Transport Accident Investigation Commission
Te Komihana Tirotiro Aitua Waka

Statement of Performance Expectations 2015 – 2016

May 2015

Prepared and published in accordance with
the requirements of the Crown Entities Act 2004

Transport Accident Investigation Commission
Statement of Performance Expectations 2015-2016

28 May 2015

Hon Craig Foss MP
Associate Minister of Transport
Executive Wing
Parliament Buildings
Wellington

Dear Minister

We have the honour to present to you this Statement of Performance Expectations of the Transport Accident Investigation Commission for the 12 months commencing 1 July 2015.

It has been prepared and is signed in accordance with the provisions of the Crown Entities Act 2004.

The strategic context for this document is set out in the accompanying Transport Accident Investigation Commission Statement of Intent 2015–2019.

Helen Cull QC
Chief Commissioner

Jane Meares
Commissioner

Contents

1. Output class: accident or incident investigation and reporting

1.1. What the output class is intended to achieve

1.1.1. The Transport Accident Investigation Commission is funded for a single output. This involves conducting inquiries into qualifying transport incidents and accidents in accordance with its empowering legislation.

1.1.2. Improving transport safety involves many participants in the transport sector. The quality of rules and regulations, operating practices, and public awareness of safety issues all contribute to building a safe transport system. In our efforts to prevent accidents and incidents, we work with the Ministry of Transport and transport sector regulators, operators and transport services providers, and the public. See Figure 1.

Output		Target audiences		Commission's outcomes	
The Commission delivers…	accident and incident investigations and inquiry reports	*so that…*	Ministry of Transport, transport sector regulators, operators, transport service providers, and the public	*can…*	improve policy and practice have confidence that safety issues are properly investigated and reported

Figure 1 Improving transport safety

1.1.3. In accordance with international conventions the Commission also participates in inquiries by international peer organisations into events in overseas jurisdictions. The Commission participates in overseas inquiries when the event involves a New Zealand registered or manufactured vehicle, or a significant number of New Zealanders. It may also provide investigation assistance to overseas jurisdictions with the concurrence of both governments involved.

1.2. How our output contributes to our strategic goal and governmental outcomes

1.2.1. In 2015-16, the Commission's baseline funding increases from $3.865 million to $5.233 million. From 2018-19, baseline funding will remain at $5.520 million per annum. The increased funding does not change the Commission's output or strategic direction, which remains the same as in the 2014-18 Statement of Intent. However the new funding does reshape timing of strategy implementation and will change output targets over time. The increased funding will allow the Commission to increase the quantity and timeliness of its inquiries while ensuring that practice and available expertise continue to meet the increasing complexity and changing expectations of investigations and their supervising inquiries.

Because of this a new 2015-2019 Statement of Intent has been prepared and should be read alongside this 2015-2016 Statement of Performance Expectations.

1.2.2. The increase follows an independent review and subsequent business case development sponsored and completed during 2014-15 by the Ministry of Transport with the Commission. In practical terms the new funding will allow the Commission to increase investigator numbers from 9 to 15, provide additional Commissioner meeting days, and enhance corporate support to service the front line investigators and Commissioners. It will also help the Commission manage an expected increased turnover of investigation staff due to retirements from the existing mature workforce.

1.2.3. Figure 2 illustrates the alignment of the Commission's output with the Minister of Transport's priorities, and desired Commission impacts and Minister's outcomes for the transport sector.

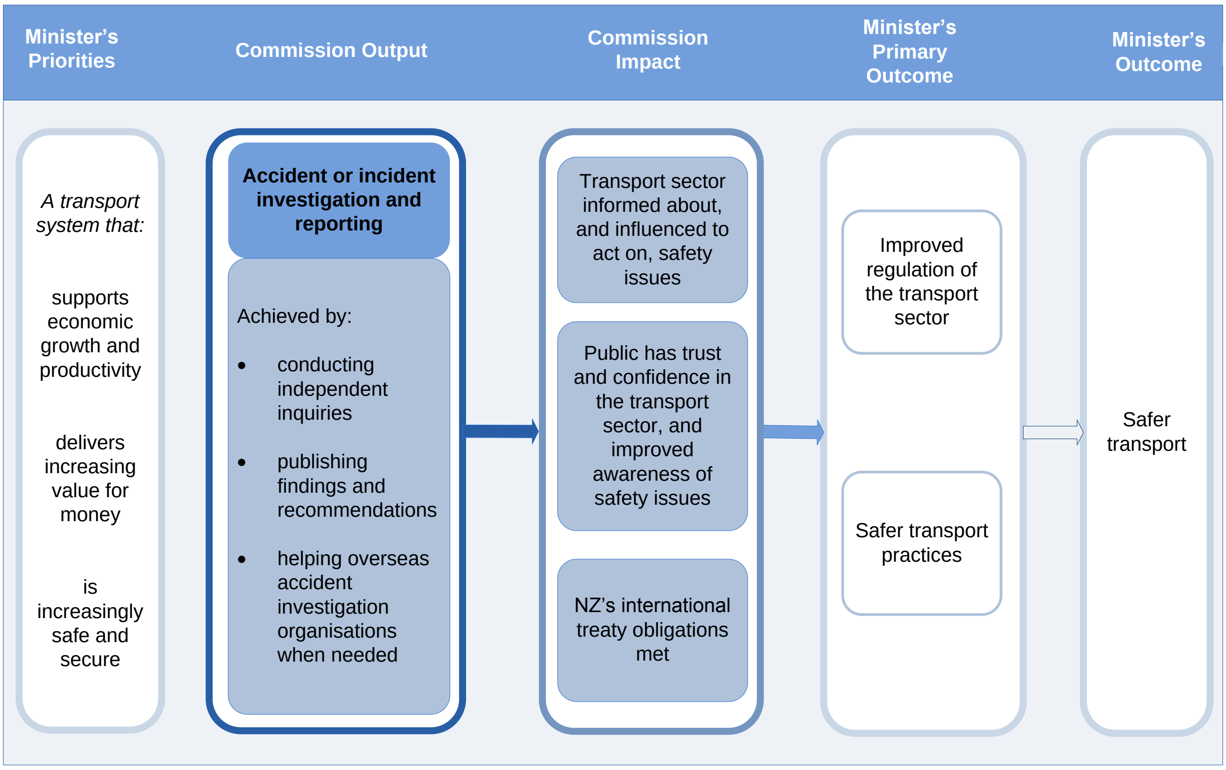

Figure 2 The Commission's outputs, impacts, and outcomes

1.3. How will the performance for the output class be assessed?

1.3.1. Performance of the output class is assessed through a range of measures reflective of a balanced score card approach. These measures are presented in Table 1 (for financial, volume, timeliness and quality measures) and Table 2 (for impact measures).

1.3.2. With extra baseline funding becoming available in 2015-16, the Commission is planning, and will begin to implement, a change management programme to support and enhance organisational performance. In 2015-16, the major focus will be on embedding new resources and processes including recruiting and inducting new staff, particularly investigators. The Statement of Intent 2015-19 includes an additional performance measure to ensure all aspects of the change management programme including recruitment and training are monitored.

1.3.3. The 2015-16 targets for the Commission's output are given in Table 1 and Table 2.

Table 1 Performance measures: Financial, volume, timeliness, and quality

Note	Measure	Instrument	2014/15 target	2014/15 estimated actual	2015/16 target
Financial					
1	Average cost of domestic inquiries closed	Timesheet and financial data analysis	$127K	$304K	$127K
Volume					
2	Number of domestic inquiries completed	Casebook data analysis	20–25	14	20–25
3	Number of interim reports published	Manual count	New measure	New measure	2
	Number of inquiries by overseas jurisdictions assisted	Casebook data analysis	4–8	4	4–8
	Number of domestic inquiries in progress as at each 30 June (12 month rolling average)	Casebook data analysis	30	34	30
Timeliness					
	12 month rolling average of age (working days) of domestic inquiries in progress at each month's end	Casebook data analysis	330	300	330
	Percentage of domestic inquiries closed between 220 and 440 working days	Casebook data analysis	50%	63%	50%
Quality					
	Successful judicial review of Commission inquiry process or decision	Review of any court judgments	0	0	0
	Successful challenge to an Ombudsman, the Privacy Commissioner, or Human Rights Commission of an administrative decision or action	Review of any decisions	0	0	0

Note 1

1.3.4. The average cost for the 2014-15 year of $304k is skewed by the effect of the Rena inquiry, which ran over 3.5 years at a total cost of $1.4 million. This is a substantive outlier in terms of the average cost of inquiries on the Commission's casebook.

Note 2

1.3.5. As noted in paragraph 1.3.2, a focus for the Commission in 2014-15 will be recruiting and inducting new staff, particularly investigators. Because of the time it takes to train new investigators, they do not become fully effective for approximately four years; and they also require supervision from senior members of staff. For these reasons, the Commission has not increased output targets for this first year of additional funding. Once the new investigators are recruited, trained and gained sufficient experience the number of inquiries completed annually is expected to increase, and the average time for completion is expected to reduce, and these improvements will be reflected in the output targets for future years.

Note 3

1.3.6. An interim report may be published during the progress of an inquiry if appropriate to the public interest. It may set out factual information or issue urgent safety recommendations.

Table 2 Performance measures: Impact

Note	Measure	Instrument	2014/15 target	2014/15 estimated actual	2015/16 target
Impact					
	Stakeholders' assessments of the Commission's work on transport safety	Small-sample qualitative and quantitative surveys by an independent researcher	Most stakeholders believe the Commission is having a positive impact	Most stakeholders believe the Commission is having a positive impact	N/A - measured every second year, alternating with Historical Impact Review
	Average age of open safety recommendations	Casebook data analysis	Average age declines	Average age increased	Average age declines
4	Agencies' response to investigations	Casebook data analysis	90% of safety recommendations made are accepted by recipient upon issue	88% of safety recommendations made are accepted by recipient upon issue	90% of safety recommendations made are accepted by recipient upon issue
		Casebook data analysis	Number of safety actions > Number of recommendations	Number of safety actions: 29 Number of recommendations: 10	Number of safety actions > Number of recommendations
		Casebook data analysis	Number of safety actions > Number of safety issues	Number of safety actions: 29 Number of safety issues: 16	Number of safety actions > Number of safety issues
5	Historical Impact Review	Research project	N/A – measured every second year alternating with Stakeholder Survey	N/A – measured every second year alternating with Stakeholder Survey	Review determines that the Commission has had an impact (assessed by examining specific types of accidents/incidents)

Note 4

1.3.7. 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. Directly measuring the Commission's influence on sector participants is difficult. To act as proxies for influence, the Commission periodically surveys stakeholders' views on the way the Commission goes about its work and its perceived impact on transport safety, and conducts a periodic Historical Impact Review assessing its impact on a safety issue or related issues of previous attention. It has also introduced three new measures reflecting how agencies (mainly regulators and policy makers, but sometimes operators and other sector participants) respond to investigations.

1.3.8. The new proxy measures for influence are: agencies' acceptance of recommendations; the number of safety actions taken compared with recommendations issued (greater influence implies that agencies take safety actions before a recommendation is made — ideally the Commission would make no recommendations); and the number of safety actions in relation to the number of safety issues (that is, agencies act on the issues identified in reports).

1.3.9. Note that these indicators give a general picture but tallies of these indicators for any individual inquiry should be interpreted with caution; for example, safety issues vary in complexity and some will require more safety actions than others to manage.

Note 5

1.3.10. The Historical Impact Review and stakeholder survey are being conducted in alternate years from 2014-15. The Commission will conduct a Historical Impact Review in 2015-16, with the topic to be confirmed within the first three months of the financial year.

2. Statement of responsibility

We, the Board of the Transport Accident Investigation Commission, are responsible for the preparation of this Statement of Performance Expectations in accordance with the requirements of the Crown Entities Act 2004.

We confirm that the information contained in this Statement of Performance Expectations reflects the operations, prospective financial position and associated assumptions of the Transport Accident Investigation Commission for the period 1 July 2015 to 30 June 2016.

Helen Cull QC
Chief Commissioner

Jane Meares
Commissioner

28 May 2015

3. Statement of accounting policies

3.1. Reporting entity

3.1.1. The Commission is an independent Crown entity established under the Transport Accident Investigation Commission Act 1990. The Commission is also a Public Benefit Entity (PBE) for financial reporting under International Public Sector Accounting Standards (IPSAS) and will report in accordance with the Tier 2 PBE accounting standards. The Commission has elected to report in accordance with Tier 2 due to having expenditure of less than $30m.

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

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

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

3.1.5. The Prospective Financial Statements of the Commission are for the years 2015-2018. The Prospective Financial Statements were authorised for issue by the Board on 27 May 2015. The Board is responsible for the Prospective Financial Statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

3.2. Accounting policies

Overall considerations

3.2.1. The prospective financial statements have been prepared in accordance with the Transport Accident Investigation Commission Act 1990, the Crown Entities Act 2004, PBE FRS-42 and New Zealand's generally accepted accounting practice (NZ GAAP) as it relates to prospective financial statements.

3.2.2. The Prospective Financial Statements have been prepared on a historical cost basis.

3.2.3. The Prospective Financial Statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars.

3.2.4. The Prospective Financial Statements will not be further updated subsequent to publication.

3.2.5. The Prospective Financial Statements contain information that may not be appropriate for purposes other than those described in the Statement of Responsibility.

Changes in accounting policies

3.2.6. The accounting policies are consistent with those used in previous Prospective Financial Statements.

3.2.7. It should be noted that the External Reporting Board has introduced a new suite of accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014.

Particular accounting policies

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

(a) Revenue

Revenue from Crown

The Commission is primarily funded from the Crown. The funding is restricted in its use for the purpose of meeting the objectives specified in its founding legislation and the scope of the relevant appropriations of the funder.

The Commission considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Interest

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

(b) Financial Instruments

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

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

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

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

Financial Assets

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

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

The category determines subsequent measurement and whether any resulting revenue 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 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.

(c) Cash and cash equivalents

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

(d) Trade and other receivables

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

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

(e) 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 included in the Prospective Statement of Comprehensive revenue and expense.

Depreciation

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

(g) *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 Prospective Statement of Comprehensive revenue and expense.

Asset type	Useful life (years)	Depreciation rate %
Software	2.1-10	10%-48%

Impairment of property, plant and equipment and intangible assets

The Commission does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Property, plant and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment 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 service amount. The recoverable service amount, is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement costs approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

(h) GST

All items in the Prospective 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 Prospective 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 Prospective Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

(i) Forecast of cash flows

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

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

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

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

(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, annual leave earned to, but not yet taken at balance date, and retiring and long service leave entitlements expected to be settled within the next 12 months.

(k) Superannuation scheme

Defined contribution scheme

Obligations for contributions to Kiwisaver are accounted for as a defined contribution superannuation scheme and are recognised as an expense in the Prospective Statement of Comprehensive revenue and expense as incurred.

(l) Taxation

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

(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 Prospective Statement of Comprehensive revenue and expense.

Lease incentives received are recognised in the Prospective Statement of Comprehensive revenue and expense over the lease term as an integral part of the total lease term.

(n) *Financial instrument risks*

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

Market risk

Fair value interest rate risk

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

Cash flow interest rate risk

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

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

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

Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty raising liquid funds to meet commitments as the 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 Commission holds cash with Kiwibank, ANZ Bank New Zealand, and Bank of New Zealand.

(o) *Critical accounting estimates and assumptions*

In preparing these Prospective 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:

(p) *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 Prospective Statement of Comprehensive revenue and expense, and carrying amount of the asset in the Prospective Statement of Financial Position. The Commission minimises the risk of this estimation uncertainty by:

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

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

(q) *Critical judgements in applying the Commission's accounting policies*

Management has exercised the following critical judgements in applying the Commission's accounting policies.

(r) *Lease classification*

Determining whether a lease agreement is finance or an operating lease requires judgment as to whether the agreement transfers substantially all the risks and rewards of ownership to the Commission. Judgment is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease means the asset is recognized in the Prospective Statement of Financial Position as property, plant and equipment, whereas for an operating lease no such asset is recognized.

The Commission does not have any finance leases.

(s) *Actual results*

Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material.

4. 2015 forecast and projection to 2018

2015 forecast and projection to 2018

Prospective statement of comprehensive revenue and expense

Figures exclude GST unless specified

	Actual	Forecast	Forecast	Forecast	Forecast
Year ending:	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
Revenue:	$000	$000	$000	$000	$000
Crown	3,865	3,960	5,233	5,639	5,530
Rental revenue	90	20	18	18	18
Other revenue	7	12	5	5	5
Interest revenue	32	37	30	30	30
Total revenue	**3,994**	**4,029**	**5,286**	**5,692**	**5,583**
Expenses:					
Audit	18	18	18	18	19
Commissioners' fees	137	128	281	284	287
Depreciation	144	148	162	177	177
Personnel costs	2,043	2,258	3,063	3,367	3,434
Lease, rentals and outgoings	733	633	638	638	638
Other operating costs	843	880	1,124	1,208	1,028
Total expenses	**3,918**	**4,065**	**5,286**	**5,692**	**5,583**
Surplus (deficit)	**76**	**-36**	-	-	-

2015 forecast and projection to 2018

Prospective statement of financial position

	Actual	Forecast	Forecast	Forecast	Forecast
Year ending:	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
Assets	$000	$000	$000	$000	$000
Current Assets					
Cash and Cash Equivalent	993	1,023	1,048	1,140	1,208
Prepayments	50	24	24	24	24
Trade and other Receivables	3	2	2	3	2
Non-Current Assets					
Total Non-Current Assets	900	810	785	692	625
Total Assets	1,946	1,859	1,859	1,859	1,859
Liabilities					
Current Liabilities					
Trade and other payables	150	145	145	145	145
Employee benefits	186	140	140	140	140
Total liabilities	336	285	285	285	285
Net Assets	**1,610**	**1,574**	**1,574**	**1,574**	**1,574**
Net Assets as a percentage of total assets.	**83%**	**85%**	**85%**	**85%**	**85%**
Ratio of current assets to current liabilities	**3**	**4**	**4**	**4**	**4**
Ratio of fixed assets to total assets.	**0.5**	**0.4**	**0.4**	**0.4**	**0.3**
Equity					
General funds	1,610	1,574	1,574	1,574	1,574
Total Equity	**1,610**	**1,574**	**1,574**	**1,574**	**1,574**

2015 forecast and projection to 2018

Prospective statement of changes in taxpayers' equity

Year ending:	Actual Jun-14 $000	Forecast Jun-15 $000	Forecast Jun-16 $000	Forecast Jun-17 $000	Forecast Jun-18 $000
Balance at 1 July	1,534	1,610	1,574	1,574	1,574
Capital contribution from the Crown	-	-	-	-	-
Total comprehensive revenue and expense for the year	76	-36	-	-	-
Balance at 30 June	**1,610**	**1,574**	**1,574**	**1,574**	**1,574**

2015 forecast and projection to 2018

Prospective statement of cash flow

For the years ending 30 June	Actual Jun-14	Forecast Jun-15	Forecast Jun-16	Forecast Jun-17	Forecast Jun-18
Cash flows from operating activities:	$000	$000	$000	$000	$000
Cash provided from:					
Supply of output - to Crown	3,865	3,960	5,233	5,639	5,530
Supply of output - to other	104	32	23	23	23
Interest	31	37	30	30	30
Cash disbursed to:					
Cost of producing output	(3,926)	(3,941)	(5,124)	(5,516)	(5,405)
Net cash flows from operating activities	**74**	**88**	**162**	**176**	**178**
Cash flows from investing activities:					
Cash provided from:					
Sale of investments	-	-	-	-	-
Cash disbursed to:					
Purchase of fixed assets	(111)	(58)	(137)	(84)	(110)
Net cash flows from investing activities					
Cash flows from financing activities:					
Cash provided from:					
Capital contribution from Crown	-	-	-	-	-
Cash disbursed to:					
Payment to finance lease	(6)	-	-	-	-
Net cash flows from financing activities					
Net increase (decrease) in cash held -	(43)	30	25	92	68
Cash at beginning of period	1,036	993	1,023	1,048	1,140
Cash and cash equivalents at 30 June	**993**	**1,023**	**1,048**	**1,140**	**1,208**

2015 forecast and projection to 2018 Prospective capital expenditure					
	Actual	Forecast	Forecast	Forecast	Forecast
Year ending:	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
Fixed asset programme	$000	$000	$000	$000	$000
Revenue Capital					
Depreciation	144	148	162	177	177
Buildings	-	-	-	50	-
AIIMS Hardware and Software	106	6	-	-	-
Computer equipment	5	39	61	21	60
Investigation, Furniture & fittings, office equipment	-	13	76	13	50
Total acquisition cost	**111**	**58**	**137**	**84**	**110**
Average total acquisition cost over forecast 5 years					100
Capital expenditure as a percentage of fixed assets	12%	7%	17%	12%	18%
Average capital expenditure as a % of fixed assets over forecast 5 years					13%
Sale value of surplus capital items	-	-	-	-	-
Profit/(loss) on sale of surplus capital items	-	-	-	-	-
Average sale value over forecast 5 years	-	-	-	-	-
Average net cost of fixed assets					100

5. Statement of significant underlying assumptions

5.1. The following assumptions have been applied in preparing the financial statements for the Commission:

Personnel costs

5.1.1. For the 2015/16 and out-year forecasts, salary increases have been forecast at no more than two percent. It has been forecast in 2015/16 that staff numbers will increase by four investigation and three corporate staff. In 2016/17 staff numbers will increase by an additional two investigation staff.

Other operating costs

5.1.2. It is assumed staff training costs will increase in 2015/16 and 2016/17 due to the training requirements of new investigation staff. Other operating cost forecasts include costs associated with change management as a result of the funding review completed in 2014/15.

Revenue

5.1.3. A funding review completed in 2014/15 has resulted in an increase to crown revenue for 2015/16 and out-years.

Investigations

5.1.4. It is assumed in 2015/16 and out-years investigation costs will increase due to additional travel costs associated with the increase in investigator numbers. It is assumed more consultants will be engaged to provide specialist investigative advice.

Commissioners' fees

5.1.5. In 2015/16 and out-year forecasts commissioner numbers will increase from three to four with one additional meeting day per month included in the forecasts.

TAIC Statement of Performance Expectations 2015-2016

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