, ZK-MYS, landing without nose landing gear extended, Nelson Aerodrome, 11 May 2011	11/05/2011	11/05/2011	5/09/2013	511			
Closed	11-203	Marine	Passenger ferry Jet Raider, catastrophic engine failure, Hauraki Gulf, 27 August 2011	27/08/2011	27/08/2011	5/02/2014	538			
Closed	11-005	Aviation	Boeing 747, engine compressor surges, 18 September 2011	18/09/2011	23/09/2011	5/09/2013	429			
Continued	11-204	Marine	Container Ship Rena, Grounding, Astrolabe Reef, Tauranga	5/10/2011	5/10/2011			20/11/2014	688	1
Closed	11-006	Aviation	Britten-Norman BN.2A Mk.III-2, ZK-LGF, runway excursion Pauanui Beach Aerodrome, 22 October 2011	22/10/2011	22/10/2011	27/03/2014	534			
Closed	11-007	Aviation	Descent below instrument approach minima,	29/10/2011	31/10/2011	26/06/2014	584			

			Christchurch International Airport, 29 October 2011							
Closed	11-105	Rail	Freight Train 228 wrong-routed, into closed section of track, Wiri Junction, South Auckland, 12 November 2011	12/11/2011	14/11/2011	9/01/2014	474			
Closed	11-106	Rail	Hi-rail vehicle nearly struck by passenger train, Crown Road level crossing near Paerata, North Island Main Trunk, 28 November 2011	28/11/2011	28/11/2011	21/11/2013	436			
Closed	12-001	Aviation	Hot-air balloon collision with power lines and in-flight fire, near Carterton, 7 January 2012	7/01/2012	7/01/2012	31/10/2013	399			
Closed	12-101	Rail	Load shift on Train 926D struck stationary Train 845, Main South line, Rolleston, 6 April 2012	6/04/2012	6/04/2012	10/04/2014	442			
Continued	12-102	Rail	/ RO-2012-102, Power outage at Wellington Train Control Centre, affecting Auckland Rail Network	26/04/2012	26/04/2012			20/11/2014	565	3
Continued	12-103	Rail	/ RO-2012-103 Train 229, Main Line Derailment, Maewa	3/05/2012	3/05/2012			14/05/2015	666	2
Continued	12-002	Aviation	/ AO-2012-002 Airbus A320, bird strike, on approach to Wellington airport	20/06/2012	21/06/2012			18/12/2014	548	1
Continued	12-104	Rail	/ RO-2012-104 Train 723, Track Occupation Irregularity, Seddon, 1 August 2012	1/08/2012	1/08/2012			20/11/2014	507	2
Closed overseas assist	12-003	Aviation	Australian-registered Airbus A320, descended below minimum safe altitude, Queenstown, 16 July 2012	16/07/2012	17/08/2012	25/03/2014				
Closed	12-202	Marine	Fishing vessel Torea, collision with uncharted rock, Foveaux Strait, 24 August 2012	24/08/2012	24/08/2012	9/01/2014	303			
Continued	12-105	Rail	/ RO-2012-105 Passenger Train, wrong routed, Wiri Junction, 31 August 2012	31/08/2012	4/09/2012			12/03/2015	554	2
Continued	12-203	Marine	/ MO-2012-203 Fishing vessel Amaltal Columbia, fire onboard, 85 km northeast of Lyttelton	12/09/2012	12/09/2012			12/03/2015	549	2
Continued	13-101	Rail	/ RO-2013-101 Freight Train 345, Derailment, Mission Bush Branch	9/01/2013	14/01/2013			12/03/2015	474	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					
Continued	13-002	Aviation	/ AO 2013-002 Robinson R44, Autorotation precautionary landing, Lake Rotorua	24/02/2013	24/02/2013			20/11/2014	382	
Continued	13-003	Aviation	/ AO-2013-003 Robinson R66, in-flight break-up, Kaweka Range	9/03/2013	9/03/2013			18/12/2014	391	2
Closed overseas assist	13-004	Aviation	Robinson R44, VH-WHO, found on steep terrain, 20 km south-west of Mudgee, New South Wales	9/12/2012	25/03/2013	9/05/2014				

Closed	13-102	Rail	Passenger train travelled with doors open, Wingate - Taita, 28 March 2013	28/03/2013	28/03/2013	26/06/2014	274			
Continued	13-005	Aviation	/ AO-2013-005 R22 Beta Helicopter, loss of control, New Plymouth	30/03/2013	4/04/2013			20/11/2014	358	2
Continued	13-103	Rail	/ RO-2013-103 Train 5618, collision with the stop block, Melling Station	15/04/2013	15/04/2013			12/03/2015	419	2
Continued	13-006	Aviation	/ AO-2013-006 Airbus A340, Runway excursion, Auckland Airport	18/05/2013	20/05/2013			12/03/2015	398	2
Continued	13-104	Rail	/ RO-2013-104 Ganz-Mavag electric multiple unit passenger train, derailment, Wellington	20/05/2013	20/05/2013			12/03/2015	398	2
Continued	13-106	Rail	/ RO-2013-106 Track occupation irregularity, leading to near collision, Otira, Arthurs Pass	10/06/2013	11/06/2013			20/11/2014	317	2
Continued	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			18/12/2014	334	2
Continued	13-007	Aviation	/ AO-2013-007 Boeing 737-800 ZK-ZQG, stabiliser trim mechanism damage, Auckland International Airport	7/06/2013	21/06/2013			20/11/2014	311	2
Closed	13-201	Marine	Accommodation fire on board the log-carrier, Taokas Wisdom, Nelson, 11 July 2013	11/07/2013	11/07/2013	30/06/2014	213			
Closed	13-202	Marine	Bulk carrier, IDAS Bulker, pilotage incident Napier, Hawke's Bay, 8 August 2013	8/08/2013	9/08/2013	15/05/2014	168			
Opened	13-008	Aviation	/ AO-2013-008 Boeing 737, cabin depressurization, Auckland	30/08/2013	30/08/2013			12/03/2015	337	2
Opened	13-107	Rail	/ RO-2013-107, Derailment, Mercer	3/09/2013	3/09/2013			14/05/2015	372	2
Closed	13-108	Rail	Near collision between 2 metro passenger trains, Wellington, 9 September 2013	9/09/2013	9/09/2013	21/11/2013	44			
Opened	13-009	Aviation	/ AO-2013-009 Royal New Zealand Air Force Boeing 757, landing in weather below minimum standards, Antarctica	7/10/2013	7/10/2013			20/11/2014	246	2
Opened	13-010	Aviation	/ AO-2013-010 Aerospatiale AS350 B2 ZK-IMJ, collision with second helicopter, Tyndall Glaciers	28/10/2013	29/10/2013			12/03/2015	301	2
Opened	13-011	Aviation	/ AO-2013-011 ZK-VAH, Runway excursion, Auckland airport	2/11/2013	3/11/2013			12/03/2015	298	2
Opened	13-203	Marine	/ MO-2013-203 Interislander passenger and freight ferry Aratere, propeller shaft fracture and loss, Tory Channel	5/11/2013	6/11/2013			12/03/2015	296	2
Assisting Overseas Inquiry	13-012	Aviation	Korean-registered Kumertau KA-32A helicopter, landing accident, Antarctica	4/12/2013	12/12/2013					2

Assisting Overseas Inquiry	14-001	Aviation	Boeing 737-3B7 Freighter, right-hand undercarriage collapse during landing roll, Honiara, Solomon Islands	26/01/2014	29/01/2014					2
Opened	14-201	Marine	/ MO-2014-201 MV Dream Weaver, taking on water, Hauraki Gulf	23/02/2014	24/02/2014			17/09/2015	343	2
Opened	14-101	Rail	/ RO - 2014 -101 KiwiRail Overlander, Collision with heavy truck, Huntly	27/02/2014	27/02/2014			19/11/2015	379	2
Opened	14-102	Rail	/ RO-2014-102 Metropolitan passenger Train 5153, derailment, Auckland	2/03/2014	3/03/2014			14/05/2015	263	2
Opened	14-202	Marine	/ MO-2014-202 Bulk Log Carrier MV Da Dan Xia, Equipment Failure, Wellington	14/04/2014	14/04/2014			18/12/2014	149	2
Opened	14-002		/ AO-2014-002 Kawasaki Heavy Industries Limited BK117 B-2 Helicopter, double engine power loss, Springston	5/05/2014	6/05/2014			19/11/2015	339	2
Assisting Overseas Inquiry	14-003	Aviation	/ AO-2014-003 Pacific Aerospace 750XL, hard landing, Warrenton, Virginia, USA	14/05/2014	14/05/2014					2
Opened	14-103	Rail	/ RO-2014-103 Matangi passenger train, failed to stop, Melling Station	27/05/2014	27/05/2014			12/03/2015	174	2
Opened	14-104	Rail	/ RO-2014-104 Freight train, collision with excavator, between National Park and Raurimu	17/06/2014	17/06/2014			17/12/2015	330	2

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