

ANNUAL REPORT 2021-22



Metro

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Nature of business

Provision of 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

Tim Gardner (Chair)

Yvonne Rundle (Deputy Chair)

Susan Fahey

Jude Munro

Greg Wallace

Shareholders

Minister for Infrastructure and Transport, Michael Ferguson

Treasurer, Peter Gutwein (until April 2022)

Treasurer, Michael Ferguson (from April 2022)

Executive Managers

Katie Cooper, Chief Executive Officer

Darren Carey, General Manager Operations (to 3 December 2021)

Natasha Riddoch, Chief Operations Officer (acting from 4 December 2021, permanent from 17 January 2022)

Michelle Brooks, Chief People Officer (to 29 April 2022)

Lyn Brun, Interim Chief People Officer (acting from 9 May 2022)

Chris Breen, General Manager Commercial and Projects

Jesse Penfold, General Manager Finance and Company Secretary

Kim Perkins, General Manager Corporate Services

Bankers

Commonwealth Bank of Australia
81 Elizabeth Street
Hobart, TAS 7000

Auditor

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



Metro Tasmania Pty Ltd is a state-owned company and the largest Tasmanian-owned passenger transport service provider.

We deliver bus services in and around Hobart, Launceston and Burnie under contracts with the Secretary of the Department of State Growth.

Operating under corporations law, an independent Board of five Directors

provides Metro with strategic direction and governance.

Our shareholder ministers, representing the people of Tasmania, are the Minister for Infrastructure and Transport and Treasurer.

Our strategic framework has set the vision, values, missions and strategic priorities to guide the company.

Our Vision

To be a customer centric public transport service provider

Our Values

Safety
Keep people safe



Improvement
Challenge the status quo



Teamwork
Better together



Respect
Respect everyone

Our Mission

To deliver modern, efficient and attractive public transport services

Our Priorities



Keep people **safe**



Provide a positive **customer experience**



Be a great **place to work**



Modernise the business



Contribute positively to Tasmania



Manage **money well**

MESSAGE FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER



2021-22 was another busy year for Metro as we continued to manage the ongoing impacts of Covid-19 on our operations and service delivery while progressing our business modernisation journey. For almost 70 years and throughout the Covid-19 pandemic, we have been connecting Tasmanians with work, family, friends and community, playing an essential role in the public transport landscape. We were extremely pleased that the efforts of our team were recognised through our best ever Customer Satisfaction Survey result. However, we recognise that, to maintain a high level of service and offer an even more compelling travel option, some of the foundational business processes that underpin our service offering need to be renewed.

Most importantly we are proud to lead a team that has faced the volatility of the past year with energy and vigour, carrying passengers over 9 million kilometres while progressing a number of major organisational improvement initiatives set out in our Strategic Plan.

Financial and operational performance

During the reporting year, Metro recorded a profit of \$3.49m before tax and \$2.44m after tax and continues to focus on managing the business in a fiscally sustainable manner.

Metro continues to experience the impact of Covid-19 on its patronage levels with ticketing income decreasing to \$11.20m, equating to 16.2% of Metro's income. In 2021-22, the Department of State Growth provided \$56.18m in contract payments to Metro to operate bus services in Hobart, Launceston and Burnie. The contract payment included a top-up payment of \$4m in recognition of underlying structural considerations as well as the ongoing Covid-19 impact on patronage and resultant fare revenue.

Metro certainly faced a number of significant operational challenges in 2021-22, and we acknowledge that, at times, during February to April, our service delivery did not meet the expectations of our customers.

The safety of our customers and employees remained our priority while we addressed the impacts of Covid-19, which included staffing shortfalls. Our team demonstrated their adaptability, ingenuity and dedication to put in place both short-term and long-term solutions so that Metro is well placed to build on the lessons learned in 2021-22.

Between 2017 and 2021, BusTech and its Tasmanian construction partner, Elphinstone, delivered Metro 100 low-emission, fully accessible buses.

BusTech was engaged to supply an additional 26 buses. However, due to problems relating to the fulfilment of the contract, Metro has decided to end the agreement and seek alternative sources for its future bus fleet. Eight buses of the 26 have been received.

We are in the process of exploring other bus suppliers to ensure our fleet is available to continue to deliver public transport services for the Tasmanian community.

Strategic initiatives

Zero Emissions Bus Roadmap

In the 2020–21 State Budget, Metro was tasked with trialling zero emissions buses (ZEB's) using battery electric and/or hydrogen fuel cell technology. In April 2022, Metro released a Request for Expressions of Interest (EOI) for the supply of the goods and services required for the trials, with shortlisted respondents to be invited to submit tenders in early 2022–23.

The EOI was a key milestone in the ZEB Roadmap that Metro provided to the Tasmanian Government. The Roadmap informed the allocation of \$6 million to Metro to undertake an electric bus trial. The Government has also approved up to \$12.3 million from the Tasmanian Renewable Hydrogen Industry Development Funding Program to progress recommendations from an Industry Activation Study, which includes a trial of hydrogen buses. Metro and Renewables, Climate and Future Industries Tasmania (ReCFIT) worked closely together through 2021–22 in the planning of the trials, with representatives of both entities sitting on the project steering committee and project delivery teams.

Integrated Ticketing Project

Metro continued to progress the procurement and implementation of a new statewide ticketing system, including the appointment of a Project Director, establishment of a project governance structure and detailed customer research to align the new system with the needs and expectations of our customers.

We anticipate that the new system will provide greater payment options to customers, and improve operational efficiencies for Metro through the additional data provided by modern ticketing platforms. Once implemented, the new system will allow customers to travel with their credit or debit card, a new smart card, or a paper ticket. All payment options will be available in digital format on smartphones and wearables.

“I want to thank your team member in the Hobart Mall shopfront for her wonderful service today. She was so helpful as well as being a cheerful ray of sunshine on a dull cloudy day.”

As a part of the new ticketing system, Metro will procure and implement a real-time passenger information system that will provide customers with live service updates, making travel planning more convenient and efficient. Real-time data will provide significant benefits to Metro's operations and network planning functions, facilitating more efficient operation, and improved services to customers.

Tasmania JackJumpers Sponsorship

Metro was proud to be a major partner of the Tasmania JackJumpers basketball team as the home game jersey sponsor for their inaugural NBL season in 2021–22. We also provided free bus services to and from home games in Hobart and Launceston and carried, on average, 5% of attendees for each game.

Metro viewed the opportunity to partner with a local Tasmanian team in a national sporting competition as an unparalleled way to market itself to the Tasmanian community and particularly those who were not existing customers or were infrequent travellers. The popularity of the home games provided a forum to encourage people to catch the bus to experience public transport for the first time and convert them (and others) to more regular bus users.

ICT Strategic Plan

In 2021–22, Metro developed an ICT (information and communication technology) Strategic Plan, which was informed by a full review of the company's ICT systems and infrastructure. The ICT Strategic Plan includes a program of investment in modern intelligent transport systems to redress a historic underspend in Metro's technological capability. This modernisation strategy will enable the business to enhance the customer experience, operate more efficiently and safely, complement the implementation of a new ticketing system and assist the company to deliver capital and service initiatives.

The road ahead

On behalf of the Board and the Executive, we would like to recognise all the little things that our team do to make every one of the almost seven million passenger journeys a special one. From a smile to that extra bit of help that some of our customers need, we thank our bus operators and customer service team for brightening the day of many Tasmanians this year. We would also like to thank our engineering, sanitiser, training and administration teams for providing excellent internal customer service to keep our buses on the road and our drivers behind the wheel. And finally, we acknowledge each and every Tasmanian who caught one of our buses this year. We recognise that, like many businesses, our services continued to be impacted by Covid-19. However, we sincerely appreciate the ongoing support and patronage of our customers. We look forward to travelling with you next year as we continue our journey to be a truly customer-centric public transport operator.



Tim Gardner
Chair



Katie Cooper
Chief Executive Officer

OUR CUSTOMERS



Metro Shop



As part of our modernisation journey, in September 2021, Metro moved to a new, refreshed Metro Shop in the Hobart CBD. This new shop joins the Metro Shop at the Moonah depot in presenting a fresh face to the travelling public. After more than 10 years in its former home, the new shop provides more space for the Metro team to assist and engage with our customers and provide information about our essential public transport service. Along with 24 other outlets statewide, this new shop is a Greencard agent.

Compliments and complaints



Metro welcomes feedback from our customers to help us plan and to inform changes and improvements to our services. We investigate all complaints and incidents to ensure substantiated complaints are addressed and a response provided to the customer within ten business days. Similarly, we love to hear when a customer has had a great experience or received excellent customer service. We pass on all compliments to our team members to recognise their efforts.

Our strategic priorities



Keep people safe



Provide a positive customer experience



Be a great place to work



Modernise the business



Contribute positively to Tasmania



Manage money well



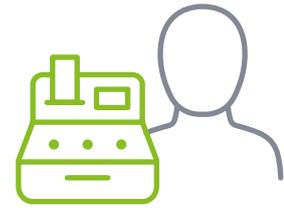
263,500
Social media page visits



3.3 million
website visits

Customer Satisfaction Survey

Metro achieved its best ever result in its annual Customer Satisfaction Survey. In 2021, four in five respondents reported that they were satisfied with the services provided by Metro overall. This was an excellent result by all Metro's employees, and especially our bus operators and customer service team who worked with dedication and resolve throughout the uncertainty caused by Covid-19 to support our customers to get to where they needed to go.



12,557

average monthly visits to the Metro Shops

Best ever result

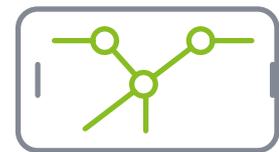
Overall satisfaction

82%



Increase from last survey

6%



227,000

journeys planned using the online trip planner

“Got my grandson a Greencard today from your shop at Springfield and the woman who served me was awesome, she was helpful knew what she was talking about and all done with a great big smile.”

REASONS FOR TRAVEL (respondents were able to give multiple responses)



42%
Shopping



36%
Work



36%
School



36%
Visiting



19%
Entertainment



18%
Health or welfare



13%
Errands



13%
Sport or recreation



8%
Uni or TAFE



Passenger levels



During 2021-22, Metro provided 6.96m customer journeys. This was 18.8% lower than the last full year prior to Covid-19 (2018-19) demonstrating the ongoing impacts of the pandemic on patronage.

Figure 1: Passenger boardings

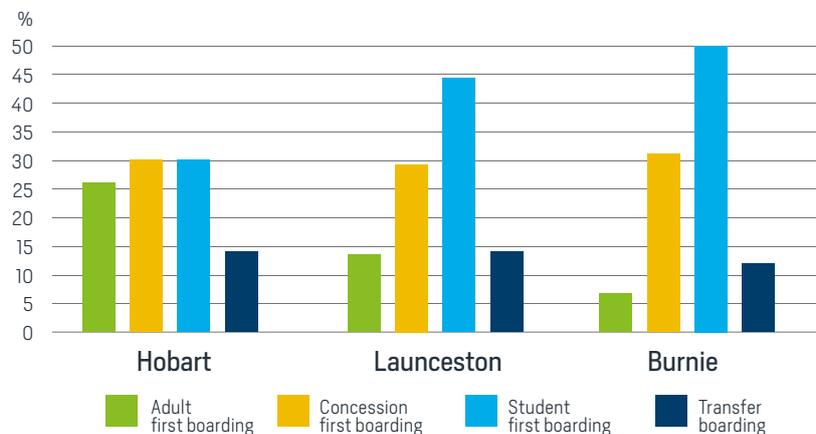
80% Hobart **16%** Launceston **4%** Burnie



6.96 million

passenger journeys

Figure 2: Boardings by passenger type⁽¹⁾



⁽¹⁾ first boardings means boardings that have not been made within 90 minutes of a previous boarding

Service initiatives



Kingston park and ride

The Department of State Growth launched the first stage of new park and ride services in January 2022. Metro is now connecting Hobart to Blackmans Bay and the Channel via the Southern Outlet to provide a faster, more direct route. These new express services are focused on providing a shorter journey time and increased frequency between the designated park and ride facility and the Hobart CBD. New parking facilities at Firthside and Huntingfield are due for completion in the second half of the 2022 calendar year, to coincide with the second stage of park and ride services being introduced.

Launceston Tiger Bus

Metro continued to operate the City of Launceston's free Tiger Bus service, which includes a weekday peak period shuttle from Inveresk to Launceston City, two inter-peak city loops and a Cataract Gorge loop.

Special event services

Metro provides services for special events, which help to reduce traffic and provide event attendees with a convenient and safe alternative to private vehicles.

During 2021–22, Metro was again contracted to provide free bus services for major sporting events at Blundstone Arena, Bellerive. This included the Ashes cricket test match between Australia and England in January.

In partnership with MAIB, Metro also operated Nightrider services in Hobart and Launceston on New Year's Eve.

For the Dark Mofo festival held in June, Metro collaborated with DarkLab to offer a special \$2 fare within the Hobart urban zone for festival patrons.

Fleet renewal and accessible services

The Disability Standards for Accessible Public Transport (DSAPT) required 80% of general access services to be provided by accessible buses. Metro provided 100% of services with accessible buses in Launceston and Burnie, and 99% of services in Hobart.

“Wonderful driver. Friendly and very helpful. He took the time to help a couple of customers who were looking at the timetable and directed them to the correct bus and stop.”



229
buses in fleet



92%
with air conditioning



100%
with CCTV



98%
DDA compliant buses

“The driver of bus 870 was so kind and considerate to me. I was a little way off from the stop and the driver waited for me which I really appreciated. It was only a few moments but as I am an older person it was very kind.”



Covid-19 recovery



This year, Covid-19 continued to impact Metro's operations and service delivery with staff absences leading to several periods of significant service disruption. We are continuing to monitor and respond to the public health advice provided by the Tasmanian Government, and Metro will continue to refine and update its Covid-19 protocols and measures to reflect the changing risk profile.

People Plan



Our people are core to Metro delivering on our strategic plan. To enable this, our three-year People Plan is built on four pillars: Capability, Culture, Talent, Ways of Working. To bring a diverse workforce together in service of the community, we recognise that we need to adopt contemporary and inclusive workplace practices and systems. Our roadmap to cultural change highlights identity, communication, leadership and creating the right conditions for change as a foundational first step in setting Metro up as a great place to work.

Recruitment



Along with our usual recruitment partners, Metro continued to build our recruitment network by partnering with local Jobs Hub agencies. This was the first time Metro has joined with the Jobs Hub network to expand our reach into local communities and regions, especially in areas with high unemployment.

"Operation 40"

In February 2022, the team rallied around one question: "What would it take to

bring on board 40 new employees in the next three months?" and Operation 40 was born. In a display of collaboration requiring flexibility and new ways of thinking, Metro employees from across the state, in the areas of Training, Recruitment, Operations and Rostering, came together to recruit and train 40 new bus operators. From the lessons learned during the process, Metro has refined the onboarding process for new bus operators to continually improve our recruitment and competence-based training program.

Number of employees who undertook a learning and development course:

Lean tools and principles

51

Driver onboarding

108

Leadership development

25

Professional development relevant to role

31

TOTAL NUMBER OF EMPLOYEES



511



FEMALE

17%



MALE

83%

AVERAGE AGE

47

 YEARS

AVERAGE LENGTH OF SERVICE

7

 YEARS

Safety



Metro continued to focus on improving safety outcomes for our customers and employees with the installation of an advanced driver assistance system in over 100 of its buses. This is a collision avoidance system that uses motion cameras to scan blind spots and provide lane departure and other safety warnings to the bus operator. Metro will use this data to identify “hotspots” in its networks, tailor additional training and guidance to its bus operators, and provide advice to infrastructure owners to inform future developments.

Employee self-service



Metro completed the rollout of an employee self-service module to our workforce in 2021–22. This was a big step in the digitisation and modernisation journey for the business, providing employees with the capability to access online pay slips and make electronic pay-related requests.

The Payroll team at Metro ran a number of training and familiarisation workshops across the state as well as holding drop-in sessions for employees to get one-on-one assistance. The rollout program and high level of interpersonal engagement achieved a positive experience from this technological step forward for most of our employees.



STAFF ENGAGEMENT

60%

BOARD OF DIRECTORS



Tim Gardner (Chair)
BBus, GAICD

Mr Tim Gardner was appointed Director on 22 December 2015, Deputy Chair on 19 December 2016, and Chair on 16 April 2019. He is the Chairman of Stornoway, Chair of TasTAFE and director at Football Tasmania. He is a graduate of the Australian Institute of Company Directors and a Companion of Engineers Australia.



Susan Fahey
BA, LLB, Grad Cert LP, GAICD

Ms Susan Fahey was appointed Director on 19 December 2016. Susan is a former chief executive officer, an experienced barrister and solicitor and is now practising as an independent consultant. She is a graduate of the Australian Institute of Company Directors.



Jude Munro AO
BA Hons, Grad Dip Public Policy,
Grad Dip Business Admin, National
Fellow IPAPI, Hon National Fellow
PIA, FAICD

Ms Jude Munro was appointed Director on 19 December 2016. She is also Chair of the Victorian Planning Authority, Chair of Uniting Vic.Tas and a Director of Newcastle Airport Pty Ltd. Jude is a former CEO of Brisbane City Council and former Director of Translink Transit Authority in Queensland. She is a Fellow of the Australian Institute of Company Directors, National Fellow of the Institute of Public Administration Australia and awarded National Honorary Fellow of the Institute of Planning.



Yvonne Rundle (Deputy Chair)
BBus, FCA, FAICD

Ms Rundle joined the Board in December 2018 and is a member of the Audit and Risk Committee. In addition to her roles with Metro, Yvonne is a non-executive director and Chair of Audit and Risk Committees of Aurora Energy Pty Ltd, TT-Line Company Pty Ltd and TasTAFE. Yvonne is also a member of the Remuneration Committees of Aurora Energy Pty Ltd and TT-Line Company Pty Ltd and the Nomination Committee of TT-Line Company Pty Ltd. Ms Rundle serves as a non-executive director of Action Against Homelessness Limited, University of Tasmania Foundation Inc. and a small number of other private companies. She is a Fellow of Chartered Accountants Australia New Zealand, the Australian Institute of Company Directors and the University of Tasmania.



Greg Wallace
BBus, GAICD

Mr Greg Wallace was appointed to the Metro Tasmania Board in August 2019 and is the Chair of the Audit and Risk Committee. Greg is an experienced senior executive with over 30 years of experience, including senior marketing leadership roles at Telstra Corporation and in digital transformation, ticketing and customer services at Transport for NSW. He has a demonstrated passion for excellence in customer experience, marketing and business. Greg has also been a non-executive director of Learning Links since October 2012, and was appointed Chair in November 2015. Greg is also a member of the Learning Links Governance sub-committee (Learning Links provides services to children with learning difficulties). Greg is tertiary qualified in Business, a graduate of the Australian Institute of Company Directors and currently undertaking an MBA.



The Directors of Metro Tasmania Pty Ltd present the annual financial report for the year ended 30 June 2022.

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 2022 the company achieved a profit before income tax of \$3.49 million (2021: loss of \$0.8 million) and an after tax profit of \$2.44 million (2021: loss of \$0.56 million). A detailed review of operations is contained in the Message from the Chair and CEO on page 4.

Dividends

The Directors do not recommend payment of a dividend this year. No dividend was paid for the year ended 30 June 2021.

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 operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

Likely future developments

Metro will progress the replacement of its Greencard ticketing system with a new integrated ticketing system being procured in conjunction with the Department of State Growth for application across all general access public transport providers, utilising State Government funding committed during the 2021 state election. Metro and State Growth have established a Steering Committee with the expectation that an initial trial of the system will occur in 2023-24. Metro has also developed a three-year ICT strategic plan, which will guide investments in Metro systems as part of its overall organisational modernisation.

Metro will continue to progress zero emission bus trials based on battery electric and/or hydrogen fuel cell electric technology, utilising State Government funding.

Metro is working with State Growth to finalise its long-term contract for the delivery of urban passenger services. Currently, Metro has a short-term extension of its existing contract for the delivery of urban passenger transport services until 31 August 2022 while the new long-term contract is resolved.

The Treasurer has provided explicit ongoing support for Metro to ensure the company will continue to operate as a going concern.

BusTech was engaged to supply 26 buses to Metro, but due to problems relating to the fulfilment of the contract, Metro terminated the agreement. Eight of the 26 buses had been received. Options to source the remaining buses are being considered.

Environmental regulation

Metro is subject to various environmental regulations under Commonwealth and State legislation. Metro regularly monitors compliance with environmental regulations. No statutory breaches were reported in the 2021-22 year.

Financial impact of Covid-19

Covid-19 continued to have an impact on Metro's operations and resultant patronage and fare revenue. In 2021-22 patronage recovered to 83% of pre-pandemic levels, which resulted in an estimated \$2.4 million loss in fare revenue. While Metro estimates that patronage will continue to improve in future years, the recovery will remain gradual with a protracted impact on fare revenue.

Directors

The names of the Directors during the financial year are set out in the Remuneration Report and Note D2 of the Financial Statements. The names of current Directors and details of their qualifications and experience appear on page 12. Directors are appointed for terms of three years by the Shareholder Ministers and are eligible for reappointment in accordance with the *Guidelines for Tasmanian Government Businesses – Board Appointments* issued by the Department of Treasury and Finance. The Chair is appointed annually by the Shareholder Ministers.

Directors of Metro at any time during or since the end of the financial year were:

Mr Tim Gardner

Mr Gardner was appointed in December 2015 and is a member of Metro's Audit and Risk Committee. *Current term: 22 December 2015 – 25 November 2024*

Ms Jude Munro

Ms Munro was appointed in December 2016 and is a member of Metro's People and Culture Committee. *Current term: 28 November 2019 – 27 November 2022*

Ms Susan Fahey

Ms Fahey was appointed in December 2016 and is a member of Metro's People and Culture Committee. *Current term: 28 November 2019 – 27 November 2022*

Ms Yvonne Rundle

Ms Rundle was appointed in December 2019 and is a member of Metro's Audit and Risk Committee. *Current term: 5 December 2019 – 25 November 2024*

Mr Greg Wallace

Mr Wallace was appointed in August 2019. Mr Wallace is a member of Metro's Audit and Risk Committee. *Current term: 2 December 2020 – 30 November 2023.*

Remuneration Report

Non-executive Directors are appointed by the Treasurer and Portfolio Minister. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Fees paid to Directors are approved by the Shareholders in accordance with the *Remuneration Framework for Government Boards*. During the twelve months, no Director has received, or become entitled to receive, a benefit by reason of a contract made by the company with a Director or with a firm of which he or she is a member or an entity in which he or she has a financial interest.

Remuneration for Metro Executives is set in accordance with the *Guidelines for Tasmanian Government Businesses – Director and Executive Remuneration*, dated June 2021. Under these guidelines the remuneration band for the Chief Executive Officer is determined by the Treasurer and reflects the principles outlined in the guidelines. Remuneration for other Metro Executives is set with reference to the Chief Executive Officer's remuneration.

The employment terms and conditions of Senior Executives are contained in individual employment contracts and prescribe total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions. The performance of each senior executive, including the CEO, is reviewed annually which includes a review of their remuneration package.

Metro has complied with the *Guidelines for the Tasmanian Government Businesses – Directors and Executive Remuneration* for the year ended 30 June 2022.

Details of payments made to Directors and Senior Executives are set out in the Remuneration Report and Note D2 of the Financial Statements.

Board and Committee meetings

The number of meetings (Board and Committee meetings) attended by each Director during the financial year ended 30 June 2022 are:

Director	Board			
	Monthly	Additional ⁽²⁾	Held ⁽¹⁾	Attended
Tim Gardner	11	3	14	14
Jude Munro	11	3	14	13
Susan Fahey	11	3	14	14
Yvonne Rundle	11	3	14	14
Greg Wallace	11	3	14	13

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

⁽²⁾ Additional Board meetings were held during May and June for special matters.

Director	Audit and Risk Committee	
	Held ⁽¹⁾	Attended
Tim Gardner	5	5
Yvonne Rundle	5	5
Greg Wallace	5	5

⁽¹⁾ The number of meetings held while the Director was a member of the Committee.

Director	People and Culture Committee ⁽²⁾	
	Held ⁽¹⁾	Attended
Jude Munro	5	5
Susan Fahey	5	5

⁽¹⁾ The number of meetings held while the Director was a member of the Committee.

⁽²⁾ The People and Culture Committee also has an external member who is not a Director of Metro.

Director	Special Purposes Committee	
	Held ⁽¹⁾	Attended
Tim Gardner	2	2
Jude Munro	2	2
Susan Fahey	2	2

⁽¹⁾ The number of meetings held while the Director was a member of the Committee.

Indemnification of Directors and Officers

During the financial year the company paid a premium of \$47,000 for an insurance policy to insure the Directors and Officers of the company against liabilities to the extent permitted by the *Corporations Act 2001*.

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 18.

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*.



Tim Gardner
4 August 2022

Corporate Governance Framework

Metro has adopted, where relevant, governance practices that comply with the eight ASX Corporate Governance Principles and Recommendations, as expected by its Shareholding Ministers, under the *Tasmanian Government Businesses Governance Framework Guide* as follows:

Principle 1 – Lay solid foundations for management and oversight

The Board consists of five independent non-executive Directors, whose qualifications and meeting attendances are outlined on pages 12 to 14. The roles and responsibilities of Directors are set out in their letters of appointment, the Board Charter and Matters Reserved for the Board document.

The Board has delegated the authority to manage the day-to-day operations to the CEO, subject to specific delegations and limits, as outlined in the Board-approved *Delegations Policy and Authority Manual*. The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The value of diversity is embedded in organisational policies and practices and Metro's Code of Conduct.

The Board Charter requires reviews of the Board, its Committees and Directors in line with the *Tasmanian Business Guidelines – Assessing Board Performance*. An external independent review is conducted every three years, with the last one undertaken in 2019. Metro intends to complete a review in 2022. There is a formal process for regularly reviewing performance of the Executive Managers and includes assessment of performance against key performance indicators and addresses training and development requirements.

Principle 2 – Structure the Board to be effective and add value

The Board of Directors act as a Nominations Committee, establishes a Director Selection Advisory Panel and engages an executive search firm to assist the panel to identify potential candidates for upcoming Board vacancies.

The Board maintains a skills matrix which sets out the mix of skills and diversity

that the Board has. The Chair and all of Metro's other Directors are independent Directors and their length of service is outlined on pages 13 and 14. Directors are responsible for notifying the Board of any material personal interest in any matter relating to the affairs of Metro and make annual declarations regarding any related party transactions. The Board has a comprehensive induction program in place for new Directors, which is managed by the Chair and the Company Secretary, and the Board is committed to ongoing professional development for Directors.

Principle 3 – Instil a culture of acting lawfully, ethically and responsibly

Metro has a set of values, Code of Conduct and a specific Code of Conduct for Directors which outlines the expectations of Directors in complying with the spirit and intent of the code, as well as complying with all applicable legislation.

The Code of Conduct is underpinned by other policies and procedures that articulate the expectations to act ethically and responsibly, as well as comply with legislative and regulatory obligations.

Principle 4 – Safeguard the integrity of corporate reports

The Board has established an Audit and Risk Committee which considers and monitors matters relating to financial integrity, external reporting, risk management, and internal and external audit functions. The Committee comprises three Directors and is chaired by an independent Director who is not the Chair of the Board. Membership of the Committee and meeting attendances for the year are set out on page 14.

The Committee reviews the annual financial statements and recommends them to the Board for consideration. As part of the end-of-year processes, the CEO and General Manager Financial Services provide the required declarations under section 295A of the *Corporations Act 2001*. Metro's external auditor is the Tasmanian Auditor-General and members confirm the appointment at each AGM. The Auditor-General or their representatives attend meetings of the Audit and Risk Committee from time to time, and attend the annual AGM.

Principle 5 – Make timely and balanced disclosure

The Chair, CEO and Company Secretary regularly meet with Shareholder Ministers to provide briefings on key strategic issues and developments. Details about disclosures made under the *Right to Information Act 2009* and the *Public Interest Disclosures Act 2002* are set out on page 16.

Principle 6 – Respect the rights of shareholders

Metro's Constitution outlines the rights and powers of Shareholder Ministers. Shareholder Ministers can issue various Guidelines and Directives to the Company. Shareholder Ministers have issued a Members' Statement of Expectation, which is incorporated into the Corporate Plan, and the Board agrees on a Statement of Corporate Intent with Shareholder Ministers each year. Metro complies with formal reporting obligations under the Constitution, applicable legislation and Guidelines and provides regular briefings to Shareholder Ministers.

Principle 7 – Recognise and manage risk

The Board has established an Audit and Risk Committee which oversees risk management and internal control. Membership of the Committee and meeting attendances for the year are set out on page 14. Metro's Risk Management Framework is approved and overseen by the Board. The Audit and Risk Committee monitors current and emerging risks and the status of plans and controls to manage those risks.

The Audit and Risk Committee oversees the internal audit function which is outsourced, including the approval of the audit plan, receiving reports of all audits undertaken and monitoring the implementation of recommendations.

Principle 8 – Remunerate fairly and responsibly

The Board has established a People and Culture Committee that oversees remuneration practices and policies in relation to Executive Managers and other staff of the company. The Committee comprises a Director, and an external member, and is chaired by an independent Director who is not the Chair of the Board. Membership of the Committee and meeting attendances for the year are set out on page 14.

The Committee ensures that recommendations made by the CEO and/or Chair to the Board on the remuneration packages to be awarded to the Executive Leadership Team are consistent with the *Guidelines for Tasmanian Government Businesses – Director and Executive Remuneration*, dated June 2021. The Remuneration Report details the Board’s policy for the remuneration of Senior Executives at page 14, and the Financial Statements detail the remuneration of Directors and Executives. Director Fees are set by the Tasmanian Government under the *Remuneration Framework for Government Boards*.

Public interest disclosures

Metro complies with the *Public Interest Disclosures Act 2002* (the Act). In accordance with section 86 of the Act Metro advises the following:

- Metro’s procedures are available on our website metrotas.com.au as per the Act.
- No disclosures of public interest were requested of Metro during the year.
- No public interest disclosures were investigated by Metro during the year.
- No disclosed matters were referred by the Ombudsman to Metro during the year.
- No disclosed matters were referred to the Ombudsman to investigate by Metro during the year.
- No investigations of disclosed matters by Metro were taken over by the Ombudsman during the year.
- There were no disclosed matters substantiated on investigation as there were not any disclosed matters during the year.
- The Ombudsman made no recommendations under the Act that relate to Metro.

Right to information

Metro received two Right to Information requests in 2021–22. Both requests were managed via assessed disclosure.

Buy local

Under the *Guidelines for Tasmanian Government Businesses – Buy Local* dated September 2014, Metro is required to establish appropriate reporting regimes in relation to purchases, consultants and the engagement of Tasmanian businesses and provide details of these annually. A “Tasmanian business” is a business operating in Tasmania which

has a permanent office or presence in Tasmania and employs Tasmanian workers. Purchases are defined as operating expenses (excluding employment, finance and depreciation expenses) and capital expenditure.

The following tables meet the reporting requirements of the Guidelines.

Purchases from Tasmanian businesses				
% of purchases from Tasmanian businesses				92%
Value of purchases from Tasmanian businesses				\$39,171,847
Consultancies valued at more than \$50,000 (ex GST)				
Name	Location	Description	Period of engagement	Amount
Pitt & Sherry (Operations) Pty Ltd	Tasmania	Hydrogen and Battery Electric Bus Trial Consultancy	1 March 2022 to 30 June 2022	\$131,201
Business Olympian Group Trust	Victoria	Crisis Management and Response Framework	13 July 2021 to 30 June 2022	\$90,000
Elementco Pty Ltd	Tasmania	Brand and Marketing Strategy	23 May 2022 to June 2022	\$152,350
RelocateIT Pty Ltd t/a 2PM Services	Tasmania	ICT Strategy	22 November 2021 to 22 March 2022	\$180,800
Page Seager Pty Ltd	Tasmania	Legal	July 2021 to June 2022	\$109,540
Edge Legal Holdings Pty Ltd	Tasmania	Legal	July 2021 to June 2022	\$126,482
Total				\$790,373
There were 11 consultants engaged for \$50,000 or less totalling				\$188,640
Total Payments to Consultants				\$979,013

Overseas travel

During the year there was no overseas travel undertaken by Metro employees or Directors.

Payment of accounts

Under the *Guidelines for Tasmanian Government Businesses – Payment of Accounts* dated September 2014, Metro is required to implement appropriate policies and procedures to ensure that all accounts are paid on time and, if not, interest is paid for late payments. The expectation is to pay all invoices correctly rendered by suppliers, within the period specified by the supplier, or where the contract is silent on payment terms, 30 calendar days from the date of the correctly rendered invoice.

The following table meets the reporting requirements of the Guidelines.

Payment of accounts	
Creditor days	19
Number of accounts due for payment	8,284
Number of accounts paid on time	7,905
Amounts due for payment	\$40,160,388
Amounts paid on time	\$41,294,002
Number of payments for interest on overdue accounts	2
Interest paid on overdue accounts	\$30

Payments not made in accordance with due dates required further action to be taken before payment could be made, for example:

- Invoices may have been incomplete, inaccurate or there may have been a dispute regarding the price of goods or services or their delivery.
- Invoices may have been received in advance of goods or services being received or invoices were received late from the supplier.

Metro has encouraged vendors to send invoices electronically in a timely and complete manner in order to improve performance.

Key performance targets

Financial targets	2021–22 target	2021–22 actual	Status
Profit/(loss) before tax (\$'000) [^]	(395)	3,489	●
Fares revenue (\$'000)	12,110	11,199	●
Total cost per service kilometre (\$)	5.85	8.19	●

Non-financial targets	2021–22 target	2021–22 actual	Status
Network effectiveness			
Patronage ('000 first boardings)	7,386.2	6,956.0	●
First boardings per service kilometre	0.83	0.77	●
% of boardings made with a Greencard*	90.0%	88.7%	●
Operator efficiency			
% of scheduled services delivered	99%	99%	●
% of services delivered on time	90%	88%	●
% of kilometres that are out of service	20%	20%	●
% of paid hours that are undertime	2.10%	1.40%	●
Service quality			
Complaints per 100,000 service km	13	17.90	●
% customers satisfied with Metro	77	82	●
Safety			
At fault collisions/100,000 km	2.6	4	●
Reduction in average hours lost per workers compensation claim [#]	-15%	+70%	●
Reduction in LTI Frequency Rate [#]	-15%	+20%	●

[^] Metro's profit before tax of \$3.49m was significantly ahead of budget due to an additional \$4m of funding received from the Department of State Growth. The additional funding was provided to address underlying structural considerations as well as the ongoing financial impact of Covid-19 on patronage revenue.

* excludes the free fares period 28 March to 30 April 2022

[#] based on insurance year to 31 March 2022

Performance commentary

Covid-19 continued to have an impact on Metro's operations and resultant patronage and fare revenue. In 2021–22, patronage recovered to 83% of pre-pandemic levels, leading to an estimated \$2.4 million loss in fare revenue.

The cost per service kilometre target was not met due to the significant increase in fuel price over the financial year compared to what was budgeted.

Non-financial targets commentary

Network effectiveness

Patronage did not recover as well as expected following the initial onset of Covid-19, with lower than forecast passenger numbers being observed throughout the financial year, particularly full-fare paying adults.

Greencard usage of 89% was consistent with the previous year, which had increased from 85%. However, the 90% target was not achieved.

Operator efficiency and service quality

Similar to last year, the percentage of trips delivered on time remained just below target. We experienced significant operational disruption as a result of Covid-19 impacting staffing availability. However, we still delivered 99% of our scheduled trips. This also led to a 5% increase in complaints related to service reliability and us receiving more complaints than our target.

Safety

At fault accidents were above the 2021–22 target. We are focusing our training to reduce incidents and provide ongoing support to our new bus operators.

The reduction in Lost Time Injury Frequency Rate target was not met due to an increase in sprain and strain type injuries. Metro is actively working to understand and address the root cause of this increase.

A Lost Time Injury (LTI) is recorded if an employee requires any time away from work following an injury. Metro prioritises the health, safety and wellbeing of our employees and will continue to promote mental health awareness and overall fitness for work opportunities.



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13 August 2022

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

Dear Board Members

Auditor's Independence Declaration

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

As the auditor of the financial report of Metro Tasmania Pty Ltd (the Group) for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

A handwritten signature in black ink, appearing to read "D Bond", with a stylized flourish at the end.

David Bond
Assistant Auditor-General
Delegate of the Auditor-General

METRO TASMANIA PTY LTD

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 2022 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 2022.
3. The Directors draw attention to Note A2 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:



.....
Tim Gardner

Chair

13 August 2022



.....
Yvonne Rundle

Director

SUPERANNUATION DECLARATION

I, Katie Cooper, hereby certify that Metro has met its obligations under the Superannuation Guarantee (Administration) Act 1992 in respect of those employees who are members of a complying superannuation scheme to which Metro contributes.



.....
Katie Cooper

Chief Executive Officer

13 August 2022



Tasmanian
Audit Office

Independent Auditor's Report

To the Members of Metro Tasmania Pty Ltd

Metro Tasmania Pty Ltd

Report on the Audit of the Consolidated Financial Report

Opinion

I have audited the financial report of Metro Tasmania Pty Ltd (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In my opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 13 August 2022 and included in the Directors'

Report, would be in the same terms if provided to the directors at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Valuation of bus fleet, land and buildings <i>Refer to note C5</i>	
<p>At 30 June 2022, the Group held land and buildings valued at \$19.83 million, and a bus fleet valued at \$49.44 million. These assets are recognised at fair value and independently revalued every three years, with the bus fleet being revalued in 2021-22.</p> <p>In determining the value of these assets, the Group exercises significant judgement and the valuation is highly dependent on a range of assumptions and estimates. For these reasons, the valuation of the bus fleet, land and buildings is an area requiring particular audit attention.</p> <p>Capital payments for the year totalled \$5.85 million including significant additions to the bus fleet. Capital projects can contain a combination of enhancement and maintenance activity which are not distinct and therefore the allocation of costs between capital and operating expenditure is inherently judgemental.</p> <p>The calculation of depreciation of the bus fleet and buildings includes estimation of useful lives and residual values, which involves a high degree of subjectivity.</p> <p>Changes in assumptions underlying depreciation calculations can significantly impact the depreciation charged.</p>	<ul style="list-style-type: none"> • Evaluating the appropriateness of the valuation methodology applied to determine the fair values. • Assessing the scope, expertise and independence of expert involved in the valuations. • Assessing the outcome and treatment of the independent valuation of the bus fleet at 30 June 2022. • Testing, on a sample basis, additions and disposals throughout the year. • Testing the classification of capital and maintenance costs. • Assessing depreciation expenses for each class of asset. • Reviewing management's assessment of useful lives of buildings and the bus fleet. • Evaluating management's assessment of impairment. • Assessing the adequacy of relevant disclosures in the financial report.

Valuation of Defined benefit obligation

Refer to notes D1 and D3

The Group had employees who were members of a defined benefit superannuation scheme. The Group's obligation under this scheme (less fair value of plan assets) was recognised in the statement of financial position and was valued at \$17.55 million at 30 June 2022.

The value of the unfunded superannuation liability and movements recognised in the financial report are based on an annual independent valuation. This valuation is based upon a number of assumptions and the use of discount rates, all of which are subjective.

The valuation is a key audit matter due to the complexity and level of judgement required in the calculation.

- Assessing the scope and expertise of the State Actuary that performed the valuation.
- Evaluating actuarial reports including the reasonableness of the assumptions used.
- Verifying the accounting treatment for changes in the value of the liability and assessing the adequacy of relevant disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's Directors' Report for the year ended 30 June 2022, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

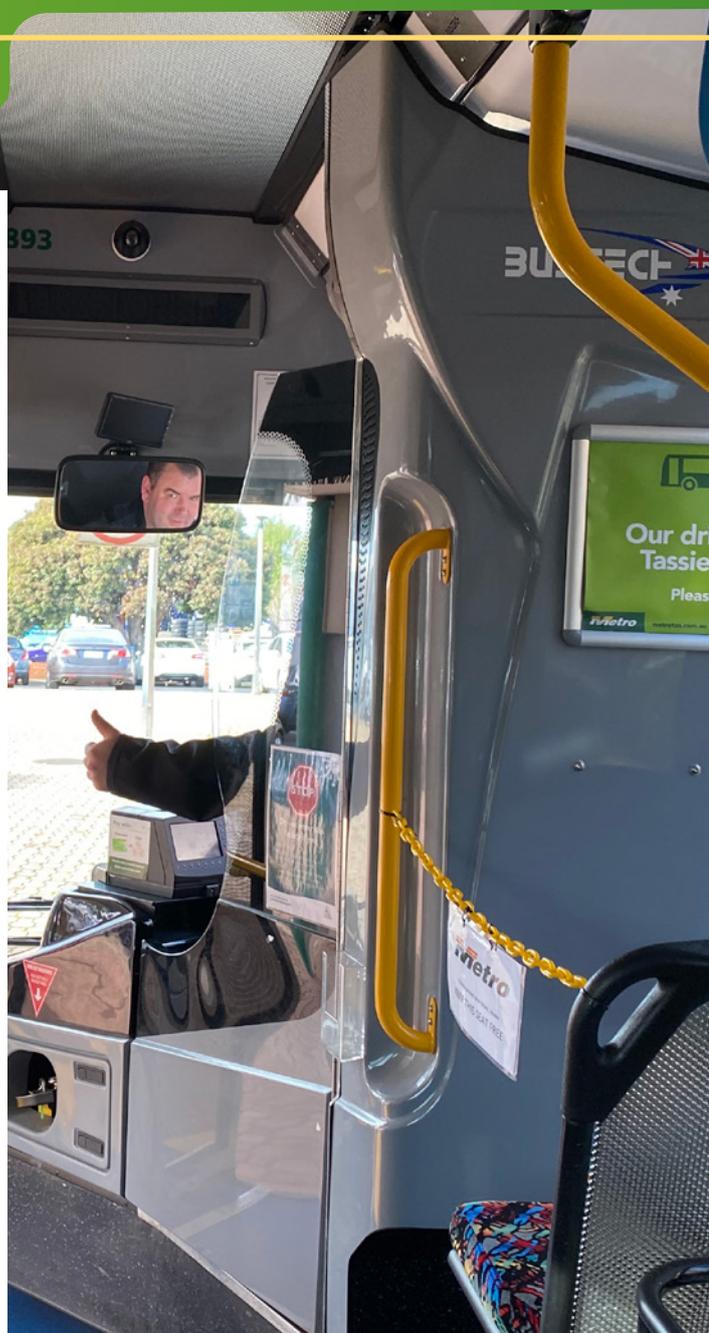


David Bond
Assistant Auditor-General
Delegate of the Auditor-General
Tasmanian Audit Office

16 August 2022
Hobart

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Consolidated Statement of Financial Position

As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	B4	11,305	7,253
Trade and other receivables	C1	519	303
Inventories	C2	2,305	1,976
Assets held for sale	C3	-	16
Other current assets	C4	1,297	1,132
TOTAL CURRENT ASSETS		15,426	10,680
NON-CURRENT ASSETS			
Property, plant and equipment	C5	74,948	75,421
Intangible assets	C6	106	172
Deferred tax assets	B3(d)	11,530	10,115
TOTAL NON-CURRENT ASSETS		86,584	85,708
TOTAL ASSETS		102,010	96,388
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	C7	3,646	3,762
Employee benefits	D1	5,971	6,216
Lease liabilities	C9	206	215
Contract liabilities	C10	2,460	2,147
TOTAL CURRENT LIABILITIES		12,283	12,340
NON-CURRENT LIABILITIES			
Employee benefits	D1	17,026	22,137
Borrowings	C8	5,000	5,000
Lease liabilities	C9	669	292
Deferred tax liabilities	B3(d)	4,926	809
TOTAL NON-CURRENT LIABILITIES		27,621	28,238
TOTAL LIABILITIES		39,904	40,578
NET ASSETS		62,106	55,810
EQUITY			
Contributed equity	F1	46,610	46,610
Asset revaluation reserves	F2	13,330	12,413
Retained profits / (losses)	F3	2,166	(3,213)
TOTAL EQUITY		62,106	55,810

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

Consolidated Statement of Profit or Loss

For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
REVENUE			
Passenger transport operations	B1(a)	67,859	59,298
Other income	B1(b)	1,245	1,035
Financial income	B1(c)	9	9
		69,113	60,342
EXPENSES			
Passenger transport operations	B2(a)	(49,582)	(45,337)
Engineering and maintenance services	B2(b)	(7,351)	(6,830)
Administration and general	B2(c)	(7,874)	(8,131)
Finance costs	B2(d)	(817)	(846)
		(65,624)	(61,144)
Profit/(loss) before income tax		3,489	(802)
Income tax(expense)/benefit	B3(a)	(1,050)	239
Profit/(loss) for the year		2,439	(563)

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

Consolidated Statement of Other Comprehensive Income

For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Profit/(loss) for the year		2,439	(563)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net asset revaluation increment/(decrement)	F2	1,364	4,490
Actuarial gain/(loss) on defined benefit plan	D3	4,145	1,889
Income tax on other comprehensive income	B3(c)	(1,652)	(1,554)
Total other comprehensive income for the year, net of income tax		3,857	4,825
Total comprehensive income for the year		6,296	4,262

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Contributed equity \$'000	Asset revaluation reserves \$'000	Retained profits/ [losses] \$'000	Total \$'000
Balance at 1 July 2021	46,610	12,413	(3,213)	55,810
Profit/(loss)	-	-	2,439	2,439
Other comprehensive income:				
Net asset revaluation increment/(decrement)	-	1,364	-	1,364
Actuarial gain/(loss) on defined benefits plans	-	-	4,145	4,145
Income tax relating to components of other comprehensive income	-	(409)	(1,243)	(1,652)
Total comprehensive income for the year	-	955	2,902	3,857
Transfers between reserves	-	(38)	38	-
Balance as at 30 June 2022	46,610	13,330	2,166	62,106

	Contributed equity \$'000	Asset revaluation reserves \$'000	Retained profits/ [losses] \$'000	Total \$'000
Balance at 1 July 2020	46,610	9,880	(4,942)	51,548
Profit/(loss)	-	-	(563)	(563)
Other comprehensive income:				
Net asset revaluation increment/(decrement)	-	4,490	-	4,490
Actuarial gain/(loss) on defined benefits plans	-	-	1,889	1,889
Income tax relating to components of other comprehensive income	-	(987)	(567)	(1,554)
Total comprehensive income for the year	-	3,503	1,322	4,825
Transfers between reserves	-	(970)	970	-
Balance as at 30 June 2021	46,610	12,413	(3,213)	55,810

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from sales and service contracts		71,533	63,100
Interest received		9	9
Grant receipts		282	-
Cash paid to suppliers and employees		(61,592)	(56,768)
Finance costs paid		(107)	(45)
Net cash from operating activities	B4(b)	10,125	6,296
CASH FLOWS USED IN INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		5	179
Acquisition of property, plant and equipment		(5,850)	(12,512)
Net cash used in investing activities		(5,845)	(12,333)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	5,000
Repayment of lease liability		(228)	(202)
Net cash from financing activities		(228)	4,798
Net increase/(decrease) in cash and cash equivalents		4,052	(1,239)
Cash and cash equivalents at the beginning of the financial year		7,253	8,492
Cash and cash equivalents at the end of the financial year	B4	11,305	7,253

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

Notes to the Financial Statements

Section A

Corporate information and basis of preparation

A1 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 2022 comprise the Company and its subsidiary Metro Coaches (Tas) Pty Ltd (together referred to as “Metro”).

A2 STATEMENT OF COMPLIANCE

The Consolidated Financial Statements are general purpose financial statements which have been prepared in accordance with:

- Australian Accounting Standards (AASBs), including the Australian equivalents to International Financial Reporting Standards (AIFRS) and Interpretations;
- Treasurer’s Instructions issued under the *Government Business Enterprises Act 1995* as amended, where applicable to the operations of Metro and its subsidiary; and
- Financial disclosure requirements of the *Corporations Act 2001* as amended, where applicable to the operations of Metro and its subsidiary, and other requirements of the law.

A3 BASIS OF PREPARATION

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.

A4 FUNCTIONAL AND PRESENTATION CURRENCY

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

Metro is an entity referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191, and in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

A5 JUDGEMENTS AND ASSUMPTIONS

In the application of AASBs, 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 Consolidated Financial Statements are disclosed in the relevant notes to the Consolidated Financial Statements.

Significant judgements, estimates and assumptions included in the Consolidated Financial Statements:

- Impairment (Deferred tax assets, Trade and Other Receivables, Inventories, Assets held for Sale and Property, Plant and Equipment) – Notes B3, C1, C2, C3, C5;
- Measurement of defined benefit obligations (Employee Benefits) – Notes D1 and D3;
- Measurement of Lease Liability – Note C9;
- Valuation of Land and Buildings and Buses (Property, Plant and Equipment) – Note C5;
- Depreciation and Amortisation (Property, Plant and Equipment) – Note C5;
- Provisions for employee benefits – Note D1; and
- Economic Dependency – Note F9.

Notes to the Financial Statements

A6 CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

In the current year, Metro has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. Metro has reviewed and where relevant adopted the following standards and amendments:

- AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions*; and
- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*.

There has been no material impact on Metro's financial results.

Metro has also reviewed standards and amendments available for early adoption but they have not been applied in these consolidated financial statements. There is not expected to be any material financial impact from the adoption of those standards/amendments in future periods.

A7 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 F10. 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.

Notes to the Financial Statements

Section B

Detailed information on Consolidated Statement of Profit or Loss

B1 REVENUE

Accounting Policy

Passenger transport operations revenue

Ticket fares revenue is recognised at the transaction price when Metro transfers control of the services to a customer for the amount Metro expects to be entitled. Revenue is recognised at a point in time when performance obligations are satisfied.

Service contract revenue is recognised in the accounting period in which the performance obligation has been satisfied.

Greencard balances are initially recognised as ticket fares revenue received in advance under contract liabilities at Note C10. Ticket fare revenue is recognised at the time the boarding is made and the Greencard balance is used by the customer with a corresponding offset to the contract liability.

Other income

Advertising revenue is recognised when the performance obligation has been satisfied.

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.

Grants are recognised as revenue on a systematic basis over the periods in which Metro recognises as expenses the related costs for which the grants are intended to compensate.

Financial income

Interest is recognised as it accrues.

	2022 \$'000	2021 \$'000
(a) Passenger transport operations		
Service contracts	56,660	48,618
Ticket fares	11,199	10,680
	67,859	59,298
(b) Other income		
Gain/(loss) on disposal of property, plant and equipment	(15)	66
Advertising income	567	447
Rental income	9	9
Grant income	336	-
Other income	348	513
	1,245	1,035
(c) Financial income		
Interest income	9	9
	9	9
Total income	69,113	60,342

Notes to the Financial Statements

B2 EXPENSES

	2022	2021
	\$'000	\$'000
(a) Passenger transport operations		
Fuel	5,693	3,972
Employee and related expenses	32,462	30,020
Depreciation and amortisation expenses	7,516	7,427
Other expenses	3,911	3,918
	49,582	45,337
(b) Engineering and maintenance services		
Maintenance expenses	4,112	3,820
Employee and related expenses	2,777	2,485
Depreciation and amortisation expenses	462	525
	7,351	6,830
(c) Administration and general		
Employee and related expenses	3,744	5,082
Depreciation and amortisation expenses	366	346
Other expenses	3,764	2,703
	7,874	8,131
(d) Finance costs		
Interest expense on leases	6	5
Interest expense on borrowings	88	64
Government guarantee fee	26	17
Nominal superannuation interest expense	697	760
	817	846
Total expenses	65,624	61,144

B3 INCOME TAX

Accounting Policy

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 Consolidated Statement of Financial Position.

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 Consolidated Statement of Profit or Loss except where it relates to items that may be recognised directly into equity, in which case the deferred tax is adjusted directly against equity. The carrying amounts of tax assets and liabilities have been calculated at the current income tax rate of 30%.

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

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

Metro's service contract with the Department of State Growth (State Growth) expired 31 December 2018 and contract extensions have been negotiated to 31 August 2022. At the date of signing the financial statements, Metro and State Growth were finalising negotiations regarding a new service contract that will have an initial term to December 2024, with an option to extend for a further five years. The new service contract is anticipated to be in place by 31 August 2022. Metro achieved a profit in 2022 as a result of a top-up contract payment of \$4m in recognition of the ongoing Covid-19 impact to patronage and fare revenue. Long-term projections indicate that it is likely that future tax profits will be achieved. Therefore, it is considered appropriate to continue to recognise deferred income tax assets.

Notes to the Financial Statements

B3 INCOME TAX (continued)	2022	2021
	\$'000	\$'000
(a) Income tax expense recognised in the Consolidated Statement of Profit or Loss		
Current tax expense		
Current tax	(14)	321
Deferred tax expense		
Decrease/(increase) in deferred tax asset	1,265	677
Increase/(decrease) in deferred tax liability	1,451	317
Less recognised directly in equity	(1,652)	(1,554)
Income tax expense/(benefit)	1,050	(239)
(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% (2021: 30%)	1,046	(240)
Add tax effect of:		
Entertainment (non-deductible)	3	1
Fines and penalties	1	-
	1,050	(239)
(c) Income tax expense recognised directly to equity		
Property, plant and equipment (Note C5)	409	987
Superannuation (Note D3)	1,243	567
	1,652	1,554
(d) Deferred tax balances		
Assets:		
Deferred tax assets	11,530	10,115
Liabilities:		
Deferred tax liability	4,926	809
	6,604	9,306

Notes to the Financial Statements

B3 INCOME TAX (continued)

(d) Deferred tax balances (continued)

2022	Opening balance 1 July 2021 \$'000	Prior year adjustment \$'000	Recognised in the Consolidated Statement of Profit and Loss \$'000	Recognised in equity \$'000	Balance at 30 June 2022 \$'000
Superannuation	6,762	-	(257)	(1,243)	5,262
Tax losses	884	2,666	14	-	3,565
Employee benefits	1,657	-	(139)	-	1,518
Accrued costs	78	-	24	-	102
Other provisions	74	-	(22)	-	52
Contract liabilities	644	-	94	-	738
Other	15	-	-	-	15
Prepayments	(66)	-	(4)	-	(70)
Inventories	(75)	-	(49)	-	(124)
Property, plant and equipment	(667)	(2,666)	(730)	(409)	(4,473)
Lease liability	152	-	111	-	263
Right-of-use asset	(152)	-	(92)	-	(244)
Total	9,306	-	(1,050)	(1,652)	6,604

2021	Opening balance 1 July 2020 \$'000	Prior year adjustment \$'000	Recognised in the Consolidated Statement of Profit and Loss \$'000	Recognised in equity \$'000	Balance at 30 June 2021 \$'000
Superannuation	7,404	-	(75)	(567)	6,762
Tax losses	1,213	(9)	(320)	-	884
Employee benefits	1,700	-	(43)	-	1,657
Accrued costs	58	-	20	-	78
Other provisions	74	-	-	-	74
Contract liabilities	649	-	(5)	-	644
Other	23	-	(8)	-	15
Prepayments	(69)	-	2	-	(66)
Inventories	(81)	-	6	-	(75)
Property, plant and equipment	(349)	8	661	(987)	(667)
Lease liability	(156)	-	308	-	152
Right-of-use asset	155	-	(307)	-	(152)
Total	10,621	(1)	239	(1,554)	9,306

Notes to the Financial Statements

B4 CASH AND CASH EQUIVALENTS

Accounting Policy

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

	2022 \$'000	2021 \$'000
Cash at bank and on hand	8,222	4,176
Call deposit at CBA	1,000	-
Call deposit at TASCORP	2,083	2,077
Term deposits	-	1,000
	11,305	7,253
(a) Credit and standby facilities		
Borrowing limit	18,000	18,000
Credit cards facility limit	20	20
Less used/committed	(5,000)	(5,000)
Balance of credit facility available	13,020	13,020
(b) Reconciliation of profit for the period to net cash provided by operating activities		
Profit/(loss) after income tax	2,439	(563)
Add (less) non-cash items:		
Depreciation	8,263	8,204
Amortisation	82	93
Income tax expense/(benefit)	1,050	(239)
Loss/(profit) on sale of non-current assets	15	(66)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(216)	171
(Increase)/decrease in inventories	(329)	236
(Increase)/decrease in other current assets	(165)	(189)
Increase/(decrease) in trade and other payables	(117)	(824)
Increase/(decrease) in contract liabilities	313	(651)
Increase/(decrease) in employee benefits	(1,210)	124
Net cash inflow from operating activities	10,125	6,296

Notes to the Financial Statements

Section C

Detailed information on Consolidated Statement of Financial Position items

C1 TRADE AND OTHER RECEIVABLES

Accounting Policy

Trade receivables that do not contain a significant financing component are measured at amortised cost, which represents their transaction value. Impairment is recognised on an expected credit loss (ECL) basis. When determining whether the credit risk has increased significantly since initial recognition, and when estimating ECL, Metro considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Metro's historical experience, an informed credit assessment and forward-looking information.

	2022 \$'000	2021 \$'000
Trade receivables	230	148
Other receivables	289	155
	519	303

There are no expected credit losses as at 30 June 2022.

C2 INVENTORIES

Accounting Policy

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

	2022 \$'000	2021 \$'000
Inventories	2,476	2,221
Less provision for obsolescence	[171]	[245]
	2,305	1,976

Provision for obsolescence is the expected value of unused items for a series of bus fleet that are expected to be fully decommissioned before all the items will be utilised.

C3 ASSETS HELD FOR SALE

Accounting Policy

Assets whose carrying value will be recovered principally through a sale transaction rather than through continuing use are transferred to current assets and separately disclosed as assets held for sale on the Consolidated 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 at which they satisfy the held for sale criteria.

	2022 \$'000	2021 \$'000
Buses	-	16
	-	16

There are no buses (2021: one bus) that are currently decommissioned and for which an active program to sell is in place with the expectation to be settled within twelve months.

C4 OTHER CURRENT ASSETS

	2022 \$'000	2021 \$'000
Prepayments	1,186	1,048
Other current assets	111	84
	1,297	1,132

Notes to the Financial Statements

C5 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

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 are disclosed as current assets.

Revaluations

The bus fleet, land and buildings are independently revalued on a three yearly basis or as regularly as necessary to ensure the carrying value reflects fair value at balance date. An indexation analysis for land and buildings is performed in subsequent years to ensure they reflect fair value at balance date.

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

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

Right-of-use assets

Right-of-use assets are initially measured at the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

Right-of-use assets are depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to Metro by the end of the lease term. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset.

In addition, the right-of-use asset is subject to revaluation and impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Depreciation

Depreciation is recognised in the Consolidated 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
Right-of-use assets	2–5 years

Land is not depreciated.

The bus fleet is depreciated using the 'Fleet Depreciation Profile'. For the financial year ended 30 June 2022 this applied an effective life of 25 years for the rigid buses and 30 years for the articulated buses, both of which have a 2.0% residual value.

Notes to the Financial Statements

C5 PROPERTY, PLANT AND EQUIPMENT (continued)	2022 \$'000	2021 \$'000
(a) Carrying amounts		
Land and buildings		
Land		
At fair value	9,650	9,650
Total	9,650	9,650
Buildings		
At fair value	10,429	9,825
Less: accumulated depreciation	(250)	-
Total	10,179	9,825
Total land and buildings	19,829	19,475
Buses		
At fair value	49,440	64,262
Less: accumulated depreciation	-	(12,761)
Total	49,440	51,501
Route infrastructure		
At cost	4,054	4,051
Less: accumulated depreciation	(3,412)	(3,230)
Total	642	821
Office equipment		
At cost	1,610	1,552
Less: accumulated depreciation	(1,511)	(1,464)
Total	99	88
Electronic ticketing and communication equipment		
At cost	5,229	5,228
Less: accumulated depreciation	(5,070)	(5,049)
Total	159	179

Notes to the Financial Statements

C5 PROPERTY, PLANT AND EQUIPMENT (continued)	2022 \$'000	2021 \$'000
CCTV Equipment		
At cost	1,479	1,467
Less: accumulated depreciation	(1,461)	(1,432)
Total	18	35
Plant and equipment		
At cost	4,137	3,114
Less: accumulated depreciation	(1,718)	(1,458)
Total	2,419	1,656
Auxiliary vehicles		
At cost	345	314
Less: accumulated depreciation	(218)	(152)
Total	127	162
Right-of-use assets		
At cost	1,246	824
Less: accumulated depreciation	(434)	(318)
Total	812	506
Work in progress		
At cost	1,403	998
Total	1,403	998
Total property, plant and equipment	74,948	75,421

Notes to the Financial Statements

C5 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Reconciliation of movements in carrying amounts

2022	Land at fair value \$'000	Buildings at fair value \$'000	Buses at fair value \$'000	Route infra-structure at cost \$'000	Office equipment at cost \$'000	Electronic ticketing and communication equipment at cost \$'000	CCTV equipment at cost \$'000	Plant and equipment at cost \$'000	Auxiliary vehicles at cost \$'000	Right-of-use assets at cost \$'000	Work in progress at cost \$'000	Total \$'000
Carrying amount at 1 July	9,650	9,825	51,501	821	88	179	35	1,656	162	506	998	75,421
Additions	-	548	-	3	58	-	12	1,023	31	833	4,304	6,812
Disposals	-	-	(4)	-	-	-	-	-	-	(256)	-	(260)
Revaluation increments/(decrements)	-	-	1,237	-	-	-	-	-	-	-	-	1,237
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Net transfers	-	56	3,843	-	-	-	-	-	-	-	(3,899)	-
Depreciation	-	(250)	(7,137)	(182)	(47)	(20)	(29)	(260)	(66)	(271)	-	(8,262)
Carrying amount at 30 June	9,650	10,179	49,440	642	99	159	18	2,419	127	812	1,403	74,948

2021	Land at fair value \$'000	Buildings at fair value \$'000	Buses at fair value \$'000	Route infra-structure at cost \$'000	Office equipment at cost \$'000	Electronic ticketing and communication equipment at cost \$'000	CCTV equipment at cost \$'000	Plant and equipment at cost \$'000	Auxiliary vehicles at cost \$'000	Right-of-use assets at cost \$'000	Work in progress at cost \$'000	Total \$'000
Carrying amount at 1 July	8,450	6,510	45,916	1,071	164	45	76	1,547	183	519	2,046	66,527
Additions	-	190	-	22	17	159	-	328	65	190	12,004	12,975
Disposals	-	-	(339)	-	-	-	-	-	(14)	-	-	(353)
Revaluation increments/(decrements)	1,200	3,290	-	-	-	-	-	-	-	-	-	4,490
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	(15)	-	-	-	-	-	-	-	-	(15)
Net transfers	-	-	13,047	-	-	-	-	5	-	-	(13,052)	-
Depreciation	-	(165)	(7,108)	(272)	(93)	(25)	(41)	(224)	(72)	(203)	-	(8,203)
Carrying amount at 30 June	9,650	9,825	51,501	821	88	179	35	1,656	162	506	998	75,421

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

Notes to the Financial Statements

C5 PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

An independent fair value valuation of 'in service' buses was performed as at 30 June 2022 by Mr R.A. van Raay FAPI, CPV, FRICS, CVS, MAICD, Grad Cert (EI) of Assured Valuations.

The valuation was performed on the basis of 'fair value' in accordance with the requirements of AASB 116 (*Property, Plant & Equipment*) and AASB 113 (*Fair Value Measurement*).

Fair value reflects the intention to determine a value that is equitable to both parties. Fair value is defined as "the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction".

The Metro fleet was valued based on the assumption that the business is a continuing one and on a market value basis. The cost approach to fair value was applied using Level 3 inputs due to the age profile of the bus fleet. Level 3 unobservable inputs used to value the assets included reference to historical information, discussions with Metro fleet representatives, reference to current supply contracts and valuer's experience.

The depreciation profile is based on a diminishing value method incorporating a 25-year life for rigid buses and 30-year life for articulated buses with a 2.0% residual value.

An independent fair value valuation of land and buildings was performed as at 30 June 2021 by Preston Rowe Paterson. Land and buildings were assessed against the relevant indices as at 30 June 2022 and Metro considers that the carrying amounts are reasonable and in line with current market information.

This valuation was performed on a market value basis with the primary method of assessment being the direct comparison approach and the secondary method of assessment being the income capitalisation approach. The main inputs to the valuation approach were Level 2 inputs (observable market prices).

The direct comparison approach is based upon comparing the subject property to comparable sales and transactions on a building or land rate per m². The valuer considered individual characteristics of the subject property relative to the analysis of available market evidence. This included the consideration of sales transactions and information such as the site area, condition, amenity, location, general market conditions and zoning, which were used to determine rate per square metre for each building.

The income Capitalisation approach was based upon:

- an estimated notional income per annum for the subject property after taking into account a number of factors that have an effect on the market rental value of the property;
- the assumption that outgoings are paid by respective parties where applicable; and
- capitalisation of the notional income in perpetuity at 7% to arrive at the capitalised value.

Details of Metro's buses and land and buildings and information about the fair value hierarchy as at 30 June 2022 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair Value as at 30 June 2022 \$'000
Buses	-	-	49,440	49,440
Land and buildings	-	19,829	-	19,829

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair Value as at 30 June 2021 \$'000
Buses	-	-	51,501	51,501
Land and buildings	-	19,475	-	19,475

There were no transfers between levels during the year.

Notes to the Financial Statements

C6 INTANGIBLE ASSETS

Accounting Policy

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 Consolidated 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:

Computer software 4 years

	2022 \$'000	2021 \$'000
(a) Carrying amounts		
Computer software		
At cost	1 381	1 365
Less: accumulated amortisation	(1,275)	(1,193)
Total intangible assets	106	172
(b) Reconciliation of movements in carrying amounts		
Carrying amount at 1 July	172	245
Additions	16	20
Disposals	-	-
Amortisation	(82)	(93)
Carrying amount at 30 June	106	172

C7 TRADE AND OTHER PAYABLES

Accounting Policy

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 at amortised cost and based on the agreed purchase/contract cost. The amounts are unsecured and are paid in accordance with creditor terms, which is usually within 30 days of recognition.

	2022 \$'000	2021 \$'000
Trade creditors and accruals	3,646	3,762
	3,646	3,762

C8 BORROWINGS

Accounting Policy

All borrowings have been transacted through the Tasmanian Public Finance Corporation (TASCORP). All loans are measured at the principal amount. Interest is charged as an expense as it accrues over the life of the related financial instrument and taken to the Consolidated Statement of Profit or Loss as part of finance costs.

Metro holds an external loan facility of \$18 million (2021: \$18 million) with TASCORP. As at 30 June 2022, \$13 million of the facility was unused (2021: \$13 million).

	2022 \$'000	2021 \$'000
Current	-	-
Non-current	5,000	5,000
	5,000	5,000

Notes to the Financial Statements

C9 LEASE LIABILITIES

Accounting Policy

Metro leases properties for various purposes including shopfronts, depots and parking spaces. Lease periods are typically made for fixed periods of two to five years, but may have extension options.

Recognition and measurement

Metro assesses at contract inception whether a contract is, or contains, a lease (that is, whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration).

Metro recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases (less than 12 months) and leases of low-value assets (less than \$10,000). Recognition occurs at the commencement date of the lease.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or a rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that Metro is reasonably certain to exercise, lease payments in an optional renewal period if Metro is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Metro is reasonably certain not to terminate early.

After the commencement date the lease liability is remeasured when there is a modification, a change in the lease term, a change in lease payments or a change in the assessment of an option to extend the term of the lease or purchase the underlying asset. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-to-use asset has been reduced to nil.

Metro has elected not to recognise right-of-use assets and lease liabilities of low-value assets and short-term leases, including IT equipment. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

	2022 \$'000	2021 \$'000
Current	206	215
Non-current	669	292
	875	507
Reconciliation of movement throughout the year:		
Balance at 1 July	507	519
Interest expense	6	5
Additions	597	190
Payments	(235)	(207)
Balance as at 30 June	875	507
The following amounts were recognised in the Consolidated Statement of Profit or Loss for the year ended 30 June 2022 in respect to leases where Metro is the lessee.		
Depreciation expense of right-of-use assets	271	203
Interest expense on lease liabilities	6	5
Expenses relating to short-term leases	-	-
Expenses relating to leases of low-value assets	-	-
Total	277	208

Metro had total cash outflows for leases of \$234,604 for 2021-22 (\$207,901 for 2020-21).

Notes to the Financial Statements

C10 CONTRACT LIABILITIES

Accounting Policy

Metro's contract liabilities represents income received for work that is yet to be performed by Metro.

Grant revenue received in advance relates to grant revenue received but the relevant expenditure related to the grant is yet to be incurred by Metro. Grant revenue is recognised over time on a systematic basis over the periods in which Metro recognises as expenses the related costs for which the grants are intended to compensate.

Ticket fares received in advance represents customer Greencard balances. These balances are recognised as ticket fare revenue at the time the passenger boards the bus and uses their Greencard balance to pay for a fare. Ticket fares received in advance has been reclassified in the prior year from trade and other payables to contract liabilities to align with the revenue treatment. The total reclassification in 2020–21 was \$1.8m.

	2022 \$'000	2021 \$'000
Grant revenue received in advance	471	353
Ticket fares received in advance	1,989	1,794
	2,460	2,147
Reconciliation of movement throughout the year:		
Balance at 1 July	2,147	2,165
Additions	9,471	9,726
Revenue recognised in the reporting period	(9,158)	(9,744)
Balance at 30 June	2,460	2,147

Section D Employee benefits

D1 EMPLOYEE BENEFITS

Accounting Policy

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

Compensated Benefits

Annual leave

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

Long service leave

The provision for long service leave represents the present value of the estimated future cash outflow to be made by the employer resulting from employees' services provided up to balance date. In determining the liability for employee benefits, account has been taken of future increases in wage and salary rates, and Metro's experience with staff departures. Related superannuation, payroll tax and workers compensation 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 Consolidated Statement of Other Comprehensive Income and the Consolidated Statement of Changes in Equity. Interest costs are recognised in finance costs and service costs are recognised in employee and related expenses in the Consolidated Statement of Profit or Loss. Details are referred to at Note D3.

Notes to the Financial Statements

D1 EMPLOYEE BENEFITS (continued)

	2022 \$'000	2021 \$'000
Current:		
Retirement benefits	1,275	1,477
Compensated benefits:		
Accrued salaries and wages	1,022	886
Annual leave	1,685	1,582
Long service leave	1,989	2,271
	5,971	6,216
Non-current:		
Retirement benefits	16,270	21,068
Compensated benefits:		
Long service leave	756	1,069
	17,026	22,137
	22,997	28,353

D2 RELATED PARTIES

Key Management Personnel Compensation

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

	Director Remuneration		Executive Remuneration		Consolidated	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Short-term employee benefits	174	167	1,155	1,066	1,329	1,233
Post-employment benefits	18	17	111	103	129	120
Other long-term employee benefits	-	-	9	1	9	1
Other non-monetary benefits	-	-	-	16	-	16
Termination benefits	-	-	31	22	31	22
	192	184	1,306	1,208	1,498	1,392

For Director remuneration, short-term employment benefits includes director fees, committee fees and other benefits. Post-employment benefits represents superannuation contributions.

For Executive remuneration, short-term employment benefits includes base salary, vehicles and other monetary benefits. Post-employment benefits represents superannuation contributions.

Notes to the Financial Statements

D2 RELATED PARTIES (continued)

(a) Director Remuneration

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

2022 Director Remuneration¹

Name	Position	Period	Directors' Fees \$'000	Committee Fees \$'000	Superannuation ² \$'000	Other Benefits ³ \$'000	Total \$'000
Non-Executive Directors							
Mr Tim Gardner	Chair	Full term	56	-	6	1	63
Ms Yvonne Rundle	Director	Full term	28	-	3	4	35
Ms Susan Fahey	Director	Full term	28	-	3	1	32
Ms Jude Munro	Director	Full term	28	-	3	-	31
Mr Greg Wallace	Director	Full term	28	-	3	-	31
Total			168	-	18	6	192

2021 Director Remuneration¹

Name	Position	Period	Directors' Fees \$'000	Committee Fees \$'000	Superannuation ² \$'000	Other Benefits ³ \$'000	Total \$'000
Non-Executive Directors							
Mr Tim Gardner	Chair	Full term	55	-	5	-	60
Ms Yvonne Rundle	Director	Full term	27	-	3	4	34
Ms Susan Fahey	Director	Full term	27	-	3	-	30
Ms Jude Munro	Director	Full term	27	-	3	-	30
Mr Greg Wallace	Director	Full term	27	-	3	-	30
Total			163	-	17	4	184

Board remuneration notes and statements

¹ Amounts are all forms of consideration paid, payable or provided by the entity, i.e., disclosure is made on an accruals basis as at 30 June.

² Superannuation means the contribution to the superannuation fund of the individual.

³ Other benefits includes travel allowances.

Notes to the Financial Statements

D2 RELATED PARTIES (continued) (b) Executive Remuneration

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

2022 Executive Remuneration

Name	Position	Period	Base Salary ¹ \$'000	Short-Term Incentive Payments ² \$'000	Superannuation ³ \$'000	Vehicles ⁴ \$'000	Other Monetary Benefits ⁵ \$'000	Other Non-Monetary Benefits ⁶ \$'000	Total Remuneration Package \$'000	Termination Benefits ⁷ \$'000	Other Long-Term Benefits ⁸ \$'000	Totals \$'000
Ms Katie Cooper	Chief Executive Officer	Full year	252	-	27	-	14	-	293	-	22	315
Mr Darren Carey	General Manager Operations	From 01/07/2021 to 3/12/2021	84	-	11	-	6	-	101	22	(26)	97
Ms Natasha Riddoch	Chief Operating Officer	From 17/01/2022	77	-	8	-	6	-	91	-	8	99
Mr Chris Breen	General Manager Commercial and Projects	Full year	163	-	18	-	14	-	195	-	3	198
Ms Kim Perkins	General Manager Corporate Services	Full year	140	-	15	-	14	-	169	-	1	170
Ms Michelle Brooks	Chief People Officer	From 01/07/2021 to 29/04/2022	146	-	17	-	12	-	175	9	(4)	180
Mr Jesse Penfold	General Manager Financial Services & Company Secretary	Full year	140	-	15	-	14	-	169	-	5	174
Sub-total			1,002	-	111	-	80	-	1,193	31	9	1,233
Acting arrangements												
Ms Natasha Riddoch	Acting Chief Operating Officer	From 04/12/2021 to 14/01/2022	34	-	-	-	-	-	34	-	-	34
Ms Lyn Brun	Acting Chief People Officer	From 09/05/2022	38	-	-	-	1	-	39	-	-	39
Sub-total			72	-	-	-	1	-	73	-	-	73
Total			1,074	-	111	-	81	-	1,266	31	9	1,306

Notes to the Financial Statements

D2 RELATED PARTIES (continued)

(b) Executive Remuneration (Continued)

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

2021 Executive Remuneration

Name	Position	Period	Base Salary ¹ \$'000	Short-Term Incentive Payments ² \$'000	Superannuation ³ \$'000	Vehicles ⁴ \$'000	Other Monetary Benefits ⁵ \$'000	Other Non-Monetary Benefits ⁶ \$'000	Total Remuneration Package \$'000	Termination Benefits ⁷ \$'000	Other Long-Term Benefits ⁸ \$'000	Totals \$'000
Ms Katie Cooper	Chief Executive Officer	From 12/10/2020	167	-	17	-	10	16	210	-	17	227
Mr Darren Carey	General Manager Operations	From 12/10/2020	123	-	13	-	10	-	146	-	4	150
Mr Paul Passmore	General Manager People and Safety	From 12/10/2020 to 30/04/2021	89	-	11	-	8	-	108	22	(25)	105
Mr Chris Breen*	General Manager Commercial and Projects	Full year*	155	-	16	-	14	-	185	-	(17)	168
Ms Kim Perkins**	General Manager Corporate Services	Full year**	140	-	15	-	14	-	169	-	12	181
Ms Michelle Brooks	Chief People Officer	From 12/04/2021	32	-	3	-	3	-	38	-	4	42
Mr Jesse Penfold	General Manager Financial Services & Company Secretary	From 12/04/2021	27	-	3	-	3	-	33	-	3	36
Sub-total			733	-	78	-	62	16	889	22	(2)	909
Acting arrangements												
Mr Darren Carey	Acting Chief Executive Officer	From 01/07/2020 to 11/10/2020	85	-	8	-	4	-	97	-	(6)	91
Mr Paul Passmore	Acting General Manager Operations	From 01/07/2020 to 11/10/2020	53	-	5	-	4	-	62	-	3	66
Mr Jesse Penfold	Acting Chief Financial Officer	From 01/07/2020 to 11/04/2021	124	-	12	-	1	-	137	-	6	143
Sub-total			262	-	25	-	9	-	296	-	3	300
Total			995	-	103	-	71	16	1,185	22	1	1,208

*Chris Breen was General Manager Business Improvement Services up to 12 April 2021, and commenced as General Manager Commercial and Projects on 12 April 2021.

**Kim Perkins was Executive Projects Manager up to 12 April 2021, and commenced as General Manager Corporate Services on 12 April 2021.

Other Monetary benefits in 2020-21 has been amended to reflect Motor vehicle allowances paid to executives which were previously classified as Base Salary.

Executive Remuneration Notes and Statements

¹ Base Salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

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

³ Superannuation means the contribution to the superannuation fund of the individual.

⁴ Includes total cost of providing and maintaining vehicles provided for private use, including registration, insurance, fuel and other consumables, maintenance cost and fringe benefits tax.

⁵ Other monetary benefits includes all other forms of employment allowances (excludes reimbursements such as travel, accommodation or meals), payments in lieu of leave, and any other compensation paid and payable.

⁶ Other non-monetary benefits include non-monetary benefits such as housing, subsidised goods or services, relocation costs etc.

⁷ Termination benefits include all forms of benefit paid or accrued as a consequence of termination.

⁸ Other long-term benefits include annual and long service leave movements.

Notes to the Financial Statements

D2 RELATED PARTIES (continued)

(c) Remuneration Principles

Non-Executive Directors

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

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

Executive Remuneration

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

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

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

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

Termination Benefits

Termination payments during the current year included:

- Mr Carey ceased employment effective 3/12/2021 and was paid \$21,799, representing the balance of his leave entitlements.
- Ms Brooks ceased employment effective 29/04/2022 and was paid \$9,072, representing the balance of her leave entitlements.

Acting Arrangements

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior staff to their position during their period of absence.

Individuals are considered members of key management personnel when acting arrangements are for more than a period of one month.

Ms Riddoch and Ms Brun were engaged as contractors with payments for services made to their respective management company. As a result, no superannuation benefits were paid by Metro during the time they were acting.

Related Party Transactions

There were no related party transactions with key management personnel (KMP) (including Directors, Executives and Cabinet Ministers) or their close family members (CFM) or entities that are controlled or jointly controlled by KMP or their CFM, during either 2021-22 or 2020-21.

Controlling Entities

There were no related party transactions with KMP (including Directors, Executives and Cabinet Ministers) or their CFM or entities that are controlled or jointly controlled by KMP or their CFM, during either 2021-22 or 2020-21.

Notes to the Financial Statements

D3 SUPERANNUATION AND DEFINED BENEFITS

General Information

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

Fund Information

Nature of the benefits provided by the Scheme

Members of the Contributory Scheme receive lump sum benefits on resignation and lump sum or pension benefits on retirement, death or invalidity. The Contributory Scheme is closed to new members.

Description of the regulatory framework

The Scheme operates under the *Public Sector Superannuation Reform Act 2016* and the *Public Sector Superannuation Reform Regulations 2017*.

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

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

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

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

The Superannuation Commission (the Commission) has fiduciary responsibility for, and oversees the administration of, the Scheme. The day to day running of the Scheme is managed by the Office of the Superannuation Commission, within the Department of Treasury and Finance.

Description of risks

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

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

Description of significant events

There were no Scheme amendments affecting the defined benefits payable, curtailments or settlements during the year.

Notes to the Financial Statements

D3 SUPERANNUATION AND DEFINED BENEFITS (continued)

Reconciliation of the net defined benefit liability/(asset)

As at	2022	2021
	\$'000	\$'000
Net defined benefit liability/(asset) at start of year	22,545	24,683
(+) Current service cost	146	190
(+) Past service cost/curtailments	-	-
(+) Gain/loss on settlements	-	-
(+) Net interest	697	760
(-) Actuarial return on plan assets less interest income	(122)	768
(+) Actuarial [gains]/losses arising from changes in demographic assumptions	-	-
(+) Actuarial [gains]/losses arising from changes in financial assumptions	(4,386)	(161)
(+) Actuarial [gains]/losses arising from liability experience	119	(960)
(+) Adjustment for effect of asset ceiling	-	-
(-) Employer contributions	1,698	1,199
Net defined benefit liability/(asset)	17,545	22,545
Current net liability	1,275	1,477
Non-current net liability	16,270	21,068

Reconciliation of the fair value of scheme assets

Financial year ending	2022	2021
	\$'000	\$'000
Fair value of plan assets at beginning of the year	5,656	5,147
(+) Interest income	173	156
(+) Actual return on plan assets less interest income	(122)	768
(+) Employer contributions	1,698	1,199
(+) Contributions by plan participants	48	68
(-) Benefits paid	2,328	1,682
(-) Taxes, premiums and expenses paid	2	-
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
Fair value of plan assets at end of the year	5,123	5,656

Notes to the Financial Statements

D3 SUPERANNUATION AND DEFINED BENEFITS (continued)

Reconciliation of the defined benefit obligation

Financial year ending	2022	2021
	\$'000	\$'000
Present value of defined benefit obligations at beginning of the year	28,201	29,830
(+) Current service cost	146	190
(+) Past service cost/curtailments	-	-
(+) Gain/loss on settlements	-	-
(+) Interest cost	870	916
(+) Contributions by plan participants	48	68
(+) Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
(+) Actuarial (gains)/losses arising from changes in financial assumptions	(4,386)	(161)
(+) Actuarial (gains)/losses arising from liability experience	119	(960)
(-) Benefits paid	2,328	1,682
(-) Taxes, premiums and expenses paid	2	-
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
Present value of defined benefit obligations at end of the year	22,668	28,201

Reconciliation of the effect of the asset ceiling

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

Fair value of scheme assets

Asset category	As at 30 June 2022			
	Total (\$'000s)	Quoted prices in active markets for identical assets - Level 1 (\$'000s)	Significant observable inputs - Level 2 (\$'000s)	Unobservable inputs - Level 3 (\$'000s)
Cash deposits	-	-	-	-
Australian equities	891	-	891	-
International equities	1,081	-	1,081	-
Infrastructure	661	-	169	492
Diversified fixed interest	1,143	-	1,143	-
Property	958	-	87	871
Alternative investments	389	-	389	-
Total	5,123	-	3,760	1,363

The fair value of Scheme assets is estimated based on assets allocated to Metro as at 30 June 2022 and asset allocation of the RBF Scheme as at 30 June 2021.

Fair value of entities' own financial instruments

The fair value of Scheme assets does not include any amounts relating to:

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

Assets are not held separately for each reporting entity but are held for the Fund as a whole. The fair value of Scheme assets for each reporting entity was estimated by allocating the total Fund assets in proportion to the value of each reporting entity's funded liabilities, calculated using the assumptions outlined in this report, with the exception of the discount rate. For the purposes of allocating assets to each reporting entity, we have used the Government Bond yield of 3.85%, in order to be consistent with the allocation of assets reported to the Department of Treasury and Finance.

Notes to the Financial Statements

D3 SUPERANNUATION AND DEFINED BENEFITS (continued)

Significant actuarial assumptions at the reporting date

Financial year ending	2022	2021
Assumptions to determine defined benefit cost and start of year DBO		
Discount rate (active members)	3.20%	3.15%
Discount rate (pensioners)	3.20%	3.15%
Expected rate of increase of compulsory preserved amounts	3.00%	3.00%
Expected salary increase rate	3.00%	3.00%
Expected pension increase rate	2.25%	2.25%
Assumptions to determine year end DBO		
Discount rate (active members)	5.35%	3.20%
Discount rate (pensioners)	5.35%	3.20%
Expected rate of increase of compulsory preserved amounts	5.5% for 2022-23 and then 3.5% pa	3.00%
Expected salary increase rate	3.50%	3.00%
Expected pension increase rate	5.5% for 2022-23 3.25% for 2023-24 and then 2.50% pa	2.25%

Sensitivity analysis

The defined benefit obligation as at 30 June 2022 under several scenarios is presented below.

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

	Base Case	Scenario A -1.0% pa discount rate	Scenario B +1.0% pa discount rate	Scenario C -1.0% pa pension increase rate	Scenario D +1.0% pa pension increase rate
Discount rate	5.35%	4.35%	6.35%	5.35%	5.35%
Pension increase rate	2.50%	2.50%	2.50%	1.50%	3.50%
Defined benefit obligation (\$'000s)	22,668	25,098	20,622	20,759	24,900

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, while retaining all other assumptions. The pension increase assumptions in the above table are long-term pension increase assumptions. Higher rates are assumed for the next two years. In Scenarios C and D, both the short-term and long-term assumptions have been adjusted.

Asset-liability matching strategies

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

Funding arrangements

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

Expected contributions

Financial year ending	2023 \$'000
Expected employer contributions	1,275

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation for Metro is 10.3 years.

Notes to the Financial Statements

Section E Financial instruments

E1 FINANCIAL INSTRUMENTS

Financial risk exposures and management

(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 Consolidated Statement of Financial Position and Notes to the Consolidated Financial Statements.

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

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. Metro limits its exposure to credit risk by establishing a payment period of 30 days and, as highlighted below, balances are rarely past due.

Trade receivables are low risk entities, composed primarily of government agencies, entities funded by government and agents. The majority of Metro's debtors have been transacting with Metro for over two years.

Based on the factors noted above and a review identifying nil bad debt write-offs by Metro over the past four years, the expected credit loss has been calculated as 0%.

There were no impairment losses on financial assets recognised in the consolidated profit and loss during the period ending 30 June 2022 or 30 June 2021.

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		31-120 days Past due		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial assets:								
Receivables	394	262	83	8	42	33	519	303

(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:

- Monthly reporting of Metro's liquidity position and operating cash flows to the Board;
- Regularly reviewing short-term cash flow forecasts to ensure Metro has sufficient cash to meet day-to-day operations. Rolling 12-month cash flow projections are reviewed monthly and reported to the Board;
- Annual review of medium to long-term cash flow forecasts as part of the preparation of the annual Corporate Plan (4 years) and revision of Long-term financial plan (10 years);
- Only investing short-term surplus cash with reputable organisations, including TASCORP and the approved financial institutions (Westpac, National Australia Bank, Commonwealth Bank of Australia and Australian, and New Zealand Banking Group);
- Monitoring undrawn credit facilities; and
- The Treasurer has provided explicit ongoing support for Metro to ensure the Company will continue to operate as a going concern as detailed at F9.

Notes to the Financial Statements

E1 FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-interest Bearing		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:										
Cash at bank	0.02	-	8,222	4,176	-	-	-	-	8,222	4,176
Call deposit at TASCORP	0.32	0.17	2,083	2,077	-	-	-	-	2,083	2,077
Call deposit at CBA	0.20	-	1,000	-	-	-	-	-	1,000	-
Term deposit at CBA	-	0.15	-	-	-	1,000	-	-	-	1,000
Receivables	-	-	-	-	-	-	519	303	519	303
			11,305	6,253	-	1,000	519	303	11,824	7,556
Financial liabilities:										
Trade and other payables	-	-	-	-	-	-	3,646	3,762	3,646	3,762
Contract liabilities	-	-	-	-	-	-	2,460	2,147	2,460	2,147
Lease liabilities	2.24	0.14	-	-	875	507	-	-	875	507
Borrowings	1.75	1.75	-	-	5,000	5,000	-	-	5,000	5,000
			-	-	5,875	5,507	6,106	5,909	11,981	11,416

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

	2022 \$'000	2021 \$'000
Less than 6 months	3,646	3,762
6 months to 1 year	-	-
1-5 years	-	-
	3,646	3,762

Notes to the Financial Statements

E1 FINANCIAL INSTRUMENTS (continued)

(c) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes to interest rates.

The primary source of interest rate risk for Metro is borrowings. However, other sources of interest rate risk include interest-bearing investments, finance and operating leases and credit accounts charging interest for late payments.

Metro manages interest rate risk by:

- Monitoring and reviewing performance of Metro's debt portfolio and interest-bearing investments against approved interest expense and income budgets;
- Considering interest rate risk and the maturity profile of the debt portfolio when developing Metro's Corporate Plan and Long-Term Financial Plans. This will ensure a spread of debt maturity utilising the maximum term offered by the Tasmanian Public Finance Corporation of ten years with no more than 40% of the available facility maturing in a given financial year;
- Prompt payment of creditor invoices on time to ensure no interest is charged for late payment;
- Monitoring of debtors accounts and charging interest for overdue accounts (where appropriate); and
- Reviewing interest rate risks on any finance or operating lease.

Metro's borrowings are held in fixed rate contracts with TASCORP, with the fixed rate period ending on 24 January 2030. Metro has assessed there to be no interest rate risk and has not performed a sensitivity analysis as at 30 June 2022.

(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 Consolidated Statement of Financial Position and in the Notes to the Consolidated Financial Statements.

Notes to the Financial Statements

E1 FINANCIAL INSTRUMENTS (continued)

(e) Financial instruments by categories

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Financial assets amortised cost:		
Cash and cash equivalents	11,305	7,253
Receivables	519	303
	11,824	7,556
Financial liabilities at amortised cost:		
Trade creditors and accruals	3,646	3,762
Contract liabilities	2,460	2,147
Borrowings	5,000	5,000
Lease liabilities	875	507
	11,981	11,416

(f) Capital risk management

Metro manages its capital tightly to ensure funds are available to implement planned capital expenditure strategies. Metro's long-term capital expenditure program is reviewed annually and key financial ratios are monitored to ensure an appropriate capital structure is maintained.

Metro holds bank guarantees as security for the contract performance of the bus supply contract by BusTech (via the Bank of Queensland). These guarantees are valued at \$3m (expiring April 2024) and \$7m (expiring 2041).

Notes to the Financial Statements

Section F Other information

F1 CONTRIBUTED EQUITY

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to, transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by Treasurer's Instruction FC-16 and have been credited directly to contributed equity.

	2022 \$'000	2021 \$'000
Balance at beginning of financial year	46,610	46,610
Equity contribution	-	-
Balance at end of financial year	46,610	46,610

F2 ASSET REVALUATION RESERVES

2022	CONSOLIDATED		
	Land and buildings \$'000	Buses \$'000	Total \$'000
Balance at beginning of financial year	9,379	3,034	12,413
Revaluation increments/(decrements)	-	1,364	1,364
Impairment losses	-	-	-
Disposal of revalued buses	-	(38)	(38)
Deferred tax asset/(liability)	-	(409)	(409)
Balance at end of financial year	9,379	3,951	13,330

2021	CONSOLIDATED		
	Land and buildings \$'000	Buses \$'000	Total \$'000
Balance at beginning of financial year	5,876	4,004	9,880
Revaluation increments/(decrements)	4,490	-	4,490
Impairment losses	-	-	-
Disposal of revalued buses	-	(970)	(970)
Deferred tax asset/(liability)	(987)	-	(987)
Balance at end of financial year	9,379	3,034	12,413

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

F3 RETAINED PROFITS

	2022	2021
	\$'000	\$'000
Balance at beginning of financial year	(3,213)	(4,942)
Net profit/(loss)	2,439	(563)
Revaluation increments (decrements) attributable to assets disposed of during the year	38	970
Defined benefit plan actuarial gains/(losses)	4,145	1,889
Related income tax	(1,243)	(567)
Balance at end of financial year	2,166	(3,213)

F4 REMUNERATION OF AUDITORS

	2022	2021
	\$'000	\$'000
External audit services	58	58
	58	58

As at 30 June 2022 Metro has paid \$20,800 to the Tasmanian Audit Office for the audit of the 2021-22 consolidated financial statements.

F5 COMMITMENTS FOR EXPENDITURE

	2022	2021
	\$'000	\$'000
Capital commitments:		
Payments within 1 year	-	13,771
Payments 1-5 years	-	7,247
	-	21,018

There are no capital commitments as at 30 June 2022. Capital commitments in 2021 comprised a contract with BusTech to supply 26 buses. However, due to problems relating to the fulfilment of the contract, Metro terminated the agreement. Eight of the 26 buses have been received. Options to source the remaining buses are being considered together with options to finish the partially completed buses which have been recognised in work in progress at 30 June 2022.

F6 OTHER ACCOUNTING POLICIES

(a) 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. The recoverable amount is the greater of fair value less costs to sell and value in use.

(b) Tax consolidation

The parent entity and its wholly owned Australian resident subsidiary 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.

(c) Goods and services tax

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

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

Cash flows are included in the Consolidated 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.

Notes to the Financial Statements

F7 SUBSEQUENT EVENTS

At the time of signing these financial statements there have been no material subsequent events.

F8 CONTINGENT ASSETS / LIABILITIES

After due investigation Metro has identified no material contingent assets or liabilities.

F9 ECONOMIC DEPENDENCY

A significant volume of Metro's operations is performed under contract to the State Government. Metro's service contract with Department of State Growth (State Growth) expired 31 December 2018 and contract extensions have been established until 31 August 2022. At the date of signing the financial statements, Metro and State Growth were finalising negotiations regarding a new service contract that will have an initial term to December 2024, with an option to extend for a further five years. The new service contract is anticipated to be in place by 31 August 2022.

The Treasurer has provided explicit ongoing support for Metro to ensure the Company will continue to operate as a going concern.

On 15 June 2020 Metro established an \$18 million borrowing facility with the Tasmanian Public Finance Corporation with explicit support from the Treasurer. Metro has a drawdown program in place for the borrowing facility that ensures capacity to meet all short-term commitments and to continue its capital replacement program. As at 30 June 2022 Metro has drawn down \$5m of this borrowing facility.

Metro has developed its four-year Corporate Plan, which is based upon the funding model in the current contract extension, and in line with the new service contract under negotiation. The Corporate Plan represents management's best estimate of future financial performance and has been approved by the Metro Board and endorsed by the Shareholding Ministers.

Based on these factors the Board is satisfied that Metro will continue to operate on a going concern basis.

F10 CONTROLLED ENTITY

	Country of incorporation	Equity interest	
		2022	2021
Parent entity:			
Metro Tasmania Pty Ltd	Australia	-	-
Controlled entity:			
Metro Coaches (Tas) Pty Ltd	Australia	100%	100%



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WHEN LIGHTS

FLASH

Our drivers keep
Tassie moving.

Please be kind.

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