

The Metro logo, featuring the word "Metro" in a white, italicized sans-serif font with three horizontal bars above the letter 'M'.

*Metro*

# ANNUAL REPORT 2014-15



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## Nature of Business

Provision of road passenger transport services.

## Issued Capital

Two shares of \$1.00 each.

## Registered Office

212 – 220 Main Road  
Moonah, TAS 7009

## ABN Number

30 081 467 281

## Directors

Lynn Mason, Chairperson  
Geoffrey Hazell, Deputy Chairperson  
Ian Newman  
Nick Burrows  
Michael Harris

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Guy Thurston (ceased 28 August 2014)

## Shareholders

Minister for Infrastructure  
Treasurer

## Executive Managers

Stuart Wiggins	Chief Executive Officer (commenced 10 November 2014)
Anita Robertson	Chief Financial Officer
Alan Pedley	Chief Operating Officer
Ian Ward	General Manager Infrastructure and Engineering Services
Rodney Byfield	General Manager Business Improvement Services
Rolfe Brimfield	General Manager People and Safety (commenced 25 May 2015)

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Heather Haselgrove Chief Executive Officer  
(ceased 8 August 2014)

Alan Pedley Acting Chief Executive Officer  
(9 August 2014 – 9 November 2014)

Gregg Lennox Acting Chief Operating Officer  
(9 August 2014 – 9 November 2014)

## Bankers

Commonwealth Bank of Australia  
81 Elizabeth Street  
Hobart, TAS 7000

## Auditor

Auditor-General  
Tasmanian Audit Office  
Level 8/144 Macquarie Street  
Hobart, TAS 7000



# COMPANY OVERVIEW

**Metro Tasmania Pty Ltd (Metro) is a state-owned company established in February 1998.**

The company is Tasmania's largest passenger transport service provider, operating a fleet of 218 buses in and around Hobart, Launceston and Burnie.

Metro services are delivered under service contracts with the Secretary of the Department of State Growth.

Operating under corporations law, an independent Board of five Directors provides the organisation with strategic direction and governance.

Metro's Shareholder Ministers, representing the people of Tasmania, are Minister for Infrastructure Hon Rene Hidding and Treasurer Hon Peter Gutwein.

Metro's corporate plan – developed in consultation with the company's employees – has set the vision, business, purpose, goals and values to guide the company.

## Our Vision

To be an attractive travel option contributing to an integrated public transport network in Tasmania.

## Our Business Purpose

To be a sustainable bus company connecting people and communities.

## Our Goals

- Goal 1** Focus on our customers.
- Goal 2** Deliver high quality services that operate in accordance with all contractual, legislative and regulatory requirements.
- Goal 3** Develop Metro into a highly skilled, healthy and committed team where every employee actively feels part of the business.
- Goal 4** Continue to actively engage with our stakeholders.
- Goal 5** Build a financially sustainable business.
- Goal 6** Grow the public transport market in Tasmania.

## Our Values

### Safety

We take pride in everyone getting home safely, by:

- having a safe workplace; and
- putting safety first.

### Respect

We show respect for everyone at all times:

- by acting with integrity;
- in all our actions, words, intentions.

### Resilience

We have the courage to deal with our day-to-day challenges, showing:

- determination;
- commitment; and
- strength.

### Unity

We work together with honesty and transparency:

- We listen.
- We collaborate.
- We cooperate.
- We celebrate success.

### Service Driven

We take pride in what we do and it is our pleasure to deliver an outstanding experience for everyone:

- recognising we have internal and external customers;
- continually challenging ourselves to do things better; and
- striving for excellence.



# CHAIRPERSON'S REVIEW 2015



Metro has undergone significant change over the 2014–15 period, focusing its service delivery on improving efficiency while playing a key role in providing Tasmanians with an integrated transport network.

Our strategic activity has been directed at providing a modern passenger transport service that is responding to the evolving needs of the community.

We have pursued a range of principal goals during the year, including focusing on our customers, operating a financially sustainable business, delivering a reliable service and developing the organisation's culture to prioritise safety.

Throughout 2014–15 Metro has also been talking and engaging with our customers and all other relevant stakeholders. Workplace cultural change remains a priority and we have continued to upgrade and modernise our fleet.

There has been significant research undertaken over the past twelve months to gain a better understanding of the contemporary needs of passengers across Greater Hobart. This work will inform the Hobart Network Review which will be undertaken by Metro in the next reporting period. The project is a significant undertaking and will provide a blueprint for Metro services now and into the future.

As Tasmania's mass urban passenger transport provider, a key focus of the company is to increase patronage. To achieve increased patronage a number of campaigns and changes to services were launched in 2014–15, including substantially increased services to the Burnie Hospital and the introduction of a Turn Up and Go service in Launceston.

Through these and other improvements to services over the year we are pleased to report a modest 0.4% increase in passenger numbers.

## Financial Result

Metro is a state-owned company that operates to meet the needs of the community. It is structured to maximise services, and is not expected to pay a dividend to its Government shareholders. For the 2014–15 year Metro achieved a profit before income tax of \$50,000 and an after tax profit of \$35,000.

During the reporting year the Department of State Growth provided \$36.57 million under service contracts to Metro to provide bus services in Hobart, Launceston and Burnie.

Ticketing income from passenger fares for 2014–15 was \$11.64 million, equating to approximately 22 per cent of our income. The company's major expenses include employee wages and salaries, fuel, and maintenance of the fleet.

## Service Initiatives

Following the successful trial of a high-frequency 'Turn Up and Go' bus service on the transit corridor between Glenorchy and the Hobart CBD, Metro continued this service without the seed funding assistance provided by the State Government. A second Turn Up and Go service was introduced in February 2015 with the support of the University of Tasmania and the Department of State Growth, operating on Invermay Road between the Launceston CBD and the University's Newnham campus.

We continue to promote a range of initiatives designed to increase passenger numbers, including a 20 per cent discount on fares for people using Greencard, the successful Nightrider services on New Year's Eve funded by the Motor Accidents Insurance Board (MAIB), and a new website, app and customer information touchscreen. Metro's trip planner is available on a new mobilised website and app, which makes it easier for people to plan their bus trips using a computer or mobile device. Through our ongoing efforts, implementation of initiatives, and the consolidation of our existing successful innovations, our overall passenger boardings have gone from 10,080,258 in 2013–14 to 10,117,235 in the past financial year. In the next

“ Our strategic activity has been directed at providing a modern passenger transport service that is responding to the evolving needs of the community. ”

reporting period we will enhance our focus on the potential for alternative fuel types to contribute to our services as part of a continuing effort to minimise our financial and environmental footprint.

## Fare Increases

Metro maintained its policy of keeping fare increases to a minimum during 2014–15. Single urban cash fares for full fare-paying passengers increased by between 10 and 30 cents depending on the length of the trip. Student and urban concession cash fares increased by 10 cents each – the first increase to these fares in three years. A number of non-urban fares were increased by varying amounts depending on the ticket type and number of zones travelled. Passengers using Greencard instead of cash continue to receive a 20 per cent discount as well as having the cost of their daily travel capped.

## Hobart Network Review

Greater Hobart needs a comprehensive network review to determine the most effective and efficient way to speed up services, improve reliability and create the best service possible within our budget constraints.

Throughout the next financial year Metro's focus will be on wide consultation and the development of a network structure that takes into account all competing priorities and allocates its resources to the most appropriate areas.

Such a wide-ranging review is necessary because a number of current bus schedules and routes have become outdated and no longer adequately meet people's needs, due to demographic changes and modern traffic trends. The review aims to simplify the routes and make better use of existing resources throughout the entire Hobart network.

This is not a small undertaking and we will be actively engaging internal and external stakeholders in the process, including local government, community transport groups, cyclist groups and most importantly, the general public. The project will be conducted in consultation with the Department of State Growth to ensure we comply with our contractual obligations.

Metro is planning a similar review of Launceston's services following the implementation of changes to the Hobart network.

While any review of services inevitably results in changes, we will be looking at practical ways to maximise passenger numbers while also meeting our community service obligations.

## Metro Workplace Project

The Metro Board constantly strives to maintain a modern workplace for the benefit of all. The Better Metro project continues to play an important role in improving overall work practices and morale, which ultimately delivers better outcomes for our customers.

The Better Metro Committee remains in place to achieve the project aims.

The project has achieved some great outcomes over the past year, which we hope will be reflected in improved safety and better outcomes for bus passengers over time.

## Community and Stakeholder Relations

Metro has redoubled its efforts to ensure high levels of engagement with all relevant stakeholders, including the State Government, local government, community service providers and private passenger bus operators. We believe in open and honest collaboration with clearly articulated rationale behind decisions relating to policies, services and infrastructure.

We actively participate in a range of positive community initiatives designed to effect long term change for the betterment of the state. We continue to be long term supporters of the "Say No to Bullying" campaign and the "Racism. It Stops with Me" campaign. We have also supported #illridewithyou throughout the reporting period along with Road Safety Week.

A key to effective cultural change is consistency of messaging in communications and we remain committed to doing all that we can to allow all passengers to feel safe when travelling on our buses, by maintaining

a zero tolerance policy on bullying, violence and other anti-social behaviour. Our commitment to safety will continue to be a primary focus during the coming year.

During 2014–15 Metro continued its support of a diverse range of community organisations including not-for-profit organisations, government initiatives and community celebrations.

## Board Changes

Mr Guy Thurston retired from the Metro Board on 28 August 2014, having served as Director since February 2012. Metro benefited greatly from Guy's considerable experience with the transport industry and on behalf of the Board I thank Guy for his service to Metro.

## Appointment of Chief Executive Officer

Metro has appointed a new Chief Executive Officer, Mr Stuart Wiggins who commenced on 10 November 2014.

Mr Wiggins brings a wealth of commercial enterprise experience and shares the Board's commitment to modernising Metro through cultural and infrastructure upgrades.

We look forward to working with him, the State Government represented by the Department of State Growth and most importantly, the community, as together we build a world class passenger transport network that all Tasmanians are proud of.



Lynn Mason  
Chairperson

# CEO'S REPORT 2015



As the new CEO of Metro I am thrilled to be leading the company during a period of innovation and change.

Metro plays an important role in ensuring passenger transport is reliable, safe and accessible to as many members of the community as possible. As custodians of this crucial community service we are passionate about making Metro the best it can be.

Since my arrival I have been lucky enough to work with a large group of passionate staff who are committed to the strategic aims we are implementing, while working hard every day to continually improve our performance. We have a highly motivated group of people fulfilling many and varied roles that all pull together with the shared aim of providing an integrated passenger transport network.

Our company is owned by all Tasmanians and we do not take this responsibility lightly.

To this end, during 2014-15 Metro implemented a number of initiatives aimed at improving service reliability and patronage.

Reliability is a key measure for us – we want to make sure our services run on time and can be counted on to take people where they need to go with minimal fuss.

Over the last year total passenger numbers have increased from 10,080,258 in 2013-14 to 10,117,235 in 2014-15. Hobart recorded strong patronage growth during the year, led by adult concession passengers (which include university students) in the southern suburbs.

The benefits of using a Greencard, such as a 20 per cent discount on fares and capped pricing for daily travel, have resulted in the continued growth of the use of Greencard across the state. Metro continues to look at ways to improve efficiency and the extension of Greencard use is a key part of increasing our overall performance. It is an effective mechanism for reducing wait times and queues while also being a convenient way for customers to travel with minimum disruption.

We are pleased to see that our 2015 passenger survey found that 73 per cent of respondents were either satisfied or extremely satisfied with the overall service provided by Metro, and that the level of satisfaction increased since the 2014 survey across a range of areas including personal safety, customer service, customer information and the operating hours of services.

## Safety and On Time Running

We have continued to implement strategies aimed at improving our on time running performance and are pleased to report that during 2014-15, 84 per cent of services ran on-time, up from 82 per cent in the previous year.

Safety for passengers and our staff is also of paramount importance and we are continually working towards improving our performance in these areas. Metro's lost time injury frequency rate has been more than halved in 12 months and is currently the lowest since we first started measuring this performance indicator in 2008. This is an amazing achievement due to the dedicated employees at Metro and something of which we are all extremely proud.

As we continue to modernise our company we will maintain our focus on these very important aspects that contribute greatly to the ongoing success of our public service activity.

## Turn Up and Go

Turn Up and Go is a key initiative that continues to attract more passengers on the transit corridor between Glenorchy and the Hobart CBD.

In February 2015 we added a Turn Up and Go service in Launceston between the city and the University of Tasmania's Newnham campus and we are committed to further extending this program over the next reporting period.

“ Our company is owned by all Tasmanians and we do not take this responsibility lightly. ”

## Community Partnerships

Throughout the past year we have worked collaboratively with various organisations to provide special-event and community-based services.

Metro's partnerships in 2014–15 included:

- a trial with the University of Tasmania and the Department of State Growth to operate a high frequency service between the city of Launceston and the University's Newnham campus;
- Football Boundary Rider services for AFL matches at Blundstone Arena in partnership with the North Melbourne Football Club and the Royal Automobile Club of Tasmania (RACT);
- Cricket Boundary Rider services for major cricket matches supported by Cricket Tasmania and Events Tasmania;
- Metro Nightrider services in Hobart, Launceston and Burnie on New Year's Eve sponsored by the MAIB;
- support of Seniors Week from 13 to 19 October 2014, including free travel for seniors who had a Greencard; and
- Metro proudly provided free bus services on ANZAC Day to Tasmania's veterans, war widows and other service personnel as a simple thank you for their service to our nation.

The benefits of these services are obvious, with the flow on advantages of reduced traffic congestion, lessened local resident impact and greatly increased convenience for event attendees. In particular I would like to thank the MAIB, the University of Tasmania and the RACT for their support.

In the coming year we will be looking at a range of initiatives that will add further value to large scale community events in and around our service areas.

## New Metro App, Website and Touchscreen

In November 2014 Metro released three new technology products to make it easier for customers to find information about bus travel. The free Metro App features an inbuilt trip planner and integrated Greencard account, as well as service updates and news about Metro. Best of all, customers can tailor the app to their own needs by saving their favourite destinations and routes, securely storing Greencard details or receiving service updates based on the city they live in.

A new website was designed with the customer in mind and puts things like the trip planner, Greencard, timetables, fare information and travel tips front and centre. As part of the new website, Metro started a Metro Facebook page.

Metro also installed a new customer touchscreen in the window of the Metro Shop in the Hobart Bus Interchange. The touchscreen allows passengers to access timetables and route information outside of Metro Shop operating hours. It also has information specifically aimed at visitors to the state, with travel information for accessing some of Hobart's main attractions.

## Hobart Network Review

As the dynamics and lifestyles of our community changes it has become clear that there is a strong need for a comprehensive network review to be undertaken to best align our resources and ensure maximum efficiency in Hobart.

We will be undertaking this review in the coming year and I encourage all to participate actively in the consultation process.

## Fleet Status

Metro operates a fleet of 218 buses. All are fitted with CCTV and 34 per cent are air conditioned.

As part of the ongoing modernisation of the fleet under the company's bus replacement program, during the 2014–15 year Metro took delivery of one new low floor, wheelchair accessible bus and acquired 11 near-new wheelchair accessible buses due for delivery in the first quarter of 2015–16.

As at June 2015 we are providing 53 per cent of our services with buses that comply with disability access requirements. We are working towards 55 per cent of our services being undertaken by appropriately equipped buses to comply with the Disability Standards for Acceptable Public Transport.

As we improve our fleet over the coming year passengers will benefit from new stock being more fuel efficient, quieter inside the bus and a smoother overall ride.

I would like to personally thank our dedicated team of hard working staff for their ongoing commitment to making us the best we can be and would like to also thank the Shareholding Ministers and the Department of State Growth for their continued support over the past year.

In the coming year we will continue the work already commenced on our modernisation to accommodate the needs of the community.

We have much to accomplish in the year ahead and I am thrilled to be steering the organisation into this exciting, innovative period.



Stuart Wiggins  
Chief Executive Officer



# OUR PERFORMANCE

## Passenger Levels

This year, 10.11 million passenger boardings were recorded on Metro services – an increase of 0.4 per cent compared with 2013–14 boardings, or 0.2 per cent after adjusting for variations in the number of day types (school term weekdays, school holidays, Saturdays, Sundays and public holidays). Hobart boardings increased by 1.1 per cent, whilst Launceston and Burnie recorded declines of 2.1 per cent and 1.9 per cent respectively. Travel by full-fare paying adults decreased by 0.6 per cent, adult concession travel increased by 4.0 per cent and student travel decreased by 1.1 per cent. Free transfer boardings reduced by 1.2 per cent. The use of Greencard increased to 59.4 per cent of boardings during the year.

The small increase in passenger boardings observed in 2014–15 follows a sustained period of declining patronage. This improvement has primarily been driven by the introduction of a high frequency 'Turn Up and Go' service on Hobart's Main Road in November 2013. In 2014–15 there were 7.8 per cent more boardings on Main Road services than in the 12 months preceding the launch of the Turn Up and Go initiative.

Figure 1 - Passenger Boardings

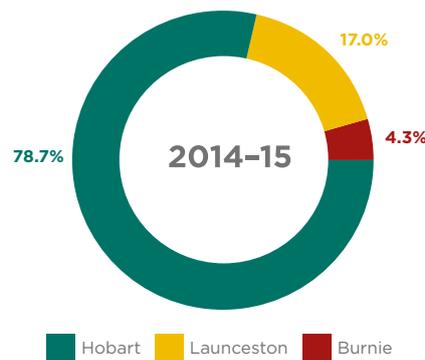
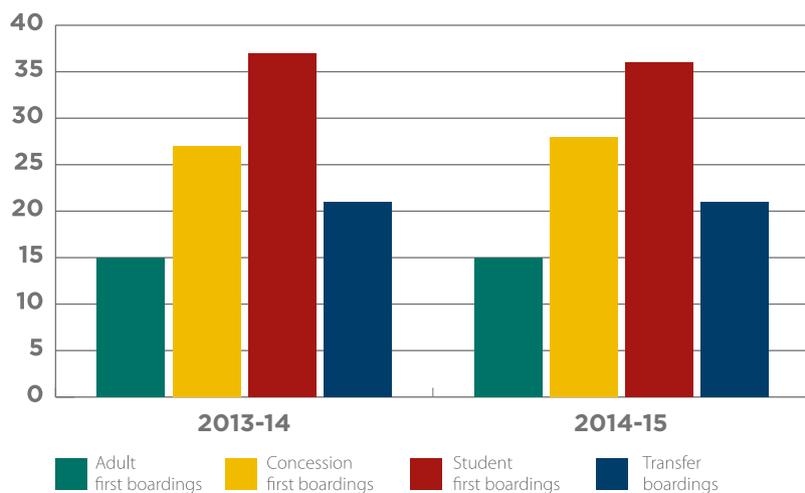


Figure 2 Boardings by Passenger Type





## Service Initiatives

The following service initiatives were implemented in 2014–15:

### State-wide

Metro Nightrider services on New Year's Eve were again sponsored by MAIB, with increased take-up being recorded in each of Hobart, Launceston and Burnie. State-wide there were 7.2 per cent more boardings on Nightrider services compared with 2013.

### Hobart

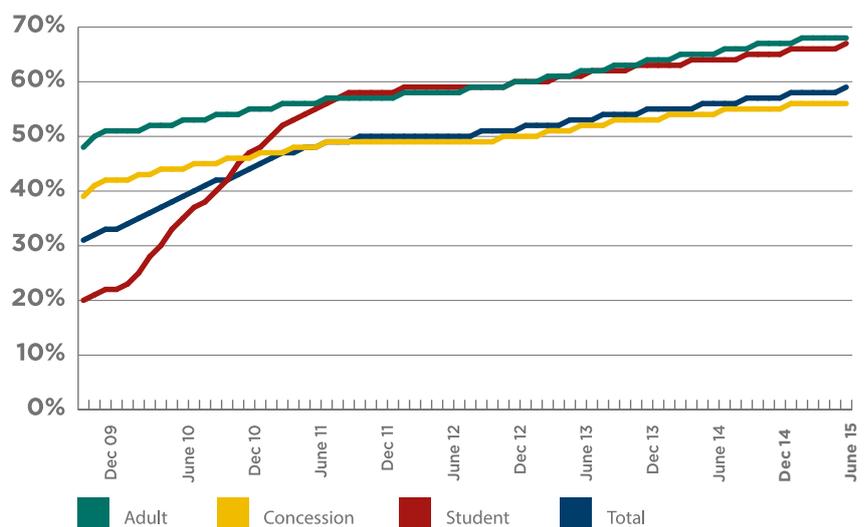
Metro again partnered with Cricket Tasmania to provide Metro Boundary Rider services, which offered free bus travel to and from Blundstone Arena, Bellerive for four T20 Big Bash matches and a One Day International between Australia and England. Metro also worked with Events Tasmania to provide Boundary Rider services to three Cricket World Cup matches.

Metro and North Melbourne Football Club provided Boundary Rider services to four AFL matches held at the venue in the reporting period, with RACT sponsoring the 2015 season services.

For the Anzac Centenary, Metro provided additional services and offered free travel to veterans, war widows and serving members of the Australian Defence Forces on all Metro services.

A number of timetable and route changes were made across the Hobart network in April 2015 to improve the reliability and efficiency of services.

**Figure 3 - Usage of Greencard since statewide implementation**



### Launceston

Following the success of the Turn Up and Go service in Hobart, Metro partnered with the University of Tasmania and the Department of State Growth to trial a Turn Up and Go service between the University's Newnham campus and Launceston's city centre. Commencing on 23 February 2015, weekday services between 8:00 AM and 6:00 PM operate every ten minutes from Mowbray to Launceston City, every 15 minutes from Launceston City to University, and average every 15 minutes from University to Launceston City. There is also an improved span of hours on weekdays, and Saturday services to the University have been introduced.

Adult concession passenger boardings (which includes university students) on the services have increased by 3.5 per cent between the launch date and 30 June 2015 when compared to the same period the previous year.

Metro continues to operate the City of Launceston's Tiger Bus service which includes a 15 minute weekday peak period shuttle from Inveresk to Launceston City and two inter-peak 60 minute city loops.

### Burnie

In November 2014 Metro increased the number of services travelling via the North West Regional Hospital to achieve an hourly frequency in each direction, with Saturday services also being introduced.



# OUR PERFORMANCE

## Bus Fleet

All of Metro's 218 buses are fitted with CCTV and 97 are compliant with the Disability Discrimination Act (DDA) requirements for accessible public transport which represents 44 per cent of the fleet.

The Disability Standards for Accessible Public Transport (DSAPT) require that 55 per cent of services are provided using accessible buses. As at June 2015 Metro was providing 53 per cent of services with accessible buses. This figure is calculated with dedicated school services excluded as per the DSAPT. Thirty-four per cent of buses are air conditioned.

In 2014–15 Metro took delivery of one new 12.5 metre DDA compliant bus which is fitted with a low emission diesel engine, and ordered 11 near-new DDA compliant buses for delivery in early 2015–16.

## Website and App

Metro's website, [metrotas.com.au](http://metrotas.com.au), was upgraded and relaunched in November 2014 to provide a more user-friendly experience. Online, our customers can access a wide range of information and resources including:

- a rebuilt and enhanced trip planner
- timetables and route maps
- tickets and fares
- Greencard ticketing system
- news and service changes

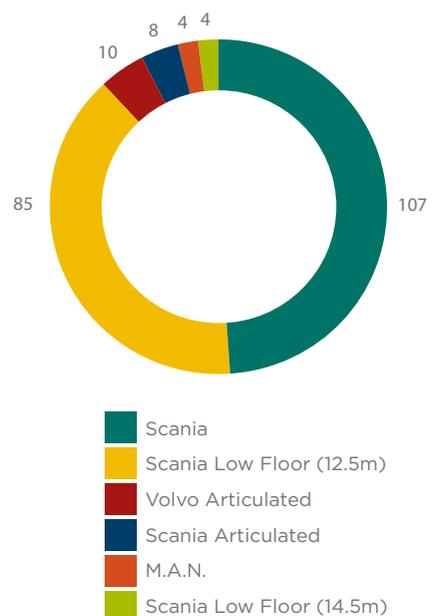
- social media updates
- company overview
- how to contact Metro and provide customer feedback, including a public comment form for queries, comments and complaints.

The website is also used to provide information via alerts and blog posts about changes to bus service infrastructure and major projects such as the redesign of the Hobart Bus Interchange and the launch of Turn Up and Go services in Launceston.

The redesigned website resulted in a significant increase in usage over the reporting period, with 15 per cent more users, 25 per cent more visits and a 90 per cent increase in the number of pages viewed compared to the previous year. Melbourne users accounted for 46 per cent of web traffic indicating our appeal to interstate visitors. Sixty-nine per cent of visits to the Metro website were from new users, and most visits were to use the trip planner, and to view timetables and Greencard pages.

While mobile devices account for over 60 per cent of visitors to the Metro website, a new iOS app was also launched in November 2014 to coincide with the website upgrade. The Metro App allows users to plan their travel, top up and manage their Greencard, and access route and infrastructure updates. Since launch the app has been downloaded by over 11,000 people and used to plan over 235,000 journeys.

**Figure 4 - Buses in Service**  
(as at 30 June 2015)





## Media

Alerts relating to service alterations, traffic delays, special event services and other daily information are provided on Twitter via @Metro\_Tasmania. The number of Twitter followers has increased steadily to 1,695 as of June 2015 with an average of 25,000 tweet impressions per month.

In December 2014 Metro launched an official Facebook page, Metro Tasmania, which is used to provide service and infrastructure updates, and promote new services, events, and offers. Six hundred and seventy-nine people have 'liked' the page as of June 2015, with an average weekly post reach of more than 1,000.

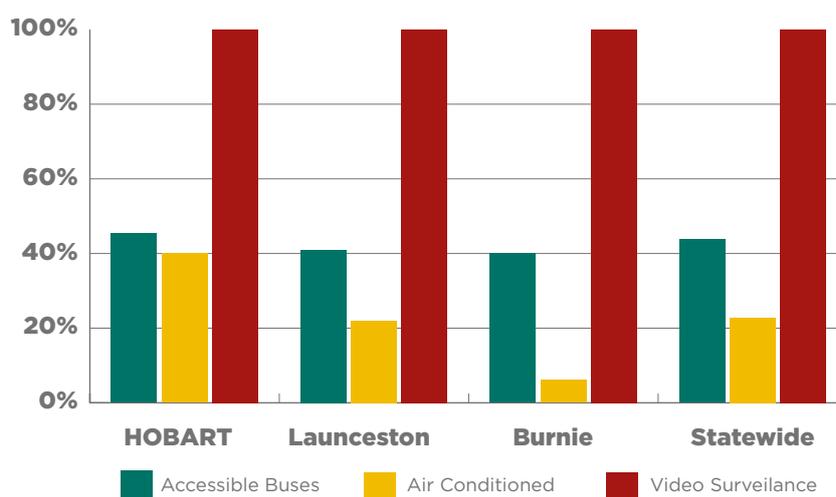
## Public Interest Disclosures

Metro has a procedure for the disclosure and investigation of improper conduct or detrimental action available on the company website. Nil disclosures were reported through the year.

## Right to Information

There were three Right to Information requests received during 2014–15. The information requested was provided and the matters resolved.

Figure 5 - Buses with Special Features



# OUR WORKFORCE

## Workforce

The number of employees, including casual bus drivers, at 30 June 2015 was 470:

Hobart	364
Launceston	84
Burnie	22

There were 64 separations occurring through the year:

Resignations	36
Redundancy	7
Retirement	18
Terminated	3

## Recruitment

Sixty-seven new employees were recruited during the year – 50 bus operators and 17 salaried employees. Five recruitment campaigns were conducted for bus operators in Hobart, two for Launceston and two for Burnie. Strong interest was shown in all recruitment campaigns indicating that Metro continues to be an attractive employment option.

## Employee Relations

In 2014–15 Metro completed negotiations with administrative employees and their representatives to develop the Metro Tasmania Administrative Employees Enterprise Agreement 2014. This agreement is for employees other than bus operators and engineering staff. The new agreement was necessary as the expiring Metro 2002 Award contained conditions of employment relevant to these employees that needed to be maintained. The negotiations were conducted without any time lost due to industrial action.

Figure 6 - Employment Profile



## Internal Communication

Metro's internal newsletter, *Metro Communicator*, has continued to evolve as a weekly four-page colour publication which is pinned on noticeboards, distributed in lunchrooms and emailed to all Metro email accounts as well as around 100 employees' private email addresses. The newsletter updates our staff on policies, procedures, operational notices, training, and events. 2015 saw a reinvigorated focus on our team, with the *Metro Communicator* featuring employee profiles, a regular kudos column, years of service awards, safety tips, and information from management and the Board.

## Employee Development

Metro continues to invest in the development of its workforce, both for professional development and to ensure the business meets regulatory requirements.

VET nationally accredited training:

- 25 bus operators completed a Certificate III qualification in Driving Operations
- 6 bus operators were enrolled in Traineeships for Certificate III qualification in Driving Operations
- 34 bus operators continued their Traineeships for Certificate III qualification in Driving Operations
- 50 supervisory employees completed three units related to National Heavy Vehicle Law – Fatigue Management, Chain of Responsibility and National Driver Work Diaries – funded by the Tasmanian Skills Fund



- 2 authorised officers completed a Certificate III qualification in Security Operations
- All operations supervisory staff completed a Certificate II qualification in Security Operations
- All driver trainers completed a Language Literacy and Numeracy supplementary unit
- 2 driver trainers completed a Certificate IV qualification in Training and Assessment
- 2 employees undertook a Certificate IV qualification in Financial Services (Accounting).

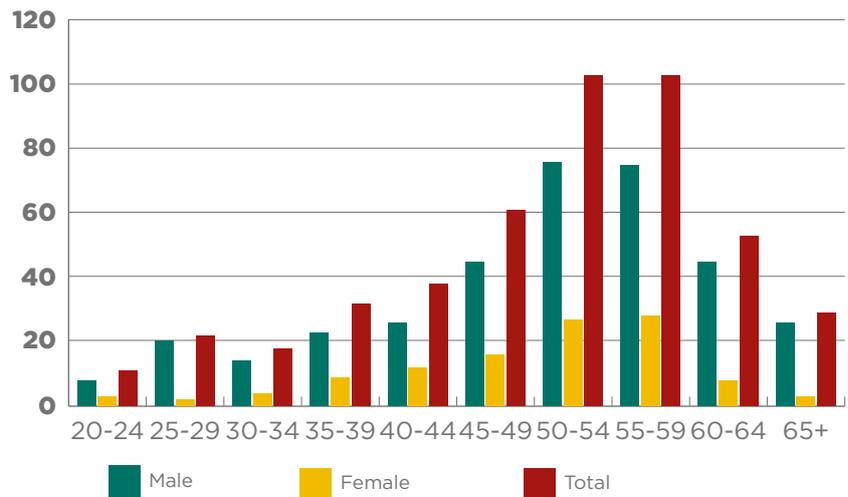
Metro training and development activities included:

- Crash avoidance driver development for all bus operators
- Refresher training for all bus operators
- Training and licencing for new bus operators
- Ethics and integrity training for all employees
- State-wide anti-bullying project
- Racism awareness initiatives
- Metro values training
- Heavy Vehicle National Law and Fatigue Management training for all bus operators.

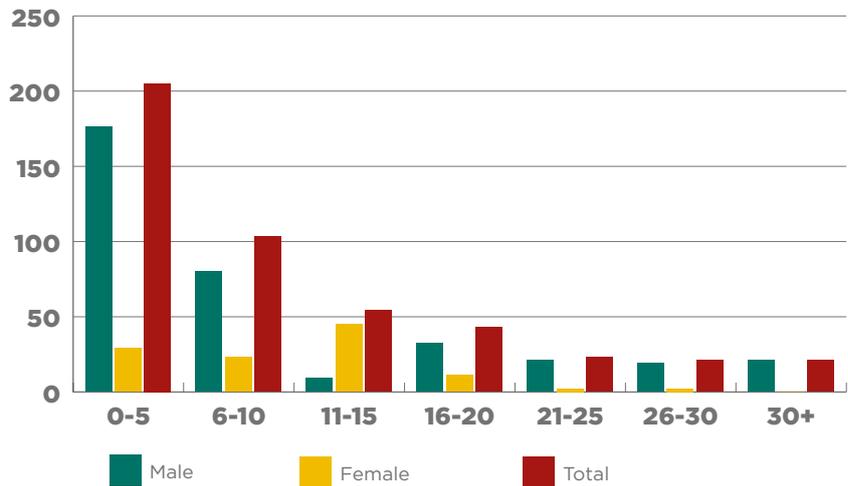
In addition, as part of the Better Metro cultural change project, SRA Corporate Change (formerly Sara Redman and Associates) were engaged to deliver professional development training which included:

- Project Management
- Performance Management
- Internal Customer Service
- Effectiveness at Work
- Communication
- Being a Coach.

**Figure 7 - Age Profile**



**Figure 8 - Years of Service**





# OUR WORKFORCE

## Safety Performance

Safety continues to be a high priority for Metro and significant resources have been committed through 2014–15 to ensure the safety of employees, passengers and the general public.

During 2014–15 Metro initiated a safety project team to progress the implementation of a Safety Management System and focus on increasing safety awareness throughout the business. Policies and procedures have been developed with a heightened emphasis on safety with input from all levels of the organisation. To complement this, there is a greater focus on workplace Health and Safety Representatives to identify risks, health and safety issues and resolve them at the local level. Incident and near-miss reporting is increasing as employees become more engaged in the process of safety improvement.

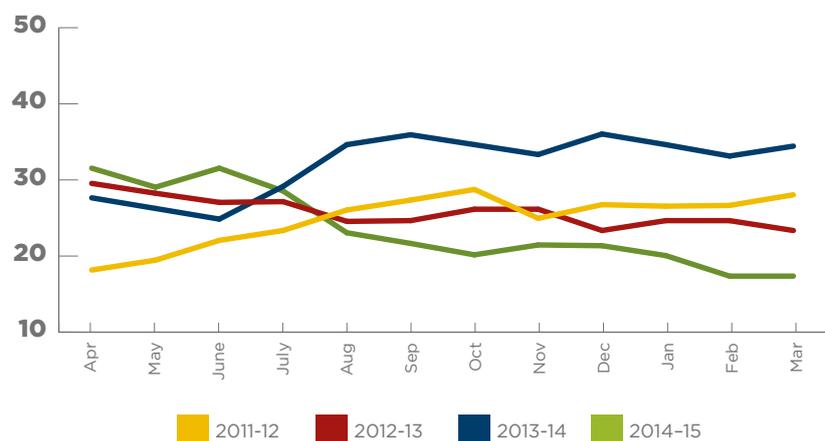
The project has seen an improved safety system for injury investigation, near miss and corrective actions. With the support of our employees, preventative injury management has resulted in a 58 per cent decrease in Metro's Lost Time Injury Frequency Rate during 2014–15 as illustrated by Figure 9.

The highest frequency injury relates to body stressing leading to muscular-skeletal injury, followed by slips, trips, falls, mental stress and physical assault. Key injury risks to the business are ergonomics, body positioning stresses, motor vehicle accidents and physical assault.

Metro continues to improve its Safety Management System through:

- safety leadership and responsibility
- safety awareness and ownership

Figure 9 - Lost Time Injury Frequency Rate



- corrective actions
- prevention and early intervention to injuries
- control measures.

## Apprenticeships and Traineeships

Six apprentices are currently undertaking diesel mechanics training with Metro, and one administrative employee is undertaking a Certificate III Business Traineeship. These personnel are employed through a group training company. Forty bus operators are currently undertaking a Certificate III in Driving Operations and are enrolled in Federal training agreements administered by the Australian Apprenticeship Centre. Twenty-five bus operators completed their Certificate III Driving Operations training agreements in 2014–15.

## Employee Wellbeing

The two gym facilities at Hobart and Launceston received an upgrade with the addition of new equipment including a cross trainer, rowing machine and treadmills now being available to employees. Along with the newly refurbished gym areas, employees continue to be involved in walking groups to make the most of their lunch breaks.

An internal sponsorship procedure was developed during 2014–15 and was used for social and wellbeing activities such as the Burnie 10 fun run, Derby River Derby and City to Casino fun run.

Flu shots were again made available to all Metro employees across the state.

Strong promotion of Metro's employee assistance program continued with many employees taking advantage of free professional counselling services.



# OUR CUSTOMERS

## Customer Service

Metro provides information and support to its customers through telephone, electronic and on-route channels. In-person service is provided at the Launceston and Burnie depots and the Metro Shop located at the Hobart Bus Interchange. The Metro Shop opens on weekdays, Saturdays throughout daylight saving time and to coincide with major events. The range of in-person services provided includes journey planning, timetables, Greencard applications and top ups, lost property and customer feedback.

Receiving feedback from our passengers and members of the public helps to identify opportunities for improvement and for positive recognition.

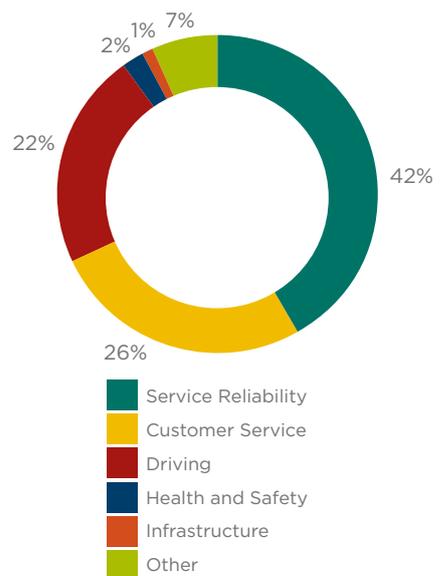
In 2014–15 Metro received 151 compliments and 587 substantiated complaints. All compliments recognise a high standard of service delivery and those employees that receive a compliment that is considered to be outstanding are presented with an award. The following employees received an award during the year:

- Mark Gormley for waiting for an elderly customer to arrive at a bus stop so they could board the bus and ensuring a smooth journey

- Lynette Fraser for exhibiting excellent customer service skills by always being friendly and eager to assist passengers
- Bernice Moore for assisting a family that relocated with timetables for the children to attend school
- Deborah Grace for assisting a customer with her baby and pram
- Damien Mollross for helping a young woman who had locked herself out of her car
- Helen Wilcox and Graeme Jordan for helping to locate a passenger with Down syndrome who left the bus unattended
- Damian Penney, who brought an interstate couple back to town after they had over travelled.

Metro focuses on resolution at the first point of contact in its provision of customer service. However, where the customer provides feedback that requires follow up, an investigation is conducted and a response provided within ten business days. The information provided by customers is used when considering changes and improvements to our services.

**Figure 10 - Breakdown of Complaints**





## Customer Survey

Metro's goal of focussing on customers and its core value of being service driven each reference our commitment to the customer experience. Our annual Customer Satisfaction Survey is a key tool for us to determine how we are fulfilling our responsibilities to the community. The 2015 survey forms the fifth year of research and provides Metro with information from Hobart, Launceston and Burnie passengers about their experiences, satisfaction and view of the quality of Metro's services.

The most recent survey was conducted in June 2015 and involved interviewing 600 respondents state-wide who had used a Metro bus service at any time in the past 12 months. The survey indicated that 73 per cent of respondents were either satisfied or extremely satisfied with Metro services overall, which has remained consistent since the previous survey in 2014. The latest round of research also identified increased levels of satisfaction in many areas including personal safety on board the bus, the service provided by bus drivers, comprehension and access to customer information, and the operating hours of services.

## Reasons for travelling on Metro Services (Percentage of respondents)\*

Reasons for Travel	Percentage				
	2011 Percentage (n = 600)	2012 Percentage (n = 600)	2013 Percentage (n = 600)	2014 Percentage (n = 600)	2015 Percentage (n = 600)
To go shopping	42	49	46	49	49
To go to work	39	35	33	32	34
Visit friends or relatives	18	24	23	23	21
Health or welfare	15	19	22	22	21
Entertainment or performances	15	23	20	21	20
To do business i.e. banking etc.	19	27	23	23	18
To go to school	13	12	14	10	11
Sport or recreation	9	12	14	9	9
To go to University or TAFE	7	6	8	7	7
Car in being serviced / unavailable / not enough room	1	2	2	2	2
To get home	2	2	3	1	1
Pick up / take children	1	1	0	-	1
To go to the library	-	-	-	1	-
Other	4	4	1	3	2

\*Percentages do not sum to 100 as respondents were able to give multiple responses.

## Satisfaction with Metro Tasmania's Passenger Transport in 2015 (Percentage of respondents)\*

Statements	Level of Satisfaction (n=600)							
	Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied	Unsure	Very satisfied/satisfied	Very dissatisfied/dissatisfied
Personal safety on board the bus	41	40	12	4	1	1	82	6
The service provided by bus drivers	43	38	13	4	1	2	81	4
The length of time it takes to travel	36	41	16	4	2	1	77	6
The directness of the route	40	34	16	7	2	1	74	9
The cost to use the service	34	39	18	5	2	1	73	8
<b>The services provided by Metro Tasmania overall</b>	<b>28</b>	<b>45</b>	<b>20</b>	<b>5</b>	<b>1</b>	<b>2</b>	<b>73</b>	<b>5</b>
Personal safety at the bus stop	35	35	21	6	2	2	70	8
The bus route coverage	33	36	20	6	2	3	69	8
The reliability of the services	31	38	21	9	1	1	68	10
The operating hours of the services	32	32	20	11	3	3	64	14
The service provided by the Metro Customer Service team	32	29	13	2	1	23	61	3
The frequency of the services	24	33	25	14	3	1	57	17
The ease of transfers between services	21	27	19	6	1	26	48	7



# OUR COMMUNITY

## Connecting communities is vital and serving the Tasmanian community is why we operate.

As the state's largest passenger transport provider, Metro's core purpose is to provide passenger transport services.

Metro recognises its role in the community, connecting Tasmanians to their employment, study, leisure and community activities. Metro also seeks to support and engage with the community through investment and sponsorships.

Community investment and sponsorship is undertaken in accordance with Metro's sponsorship guidelines with a view to raising the profile of Metro and encouraging the use of passenger transport. Community investment and sponsorship involves the provision of financial and in-kind support and Metro encourages the engagement of employees in fundraising activities.

Metro provides free travel on ANZAC Day to members of the Australian Defence Forces provided they are in uniform. Veterans and war widows are also entitled to free travel provided they wear a uniform, service medals, war widows' or ex-service association badges, or present a DVA card.

Metro offers seniors free travel and free Greencards during Seniors Week in order to connect senior members of our community with events and services and foster familiarity with our services so that they may live mobile lives year round.

Metro supported a diverse range of community organisations throughout 2014–15, including not-for-profit organisations, government initiatives and community celebrations. These organisations and events included:

- ABC Giving Tree
- Beyond Blue
- Cancer Council
- Cricket Tasmania
- Carols by Candlelight

- Festive
- Jeans for Genes Day
- Hobart Cup
- Launceston Cup
- Lifeline Walk Out of the Shadows
- RSL ANZAC Day services
- RUOK Day
- Red Cross
- Seniors Week
- Star Tasmania
- Salvation Army
- St Vincent de Paul CEO Sleepout
- Speak Up Stat ChatTY
- Womensport and Recreation Tasmania.

Metro looks forward to continued community investment.



# BOARD OF DIRECTORS



## Lynn Mason (Chairperson)

Ms Lynn Mason was appointed Director on 3 March 2008 and Chairperson on 5 November 2013. She is Chairperson of the Tasmanian Community Fund and a Director of Furneaux Aquaculture Pty Ltd. Lynn is past President of the Local Government Association of Tasmania, past Mayor of Flinders Council and past Senior Vice President of the Australian Local Government Association. Lynn is a partner in the partnership of JM and NL Mason, which owns and runs grazing property in Carrick and on Flinders Island. She holds a Bachelor of Arts and is a Fellow of the Australian Institute of Company Directors.



## Geoffrey Hazell (Deputy Chairperson)

Mr Geoffrey Hazell was appointed Director on 5 February 2010. He is the Managing Director of the Hazell Bros Group Pty Ltd incorporating Statewide Cranes, Quick Mix Concrete and Hobart Blue Metal Industries. Geoffrey is a Fellow of the Australian Institute of Company Directors and a member of the Institute of Building Australia, Institute of Quarrying Australia and a member of the Civil Contractors Federation.



## Ian Newman

Mr Ian Newman was appointed Director on 9 February 2010. He is also a Director of Sun Coast Express and Newcam Pty Ltd. Ian sits on a number of transport industry advisory bodies. He has held a number of senior management positions in public, private and Government organisations in both Australia and the South Pacific region in transport, tourism and retail industries in the last twenty-five years. Ian has considerable experience in personnel management and industrial relations, including teaching and lecturing at tertiary level. He is currently consulting to a number of logistic providers and development projects in Tasmania and beyond, and lecturing at the Australian Maritime College. Ian holds a Bachelor of Economics and accounting qualifications.



### Nick Burrows

Mr Nick Burrows was appointed Director on 20 December 2013. He is also a Director of Clean Seas Tuna Limited, and Peloton Global Pty Ltd, Taswater and Australian Seafood Industries Pty Ltd. He is Chairman of TasTafe and Tasmanian Quality Assured Inc. Nick is also a member of the DPIWPE Audit Committee, and Chairs Kingborough Council's Audit Panel. Nick was the Chief Financial Officer and Company Secretary at Tassal Group Limited until 2009 when he established his own business providing corporate governance and financial restructuring advice to clients. He is a Fellow of the Australian Institute of Company Directors, the Institute of Chartered Accountants of Australia, and of the Governance Institute of Australia.



### Michael Harris

Mr Michael Harris was appointed Director on 20 December 2013. He is also a Director of several companies associated with Premium Business Group Pty Ltd. Michael is a former CEO of the Australian Automobile Association and has worked as the CEO of the ACT Chief Minister's Department and as Director- General of Transport in WA and in the ACT public sector. In the ACT he held the positions of Under Treasurer and CEO of the ACT Department of Treasury. Michael holds a Bachelor of Economics from the University of Tasmania. He is a Fellow of the Australian Institute of Management and a Member of the Chartered Institute of Logistics and Transport and Australian Institute of Company Directors.



### Guy Thurston

Mr Guy Thurston was appointed Director on 21 February 2012 and retired from the Board on 28 August 2014. He has considerable experience within the transport industry and held a number of senior roles at Action Buses, Sydney Buses and State Transit New South Wales. Guy was a past Chairman of the Chartered Institute of Transport and past Vice Chairman of the Australia and NZ UITP International Public Transport Association and a Transport Consultant with MRCagney. Guy is a Fellow of the Australian Institute of Company Directors, and a Fellow of the Chartered Institute of Logistics and Transport.



# DIRECTORS' REPORT

**The Directors of Metro Tasmania Pty Ltd present the annual financial report for the year ended 30 June 2015.**

## Principal Activities

The principal activity of the company during the financial year was the provision of bus passenger transport services in the Tasmanian urban centres of Hobart, Launceston and Burnie, and to some regional centres around Hobart and Burnie.

## Review of Operations

For the year ended 30 June 2015 the company achieved a profit before income tax of \$50,000 (2014: loss of \$375,000) and an after tax profit of \$35,000 (2014: loss of \$268,000). A detailed review of operations is contained in the Chairperson's Review on page 2 and in the Chief Executive Officer's Report on page 4.

## Dividends

The Directors do not recommend payment of a dividend this year. No dividend was paid for the year ended 30 June 2014.

## Changes in State of Affairs

There were no significant changes in the state of affairs of the company that occurred during the financial year under review.

## Subsequent Events

There has not been any matter or circumstance other than that referred to in the Financial Statements or Notes thereto that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operation of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

## Likely Future Developments

The company continues to negotiate with the Department of State Growth for sustainable contracts which will provide appropriate payments for operating expenditure and capital replacement, and there are ongoing discussions on the financial sustainability of Metro.

## Directors

The names of the Directors in office during and since the end of the financial year are set out in Note 20 of the Financial Statements. The names of current Directors and details of their qualifications and experience appear on pages 16–17. Directors are appointed for terms of three years by the Shareholders and are eligible for reappointment in accordance with the Guidelines for Government Businesses – Board Appointments issued by the Department of Treasury and Finance. The Chairperson is appointed annually by the Shareholders.

## Directors and Executives' Remuneration

Fees paid to Directors are approved by the Shareholders in accord with the Remuneration Framework for Government Boards. Details are set out in Note 20 of the Financial Statements. During the twelve months, no Director has received, or become entitled to receive, a benefit by reason of a contract made by the company with a Director or with a firm of which he or she is a member or an entity in which he or she has a financial interest.

Remuneration for Executives at Metro is set in accordance with the Guidelines for Tasmanian Government Businesses Director and Executive Remuneration, dated December 2014. Under these guidelines the remuneration band for the Chief Executive Officer is determined by the Government Business Executive Remuneration Panel and reflects the principles outlined in the guidelines. Remuneration for other Metro Executives is set with reference to the Chief Executive Officer's remuneration. Metro is fully compliant with these guidelines relating to the setting of, and reporting of Executive remuneration.

## Corporate Governance

The Board of Directors is responsible for the overall corporate governance of the company. Corporate governance is the system by which the activities of a company are controlled and coordinated in order for the company to achieve its desired outcomes.



During the year the company completed its annual update of its Corporate Governance Handbook and ensured that governance practices complied with the Governance Framework Guide for Tasmanian Government Businesses issued by the Department of Treasury and Finance. The company has adopted where practical, governance practices in accord with the ASX eight core principles referenced in this Guide.

As a state-owned company the Board is responsible to its Shareholders for meeting the expectations of the State Government.

The Board performs this role by:

- Appointing and monitoring the performance of the Chief Executive Officer;
- Clearly identifying and enunciating the strategic direction for the company;
- Identifying and addressing the principal risks for the company;
- Monitoring the conduct and performance of the company through an integrated framework of controls;
- Ensuring all of the company's business is conducted in an honest, open and ethical manner; and
- Ensuring adequate succession planning is undertaken.

## Remuneration Committee

The Remuneration Committee comprises three Directors and is chaired by Director, Mr Geoffrey Hazell. This Committee oversees remuneration practices and policies in relation to executive managers and other staff of the company.

## Board and Committee Meetings

The number of meetings (Board and Committee meetings) attended by each Director during the financial year ended 30 June 2015 are:

Director	Board		Audit & Risk Committee		Remuneration Committee		Better Metro Committee	
	Held(1)	Attended	Held	Attended	Held	Attended	Held	Attended
Lynn Mason	13	13	-	-	5	5	6	6
Geoffrey Hazell	13	13	-	-	5	5	-	-
Ian Newman	13	12	6	6	-	-	6	6
Nick Burrows	13	13	6	6	-	-	-	-
Michael Harris	13	13	6	6	4	4	-	-
Guy Thurston	3	3	-	-	1	1	-	-

(1) The number of meetings held while the Director was a member of the Board and Committees.

## Audit and Risk Committee

The Audit and Risk Committee comprises three Directors and is chaired by Director, Mr Nick Burrows. This Committee considers and monitors matters relating to financial integrity, external reporting, risk management, and internal and external audit functions.

## Better Metro Committee

The Better Metro Committee comprises two Directors and is chaired by Director, Mr Ian Newman. This Committee provides support and guidance for the "Better Metro" cultural change project.

## Indemnification of Directors and Officers

During the financial year the company paid a premium for an insurance policy to insure the Directors and Officers of the company against liabilities to the extent permitted by the *Corporations Act 2001*.

## Superannuation Declaration

The company has met its obligations under the *Superannuation Guarantee (Administration) Act 1992* in respect to those employees who are members of a complying superannuation scheme to which the company contributes. The company also has a defined benefit scheme, under the *Retirement Benefits Act 1993*, which is subject to actuarial valuations and covers current and former employees.



# DIRECTORS' REPORT

## Buy Local

Metro is fully compliant with the requirements of the Guidelines for Tasmanian Government Businesses, Buy Local dated September 2014.

The following tables meet the reporting requirements of the Guidelines.

Purchases from Tasmanian Businesses	
% of purchases from Tasmanian businesses	73.15%
Value of purchases from Tasmanian businesses	\$12,931,161

Consultancies valued at more than \$50,000 (ex GST)				
Name of consultant	Location	Description	Period of engagement	Amount
SRA Corporate Change	Tasmania	Better Metro Project	15 June 2013 to 30 June 2015	\$172,730
<b>Total</b>				<b>\$172,730</b>
<b>There were 17 consultants engaged for \$50,000 or less totalling</b>				<b>\$157,700</b>
<b>Total Payments to Consultants</b>				<b>\$330,430</b>

## Payment of Accounts

Metro is fully compliant with the requirements of the Guidelines for Tasmanian Government Businesses, Payment of Accounts dated September 2014.

The following table meets the reporting requirements of the Guidelines.

Payment of Accounts	
Creditor Days	23
Number of accounts due for payment	9,708
Number of accounts paid on time	8,809
Amounts due for payment	\$25,175,751
Amounts paid on time	\$24,232,714
Number of payments for interest on overdue accounts	0
Interest paid on overdue accounts	\$0

## Auditor's Independence Declaration

The financial report of the Company is independently audited by the Tasmanian Auditor-General. The Auditor-General has provided the Directors with an Independence Declaration as required under s307C of the *Corporations Act 2001* and is included on page 21.

## Overseas Travel

During the year there was no overseas travel undertaken.

## Rounding Off of Amounts

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the Directors' report and the financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to s298 (2) of the *Corporations Act 2001*.

Lynn Mason  
**Chairperson**

6 August 2015

# AUDITOR'S INDEPENDENCE DECLARATION



**Tasmanian**  
Audit Office

Level 8, 144 Macquarie Street, Hobart, Tasmania, 7000  
Postal Address: GPO Box 851, Hobart, Tasmania, 7001  
Phone: 03 6173 0900 | Fax: 03 6173 0999  
Email: [admin@audit.tas.gov.au](mailto:admin@audit.tas.gov.au)  
Web: [www.audit.tas.gov.au](http://www.audit.tas.gov.au)

6 August 2015

The Board of Directors  
Metro Tasmania Pty Ltd  
PO Box 61  
**MOONAH TAS 7009**

Dear Board Members

## **Auditor's Independence Declaration**

In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence.

As the auditor of the financial report of Metro Tasmania Pty Ltd for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) any applicable code of professional conduct in relation to the audit.

In accordance with the *Corporations Act 2001* a copy of this declaration must be included in the Directors' report.

Yours sincerely

Jara K Dean  
Assistant Auditor-General Financial Audit  
Delegate of the Auditor-General

...1 of 1

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.  
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

*Strive | Lead | Excel | To Make a Difference*



# DIRECTORS' DECLARATION

1. In the opinion of the Directors of the Consolidated Entity:
  - (a) the Consolidated Financial Statements and Notes are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
  - (b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declaration required by Section 295A of the *Corporations Act 2001* by the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2015.
3. The Directors draw attention to Note 2(a) to the Consolidated Financial Statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Lynn Mason  
**Chairperson**

6 August 2015



Geoffrey Hazell  
**Deputy Chairperson**

# INDEPENDENT AUDIT REPORT



## Independent Auditor's Report

To the Members of Metro Tasmania Pty Ltd

Consolidated Financial Report for the Year Ended 30 June 2015

### Report on the Consolidated Financial Report

I have audited the accompanying consolidated financial report (the financial report) of Metro Tasmania Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2015 and the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration on the financial report on the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### Auditor's Opinion

In my opinion:

- (a) the Company's financial report is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of its own and the consolidated entity's financial position as at 30 June 2015 and their financial performance for the year ended on that date
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

### *The Responsibility of the Directors for the Financial Report*

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

...1 of 2

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# INDEPENDENT AUDIT REPORT

## *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I considered internal control relevant to the Directors' preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

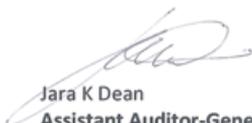
## **Independence**

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001* was provided to the Directors on the same date as this auditor's report and is included in the Directors' report.

## **Tasmanian Audit Office**



Jara K Dean

Assistant Auditor-General Financial Audit  
Delegate of the Auditor-General

Hobart  
6 August 2015

...2 of 2

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SAY NO TO BULLYING!  
Blue ribbon symbol

WHEELCHAIR ACCESS  
2 WHEELCHAIR SPACES  
SEE RAMP LEND 3300

25

# FINANCIAL STATEMENTS

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# STATEMENT OF FINANCIAL POSITION

As at 30 June 2015		CONSOLIDATED	
	Note	2015 \$'000	2014 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	9,243	6,758
Trade and other receivables	8	666	520
Inventories	9	1,916	1,687
Assets held for sale	10	166	14
Other current assets	11	1,777	746
<b>TOTAL CURRENT ASSETS</b>		<b>13,768</b>	9,725
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	42,647	46,555
Intangible assets	13	410	178
Deferred tax assets	6(d)	8,551	9,872
<b>TOTAL NON-CURRENT ASSETS</b>		<b>51,608</b>	56,605
<b>TOTAL ASSETS</b>		<b>65,376</b>	66,330
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	4,482	4,077
Employee benefits	15	5,497	5,779
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,979</b>	9,856
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	15	21,993	24,408
Deferred tax liabilities	6(d)	3,003	3,526
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>24,996</b>	27,934
<b>TOTAL LIABILITIES</b>		<b>34,975</b>	37,790
<b>NET ASSETS</b>		<b>30,401</b>	28,540
<b>EQUITY</b>			
Contributed equity	16	15,503	15,503
Asset revaluation reserves	17	12,251	12,357
Retained profits / (losses)	18	2,647	680
<b>TOTAL EQUITY</b>		<b>30,401</b>	28,540

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

# STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2015		CONSOLIDATED	
	Note	2015 \$'000	2014 \$'000
<b>REVENUE</b>			
Passenger transport operations	4(a)	48,648	47,452
Other income	4(b)	814	628
Financial income	4(c)	191	140
Additional Government funding income	4(d)	3,250	3,250
		<b>52,903</b>	51,470
<b>EXPENSES</b>			
Passenger transport operations	5(a)	(38,359)	(37,789)
Engineering and maintenance services	5(b)	(7,332)	(7,056)
Administration and general	5(c)	(6,191)	(6,074)
Finance costs	5(d)	(971)	(926)
		<b>(52,853)</b>	(51,845)
<b>Profit/(loss) before income tax</b>		<b>50</b>	(375)
<b>Income tax(expense)/benefit</b>	6(a)	<b>(15)</b>	107
<b>Profit/(loss) for the year</b>		<b>35</b>	(268)

The Statement of Profit or Loss is to be read in conjunction with the Notes to the Financial Statements.

## STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015		CONSOLIDATED	
		2015	2014
	Note	\$'000	\$'000
<b>Profit/(loss) for the year</b>		<b>35</b>	(268)
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net asset revaluation increment/(decrement)	12(b)	(28)	-
Actuarial gain/(loss) on defined benefit plan	28	2,698	(1,238)
Income tax on other comprehensive income	6(c)	(782)	377
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in fair value of available-for-sale financial assets		(62)	(16)
<b>Total other comprehensive income for the year, net of income tax</b>		<b>1,826</b>	(877)
<b>Total comprehensive income for the year</b>		<b>1,861</b>	(1,145)

The Statement of Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015	CONSOLIDATED			
	Contributed equity	Asset revaluation reserves	Retained profits/(losses)	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2014	15,503	12,357	680	28,540
<b>Total comprehensive income for the year</b>				
Profit/(loss)	-	-	35	35
Other comprehensive income	-	(106)	1,932	1,826
<b>Balance as at 30 June 2015</b>	<b>15,503</b>	<b>12,251</b>	<b>2,647</b>	<b>30,401</b>

For the year ended 30 June 2014	CONSOLIDATED			
	Contributed equity	Asset revaluation reserves	Retained profits/(losses)	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013	15,503	12,495	1,686	29,684
<b>Total comprehensive income for the year</b>				
Profit/(loss)	-	-	(268)	(268)
Other comprehensive income	-	(138)	(738)	(877)
<b>Balance as at 30 June 2014</b>	<b>15,503</b>	<b>12,357</b>	<b>680</b>	<b>28,540</b>

The Statement of Changes In Equity is to be read in conjunction with the Notes to the Financial Statements.

# STATEMENT OF CASH FLOWS

For the year ended 30 June 2015		CONSOLIDATED	
		Note	2015 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from sales, service contracts and additional Government funding		<b>54,053</b>	52,750
Interest received	4(c)	<b>191</b>	140
Cash paid to suppliers and employees		<b>(50,527)</b>	(47,371)
Interest paid		-	-
<b>Net cash from operating activities</b>	22(a)	<b>3,717</b>	5,519
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		<b>127</b>	94
Acquisition of property, plant and equipment		<b>(1,359)</b>	(5,419)
<b>Net cash used in investing activities</b>		<b>(1,232)</b>	(5,325)
Net increase/(decrease) in cash and cash equivalents		<b>2,485</b>	194
Cash and cash equivalents at the beginning of the financial year		<b>6,758</b>	6,564
<b>Cash and cash equivalents at the end of the financial year</b>	22(b), 7	<b>9,243</b>	6,758

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 June 2015

### Note 1. REPORTING ENTITY

Metro Tasmania Pty Ltd (the "Company") is a Tasmanian State Owned Company domiciled in Australia. The address of the Company's registered office is 212 – 220 Main Road, Moonah, Tasmania. The consolidated Financial Statements as at and for the year ended 30 June 2015 comprise the Company and its subsidiary Metro Coaches (Tas) Pty Ltd (together referred to as "Metro").

### Note 2. BASIS OF PREPARATION

#### (a) Statement of Compliance

The consolidated Financial Statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated Financial Statements of the group comply with the International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

The consolidated Financial Statements were authorised for issue by the Board of Directors on 6 August 2015.

#### (b) Basis of Measurement

These consolidated Financial Statements have been prepared on an accrual basis and are based on historical costs and do not take into account changing money values except for land, buildings and buses which are measured at fair value. The accounting policies have been consistently applied, unless otherwise stated.

#### (c) Functional and Presentation Currency

These consolidated Financial Statements are presented in Australian dollars, which is Metro's functional currency.

Metro is an entity referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

Due to rounding, some figures may not add exactly to the totals.

#### (d) Judgements and Assumptions

In the application of Australian Accounting Standards, Metro is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by Metro that have significant effects on the Financial Statements are disclosed in the relevant notes to the Financial Statements.

Metro has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Examples of judgements, estimates and assumptions include, and are not limited to:

- Impairment (Trade and Other Receivables, Plant, Property and Equipment and Assets held for Sale) -Notes 3 (k), 8,10 and 12;
- Measurement of defined benefit obligations (Employee Benefits)- Notes 3 (n) and 28; and
- Provisions- Notes 3(o) and 15.

#### (e) Changes in Accounting Policies and Estimates

##### *Impact of new and revised Accounting Standards*

In the current year, Metro has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. These include:

- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* [AASB 132] (effective 1 January 2014).

# NOTES TO THE FINANCIAL STATEMENTS

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this Standard will not change the reported financial position and performance of Metro.

- AASB 2013-3 Amendments to AASB 136 - *Recoverable Amount Disclosures for Non-Financial Assets* (effective from 1 January 2014).

This Standard amends the disclosure requirements of AASB 136. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The adoption of this Standard will not impact Metro's accounting policies and the reported financial position and performance of Metro.

- AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments* (Part A - Conceptual Framework effective from 20 December 2013; Part B - Materiality effective from 1 January 2014; Part C - Financial Instruments effective from 1 January 2015)

Part A of this Standard updates references to the Framework for the Preparation and Presentation of Financial Statements in other standards as a consequence of the issue of AASB CF 2013-1 in December 2013.

Part B of this Standard deletes references to AASB 1031 Materiality in various other standards. Once all references to AASB 1031 have been deleted from all Australian Accounting Standards, AASB 1031 will be withdrawn.

Part C of this Standard amends AASB 9 *Financial Instruments* to add Chapter 6 Hedge Accounting and makes consequential amendments to AASB 9 and numerous other standards. Part C also amends the effective date of AASB 9 to annual reporting periods beginning on or after 1 January 2017, instead of 1 January 2015.

The adoption of this Standard will not impact Metro's accounting policies.

## **Impact of new and revised Accounting Standards yet to be applied**

The Standards and Interpretations listed below were in issue but not yet effective and are yet to be applied:

- AASB 15 *Revenue from Contracts with Customers*, and AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15* (effective from 1 January 2017).

Under the new standard, a single model that applies to contracts with customers and two approaches to recognising revenue, at a point in time or over time is proposed. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The financial impact on Metro is still to be determined.

- AASB 9 *Financial Instruments and the relevant amending standards* (effective from 1 January 2018).

AASB 9 is one of a series of amendments that are expected to replace AASB 139 *Financial Instruments: Recognition and Measurement*. The main impact of the standard is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four categories of financial assets in AASB 139 will be replaced with two measurement categories: fair value and amortised cost.

Amortised cost is to be used for assets with contractual terms giving rise to principal and interest payments.

Fair value is to be used for all other financial assets. Gains or losses on financial assets at fair value are to be recognised in profit and loss unless the asset is part of a hedging relationship or an irrevocable election has been made to present in other comprehensive income changes in the fair value of an equity instrument not held for trading.

## **Change in Accounting Estimates**

### **Employee Benefits**

A study commissioned by the Group of 100 (G100) and conducted by Milliman Australia in 2015 has concluded that a deep market in high quality corporate bonds now exists in Australia. Milliman Australia was then commissioned by G100 to generate a standardised set of discount rates to be made publicly available for the purpose of discounting employee benefit liabilities under AASB 119 Employee Benefits. The discount rates are based on a blended yield curve for AA and AAA rated corporate bonds.

As a result, Metro used market yields on high quality corporate bonds to discount its defined benefit plan obligations and long service provision as required by AASB 119 Employee Benefits for the first time in the current year. Previously, discount rates based on market yields on government bonds were used. This change in estimate resulted in a decrease compared to the year ended 30 June 2014 to the superannuation liability by \$ 3,696,000 (net of tax) and the long service leave provision by \$48,000 (net of tax) in the current year. The decrease in the superannuation liability was recognised as an actuarial gain

# NOTES TO THE FINANCIAL STATEMENTS

in other comprehensive income while the decrease in the long service leave provision was recognised in profit or loss. It is impracticable to estimate the effect of this change in future years because the measurements of defined benefit plan and other long-term employee benefit obligations are based on a number of judgements, estimates and assumptions that change between reporting periods as new information becomes available.

## Note 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Consolidation

The consolidated Financial Statements have been prepared by combining the Financial Statements of all the entities that comprise the economic entity, being Metro Tasmania Pty Ltd (the parent entity) and its controlled entity Metro Coaches (Tas) Pty Ltd. Refer to Note 27. Consistent accounting policies have been employed in the preparation and presentation of the consolidated Financial Statements.

In preparing the consolidated Financial Statements, all inter-company transactions, balances, income and expenses are eliminated in full.

### (b) Goods and Services Tax (GST)

Revenue, expenses, assets and liabilities are recognised net of the amount of GST, except for receivables and payables that are recognised inclusive of GST or where GST is not recoverable.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from the ATO, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO.

### (c) Revenue

#### *Passenger transport operations revenue*

Ticket fares revenue is recognised at the time the ticket is purchased.

Service contract revenue is recognised when received.

Greencard top-ups are accounted for using a Greencard liability account. Greencard revenue is recognised at the time the boarding is made with a corresponding offset to the Greencard liability account.

#### *Other income*

The net gain (loss) of non-current asset sales are included as income (expenses) at the date control passes to the buyer, usually when an unconditional contract of sale is signed.

The net gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

#### *Financial income*

Interest is recognised as it accrues.

#### *Additional Government Funding Income*

Additional Government funding income is recognised when received.

### (d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and call deposits with original maturities of three months or less.

### (e) Trade and Other Receivables

Trade and other receivables are recorded at nominal amounts due less any provision for impairment and are recognised on delivery of services to customers. Metro's principal revenue streams are from State Government Contracts and ticket fares. Accordingly, exposure to credit risk is minimal. An estimate for impairment is made when collection of the full amount is no longer probable. Impaired receivables are written off when identified.

### (f) Assets held for sale

Assets which satisfy the criteria in AASB 5 'Non-Current Assets Held for Sale' are transferred to current assets and separately disclosed as assets held for sale on the face of the Statement of Financial Position. These assets are measured at the lower of carrying amount and fair value less costs to sell. These assets cease to be depreciated from the date which they satisfy the held for sale criteria.

# NOTES TO THE FINANCIAL STATEMENTS

## (g) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to Metro prior to the end of the financial year which are unpaid. Measurement is based on the agreed purchase/ contract cost. The amounts are unsecured and are usually paid within 30 days of recognition.

## (h) Financial Instruments

It is not current Metro policy to utilise derivative financial instruments as a means of managing exposure to risks.

### **Recognition and initial measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised and classified as set out below:

#### *(i) Loans and receivables*

Loans and receivables are non-derivative financial assets with determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

#### *(ii) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

## (i) Inventories

Inventories are valued at the lower of cost or net realisable value and consists of bus spare parts, fuel and consumable stores.

## (j) Property, Plant and Equipment

Items of property, plant and equipment greater than \$1,000 are capitalised and measured at cost less accumulated depreciation and impairment loss with the exception of land, buildings and the bus fleet which are independently valued at fair value.

Assets held for sale within the next twelve months are disclosed as current assets.

### **Revaluations**

The bus fleet, land and buildings are independently revalued on a three yearly basis. An indexation analysis for land and buildings is performed in subsequent years to ensure they reflect fair value at balance date. All other property, plant and equipment are also revalued with sufficient regularity to ensure they reflect fair value at balance date.

Revaluation increments are recognised in other comprehensive income and/or accumulated in equity under asset revaluation reserve. The increment is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Revaluation decrements are recognised in profit or loss. However, revaluation decrements are recognised in other comprehensive income to the extent of any credit balance existing in the asset revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under asset revaluation reserve.

### **Depreciation**

Depreciation is recognised in the Statement of Profit or Loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment (excluding land and the bus fleet) as follows:

Buildings	40 years
Route infrastructure	10 years
Office equipment	4 years
Electronic ticketing and communication equipment	10 years
CCTV equipment	5 years
Plant and equipment	10 years
Auxiliary vehicles	4 years

Land is not depreciated.

The bus fleet is depreciated using the 'Fleet Depreciation Profile' with an effective life of 30 years as recommended by the independent valuer.

## (k) Impairment of Assets

# NOTES TO THE FINANCIAL STATEMENTS

The carrying values of tangible and intangible assets are reviewed at each reporting date for impairment when events or changes in circumstances indicate that the carrying value may exceed the recoverable amount. The asset is then written down to the recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

## (l) Intangible Assets

Intangible assets are valued at fair value where an active market exists or recognised at cost where no active market exists.

Amortisation is recognised in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use as follows:

Licences	4 years
Computer software	4 years

## (m) Leases

Lease payments for the operating leases on property where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

## (n) Employee Benefits

Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Discount rates used reflect Commonwealth Government bond rates that closely match the terms of maturity of the related liabilities.

### Compensated benefits

#### *Annual leave*

The provision for annual leave represents the amount Metro has a present obligation to pay resulting from employees' services provided up to balance date. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Balances expected to be realised after 12 months are discounted. The provision has been calculated at the amounts expected to be paid when the liability is settled and includes superannuation on-costs.

#### *Long service leave*

The provision for long service leave represents the present value of the estimated future cash outflow to be made by the employer resulting from employees' services provided up to balance date. In determining the liability for employee benefits, account has been taken of future increases in wage and salary rates, and Metro's experience with staff departures. Related superannuation on-costs also have been included in the liability.

### Retirement benefits

#### *Defined benefit superannuation plan*

The State Actuary has provided actuarial calculations of the current benefit of the defined benefit liability under the Retirement Benefits Fund (RBF) for current and former employees of Metro. The defined benefit section of RBF is closed to new members. All new members receive accumulation only benefits.

The RBF is a defined benefit fund which pays lump sum and pension benefits to members upon retirement (most of which are calculated as a multiple of the member's final average salary). The RBF has Contributory members, Compulsory preserved members and Pensioners.

Actuarial gains and losses are recognised in full, directly in retained earnings, in the period in which they occur, and presented in the Statement of Other Comprehensive Income and the Statement of Changes in Equity. Interest costs are recognised in finance costs and service costs are recognised in employee and related expenses in the Statement of Profit or Loss. Details are referred to at Note 28.

## (o) Provisions

A provision is recognised when there is a present, legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

### Dividends

Dividends payable are recognised in the reporting period in which they are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash. No dividend was recommended by the Board

# NOTES TO THE FINANCIAL STATEMENTS

prior to the end of the current or previous financial years.

**(p) Income Tax**

The charge for current tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. No deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the income statement except where it relates to items that may be recognised directly into equity, in which case the deferred tax is adjusted directly against equity. The carrying amounts of tax assets and liabilities have been calculated at the current income tax rate of 30%.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that Metro will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**(q) Tax Consolidation**

The Company and its wholly owned Australian resident entity formed a tax consolidated group with effect from 1 July 2004 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Metro Tasmania Pty Ltd and the subsidiary entity is Metro Coaches (Tas) Pty Ltd.

**(r) Segment Reporting**

Metro operates bus services in Hobart, Launceston and Burnie. There are no reportable segments as the economic risks and returns in each location are similar given the New Services Contract with Government.

# NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
<b>Note 4. REVENUE</b>		
<b>(a) Passenger transport operations</b>		
Service contracts	37,013	36,196
Ticket fares	11,635	11,256
	48,648	47,452
<b>(b) Other income</b>		
Profit on disposal of property, plant and equipment	30	11
Advertising income	509	274
Rental income	12	31
Other income	263	312
	814	628
<b>(c) Financial income</b>		
Interest income	191	140
	191	140
<b>(d) Additional Government funding</b>		
Additional Government funding (Note 26)	3,250	3,250
	3,250	3,250
<b>Total income</b>	<b>52,903</b>	<b>51,470</b>

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
<b>Note 5. EXPENSES</b>		
<b>(a) Passenger transport operations</b>		
Fuel	5,224	5,945
Employee and related expenses	25,762	24,586
Depreciation and amortisation expenses	3,963	4,133
Other expenses	3,410	3,125
	38,359	37,789
<b>(b) Engineering and maintenance services</b>		
Maintenance expense	4,427	4,368
Employee and related expenses	2,665	2,489
Depreciation and amortisation expenses	240	199
	7,332	7,056
<b>(c) Administration and general</b>		
Employee and related expenses	3,327	3,225
Depreciation and amortisation expenses	496	458
Other expenses	2,368	2,391
	6,191	6,074
<b>(d) Finance costs</b>		
Interest expense	-	-
Actuarial interest costs	971	926
	971	926
<b>Total expenses</b>	<b>52,853</b>	<b>51,845</b>

# NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
<b>Note 6. INCOME TAX</b>		
<b>(a) Income tax expense recognised in the Statement of Profit or Loss</b>		
<b>Current tax expense</b>		
Current tax	498	716
Adjustment for prior years	(1)	-
<b>Deferred tax expense</b>		
Decrease/(increase) in deferred tax asset	805	(696)
Increase/(decrease) in deferred tax liability	(504)	(504)
Less recognised directly in equity	(783)	377
<b>Income tax expense/(benefit)</b>	<b>15</b>	<b>(107)</b>
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Prima facie tax/(tax benefit) on profit/(loss) from operating activities before income tax at 30% (2014: 30%)	15	(112)
Add tax effect of:		
Entertainment (non-deductible)	1	5
Prior year under/(over) provision	(1)	-
	15	(107)
<b>(c) Income tax expense recognised directly to equity</b>		
Property, plant and equipment (Note 17)	(27)	(5)
Superannuation (Note 18)	809	(372)
	782	(377)
<b>(d) Non-current and deferred tax balances</b>		
<b>Assets:</b>		
Deferred tax assets	8,551	9,872
	8,551	9,872
<b>Liabilities:</b>		
Deferred tax liability	3,003	3,526
	3,003	3,526
	5,548	6,346

# NOTES TO THE FINANCIAL STATEMENTS

## Note 6. INCOME TAX (continued)

2015	CONSOLIDATED				
	Opening balance 1 July 2014	Prior year adjustment	Recognised in the Statement of Other Comprehensive Income	Recognised in equity	Balance at 30 June 2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Superannuation	7,305	-	89	(809)	6,585
Tax losses	684	(18)	(498)	-	168
Employee benefits	1,635	-	(126)	-	1,509
Provision for impairment	-	-	-	-	-
Accrued costs	248	-	32	-	280
Other provisions	2	-	10	-	12
Prepayments	(63)	-	(3)	-	(66)
Inventories	(61)	-	(16)	-	(77)
Property, plant and equipment	(3,389)	19	499	27	(2,844)
Accrued income	(16)	-	(2)	-	(18)
<b>Total</b>	<b>6,346</b>	<b>1</b>	<b>(15)</b>	<b>(782)</b>	<b>5,548</b>

2014	CONSOLIDATED				
	Opening balance 1 July 2013	Prior year adjustment	Recognised in the Statement of Other Comprehensive Income	Recognised in equity	Balance at 30 June 2014
	\$'000	\$'000	\$'000	\$'000	\$'000
Superannuation	6,732	-	201	372	7,305
Tax losses	1,399	-	(715)	-	684
Employee benefits	1,533	-	102	-	1,635
Provision for impairment	-	-	-	-	-
Accrued costs	228	-	20	-	248
Other provisions	2	-	-	-	2
Prepayments	(67)	-	4	-	(63)
Inventories	(65)	-	4	-	(61)
Property, plant and equipment	(3,886)	-	492	5	(3,389)
Accrued income	(15)	-	(1)	-	(16)
<b>Total</b>	<b>5,861</b>	<b>-</b>	<b>107</b>	<b>377</b>	<b>6,346</b>

# NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
<b>Note 7. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	2,260	4,888
Call deposit at Tascorp	6,983	1,870
	<b>9,243</b>	6,758

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
<b>Note 8. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	463	213
Less provision for impairment	(3)	(4)
Other receivables	206	311
	<b>666</b>	520

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
<b>Note 9. INVENTORIES</b>		
Inventories	1,953	1,692
Less provision for obsolescence	(37)	(5)
	<b>1,916</b>	1,687

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
<b>Note 10. ASSETS HELD FOR SALE</b>		
Property, plant and equipment	166	14
	<b>166</b>	14
Assets held for sale relates to 17 buses and are expected to be settled within 12 months. The level 2 fair value of the buses as at 30 June 2015 is \$166,000.		

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
<b>Note 11. OTHER CURRENT ASSETS</b>		
Prepayments	1,777	746
	<b>1,777</b>	746

# NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
<b>Note 12. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>(a) Carrying amounts</b>		
<b>Land and buildings</b>		
<b>Land</b>		
At fair value	7,535	8,997
<b>Total</b>	<b>7,535</b>	<b>8,997</b>
<b>Buildings</b>		
At fair value	6,290	5,228
Less: accumulated depreciation	-	(263)
<b>Total</b>	<b>6,290</b>	<b>4,965</b>
<b>Total land and buildings</b>	<b>13,825</b>	<b>13,962</b>
<b>Buses</b>		
At fair value	30,388	30,807
Less: accumulated depreciation	(6,366)	(3,244)
<b>Total</b>	<b>24,022</b>	<b>27,563</b>
<b>Route infrastructure</b>		
At cost	3,409	3,192
Less: accumulated depreciation	(2,274)	(2,131)
<b>Total</b>	<b>1,135</b>	<b>1,061</b>
<b>Office equipment</b>		
At cost	1,681	1,561
Less: accumulated depreciation	(1,427)	(1,157)
<b>Total</b>	<b>254</b>	<b>404</b>
<b>Electronic ticketing &amp; communication equipment</b>		
At cost	5,058	4,978
Less: accumulated depreciation	(2,806)	(2,309)
<b>Total</b>	<b>2,252</b>	<b>2,669</b>

# NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
<b>Note 12. PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
<b>CCTV Equipment</b>		
At cost	1,255	1,248
Less: accumulated depreciation	(1,226)	(1,092)
<b>Total</b>	<b>29</b>	<b>156</b>
<b>Plant and equipment</b>		
At cost	1,222	1,091
Less: accumulated depreciation	(813)	(761)
<b>Total</b>	<b>409</b>	<b>330</b>
<b>Auxiliary vehicles</b>		
At cost	463	523
Less: accumulated depreciation	(201)	(233)
<b>Total</b>	<b>262</b>	<b>290</b>
<b>Work in progress</b>		
At cost	459	120
<b>Total</b>	<b>459</b>	<b>120</b>
<b>Total property, plant and equipment</b>	<b>42,647</b>	<b>46,555</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Note 12. PROPERTY, PLANT AND EQUIPMENT (continued)

### (b) Reconciliation of movements in carrying amounts

2015	CONSOLIDATED									
	Land and buildings	Buses	Route infrastructure	Office equipment	Electronic ticketing and communication equipment	CCTV equipment	Plant and equipment	Auxiliary vehicles	Work in progress	Total
	at fair value	at fair value	at cost	at cost	at cost	at cost	at cost	at cost	at cost	at cost
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at 1 July</b>	<b>13,962</b>	<b>27,563</b>	<b>1,061</b>	<b>404</b>	<b>2,669</b>	<b>156</b>	<b>330</b>	<b>290</b>	<b>120</b>	<b>46,555</b>
Additions	17	-	218	148	80	8	161	173	339	1,144
Disposals	-	(20)	-	-	(1)	-	(14)	(79)	-	(114)
Revaluation increments/(decrements)	(28)	(60)	-	-	-	-	-	-	-	(88)
Impairment losses	-	(89)	-	-	-	-	-	-	-	(89)
Net transfers	-	(166)	-	-	-	-	-	-	-	(166)
Depreciation	(125)	(3,207)	(144)	(298)	(496)	(135)	(68)	(122)	-	(4,595)
<b>Carrying amount at 30 June</b>	<b>13,825</b>	<b>24,022</b>	<b>1,135</b>	<b>254</b>	<b>2,252</b>	<b>29</b>	<b>409</b>	<b>262</b>	<b>459</b>	<b>42,647</b>

2014	CONSOLIDATED									
	Land and buildings	Buses	Route infrastructure	Office equipment	Electronic ticketing and communication equipment	CCTV equipment	Plant and equipment	Auxiliary vehicles	Work in progress	Total
	at fair value	at fair value	at cost	at cost	at cost	at cost	at cost	at cost	at cost	at cost
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at 1 July</b>	<b>13,948</b>	<b>25,270</b>	<b>951</b>	<b>568</b>	<b>3,158</b>	<b>406</b>	<b>282</b>	<b>374</b>	<b>1,059</b>	<b>46,016</b>
Additions	140	4,826	234	111	7	-	101	75	-	5,494
Disposals	-	(216)	-	-	-	-	-	(25)	-	(241)
Revaluation increments/(decrements)	-	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-	-
Net transfers	-	939	-	-	-	-	-	-	(939)	-
Depreciation	(126)	(3,256)	(124)	(275)	(496)	(250)	(53)	(134)	-	(4,714)
<b>Carrying amount at 30 June</b>	<b>13,962</b>	<b>27,563</b>	<b>1,061</b>	<b>404</b>	<b>2,669</b>	<b>156</b>	<b>330</b>	<b>290</b>	<b>120</b>	<b>46,555</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Note 12. PROPERTY, PLANT AND EQUIPMENT (continued)

### (c) Fair value measurement of buses and land and buildings

Metro's buses and land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An independent fair value valuation of 'in service' buses was performed as at 30 June 2013 by Mr R.A. van Raay FAPI, FRICS, ASA, AFAIM, CMILT, Certified Practising Valuer of PricewaterhouseCoopers. The valuation was performed on the basis of 'market value for existing use'. This valuation approach assumes that the asset could be sold in the market for its existing use. Significant level 2 inputs are sale prices of a comparable bus at the same age and type.

An independent fair value valuation of land and buildings was performed as at 30 June 2015 by the Opteon Property Group.

This valuation was performed on an 'in use' basis assuming that the properties will continue to be used by Metro, are not surplus to Metro's current needs and Metro does not intend to vacate the premises.

The valuer assessed the value assuming a notional 10 year lease using market rates for similar accommodation in the area and considering the location and quality of the accommodation currently situated on each site.

Sales transitions and information such as site area and zoning were analysed in arriving at rate per square metre. Under the capitalisation method used, the annual income was calculated and then any outgoings were deducted to arrive at the net market income.

The net market income was then divided by the percentage return (known as the capitalisation rate) required by prospective purchasers to arrive at the capitalised value. The valuer used the capitalisation rate of 8.25% which was based on the analysis of sales.

Details of Metro's buses and land and buildings and information about the fair value hierarchy as at 30 June 2015 are as follows:

	CONSOLIDATED			Fair Value as at 30 June 2015 \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Buses		24,022		24,022
Land and buildings		13,825		13,825

There were no transfers between Level 1 and Level 2 during the year.

Had Metro's buses, land and buildings been measured on a historical cost basis, their carrying amount would have been as follows:

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
Buses	16,131	18,117
Land and buildings	7,906	8,009

## Note 13. INTANGIBLE ASSETS

### (a) Carrying amounts

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
<b>Computer software</b>		
At cost	1,212	879
Less: accumulated amortisation	(802)	(701)
<b>Total</b>	<b>410</b>	<b>178</b>
<b>Total intangibles</b>	<b>410</b>	<b>178</b>

### (b) Reconciliation of movements in carrying amounts

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
<b>Carrying amount at 1 July</b>	<b>178</b>	<b>201</b>
Additions- other development	336	49
Amortisation	(104)	(72)
<b>Carrying amount at 30 June</b>	<b>410</b>	<b>178</b>

# NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
<b>Note 14. TRADE AND OTHER PAYABLES</b>		
Trade creditors and accruals	4,128	3,650
Employee benefits oncosts	354	427
	<b>4,482</b>	4,077

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
<b>Note 15. EMPLOYEE BENEFITS</b>		
<b>Current:</b>		
Retirement benefits	1,108	1,183
Compensated benefits:		
Accrued salaries and wages	1,113	1,021
Annual leave	1,488	1,565
Long service leave	1,788	1,963
Workers compensation	-	47
	<b>5,497</b>	5,779
<b>Non-current:</b>		
Retirement benefits	20,840	23,167
Compensated benefits:		
Long service leave	1,153	1,241
	<b>21,993</b>	24,408
	<b>27,490</b>	30,187

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
<b>Note 16. CONTRIBUTED EQUITY</b>		
Issued capital- two shares of \$1 each		
Contributed equity	15,503	15,503
	<b>15,503</b>	15,503

# NOTES TO THE FINANCIAL STATEMENTS

## Note 17. ASSET REVALUATION RESERVES

2015	CONSOLIDATED		
	Land and buildings \$'000	Buses \$'000	Total \$'000
Balance at beginning of financial year	4,001	8,356	12,357
Revaluation increments/(decrements)	(28)	(60)	(88)
Impairment losses	-	-	-
Disposal of revalued buses	-	(44)	(44)
Deferred tax asset/(liability)	-	27	27
<b>Balance at end of financial year</b>	<b>3,973</b>	<b>8,279</b>	<b>12,251</b>

2014	CONSOLIDATED		
	Land and buildings \$'000	Buses \$'000	Total \$'000
Balance at beginning of financial year	4,001	8,494	12,495
Revaluation increments/(decrements)	-	(16)	(16)
Impairment losses	-	-	-
Disposal of revalued buses	-	(127)	(127)
Deferred tax asset/(liability)	-	5	5
<b>Balance at end of financial year</b>	<b>4,001</b>	<b>8,356</b>	<b>12,357</b>

The asset revaluation reserves are used to record increments and decrements on the revaluation of non-current assets.

Where a revalued asset is sold that portion of the asset revaluation reserve which relates to that asset is transferred to retained profits.

## Note 18. RETAINED PROFITS / (LOSSES)

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
Balance at beginning of financial year	680	1,686
Net profit/(loss)	35	(268)
Revaluation increments (decrements) attributable to assets disposed of during the year	44	127
Defined benefit plan actuarial gains/(losses)	2,698	(1,238)
Related income tax	(809)	372
<b>Balance at end of financial year</b>	<b>2,647</b>	<b>680</b>

## Note 19. COMMITMENTS FOR EXPENDITURE

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
<b>Capital commitments:</b>		
Payments within 1 year	3,251	-
Payments 1-5 years	-	-
	<b>3,251</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Note 20. RELATED PARTIES

### Key Management Personnel compensation

The aggregate compensation to key management personnel of Metro is set out below:

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
Short-term employee benefits	980	1,238
Post-employment benefits	83	99
Other long-term benefits	-	-
Termination Benefits	3	-
	1,066	1,337

### (a) Director Remuneration

The following tables disclose the remuneration details for each person that acted as a Director during the current and previous financial year:

	2015				
	Directors' Fees	Committee Fees	Superannuation <sup>1</sup>	Other <sup>2</sup>	Total 2015
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-Executive Directors</b>					
Ms Lynn Mason (Chairperson)	53	-	5	3	61
Mr Geoffrey Hazell (Deputy Chairperson)	25	-	2	1	28
Mr Ian Newman	25	-	2	12	39
Mr Guy Thurston (ceased 28 August 2014)	5	-	1	-	6
Mr Nick Burrows	25	-	2	1	28
Mr Michael Harris	25	-	2	1	28
<b>Total</b>	<b>158</b>	<b>-</b>	<b>14</b>	<b>18</b>	<b>190</b>

	2014				
	Directors' Fees	Committee Fees	Superannuation <sup>1</sup>	Other <sup>2</sup>	Total 2014
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-Executive Directors</b>					
Ms Lynn Mason (Chairperson)	53	-	5	12	70
Mr Geoffrey Hazell (Deputy Chairperson)	25	-	3	1	29
Ms Tracy Matthews (ceased 19 December 2013)	13	-	1	1	15
Mr Ron Ward (ceased 31 July 2013)	6	-	1	-	7
Mr Ian Newman	25	-	2	10	37
Mr Guy Thurston	25	-	2	1	28
Mr Nick Burrows (commenced 20 December 2013)	12	-	1	1	14
Mr Michael Harris (commenced 20 December 2013)	12	-	1	1	14
<b>Total</b>	<b>171</b>	<b>-</b>	<b>16</b>	<b>27</b>	<b>214</b>

<sup>1</sup> Superannuation means the contribution to the superannuation fund of the individual.

<sup>2</sup> Other includes travel allowances.

# NOTES TO THE FINANCIAL STATEMENTS

## Note 20. RELATED PARTIES (Continued)

### (b) Executive Remuneration

The following tables disclose the remuneration details for each person that acted as a senior executive during the current and previous financial year:

	2015							
	Salary <sup>1</sup>	Short term incentive <sup>2</sup>	Termination benefits <sup>3</sup>	Superannuation <sup>4</sup>	Vehicles <sup>5</sup>	Other benefits <sup>6</sup>	Other non-monetary benefits <sup>7</sup>	Total 2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Ms Heather Haselgrove, Chief Executive Officer (until 8 August 2014)	31	-	3	2	3	-	(33)	6
Mr Stuart Wiggins, Chief Executive Officer (commenced 10 November 2014)	120	-	-	11	13	-	13	157
Mrs Anita Robertson, Chief Financial Officer	142	-	-	14	22	-	5	183
Mr Alan Pedley*, Chief Operating Officer	155	-	-	15	13	-	5	188
Mr Ian Ward, General Manager Infrastructure and Engineering	126	-	-	12	-	-	(4)	134
Mr Rodney Byfield, General Manager Business Improvement Services	120	-	-	11	24	-	9	164
Mr Rolfe Brimfield, General Manager of People and Safety (commenced 25 May 2015)	8	-	-	1	-	-	1	10
	702	-	3	66	75	-	(4)	842
<b>Acting Senior Executives</b>								
Mr Gregg Lennox, Acting Chief Operating Officer (9 August to 9 November 2014)	28	-	-	3	2	-	1	34
	28	-	-	3	2	-	1	34
<b>Total</b>	<b>730</b>	<b>-</b>	<b>3</b>	<b>69</b>	<b>77</b>	<b>-</b>	<b>(3)</b>	<b>876</b>

\*Acting Chief Executive Officer (9 August to 9 November 2014)

# NOTES TO THE FINANCIAL STATEMENTS

## Note 20. RELATED PARTIES (Continued)

### (b) Executive Remuneration (continued)

	2014							Total 2014 \$'000
	Salary <sup>1</sup>	Short term incentive <sup>2</sup>	Termination benefits <sup>3</sup>	Superannuation <sup>4</sup>	Vehicles <sup>5</sup>	Other benefits <sup>6</sup>	Other non- monetary benefits <sup>7</sup>	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Ms Heather Haselgrove, Chief Executive Officer	195	-	-	18	24	-	6	243
Mrs Anita Robertson, General Manager Financial and Governance Services & Chief Financial Officer	139	-	-	13	22	-	3	177
Mr Alan Pedley, General Manager Customer Services & Chief Operating Officer	138	-	-	13	13	-	9	173
Mr Ian Ward, General Manager Infrastructure and Engineering Services	118	-	-	11	7	-	8	144
Mr Anthony James, General Manager Business Development and Planning (until 31 May 2014)	126	-	-	11	13	-	-	150
Mr Craig Anderson, Manager Human Resources (until 31 May 2014)	90	-	-	8	13	-	2	113
Mr Rodney Byfield, General Manager Business Improvement Services & Chief Information Officer	94	-	-	9	20	-	-	123
<b>Total</b>	<b>900</b>	<b>-</b>	<b>-</b>	<b>83</b>	<b>112</b>	<b>-</b>	<b>28</b>	<b>1,123</b>

<sup>1</sup> Gross Salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

<sup>2</sup> Short term incentive payments are non-recurrent payments which depend on achieving specified performance goals within specified timeframes.

<sup>3</sup> Termination benefits include all forms of benefit paid or accrued as a consequence of termination.

<sup>4</sup> Superannuation means the contribution to the superannuation fund of the individual.

<sup>5</sup> Includes total cost of providing and maintaining vehicles provided for private use, including registration, insurance, fuel and other consumables, maintenance cost and fringe benefits tax.

<sup>6</sup> Other benefits includes all other forms of employment allowances (excludes reimbursements such as travel, accommodation or meals), payments in lieu of leave, and any other compensation paid and payable.

<sup>7</sup> Other non-monetary benefits include annual and conditional long service leave movements and non-monetary benefits (such as housing, subsidised goods or services etc).

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

# NOTES TO THE FINANCIAL STATEMENTS

## Note 20. RELATED PARTIES (Continued)

### (c) Remuneration Principles

#### Non-Executive Directors

Non-executive directors are appointed by the Treasurer and Portfolio Minister. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be re-appointed. The level of fees paid to non-executive directors is administered by the Department of Premier and Cabinet.

Superannuation is paid at the appropriate rate as prescribed by superannuation guarantee legislation. No other leave, termination or retirement benefits are accrued or paid to Directors. Directors are entitled to reimbursement of reasonable expenses incurred while attending to Board business. Non-executive Directors' remuneration is reviewed periodically with increases subject to approval by the Treasurer and Portfolio Minister.

#### Executive Remuneration

Remuneration levels for key management personnel are set in accordance with the Director and Executive Remuneration Guidelines, dated December 2014. Under these Guidelines, remuneration bands for Chief Executive Officers (CEOs) are determined by the Government Business Executive Remuneration Panel and reflect the principles outlined in the Guidelines and broadly align with State Service Heads of Agency. Positioning within the bands depends on the complexity and size of the business and the environment in which the business operates. Remuneration for other senior executives is set with reference to the CEO's salary.

The CEO is appointed by the Board. The Board consults with the Government Business Executive Remuneration Advisory Panel when determining the CEO's remuneration package.

The employment terms and conditions of senior executives are contained in individual employment contracts and prescribe total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions.

The performance of each senior executive, including the CEO, is reviewed annually which includes a review of their remuneration package. The terms of employment of each senior executive, including the CEO, contain a termination clause that requires the senior executive or the Board to provide a minimum notice period of up to 3 months prior to termination of the contract.

#### Termination benefits

Termination payments during the current year included:

Ms H Haselgove ceased employment effective 8 August 2014 and was paid \$3,000 representing the balance of her accrued annual leave.

#### Related Party Transactions

There were no transactions with Directors or Director related entities during either financial years.

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
<b>Note 21. REMUNERATION OF AUDITORS</b>	<b>\$'000</b>	\$'000
External audit services	66	56
Internal audit services	47	39
	113	95

# NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
<b>Note 22. CASH FLOW STATEMENT</b>		
<b>(a) Reconciliation of cash flow with profit after income tax</b>		
Profit/(loss) after income tax	35	(268)
<b>Add (less) non cash items:</b>		
Depreciation	4,595	4,718
Amortisation	104	72
Income tax expense/(benefit)	15	(107)
Loss on write off of non- current assets	-	-
Loss/(profit) on sale of non-current assets	(30)	(11)
<b>Changes in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	(146)	(72)
(Increase)/decrease in inventories	(229)	(169)
(Increase)/decrease in other current assets	(1,031)	(60)
Increase/(decrease) in trade and other payables	405	414
Increase/(decrease) in provisions	(1)	1,002
Net cash inflow from operating activities	3,717	5,519
<b>(b) Reconciliation of cash</b>		
Cash at bank and on hand	2,260	4,888
Call deposit at Tascorp	6,983	1,870
Cash as per Statement of Cash Flows	9,243	6,758
<b>(c) Credit and standby facilities</b>		
Borrowing limit	3,000	3,000
Credit cards facility limit	20	20
Less used/committed	-	-
Balance of credit facility available	3,020	3,020

# NOTES TO THE FINANCIAL STATEMENTS

## Note 23. FINANCIAL INSTRUMENTS

### Financial risk management policies

Metro's financial instruments consist mainly of deposits with banks, accounts receivable and payable. It is not current Metro policy to utilise derivative instruments as a means of managing exposure to risks.

Metro does not have any derivative instruments in either financial years.

### Financial risk exposures and management

The main risks Metro is exposed to through its financial instruments are interest rate risk and credit risk.

#### (a) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

There are no material amounts of collateral held as security in either financial years.

Metro does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into and manages risk with appropriate credit checks, regular review of balances and structured payment options.

The following table analyses financial assets that are past due but not impaired.

#### Analysis of financial assets that are past due but not impaired:

	CONSOLIDATED							
	0 days past due		1-30 days past due		31-90 days past due		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>								
Receivables	619	496	33	3	14	21	666	520

#### (b) Liquidity risk

Liquidity risk arises from the possibility that Metro might encounter difficulty in settling its debts or otherwise meeting its obligation related to financial liabilities.

Metro manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to Metro's operational, investing and financing activities;
- obtaining funding from a variety of sources;
- only investing short term surplus cash with reputable organisations including Tascorp and the big four financial institutions; and
- monitoring undrawn credit facilities.

#### Financial liability and Financial asset maturity analysis:

	CONSOLIDATED							
	Weighted average effective interest rate		Floating interest rate		Non-interest bearing		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>								
Cash at bank	1.60	2.10	2,260	4,888	-	-	2,260	4,888
Call deposit at Tascorp	2.60	2.68	6,983	1,870	-	-	6,983	1,870
Receivables			-	-	666	520	666	520
			9,243	6,758	666	520	9,909	7,278

# NOTES TO THE FINANCIAL STATEMENTS

## Note 23. FINANCIAL INSTRUMENTS (Continued)

	CONSOLIDATED											
	Weighted average effective interest rate		Floating interest rate		Fixed Interest Rate Maturing		Within 1 Year		Non-interest Bearing		Total	
					1 to 5 Years							
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities:</b>												
Trade creditors and accruals	-	-	-	-	-	-	-	-	4,128	3,650	4,128	3,650
	-	-	-	-	-	-	-	-	4,128	3,650	4,128	3,650

Trade creditors and accruals are expected to be paid as follows:

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
Less than 6 months	4,129	3,650
6 months to 1 year	-	-
1 - 5 years	-	-
	4,129	3,650

### (c) Market risk

#### (i) Interest rate risk

Exposures to interest rate risk is limited to assets and liabilities bearing variable interest rates.

Metro is not exposed to fluctuations in foreign currencies.

Metro does not have any material interest rate risk and Board approval is required for all investing and borrowing decisions to ensure appropriate interest rates are achieved.

Metro has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from change in this risk.

#### Sensitivity analysis:

At 30 June 2015, the effect on profit or loss and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
Change in profit or loss		
- Increase in interest rate by 2%	159	133
- Decrease in interest rate by 2%	(159)	(133)
Change in equity		
- Increase in interest rate by 2%	159	133
- Decrease in interest rate by 2%	(159)	(133)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed on foreign exchange risk, as Metro is not exposed to foreign currency fluctuations.

# NOTES TO THE FINANCIAL STATEMENTS

## Note 23. FINANCIAL INSTRUMENTS (Continued)

### (d) Net fair values

The net fair value equals the carrying value for all financial assets and liabilities held by Metro.

The net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the Notes to the Financial Statements.

### (e) Financial instruments by categories

	CONSOLIDATED					
	2015 \$'000			2014 \$'000		
	Cash and cash balance Loans and receivables	Financial liabilities measured at amortised cost	Total	Cash and cash balance Loans and receivables	Financial liabilities measured at amortised cost	Total
<b>Financial assets:</b>						
Cash and cash equivalents	9,243	-	9,243	6,758	-	6,758
Receivables	666	-	666	520	-	520
	<b>9,909</b>	<b>-</b>	<b>9,909</b>	<b>7,278</b>	<b>-</b>	<b>7,278</b>
<b>Financial liabilities:</b>						
Trade creditors and accruals	-	4,128	4,128	-	3,650	3,650

### (f) Capital risk management

Metro manages its capital tightly to ensure funds are available to implement planned capital expenditure strategies.

Metro has reviewed its long term capital expenditure program and continues to assess the options available to finance this program.

## Note 24. CONTINGENT LIABILITIES

After due investigation Metro has identified no contingent liabilities.

## Note 25. POST BALANCE DATE EVENTS

Metro has not identified any post balance date events requiring adjustments to the Financial Statements.

## Note 26. ECONOMIC DEPENDENCY

A significant volume of Metro's operations are performed under contract to the State Government. In addition to this Metro received an additional \$3.25 million (2014 \$3.25 million) to improve its passenger bus fleet and assist with its long term capital replacement program.

This funding is necessary to address Metro's ongoing sustainability issues.

## Note 27. CONTROLLED ENTITY

	Country of incorporation	Equity interest	
		2015	2014
<b>Parent entity:</b>			
Metro Tasmania Pty Ltd	Australia	-	-
<b>Controlled entity:</b>			
Metro Coaches (Tas) Pty Ltd	Australia	100%	100%

# NOTES TO THE FINANCIAL STATEMENTS

## Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN

### General Information

The following provides the information that is required to be disclosed in the notes to the financial statements for the year ended 30 June 2015 pursuant to AASB 119. The disclosures are set out in paragraphs 135-152 of the standard.

Due to rounding, some figures may not add exactly to the totals.

### Fund Information

#### *Nature of the benefits provided by the Scheme*

Defined benefit members receive lump sum benefits on resignation and lump sum or pension benefits on retirement, death or invalidity. The defined benefit section of RBF is closed to new members. All new members receive accumulation only benefits.

#### *Description of the regulatory framework*

The Scheme operates under the *Retirement Benefits Act 1993* and the *Retirement Benefits Regulations 2005*.

Although the scheme is not formally subject to the Superannuation Industry (Supervision) (SIS) legislation, the Tasmanian Government has undertaken (in a Heads of Government Agreement) to operate the scheme in accordance with the spirit of the SIS legislation.

As an exempt public sector superannuation scheme (as defined in the SIS legislation), the scheme is not subject to any minimum funding requirements.

RBF is a complying superannuation fund within the provisions of the *Income Tax Assessment Act 1997* such that the fund's taxable income is taxed at a concessional rate of 15%. However RBF is also a public sector superannuation scheme which means that employer contributions may not be subject to the 15% tax (if the RBF Board elects) up to the amount of "untaxed" benefits paid to members in the year.

#### *Description of other entities' responsibilities for the governance of the Scheme*

The RBF Board (the Board) is responsible for the governance of the Scheme. As Trustee, the Board has a legal obligation to act solely in the best interests of Scheme beneficiaries. The Board has the following roles:

- Administration of the Scheme and payment to the beneficiaries when required in accordance with the Scheme rules;
- Management and investment of the Scheme assets; and
- Compliance with the Heads of Government Agreement referred to above.

#### *Description of risks*

There are a number of risks to which the Scheme exposes Metro. The more significant risks relating to the defined benefits are:

- **Investment risk** – The risk that investment returns will be lower than assumed and employers will need to increase contributions to offset this shortfall.
- **Salary growth risk** – The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and the associated employer contributions.
- **Inflation risk** – The risk that inflation is higher than anticipated, increasing pension payments and the associated employer contributions.
- **Benefit options risk** – The risk is that a greater proportion of members who joined prior to 1 July 1994 will elect the pension option, which is generally more costly than the alternative lump sum option.
- **Pensioner mortality risk** – The risk is that pensioner mortality will be lighter than expected, resulting in pensions being paid for a longer period.
- **Legislative risk** – The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

#### *Description of significant events – Para 139(c)*

There were no plan amendments, curtailments or settlements during the year.

# NOTES TO THE FINANCIAL STATEMENTS

## Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN (continued)

### Reconciliation of the Net Defined Benefit Liability/(Asset) – Para 140(a)

As at	30 June 2015 \$'000	30 June 2014 \$'000
Defined Benefit Obligation	27,474	29,487
(-) Fair value of plan assets	5,526	5,137
Deficit/(surplus)	21,948	24,350
(+) Adjustment for effect of asset ceiling	-	-
<b>Net defined benefit liability/(asset)</b>	<b>21,948</b>	<b>24,350</b>
Current net liability	1,108	1,183
Non-current net liability	20,840	23,167

### Reconciliation of the Fair Value of Scheme Assets – Para 140(a)(i)

Financial year ending	30 June 2015 \$'000	30 June 2014 \$'000
<b>Fair value of plan assets at beginning of the year</b>	<b>5,137</b>	<b>4,797</b>
(+) Interest income	205	199
(+) Actual return on plan assets less Interest income	443	245
(+) Employer contributions	1,167	754
(+) Contributions by plan participants	183	189
(-) Benefits paid	1,565	1,005
(-) Taxes, premiums & expenses paid	44	42
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
<b>Fair value of plan assets at end of the year</b>	<b>5,526</b>	<b>5,137</b>

### Reconciliation of the Defined Benefit Obligation – Para 140(a)(ii)

Financial year ending	30 June 2015 \$'000	30 June 2014 \$'000
<b>Present value of defined benefit obligations at beginning of the year</b>	<b>29,487</b>	<b>27,239</b>
(+) Current service cost	492	498
(+) Interest cost	1,176	1,125
(+) Contributions by plan participants	183	189
(+) Actuarial (gains)/losses arising from changes in demographic assumptions	-	465
(+) Actuarial (gains)/losses arising from changes in financial assumptions	(2,401)	616
(+) Actuarial (gains)/losses arising from liability experience	146	402
(-) Benefits paid	1,565	1,005
(-) Taxes, premiums & expenses paid	44	42
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Past service cost	-	-
(+) Gain/loss on settlements	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
<b>Present value of defined benefit obligations at end of the year</b>	<b>27,474</b>	<b>29,487</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN (continued)

*Reconciliation of the Effect of the Asset Ceiling – Para 140(a) (iii)*

The asset ceiling has no impact on the net defined benefit liability/(asset).

*Fair value of Scheme assets – Para 142*

As at Asset category	30 June 2015 <sup>^</sup>			
	Total	Quoted prices in active markets for identical assets - Level 1	Significant observable inputs - Level 2	Unobservable inputs - Level 3
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	959	959	-	-
Equity instruments	3,771	1,716	1,656	398
Debt instruments	741	201	304	236
Derivatives	10	-	10	-
Real Estate	45	-	45	-
Investment funds	-	-	-	-
Asset-backed securities	-	-	-	-
Structured debt	-	-	-	-
<b>Total</b>	<b>5,526</b>	<b>2,877</b>	<b>2,015</b>	<b>634</b>

<sup>^</sup>Estimated based on assets allocated to Metro as at 30 June 2015 and asset allocation of the RBF Scheme as at 30 June 2014.

*Fair value of Entities Own Financial Instruments – Para 143*

The fair value of Scheme assets includes no amounts relating to:

- any of Metro's own financial instruments
- any property occupied by, or other assets used by Metro.

Assets are not held separately for each reporting entity but are held for the Fund as a whole. The fair value of Scheme assets for each reporting entity was estimated by allocating the total Fund assets in proportion to the value of each reporting entity's funded liabilities, calculated using the assumptions outlined in this report, with the exception of the discount rate. For the purposes of allocating assets to each reporting entity, we have used a discount rate of 3.7%, in order to be consistent with the allocation of assets reported to the Department of Treasury and Finance.

*Significant Actuarial Assumptions at the Reporting Date – Para 144*

Financial year ending	30 June 2015	30 June 2014
<b>Assumptions to Determine Defined Benefit Cost and Start of Year DBO</b>		
Discount rate (active members)	4.10% pa	4.25% pa
Discount rate (pensioners)	4.10% pa	4.25% pa
Expected rate of increase of compulsory preserved amounts	4.50% pa	3.75% pa
Expected salary increase rate	3.00% pa	3.00% pa
Expected pension increase rate	2.50% pa	2.50% pa

# NOTES TO THE FINANCIAL STATEMENTS

## Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN (continued)

Financial year ending	30 June 2015	30 June 2014
<b>Assumptions to Determine End of Year DBO</b>		
Discount rate (active members)	4.80% pa	4.10% pa
Discount rate (pensioners)	4.80% pa	4.10% pa
Expected salary increase rate	3.00% pa	3.00% pa
Expected rate of increase of compulsory preserved amounts	4.50% pa	4.50% pa
Expected pension increase rate	2.50% pa	2.50% pa

### Sensitivity Analysis – Para 145

The defined benefit obligation as at 30 June 2015 under several scenarios is presented below.

Scenario A and B relate to discount rate sensitivity. Scenario C and D relate to expected pension increase rate sensitivity

Scenario A: 0.5% pa lower discount rate assumption

Scenario B: 0.5% pa higher discount rate assumption

Scenario C: 0.5% pa lower expected pension increase rate assumption

Scenario D: 0.5% pa higher expected pension increase rate assumption

	Base Case	Scenario A -0.5% pa discount rate	Scenario B +0.5% pa discount rate	Scenario C -0.5% pa pension increase rate	Scenario D +0.5% pa pension increase rate
Discount rate	4.80% pa	4.30% pa	5.30% pa	4.80% pa	4.80% pa
Pension increase rate	2.50% pa	2.50% pa	2.50% pa	2.00% pa	3.00% pa
Defined benefit obligation (A\$'000s)	27,474	29,154	25,955	26,152	28,924

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

### Asset-Liability matching strategies – Para 146

We are not aware of any asset and liability matching strategies adopted by the Fund.

### Funding arrangements – Para 147(a)

The employer contributes a percentage of each lump sum or pension benefit payment. This percentage may be amended by the Minister on the advice of the Actuary.

### Expected contributions – Para 147(b)

Financial year ending	30 June 2016 \$'000
Expected employer contributions	1,108

### Maturity profile of defined benefit obligation – Para 147(c)

The weighted average duration of the defined benefit obligation for Metro is 12.2 years.



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