



Annual Report 2013-14



Metro

CONTENTS

Company Overview	1
Chairperson's Review	2
Chief Executive Officer's Review	4
Our Performance	6
Our Workforce	10
Our Customers	13
Our Community	15
Board of Directors	16
Directors' Report	18
Auditor's Independence Declaration	20
Directors' Declaration	21
Independent Audit Report	22
Financial Statements	25

Nature of Business

Provision of road passenger transport services.

Issued Capital

Two shares of \$1.00 each.

Registered Office

212 – 220 Main Road
Moonah, TAS 7009

ABN Number

30 081 467 281

Directors

Lynn Mason, Chairperson
Geoffrey Hazell, Deputy Chairperson
Tracy Matthews (ceased 19 December 2013)
Ian Newman
Guy Thurston
Nick Burrows (commenced from 20 December 2013)
Michael Harris (commenced from 20 December 2013)

Shareholders

Minister for Infrastructure
Treasurer

Executive Managers

Heather Haselgrove Chief Executive Officer
Anita Robertson General Manager Financial and
Governance Services,
Chief Financial Officer and
Company Secretary
Alan Pedley General Manager
Customer Services and
Chief Operating Officer
Ian Ward General Manager Infrastructure
and Engineering Services
Rodney Byfield General Manager Business
Improvement Services and
Chief Information Officer

Bankers

Commonwealth Bank of Australia
81 Elizabeth Street
Hobart, TAS 7000

Auditor

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



COMPANY OVERVIEW

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

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

Metro services are delivered under service contracts with the Secretary of the Department of State Growth (previously the Department of Infrastructure, Energy and Resources).

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

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

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

Our Vision

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

Our Business Purpose

To be a sustainable bus company connecting people and communities.

Our Goals

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

Our Values

Safety

We take pride in everyone getting home safely, by

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

Respect

We show respect for everyone at all times

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

Resilience

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

- determination;
- commitment; and
- strength.

Unity

We work together with honesty and transparency.

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

Service Driven

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

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



CHAIRPERSON'S REVIEW 2014



During 2013–14 Metro Tasmania's focus has been on providing an attractive travel option, contributing to an integrated public transport network in Tasmania. We want Metro to be a bus company all are proud of.

We have pursued two principal goals during the year: improving our customer focus, and delivering high quality services in accordance with our contractual, legislative and regulatory requirements.

Over the year Metro has engaged strongly with stakeholders at all levels, through involvement in community campaigns and events such as the "Say No to Bullying" and the "Racism. It Stops with Me." campaigns. In addition, the organisation has focused on changing Metro's workplace culture. We have also continued to modernise the bus fleet, commenced a major network review, and

continued to review street infrastructure such as bus shelters and signage.

One of Metro's key aims as Tasmania's mass urban public transport provider is to increase patronage. With this in mind, a number of campaigns and changes to services were launched, including the "Catch my Ride" campaign and the Main Road Turn Up and Go high-frequency corridor. After two years of decline in passenger boardings it is pleasing to report a turnaround this year, with a modest increase of about one per cent across the network.

It is also important to note that, notwithstanding the decline in passenger boardings in recent years, passenger numbers have risen over the past five years due primarily to the very successful introduction of Greencard and other service improvements.

Financial Result

For the 2013–14 year Metro incurred a loss before income tax of \$375,000 and an after tax loss of \$268,000. Metro is a state-owned company, but is not set up to make a profit and nor is it expected to pay a dividend to its Government shareholders.

During the reporting year the Department of Infrastructure, Energy and Resources (DIER) (now the Department of State Growth) provided \$35.84 million under service contracts to Metro to provide bus services in Hobart, Launceston and Burnie. The State Government also provided an exceptional grant of \$3.25 million, to be used for the purchase

of buses. This was used to buy seven buses in 2013–14.

The other major source of income for the business comes from passengers through ticketing fares, which in the 2013–14 year amounted to \$11.25 million or about 22 per cent of our income. Metro's major expenses include employee wages and salaries, fuel and maintenance of the fleet.

Bus Patronage Drive

During the year Metro launched a major state-wide 'Catch My Ride' campaign, aimed at reversing the decline in passenger numbers. The campaign was built around a "hero" character – "Metro Max" – to focus on positive perceptions about bus travel.

With financial assistance from Government, Metro also introduced the very successful high-frequency 'Turn Up and Go' bus service on its busiest corridor from Glenorchy to the Hobart CBD. This initiative has resulted in an eight per cent increase in passenger boardings on the routes that make up the corridor.

Other initiatives aimed at increasing passenger numbers include the ongoing 20 per cent discount for people using Greencard, the successful Nightrider services on New Year's Eve funded by the Motor Accidents Insurance Board (MAIB), and the introduction of a Journey Planner on the Metro website for Hobart, Launceston and Burnie. The Journey Planner makes it easier for people to plan their bus trips using their computer or mobile devices.

Metro also continues to replace its ageing buses, updating all its timetables, and modernising bus stop shelters and seats to make travel more convenient and comfortable.

We believe these and other initiatives are responsible for the small increase in total passenger boardings across the State, from 10,071,529 in 2012–13 to 10,080,258 in the past financial year.

Fare Increases

Metro again has held bus fares increases to a minimum, partly in recognition of the financial stress facing many bus users, but also because we recognise that the cost of travel is a key consideration in people's choices of whether or not to use public transport.

The Board decided that this year, from Sunday 5 January 2014, most Metro bus fares would increase by 20 cents per trip. This is the fourth year in succession that Metro has kept fare increases to a minimum. In 2011 and 2012 Metro kept adult fare increases to the level of inflation. In 2013, as with this year, Metro opted for a 20 cent increase for the majority of fares.

Student and urban adult concession fares were not increased and in most cases, concession fares in non-urban areas increased by 10 cents per trip. We have continued the policy of offering a 20 per cent discount on fares for all passengers when they use Greencard instead of cash.

Hobart Northern Suburbs Services Review

Metro is planning a major overhaul of bus services in the northern suburbs of Hobart to speed up services and improve reliability. The proposed changes follow an extensive study of routes and services in the northern suburbs of Hobart.

Many of the current bus schedules and routes have become outdated and do not adequately meet people's needs, due to demographic changes and modern traffic trends. Consequently we are proposing to simplify the routes and make better use of existing resources in Hobart's northern suburbs. The proposed changes are a direct response to passenger requests for simpler, faster and more frequent bus services on routes with greatest demand.

The Department of State Growth will need to agree to the implementation of the proposed changes, and there may need to be changes to the New Services Contract to ensure compliance with its terms. In addition, Metro has undertaken a major public engagement program to get public feedback on the proposed route and service changes.

The changes will affect people in areas north of the Hobart CBD, Glenorchy to Granton, Brighton and the northern part of Clarence.

Metro Workplace Project

The Metro Board aims to create a modern workplace to improve work practices and morale and help drive better outcomes for our customers.

To provide support and guidance for the Better Metro cultural change project, the Board has established a Better Metro Committee, chaired by Director, Mr Ian Newman.

In 2013 Metro appointed Tasmanian firm Sara Redman & Associates to guide and support the project. It aims to identify the things that Metro does well, and improvements which could be made to current operational and employment practices.

The project has already achieved some great outcomes internally, which we hope will be reflected in better outcomes for bus passengers over time.

Community and Stakeholder Relations

During the year Metro has continued to build on its relationship with the State Government, DIER, local government, community service providers and private passenger bus operators, to better communicate the reasons behind our policies, service and infrastructure changes and other initiatives.

As part of its involvement with the community, Metro actively participates in a number of campaigns and initiatives which we believe benefit both the community generally as well as Metro and its passengers.

Metro proudly supports the "Say No to Bullying" and the "Racism. It Stops with Me." campaigns. Both of these campaigns aim to raise community awareness. Neither bullying nor racism should be tolerated anywhere and there is no place for those actions or attitudes on our buses.

The clear message we want to send is that all passengers have a right to feel safe when travelling on our buses and we do not tolerate bullying, violence or other anti-social behaviour.

Six Metro employees feature in the "Racism. It Stops With Me." advertisements on Metro buses, including Jackie Barnes and Ian Leighton in Launceston, Melanie Lincoln and Graham Jones in Hobart, and David Snook with me in Burnie.

During 2013–14 Metro also supported a diverse range of community

organisations including not-for-profit organisations, government initiatives and community celebrations.

Board Changes

There have been a number of changes to the Metro Board in 2013–14. Former Chairperson and Director Mr Ron Ward retired from the Board on 31 July 2013, having served as Chairperson since 2010. Ms Tracy Matthews retired from the Board in December 2013. Tracy was first appointed to the Board in 2007. During her term she excelled as Chairperson of the Audit and Risk Committee, and was an exceptional contributor to all aspects of Metro's strategic governance and direction.

On behalf of the Board I thank both Mr Ward and Ms Matthews for their service to Metro.

Nick Burrows and Michael Harris joined the Board in December to fill the vacancies. The two new Directors bring a wealth of experience and skills to the Metro Board.

Resignation of Chief Executive Officer

Metro's Chief Executive Officer Ms Heather Haselgrove resigned in May, with effect from 8 August, 2014.

Ms Haselgrove led Metro as CEO for five years, bringing to the company the benefit of her extensive experience in public transport. She has been instrumental in implementing major changes to the company's operations and culture, and has overseen the introduction of many important programs during her term as CEO.

Ms Haselgrove was the driving force behind the successful introduction of Greencard – a major initiative that helped lift passenger numbers and which was introduced without the problems experienced in other jurisdictions. One of the biggest changes under Ms Haselgrove's leadership has been initiating the transformation of the culture at Metro to a modern, more customer-focused business.

The Board thanks Ms Haselgrove for her work with Metro, and her commitment to the improvement of public transport in Tasmania.



Lynn Mason
Chairperson



CEO'S REPORT 2014



During 2013–14 Metro has continued the transition to being a more modern, customer-focused mass public transport service provider.

Over the last five years total passenger numbers have increased from 10,029,503 in 2008–09 to 10,080,258 in the past financial year, despite a downturn in the previous two years.

The biggest increase over the period was the jump in 2010 following the successful introduction of Greencard in late 2009. However, in the past year we have seen about a one per cent increase in total passenger boardings, mainly due to initiatives such as the very successful high-frequency 'Turn Up and Go' bus service on our busiest corridor from Glenorchy to the Hobart CBD.

It is pleasing to note that our 2014 annual passenger survey has found across-the-board improvements in passenger satisfaction from the service provided by bus operators to personal safety, the cost of fares and the reliability and speed of our bus services. Almost all of the categories show the percentage of passengers either very satisfied or satisfied equal to or above national benchmarks. For example, it is remarkable that 81 per cent of passengers are satisfied or very satisfied with the service provided by our bus operators. In my experience there are very few places in Australia or overseas where passengers regularly thank the driver as they exit from buses as they do in Tasmania.

All Metro personnel can be rightly proud of the findings of the Tasmanian Audit Office report tabled in State Parliament in June, 2014 which also highlighted the high level of passenger satisfaction with the safety and comfort of Metro services, cleanliness of buses, the standard of services for people with a disability, the provision of bus schedule information and Metro's response to complaints.

Of course there are areas where Metro can improve, such as in meeting bus schedule early departure and late arrival benchmarks, and we will continue to work on those areas.

Turn Up and Go

One of the major operational initiatives for the past financial year was the introduction of the Turn Up and Go high-frequency Transit Corridor from Glenorchy

to Hobart CBD. This was foreshadowed in last year's report and was launched in November 2013. To coincide with the introduction of that service Metro introduced a number of other service changes to make bus travel easier.

This included special "Go" brand bus stops and new infrastructure at major stops. Metro also reintroduced a number of services designated as accessible services by a wheelchair symbol on timetables. Updated timetables for all of Metro's Hobart northern suburbs services were implemented in November 2013 to better reflect actual travel times.

Launceston

Metro also reviewed bus stops along routes from the Launceston CBD via Invermay Road and George Town Road to Lilydale Road with the aim of improving accessibility, safety and travelling times.

This saw the removal or relocation of a number of bus stops, and the installation of a new stop on the route through Invermay, Mowbray, Mayfield, Alanvale and Rocherlea as part of an ongoing state-wide review by Metro of all of its bus stops and shelters.

Catch My Ride

Early in 2013 Metro undertook a research project to understand why passengers used Metro while others either were not using it or were using Metro less than they had before.

The research found that a number of factors affected bus patronage including

the cost of fares, the regularity and reliability of services, convenience and the standard of our buses and infrastructure. The study also explored how people felt about Metro and the Metro brand and found that some people said good things about Metro, including for example that our bus operators are courteous, but some also felt that Metro was tired, in dire need of a 'makeover' with an update of buses, technology and infrastructure and was lacking in care about how we deliver services.

As part of the campaign to attract people back to public transport Metro subsequently launched a major state-wide 'Catch My Ride' campaign.

The aim of the campaign was to focus on positive perceptions about bus travel and to challenge some negative views people may have. Metro Max, our campaign "hero" character, is confident, quirky and charming. The feel we want is of someone who is helpful and happy and who enjoys using public transport.

Journey Planner

Metro has now completed the availability of a Journey Planner to all areas of Tasmania with Hobart now joining Burnie and Launceston with access to the service. The Journey Planner makes it quicker and easier for passengers to plan bus trips on all Metro services across the State.

The Journey Planner links with Google Maps and is a public transportation planning tool that integrates bus stop, route and schedule information. To ensure it works as it is designed, Metro had to first ensure that bus route and schedule information accurately reflected actual travel times.

To use it, people log on to www.metrotas.com.au using their computer or mobile device and see the Journey Planner tool in the top right hand side of the screen. One of the recommendations of the Tasmanian Audit Office report was to make the Journey Planner more accessible on our website and we are currently investigating ways to do this.

Northern Suburbs Review

As mentioned in the Chairperson's review Metro has been involved in a public engagement process for a major review of bus services in the northern suburbs of Hobart to speed up services and improve reliability. The review includes all areas north of Hobart CBD, Glenorchy to Granton, Brighton and the northern part of Clarence.

Metro proposed to simplify the many

different routes and make better use of our existing resources in Hobart's northern suburbs. The proposed changes are a direct response to passenger requests to have a simpler, faster and more frequent bus service on routes with greatest demand.

Feedback from passengers and other stakeholders will be taken into consideration when finalising the changes to be presented to the Department of State Growth for approval.

New Buses

During the 2013–14 year Metro took delivery of four new articulated buses to replace four 27-year-old articulated buses as part of the ongoing modernisation of the fleet under the bus replacement program.

The new buses cost \$2.72 million which was funded from an additional \$3.25 million provided to Metro by the State Government for infrastructure improvements.

Metro operates a fleet of 218 buses. All buses are fitted with CCTV and 34 per cent of the buses are air conditioned. 96 buses are compliant with the Disability Discrimination Act requirements for accessible public transport which represents 44 per cent of the fleet.

The Disability Standards for Accessible Public Transport requires that 55 per cent of services are provided using accessible buses. Metro currently provides 67 per cent of services with wheelchair accessible buses.

The new buses greatly improve the comfort and amenity of all passengers, as well as improve safety and security for drivers. The new buses are more fuel efficient, quieter inside the bus and can carry 103 passengers.

Special Services and Community Programs

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

This benefits not only the patrons using the service but also significantly reduces traffic and parking hassles for other event patrons and local residents while benefiting the environment.

Metro Nightrider services were provided in Hobart, Launceston and Burnie on New Year's Eve with sponsorship from the MAIB.

Metro and Cricket Tasmania provided Metro Boundary Rider services to and from Blundstone Arena, Bellerive for the domestic Twenty20 matches and the Twenty20 International between Australia and England in January.

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

During Seniors Week in October 2013, seniors who had a Greencard were able to ride free on all Metro bus services. Additionally, all Seniors Card holders, whether they have a Greencard or not, were able to travel free on all Metro buses on Saturday 5 October and Sunday 6 October.

In the weeks leading up to Seniors Week Metro waived the Greencard application fee for all Seniors Card holders to encourage them to get a free card to take full advantage of the free travel offer.

As in past years Metro was again pleased to provide free bus services on ANZAC Day to Veterans, War Widows and other service personnel.

I thank the Metro Board for its support and the Shareholding Ministers for their commitment to public transport in Tasmania over the last year.

Special thanks to my Executive Team and all employees at Metro – everyone has contributed to making Metro a Tasmanian bus company all are proud of.



Heather Haselgrove
Chief Executive Officer



OUR PERFORMANCE

Passenger Levels

In 2013–14 the number of passenger boardings was 10,080,258 compared with 10,071,529 in 2012–13 – an increase of 0.1 per cent. However, after adjustments for the number of weekdays, statewide passenger boardings increased by 1.1 per cent. A 2.0 per cent increase occurred in Hobart, 2.0 per cent decrease in Launceston and 1.0 per cent decrease in Burnie. Adult concession and student first boardings (which exclude free transfer boardings) increased by 2.0 per cent and 2.7 per cent respectively whilst adult first boardings declined by 2.1 per cent. The number of recorded free transfer boardings decreased by 0.4 per cent. Greencard use increased again this year to 61.0 per cent of first boardings and 57.2 per cent of all boardings.

The decrease in passenger boardings observed over recent years appears to be easing with the rate of decline steadily reducing since passenger boardings peaked in 2010–11 following the introduction of Greencard. In 2013–14 Metro undertook a project that identified the reasons behind the decline in patronage which is being used to develop strategies aimed at increasing passenger boardings. These include a 12 month trial of the provision of additional services to provide a high frequency “Turn Up and Go” service on Hobart’s Main Road and a statewide marketing campaign to build a positive new brand image.

Figure 1 - Passenger Boardings

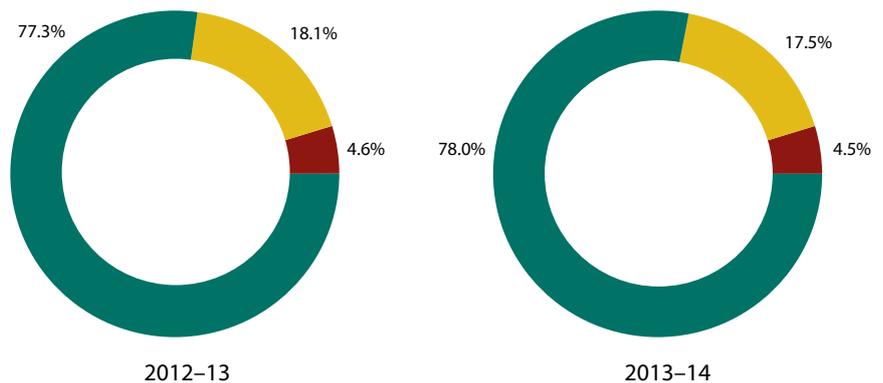
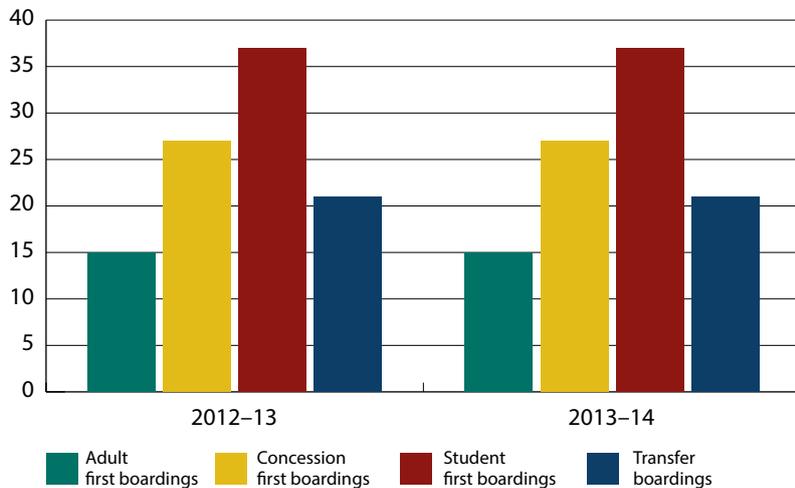


Figure 2 - Boardings by Passenger Type





Service Initiatives

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

This benefits not only the patrons using the service but also significantly reduces traffic and parking hassles for other event patrons and local residents while benefiting the environment.

The following service initiatives were implemented in 2013–14.

Statewide

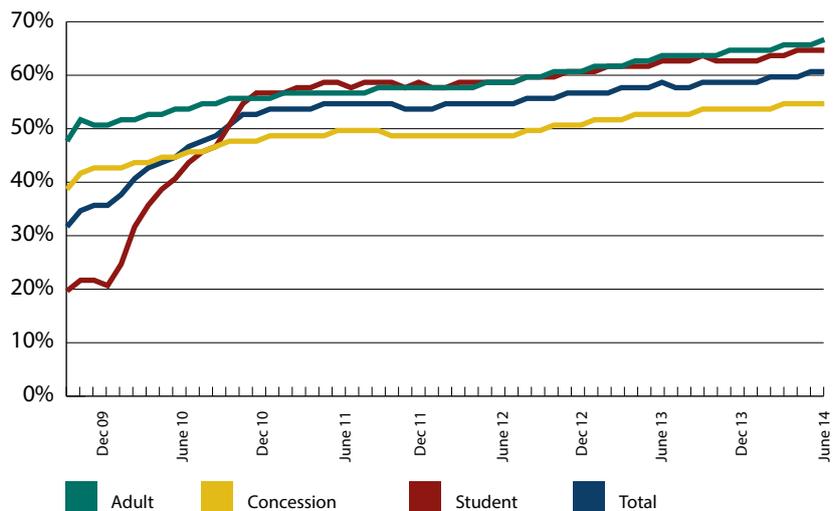
Metro Nightrider services were provided in Hobart, Launceston and Burnie on New Year's Eve. Sponsorship for these services was provided by the MAIB.

Hobart

Metro and Cricket Tasmania provided Metro Boundary Rider services to and from Blundstone Arena, Bellerive. The Boundary Rider services operated during December and January for the domestic T20 Big Bash matches and Twenty20 International between Australia and England.

The State Government is funding a 12 month trial of frequency improvements on the Main Road corridor between Glenorchy and Hobart's CBD. The trial commenced on 3 November 2013 and means that passengers wait no more than ten minutes for a bus between 7:00 AM and 7:00 PM during weekdays and no more than 30 minutes after 7:00 PM.

Figure 3 - Usage of Greencard since statewide implementation



The maximum waiting times on Saturday and Sunday (7:00 AM to 7:00 PM) are 20 and 30 minutes respectively. The corridor has been uniquely branded with the tagline of "Turn Up and Go".

Changes have also been made to the hours of operation for Main Road services. During weekdays buses start at 6:00 AM (inbound) and 6:25 AM (outbound) and finish by 11:00 PM Monday to Thursday. Services operate later on Fridays. On Saturdays services commence at 6:15 AM (inbound) and 6:40 AM (outbound) and finish by 12:00 AM (inbound) and 12:40 AM (outbound). Sunday has the shortest operating hours as the demand for buses is lower,

with services commencing at 7:00 AM (inbound) and 7:10 AM (outbound) and finishing by 9:15 PM (inbound) and 9:40 PM (outbound). Passenger boardings on the services have increased by 8.3 per cent since the launch when compared to the same period the previous year.

Launceston

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



OUR PERFORMANCE

Bus Fleet

Metro operates a fleet of 218 buses. All buses are fitted with CCTV and 33 per cent are air conditioned. 96 buses are compliant with the Disability Discrimination Act (DDA) requirements for accessible public transport which represents 44 per cent of the fleet.

The Disability Standards for Accessible Public Transport (DSAPT) requires that 55 per cent of services are provided using accessible buses. As at June 2014 Metro was providing 67 per cent of services with wheelchair accessible buses. This figure is calculated with dedicated school bus services excluded as per the DSAPT.

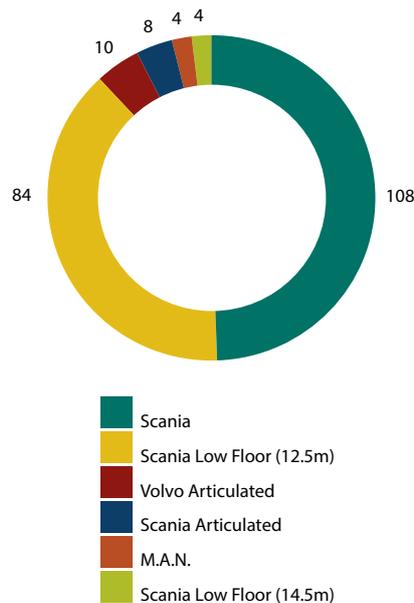
In 2013–14 Metro took delivery of four new articulated buses and seven new rigid buses. These DDA compliant buses are also fitted with the latest low-emission diesel engines.

Website

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

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

Figure 4 - Buses in Service (as at 30 June 2014)



Media

Alerts relating to service alterations, traffic delays, special event services and other daily information are provided on Twitter via @Metro_Tasmania. The number of Twitter followers has increased steadily to over 1,400 as at June 2014.

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

Marketing

In November 2013 Metro launched a marketing campaign featuring "Metro Max", a character who has featured in subsequent television and print advertising for Metro. The intention is to modernise Metro's image while promoting bus travel as an attractive travel alternative to private motor vehicles.

A survey was conducted in March 2014 to assess the impact of the campaign. Of those surveyed 61 per cent had seen the advertisement and 66 per cent of these respondents were either "quite satisfied" or "very satisfied" that the advertisement communicated positive messages about bus travel.

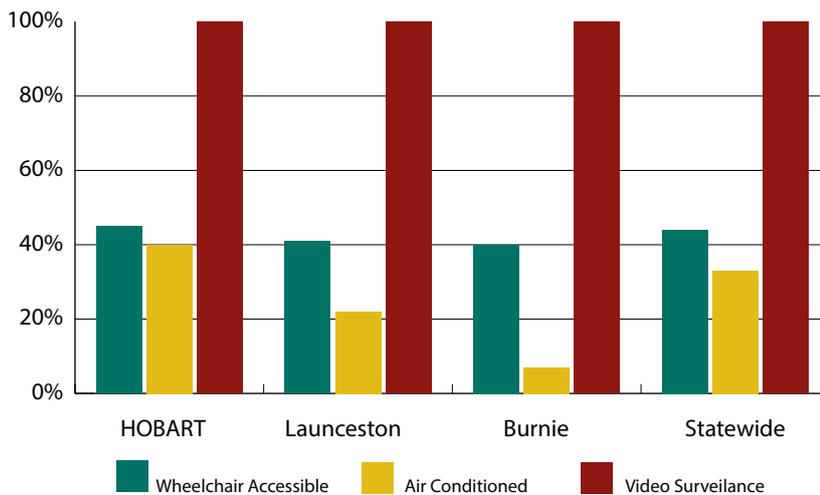
The website is also used to provide information about changes to bus service infrastructure and major projects such as the review of services in Hobart's northern suburbs.

During the year a public comment form was added to the website that enables users to lodge queries, comments and complaints. This feature makes it easy to provide feedback while streamlining Metro's complaint-handling procedure.

Over 13,000 visits were made to the Metro website in 2013–14. Most visits were to view timetables and Greencard pages.



Figure 5 - Buses with Special Features



Public Interest Disclosures

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

Right to Information

During 2013–14 there were five Right to Information requests received by Metro. In four of the cases either complete or partial information was released to the applicant under the active disclosure provisions of the Right to Information legislation. The fifth case is before the Ombudsman for a ruling on the provision of the information at the time of reporting.



OUR WORKFORCE

Workforce

The number of employees, including casual bus drivers, at 30 June 2014 was 465.

Hobart	356
Launceston	88
Burnie	21

The number of full-time equivalent employees at 30 June 2014 was 413.

Recruitment

Four advertisements for the recruitment of casual bus drivers were placed in Hobart, two were placed in Launceston and one in Burnie during 2013–14. Each led to a significant number of applications being received. A small number of salaried positions were advertised and successfully filled.

Employee Relations

After a short negotiation period involving the Australian Manufacturing Workers Union, the Fair Work Commission approved the Metro Tasmania Engineering Enterprise Agreement in October 2013. All relevant clauses from the expiring Metro 2002 Award, as well as the Manufacturing and Associated Industries and Occupations Award 2010, were incorporated into Metro's new Engineering Enterprise Agreement.

In 2013–14 Metro commenced negotiations with administrative employees to develop an enterprise agreement for all employees other than bus operators and engineering staff.

The new agreement is necessary as the expiring Metro 2002 Award contains conditions of employment relevant to these employees that need to be maintained.

Internal Communication

Metro's internal newsletter, *Metro Communicator*, underwent a major facelift in 2013–14. It is now a weekly four-page colour publication which is pinned on noticeboards, distributed in lunchrooms and emailed to all Metro email accounts as well as around 100 employees' private email addresses. The newsletter has featured employee profiles, years of service awards, operations notices and information from management and the Board.

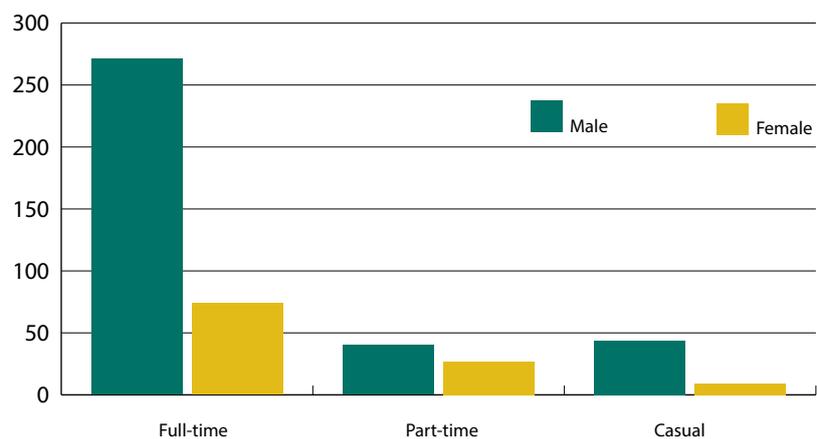
Employee Development

Training and development activities completed by Metro employees in 2013–14 included:

- Discrimination and harassment contact officer
- Writing for government
- Time management
- Supervisory development
- Tax and superannuation
- Software applications
- Refresher training for bus drivers.

During the year 66 bus drivers enrolled in the Certificate III in Driving Operations.

Figure 6 - Employment Profile





Upon the successful completion of these certificates around 80 per cent of Metro's workforce will have obtained Certificate III qualification or higher.

Significant Federal Government funding has been secured for educating responsible personnel in the new Heavy Vehicle National Law and supporting bus drivers in their vocational training. Other external training supported by Metro in 2013–14 included:

- Certificate IV in:
 - Transport and Distribution
 - Security Operations
 - Automotive Technology
 - Frontline Management
 - Transport and Logistics
- Management Diploma
- Bachelor of Business
- Graduate Certificate of Dispute Resolution
- Chartered Accountants Program.

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

Figure 7 - Age Profile

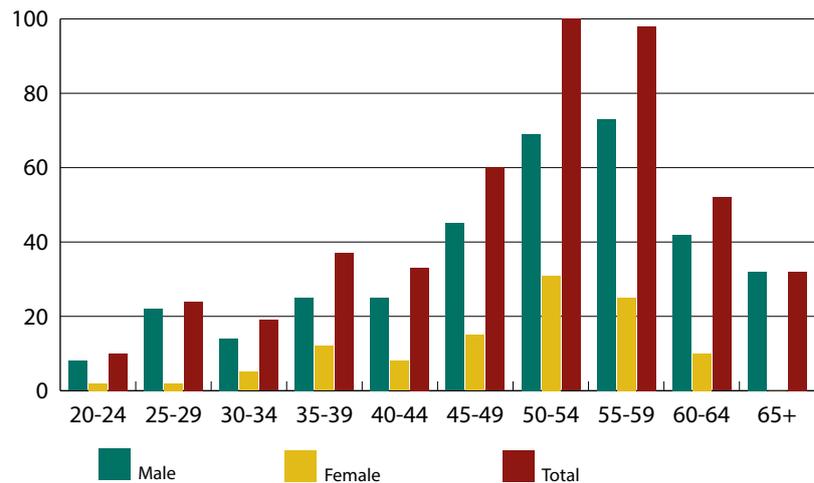
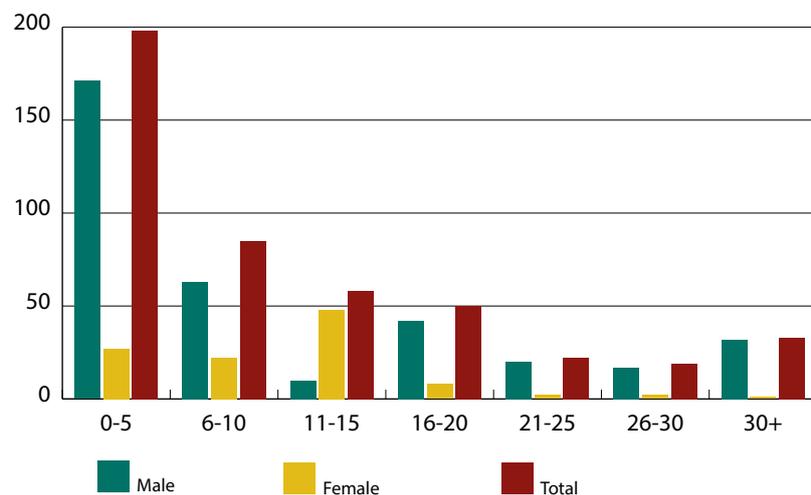


Figure 8 - Years of Service





OUR WORKFORCE

Safety Performance

The safety of all employees, passengers and the general public remains Metro's number one priority.

Disappointingly 2013–14 saw an increase in both the Medical Treatment Frequency Rate and the Lost Time Injury Frequency Rate (LTIFR) after achieving reductions in these measures in previous years. The results reflect an increase in the number of injuries that are progressing to a claim as well as increased bus driver assaults and stress claims. The injury duration rate has not increased.

The increase in Metro's LTIFR over 2013–14 is shown in Figure 9.

The highest frequency injury incidents include physical assault and body stressing leading to muscular-skeletal injury. This is closely followed by slips, trips, falls and mental stress. Key risks for the business continue to be assault and public interface, ergonomics, body positioning and motor vehicle accidents.

Management continues to focus on:

- The implementation of a safety management system
- Monthly Work, Health, Safety and Environment Committee meetings held at each of Metro's three depots
- Ensuring safety inductions are conducted for all contract personnel
- Arranging regular contractor meetings
- Ensuring monthly engineering staff toolbox meetings are held.

Apprenticeships and Traineeships

Six apprentices are currently undertaking diesel mechanics and automotive electrical training with Metro. The apprentices are employed through a group training company.

Employee Wellbeing

Health and Wellbeing Committees at the Springfield and Launceston depots introduced a number of initiatives during 2013–14 including health-themed barbeques, standalone health and wellbeing noticeboards and Beyond Blue information stands.

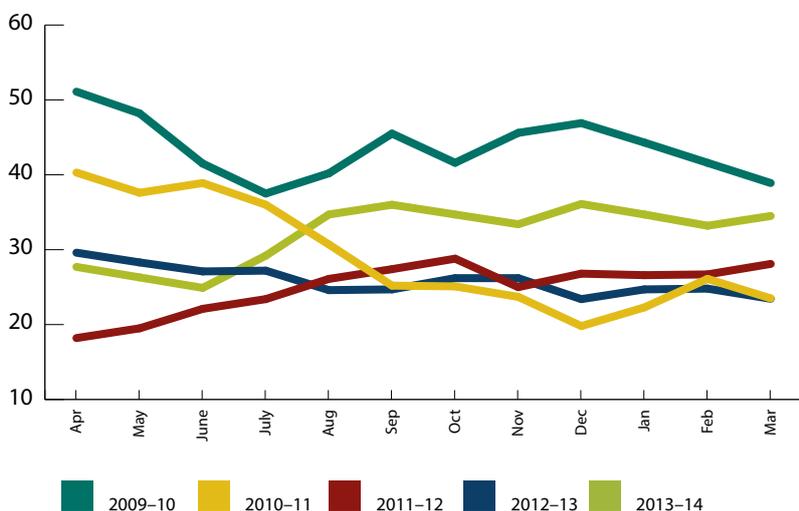
Also in 2013–14 a gym was opened at the Launceston depot to complement the

existing gym located at the Springfield depot. Two employees that have completed a Certificate IV in Personal Fitness provide support and develop fitness plans for employees.

Other workplace health and safety activities conducted throughout the year included:

- Continuity Plan including a crisis management exercise
- Crisis Management Plan
- Fire warden training
- Introduction of Health and Safety Representatives
- First aid and defibrillator refresher training.

Figure 9 - Lost Time Injury Frequency Rate



OUR CUSTOMERS

One of Metro's goals is to focus on our customers.

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

The survey involves interviewing 600 respondents who had used a Metro bus service at any time during the previous 12 months. The latest survey was conducted in June 2014 with 73 per cent of respondents indicating that they were either satisfied or very satisfied with the overall services provided by Metro. Since the previous survey conducted in 2013, levels of satisfaction have improved across all aspects of Metro's services, with some measures achieving the highest result since the surveys commenced in 2011.

Reasons for travelling on Metro services

Reasons for Travel	Percentage			
	2011	2012	2013	2014
To go shopping	42	49	46	49
To go to work	39	35	33	32
To do business i.e. banking	19	27	23	23
Visit friends or relatives	18	24	23	23
Health or welfare	15	19	22	22
Entertainment or performances	15	23	20	21
To go to school	13	12	14	10
Sport or recreation	9	12	14	9
To go to university or TasTAFE	7	6	8	7
Other	8	9	6	7

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

Satisfaction with Metro

Aspect of Metro's Service	Percentage			
	Very satisfied/satisfied			
	2011	2012	2013	2014
The service provided by bus drivers	78	81	80	81
Personal safety on board the bus	77	80	77	81
The directness of the route	76	73	74	76
The length of time it takes to travel	77	78	73	77
The cost to use the service	68	69	68	75
The services provided by Metro overall	69	73	71	73
The reliability of the services	70	73	70	71
The bus route coverage	66	67	69	70
Personal safety at the bus stop	65	66	67	70
The operating hours of the services	60	61	60	63
The service provided by the Metro Customer Service team	58	59	56	63
The frequency of services	54	56	54	60
The ease of transfers between services	48	45	45	49



OUR CUSTOMERS

Customer Service

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

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

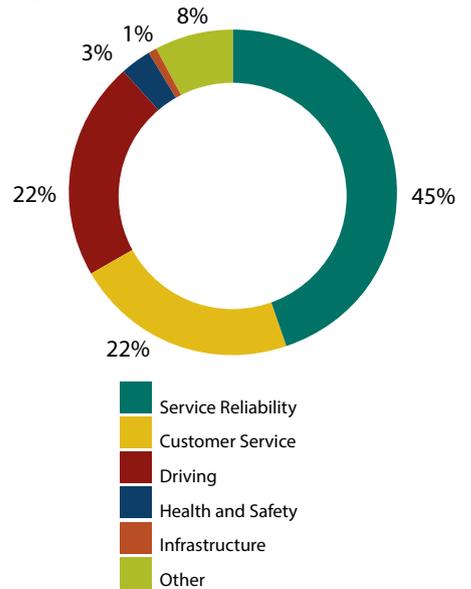
In 2013–14 Metro received 180 compliments and 1,828 complaints. All compliments recognise a high standard of service delivery and those that are considered to be outstanding are awarded on a monthly basis. Some of those that have been awarded are:

- Christian Johnson who provided assistance to students when another passenger became aggressive.
- Matthew Hutchings for allowing students that had accidentally boarded the wrong bus to use his personal mobile phone to call their parents to alert them. Matthew assured the children that he would wait for their parents at a specific stop.

- Audra Clements was complimented by a passenger on a service where two children missed their stop. When advised, Audra turned back and dropped the children at the required stop. Audra ensured that the other passengers on the service were informed of what she was doing and why.
- Laurel Klemencic. An Alderman on the Glenorchy City Council Carols Committee thanked Laurel for the excellent service provided to passengers at the carols and for going the extra mile to service a resident who had a disability, which ensured they arrived home safely.
- Lee Hammersley for always being on time and consistently providing customer service that is welcoming.
- Barry Wylie for great customer service and greeting passengers individually.

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

Figure 10 - Breakdown of Complaints





OUR COMMUNITY

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

As the State's largest passenger transport provider, Metro's core purpose is to provide passenger transport services. Metro also recognises its role in the community, connecting Tasmanians to their employment, study, leisure and community activities.

Metro also seeks to support and engage with the community through investment and sponsorships.

Community investment and sponsorship is undertaken in accordance with Metro's sponsorship guidelines with a view to raising the profile of Metro

and encouraging the use of passenger transport. Community investment and sponsorship involves the provision of financial and in-kind support and Metro encourages the engagement of employees in fundraising activities.

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

In September 2013 Metro commenced participating in the Human Rights Commission's "Racism. It stops with me." campaign. As part of Metro's support, advertisements were installed on buses in

Hobart, Launceston and Burnie. The advertisements in Hobart and Launceston featured two local Metro bus operators while the advertisement in Burnie featured bus driver David Snook and Chairperson Lynn Mason, both of whom reside in the region. The campaign sends a strong message to employees, passengers and the general public that Metro does not tolerate racism in any form.

Metro supported a diverse range of community organisations throughout 2013–14, including not-for-profit organisations, government initiatives and community celebrations. These organisations and events included:

- ABC Giving Tree
- Cancer Council
- Chloe's Law anti-bullying campaign
- Cricket Tasmania
- Festive
- Hobart Cup
- Kingston Beach Fun Run
- Launceston Cup
- Movember
- Pay It Forward Day
- RSL ANZAC Day services
- Seniors Week
- Stroke Foundation
- V-Day campaign to stop violence against women and girls
- White Ribbon Day.

Metro looks forward to continued community investment activity.





BOARD OF DIRECTORS



Lynn Mason (Chairperson)

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



Geoffrey Hazell (Deputy Chairperson)

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



Ian Newman

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



Guy Thurston

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



Nick Burrows

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



Michael Harris

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



DIRECTORS' REPORT

The Directors of Metro Tasmania Pty Ltd present the annual financial report for the year ended 30 June 2014.

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 2014 the company incurred a loss before income tax of \$375,000 (2013: loss of \$309,000) and an after tax loss of \$268,000 (2013: loss of \$217,000). A detailed review of operations is contained in the Chairperson's Review on page 2 and in the Chief Executive Officer's Report on page 4.

Dividends

The Directors do not recommend payment of a dividend this year. No dividend was paid for the year ended 30 June 2013.

Changes in State of Affairs

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

Subsequent Events

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

Likely Future Developments

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

Directors

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

Directors and Executives' Remuneration

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

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

Corporate Governance

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

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

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

The Board performs this role by:

- Appointing and monitoring the performance of the Chief Executive Officer;
- Clearly identifying and enunciating the strategic direction for the company;
- Identifying and addressing the principal risks for the company;

- Monitoring the conduct and performance of the company through an integrated framework of controls;
- Ensuring all of the company's business is conducted in an honest, open and ethical manner; and
- Ensuring adequate succession planning is undertaken.

Remuneration Committee

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

Audit and Risk Committee

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

Better Metro Committee

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

Indemnification of Directors and Officers

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

Superannuation Declaration

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

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 20.

Overseas Travel

During the year there were a total of four overseas trips undertaken by the Chief Executive Officer (one trip), a Director (one trip) and Managers (two trips) at an aggregate cost of \$7,969.

Rounding Off of Amounts

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

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



Lynn Mason
Chairperson

7 August 2014

AUDITOR'S INDEPENDENCE DECLARATION



Tasmanian
Audit Office

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

4 August 2014

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

Dear Board Members

Auditor's Independence Declaration

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

As the auditor of the financial report of Metro Tasmania Pty Ltd for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

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

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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 2014 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 2014.
3. The Directors draw attention to Note 2(a) to the Consolidated Financial Statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Lynn Mason
Chairperson

7 August 2014



Geoffrey Hazell
Deputy Chairperson

INDEPENDENT AUDIT REPORT



Independent Auditor's Report

To the Members of Metro Tasmania Pty Ltd

Consolidated Financial Report for the Year Ended 30 June 2014

Report on the Consolidated Financial Report

I have audited the accompanying consolidated financial report (the financial report) of Metro Tasmania Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2014 and the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration on the financial report on the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion:

- (a) the Company's financial report is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its own and the consolidated entity's financial position as at 30 June 2014 and their financial performance for the year ended on that date
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

The Responsibility of the Directors for the Financial Report

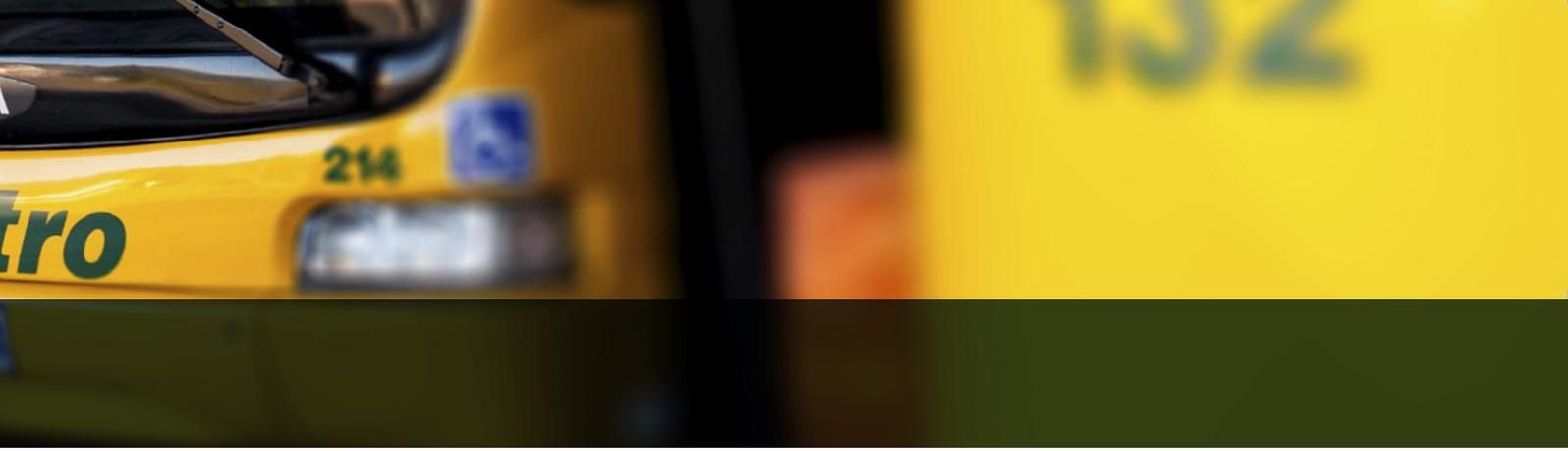
The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and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

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply ...1 of 2

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with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

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

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

Independence

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

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the Directors dated 4 August 2014 and included in the Directors' Report, would be unchanged if provided to the Directors as at the date of this auditor's report.

Tasmanian Audit Office



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

Hobart
7 August 2014

...2 of 2

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FINANCIAL STATEMENTS

Statement of Financial Position	26
Statement of Profit or Loss	27
Statement of Other Comprehensive Income	28
Statement of Changes in Equity	29
Statement of Cash Flows	30
Notes to the Financial Statements	31
Note 1 – Reporting Entity	31
Note 2 – Basis of Preparation	31
Note 3 – Significant Accounting Policies	32
Note 4 – Revenue	36
Note 5 – Expenses	36
Note 6 – Income Tax	37
Note 7 – Cash and Cash Equivalents	39
Note 8 – Trade and Other Receivables	39
Note 9 – Inventories	39
Note 10 – Assets Held for Sale	39
Note 11 – Other Current Assets	39
Note 12 – Property, Plant and Equipment	40
Note 13 – Intangible Assets	43
Note 14 – Trade and Other Payables	43
Note 15 – Employee Benefits	44
Note 16 – Contributed Equity	44
Note 17 – Asset Revaluation Reserves	44
Note 18 – Retained Profits/(Losses)	45
Note 19 – Commitments for Expenditure	45
Note 20 – Related Parties	45
Note 21 – Remuneration of Auditors	47
Note 22 – Cash Flow Statement	47
Note 23 – Financial Instruments	48
Note 24 – Contingent Liabilities	50
Note 25 – Post Balance Date Events	50
Note 26 – Economic Dependency	50
Note 27 – Controlled Entity	50
Note 28 – Superannuation and Defined Benefit Plan	51

STATEMENT OF FINANCIAL POSITION

As at 30 June 2014		CONSOLIDATED	
	Note	2014 \$'000	2013 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	6,758	6,564
Trade and other receivables	8	520	448
Inventories	9	1,687	1,518
Assets held for sale	10	14	-
Other current assets	11	746	686
TOTAL CURRENT ASSETS		9,725	9,216
NON-CURRENT ASSETS			
Property, plant and equipment	12	46,555	46,016
Intangible assets	13	178	201
Deferred tax assets	6(d)	9,872	9,891
TOTAL NON-CURRENT ASSETS		56,605	56,108
TOTAL ASSETS		66,330	65,324
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	4,077	3,663
Employee benefits	15	5,779	5,717
TOTAL CURRENT LIABILITIES		9,856	9,380
NON-CURRENT LIABILITIES			
Employee benefits	15	24,408	22,230
Deferred tax liabilities	6(d)	3,526	4,030
TOTAL NON-CURRENT LIABILITIES		27,934	26,260
TOTAL LIABILITIES		37,790	35,640
NET ASSETS		28,540	29,684
EQUITY			
Contributed equity	16	15,503	15,503
Asset revaluation reserves	17	12,357	12,495
Retained profits / (losses)	18	680	1,686
TOTAL EQUITY		28,540	29,684

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

STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2014		CONSOLIDATED	
		Note	2014 \$'000
REVENUE			
Passenger transport operations	4(a)	47,452	45,696
Other income	4(b)	628	778
Financial income	4(c)	140	178
Additional Government funding income	4(d)	3,250	3,250
		51,470	49,902
EXPENSES			
Passenger transport operations	5(a)	(37,789)	(36,065)
Engineering and maintenance services	5(b)	(7,056)	(6,947)
Administration and general	5(c)	(6,074)	(6,153)
Finance costs	5(d)	(926)	(1,046)
		(51,845)	(50,211)
Profit/(loss) before income tax		(375)	(309)
Income tax(expense)/benefit	6(a)	107	92
Profit/(loss) for the year		(268)	(217)

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

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014		CONSOLIDATED	
		2014	2013
	Note	\$'000	\$'000
Profit/(loss) for the year		(268)	(217)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net asset revaluation increment/(decrement)	12(b)	-	(274)
Actuarial gain/(loss) on defined benefit plan	28	(1,238)	3,587
Income tax on other comprehensive income	6(c)	377	(1,011)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in fair value of available-for-sale financial assets		(16)	(34)
Total other comprehensive income for the year, net of income tax		(877)	2,268
Total comprehensive income for the year		(1,145)	2,051

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

STATEMENT OF CHANGES IN EQUITY

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

	CONSOLIDATED			
	Contributed equity	Asset revaluation reserves	Retained profits/(losses)	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2012	15,503	12,798	(668)	27,633
Total comprehensive income for the year				
Profit/(loss)	-	-	(217)	(217)
Other comprehensive income	-	(303)	2,571	2,267
Balance as at 30 June 2013	15,503	12,495	1,686	29,684

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2014		CONSOLIDATED	
	Note	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from sales, service contracts and additional Government funding		52,750	51,210
Interest received	4(c)	140	178
Cash paid to suppliers and employees		(47,371)	(46,973)
Interest paid		-	(20)
Net cash from operating activities	22(a)	5,519	4,395
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		94	223
Acquisition of property, plant and equipment		(5,419)	(1,862)
Net cash from (used in) investing activities		(5,325)	(1,639)
Net increase/(decrease) in cash and cash equivalents		194	2,756
Cash and cash equivalents at the beginning of the financial year		6,564	3,808
Cash and cash equivalents at the end of the financial year	22(b), 7	6,758	6,564

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 1. REPORTING ENTITY

Metro Tasmania Pty Ltd (the "Company") is a Tasmanian State Owned Company domiciled in Australia. The address of the Company's registered office is 212 – 220 Main Road, Moonah, Tasmania. The consolidated Financial Statements as at and for the year ended 30 June 2014 comprise the Company and its subsidiary Metro Coaches (Tas) Pty Ltd (together referred to as "Metro").

Note 2. BASIS OF PREPARATION

(a) Statement of Compliance

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

The consolidated Financial Statements were authorised for issue by the Board of Directors on 7 August 2014.

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

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

Metro is an entity referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated. Due to rounding, some figures may not add exactly to the totals.

(d) Judgements and Assumptions

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

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

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

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

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

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

(e) Changes in Accounting Policies

Impact of new and revised Accounting Standards

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

- AASB 13 *Fair Value Measurement* (AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13) – This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of Metro's assets and liabilities (excluding leases), that are measured and/or disclosed at fair value or another measurement based on fair value.

NOTES TO THE FINANCIAL STATEMENTS

Metro has reviewed its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to ensure those methodologies comply with AASB 13. This change has had no financial impact.

AASB 13 requires increased disclosures in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not "observable" outside Metro, the disclosures are significantly greater.

AASB 2011-8 replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as a result of AASB 13.

- AASB 119 *Employee Benefits* (2011-10 Amendments to Australian Accounting Standards arising from AASB 119) – This Standard supersedes AASB 119 *Employee Benefits*, introducing a number of changes to accounting treatments. The Standard was issued in September 2013. It has had no financial impact on the nature of annual leave liabilities being disclosed as short term employee benefits however the changes in accounting for defined benefit plans and termination benefits has had an impact and is disclosed in Note 28.

Impact of new and revised Accounting Standards yet to be applied

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

- AASB 10 *Consolidated Financial Statements* – This Standard supersedes requirements under AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation – Special Purpose Entities*, introducing a number of changes to accounting treatments. The Standard was issued in August 2011 and is available from 1 January 2014 for application by not-for-profit entities. It is not expected to have a financial impact.

Note 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Revenue

Passenger transport operations revenue

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

Service contract revenue is recognised when received.

Other income

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

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

Financial income

Interest is recognised as it accrues.

NOTES TO THE FINANCIAL STATEMENTS

Additional Government Funding Income

Additional Government funding income is recognised when received.

(d) Cash and Cash Equivalents

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

(e) Trade and Other Receivables

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

(f) Assets held for sale

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

(g) Trade and Other Payables

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

(h) Financial Instruments

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

Recognition and initial measurement

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

(i) Loans and receivables

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

(ii) Financial liabilities

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

(i) Inventories

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

(j) Property, Plant and Equipment

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

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

Revaluations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Depreciation

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

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

Land is not depreciated.

The bus fleet is depreciated using the 'Fleet Depreciation Profile' with an effective life of 25 years as recommended by the independent valuer.

(k) Impairment of Assets

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

(l) Intangible Assets

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

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

Licences	4 years
Computer software	4 years

(m) Leases

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

(n) Employee Benefits

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

Compensated benefits

Annual leave

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

Long service leave

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

NOTES TO THE FINANCIAL STATEMENTS

Retirement benefits

Defined benefit superannuation plan

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

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

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

(o) Provisions

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

Dividends

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

(p) Income Tax

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

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the income statement except where it relates to items that may be recognised directly into equity, in which case the deferred tax is adjusted directly against equity. Whilst the Government has announced changes to the income tax rates that may apply from 1 July 2015, as at the date of this report, legislation to implement a change in rates was yet to be substantively enacted. On this basis, the carrying amounts of tax assets and liabilities have been calculated at the current income tax rate of 30%.

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

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

(q) Tax Consolidation

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

(r) Segment Reporting

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

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Note 4. REVENUE		
(a) Passenger transport operations		
Service contracts	36,196	34,685
Ticket fares	11,256	11,011
	47,452	45,696
(b) Other income		
Profit on disposal of property, plant and equipment	11	69
Advertising income	274	307
Rental income	31	40
Other income	312	362
	628	778
(c) Financial income		
Interest income	140	178
	140	178
(d) Additional Government funding		
Additional Government funding (Note 26)	3,250	3,250
	3,250	3,250
Total income	51,470	49,902
Note 5. EXPENSES		
(a) Passenger transport operations		
Fuel	5,945	5,380
Employee and related expenses	24,586	23,729
Depreciation and amortisation expenses	4,133	3,982
Other expenses	3,125	2,974
	37,789	36,065
(b) Engineering and maintenance services		
Maintenance expense	4,368	4,260
Employee and related expenses	2,489	2,523
Depreciation and amortisation expenses	199	164
	7,056	6,947
(c) Administration and general		
Employee and related expenses	3,225	3,296
Depreciation and amortisation expenses	458	459
Other expenses	2,391	2,398
	6,074	6,153
(d) Finance costs		
Interest expense	-	20
Actuarial interest costs	926	1,026
	926	1,046
Total expenses	51,845	50,211

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Note 6. INCOME TAX		
(a) Income tax expense recognised in the Statement of Profit or Loss		
Current tax expense		
Current tax	716	347
Deferred tax expense		
Decrease/(increase) in deferred tax asset	(696)	971
Increase/(decrease) in deferred tax liability	(504)	(399)
Less recognised directly in equity	377	(1,011)
Income tax expense/(benefit)	(107)	(92)
(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% (2013: 30%)	(112)	(93)
Add tax effect of:		
Entertainment (non-deductible)	5	1
	(107)	(92)
(c) Income tax expense recognised directly to equity		
Property, plant and equipment (Note 17)	(5)	(65)
Superannuation (Note 18)	(372)	1,076
	(377)	1,011
(d) Non-current and deferred tax balances		
Assets:		
Deferred tax assets	9,872	9,891
Liabilities:		
Deferred tax liability	3,526	4,030
	6,346	5,861

NOTES TO THE FINANCIAL STATEMENTS

Note 6. INCOME TAX (continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Note 7. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	4,888	4,743
Call deposit at Tascorp	1,870	1,821
	6,758	6,564
Note 8. TRADE AND OTHER RECEIVABLES		
Trade receivables	213	441
Less provision for impairment	(4)	(2)
Other receivables	311	9
	520	448
Note 9. INVENTORIES		
Inventories	1,692	1,524
Less provision for obsolescence	(5)	(6)
	1,687	1,518
Note 10. ASSETS HELD FOR SALE		
Property, plant and equipment	14	-
	14	-
Assets held for sale relates to bus 200 and is expected to be settled within 12 months. The level 2 fair value of the bus as at 30 June 2014 is \$14,000.		
Note 11. OTHER CURRENT ASSETS		
Prepayments	746	686
	746	686

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
Note 12. PROPERTY, PLANT AND EQUIPMENT		
(a) Carrying amounts		
Land and buildings		
Land		
At fair value	8,997	8,997
Total	8,997	8,997
Buildings		
At fair value	5,228	5,088
Less: accumulated depreciation	(263)	(137)
Total	4,965	4,951
Total land and buildings	13,962	13,948
Buses		
At fair value	30,807	25,270
Less: accumulated depreciation	(3,244)	-
Total	27,563	25,270
Route infrastructure		
At cost	3,192	2,958
Less: accumulated depreciation	(2,131)	(2,007)
Total	1,061	951
Office equipment		
At cost	1,561	1,556
Less: accumulated depreciation	(1,157)	(988)
Total	404	568
Electronic ticketing & communication equipment		
At cost	4,978	4,971
Less: accumulated depreciation	(2,309)	(1,813)
Total	2,669	3,158
CCTV Equipment		
At cost	1,248	1,248
Less: accumulated depreciation	(1,092)	(842)
Total	156	406

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Note 12. PROPERTY, PLANT AND EQUIPMENT (continued)		
Plant and equipment		
At cost	1,091	1,152
Less: accumulated depreciation	(761)	(870)
Total	330	282
Auxiliary vehicles		
At cost	523	546
Less: accumulated depreciation	(233)	(172)
Total	290	374
Work in progress		
At cost	120	1,059
Total	120	1,059
Total property, plant and equipment	46,555	46,016

NOTES TO THE FINANCIAL STATEMENTS

Note 12. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Reconciliation of movements in carrying amounts

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

2013	CONSOLIDATED									
	Land and buildings	Buses	Route infrastructure	Office equipment	Electronic ticketing and communication equipment	CCTV equipment	Plant and equipment	Auxiliary vehicles	Work in progress	Total
	at fair value	at fair value	at cost	at cost	at cost	at cost	at cost	at cost	at cost	at cost
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	14,056	28,740	816	709	3,652	655	309	304	4	49,245
Additions	19	56	242	130	2	-	31	260	1,055	1,795
Disposals	-	(81)	-	-	-	-	(3)	(60)	-	(144)
Revaluation increments/(decrements)	-	(274)	-	-	-	-	-	-	-	(274)
Impairment losses	-	(74)	-	-	-	-	-	-	-	(74)
Net transfers	-	-	-	-	-	-	-	-	-	-
Depreciation	(127)	(3,097)	(107)	(271)	(496)	(249)	(55)	(130)	-	(4,532)
Carrying amount at 30 June	13,948	25,270	951	568	3,158	406	282	374	1,059	46,016

NOTES TO THE FINANCIAL STATEMENTS

Note 12. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

An independent fair value valuation of land and buildings was performed as at 30 June 2012 by Mr D Saunders B.Ec.Dip.Val.FAPI Valuer of Saunders & Pitt. This valuation was performed on the basis of 'current market value in the existing use' and uses the market comparable approach that reflects transaction prices for similar properties. The significant level 2 input is price per square metre.

Details of Metro's buses and land and buildings and information about the fair value hierarchy as at 30 June 2014 are as follows:

	CONSOLIDATED			Fair Value as at 30 June 2014 \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Buses	-	27,563	-	27,563
Land and buildings	-	13,962	-	13,962

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

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

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Buses	18,117	14,408
Land and buildings	8,009	7,990

Note 13. INTANGIBLE ASSETS

(a) Carrying amounts

Computer software		
At cost	879	1 352
Less: accumulated amortisation	(701)	(1,151)
Total	178	201
Total intangibles	178	201

(b) Reconciliation of movements in carrying amounts

Carrying amount at 1 July	201	151
Additions- other development	49	123
Amortisation	(72)	(73)
Carrying amount at 30 June	178	201

Note 14. TRADE AND OTHER PAYABLES

Trade creditors and accruals	3,650	3,264
Employee benefits oncosts	427	399
	4,077	3,663

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Note 15. EMPLOYEE BENEFITS		
Current:		
Retirement benefits	1,183	1,141
Compensated benefits:		
Accrued salaries and wages	1,021	956
Annual leave	1,565	1,558
Long service leave	1,963	2,015
Workers compensation	47	47
	5,779	5,717
Non-current:		
Retirement benefits	23,167	21,302
Compensated benefits:		
Long service leave	1,241	928
	24,408	22,230
	30,187	27,947
Note 16. CONTRIBUTED EQUITY		
Issued capital- two shares of \$1 each		
Contributed equity	15,503	15,503
	15,503	15,503

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
Note 18. RETAINED PROFITS / (LOSSES)		
Balance at beginning of financial year	1,686	(668)
Net profit/(loss)	(268)	(217)
Revaluation increments (decrements) attributable to assets disposed of during the year	127	60
Defined benefit plan actuarial gains/(losses)	(1,238)	3,587
Related income tax	372	(1,076)
Balance at end of financial year	680	1,686
Note 19. COMMITMENTS FOR EXPENDITURE		
Capital commitments:		
Payments within 1 year	-	1,803
Payments 1-5 years	-	-
	-	1,803

Note 20. RELATED PARTIES

Directors:

Directors are appointed for terms of three years by the Shareholders and are eligible for reappointment in accordance with the Guidelines for Government Businesses - Board Appointments.

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

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

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

Ms Lynn Mason (Chairperson)

Mr Geoffrey Hazell (Deputy Chairperson)

Ms Tracy Matthews (ceased 19 December 2013)

Mr Ron Ward (ceased 31 July 2013)

Mr Ian Newman

Mr Guy Thurston

Mr Nick Burrows (commenced 20 December 2013)

Mr Michael Harris (commenced 20 December 2013)

Remuneration of Directors:

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

2014	Number of Directors	Aggregate Directors' Fees	Committee Fees	Superannuation	Other*	Total 2013/14	Total 2012/13	Total 2011/12
Band		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
> \$50,000	1	53	-	5	12	70	57	71
<= \$50,000	7	120	-	11	13	144	147	165

2013	Number of Directors	Aggregate Directors' Fees	Committee Fees	Superannuation	Other*	Total 2012/13	Total 2011/12	Total 2010/11
Band		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
> \$50,000	1	51	-	5	1	57	71	-
<= \$50,000	5	127	-	11	9	147	165	153

* Other includes travel allowances.

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

NOTES TO THE FINANCIAL STATEMENTS

Note 20. RELATED PARTIES (continued)

Executive Management Personnel:

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

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

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

All executive management except for the Chief Executive Officer are on ongoing contracts. The Chief Executive Officer has resigned effective 8 August 2014.

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

Ms Heather Haselgrove, Chief Executive Officer

Mrs Anita Robertson, General Manager Financial and Governance Services & Chief Financial Officer

Mr Alan Pedley, General Manager Customer Services & Chief Operating Officer

Mr Ian Ward, General Manager Infrastructure and Engineering Services

Mr Anthony James, General Manager Business Development and Planning (until 31 May 2014)

Mr Craig Anderson, Manager Human Resources (until 31 May 2014)

Mr Rodney Byfield, General Manager Business Improvement Services & Chief Information Officer

Remuneration of Executive Management Personnel:

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

2014 Band	Number of Employees	Total Base Salaries \$'000	Short Term Performance Payments \$'000	Superannuation \$'000	Vehicles** \$'000	Other Benefits*** \$'000	Total 2013/14 \$'000	Total 2012/13 \$'000	Total 2011/12 \$'000
< \$150,000	3	296	-	28	41	17	382	386	374
\$150,000 - \$300,000	4	597	-	55	71	18	741	734	722

2013 Band	Number of Employees	Total Base Salaries \$'000	Short Term Performance Payments \$'000	Superannuation \$'000	Vehicles** \$'000	Other Benefits*** \$'000	Total 2012/13 \$'000	Total 2011/12 \$'000	Total 2010/11 \$'000
< \$150,000	3	300	-	27	48	11	386	374	586
\$150,000 - \$300,000	4	596	-	51	69	18	734	722	384

** Vehicles includes the total cost of providing and maintaining vehicles provided for private use, including registration, insurance, fuel and other consumables, maintenance costs and fringe benefits tax.

*** Other benefits includes movements in annual leave and long service leave provisions, other long term benefits and post employments benefits.

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Note 21. REMUNERATION OF AUDITORS		
External audit services	56	54
Internal audit services	39	48
	95	102
Note 22. CASH FLOW STATEMENT		
(a) Reconciliation of cash flow with profit after income tax		
Profit/(loss) after income tax	(268)	(217)
Add (less) non cash items:		
Depreciation	4,718	4,532
Amortisation	72	73
Income tax expense/(benefit)	(107)	(92)
Loss on write off of non- current assets	-	-
Loss/(profit) on sale of non-current assets	(11)	(67)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(72)	124
(Increase)/decrease in inventories	(169)	(133)
(Increase)/decrease in other current assets	(60)	196
Increase/(decrease) in trade and other payables	414	(616)
Increase/(decrease) in provisions	1,002	595
Net cash inflow from operating activities	5,519	4,395
(b) Reconciliation of cash		
Cash at bank and on hand	4,888	4,743
Call deposit at Tascorp	1,870	1,821
Cash as per Statement of Cash Flows	6,758	6,564
(c) Credit and standby facilities		
Borrowing limit	3,000	3,000
Credit cards facility limit	20	20
Less used/committed	-	-
Balance of credit facility available	3,020	3,020

NOTES TO THE FINANCIAL STATEMENTS

Note 23. FINANCIAL INSTRUMENTS

Financial risk management policies

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

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

Financial risk exposures and management

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

(a) Credit risk

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

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

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

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

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

	CONSOLIDATED							
	0 days past due		1-30 days past due		31-90 days past due		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:								
Receivables	496	436	3	8	21	4	520	448

(b) Liquidity risk

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

Metro manages this risk through the following mechanisms:

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

Financial liability and Financial asset maturity analysis:

	CONSOLIDATED							
	Weighted average effective interest rate		Floating interest rate		Non-interest bearing		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:								
Cash at bank	2.10	2.35	4,888	4,743	-	-	4,888	4,743
Call deposit at Tascorp	2.68	3.28	1,870	1,821	-	-	1,870	1,821
Receivables			-	-	520	448	520	448
			6,758	6,564	520	448	7,278	7,012

NOTES TO THE FINANCIAL STATEMENTS

Note 23. FINANCIAL INSTRUMENTS (continued)

Financial risk management policies

	CONSOLIDATED											
	Weighted average effective interest rate		Floating interest rate		Fixed interest rate maturing				Non-interest bearing		Total	
	2014	2013	2014	2013	1 to 5 years		Within 1 year		2014	2013	2014	2013
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities:												
Trade creditors and accruals	-	-	-	-	-	-	-	-	3,650	3,264	3,650	3,264
	-	-	-	-	-	-	-	-	3,650	3,264	3,650	3,264

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

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
Less than 6 months	3,650	3,264
6 months to 1 year	-	-
1 - 5 years	-	-
	3,650	3,264

(c) Market risk

(i) Interest rate risk

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

Metro is not exposed to fluctuations in foreign currencies.

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

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

Sensitivity analysis:

At 30 June 2014, the effect on profit or loss and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
Change in profit or loss		
- Increase in interest rate by 2%	133	103
- Decrease in interest rate by 2%	(133)	(103)
Change in equity		
- Increase in interest rate by 2%	133	103
- Decrease in interest rate by 2%	(133)	(103)

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

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

NOTES TO THE FINANCIAL STATEMENTS

Note 23. FINANCIAL INSTRUMENTS (continued)

(d) Net fair values

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

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

(e) Financial instruments by categories

	CONSOLIDATED					
	2014 \$'000			2013 \$'000		
	Cash and cash balance Loans and receivables	Financial liabilities measured at amortised cost	Total	Cash and cash balance Loans and receivables	Financial liabilities measured at amortised cost	Total
Financial assets:						
Cash and cash equivalents	6,758	-	6,758	6,564	-	6,564
Receivables	520	-	520	448	-	448
	7,278	-	7,278	7,012	-	7,012
Financial liabilities:						
Trade creditors and accruals	-	3,650	3,650	-	3,264	3,264

(f) Capital risk management

Metro manages its capital tightly to ensure funds are available to implement planned capital expenditure strategies. Metro has reviewed its long term capital expenditure program and continues to assess the options available to finance this program.

Note 24. CONTINGENT LIABILITIES

After due investigation Metro has identified no contingent liabilities.

Note 25. POST BALANCE DATE EVENTS

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

Note 26. ECONOMIC DEPENDENCY

A significant volume of Metro's operations are performed under contract to the State Government. In addition to this Metro received an additional \$3.25 million (2013 \$3.25 million) to improve its passenger bus fleet and assist with its long term capital replacement program.

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

Note 27. CONTROLLED ENTITY

	Country of incorporation	Equity interest	
		2014	2013
Parent entity:			
Metro Tasmania Pty Ltd	Australia	-	-
Controlled entity:			
Metro Coaches (Tas) Pty Ltd	Australia	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN

General Information

The following provides the information that is required to be disclosed in the notes to the financial statements for the year ended 30 June 2014 pursuant to AASB 119. The disclosures are set out in paragraphs 135-152 of the standard.

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

Accounting Policy

Under the revised version of AASB 119, recognition of remeasurements of the net defined benefit liability/(asset) is immediate in Other Comprehensive Income.

Fund Information

Nature of the benefits provided by the Scheme

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

Description of the regulatory framework

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

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

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

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

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

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

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

Description of risks – Para 139(b)

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

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

Description of significant events – Para 139(c)

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

NOTES TO THE FINANCIAL STATEMENTS

Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN (continued)

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

As at	30 June 2014 \$'000	30 June 2013 \$'000
Defined Benefit Obligation	29,487	27,239
(-) Fair value of plan assets	5,137	4,797
Deficit/(surplus)	24,350	22,442
(+) Adjustment for effect of asset ceiling	-	-
Net defined benefit liability/(asset)	24,350	22,442
Current net liability	1,183	1,141
Non-current net liability	23,167	21,301

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

Financial year ending	30 June 2014 \$'000	30 June 2013 \$'000
Fair value of plan assets at beginning of the year	4,797	4,687
(+) Interest income	199	158
(+) Actual return on plan assets less Interest income	245	119
(+) Employer contributions	754	1,113
(+) Contributions by plan participants	189	201
(-) Benefits paid	1,005	1,435
(-) Taxes, premiums & expenses paid	42	46
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
Fair value of plan assets at end of the year	5,137	4,797

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

Financial year ending	30 June 2014 \$'000	30 June 2013 \$'000
Present value of defined benefit obligations at beginning of the year	27,239	30,546
(+) Current service cost	498	601
(+) Interest cost	1,125	1,026
(+) Contributions by plan participants	189	201
(+) Actuarial (gains)/losses arising from changes in demographic assumptions	465	-
(+) Actuarial (gains)/losses arising from changes in financial assumptions	616	(3,361)
(+) Actuarial (gains)/losses arising from liability experience	402	(293)
(-) Benefits paid	1,005	1,435
(-) Taxes, premiums & expenses paid	42	46
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Past service cost	-	-
(+) Gain/loss on settlements	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
Present value of defined benefit obligations at end of the year	29,487	27,239

NOTES TO THE FINANCIAL STATEMENTS

Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN (continued)

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

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

Fair value of Scheme assets – Para 142

As at Asset category	30 June 2014 [^]			
	Total \$'000	Quoted prices in active markets for identical assets - Level 1 \$'000	Significant observable inputs - Level 2 \$'000	Unobservable inputs - Level 3 \$'000
Cash and cash equivalents	714	714	-	-
Equity instruments	3,628	1,835	1,647	146
Debt instruments	716	207	297	211
Derivatives	(27)	-	(27)	-
Real Estate	105	-	105	-
Investment funds	-	-	-	-
Asset-backed securities	-	-	-	-
Structured debt	-	-	-	-
Total	5,137	2,757	2,022	358

[^]Estimated based on assets allocated to Metro as at 30 June 2014 and asset allocation of the RBF Scheme as at 30 June 2013.

Fair value of Entities Own Financial Instruments – Para 143

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

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

Assets are not held separately for each reporting entity but are held for the Fund as a whole. The fair value of Scheme assets for each reporting entity was estimated by allocating the total Fund assets in proportion to the value of each reporting entity's funded liabilities, calculated using the assumptions outlined in this report.

Significant Actuarial Assumptions at the Reporting Date – Para 144

Financial year ending	30 June 2014	30 June 2013
Assumptions to Determine Defined Benefit Cost and Start of Year DBO		
Discount rate (active members)	4.25% pa	3.45% pa
Discount rate (pensioners)	4.25% pa	3.45% pa
Expected rate of increase of compulsory preserved amounts	3.75% pa	3.75% pa
Expected salary increase rate	3.00% pa	3.50% pa
Expected pension increase rate	2.50% pa	2.50% pa

Financial year ending	30 June 2014	30 June 2013
Assumptions to Determine End of Year DBO		
Discount rate (active members)	4.10% pa	4.25% pa
Discount rate (pensioners)	4.10% pa	4.25% pa
Expected salary increase rate	3.00% pa	3.00% pa
Expected rate of increase of compulsory preserved amounts	4.50% pa	3.75% pa
Expected pension increase rate	2.50% pa	2.50% pa

NOTES TO THE FINANCIAL STATEMENTS

Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN (continued)

Sensitivity Analysis – Para 145

The defined benefit obligation as at 30 June 2014 under several scenarios is presented below.

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

Scenario A: 0.5% pa lower discount rate assumption

Scenario B: 0.5% pa higher discount rate assumption

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

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

	Base Case	Scenario A -0.5% pa discount rate	Scenario B +0.5% pa discount rate	Scenario C -0.5% pa pension increase rate	Scenario D +0.5% pa pension increase rate
Discount rate	4.10% pa	3.60% pa	4.60% pa	4.10% pa	4.10% pa
Pension increase rate	2.50% pa	2.50% pa	2.50% pa	2.00% pa	3.00% pa
Defined benefit obligation \$'000	29,487	31,460	27,715	27,997	31,131

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

Asset-Liability matching strategies – Para 146

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

Funding arrangements – Para 147(a)

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

Expected contributions – Para 147(b)

Financial year ending	30 June 2015
	\$'000
Expected employer contributions	1,183

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

The weighted average duration of the defined benefit obligation for Metro is 13.2 years.

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