



Transport Accident Investigation Commission
Te Komihana Tirotiro Aitua Waka

Statement of Performance Expectations 2016 – 2017

May 2016

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

Transport Accident Investigation Commission
Statement of Performance Expectations 2016-2017

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27th April 2016

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

Dear Minister

We have the honour of presenting you this Statement of Performance Expectations for the Transport Accident Investigation Commission for the 12 months commencing 1 July 2016.

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*.

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

Helen Cull QC
Chief Commissioner

A handwritten signature in black ink, appearing to read 'Peter McKenzie'.

Peter McKenzie QC
Deputy Chief Commissioner

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1. Output class: accident and 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, which is to conduct inquiries into qualifying transport accidents and incidents in accordance with its empowering legislation. The culmination of an inquiry is to publish, and otherwise communicate, the safety risks identified in the inquiry. The purpose is to provide the transport sector with the information it needs to manage risks to safety.
- 1.1.2. Improving transport safety involves many sector participants. The quality of rules and regulations, operating practices, and public awareness of safety issues all contribute to building a safe transport system. The Commission's part in that system is to determine the causes and circumstances of occurrences and then to communicate our findings and recommendations to whichever of the sector participants are best able to act on those findings and recommendations to improve safety. Our target audiences include the Ministry of Transport, transport sector regulators and operators, transport service providers, and the public.
- 1.1.3. As well as working with national agencies, we contribute to the international pool of information and knowledge about transport safety. In accordance with international conventions, the Commission participates in inquiries by international peer organisations into events in overseas jurisdictions. The Commission participates in overseas inquiries when the events involve New Zealand registered or manufactured vehicles, or a significant number of New Zealanders. We may also provide investigation assistance to overseas jurisdictions with the concurrence of all involved governments.

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

- 1.2.1. In 2015/16, the Commission received an increase in its baseline funding. The new funding allowed 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 is also helping us to manage an expected increased turnover in investigation staff due to retirements from the existing mature workforce.
- 1.2.2. The increased funding has not changed the Commission's output or strategic direction; but it is reshaping the 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 inquiries while ensuring that practice and available expertise continue to meet the increasing complexity and changing expectations of investigations and their supervising inquiries. The improved timeliness will mean a more expedient communication of findings and lessons to transport sector participants. These strategic intentions are set out in the Commission's *Statement of Intent 2015–2019*, which should be read alongside this *Statement of Performance Expectations 2016–2017*.

1.2.3. Figure 1 illustrates the alignment of the Commission's output with the Minister of Transport's priorities, desired Commission impacts and the Minister's outcomes for the transport sector.

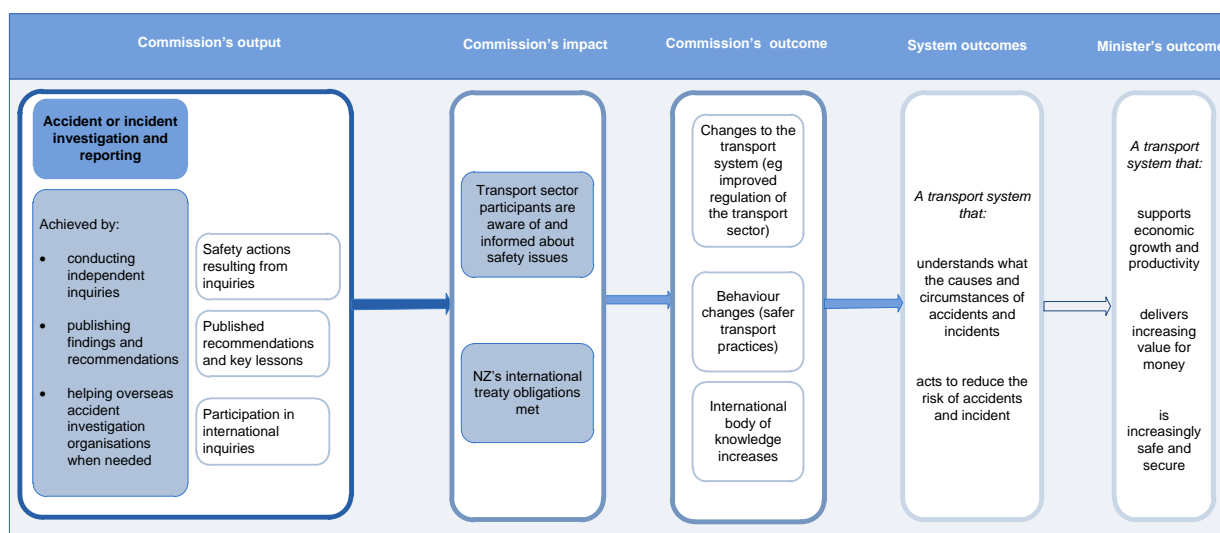


Figure 1 The Commission's outputs, impacts and outcomes

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

- 1.3.1. The 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. In response to the extra baseline funding, the Commission implemented a change management programme in 2015/16. The programme was designed to support and enhance organisational performance, with a major focus on embedding new resources and processes. In 2016/17, the focus will be on refining processes and the continued training of investigators (newly recruited and longer serving). The *Statement of Intent 2015-2019* includes a performance measure to ensure all aspects of the change management programme are monitored.
- 1.3.3. The 2016/17 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	2015/16 target	2015/16 estimated actual	2016/17 target
Financial					
1	Average cost of domestic inquiries closed	Timesheet and financial data analysis	\$127K	\$317K	\$250K
Volume					
2	Number of domestic inquiries completed	Casebook data analysis	20-25	14	20-25
3	Number of interim reports published	Manual count	2	1	2
	Number of inquiries by overseas jurisdictions assisted	Casebook data analysis	4-8	8	4-8
	Number of domestic inquiries in progress at each month's end (12 month rolling average, as at 30 June)	Casebook data analysis	30	35	30
Timeliness					
4	For domestic inquiries in progress as at 30 June, the proportion open for fewer than 440 working days increases	Casebook data analysis	New measure	50%	50%
	For domestic inquiries completed, the proportion open for fewer than 440 working days increases	Casebook data analysis	New measure	30%	50%
Quality					
	Judicial reviews of Commission inquiries that overturn decisions or identify process issues	Review of any court judgments	0	0	0
	Successful challenge to an Ombudsman, the Privacy Commissioner or the Human Rights Commission of an administrative decision or action	Review of any decisions	0	0	0

Note 1: Average cost of domestic inquiries closed

- 1.3.4. The 2016/17 target better reflects the estimated average cost of domestic inquiries based on 2015/16 actuals and anticipated efficiencies in the completion of inquiries as a result of increased resources. A new cost allocation model was implemented in 2013/14. This model has provided better information on the costs of the Commission's inquiries. The cost of inquiries has increased with the increase in overheads associated with an array of complex cases, such as the sinking of the container vessel *Rena* and the Carterton hot air balloon accident. The larger complex cases have a distortionary effect on the average costing of cases and are relatively rare. Overhead costs are further driven by increase in staffing levels in the last year.

In setting the target for 2016/17 an adjustment was made to make an allowance for some complex cases, but with a greater weight upon the expectation that the efficiencies planned with the improvement of case management will be realised. Hence the lower average cost of inquiries targeted than the historical estimated actual cost for 2015/16.

Note 2: Volume of inquiries closed

- 1.3.5. A focus for the Commission in 2015/16, the first year of our increased baseline funding, was on recruiting and inducting new staff, particularly six new investigators. Because of the time it takes to train new investigators, they do not immediately become fully effective; they also require supervision from senior members of staff. Once the new investigators are fully trained and experienced, the number of inquiries completed annually is expected to increase to within the specified range, and the average time for completion is expected to reduce.

Note 3: Number of interim reports published

- 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.

Note 4: Timeliness of inquiries

- 1.3.7. Timeliness measures have changed slightly from 2015/16 to give greater emphasis to ‘timeliness’ meaning the proportion of the Commission’s inquiries being completed within 440 working days (two years). A proportion of the more complex inquiries will always take longer than 440 working days; however, the Commission is working towards achieving 70% of all inquiries closed within this time, with a lower, more realistic, target for the 2016/17 year of 50%.

Table 2 Performance measures: impact

Note	Measure	Instrument	2015/16 target	2015/16 estimated actual	2016/17 target
Impact					
5	Stakeholders’ assessments of the Commission’s work on transport safety	Small-sample qualitative and quantitative rolling surveys by an independent researcher	N/A (instrument was a biennial survey)	N/A (instrument was a biennial survey)	Most stakeholders believe the Commission is having a positive impact
	Average age of open safety recommendations	Casebook data analysis	Average age declines	Average age increased	Average age declines
	Agencies’ response to investigations	Casebook data analysis	90% of safety recommendations made are accepted by recipients upon issue	75% of safety recommendations made are accepted by recipients 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: 40 Number of recommendations: 25	Number of safety actions > Number of recommendations
		Casebook data analysis	Number of safety actions > Number of safety issues	Number of safety actions: 40 Number of safety issues: 25	Number of safety actions > Number of safety issues

Note 5: Stakeholder Assessments and Historical Impact Reviews

- 1.3.8. The Commission contributes to safer transport in part by informing transport sector participants about safety issues so they have the information they need to act on those issues. However, it is difficult to measure directly the Commission's influence on sector participants and the actions they take. As a proxy for influence, the Commission has periodically surveyed stakeholders' views on the way the Commission goes about its work and its perceived impact on transport safety.
- 1.3.9. In 2016/17 the Commission is to begin conducting stakeholder assessment surveys on a 'rolling' basis, and integrating them with our new case management processes. Stakeholders will be invited to provide feedback during inquiries and after inquiries are completed so that we can receive continual and timely feedback on our work. As a result, reflecting on, and responding to, feedback about performance will become a regular part of our business.
- 1.3.10. The Commission is no longer conducting Historical Impact Reviews. In the past, we engaged a senior consultanting researcher to undertake these reviews, designed to assess the influence of the Commission's activities in the transport sector, and to reflect on practice. Completed reviews have highlighted the difficulties of assessing the Commission's impact quantitatively because of problems in obtaining suitable data.

1.4. Outcome measures

- 1.4.1. The Commission's *Statement of Intent 2015-2019* includes four indicators of outcome¹:
- The incidence of aircraft involved in pilot training nearly colliding or colliding with other aircraft.
 - 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 conflicts or track warrant breaches.
 - The incidence of recreational boating accidents involving serious injury or loss of life where a lack of demonstrated knowledge by the skippers appears to have been a factor.
 - The incidence of the presence of performance-impairing substances in persons performing safety critical tasks in the aviation, marine and rail transport modes.
- 1.4.2. The target for each of the first three was a declining trend, and for the fourth that an incidence baseline was established. The *Statement of Intent 2015-2019* describes how the limited availability and quality of data meant that only one of the indicators could be reliably measured.
- 1.4.3. The Commission considers that we can describe our performance in a more useful way than through quantitative measures of outcome. To this end, we are giving greater depth to our impact information in three ways: the new enhanced Stakeholder Assessment; the measures reflecting how agencies (mainly regulators and policy makers, but sometimes operators and other sector participants) respond to investigations (these were introduced in 2015/16); and a new approach (currently under development) to reporting the Commission's activities and achievements using a structured narrative approach. We consider that, taken together, these

¹ See Table 1 on page 10 in the *Statement of Intent 2015-2019*.

three perspectives will provide more meaningful and useful performance information, and offer richer content about our impacts on transport safety, than outcome measures.

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 2016 to 30 June 2017.



Helen Cull QC
Chief Commissioner



Peter McKenzie QC
Deputy Chief Commissioner

27th April 2016

3. Statement of accounting policies

3.1. Reporting entity

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

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

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

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

The Prospective Financial Statements of TAIC are for the years 2016–2019. The Prospective Financial Statements were authorised for issue by the Board on 27th April 2016. 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

The Prospective Financial Statements have been prepared in accordance with the Transport Accident Investigation Commission Act 1990, the Crown Entities Act 2004, PBE Financial Reporting Standard FRS-42 and New Zealand's generally accepted accounting practice as it relates to prospective financial statements.

The Prospective Financial Statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

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

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

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

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

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

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

Revenue

Revenue from the Crown

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

TAIC 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 as equivalent to the amounts due in the funding arrangements.

Interest

Interest revenue is recognised using the effective interest method.

Rental revenue

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

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars (the functional currency) using the spot exchange rate from the settlement of such transactions and from the translation at year end. Exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus of deficit.

Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee.

Lease incentives received are recognised in the Prospective Statement of Comprehensive Revenue and Expense Surplus as a reduction in rental expense over the lease term.

Receivables

Short-term receivables are recorded at their face value, less any provision for impairment.

A receivable is considered impaired when there is evidence that TAIC will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amount expected to be collected.

Investments

Bank term deposits

Investments in bank term deposits are initially measured at the amounts invested.

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

Property, plant and equipment

Property, plant and equipment consist of the following asset classes: buildings, computer equipment, furniture and office equipment.

Additions

The cost of an item of property, plant, or equipment is recognised as an asset if, and only if, it is probable that the future economic benefits or service potential associated with the item will flow to TAIC and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts of the assets. Gains and losses on disposals are included in the Prospective Statement of Comprehensive Revenue and Expense. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to TAIC and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

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%-20%
Computer equipment	1.5-10	10%-67%
Furniture and equipment	1.2-14	7%-80.4%

Intangible assets

Software acquisition and development

Acquired computer software licences 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

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the Prospective Statement of Comprehensive Revenue and Expense.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

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

Impairment of property, plant and equipment and intangible assets

Non-cash-generating assets

Property, plant and equipment and intangible assets that have finite useful lives 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 the asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on a depreciated replacement cost 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 the 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 Prospective Statement of Comprehensive Revenue and Expense.

Payables

Short-term payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which employees render the related services are measured 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.

Presentation of employee entitlements

Annual leave is classified as a current liability.

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.

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 an outflow of future economic benefits 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 and is included in “finance costs”.

Onerous contracts

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

Good and services tax

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 it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the Prospective Statement of Financial Position.

The net GST paid to, or received from, the Inland Revenue, 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.

Taxation

TAIC is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Critical accounting estimates and assumptions

In preparing these Prospective Financial Statements TAIC 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 expectations of 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:

Estimating useful lives and residual values of property, plant and equipment

At each balance date, the useful lives and residual values of TAIC's property, plant and equipment are reviewed. Assessing the appropriateness of useful life and residual value

estimates of property, plant and equipment requires a number of factors to be considered such as the physical condition of the assets, expected periods of use of the assets by TAIC, and expected disposal proceeds from the future sales of the assets.

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

Critical judgements in applying TAIC's accounting policies

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

Lease 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 TAIC. 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 Prospective Statement of Financial Position as property, plant and equipment, whereas for an operating lease no such asset is recognised.

TAIC has exercised its judgement on the appropriate classification of equipment leases, and has determined it has no finance leases.

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. 2016 forecast and projection to 2019

2016 forecast and projection to 2019					
Prospective statement of Comprehensive Revenue and Expense					
<i>Figures exclude GST unless specified</i>					
	Actual	Forecast	Forecast	Forecast	Forecast
Year ending:	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19
	\$000	\$000	\$000	\$000	\$000
Revenue:					
Crown	3,960	5,233	5,639	5,530	5,520
Rental revenue	18	18	18	18	18
Other revenue	14	158	6	6	6
Interest revenue	38	33	33	34	34
Total revenue	4,030	5,442	5,696	5,588	5,578
Expenses:					
Audit	18	19	19	19	20
Commissioners' fees	121	206	233	237	242
Depreciation	138	167	217	217	217
Personnel costs	2,252	2,978	3,318	3,384	3,452
Lease, rentals and outgoings	631	658	658	658	658
Other operating costs	928	1,485	1,251	1,073	989
Total expenses	4,088	5,513	5,696	5,588	5,578
Surplus (deficit)	-58	-71	-	-	-

2016 forecast and projection to 2019					
Prospective Statement of Financial Position					
Year ending:	Actual	Forecast	Forecast	Forecast	Forecast
	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19
	\$000	\$000	\$000	\$000	\$000
Assets					
Current assets					
Cash and cash equivalent	1,049	849	951	1,120	1,275
Prepayments	31	29	24	24	24
Trade and other receivables	3	2	2	3	2
Non-current assets					
Total non-current assets	801	886	789	619	465
Total assets	1,884	1,766	1,766	1,766	1,766
Liabilities					
Current liabilities					
Trade and other payables	199	145	145	145	145
Employee benefits	133	140	140	140	140
Total liabilities	332	285	285	285	285
Net assets	1,552	1,481	1,481	1,481	1,481
Net Assets as a percentage of total assets.	82%	84%	84%	84%	84%
Ratio of current assets to current liabilities	3	3	3	4	5
Ratio of fixed assets to total assets.	0.4	0.5	0.4	0.3	0.3
Equity					
General funds	1,552	1,481	1,481	1,481	1,481
Total equity	1,552	1,481	1,481	1,481	1,481

2016 forecast and projection to 2019

Prospective Statement of Changes in Equity

Year ending:	Actual	Forecast	Forecast	Forecast	Forecast
	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19
	\$000	\$000	\$000	\$000	\$000
Balance at 1 July	1,610	1,552	1,481	1,481	1,481
Capital contribution from the Crown	-	-	-	-	-
Total comprehensive revenue and expense for the year	-58	-71	-	-	-
Balance at 30 June	1,552	1,481	1,481	1,481	1,481

2016 forecast and projection to 2019					
Prospective Statement of Cash Flow					
	Actual	Forecast	Forecast	Forecast	Forecast
For the years ending 30 June	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19
	\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities:					
Cash provided from:					
Supply of output – to Crown	3,960	5,233	5,639	5,530	5,520
Supply of output – to other	32	176	24	24	24
Interest	38	33	33	34	34
Cash disbursed to:					
Cost of producing output	(3,936)	(5,390)	(5,473)	(5,373)	(5,362)
Net cash flows from operating activities	94	52	223	215	216
Cash flows from investing activities:					
Cash provided from:					
Sale of investments	-	-	-	-	-
Cash disbursed to:					
Purchase of fixed assets	(38)	(252)	(121)	(46)	(63)
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	-	-	-	-	-
Net cash flows from financing activities					
Net increase (decrease) in cash held	56	(200)	102	169	153
Cash at beginning of period	993	1,049	849	951	1,122
Cash and cash equivalents at 30 June	1,049	849	951	1,120	1,275

2016 forecast and projection to 2019

Prospective capital expenditure

Year ending:	Actual	Forecast	Forecast	Forecast	Forecast
	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19
	\$000	\$000	\$000	\$000	\$000
Fixed asset programme					
Revenue capital					
Depreciation	138	167	217	217	217
Buildings	-	-	-	-	-
AIIMS hardware and software	5	-	64	-	-
Computer equipment	17	93	35	26	55
Investigation, furniture and fittings, office equipment	16	159	22	20	8
Total acquisition cost	38	252	121	46	63
Average total acquisition cost over forecast 5 years					104
Capital expenditure as a percentage of fixed assets	5%	28%	15%	8%	14%
Average capital expenditure as a percentage of fixed assets over forecast 5 years					14%
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					104

5. Statement of significant underlying assumptions

5.1.1. The following assumptions have been applied in preparing the financial statements for TAIC.

Personnel costs

5.1.2. For the 2016/17 and out-year forecasts, salary increases have been forecast at no more than 2%.

Other operating costs

5.1.3. It is assumed that staff training costs in 2016/17 will remain at a similar level to those in 201/16 due to the training requirements of new investigation staff. Other operating cost forecasts include costs associated with change management as a result of a funding review completed in 2014/15.

Revenue

5.1.4. The funding review completed in 2014/15 resulted in an increase in Crown revenue for 2015/16 and out-years.

Investigations

5.1.5. It is assumed in 2016/17's and out-years' investigation costs will be at a similar level to those in 2015/16. It is assumed that consultants will continue to be engaged to provide specialist investigative advice when required.

Commissioners' fees

5.1.6. In the 2016/17 and out-year forecasts commissioner numbers will remain at four, with monthly meetings and additional meeting days included in the forecasts.

TAIC Statement of Performance Expectations 2016–2017

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