



Transport Accident Investigation Commission
Te Komihana Tirotiro Aitua Waka

Statement of Performance Expectations 2017 – 2018

May 2017

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

Transport Accident Investigation Commission
Statement of Performance Expectations 2017-2018

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29 May 2017

Hon Simon Bridges MP
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 2017.

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 black ink, appearing to read 'Jane Meares'.

Jane Meares
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

The Commission identifies safety issues so sector participants can manage them

- 1.1.1. The Transport Accident Investigation Commission contributes to a transport system that understands the circumstances and causes of accidents and incidents, and acts to reduce safety risks within the system. Through its inquiries, the Commission identifies safety issues; and through its recommendations, presses transport sector participants to manage the associated safety risks.
- 1.1.2. The Commission's investigations delve deeply into the facts and circumstances of incidents and accidents, and analyse the data to draw a hypothesis or hypotheses about cause. The inquiry process then tests, challenges, and scrutinises those hypotheses to determine the most likely immediate and systemic causes. The Commission identifies transport safety issues, exposing risk and informing the public about the performance of the transport system. To be credible and effective within our sphere of influence in contributing to change within the system, the Commission's inquiries must stand up to high levels of scrutiny. They must be thorough, independent and impartial.
- 1.1.3. The Commission's recommendations for actions to reduce risk are not mandatory. But the rigorous nature of our inquiries means pressure is brought to bear on transport sector participants to respond to recommendations. They are directed to whichever of the sector participants are best able to act to influence the system to improve safety. To that end the Ministry of Transport and transport sector regulators are the main recipients of our recommendations. Transport sector operators, transport service providers, and the public can benefit from the findings and key lessons that arise from our inquiries.

We contribute to the safety of international transport safety systems

- 1.1.4. As well as working with national agencies, we contribute to international transport safety systems. In accordance with international conventions (the Convention on International Civil Aviation, or ICAO Convention), 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.

We will improve oversight of implementation of safety recommendations

- 1.1.5. For the 2017/18 year, the Commission will work to enhance its impact on the system through better monitoring of recipients' responses to safety recommendations. Engagement with transport sector agencies has begun to consider more active monitoring of safety recommendations across the transport modes; and clearer statements about the levels of risks represented by open recommendations. The Commission considers this initiative will help improve performance on the impact measure 'average age of open safety recommendations', which has increased in the previous two years. It is acknowledged, however, that a recommendation can remain open for valid reasons – for example, the recipient may choose to accept the risk of not acting as recommended.

1.2. How the performance for the output class will be assessed

1.2.1. The performance for the output class is assessed through a range of measures reflective of a balanced score card approach. These measures and targets for 2017/18 are presented in Table 1 (for financial, volume, timeliness and quality measures) and Table 2 (for impact measures).

Financial, volume, timeliness, and quality measures

1.2.2. Table 1 shows the performance measures for the cost, volume, timeliness, and quality of the Commission's output. Notes below the table explain the measures and changes between the current year targets and those for the upcoming year, 2017/18.

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

Note	Measure	Instrument	2016/17 target	2016/17 estimated actual	2017/18 target
Financial					
1	Average cost of domestic inquiries closed	Timesheet and financial data analysis	\$250K	\$333K	\$300K
Volume					
2 3	Number of reports published for domestic inquiries	Casebook data analysis	20-25	18	20-25
	<ul style="list-style-type: none"> • Final reports • Interim reports 	Manual count	2	2	4
	Number of inquiries by overseas jurisdictions assisted	Casebook data analysis	4-8	9	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	31	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	50%	80%	60%
	For domestic inquiries completed, the proportion open for fewer than 440 working days increases	Casebook data analysis	50%	33%	60%
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

- 1.2.3. The 2017/18 target better reflects the estimated average cost of domestic inquiries based. It is based on 2016/17 actuals, the anticipated allocation of costs as a result of increased resources, and expected efficiency improvements as the result of improved timeliness.

Note 2: Volume of inquiries closed

- 1.2.4. A focus for the Commission in 2015/16 and 2016/17, the first two years of our increased baseline funding, was on recruiting, inducting, and training 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. The recruitment and training programme has progressed more quickly than expected, with most of the new investigators now fully trained and experienced. The Commission expects that from 2017/18, the number of inquiries completed annually will fall within the specified range, and the average time for completion is expected to reduce.

Note 3: Number of interim reports published

- 1.2.5. 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

- 1.2.6. Timeliness measures give emphasis to 'timeliness' meaning the proportion of the Commission's inquiries being completed within 440 working days (two years). It is expected that some of the more complex inquiries will take longer than 440 working days. The Commission is working towards achieving 70% of all inquiries closed within 440 working days. A more realistic target for 2016/17 year was 50%; in 2017/18 the target is being increased to 60%. The Commission expects to increase the target to 70% in the following year (2018/19).
- 1.2.7. The estimated outcome for 2016/17 shows that for open domestic inquiries, the proportion less than two years old is higher than expected (80% compared with the target of 50%); and the proportion of closed inquiries less than two years old is lower than expected (33% compared with the target of 50%). These results indicate that the Commission estimates it will have closed more 'aged' cases over 2016/17 than originally forecast.

Impact measures

- 1.2.8. Table 2 shows the impact measures for the Commission's output. The Commission's main means of improving transport safety is to issue recommendations, most of them to sector agencies. The response of agencies to these recommendations is therefore a significant indicator of our effectiveness; however, as noted above, our recommendations are not mandatory. We rely on others to act to reduce the risks associated with the safety issues we have identified.
- 1.2.9. The impact measures and targets for 2017/18 related to agencies' response to inquiries remain unchanged from 2016/17. During 2017/18, the Commission intends to add to and/or replace these measures, and give attention to providing more meaningful information about the status of open recommendations; for example, they might be accepted but complex and requiring time to implement; or they might have a lower priority compared with other work being undertaken by an agency, or they might be rejected because the agency chooses to accept the risk of not acting. See 1.1.5 and note 6.

Table 2 Performance measures: impact

Note	Measure	Instrument	2016/17 target	2016/17 estimated actual	2017/18 target
Impact					
5	Stakeholders' assessments of the Commission's work on transport safety	Small-sample qualitative and quantitative rolling surveys by an independent researcher	Most stakeholders believe the Commission is having a positive impact	N/A (instrument was a biennial survey)	Most stakeholders believe the Commission is having a positive impact
6	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: 75 Number of recommendations: 28	Number of safety actions > Number of recommendations
		Casebook data analysis	Number of safety actions > Number of safety issues	Number of safety actions: 75 Number of safety issues: 39	Number of safety actions > Number of safety issues

* During an inquiry a regulator, operator or manufacturer may take a safety action to address safety issues identified by the Commission. In some cases, such actions may mean the Commission has no need to make a recommendation.

Note 5: Stakeholder Assessments

1.2.10. 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.

1.2.11. From 2016/17 the Commission began conducting stakeholder assessment surveys on a 'rolling' basis, and integrating them with our new case management processes. Stakeholders are 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.

Note 6: Average age of open safety recommendations

1.2.12. As noted (paragraph 1.1.5), the Commission is working to improve performance on this measure by establishing a system to monitor recipients' responses to safety recommendations. The system will require working with other transport sector agencies so that data is consistent and reporting integrated across modes. The Commission notes that the International Civil Aviation Organisation (ICAO) is introducing standards requiring the recipients to respond to recommendations within 90 days, and to give reasons for not accepting, or only partially accepting, recommendations.

1.3. How the output contributes to strategic intention

- 1.3.1. The Commission's strategic intentions are set out in the Commission's *Statement of Intent 2015–2019*, which should be read alongside this *Statement of Performance Expectations 2017–2018*.
- 1.3.2. The Commission's *Statement of Intent 2015-2019* includes four indicators of outcome¹, but described how the limited availability and quality of data meant that only one of the indicators could be reliably measured. In 2015/16, we decided to describe our performance in contributing to reduced transport safety risk through measures more closely reflecting our influence on transport sector participants. These measures, to be continued in 2017/18, were rolling stakeholder surveys, the measures reflecting how agencies (mainly regulators and policy makers) respond to investigations (measures introduced in 2015/16), and narrative approach to show how Commission recommendations have resulted in improvements in transport safety.
- 1.3.3. The Commission will review our approach to outcome measures in the next Statement of Intent, the first year of which will be 2018/19.
- 1.3.4. Figure 1 illustrates the Commission's output, impacts and contribution to sector outcomes.

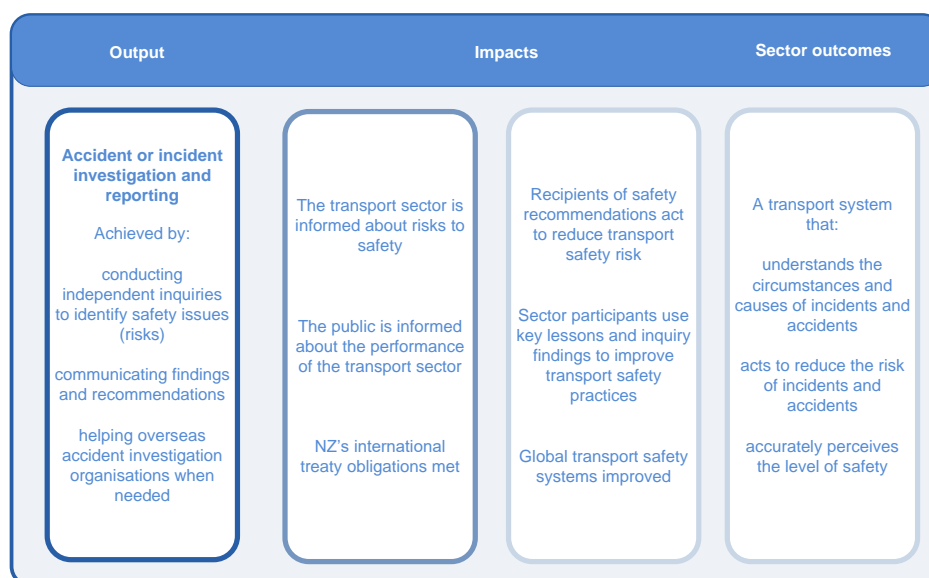


Figure 1 The Commission's output, impacts and outcomes

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

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 2017 to 30 June 2018.



Jane Meares
Chief Commissioner



Peter McKenzie QC
Deputy Chief Commissioner

29 May 2017

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. 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.

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

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

TAIC has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The Prospective Financial Statements of TAIC are for the years 2017–2020. The Prospective Financial Statements were authorised for issue by the Board on 27th April 2017. 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.

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.

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	2-10	10%-50%
Furniture and equipment	2-14	7%-48%

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.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the year in which an employee provides a related service, such as long service leave, have been calculated based on:

- likely future entitlements accruing to employees based on years of service, year to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Annual leave and vested long service leave are classified as a current liability. Non-vested long service leave expected to be settled within 12 months of balance date is classified as a current liability. All other employee entitlements are classified as non-current liabilities.

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. 2017 forecast and projection to 2020

Note: in the tables below, actual figures for the year ended 30 June 2016 have been audited.

2017 forecast and projection to 2020					
Prospective statement of Comprehensive Revenue and Expense					
<i>Figures exclude GST unless specified</i>					
	Actual	Forecast	Forecast	Forecast	Forecast
Year ending:	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20
	\$000	\$000	\$000	\$000	\$000
Revenue:					
Crown	5,233	5,639	5,530	5,520	5,520
Rental revenue	18	24	41	41	41
Other revenue	159	11	11	11	11
Interest revenue	32	22	22	23	23
Total revenue	5,442	5,696	5,604	5,595	5,595
Expenses:					
Audit	19	19	19	19	19
Commissioners' fees	199	226	291	264	253
Depreciation	167	219	237	237	237
Personnel costs	3,094	3,364	3,378	3,445	3,514
Lease, rentals and outgoings	651	653	658	658	658
Other operating costs	1,494	1,215	1,021	972	914
Total expenses	5,624	5,696	5,604	5,595	5,595
Surplus (deficit)	-182	-	-	-	-

2017 forecast and projection to 2020

Prospective Statement of Financial Position

Year ending:	Actual	Forecast	Forecast	Forecast	Forecast
	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20
	\$000	\$000	\$000	\$000	\$000
Assets					
Current assets					
Cash and cash equivalent	1,189	940	1,116	1,264	1,448
Prepayments	40	29	24	24	24
Trade and other receivables	4	2	2	3	2
Non-current assets					
Total non-current assets	894	829	658	509	326
Total assets	2,127	1,800	1,800	1,800	1,800
Liabilities					
Current liabilities					
Trade and other payables	461	145	145	145	145
Employee entitlements	261	250	250	250	250
Non-Current liabilities					
Employee entitlements	35	35	35	35	35
Total liabilities	757	430	430	430	430
Net assets	1,370	1,370	1,370	1,370	1,370
Net Assets as a percentage of total assets.	64%	76%	76%	76%	76%
Ratio of current assets to current liabilities	2	2	3	3	4
Ratio of fixed assets to total assets.	0.4	0.5	0.4	0.3	0.2
Equity					
General funds	1,370	1,370	1,370	1,370	1,370
Total equity	1,370	1,370	1,370	1,370	1,370

2017 forecast and projection to 2020

Prospective Statement of Changes in Equity

Year ending:	Actual	Forecast	Forecast	Forecast	Forecast
	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20
	\$000	\$000	\$000	\$000	\$000
Balance at 1 July	1,552	1,370	1,370	1,370	1,370
Capital contribution from the Crown	-	-	-	-	-
Total comprehensive revenue and expense for the year	-182	-	-	-	-
Balance at 30 June	1,370	1,370	1,370	1,370	1,370

2017 forecast and projection to 2020

Prospective Statement of Cash Flow

	Actual	Forecast	Forecast	Forecast	Forecast
For the years ending 30 June	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20
	\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities:					
Cash provided from:					
Supply of output – to Crown	5,233	5,639	5,530	5,520	5,520
Supply of output – to other	175	37	52	52	52
Interest	33	22	22	23	23
Cash disbursed to:					
Cost of producing output	(5,041)	(5,793)	(5,362)	(5,359)	(5,358)
Net cash flows from operating activities	400	(95)	242	236	237
Cash flows from investing activities:					
Cash provided from:					
Sale of investments	-	-	-	-	-
Cash disbursed to:					
Purchase of fixed assets	(260)	(154)	(66)	(88)	(53)
Net cash flows from investing activities	(260)	(154)	(66)	(88)	(53)
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	140	(249)	176	148	184
Cash at beginning of period	1,049	1,189	940	1,116	1,264
Cash and cash equivalents at 30 June	1,189	940	1,116	1,264	1,448

2017 forecast and projection to 2020

Prospective capital expenditure

Year ending:	Actual	Forecast	Forecast	Forecast	Forecast
	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20
	\$000	\$000	\$000	\$000	\$000
Fixed asset programme					
Revenue capital					
Depreciation	167	219	237	237	237
Buildings	144	35	15	-	-
AIIMS hardware and software	11	77	-	-	45
Computer equipment	89	34	31	80	-
Investigation, furniture and fittings, office equipment	16	8	20	8	8
Total acquisition cost	260	154	66	88	53
Average total acquisition cost over forecast 5 years					124
Capital expenditure as a percentage of fixed assets	29%	19%	10%	17%	16%
Average capital expenditure as a percentage of fixed assets over forecast 5 years					18%
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					124

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 2017-18 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 2017-18 will reduce compared to 2016-17 as most new investigation staff completed their Cranfield training in 2016-17.

Revenue

5.1.4. The funding review completed in 2014/15 resulted in an increase in Crown revenue for 2016-17 and out-years.

Investigations

5.1.5. It is assumed in 2017-18's and out-years' investigation costs will be at a similar level to those in 2016-17. It is assumed that consultants will continue to be engaged to provide specialist investigative advice when required.

Commissioners' fees

5.1.6. In the 2017-18 and out-year forecasts commissioner numbers will be four to five, with monthly meetings and additional meeting days included in the forecasts.

TAIC Statement of Performance Expectations 2017–2018

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