

# **Metro Tasmania Pty Ltd**

**ABN 30 081 467 281**

## **STATEMENT OF CORPORATE INTENT**

**2022-23**

**JULY 2022**

*Metro Tasmania reserves the right to resubmit this Statement of Corporate Intent in another form to reflect*

- (a) passenger service contract negotiation outcomes, to the extent that the outcomes are inconsistent with Metro Tasmania's ability to execute this Statement of Corporate Intent; and*
- (b) significant ongoing disruptions to the business arising from the Covid-19 pandemic.*

**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 2022-23 financial year.

This Performance Agreement has been agreed between:



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Tim Gardner  
**Chairman**  
Metro Tasmania Pty Ltd  
On behalf of the Board

Shareholding Minister



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Hon Michael Ferguson MP  
**Deputy Premier**  
**Treasurer**  
**Portfolio Minister**  
**Member**

## **INTRODUCTION**

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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 2022-23, as agreed between the Board and the Shareholding Ministers through the 2022-23 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.

## **STRATEGIC CONTEXT**

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Metro is aware of the critical role that passenger transport plays within Tasmania, and the need for services to be provided as efficiently and effectively as possible. The circumstances facing the company due to the Covid-19 pandemic continue to be challenging, with patronage and fare revenue not yet returning to pre-pandemic levels. However, Metro continues to adapt to the impacts of Covid and remains mindful of its obligations to provide passenger transport that is safe, attractive and financially sustainable.

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 passenger service contracts with the Department of State Growth, which account for approximately 80 per cent of its total revenue.

## **STRATEGIC DIRECTION**

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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 a customer centric public transport service provider.

Metro has identified a number of strategic priorities to assist in achieving its vision. These 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 pursue the following strategic goals:

- Keep people safe
- Provide a positive customer experience
- Be a great place to work
- Modernise the business
- Contribute positively to Tasmania
- Manage money well

The circumstances facing the company are unprecedented, with wide ranging impacts from the global spread of Covid-19. However, Metro remains committed to working with

all stakeholders in the development of passenger transport services that contribute to Tasmania's social, economic and environmental wellbeing.

## PERFORMANCE AGREEMENT

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This Performance Agreement sets out the key financial and non-financial targets for 2022-23 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:

- dividends
- 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. Given Metro's level of accumulated losses and its budgeted loss in 2022-23, payment of a dividend is not anticipated for the 2022-23 financial year.

Likewise, given Metro is budgeted to make a loss in 2022-23 and has accumulated tax losses from prior years, it will not make a cash payment for income tax equivalents during the 2022-23 financial year.

The impact of Covid-19 on Metro's fare revenue has resulted in a significant deterioration of its cash holdings and as such Metro's borrowing program provides for drawing down \$8m in 2022-23 and a further \$3m in 2023-24 to ensure sufficient working capital and capacity to fulfill its long term capital plan. This will result in a forecast payment of \$79,969 in guarantee fees during 2022-23.

### Financial Targets

The 2022-23 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 2022-23
Operating Profit/(Loss) before Tax (\$ '000)	(\$2,168)
Fares Revenue (\$ '000)	\$11,219
Total Cost per Service Kilometre (\$)	\$7.44

## 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 2022-23
<b>Network Effectiveness</b>	
Patronage ('000 First Boardings)	6,944
First Boardings per Service Kilometre	0.76
% of Boardings made with a Greencard	90%
<b>Operator Efficiency</b>	
% of Trips Delivered	99.75%
% of Trips Delivered On Time	90%
% of Kilometres that are Out-of-Service (Dead Running)	20%
% Paid Hours that are Under-Time Hours	1.7%
<b>Service Quality</b>	
Overall Passenger Satisfaction (from Customer Survey)	80%
Number of Complaints per 100,000 Service Kilometres	13
<b>Safety</b>	
At-fault Vehicle Collisions per 100,000 Kilometres	2.6
Lost Time Injury Frequency Rate	16.2
Average Lost Hours Per Workers Compensation Claim	65.3
<b>Projects</b>	
Zero Emissions Bus Trials - Award of contracts (buses & infrastructure)	Sep '22
Intelligent Transport Systems - Commence procurement	Sep '22
Common Ticketing - Configuration (prior to testing/deployment in FY24)	Jun '23

## 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 Kilometres* means the direct distance travelled whilst delivering passenger transport services (that is it excludes dead running kilometres).

*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, in the 12 months to March 31<sup>st</sup>.

### **Capital Expenditure**

Capital expenditure for 2022-23, totaling \$17,802,054 (exc GST) is shown below.

	<b>Target 2022-23</b>
Property Plant & Equipment (\$ '000)	\$17,802,054

### **Contracts with Government**

Metro has contracts with the Department of State Growth to provide bus services. Short-term contracts signed in 2018 to extend the existing contracts have been further extended to August 2022. Metro has negotiated a new contract which will be in place for the 2022-23 year.

	<b>Target 2022-23</b>
Bus service contract payments (\$ '000)	\$53,670,292