



ANNUAL REPORT 2012-2013

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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

30 081 467 281

Directors

Lynn Mason (Acting Chairperson from 23 May 2013)

Geoffrey Hazell

Tracy Matthews

Ian Newman

Guy Thurston

Ron Ward (Chairperson until 23 May 2013 and retired on 31 July 2013)

Shareholders

Minister for Sustainable Transport

Treasurer

Executive Managers

Heather Haselgrove, Chief Executive Officer

Anita Robertson, Chief Financial Officer
and Company Secretary

Alan Pedley, General Manager Operations

Ian Ward, General Manager Infrastructure
and Engineering

Anthony James, General Manager Business
Development and Planning

Craig Anderson, Manager Human Resources

Rodney Byfield, Chief Information Officer

Bankers

Commonwealth Bank of Australia

81 Elizabeth Street
Hobart, TAS 7000

Auditor

Auditor-General

Tasmanian Audit Office
Level 4/15 Murray Street
Hobart, TAS 7000



COMPANY OVERVIEW

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

It is Tasmania's largest passenger transport service provider, operating a fleet of 217 buses in and around Hobart, Launceston and Burnie.

Metro services are delivered under service contracts it holds with the Department of Infrastructure, Energy and Resources.

Operating under Corporations Law, an independent Board of Directors provides the organisation with strategic direction and governance.

Metro's shareholder ministers, representing the people of Tasmania, are Minister for Sustainable Transport Hon Nick McKim and Treasurer Hon Lara Giddings.

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 transform Tasmania's passenger transport to be a travel option of choice.

Our Business Purpose

To deliver urban mass transit passenger transport services.

Our Goals

- Goal #1 Lead the repositioning of passenger transport within Tasmania with key stakeholders.
- Goal #2 Put the customer at the centre of our business.
- Goal #3 Develop a skilled, engaged and healthy workforce.
- Goal #4 Grow the market by partnering with industry.
- Goal #5 Build a sustainable, efficient and progressive business.

Our Values

Safety conscious

Safety is everybody's responsibility. It is at the forefront of all of Metro's actions.

Respectful

Respect for the customer, staff and stakeholders, investing in individual and community growth and development.

Collaborative

Working in an approachable, communicative, responsive, transparent and consultative manner in everything we do.

Courageous

The courage to act to achieve Metro's vision and business purpose, even in the face of challenge or adversity.



ACTING CHAIRPERSON'S REVIEW



Metro faced a very challenging, but in many ways rewarding, year.

During the year Metro had to grapple with declining passenger numbers, a very tight financial situation and major disruptions to services during a protracted period of industrial action by drivers in support of their wage claim during new enterprise agreement negotiations.

At the same time Metro employees earned high praise for their response to the Tasmanian bushfire emergency in January 2013 which went far beyond their normal brief and duties.

Metro partnered with 7HO FM in January for a non-stop live broadcast from a Metro bus over 50 hours to raise money for the Tasmanian bushfires appeal. The initial target was \$50,000 but when the fundraising campaign ended, it had raised \$145,000. During that period the Metro bus covered more than 700 kilometres, visiting all areas of greater Hobart collecting donations from local people and businesses.

Metro buses, with drivers working outside their normal rosters and schedules, also formed part of the convoy which took people back into the fire ravaged area around Dunalley in the days after the fires. This was a great effort by the bus drivers and all concerned.

Financial Result

For the 2012–13 year Metro incurred a loss before income tax of \$309,000 and an after tax loss of \$217,000.

Metro is a state-owned company, but is not set up to make a profit and nor does it pay a dividend to its Government shareholders.

During the reporting year the Department of Infrastructure, Energy and Resources (DIER) through the Transport Commission, provided \$37.54 million under service contracts to provide bus services in Hobart, Launceston and Burnie.

The other major source of income for the business comes from passengers through bus fares, which in the 2012–13 year amounted to \$11.01 million or about 22% of our income. Metro's major expenses include employee wages and salaries, fuel and maintenance of the fleet. The Board is increasingly concerned that the age of the bus fleet is resulting in increasing maintenance costs.

The decline in patronage we saw last financial year has continued into this year which is one of the factors that has contributed to making it a challenging year.

Fare Increases

From 6 January 2013 Metro found it necessary to increase bus fares to help address rising fuel prices,

The workplace initiative is an opportunity to create the kind of workplace everyone wants to be a part of and to leverage that to provide better outcomes for passengers.

increased wages and other cost pressures. However, the new fares continued Metro's policy of keeping increases as low as possible to assist commuters and encourage patronage.

In the two previous years Metro kept urban adult fare increases to the level of inflation, despite a recommendation by the independent pricing regulator for a much larger increase, and this year there was a 20 cent increase to urban adult fares. There was no increase in concession or student fares in urban areas and concession fares in non-urban areas were increased by just 10 cents a trip.

Pay Dispute

It was disappointing that the enterprise agreement negotiations and pay claim issue extended over many weeks and Metro apologises to passengers, students and their parents who experienced disruption to services on a number of days. However, the Metro Board firmly believed the pay offer, coupled with a compression of the wage classification system and other benefits, was fair and reasonable to all our drivers given the current rate of inflation and Metro's financial constraints.

The final deal struck with the bus drivers' union means that drivers will receive a pay increase of 2% or more a year over three years.

In return for the increased pay offer, drivers agreed to a number of efficiency offsets to produce savings for Metro including opening up urban satellite yards and extending some drivers' duties to 5 hours 30 minutes with two 15 minute paid breaks.

Metro Workplace Project

Metro has appointed Tasmanian firm Sara Redman & Associates to guide and support a major project aimed at modernising workplace practices.

The aim of the project, which will involve everybody at Metro from the Board down, is to identify all the things that Metro currently does well and also how operations and employment practices might be improved in the future.

The initiative, supported by a \$100,000 grant from the State Government, is a collaborative project to create the kind of workplace Metro's 450 staff want to be a part of, and to leverage that to provide better outcomes for our passengers.

Turn Up and GO

In conjunction with the State Government, DIER, and the Hobart and Glenorchy City Councils, Metro has been working to introduce a high frequency transit corridor on Hobart's Main Road. The "Turn Up and GO" service will guarantee a bus on the busy route every 10 minutes between 7am and 7pm weekdays.

Main Road from Glenorchy through to the Hobart CBD is our busiest route and one of the main backbone routes for the Greater Hobart Network Plan. We believe the service will greatly improve convenience for passengers and should help attract more people back to public transport.

The Network Plan was developed in 2011 and is being progressively implemented as finances allow.

The plan identifies and prioritises passenger transport projects to ensure the best use of available funds and set priorities over the long term (10 years) and short term (3 years).

The aim of the plan is to keep Hobart moving forward and to minimise the impacts of traffic congestion on public health and the economic life of the city.

Stakeholder Relationships

Metro is also working with various stakeholders including the State Government, DIER, local government and private passenger bus operators to streamline and improve services.

A Memorandum of Understanding (MoU) has been established with Clarence City Council that provides a framework for cooperation to enable the provision of safe, efficient, effective and sustainable passenger transport in the City of Clarence. Metro is working with other councils to put MoUs in place.

Board

There were no changes to the membership of the Metro Board in the reporting year.

On behalf of the Board I would like to thank Ron Ward, Metro's outgoing Chairperson, for his three and a half years of service. I also extend the Board's appreciation to the staff and the management team capably led by CEO Heather Haselgrove, for their collective efforts during a very challenging year.



Lynn Mason
Acting Chairperson



CHIEF EXECUTIVE OFFICER'S REVIEW

Around a third of Tasmanian school-age children travel to and from school on buses. Everyone has an important role in making bus travel to and from school safe.



During the year in review Metro implemented a range of operational measures aimed at achieving its business purpose which is to deliver urban mass transit passenger transport services.

After the strong growth in patronage we achieved in the 2011 year following the introduction of the Greencard, Metro has recorded a decline in the number of passenger boardings for the past two years.

In the period from 1 July 2012 to 30 June 2013 there was a total

10,071,529 boardings across the State.

Metro has now commissioned a survey of passengers to try to understand the causes behind the decline so that we can better target our strategies to address and reverse this trend.

Over the last year we have introduced a range of initiatives to improve Metro services, making them more convenient and accessible with the aim of again lifting passenger boarding numbers.

Journey Planner

During the year Metro launched an online journey planner in Burnie and Launceston to make it quicker and easier for passengers to plan bus trips and we'll soon be switching on the Hobart journey planner.

The journey planner links with Google Maps and is a passenger transport planning tool that integrates bus stop, route and schedule information to make

trip planning quick and easy for everyone.

People can now go to our website metrotas.com.au using their computer or mobile device, and see the journey planner tool in the top right hand side of the screen. After entering the origin and destination of your journey it will tell you what bus to catch, when it is scheduled, how long the trip will take and where and when you have to change buses if it involves more than one route.

Bus Route and Schedules Update

To allow the introduction of the journey planner, Metro had to upgrade its bus route and schedule data to improve their accuracy, which further benefits Tasmanian bus travellers.

Metro has also been consulting the community as part of an ongoing review of bus stop and bus shelter locations with the aim of improving accessibility, safety and travelling times.

The process takes some time as we are committed to doing the review, advertising the proposed changes, holding information days, getting public feedback and adjusting, where necessary, the proposals before going ahead with new works.

New Bus Shelters

Metro is working in collaboration with businesses and other organisations on the installation of some very distinctive bus shelters where there is a high passenger demand and a need for greater visibility.

Two such shelters have already been installed – one adjacent to MONA on Main Road Berriedale which features MONA's current and upcoming exhibits and one on Sandy Bay Road featuring the distinctive UTAS logo. Both shelters will help passengers not familiar with Hobart to identify the correct stops for these two well-patronised destinations.

New Greencard Campaign

The introduction of Greencard in Tasmania has been a great success. Since it was introduced more than 65,000 people have chosen to use Greencard instead of cash to pay bus fares.

Greencard makes it easier for passengers to travel as it is more convenient because you don't have to fish around to find the right change and that makes it quicker to board a bus. Passengers also get a 20% discount on fares when using Greencard.

Metro wants every Tasmanian to have a Greencard for public bus travel. With that aim in mind, Metro launched a new Greencard give-away marketing campaign early in the financial year. For a limited period, people that did not already have a Greencard were able to get one free with a \$5 credit, just by signing up. More than 5,000 people took advantage of the offer.

Fare Free Weekend

Another initiative to encourage more people to travel by bus was

Metro's offer to allow everyone to travel free on its buses during the weekend of 9 to 11 February 2013. That weekend was packed with major events including Festivale in Launceston, the Hobart Regatta, Hobart Cup and the Wooden Boat Festival. People were able to travel on Metro buses which provided a safe, convenient and enjoyable alternative to taking their own car without the hassle of finding a park at their destination. Through this initiative, we aimed to encourage more people to adopt bus travel as their transport option of choice.

Special Services and Community Programs

Throughout the year Metro continued to partner with Local and State Government and their agencies, major event organisers and MAIB to provide convenient, inexpensive and safe transport to major events. This benefits not only the patrons using the service but also significantly reduces traffic and parking hassles for other event patrons and local residents.

Metro provided buses for Boundary Rider services for North Melbourne football games at Blundstone Arena at Bellerive, Big Bash cricket games and also special services for events such as Festivale, the Hobart Cup, Point to Pinnacle and Carols by Candlelight.

For the past four years Metro has also run the successful Nightrider services in Hobart, Launceston and Burnie to get people home after New Year's Eve celebrations. Each year Metro provides free travel on all Metro bus services in Hobart and Launceston for veterans, war widows and serving personnel on ANZAC Day.

School Bus Safety

Around a third of Tasmanian school-age children travel to and from school on buses. Everyone has an important role in making bus travel to and from school safe.

Metro has joined DIER, the Tasmanian Bus Association and the Road Safety Advisory Council in developing the Smart Stop initiative which encourages children to "STOP, LOOK, LISTEN

and THINK" to improve safety around school buses.

Employee Health and Safety

Safety for our passengers, bus drivers and other staff, and for the general public, is a key priority for Metro. All drivers are trained in dealing with difficult passengers using a training program which was developed with the assistance of Tasmania Police. All Metro buses are fitted with CCTV which acts as a deterrent to anti-social behavior and aids investigations.

Metro has been working with staff to reduce occupational workplace injuries and risks. Bus driving is an occupation that is reasonably stressful and sedentary so anything that encourages physical activity is of benefit to general health.

Metro has converted a room in the Springfield depot to a gym and has fitted rubber flooring to ensure appropriate footing during exercises.

Congratulations to our Biggest Loser!

Full praise must go to Hobart bus driver Robyn Dyke and her daughter Katie, who were fantastic ambassadors for Tasmania and Metro as winning contestants in the Biggest Loser television program. Their accomplishment and the tremendous support they got from Robyn's work colleagues was great for corporate morale.

All of our achievements this year would not have been possible without the continued hard work of all our employees and the support of the Board.



Heather Haselgrove
Chief Executive Officer



OUR PERFORMANCE

GOALS	GOAL #1	GOAL #2
<p>Our major achievements in 2012-13</p>	<p>Lead the repositioning of passenger transport within Tasmania with key stakeholders.</p> <ul style="list-style-type: none"> • Metro partnered with private and government sectors to install new passenger shelters at MONA, UTAS, Burnie Hospital and Southern Cross Care. • Metro signed a Memorandum of Understanding with Clarence City Council and is working towards establishing MOUs with other councils. 	<p>Put the customer at the centre of our business.</p> <ul style="list-style-type: none"> • Implementation of a service development plan for the Channel area south of Hobart resulted in a 3.3% increase in passengers using services in the area. • Passenger boardings using a Greencard continued to grow with 58.6% of boardings being made with a Greencard. • Urban fare prices for student and concession passengers were maintained without increase. • An online journey planner was introduced for Launceston and Burnie trips making it easier for passengers to plan their travel.
<p>Our challenges in 2012-13</p>	<ul style="list-style-type: none"> • Population growth is occurring predominantly in locations peripheral to cities and where passenger transport provision is comparatively costly. 	<ul style="list-style-type: none"> • An industrial dispute led to service disruptions and cancelled services. • Declining patronage across all regions and passenger types.



GOAL #3	GOAL #4	GOAL #5
<p>Develop a skilled, engaged and healthy workforce.</p>	<p>Grow the market by partnering with industry.</p>	<p>Build a sustainable, efficient and progressive business.</p>
<ul style="list-style-type: none"> • Introduction of an e-Learning platform ensuring training for all employees in new work health and safety legislation. • Introduction of an employee health and wellbeing committee and establishment of onsite gymnasium at Springfield depot. • Implementation of a business improvement project focussed on improving working relationships across the organisation. 	<ul style="list-style-type: none"> • Partnered with the Tasmanian Bus Association and DIER to launch the Smart Stop initiative promoting school bus safety. 	<ul style="list-style-type: none"> • Migration to Mobile Plan scheduling software enhancing our service planning and scheduling systems.
<ul style="list-style-type: none"> • Protracted negotiation of a new enterprise agreement for bus drivers. • Cost and complexity of training employees due to the variability in employee work and shift profiles. 	<ul style="list-style-type: none"> • Absence of a fully integrated passenger transport ticketing system across Tasmanian bus companies. 	<ul style="list-style-type: none"> • The viability of some services with low and declining patronage. • Metro's fleet is the oldest in Australia. Vehicle maintenance costs and complexities increase with age.



OUR PERFORMANCE

Passenger Levels

In 2012-13 the number of passenger boardings was 10,071,529. While this is a decrease of 3.1% compared with 10,397,063 boardings in 2011-12, several instances of industrial action between February and April 2013 had a significant impact. It is estimated that this interruption reduced passenger boardings by approximately 115,000, indicating that the decline in passenger boardings would have been around 2.0% in the absence of industrial action.

After adjustments for industrial action and the number of weekdays, statewide passenger boardings decreased by 3%. A 2.7% decrease occurred in Hobart, 4.6% decrease in Launceston and 0.5% decrease in Burnie. Adult and student first boardings (which exclude free transfer boardings) declined by 9.7% and 0.5% respectively statewide whilst adult concession first boardings increased by 2.3%. The number of recorded free transfer boardings decreased by 7.9%.

Reversing the decline in passenger boardings is a key focus and in 2012-13 a number of initiatives were implemented to encourage more people to use Metro's services. In July 2012 Metro launched a campaign promoting the benefits of the

Figure 1 – Total Boardings

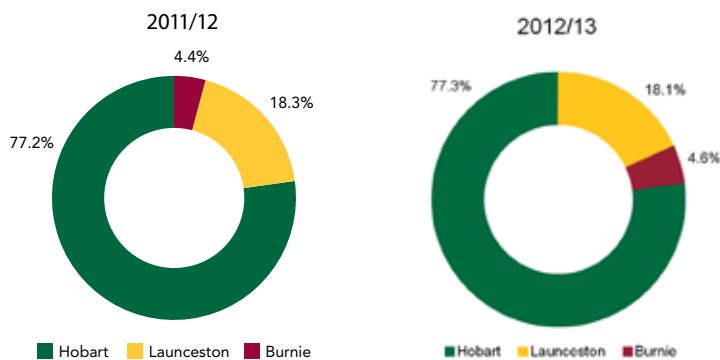
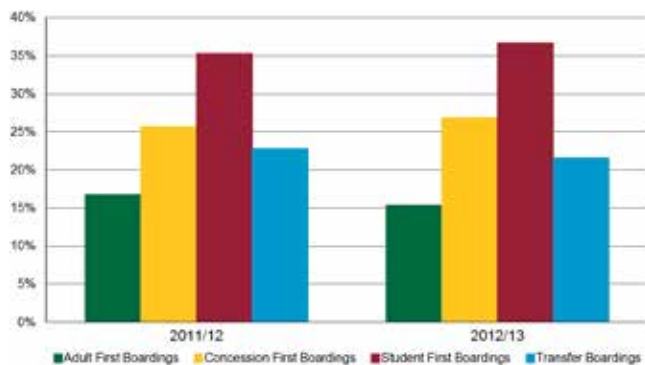


Figure 2 – Boardings by Passenger Type



Greencard ticketing system which included offering free Greencards. Greencard use increased to 58.6% of first boardings in 2012-13 compared with 54.9% in 2011-12. Additional services for the Channel region south of Hobart were introduced increasing passenger boardings. In February 2013 a Fare Free Weekend coincided with a number of major events

being held around Tasmania and attracted a strong response.

In 2013-14 Metro will be undertaking a project to identify the reasons behind the decline in patronage and this will be used to develop further strategies aimed at increasing passenger boardings.



Service Initiatives

Throughout the year Metro partnered with Local and State Government and their agencies, major event organisers including sporting associations and the MAIB to provide convenient, inexpensive and safe transport to major events.

This benefits not only the patrons using the service but also significantly reduces traffic and parking hassles for other event patrons and local residents while benefiting the environment. Metro also recognises that benefits may accrue from using public transport in the areas of social inclusion and connectedness.

The following service initiatives were implemented in 2012-13:

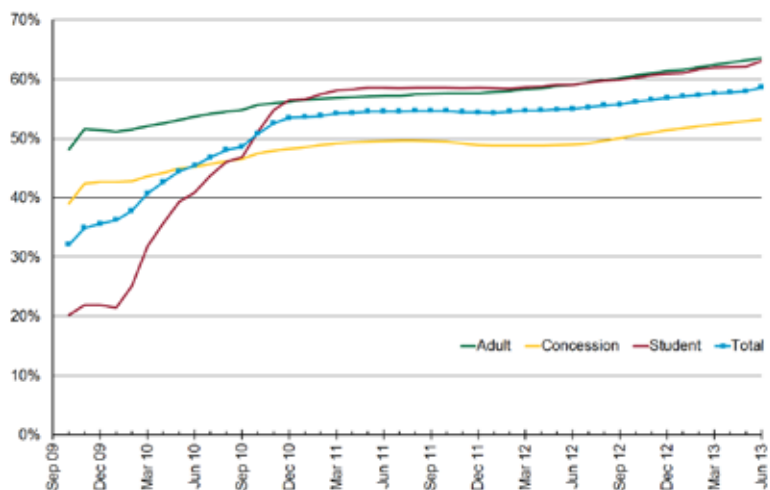
Statewide

Metro Nightrider services were provided in Hobart, Launceston and Burnie on New Year's Eve. Sponsorship for these services was provided by the MAIB.

Hobart

Metro and Cricket Tasmania provided Metro Boundary Rider services to and from Blundstone Arena - Bellerive. The Boundary Rider services operated during December and January for the

Figure 3 – Usage of Greencard since statewide implementation



test match between Australia and Sri Lanka, domestic Twenty20 matches and One Day Internationals.

Metro and North Melbourne Football Club also provided Boundary Rider services to the North Melbourne matches against Sydney and Port Adelaide held on 13 April and 4 May 2013 respectively.

A 12 month trial of additional services to the Channel region concluded with Metro considering it to be successful enough to make the additional services permanent.

Additional school day only services between Hobart and Margate in the morning and afternoon commenced operation in February 2013 to address overcrowding from Hobart College.

Launceston

Metro was awarded a 12 month extension to the contract to operate the Tiger Bus service which is a 15 minute weekday peak period shuttle from Inveresk to Launceston CBD and two inter-peak 60 minute city loops. This service is funded by the Launceston City Council.



OUR PERFORMANCE

Metro Fleet

Metro operates a fleet of 217 buses all of which are fitted with CCTV. 85 of these buses are compliant with the Disability Discrimination Act (DDA) requirements for accessible public transport.

The Disability Standards for Accessible Public Transport (DSAPT) requires that 55% of services are provided using accessible buses. In 2012-13, Metro provided 65% of services using its 85 wheelchair accessible buses. This figure is calculated with dedicated school bus services excluded as per the DSAPT.

29% of buses are air conditioned.

In 2012-13 Metro ordered four new articulated buses due for delivery

Figure 4 – Buses in Service (as at 30 June 2013)

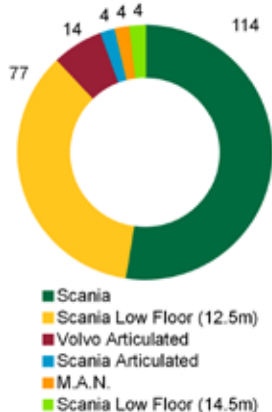
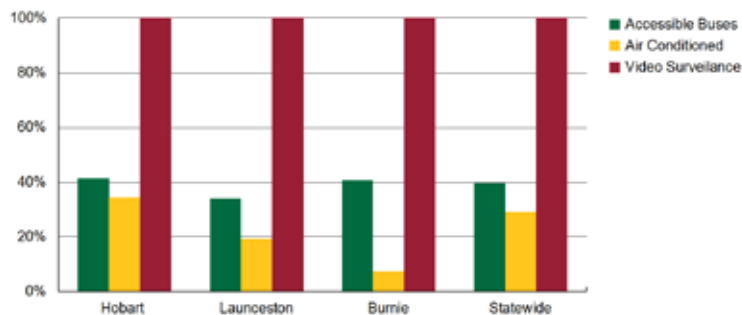


Figure 5 – Buses with Special Features



by August 2013. These DDA compliant buses are also fitted with the latest low emission diesel engines.

Website

The Metro website metrotas.com.au provides a wide range of information to passengers including:

- Timetables, maps and journey planner
- Tickets and fares
- Greencard ticketing system
- News and service changes
- Company overview
- How to contact Metro and provide customer feedback.

Approximately 730,000 visits were made to the Metro website in 2012-13. Most visits were to view timetables and Greencard pages.

Media

Changes to services and other daily information is provided on Twitter via @Metro_Tasmania.

Metro also provides a weekday morning radio report on ABC936 Hobart and an afternoon weekday report on ABC Northern Tasmania.

Public Interest Disclosures

Metro has a procedure for the disclosure and investigation of improper conduct or detrimental action available on the company website. No disclosures were made to or about Metro during the financial year.

Right to Information

During the 2012-13 financial year there were two Right to Information requests received by Metro. In both cases the information was released to the applicant under the active disclosure provisions of the Right to Information legislation.



OUR WORKFORCE

Workforce

The number of employees, including casual bus drivers, at 30 June 2013 was 450.

Hobart	342
Launceston	86
Burnie	22

The number of full-time equivalent employees at 30 June 2013 was 408.

Recruitment

Four advertisements for the recruitment of casual bus drivers were placed in Hobart and two in Launceston during 2012-13 which generated high volumes of responses. One diesel mechanic position was advertised and filled by a Metro employee who had recently completed an apprenticeship.

Employee Relations

After a lengthy and difficult enterprise agreement negotiation, the Metro Bus Operators Enterprise Agreement 2013 was submitted to the Fair Work Commission in June. Negotiations with the Rail, Tram and Bus Union (RTBU) included preparation for the cessation of the Metro 2002 Award and its replacement with the Passenger Transport Award 2010.

An outcome of the enterprise bargaining process was an agreement that the RTBU would be directly involved in a major project aimed at improving employee relations by promoting improvement within the organisation.

In June 2013 negotiations commenced with the Australian Manufacturing Workers Union and workshop employee representatives to develop a new Engineering Enterprise Agreement commensurate with the modern award regime.

Employee Development

Training and development activities completed by Metro employees in 2012-13 included:

- Discrimination and harassment contact officer
- Writing for government
- Time management
- Microsoft Office 2010
- Supervisory development
- Payroll specifics (tax and superannuation)
- Software applications
- Refresher training for bus operators

In 2012-13 Metro introduced an 'e-learning' application to educate employees about new work health and safety laws. This format provides an effective means of disseminating information to a workforce

characterised by dispersed starting and finishing locations and times.

During the year 28 employees were awarded the Certificate III in Transport and Distribution and three were awarded the Certificate IV in Training and Assessment. Other external training supported by Metro included:

- Certificate IV in:
 - Transport and Distribution
 - Security Operations
 - Automotive Technology
 - Frontline Management
 - Transport and Logistics
 - Financial Services
- Management Diploma
- Bachelor of Business
- Masters of Transport
- Chartered Accountants Program

Metro was successful in applying for funding under the Workplace English Language and Literacy Program to provide 12 months of full time support for various literacy initiatives across the business.



OUR WORKFORCE

Safety Performance

The safety of all employees, passengers and the general public is Metro's number one priority. The 2012-13 financial year saw the safety audit and inspection program generate a number of improvements across Metro's three depots. Figure 6 shows the Lost Time Injury Frequency Rate (LTIFR) for the last four reporting years and indicates that, while the number of injuries has remained relatively constant over this period, the LTIFR decreased throughout 2012-13. The duration of lost time injuries has also been reduced through early reporting, appropriate medical intervention and returning to work at the earliest opportunity.

The primary objective for 2013-14 will be to reinforce existing management practices while building our data analytical capability. This will ensure trends are identified early to allow quick intervention avoiding potential incidents and injuries.

Figure 6 – LTIFR – Total All Regions

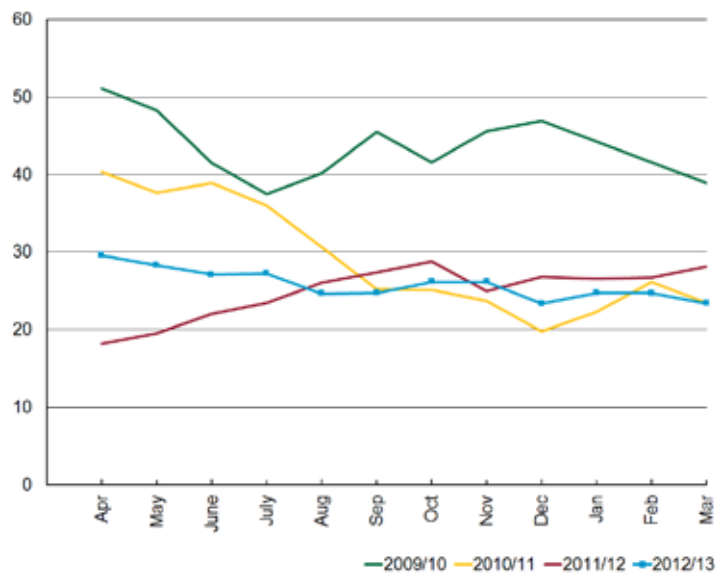
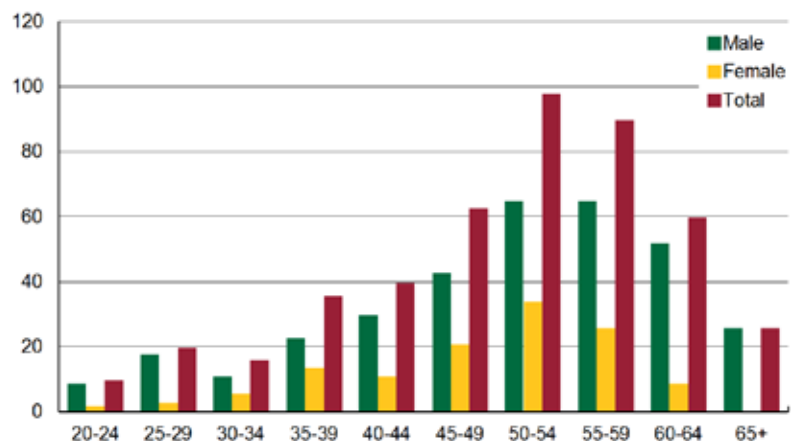


Figure 7 – Age Profile





Apprenticeships and Traineeships

Six apprentices are currently undertaking diesel mechanics and automotive electrical training with Metro. Two trainees are undertaking an administration traineeship with Metro in Hobart. The apprentices and trainees are employed through a group training company.

Employee Wellbeing

A particular focus on employee health and wellbeing during 2012-13 saw the following initiatives introduced:

- A survey of employee needs and wants in relation to health and exercise
- Opening of a gym at the Springfield depot and planning for the opening of a gym at the Launceston depot in 2013-14
- Establishment of employee Health and Wellbeing Committees
- Subsidised masseuse visits

Due to Metro's focus on safety, a number of employees were removed from normal duties due to their weight exceeding the manufacturer's weight limits for equipment such as seats and harnesses required to be used to perform their normal duties. These employees were provided with support to assist them in reducing their weight to below the set limit. This included access to dietitians, exercise physiologists, counsellors and doctors. The majority of these employees were able to return to normal duties after losing enough weight.

Figure 8 – Years of Service

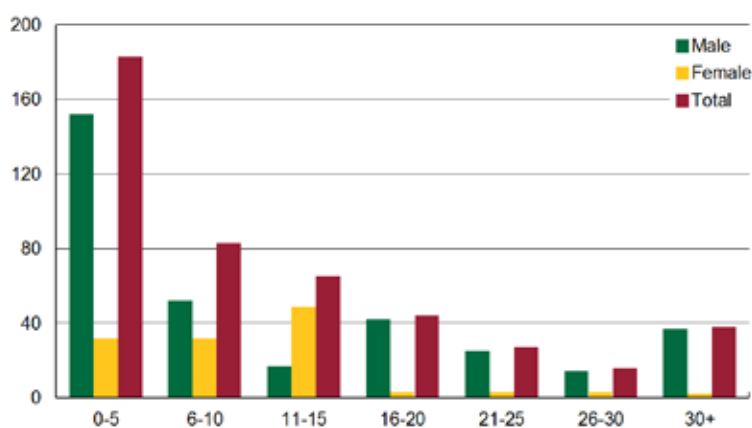
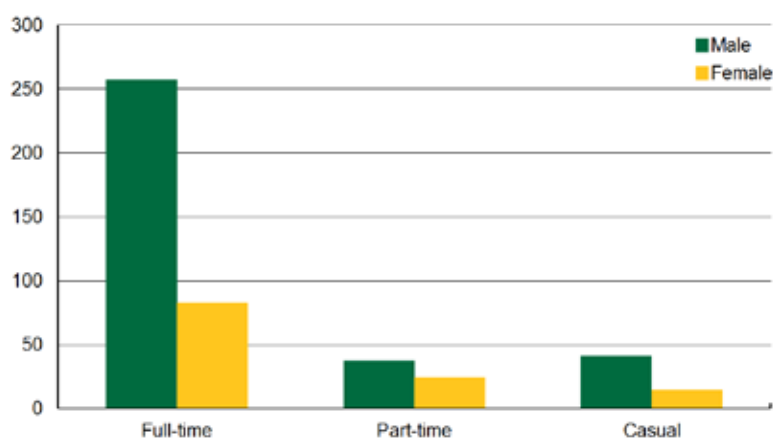


Figure 9 – Employment Status by Gender





OUR CUSTOMERS

Reasons for travelling on Metro Services

Reasons for Travel	Percentage	
	2012	2013
To go shopping	49	46
To go to work	35	33
To do business i.e. banking	27	23
Visit friends or relatives	24	23
Entertainment or performances	23	22
Health or welfare	19	20
To go to school	12	14
Sport or recreation	12	14
To go to University or TAFE	6	8
Other	9	6

Note – percentages do not sum to 100 as respondents were able to give multiple responses.

Satisfaction with Metro Tasmania

Aspect of Metro Tasmania's Service	Percentage Very satisfied/satisfied	
	2012	2013
The service provided by bus drivers	81	80
Personal safety on board the bus	80	77
The length of time it takes to travel	78	73
The services provided by Metro Tasmania overall	73	71
The directness of the route	73	74
The reliability of the services	73	70
The cost to use the service	69	68
The bus route coverage	67	69
Personal safety at the bus stop	66	67
The operating hours of the services	60	60
The service provided by the Metro Customer Service team	58	56
The frequency of services	54	54
The ease of transfers between services	48	45

One of Metro's goals is to put the customer at the centre of our business.

Imperative to our understanding of our customer needs is our annual customer satisfaction survey. Since 2011, Metro has undertaken this survey to gain an understanding of reasons for travel on Metro services and to determine the overall customer perception and satisfaction with Metro's services.

The survey involves interviewing 600 respondents who had used a Metro bus service at any time during the previous 12 month period.

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 Interchange. The Metro Shop opens on weekdays, Saturdays throughout daylight savings and to coincide with major events. The range of



services provided at the Metro Shop include journey planning, timetables, Greencard applications and top ups, lost property and customer feedback.

Receiving feedback from our passengers and members of the public identifies opportunities for improvement and for recognition.

In 2012-13, Metro received 251 compliments and 1,848 complaints.

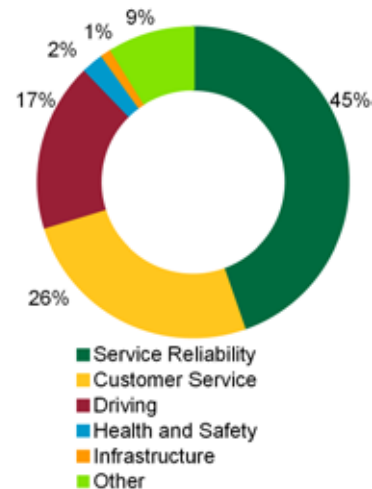
All compliments recognise a high standard of service delivery and those that are considered to be outstanding are awarded on a monthly basis. Some of those which have been awarded are:

- Julie Allen who provided lots of information to interstate passengers on the Tiger Bus about the service route and local attractions on the route.
- Steven Godfrey for assisting with a passenger who became unconscious. Steven promptly called for medical assistance and administered basic first aid.
- Sharon Angell for resolving a complex issue with a customer's Greencard with patience and persistence.
- David Hallsworth who assisted a visually impaired passenger

waiting at a bus stop that had been decommissioned.

- James Fullerton for diffusing a situation of potential conflict between a passenger on a service and a passenger attempting to board.
- Terina Knight who had seen an elderly person take a fall in their driveway. Terina went to the person's assistance, sought medical help and aided while the person awaited treatment.
- Michael O'Day for his assistance with a school student who had missed the bus stop at which they were supposed to disembark.
- John Rule for tour-like commentary while operating his service.
- Phil Stringer who was complimented for his courtesy and safe sharing of the road with a cyclist.
- Cameron Ashlin for the way in which he assisted a distraught passenger on his service. Cameron showed patience and awareness of safety issues in dealing with the passenger.

Figure 10 – Breakdown of Complaints



In provision of customer service, Metro focusses on resolution at the first point of contact. However, where the customer provides feedback in need of follow up, an investigation is conducted and a response provided within 10 business days. The information provided by customers is used when considering changes and improvements to our services.



OUR COMMUNITY

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

We partnered with 7HOFM to undertake a campaign that raised \$145,000 towards the Tasmanian Bushfires Appeal.

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.

This was never more so than in the wake of the January 2013 Tasmanian bushfires. Metro partnered with 7HOFM for a 50 hour broadcast aboard a Metro bus to raise \$50,000 for the Tasmanian bushfire appeal. The bus travelled more than 700 kilometres during the 50 hours to businesses and activity centres all over Hobart collecting funds. The bus also formed part of the convoy of vehicles that returned residents to Dunalloy after the threat of fires had passed. This was an incredibly emotional and unforgettable experience for the Metro employees involved.

Metro is proud to have been a part of this campaign that raised \$145,000 towards the appeal and highlighted the caring and generous nature of Tasmanian communities.

Community investment and sponsorship is undertaken in accordance with Metro's sponsorship guidelines with a view to raise the profile of Metro and to encourage the use of passenger transport. Community investment and sponsorship involves the provision of financial and in-kind support. Metro provides its bus services to assist community transport needs. Metro encourages support for its employees and 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 or war widows' or ex-service association badges or present a DVA card.



**STOP
LOOK
LISTEN
THINK**



www.dier.tas.gov.au/schoolbussafety

SCHOOL BUS SAFETY IS EVERYONE'S RESPONSIBILITY - AN INITIATIVE OF THE ROAD SAFETY ADVISORY COUNCIL IN PARTNERSHIP WITH TASMANIAN BUS ASSOCIATION AND METRO.

PARTNERS



PRODUCED BY



Metro carried 3,679,344 students in 2012-13 and considers school bus safety as everyone's responsibility. Metro has joined with DIER, the Tasmanian Bus Association and the Road Safety Advisory Council in developing the Smart Stop school bus safety initiative. The Smart Stop initiative encourages children to Stop, Look, Listen and Think.

A diverse range of community organisations have been supported by Metro throughout 2012-13, including not-for-profit organisations, government initiatives and community celebrations. These organisations and events include:

- Footy Colours Day
- Seniors Week
- Hobart Christmas Pageant
- Work and Training
- Movember
- Point to Pinnacle
- ABC Giving Tree
- Carols in the Bay
- Cricket Tasmania
- RSL ANZAC Day
- Community Road Safety Partnership
- Festivale
- Hobart Cup
- Premier's Physical Activity Council
- Real Tennis Australian Open
- Menzies Research Institute

- Festival of Voices
- Cradle Coast Regional Tourism Forum
- Glenorchy City Council
- Migrant Resource Centre
- St Giles Society
- Dogs Homes
- Tasmania Police Charity Trust
- Tasmanian University Medical Society
- Volunteer Fire Brigades
- TASCOS
- COTA
- Ten Days on the Island
- Headway
- Kingston Beach Fun Run
- Cancer Council

Metro looks forward to continued community investment activity.



BOARD OF DIRECTORS



Lynn Mason

Ms Lynn Mason was appointed Director on 3 March 2008 and was appointed as Acting Chairperson on 23 May 2013. She is Chairperson of the Tasmanian Community Fund and a Director of Furneaux Aquaculture Pty Ltd. She 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. She 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

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. He 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.



Tracy Matthews

Ms Tracy Matthews was appointed Director on 27 November 2007. She is Director of Colony 47 Incorporated, Tasplan Ltd, Maria Point Pty Ltd and Wise Lord Consulting Pty Ltd. She was a former Director and Chairperson of the Printing Authority of Tasmania and Company Secretary of Robt. Nettlefold Pty Ltd. She is a Chartered Accountant and a Consultant with Wise Lord and Ferguson and was previously the General Manager and Company Secretary of Commercial Broadcasters Pty Ltd. She holds a Bachelor of Commerce and is a Fellow of the Institute of Chartered Accountants Australia and a Fellow of the Australian Institute of Company Directors.



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. He 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.



Guy Thurston

Mr Guy Thurston was appointed Director on 21 February 2012. He has considerable experience within the transport industry and has held a number of senior roles at Action Buses, Sydney Buses and State Transit New South Wales. He is past Chairman of the Chartered Institute of Transport and past Vice Chairman of the Australia and NZ UITP International Public Transport Association. He is currently a Transport Consultant with MRCagney Pty Ltd specialising in strategic policy, institutional structure and process, operational planning and business growth management. He is a Fellow of the Australian Institute of Company Directors and a Fellow of the Chartered Institute of Logistics and Transport.



Ron Ward

Mr Ron Ward was appointed as a Director and Chairperson on 7 December 2009 and retired from the Board on 31 July 2013. He chairs the Centacare Tasmania Advisory, Mornington Park Development Pty Ltd, Kingborough Waste Services Pty Ltd and the Copping Refuse Disposal Site Boards. A Fellow of the Australian Institute of Company Directors, Ron is currently a Director of Kickstart Arts Inc, Tasplan Ltd and the Tasmanian Growth & Development Fund Pty Ltd. He was Tasmanian Group General Manager of Veolia Environmental Services (Australia) Pty Ltd from early 2000 until the end of 2009. In addition to his company directorship activities Ron provides generalist business consultancy services in Tasmania, trading as Ron Ward Consultancy.



DIRECTORS' REPORT

The Directors of Metro Tasmania Pty Ltd present the annual financial report for the year ended 30 June 2013.

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 2013 the Company incurred a loss before income tax of \$309,000 (2012: loss of \$421,000) and an after tax loss of \$217,000 (2012: of \$296,000). A detailed review of operations is contained in the Acting Chairperson's Review on page four and in the Chief Executive Officer's Review on page six.

Dividends

The Directors do not recommend payment of a dividend this year. No dividend was paid for the year ended 30 June 2012.

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 Infrastructure, Energy and Resources 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 20-21. 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' 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 12 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.

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 were in compliance 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.

Audit and Risk Committee

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

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.

Auditor's Independence Declaration

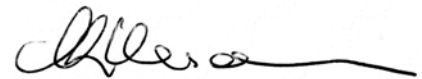
The financial report of the Company is independently audited by the Tasmanian Auditor-General.

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 24.

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
Acting Chairperson

8 August 2013

AUDITOR'S INDEPENDENCE DECLARATION



Level 4, Executive Building, 15 Murray Street, Hobart, Tasmania, 7000
Postal Address: GPO Box 851, Hobart, Tasmania, 7001
Phone: 03 6226 0100 | Fax: 03 6226 0199
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

8 August 2013

Ms L Mason
Acting Chairperson
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 (Metro) for the financial year ended 30 June 2013, 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; and
- b) any applicable code of professional conduct in relation to the audit.

Pursuant to section 298(1)(c) of the *Corporations Act 2001* a copy of this declaration must be included in the Directors' report.

Yours sincerely

A handwritten signature in black ink, appearing to read "E R De Santi".

E R De Santi
Deputy Auditor-General
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:

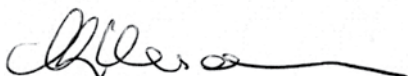
- (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(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 2013.

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
Acting Chairperson



Tracy Matthews
Director

8 August 2013

INDEPENDENT AUDIT REPORT



Level 4, Executive Building, 15 Murray Street, Hobart, Tasmania, 7000
Postal Address: GPO Box 851, Hobart, Tasmania, 7001
Phone: 03 6226 0100 | Fax: 03 6226 0199
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

Independent Auditor's Report

To the Members of Metro Tasmania Pty Ltd

Financial Report for the Year Ended 30 June 2013

Report on the Financial Report

I have audited the accompanying financial report of Metro Tasmania Pty Ltd (the Consolidated Entity), which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes of 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 of 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 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 2013 and their financial performance for the year ended on that date, and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the consolidated 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 are responsible for the preparation and fair presentation of the consolidated 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

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

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 the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers 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 Consolidated Entity'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, and
- 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 audit opinion and is included in the Directors' report.

Tasmanian Audit Office



E R De Santi

Deputy Auditor-General

Delegate of the Auditor-General

HOBART

8 August 2013

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FINANCIAL STATEMENTS

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STATEMENT OF FINANCIAL POSITION

As at 30 June 2013	Note	CONSOLIDATED	
		2013 \$'000	2012 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	6,564	3,808
Trade and other receivables	8	448	572
Inventories	9	1,518	1,385
Assets held for sale	10	-	99
Other current assets	11	686	882
TOTAL CURRENT ASSETS		9,216	6,746
NON-CURRENT ASSETS			
Property, plant and equipment	12	46,016	49,245
Intangible assets	13	201	151
Deferred tax assets	6	9,891	10,950
TOTAL NON-CURRENT ASSETS		56,108	60,346
TOTAL ASSETS		65,324	67,092
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	3,663	4,279
Employee benefits	15	5,717	5,670
TOTAL CURRENT LIABILITIES		9,380	9,949
NON-CURRENT LIABILITIES			
Employee benefits	15	22,230	25,340
Deferred tax liabilities	6	4,030	4,170
TOTAL NON-CURRENT LIABILITIES		26,260	29,510
TOTAL LIABILITIES		35,640	39,458
NET ASSETS		29,684	27,633
EQUITY			
Contributed equity	16	15,503	15,503
Asset revaluation reserves	17	12,495	12,798
Retained profits/(losses)	18	1,686	(668)
TOTAL EQUITY		29,684	27,633

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 2013		CONSOLIDATED	
		Note	2013 \$'000
REVENUE			
Passenger transport operations	4(a)	45,696	43,882
Other income	4(b)	778	783
Financial income	4(c)	178	155
Capital income	4(d)	3,250	3,250
		49,902	48,070
EXPENSES			
Passenger transport operations	5(a)	(36,065)	(34,856)
Engineering and maintenance services	5(b)	(6,947)	(6,321)
Administration and general	5(c)	(6,153)	(5,985)
Finance costs	5(d)	(1,046)	(1,329)
		(50,211)	(48,491)
Profit/(loss) before income tax		(309)	(421)
Income tax(expense)/benefit	6	92	125
Profit/(loss) for the year		(217)	(296)

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 2013		CONSOLIDATED	
		2013	2012
	Note	\$'000	\$'000
Profit/(loss) for the year		(217)	(296)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net asset revaluation increment/(decrement)	12(b)	(274)	(954)
Actuarial gain/(loss) on defined benefit plan	28	3,587	(6,113)
Income tax on other comprehensive income	6(c)	(1,011)	1,875
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in fair value of available-for-sale financial assets		(34)	(137)
Total other comprehensive income for the year, net of income tax		2,268	(5,329)
Total comprehensive income for the year		2,051	(5,625)

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 2013	CONSOLIDATED			
	Contributed equity	Asset revaluation reserves	Retained profits/(losses)	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2012	15,503	12,798	(668)	27,633
Total comprehensive income for the year				
Profit/(loss)	-	-	(217)	(217)
Other comprehensive income	-	(303)	2,571	2,268
Balance as at 30 June 2013	15,503	12,495	1,686	29,684

	CONSOLIDATED			
	Contributed equity	Asset revaluation reserves	Retained profits/(losses)	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2011	15,503	13,577	4,178	33,258
Total comprehensive income for the year				
Profit/(loss)	-	-	(296)	(296)
Other comprehensive income	-	(779)	(4,550)	(5,329)
Balance as at 30 June 2012	15,503	12,798	(668)	27,633

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 2013		CONSOLIDATED	
	Note	2013 \$'000	2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers and service contracts		51,210	49,677
Interest received	4(c)	178	155
Cash paid to suppliers and employees		(46,973)	(44,519)
Interest paid		(20)	(26)
Net cash from operating activities	22(a)	4,395	5,287
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		223	120
Acquisition of property, plant and equipment		(1,862)	(4,465)
Net cash from (used in) investing activities		(1,639)	(4,345)
Net increase/(decrease) in cash and cash equivalents		2,756	942
Cash and cash equivalents at the beginning of the financial year		3,808	2,866
Cash and cash equivalents at the end of the financial year	22(b), 7	6,564	3,808

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 2013

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 2013 comprise the Company and its subsidiary (together referred to as "Metro").

Note 2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial report is 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 report of the group and the financial report of the Company 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 8 August 2013.

(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 the consolidated entity's functional currency.

The consolidated entity is of a kind 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.

(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 1(k), 8, 10 and 12;
- Measurement of defined benefit obligations (Employee Benefits) - Notes 1(n) and 28; and
- Provisions Notes - 1(o) and 15.

(e) Changes in Accounting Policies

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:

NOTES TO THE FINANCIAL STATEMENTS

- AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* (AASBs 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049) – This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). There is no financial impact.

Impact of new and revised Accounting Standards yet to be applied

The following Standards have been issued by the AASB and are yet to be applied:

- AASB 119 *Employee Benefits* - This Standard supersedes AASB 119 *Employee Benefits* introducing a number of changes to accounting treatments. The Standard was issued in September 2012. It will not have a financial impact on the nature of annual leave liabilities being disclosed as short term employee benefits.

Financial year ending	30 June 2014
	(\$'000)
Current service cost	499
Net Interest	926
Past service cost	-
(Gain)/loss on settlement	-
Defined benefit cost recognised in profit or loss	1,425

The preliminary estimate of Metro's defined benefit superannuation expense for the year ended 30 June 2014 is summarised below:

The expense will be affected by any past service costs or settlements that occur during the year.

- AASB 13 *Fair Value Measurement* - This Standard defines fair value, sets out a framework for measuring fair value and requires disclosure about fair value measurement. AASB 13 *Fair Value Measurement* sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirement will apply to all of Metro's assets and liabilities (excluding leases), that are measured and/or disclosed at fair value or another measurement based on fair value. It is not expected to have a financial impact.

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 and assets are recognised net of the amount of GST, except for receivables and payables that are recognised inclusive of GST.

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

Passenger transport operations revenue is recognised at the time the ticket is purchased.

NOTES TO THE FINANCIAL STATEMENTS

Financial income

Interest is recognised as it accrues.

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.

(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 cash 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.

(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 current replacement cost which 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 25 years as recommended by the independent valuer.

(k) Impairment of Assets

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 reflects national government securities 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. 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,

NOTES TO THE FINANCIAL STATEMENTS

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 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.

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	
	2013 \$'000	2012 \$'000
Note 4. REVENUE		
(a) Passenger transport operations		
Service contracts	34,685	32,758
Ticket fares	11,011	11,124
	45,696	43,882
(b) Other income		
Profit on disposal of property, plant and equipment	69	16
Advertising income	307	456
Rental income	40	42
Other income	362	269
	778	783
(c) Financial income		
Interest income	178	155
	178	155
(d) Capital income		
Additional government funding (Note 26)	3,250	3,250
	3,250	3,250
Total income	49,902	48,070
Note 5. EXPENSES		
(a) Passenger transport operations		
Fuel	5,380	5,408
Employee and related expenses	23,729	22,493
Depreciation and amortisation expenses	3,982	4,165
Other expenses	2,974	2,790
	36,065	34,856
(b) Engineering and maintenance services		
Maintenance expense	4,260	3,810
Employee and related expenses	2,523	2,394
Depreciation and amortisation expenses	164	117
	6,947	6,321
(c) Administration and general		
Employee and related expenses	3,296	3,018
Depreciation and amortisation expenses	459	452
Other expenses	2,398	2,515
	6,153	5,985
(d) Finance costs		
Interest expense	20	26
Actuarial interest costs	1,026	1,303
	1,046	1,329
Total expenses	50,211	48,491

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2013 \$'000	2012 \$'000
Note 6. INCOME TAX		
(a) Income tax expense recognised in the Statement of Profit or Loss		
Current tax expense		
Current tax	347	1,352
Deferred tax expense		
Decrease/(increase) in deferred tax asset	971	(2,075)
Increase/(decrease) in deferred tax liability	(399)	(1,277)
Less recognised directly in equity	(1,011)	1,875
Income tax expense/(benefit)	(92)	(125)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Prima facie tax/(tax benefit) on profit/(loss) from operating activities before income tax at 30% (2012: 30%)	(93)	(126)
Add tax effect of:		
Entertainment (non-deductible)	1	–
Capital legal costs	–	1
	(92)	(125)
(c) Income tax expense recognised directly to equity		
Property, plant and equipment (Note 17)	(65)	(327)
Superannuation (Note 18)	1,076	(1,548)
	1,011	(1,875)
(d) Non-current and deferred tax balances		
Assets:		
Deferred tax assets	9,891	10,950
	9,891	10,950
Liabilities:		
Deferred tax liability	4,030	4,170
	4,030	4,170
	5,861	6,780

NOTES TO THE FINANCIAL STATEMENTS

Note 6. INCOME TAX (continued)

2013	CONSOLIDATED				
	Opening balance 1 July 2012	Prior year adjustment	Recognised in the Statement of Other Comprehensive Income	Recognised in equity	Balance at 30 June 2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Superannuation	7,757	-	51	(1,076)	6,732
Tax losses	1,486	260	(347)	-	1,399
Employee benefits	1,468	-	65	-	1,533
Provision for impairment	-	-	-	-	-
Accrued costs	(470)	677	21	-	228
Other provisions	680	(675)	(3)	-	-
Prepayments	(65)	-	(2)	-	(67)
Inventories	(68)	-	3	-	(65)
Property, plant and equipment	(3,989)	(262)	300	65	(3,886)
Accrued income	(19)	-	4	-	(15)
Total	6,780	-	92	(1,011)	5,861

2012	CONSOLIDATED				
	Opening balance 1 July 2011	Prior year adjustment	Recognised in the Statement of Other Comprehensive Income	Recognised in equity	Balance at 30 June 2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Superannuation	5,817	-	106	1,834	7,757
Tax losses	2,838	-	(1,352)	-	1,486
Employee benefits	1,404	-	64	-	1,468
Provision for impairment	-	-	-	-	-
Accrued costs	(470)	-	-	-	(470)
Other provisions	6	-	674	-	680
Prepayments	(61)	-	(4)	-	(65)
Inventories	-	-	(68)	-	(68)
Property, plant and equipment	(4,752)	-	722	41	(3,989)
Accrued income	(2)	-	(17)	-	(19)
Total	4,780	-	125	1,875	6,780

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2013 \$'000	2012 \$'000
Note 7. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	4,743	3,808
Call deposit at Tascorp	1,821	-
	6,564	3,808
Note 8. TRADE AND OTHER RECEIVABLES		
Trade receivables	441	558
Less provision for impairment	(2)	(10)
Other receivables	9	24
	448	572
Note 9. INVENTORIES		
Inventories	1,524	1,392
Less provision for obsolescence	(6)	(7)
	1,518	1,385
Note 10. ASSETS HELD FOR SALE		
Property, plant and equipment	-	99
	-	99
Note 11. OTHER CURRENT ASSETS		
Prepayments	686	882
	686	882

NOTES TO THE FINANCIAL STATEMENTS

Note 12. PROPERTY, PLANT AND EQUIPMENT	CONSOLIDATED	
	2013 \$'000	2012 \$'000
(a) Carrying amounts		
Land and buildings		
Land		
At fair value	8,997	8,997
Total	8,997	8,997
Buildings		
At fair value	5,088	5,070
Less: accumulated depreciation	(137)	(11)
Total	4,951	5,059
Total land and buildings	13,948	14,056
Buses		
At fair value	25,270	34,969
Less: accumulated depreciation	-	(6,229)
Total	25,270	28,740
Route infrastructure		
At cost	2,958	2,908
Less: accumulated depreciation	(2,007)	(2,092)
Total	951	816
Office equipment		
At cost	1,556	1,426
Less: accumulated depreciation	(988)	(717)
Total	568	709
Electronic ticketing and communication equipment		
At cost	4,971	4,969
Less: accumulated depreciation	(1,813)	(1,317)
Total	3,158	3,652
CCTV equipment		
At cost	1,248	1,248
Less: accumulated depreciation	(842)	(593)
Total	406	655

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2013 \$'000	2012 \$'000
Note 12. PROPERTY, PLANT AND EQUIPMENT (continued)		
Plant and equipment		
At cost	1,152	1,124
Less: accumulated depreciation	(870)	(815)
Total	282	309
Auxiliary vehicles		
At cost	546	573
Less: accumulated depreciation	(172)	(269)
Total	374	304
Work in progress		
At cost	1,059	4
Total	1,059	4
Total property, plant and equipment	46,016	49,245

NOTES TO THE FINANCIAL STATEMENTS

Note 12. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Reconciliation of movements in carrying amounts

CONSOLIDATED												
2013	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	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	14,056	28,740	816	709	3,652	655	309	304	4	49,245		
Additions	19	56	242	130	2	-	31	260	1,055	1,795		
Disposals	-	(81)	-	-	-	-	(3)	(60)	-	(144)		
Revaluation increments/(decrements)	-	(274)	-	-	-	-	-	-	-	(274)		
Impairment losses	-	(74)	-	-	-	-	-	-	-	(74)		
Net transfers	-	-	-	-	-	-	-	-	-	-		
Depreciation	(127)	(3,097)	(107)	(271)	(496)	(249)	(55)	(130)	-	(4,532)		
Carrying amount at 30 June	13,948	25,270	951	568	3,158	406	282	374	1,059	46,016		
CONSOLIDATED												
2012	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	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	14,730	29,158	418	916	4,123	823	277	302	400	51,147		
Additions	416	3,107	473	67	24	73	84	134	-	4,378		
Disposals	-	(237)	-	(6)	-	-	-	(20)	(396)	(659)		
Revaluation increments/(decrements)	(954)	-	-	-	-	-	-	-	-	(954)		
Impairment losses	-	-	-	-	-	-	-	-	-	-		
Net transfers	-	-	-	-	-	-	-	-	-	-		
Depreciation	(136)	(3,288)	(75)	(268)	(495)	(241)	(52)	(112)	-	(4,667)		
Carrying amount at 30 June	14,056	28,740	816	709	3,652	655	309	304	4	49,245		

All items of property, plant and equipment are held by the parent company.

NOTES TO THE FINANCIAL STATEMENTS

Note 12. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Buses, land and buildings carried at fair value

An independent 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 approach assumes that the asset could be sold in the market for its existing use.

An independent valuation of land and buildings was performed as at 30 June 2012 by Mr D Saunders B.Ec.Dip.Val.FAPI Valuer of Saunders & Pitt. This valuation was performed on the basis of 'current market value in the existing use'.

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

	CONSOLIDATED	
	2013 \$'000	2012 \$'000
Buses	14,408	16,726
Land and buildings	7,990	8,090
Note 13. INTANGIBLE ASSETS		
(a) Carrying amounts		
Computer software		
At cost	1,352	1,229
Less: accumulated amortisation	(1,151)	(1,078)
Total	201	151
Total intangibles	201	151
(b) Reconciliation of movements in carrying amounts		
Carrying amount at 1 July	151	124
Additions – other development	123	95
Amortisation	(73)	(68)
Carrying amount at 30 June	201	151
Note 14. TRADE AND OTHER PAYABLES		
Trade creditors and accruals	3,264	3,895
Employee benefits oncosts	399	384
	3,663	4,279

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2013	2012
	\$'000	\$'000
Note 15. EMPLOYEE BENEFITS		
<i>Current:</i>		
Retirement benefits	1,141	1,254
Compensated benefits:		
Accrued salaries and wages	956	816
Annual leave	1,558	1,599
Long service leave	2,015	1,954
Workers compensation	47	47
	5,717	5,670
<i>Non-current:</i>		
Retirement benefits	21,302	24,605
Compensated benefits:		
Long service leave	928	735
	22,230	25,340
	27,947	31,010
Note 16. CONTRIBUTED EQUITY		
Issued capital – two shares of \$1 each		
Contributed equity	15,503	15,503
	15,503	15,503

	CONSOLIDATED		
	Land and buildings	Buses	Total
	\$'000	\$'000	\$'000
Note 17. ASSET REVALUATION RESERVES			
2013			
Balance at beginning of financial year	4,001	8,797	12,798
Revaluation increments/(decrements)	–	(274)	(274)
Impairment losses	–	–	–
Disposal of revalued buses	–	(94)	(94)
Deferred tax asset/(liability)	–	65	65
Balance at end of financial year	4,001	8,494	12,495

	CONSOLIDATED		
	Land and buildings	Buses	Total
	\$'000	\$'000	\$'000
2012			
Balance at beginning of financial year	4,661	8,916	13,577
Revaluation increments/(decrements)	(954)	–	(954)
Impairment losses	–	(113)	(113)
Disposal of revalued buses	–	(40)	(40)
Deferred tax asset/(liability)	294	34	328
Balance at end of financial year	4,001	8,797	12,798

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.

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2013	2012
	\$'000	\$'000
Note 18. RETAINED PROFITS/(LOSSES)		
Balance at beginning of financial year	(668)	4,178
Net profit/(loss)	(217)	(296)
Revaluation increments (decrements) attributable to assets disposed of during the year	60	15
Defined benefit plan actuarial gains/(losses)	3,587	(6,113)
Related income tax	(1,076)	1,548
Balance at end of financial year	1,686	(668)
Note 19. COMMITMENTS FOR EXPENDITURE		
Capital commitments:		
Payments within 1 year	1,803	2,986
Payments 1–5 years	–	–
	1,803	2,986

Note 20. RELATED PARTIES

Directors:

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.

Fees paid to Directors are approved by the Shareholders in accord with the Remuneration Framework for Government Boards administered by the Department of Premier & Cabinet. Directors also receive superannuation payments but do not receive any leave, termination or retirement benefits.

Directors also receive reimbursement for general director expenses incurred while attending to Company business.

The following were the Board of Directors of Metro during the reporting period and unless otherwise indicated were Directors for the entire period:

Mr Ron Ward (Chairperson until 23 May 2013)

Ms Lynn Mason (Acting Chairperson from 23 May 2013)

Mr Geoffrey Hazell

Ms Tracy Matthews

Mr Ian Newman

Mr Guy Thurston

Remuneration of Directors:

The following tables disclose the remunerations details in bands for each person that acted as a non-executive Director during the current and previous financial years:

2013	Number of Directors	Directors' Fees	Committee Fees	Super-annuation	Other	Total 2012/13	Total 2011/12
Band		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
> \$40,000	1	51	–	5	1	57	71
≤ \$40,000	5	127	–	11	9	147	165

2012	Number of Directors	Directors' Fees	Committee Fees	Super-annuation	Other	Total 2011/12	Total 2010/11
Band		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
> \$40,000	1	64	–	6	1	71	–
≤ \$40,000	6	146	–	13	6	165	153

*Other includes travel allowances.

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

NOTES TO THE FINANCIAL STATEMENTS

Note 20. RELATED PARTIES (continued)

Executive Management Personnel:

The Board's policy for determining the nature and amount of remuneration for Metro's executive management personnel is as follows:

The remuneration policy is developed by the Remuneration Committee and approved by the Board after professional advice is sought from independent external consultants.

All executive management personnel receive a base salary, superannuation and other benefits. They do not receive performance based incentives (bonuses).

The following were Metro's executive management personnel during the reporting period:

Ms Heather Haselgrove, Chief Executive Officer

Ms Anita Robertson, Chief Financial Officer and Company Secretary

Mr Alan Pedley, General Manager Operations

Mr Ian Ward, General Manager Infrastructure and Engineering

Mr Anthony James, General Manager Business Development and Planning

Mr Craig Anderson, Manager Human Resources

Mr Rodney Byfield, Chief Information Officer

Remuneration of Executive Management Personnel:

The following tables disclose the remunerations details in bands for each person that acted as an executive management personnel during the current and two previous financial years:

2013	Number of Employees	Base Salaries \$'000	Bonuses \$'000	Short Term Incentive Payments \$'000	Super-annuation \$'000	Vehicles \$'000	Other Benefits** \$'000	Total 2012/13 \$'000	Total 2011/12 \$'000
	7	896	-	-	78	117	-	1091	1065

2012	Number of Employees	Base Salaries \$'000	Bonuses \$'000	Short Term Incentive Payments \$'000	Super-annuation \$'000	Vehicles \$'000	Other Benefits** \$'000	Total 2011/12 \$'000	Total 2010/11 \$'000
	7	879	-	-	79	103	4	1065	943

**Other includes other long term benefits and post employment benefits.

	CONSOLIDATED	
	2013 \$'000	2012 \$'000
External audit services	54	45
Internal audit services	48	27
	102	72

Note 21. REMUNERATION OF AUDITORS

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2013 \$'000	2012 \$'000
Note 22. CASH FLOW STATEMENT		
(a) Reconciliation of cash flow with profit after income tax		
Profit/(loss) after income tax	(217)	(296)
Add (less) non cash items:		
Depreciation	4,532	4,666
Amortisation	73	68
Income tax expense/(benefit)	–	(125)
Loss on write off of non-current assets	–	555
Loss/(profit) on sale of non-current assets	(67)	(16)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	124	(68)
(Increase)/decrease in inventories	(133)	(148)
(Increase)/decrease in other current assets	196	19
Increase/(decrease) in trade and other payables	(616)	187
Increase/(decrease) in provisions	503	445
Net cash inflow from operating activities	4,395	5,287
(b) Reconciliation of cash		
Cash at bank and on hand	4,743	3,808
Call deposit at Tascorp	1,821	–
Cash as per Statement of Cash Flows	6,564	3,808
(c) Credit and standby facilities		
Credit cards facility limit	20	20
Less used/committed	–	–
Balance of credit card facility available	20	20

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	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:								
Receivables	436	522	8	38	4	12	448	572

(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	
	2013	2012	2013	2012	2013	2012	2013	2012
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:								
Cash at bank	2.35	3.10	4,743	3,808	–	–	4,743	3,808
Call deposit at Tascorp	3.28	4.68	1,821	–	–	–	1,821	–
Receivables			–	–	448	572	448	572
			6,564	3,808	448	572	7,012	4,380

NOTES TO THE FINANCIAL STATEMENTS

Note 23. FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

	CONSOLIDATED											
	Weighted average effective interest rate		Floating interest rate		Fixed interest rate maturing				Non-interest bearing		Total	
	2013	2012	2013	2012	Within 1 year		1 to 5 years		2013	2012	2013	2012
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities:												
Trade creditors and accruals	-	-	-	-	-	-	-	-	3,264	3,895	3,264	3,895
	-	-	-	-	-	-	-	-	3,264	3,895	3,264	3,895

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

	CONSOLIDATED	
	2013	2012
	\$'000	\$'000
Less than 6 months	3,264	3,895
6 months to 1 year	-	-
1-5 years	-	-
	3,264	3,895

(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 2013, 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	
	2013	2012
	\$'000	\$'000
Change in profit or loss		
- increase in interest rate by 2%	103	67
- decrease in interest rate by 2%	(103)	(67)
Change in equity		
- increase in interest rate by 2%	103	67
- decrease in interest rate by 2%	(103)	(67)

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.

	CONSOLIDATED			
	2013		2012	
	\$'000		\$'000	
	Carrying value	Net fair value	Carrying value	Net fair value
Financial assets:				
Cash and cash equivalents	6,564	6,564	3,808	3,808
Receivables	448	448	572	572
	7,012	7,012	4,380	4,380
Financial liabilities:				
Trade creditors and accruals	3,264	3,264	3,895	3,895
	3,264	3,264	3,895	3,895

(e) Financial instruments by categories

	CONSOLIDATED		
	Total	Loans and receivables	Financial liabilities measured at amortised cost
	\$'000	\$'000	\$'000
2013			
Financial assets:			
Cash and cash equivalents	6,564	6,564	–
Receivables	448	448	–
	7,012	7,012	–
Financial liabilities:			
Trade creditors and accruals	3,264	–	3,264

	CONSOLIDATED		
	Total	Loans and receivables	Financial liabilities measured at amortised cost
	\$'000	\$'000	\$'000
2012			
Financial assets:			
Cash and cash equivalents	3,808	3,808	–
Receivables	572	572	–
	4,380	4,380	–
Financial liabilities:			
Trade creditors and accruals	3,895	–	3,895

NOTES TO THE FINANCIAL STATEMENTS

Note 23. FINANCIAL INSTRUMENTS (continued)

(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 (2012 \$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	
		2013	2012
Parent entity:			
Metro Tasmania Pty Ltd	Australia	–	–
Controlled entity:			
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 2013 pursuant to AASB 119. The disclosures are set out in paragraph 120A of the standard. Those parts of paragraph 120A that do not relate to the RBF Fund have not been included.

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

Accounting Policy

Actuarial gains and losses are recognised immediately through Other Comprehensive Income in the year in which they occur.

Fund Information

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.

Reconciliation of the Defined Benefit Obligation – Para 120A(c)

Financial year ending	30 June 2013 \$'000	30 June 2012 \$'000
Present value of defined benefit obligations at beginning of the year	30,546	24,292
(+) Current service cost	601	497
(+) Interest cost	1,026	1,303
(+) Estimated contributions by plan participants	201	200
(+) Actuarial (gains)/losses	(3,653)	5,960
(-) Estimated benefits paid	1,435	1,657
(-) Estimated taxes, premiums and expenses paid	47	49
(+) Transfers in	–	–
(-) Contributions to accumulation section	–	–
(+) Past service cost	–	–
(+) Curtailments	–	–
(+) Settlements	–	–
(+) Exchange rate changes	–	–
Present value of defined benefit obligations at end of the year	27,239	30,546

NOTES TO THE FINANCIAL STATEMENTS

Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN (continued)

Reconciliation of the Defined Benefit Obligation – Para 120A(d)

The defined benefit obligation consists entirely of amounts from plans that are wholly or partly funded.

Reconciliation of the Fair Value of Scheme Assets – Para 120A(e)

Financial year ending	30 June 2013 \$'000	30 June 2012 \$'000
Fair value of plan assets at beginning of the year	4,687	4,898
(+) Expected return on plan assets	344	358
(+) Actuarial gains/(losses)	(66)	(153)
(+) Estimated employer contributions	1,113	1,090
(+) Estimated contributions by plan participants	201	200
(-) Estimated benefits paid	1,435	1,657
(-) Estimated taxes, premiums and expenses paid	47	49
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
Fair value of plan assets at end of the year	4,797	4,687

Reconciliation of the Assets and Liabilities Recognised in the Statement of Financial Position – Para 120A(f)

As at	30 June 2013 \$'000	30 June 2012 \$'000
Defined Benefit Obligation	27,239	30,546
(-) Fair value of plan assets	4,797	4,687
Deficit/(surplus)	22,442	25,859
(-) Unrecognised past service cost	-	-
(-) Unrecognised net (gain)/loss	-	-
(+) Adjustment for limitation on net asset	-	-
Net superannuation liability/(asset)	22,442	25,859
Current net liability	1,141	1,254
Non-current net liability	21,301	24,605

Expense Recognised in Statement of Comprehensive Income – Para 120A(g)

Financial year ending	30 June 2013 \$'000	30 June 2012 \$'000
Service cost	601	497
Interest cost	1,026	1,303
Expected return on assets	(344)	(358)
Actuarial loss/(gain)	-	-
Past service cost	-	-
Movement in limitation on net asset	-	-
Effect of curtailments/settlements	-	-
Superannuation expense/(income)	1,283	1,442

NOTES TO THE FINANCIAL STATEMENTS

Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN (continued)

Amounts Recognised in Other Comprehensive Income – Para 120A(h)

Financial year ending	30 June 2013 \$'000	30 June 2012 \$'000
Actuarial (gains)/losses	(3,587)	6,113
Adjustment for limit on net asset	–	–

Cumulative Amount Recognised in the Other Comprehensive Income – Para 120A(i)

Financial year ending	30 June 2013 \$'000	30 June 2012 \$'000
Cumulative amount of actuarial (gains)/losses at end of prior year	6,849	736
Actuarial (gains)/losses recognised during the year end	(3,587)	6,113
Cumulative amount of actuarial (gains)/losses at end of year	3,262	6,849

Fund Assets – Para 120A(j)

The percentage invested in each asset class at the Statement of Financial Position date:

As at	31 March 2013	31 March 2012
Australian equity	27%	25%
International equity	19%	18%
Fixed income	12%	12%
Property	15%	17%
Alternatives/other	24%	24%
Cash	3%	4%

Fair Value of Fund Assets – Para 120A(k)

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

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

Expected Rate of Return on Fund Assets – Para 120A(l)

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each asset class and allowing for the correlations of the investment returns between asset classes. The returns used for each asset class are net of estimated investment tax and investment fees.

NOTES TO THE FINANCIAL STATEMENTS

Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN (continued)

Actual Return on Fund Assets – Para 120A(m)

Financial year ending	30 June 2013 \$'000	30 June 2012 \$'000
Actual return on plan assets [^]	277	205

[^]As separate assets are not held for each authority, the actual return includes any difference in the allocation to each authority.

Principal Actuarial Assumptions at the Statement of Financial Position Date – Para 120A(n)

As at	30 June 2013	30 June 2012
Discount rate	4.25% p.a.	3.45% p.a.
Expected rate of return on plan assets [^]	n/a.	7.50% p.a.
Expected salary increase rate	3.00% p.a.	3.50% p.a.
Expected rate of increase compulsory preserved amounts	3.75% p.a.	4.50% p.a.
Expected pension increase rate	2.50% p.a.	2.50% p.a.

[^]The expected return on assets is no longer applicable from 30 June 2013 due to the revised accounting standard.

Historical Information – Para 120A(p)

Financial year ending	30 Jun 2013 \$'000	30 Jun 2012 \$'000	30 Jun 2011 \$'000	30 Jun 2010 \$'000	30 Jun 2009 \$'000
Present value of defined benefit obligation	27,239	30,546	24,292	25,603	24,230
Fair value of plan assets	4,797	4,687	4,898	5,127	5,116
(Surplus)/deficit in plan	22,442	25,859	19,394	20,476	19,114
Experience adjustments (gain)/loss - plan assets	66	153	208	127	723
Experience adjustments (gain)/loss - plan liabilities	(292)	(843)	(877)	(395)	(140)

Expected Contributions – Para 120A(q)

Financial year ending	30 June 2014 \$'000
Expected employer contributions	1,141



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