

Metro Tasmania Pty Ltd

ABN 30 081 467 281

STATEMENT OF CORPORATE INTENT

2018-19

JULY 2018

Metro Tasmania reserves the right to resubmit this Statement of Corporate Intent in another form to reflect service contract negotiation outcomes, to the extent that the outcomes are inconsistent with Metro Tasmania's ability to execute this Statement of Corporate Intent.

**DIRECTORS' STATEMENT OF CORPORATE INTENT AND
AGREEMENT OF SHAREHOLDING MINISTERS**

The Board of Metro Tasmania Pty Ltd agrees to provide the Shareholding Ministers with financial and other information as set out in the Statement of Corporate Intent.

In signing this Statement of Corporate Intent the Board of Metro Tasmania Pty Ltd commits to the targets for the 2018-19 financial year.

This Performance Agreement has been agreed between:



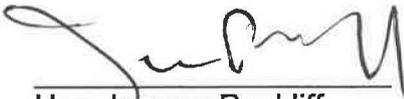
Michael Harris

Chairman

Metro Tasmania Pty Ltd

On behalf of the Board

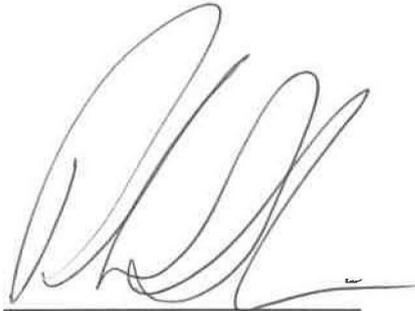
Shareholding Ministers



Hon Jeremy Rockliff

Portfolio Minister

Member



Hon Peter Gutwein

Treasurer

Member

03 SEP 2018

INTRODUCTION

This Statement of Corporate Intent (SCI) is a high level summary of the Corporate Plan and includes a performance agreement between the Board of Metro Tasmania Pty Ltd (Metro) and the Shareholding Ministers.

The performance agreement details the key financial and non-financial targets for Metro for 2018-19, as agreed between the Board and the Shareholding Ministers through the 2018-19 Corporate Planning process.

The SCI has been prepared in accordance with the Members' Statement of Expectations for Metro dated 13 January 2014, which is under review, and will be reissued following amendment of the Metro Tasmania Act 1997 to allow Metro to operate ferries.

STRATEGIC CONTEXT

Metro operates regular passenger bus services in the urban areas of Hobart, Launceston and Burnie. Metro also provides a number of regional passenger bus services in urban fringe areas around Burnie and Hobart. The State Government purchases these services from Metro under a purchaser provider contract model.

The services provided by Metro are largely governed and purchased through service contracts with the Department of State Growth and Metro receives approximately 73 per cent of its total revenue from these contracts. The balance of revenue is received from fares (approximately 24 per cent), ancillary services (e.g. advertising and charter services) and some interest income.

STRATEGIC DIRECTION

The Tasmanian Urban Passenger Transport Framework and Metro's vision and business purpose strongly influence the strategic directions of its Corporate Plan. Metro's vision is to be an attractive travel option contributing to an integrated public transport network in Tasmania.

Metro has identified a number of goals and associated strategies to assist in achieving its vision. These goals and strategies complement the company's desire to fulfil its main task of providing passenger transport that is financially sustainable and that meets the needs of the Tasmanian community in the areas in which it operates.

Over the planning period, Metro intends to undertake a range of strategies, and actions to meet the following goals:

- ✓ Focus on our customers
- ✓ Operate a financially sustainable business
- ✓ Deliver high quality, reliable services
- ✓ Develop Metro's culture to foster a highly skilled, safety driven and cohesive team
- ✓ Actively engage with our stakeholders
- ✓ Grow the public transport market in Metro's contract areas

Metro is committed to working with all stakeholders in the development of passenger transport services that contribute to Tasmania's social, economic and environmental wellbeing. Metro recognises that an important aspect of this is connecting communities

through integrating services with other bus companies. Buses will be viewed as a viable and attractive option for transport in Tasmania.

PERFORMANCE AGREEMENT

This Performance Agreement sets out the key financial and non-financial targets for 2018-19 in the tables below.

Financial Returns to Government

The *Metro Tasmania Act 1997* and the *Government Business Enterprises Act 1995* provide for the payment to the Consolidated Fund of:

- income tax equivalents in respect of each financial year; and
- guarantee fees.

The Metro Constitution provides for the payment of dividends by the company to the members, subject to the provisions set out in the Constitution. Payment of dividends should take into consideration any expectations of members in this regard. Metro will not pay a dividend in 2018-19.

Metro will not pay income tax equivalents in 2018-19 as Metro will be in a tax loss position.

Metro currently has no borrowings so no annual guarantee fees will be levied in 2018-19.

Financial Targets

The 2018-19 Corporate Plan Budget has been prepared using planning assumptions based on Metro's corporate strategy, which outlines the measures and targets that have been set by the company to result in overall improved performance. Based on these assumptions, the financial performance targets are detailed below.

	Target 2018-19
Operating Profit/(Loss) before Tax (\$ '000)	(3,520)
Fares Revenue (\$ '000)	13,027
Total Cost per Service Kilometre (\$)	\$6.21
% Reduction in Corporate Overheads	0.5%

Non-Financial Targets

Metro's performance is measured across a range of key result areas to help the Company monitor its overall performance. The key operational non-financial performance targets are:

	Target 2018-19
Network Effectiveness	
Patronage ('000 First Boardings)	8,277
First Boardings per Service Kilometre	0.9
% of Boardings made with a Greencard	83%
Operator Efficiency	
% of Trips Delivered	99%
% of Trips Delivered On Time	90%
% of General Access Services Delivered by DDA Compliant Buses	73%
% of Kilometers that are Out-of-Service (Dead Running)	18%
% Roster Hours that are Bus Hours (Under-Time Hours)	0.7%
Service Quality	
Overall Passenger Satisfaction (from Customer Survey)	79%
Number of Complaints per 100,000 Service Kilometers	18
Safety	
At-fault Vehicle Accidents per 100,000 Kilometers	3.9
Lost Time Injury Frequency Rate	<5

Definitions

Operating Profit/(Loss) before Tax means total revenue less total expenses as reported in the Statement of Comprehensive Income.

Total Cost means the total before tax expenses incurred as reported in the Annual Report.

First Boardings means boardings that have not been made within 90 minutes of a previous boarding (that is it excludes transfers).

On Time means a bus service departing a timing point no more than 59 seconds early and no more than 4 minutes and 59 seconds late compared to the scheduled departure time.

Service Kilometers means the direct distance travelled whilst delivering passenger transport services (that is it excludes dead running kilometers).

General Access Services excludes services which are only used by school students.

Complaints includes all complaints received including substantiated complaints and unsubstantiated complaints.

Lost Time Injury Frequency Rate is the number of lost time injuries divided by the number of work hours, multiplied by 1,000,000.

Capital Expenditure

Capital expenditure for 2018-19, totaling \$18,904,000 is shown below and largely comprises Metro's bus replacement program.

	Target 2018-19
Property Plant & Equipment (\$ '000)	\$18,904

Contracts with Government

Metro has contracts with the Department of State Growth to provide the bus services as specified. These service contracts expire in December 2018. Metro has based its service contract payments budget for 2018-19 on the current regime, however this is subject to the outcome of contract negotiations.

	Target 2018-19
Bus service contract payments (\$ '000)*	\$37,233

* Actual payments may be adjusted for variations such as changes in the cost of fuel.