

ANNUAL REPORT 2011/2012

Metro



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Nature of Business

Provision of bus 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

Ron Ward, Chairperson
Lynn Mason, Deputy Chairperson
Geoffrey Hazell
Tracy Matthews
Ian Newman
Guy Thurston

Shareholders

Minister for Sustainable Transport
Treasurer

Executive Managers

Heather Haselgrove, Chief Executive Officer
Anita Robertson, Chief Financial Officer
and Company Secretary
Alan Pedley, General Manager Operations
Ian Ward, General Manager Infrastructure
and Engineering
Anthony James, General Manager Business
Development and Planning
Craig Anderson, Manager Human Resources
Rodney Byfield, Chief Information Officer

Bankers

Commonwealth Bank of Australia
81 Elizabeth Street
Hobart, TAS 7000

Auditor

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



COMPANY OVERVIEW

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

It is Tasmania's largest passenger transport service provider, operating a fleet of 220 buses in and around Hobart, Launceston and Burnie.

Metro services are delivered under service contracts with the State Government's Transport Commission that sits within 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 Sustainable Transport Hon Nick McKim and Treasurer Hon Lara Giddings.

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

Our Vision

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

Our Business Purpose

To deliver urban mass transit passenger transport services.

Our Goals

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

Our Values

Safety conscious

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

Respectful

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

Collaborative

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

Courageous

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



CHAIRPERSON'S REVIEW

Review of Business Operations for the year ended 30 June 2012.



The year ended 30 June 2012 was a relatively successful year for Metro Tasmania as it worked towards securing the vision of making bus passenger transport a travel option of choice.

Metro has continued to progressively modernise its bus fleet, upgrade passenger facilities, work to improve accessibility, improve timetables and cooperate with other key stakeholders to make bus transport more convenient and enjoyable for passengers.

Metro is a state-owned company, but is not set up to make a profit and nor does it pay a dividend to its Government shareholders. During the reporting year Metro earned \$35.59 million under service contracts with the Transport Commission to provide bus services in Hobart, Launceston and Burnie.

The other major source of income for the business comes from passengers through ticketing fares, which in the 2011–12 year amounted to \$11.13 million or about 25%

of our income. Metro's major expenses include employee wages and salaries, fuel and maintenance of the fleet.

For the 2011–12 year Metro incurred a loss before income tax of \$421,000 and an after tax loss of \$296,000. During the financial year, the company spent \$4.47 million on new capital equipment – primarily the purchase of seven new 12.5 metre low floor accessible buses. The purchase of buses was funded by an additional \$3.25 million provided by Government to improve Metro's passenger bus fleet and to assist with Metro's long-term capital replacement program.

Metro operates a fleet of 220 buses across the state, all of which are fitted with CCTV. Currently 85 buses (38.5% of the fleet) are low floor wheelchair accessible and 28% of buses are air conditioned.

Unfortunately we have seen a small decline in patronage in the review year following the strong growth reported in the 2011 year following the introduction of the

Metro has continued to cooperate with other key stakeholders to make bus transport more convenient and enjoyable for passengers.

Greencard. Nevertheless Metro is still recording 300,000 more passenger boardings a year than two years ago. In the period 1 July 2011 to 30 June 2012 Metro recorded 10,397,063 boardings compared with 10,545,863 in the same period in the previous year. However that was still three per cent up on the 10,098,958 boardings in the 2009–10 financial year.

The Metro Board and management team are continually planning and implementing initiatives aimed to attract and retain more passengers over time. These have included the Boundary Rider services for cricket and football, continuation of the highly successful Nightrider services on New Year's Eve and the special low fare services over the long weekend in February to coincide with Festivale, the Hobart Cup and the Hobart Regatta.

In December 2011, the business relocated its customer service team to a new Metro Shop in the Hobart Interchange in Elizabeth Street, to make it easier for passengers to get information about services and to purchase or recharge a Greencard. In addition the company

centralised much of its customer feedback activity statewide to the new Metro Shop location resulting in a standardised approach to acceptance, recording, investigation and action in response to customer feedback.

During the year State Government funding was secured for the provision of additional services to the Channel region for a 12 month trial which commenced on 30 July 2012.

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

Metro ceased to operate Bothwell to Hobart/Hobart to Bothwell services from Tuesday 3 January 2012. The services are now provided by O'Driscoll Coaches. However, to allow customers to continue to enjoy the convenience of using a Greencard, a ticketing machine was installed on the O'Driscoll vehicle used for this service – the first non-Metro service to use Greencard.

The Company has now completed its Greater Hobart Passenger Transport Network Plan. The strategic vision for the Plan is to provide integrated passenger transport outcomes across Greater Hobart in support of the Tasmanian Urban Transport Framework. The plan identifies and prioritises passenger transport projects to ensure best use of available funds and set priorities over the long term (10 years) and short term (3 years).

During the year Metro also reviewed its customer service charter. Under our charter, all complaints are investigated and a response provided to the person lodging the complaint within 10 working days. The information provided

by customers is used when considering changes and improvements to our services.

A review of the company's Corporate Governance Handbook was conducted and upgrades effected to ensure that governance practices were in compliance with the *Governance Framework Guide for Tasmanian Government Businesses* issued by the Department of Treasury and Finance.

On 21 February 2012 nationally recognised public transport specialist Guy Thurston was appointed as a Director to replace long-serving Director and former Acting Chairman Mike Wisby, who retired from the Board in late 2011. Mr Thurston brings a wealth of experience in public transport both as an operator in New South Wales and the ACT and as a transport consultant.

On behalf of the Board I would like to thank Mr Wisby for his contribution to the Board and to the development of Tasmania's public bus service. I also extend the Board's appreciation to the staff and the management team capably led by CEO Heather Haselgrove, for their collective efforts during the year.



Ron Ward
Chairperson



CHIEF EXECUTIVE OFFICER'S REVIEW

The 2011–12 financial year saw the continuation of our program to transform Metro Tasmania into a modern, customer-focused bus passenger transport company.



Early in the report year Metro reviewed its Customer Service Charter to ensure that customers are the focus of our operations. The Charter identifies Metro's customers as school students, concession card-holders, adult work-commuter passengers, casual bus users, tourists and charter passengers and those with whom it has a business relationship.

Our aim is to provide for the people of Tasmania – in particular the regions surrounding Hobart, Launceston and Burnie – safe, reliable, easily accessible bus services, which run on time and are provided by helpful, friendly staff.

Greencard

Greencard use has remained constant this year with 55% of journeys being made using a Greencard. Metro issued 32,784 Greencards in 2011–12 and at 30 June 2012 Metro had issued a total of 108,040 Greencards

since its launch. People get a 20% fare discount when using Greencard instead of cash and we're continuing to refine and improve the card.

Fares

For the second year in a row, Metro kept most fare increases to the level of inflation. This was despite a recommendation by the independent pricing regulator for a much larger increase. Fares for most short trips rose by 10 cents and medium length trips by 20 cents, and there were bigger increases for some longer journeys.

After exempting student and concession fares in urban areas from fare increases the previous year, it was unfortunately necessary to pass on some increases during the review year. The urban concession flat fare increased by 10 cents to \$1.90, the first increase since October 2009. In addition a statewide student cash fare of \$1.30 was implemented – an

increase of 10 cents for urban students and 40 cents for non-urban students. This change removed a historical disparity between fares for students in urban and non-urban areas. It is the first increase of Metro student fares for urban area trips in 16 years.

Events Initiatives

Throughout the year Metro partnered with Local and State Government and their agencies, major event organisers and the Motor Accidents Insurance Board (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.

The popularity of these services is underlined by the success of the Boundary Rider services for the inaugural North Melbourne vs. Greater Western Sydney AFL match which saw more than 10% of the crowd use Metro to get to and from the Blundstone Arena at Bellerive. The free Metro Boundary Rider services chartered by North Melbourne Football Club carried 1,655 passengers to the game and 1,462 on the return trip.

As mentioned in the Chairperson's report, Metro has run services in conjunction with Cricket Tasmania for international cricket and the Twenty20 Big Bash games. We also ran a special low fixed fare weekend with an adult fare of \$2 and \$1 for children and concession card holders to coincide with Festivale, the Hobart Cup and the Hobart Regatta. For the past couple of years Metro has also run the successful Nightrider service in Hobart, Launceston and Burnie on New Year's Eve. Metro also provides free travel on all Metro bus services in Hobart and Launceston for veterans, war widows and serving personnel on ANZAC Day.

Community Support

Metro supports and engages the community through involvement in community investment and sponsorships. The aim of our sponsorship program is to raise the profile of Metro and encourage the use of bus passenger transport.

Community investment and sponsorship involves the provision of financial and in kind support.

Metro provides bus services to assist community transport needs. It also provides bus advertising space to assist community and not-for-profit organisations in reaching the community with their messages.

Workforce

As at 30 June 2012 Metro employed 450 people including casual Bus Operators (405 FTEs), making it a major employer in the Tasmanian context. Metro currently has one trainee undertaking her Business Certificate II and six apprentices gaining their training in Metro workshops in Hobart and Launceston in Diesel Mechanics and Automotive Electrical.

Metro provides staff with personal development and training opportunities.

All Bus Operators starting with Metro are enrolled in the Certificate III in Transport and Distribution. This year 21 employees were awarded Certificate III in Transport and Distribution, four of our Driver Trainers were awarded the Certificate IV in Training and Assessment and eight employees were awarded the Certificate IV in Logistics.

Two employees are currently involved in the Health and Wellbeing Professional Development Program run by Department of Premier and Cabinet. As part of this program, and Metro's determination to promote healthy lifestyle, a workplace gymnasium and health coach visits will be available for our workforce.

Safety

Safety for our bus passengers, our employees and for the general public is the number one priority for Metro.

During 2011-12 there have been a few unfortunate, high profile events, including Bus Operator assaults by aggressive passengers, which have rightly raised questions about safety. The statistics do not show a major increase on past years but are nevertheless taken very seriously. Metro has a range of measures in place for the safety of both Bus Operators and passengers. All Bus Operators are trained in dealing with difficult passengers using a training program which was developed with the assistance of Tasmania Police. Closed circuit television cameras and recorders have been fitted to all Metro buses statewide. This has significantly aided the investigation of incidents and identification of offenders as well as having a deterrent effect.

Additionally, Metro has established a cooperative relationship with Tasmania Police. Police are stationed at the Springfield Depot and work closely with Metro operational staff.

Metro is progressively increasing the efficiency of the business, improving the on road infrastructure and customer information and delivering a good service for our passengers. All of this would not be possible without the continued hard work of all our employees and the support of the Board.



Heather Haselgrove
Chief Executive Officer



OUR PERFORMANCE

Passenger Levels

In the period 2011–12 financial year Metro recorded 10,397,063 passenger boardings compared with 10,545,863 in the 2010–11 financial year. However that was still three per cent up on the 10,098,958 boardings in the 2009–10 financial year.

Metro is still recording 300,000 more passenger boardings a year than two years ago, but there has been a small decline of just over one per cent compared to a peak 12 months ago.

The reasons for the decline in passenger boardings during the 2011–12 year are not clear, but may be the result of a bigger than normal increase the previous year following the introduction of Greencard.

Metro is examining a number of new measures aimed at getting more people to regularly use buses as their preferred means of transport and launched a new campaign from 1 July 2012 with the aim of getting all Tasmanians to carry a Greencard.

After adjustments for the number of weekdays, travel in Hobart decreased by 1.5%, Launceston decreased by 2.6% and Burnie decreased by 1.9%. Student first boardings increased by 1.9% whilst adult

Figure 1 – Total Boardings

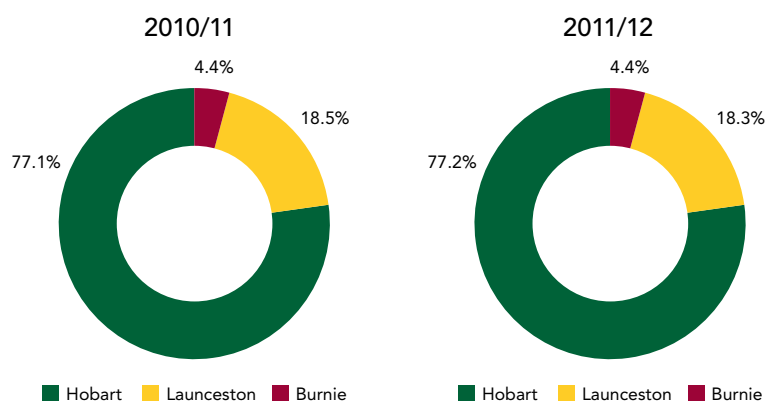
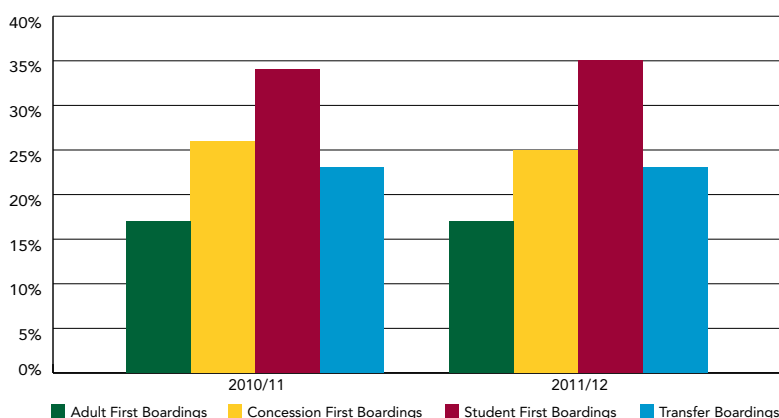


Figure 2 – Boardings by Passenger Type



and concession first boardings declined by 4.5% and 2.1% respectively. Free transfer boardings reduced by 4.6%. Greencard use remained constant this year with 54.9%

of first boardings being made using a Greencard. 32,784 Greencards were issued in 2011–12 and at 30 June 2012 Metro had issued 108,040 Greencards since its launch.



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 and benefits the environment.

The following service initiatives were implemented in 2011–12:

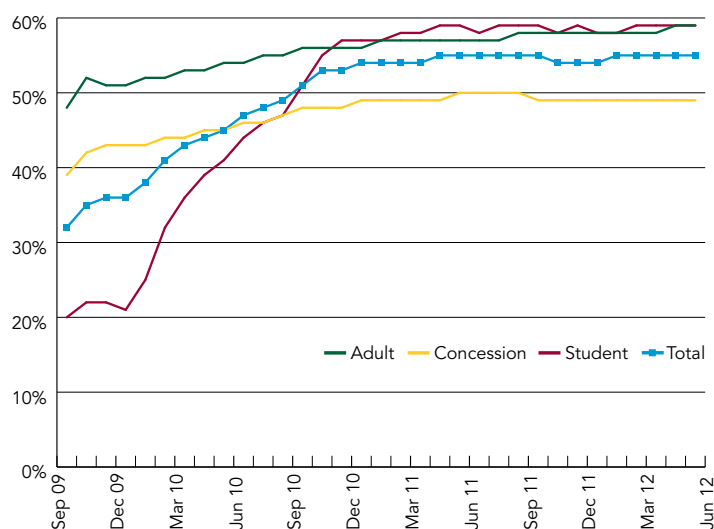
Statewide

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, in partnership with the four Hobart metropolitan councils, provided Metro Boundary Rider services to and from Blundstone Arena – Bellerive. The Boundary Rider services operated during December, January and February for the

Figure 3 – Usage of Greencard since statewide implementation



test match between Australia and New Zealand, domestic Twenty20 matches and One Day Internationals.

Metro and North Melbourne Football Club also provided Boundary Rider services to the North Melbourne match against Greater Western Sydney held on 8 April 2012.

Metro secured State Government funding for the provision of additional services to the Channel region for a 12-month trial.

Launceston

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

Overcrowding

An additional Hobart to Woodbridge via Kingston and Hobart College service commenced operation in April 2012 to address overcrowding from Hobart College in the afternoon peak.

OUR PERFORMANCE

Metro Fleet

Metro operates a fleet of 220 buses all of which are fitted with CCTV. During this financial year, Metro purchased seven low floor accessible buses. Metro currently complies with the requirements of the Disability Discrimination Act (DDA) to provide 55% of services using accessible buses.

Metro currently has 85 DDA compliant buses which means that 38.5% of the fleet is wheelchair accessible. 28% of buses are air conditioned. Metro is providing 65% of its services statewide using wheelchair accessible buses. This figure is calculated with dedicated school bus services excluded as per the Transport Standards.

Figure 4 – Buses in Service (as at 30 June 2012)

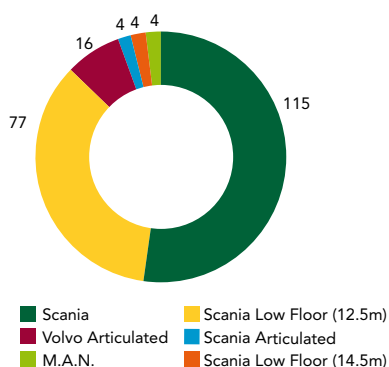
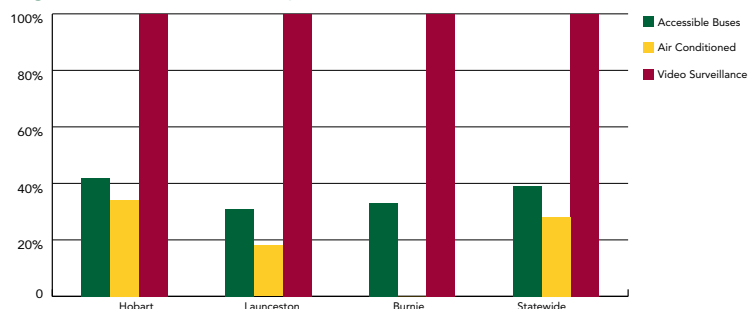


Figure 5 – Buses with Special Features



Website

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

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

Approximately 654,000 visits were made to the Metro website in 2011–12. Most visits were to view timetables or Greencard pages.

Media

People can follow @Metro_Tasmania on Twitter to find out about changes to services and other daily information. Metro is also now providing a daily morning report on services on ABC 936AM radio.

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

With the introduction of the Right to Information legislation Metro introduced new procedures to deal with the requests and highlighted these on the company website. Three matters have been dealt with by Metro in this financial year. Of the three received two were processed using the Assessed Disclosure Procedure and the third involved Metro Tasmania releasing the information under the active disclosure provisions.



OUR WORKFORCE

Workforce

Number of employees, including casual Bus Operators, at 30 June 2012 was 450.

Hobart	344
Launceston	84
Burnie	22

Number of full-time equivalent employees at 30 June 2012 was 405.

Recruitment

Recruitment of Bus Operators during 2011–12 occurred with six advertisements placed in Hobart and one each for Launceston and Burnie. Each advertisement produced a good response from applicants. After a thorough selection process (including aptitude testing, structured interviews, driving assessment, reference checks and pre-employment medicals) suitable candidates were selected for employment with Metro.

Eight salaried positions were filled during the 12 month period and only one vacancy remains unfilled.

Employee Relations

Analysis commenced on the award modernisation process

to ensure the current and yet to be negotiated Enterprise Agreements are compliant and the Metro Tasmania 2002 Award is retired with no loss of benefits. Discussions with relevant Unions (Rail, Tram and Bus Union and Australian Manufacturing Workers Union) have been held to discuss the implications of the award modernisation process. The Bus Operators Enterprise Agreement will expire in December 2012 and negotiations commenced in August.

Employee Development

During the year training completed by Metro staff included:

- Performance Management
- Time Management
- Employee Health and Wellbeing
- Contact Officer Training
- Report Writing
- Software applications
- TIMS software (Transport Integrated Management System)
- NetBi software

All Bus Operators starting with Metro are enrolled in the Certificate III in Transport

and Distribution. This course is delivered in cooperation with a local registered training organisation. This year:

- 21 employees were awarded Certificate III in Transport and Distribution
- Four Bus Operator Trainers were awarded the Certificate IV in Training and Assessment
- Eight employees were awarded the Certificate IV in Logistics.

Other external training being supported by Metro includes:

- Certificate IV and Diploma of Transport and Distribution
- Certificate IV in Automotive Technology
- Certificate IV in Frontline Management
- Certificate IV in Training and Assessment
- Management Diploma
- Bachelor of Business
- Masters of Transport
- Chartered Accountants Program
- Certificate IV in Transport and Logistics (Warehouse and Storage)
- Certificate III in Accounts Administration
- Certificate IV in Financial Services (Accounting)

OUR WORKFORCE

Safety Performance

Metro continues its efforts to reduce injuries and risk exposure for our workforce. Proactive efforts including regular workplace audits and near miss reports have been very successful in reducing hazards around the depots, bus malls and workshops. The graph shows the Lost Time Injury Frequency Rate (LTIFR) for the reporting year 2011–2012. Compared to previous years the LTIFR is down significantly however it has plateaued at around twenty. Efforts over the coming year will focus on identifying causes of accidents and ensuring risks/hazards in these areas are effectively controlled.

Figure 6 – LTIFR – Total All Regions

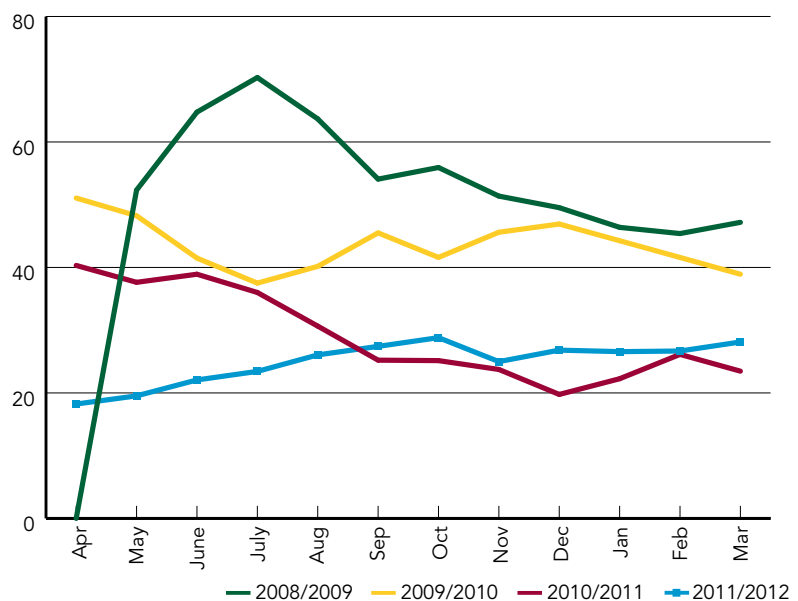
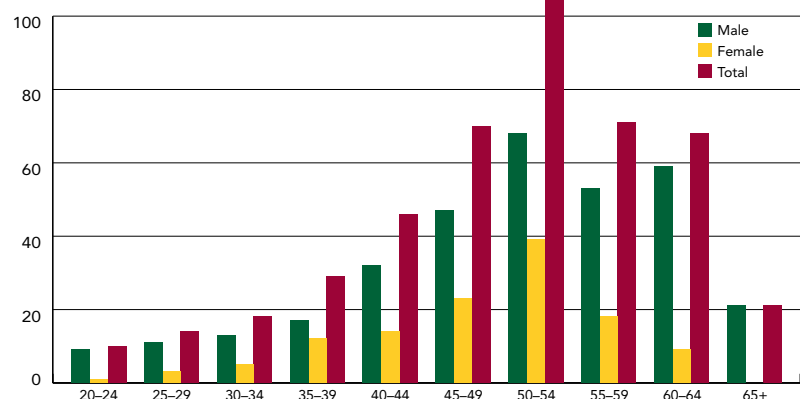


Figure 7 – Age Profile





Apprenticeships and Traineeships

Metro currently has six apprentices working in Metro workshops in Hobart and Launceston while training in Diesel Mechanics and Automotive Electrical. All are employed through the group training company, Work and Training.

One trainee in Launceston is gaining a Business Certificate II qualification.

Employee Wellbeing

Two employees are involved in the Health and Wellbeing Professional Development Program run by Department of Premier and Cabinet. As part of this program and Metro's determination to promote healthy lifestyle a workplace gymnasium and health coach visits will be available for our workforce. These types of initiatives can be very beneficial given the sedentary nature of jobs within Metro. Current programs for employees include a partial funding of a masseuse, contributions toward fun run participation and visits by health providers to the Depots.

Figure 8 – Years of Service

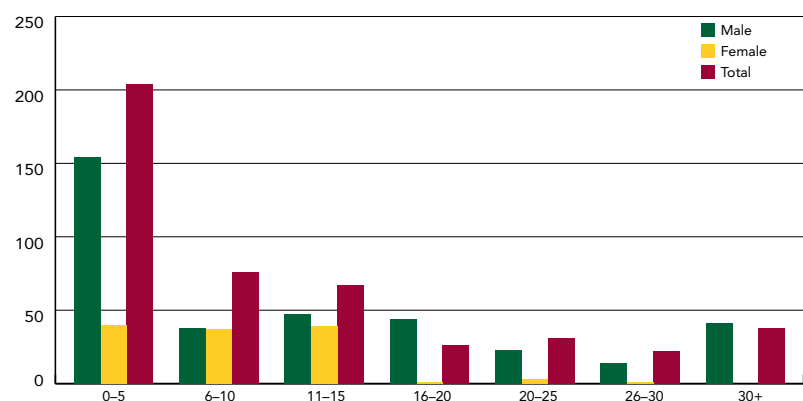
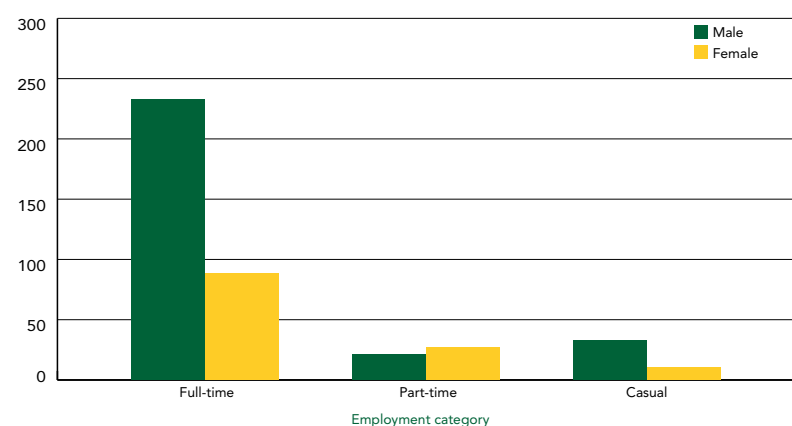


Figure 9 – Employment Status by Gender





OUR CUSTOMERS

Metro invites enquiries, feedback, compliments and complaints from passengers...

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

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

Reasons for travelling on Metro Services

Reasons for Travel	Percentage	
	2011	2012
To go shopping	42	49
To go to work	39	35
To do business i.e. banking	19	27
Visit friends or relatives	18	24
Entertainment or performances	15	23
Health or welfare	15	19
To go to school	13	12
Sport or recreation	9	12
To go to University or TAFE	7	6
Other	8	9

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

Satisfaction with Metro Tasmania

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



Customer Service

Metro provides information and support to its customers through face-to-face, telephone, electronic and on route channels. Metro invites enquiries, feedback, compliments and complaints from passengers and members of the public.

All complaints are investigated and a response provided to the person lodging the complaint within 10 working days. The information provided by customers is used when considering changes and improvements to our services.

In December 2011, Metro relocated its customer service team to a new Metro Shop in the Hobart Interchange in Elizabeth Street Hobart. Metro has centralised much of its customer support activity statewide to the new Metro Shop location resulting in a standardised approach to acceptance, recording, investigation and action in response to customer feedback.

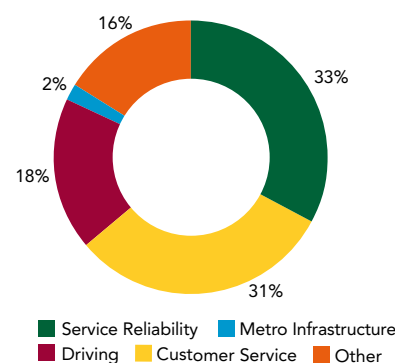
In 2011–12 the company received 163 compliments and 1,812 complaints.

While all compliments recognised a high standard of

service delivery by individual Metro employees, examples of those which have been awarded Compliment of the Month by a member of the public are as follows:

- Kathy Pischek, for the level and quality of information that was provided to assist travellers in planning a trip to Hobart.
- Michael Buckley, for the way in which he provided information about Metro Greencards.
- Julian Roberts, for the way in which he assisted an international student new to the state.
- Leonard Macdonald was complimented by a member of the public who witnessed a grandmother and three year old child boarding a service which Leonard was driving. The child had signalled at the bus stop and Leonard complimented the child on his signal.
- Graeme Jones, for the way in which he handled an upset parent. He was able to control the situation and his explanation provided a resolution for the parent.
- Donna Beans was complimented by a carer, on her cheerful disposition and

Figure 10 – Breakdown of Complaints



care shown in ensuring her passengers were comfortable prior to moving out from their boarding stop.

- Judy Shusames, for the way in which she controlled a volatile situation.
- Karen Hadley, for the way in which she assisted some school students who had disembarked at the wrong bus stop.
- Damien Penney, for the way in which he remained calm and courteous in response to an aggressive passenger.
- Terina Knight, for the way in which she explained and kept passengers informed of a situation where Hobart was experiencing a rain storm causing services to be delayed.



OUR COMMUNITY

Metro's community investment and sponsorship involves the provision of financial and in kind support.

Metro's services to and from major events have proven to be a popular, convenient and cost-effective transport choice.

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 raise the profile of Metro and to encourage the use of passenger transport. Community investment and sponsorship involves the provision of financial and in kind support. Metro provides its bus services to assist community transport needs. Bus advertising space is provided in kind to assist community and not-for-profit organisations in reaching

the community with their message. Metro encourages support for employees and engagement of employees in fundraising activities.

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

Metro partnered with Cricket Tasmania to deliver Boundary Rider services to and from major cricket matches at Blundstone Arena at Bellerive. Metro's services to and from these major events have proven to be a popular, convenient and cost effective transport choice. The success of these services resulted in a further partnership with North Melbourne Football Club to provide services for North Melbourne AFL matches at Blundstone Arena at Bellerive.



Metro has supported a diverse range of community organisations throughout 2011–12, including not-for-profit organisations, government initiatives and community celebrations.

These organisations and events include:

- Tasmania Police – Public Places Safety Campaign
- Sleep out for the Salvos
- Daffodil Day
- Footy Colours Day
- Why Ride?
- Seniors Week
- Get Healthy Service
- Pink Ribbon Day
- Clarence Big Day In/Out
- Aurora Disability Services
- Hobart Christmas Pageant
- Work and Training
- Movember
- Point to Pinnacle
- ABC Giving Tree
- Carols in the Bay
- Cricket Tasmania
- New smoking laws
- Metro Footy Tipping
- Bridgewater PCYC
- RSL ANZAC Day
- Holyoak Tasmania
- Community Road Safety Partnership
- Festivale
- RHH Research Foundation
- Tasmanian Transport Museum
- St Michaels Association
- Relay for Life
- Hobart Cup
- Ronald Macdonald House
- Premier's Physical Activity Council
- Rotary Club of Kingston
- Cradle Coast Authority
- MS Society
- Give me 5 for Kids

Metro looks forward to continued community investment activity.



BOARD OF DIRECTORS



Ron Ward

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



Lynn Mason

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



Geoffrey Hazell

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



Tracy Matthews

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



Ian Newman

Mr Ian Newman was appointed Director on 9 February 2010. He is also a Director of Sun Coast Express. 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 is a Director of the Newcastle Diggers Club. He has considerable experience within the transport industry and has held a number of senior roles at Action Buses, Sydney Buses and State Transit New South Wales. He is past Chairman of the Chartered Institute of Transport and past Vice Chairman of the Australia and NZ UITP International Public Transport Association. He is currently a Transport Consultant with MRCagney Pty Ltd specialising in strategic policy, institutional structure and process, operational planning and business growth management. He is a Fellow of the AICD and a Fellow 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 2012.

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 2012 The Company incurred a loss before income tax of \$421,000 (2011: loss of \$73,000) and an after tax loss of \$296,000 (2011: of \$51,000). A detailed review of operations is contained in the Chairperson's Review on page 2 and in the Chief Executive Officer's Review 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 2011.

Changes in state of affairs

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

Subsequent events

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

Likely future developments

The Company continues to negotiate with the Department of Infrastructure, Energy and Resources for sustainable contracts which will provide

appropriate payments for operating expenditure and capital replacement, and there are ongoing discussions on the appropriateness of the Company's capital structure.

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' 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.

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 a process of reviewing and updating its Corporate Governance Handbook and in doing so 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, Ms Lynn Mason. This Committee oversees remuneration practices and policies in relation to executive managers and other staff of the Company.

Audit and Risk Committee

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

Indemnification of Directors and Officers

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

Superannuation Declaration

The Company has met its obligations under the *Superannuation Guarantee (Administration) Act 1992* in respect to those employees who are members of a complying superannuation scheme to which the Company contributes. The Company also has a defined

benefit scheme, under the Retirement Benefits Act 1993, which is subject to actuarial valuations and covers current and former employees.

Auditor's Independence Declaration

The financial report of the Company is independently audited by the Tasmanian Auditor-General. The Auditor-General has provided the Directors with an Independence Declaration as required under s307C of the *Corporations Act 2001* and is included on page 20.

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*.



Ron Ward
Chairperson
9 August 2012

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

9 August 2012

Mr R Ward
Chairperson
Metro Tasmania Pty Ltd
PO Box 61
MOONAH TAS 7009

Dear Board Members

Auditor's Independence Declaration

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

As the auditor of the financial report of Metro Tasmania Pty Ltd (Metro) for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

E R De Santi
Deputy Auditor-General
Delegate of the Auditor-General

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To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
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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 2012 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

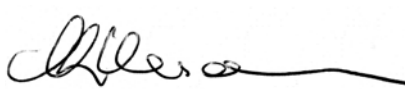
(b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

2. The Directors 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:



Ron Ward
Chairperson



Lynn Mason
Deputy Chairperson

9 August 2012

INDEPENDENT AUDIT REPORT



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
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Independent Auditor's Report

To the Members of Metro Tasmania Pty Ltd

Financial Report for the Year Ended 30 June 2012

Report on the Financial Report

I have audited the accompanying financial report of Metro Tasmania Pty Ltd (the Consolidated Entity), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes of equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration on the financial report of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion:

- (a) the financial report is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its own and the consolidated entity's financial position as at 30 June 2012 and their financial performance for the year ended on that date, and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

The Responsibility of the Directors for the Financial Report

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

...1 of 2

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Auditor's Responsibility

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

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

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

Independence

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

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

I confirm that the independence declaration required by the *Corporations Act 2001*, was provided to the directors on the same date as this audit opinion and is included in the Directors' report.

Tasmanian Audit Office



E R De Santi
DEPUTY AUDITOR-GENERAL
Delegate of the Auditor-General

HOBART
9 August 2012

...2 of 2

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STATEMENT OF FINANCIAL POSITION

As at 30 June 2012		CONSOLIDATED	
	Note	2012 \$'000	2011 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	3,808	2,866
Trade and other receivables	8	572	504
Inventories	9	1,385	1,237
Assets held for sale	10	99	204
Other current assets	11	882	901
TOTAL CURRENT ASSETS		6,746	5,712
NON-CURRENT ASSETS			
Property, plant and equipment	12	49,245	51,147
Intangible assets	13	151	124
Deferred tax assets	6	10,950	10,227
TOTAL NON-CURRENT ASSETS		60,346	61,498
TOTAL ASSETS		67,092	67,210
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	4,279	4,092
Employee benefits	15	5,670	5,183
TOTAL CURRENT LIABILITIES		9,949	9,275
NON-CURRENT LIABILITIES			
Employee benefits	15	25,340	19,230
Deferred tax liabilities	6	4,170	5,447
TOTAL NON-CURRENT LIABILITIES		29,510	24,677
TOTAL LIABILITIES		39,458	33,952
NET ASSETS		27,633	33,258
EQUITY			
Contributed equity	16	15,503	15,503
Asset revaluation reserves	17	12,798	13,577
Retained profits/(losses)	18	(668)	4,178
TOTAL EQUITY		27,633	33,258

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Note	CONSOLIDATED	
		2012 \$'000	2011 \$'000
REVENUE			
Passenger transport operations	4(a)	43,882	42,058
Other operating income	4(b)	783	760
Financial income	4(c)	155	386
Non-operating income	4(d)	3,250	3,250
		48,070	46,454
EXPENSES			
Passenger transport operations	5(a)	(34,856)	(33,156)
Engineering and maintenance services	5(b)	(6,321)	(6,198)
Administration and general	5(c)	(5,985)	(5,812)
Finance costs	5(d)	(1,329)	(1,361)
		(48,491)	(46,527)
Profit/(loss) before income tax		(421)	(73)
Income tax(expense)/benefit	6	125	22
Profit/(loss) for the year		(296)	(51)
Other comprehensive income			
Revaluation of property, plant and equipment		(954)	–
Net change in fair value of available-for-sale financial assets		(137)	(18)
Defined benefit plan actuarial gains/(losses)		(6,113)	1,115
Income tax on other comprehensive income		1,875	(327)
Other comprehensive income for the year, net of income tax		(5,329)	770
Total comprehensive income for the year		(5,625)	719

The Statement of 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 2012	CONSOLIDATED			
	Contributed equity	Asset revaluation reserves	Retained profits/(losses)	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2011	15,503	13,577	4,178	33,258
Total comprehensive income for the year				
Profit/(loss)	–	–	(296)	(296)
Other comprehensive income				
Net gain on revaluation of property, plant and equipment, net of tax	–	(954)	–	(954)
Net change in fair value of available-for-sale financial assets, net of tax	–	175	15	190
Defined benefit plan actuarial gains/(losses), net of tax	–	–	(4,565)	(4,565)
Total other comprehensive income	–	(779)	(4,550)	(5,329)
Balance as at 30 June 2012	15,503	12,798	(668)	27,633

	CONSOLIDATED			
	Contributed equity	Asset revaluation reserves	Retained profits/(losses)	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2010	15,503	13,594	3,442	32,539
Total comprehensive income for the year				
Profit/(loss)	–	–	(51)	(51)
Other comprehensive income				
Net change in fair value of available-for-sale financial assets, net of tax	–	(17)	6	(11)
Defined benefit plan actuarial gains/(losses), net of tax	–	–	781	781
Total other comprehensive income	–	(17)	787	770
Balance as at 30 June 2011	15,503	13,577	4,178	33,258

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 2012		CONSOLIDATED	
	Note	2012 \$'000	2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers and service contracts		49,677	47,687
Interest received	4(c)	155	386
Cash paid to suppliers and employees		(44,519)	(44,803)
Interest paid		(26)	(23)
Net cash from operating activities	22(a)	5,287	3,247
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		120	153
Acquisition of property, plant and equipment		(4,465)	(5,969)
Net cash from (used in) investing activities		(4,345)	(5,816)
Net increase/(decrease) in cash and cash equivalents		942	(2,569)
Cash and cash equivalents at the beginning of the financial year		2,866	5,435
Cash and cash equivalents at the end of the financial year	22(b), 7	3,808	2,866

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

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 2012 comprise the Company and its subsidiary (together referred to as "Metro").

Note 2. BASIS OF PREPARATION

(a) Statement of Compliance

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

The consolidated Financial Statements were authorised for issue by the Board of Directors on 9 August 2012.

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

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

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Judgements and Assumptions

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

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

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

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

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

- Impairment (Trade and Other Receivables, Assets and Assets held for Sale) Note 1 (k);
- Measurement of defined benefit obligations (Employee Benefits) Note 1 (n); and
- Provisions Note 1 (o).

(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 1054 *Australian Additional Disclosures* – This Standard in conjunction with AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans Tasman Convergence Project*, removes disclosure requirements from other Standards and incorporates them in a

NOTES TO THE FINANCIAL STATEMENTS

single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.

- AASB 2009-12 *Amendments to Australian Accounting Standards (AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052)* – This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.
- AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASBs 1, 7, 101, and 134 and Interpretation 13)* – This Standard amends a range of Australian Accounting Standards and Interpretation as a consequence of the annual improvements project.

The amendments to AASB 7 clarify financial instrument disclosures in relation to credit risk. The carrying amount of financial assets that would otherwise be past due or impaired, whose terms have been renegotiated, is no longer required to be disclosed. There is no financial impact.

The amendments to AASB 101 clarify the presentation of the Statements of Changes in Equity. The disaggregation of other comprehensive income reconciling the carrying amount at the beginning and the end of the period for each component of equity is no longer required. There is no financial impact.

- AASB 2010-5 *Amendments to Australian Accounting Standards (AASBs 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 and 1038 and Interpretations 112, 115, 127, 132 and 1042)* – This Standard makes editorial amendments to a range of Australian Accounting Standards. There is no financial impact.
- AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (AASBs 1 and 7)* – This Standard introduces additional disclosure relating to transfers of financial assets in AASB 7. An entity shall disclose all transferred financial assets that are not derecognised and any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. There is no financial impact.
- AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans Tasman Convergence Project (AASBs 1, 5, 101, 107, 108, 121, 128, 132 and 134 and Interpretations 2, 112 and 113)* – This Standard, in conjunction with AASB 1054, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.
- AASB 2011-15 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation (AASBs 127, 128 and 131)* – This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity are not for profit non reporting entities that comply with Australian Accounting Standards. There is no financial impact.

Impact of new and revised Accounting Standards yet to be applied

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

- AASB 9 *Financial Instruments* – This Standard supersedes AASB 139 *Financial Instruments: recognition and Measurement*, introducing a number of changes to accounting treatments. The Standard was reissued in December 2010. Metro has not yet determined the potential financial impact of the Standard.
- 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. Metro has not yet determined the application or the potential impact of the Standard.
- AASB 13 *Fair Value Measurement* – This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact.
- AASB 127 *Separate Financial Statements* – This Standard supersedes requirements under AASB 127 *Consolidated and Separate Financial Statements*, introducing a number of changes to accounting treatments. The Standard was issued in August 2011. Metro has not yet determined the application or the potential impact of the Standard.

NOTES TO THE FINANCIAL STATEMENTS

- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (AASBs 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 and 1038 and Interpretations 2, 5, 10, 12, 19, and 127) – This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB in December 2010. It is not anticipated that there will be any financial impact.
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (AASBs 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 and 1038 and Interpretations 5, 9, 16 and 17) – This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. It is not expected to have a financial impact.
- AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (AASBs 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 and 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 and 132) – This Standard replaces the existing definition of fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no expected financial impact.
- AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* (AASBs 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 and 1049) – This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). It is not expected to have a financial impact.
- AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* (AASBs 1, 8, 101, 124, 134, 1049 and 2011-8 and Interpretations 14) – This Standard makes amendments to other Australian Accounting Standards and Interpretation as a result of issuing AASB 119 Employee Benefits in September 2011. It is not expected to have a financial impact.

Note 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Revenue

Passenger transport operations revenue

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

Financial income

Interest is recognised as it accrues.

Other operating and non-operating 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.

NOTES TO THE FINANCIAL STATEMENTS

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

(d) Cash and Cash Equivalents

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

(e) Trade and Other Receivables

Trade and other receivables are recorded at nominal amounts due less any provision for impairment and are recognised on delivery of services to customers. A significant volume of Metro's operations are performed for the State Government or are received as cash fares. Accordingly, exposure to credit risk is minimal. An estimate for impairment is made when collection of the full amount is no longer probable. Impaired receivables are written off when identified.

(f) Assets held for sale

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

(g) Trade and Other Payables

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

(h) Financial Instruments

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

Recognition and initial measurement

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

(i) Loans and receivables

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

(ii) Financial liabilities

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

(i) Inventories

Inventories are valued at the lower of cost or current replacement cost which consists of bus spare parts, fuel and consumable stores.

(j) Property, Plant and Equipment

Items of property, plant and equipment are 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 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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

An independent valuation of the bus fleet was performed as at 30 June 2010 by Mr R.A. van Raay FAPI, FRICS, ASA, AFAIM, CMILT, Certified Practising Valuer (PandM) of m3pande.

Depreciation

Depreciation is recognised in the Statement of Comprehensive Income 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 Mr R.A. van Raay FAPI, FRICS, ASA, AFAIM, CMILT, Certified Practising Valuer (PandM) of m3pande as at 30 June 2010.

(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 Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use as follows:

Licences	4 years
Computer software	4 years

(m) Leases

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

(n) Employee Benefits

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

Compensated benefits

Annual leave

The provision for annual leave represents the amount Metro has a present obligation to pay resulting from employees' services provided up to balance date. The provision has been calculated at the amounts expected to be paid when the liability is settled and includes superannuation on-costs.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 Changes in Equity. Interest costs are recognised in finance costs and service costs are recognised in employee and related expenses in the Statement of Comprehensive Income. Details are referred to at Note 28.

(o) Provisions

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

Dividends

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

(p) Income Tax

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

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the income statement except where it relates to items that may be recognised directly into equity, in which case the deferred tax is adjusted directly against equity.

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

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

(q) Tax Consolidation

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

(r) Segment Reporting

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

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2012	2011
	\$'000	\$'000
Note 4. REVENUE		
(a) Passenger transport operations		
Service contracts	32,758	31,172
Ticket fares	11,125	10,886
	43,883	42,058
(b) Other operating income		
Profit on disposal of property, plant and equipment	16	64
Advertising income	456	394
Rental income	42	49
Other income	269	253
	783	760
(c) Financial income		
Interest income	155	386
	155	386
(d) Non-operating income		
Additional government funding (Note 26)	3,250	3,250
	3,250	3,250
Total income	48,071	46,454
Note 5. EXPENSES		
(a) Passenger transport operations		
Fuel	5,408	4,980
Employee and related expenses	22,493	21,956
Depreciation and amortisation expenses	4,165	3,740
Other expenses	2,790	2,480
	34,856	33,156
(b) Engineering and maintenance services		
Maintenance expense	3,810	3,699
Employee and related expenses	2,394	2,357
Depreciation and amortisation expenses	117	142
	6,321	6,198
(c) Administration and general		
Employee and related expenses	3,018	2,809
Depreciation and amortisation expenses	452	378
Other expenses	2,515	2,625
	5,985	5,812
(d) Finance costs		
Interest expense	26	23
Actuarial interest costs	1,303	1,338
	1,329	1,361
Total expenses	48,491	46,527

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2012	2011
	\$'000	\$'000
Note 6. INCOME TAX		
(a) Income tax expense recognised in the Statement of Comprehensive Income		
Current tax expense		
Current tax	1,352	88
Adjustments for prior years	–	–
Deferred tax expense		
Decrease/(increase) in deferred tax asset	(2,075)	151
Increase/(decrease) in deferred tax liability	(1,277)	66
Less recognised directly in equity	1,875	(327)
Income tax expense/(benefit)	(125)	(22)
(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% (2011: 30%)	(126)	(22)
Add tax effect of:		
Entertainment (non-deductible)	–	–
Capital legal costs	1	–
Under provision of prior year income tax	–	–
	(125)	(22)
(c) Income tax expense recognised directly to equity		
Property, plant and equipment (Note 17)	(327)	(7)
Superannuation (Note 18)	(1,548)	334
	(1,875)	327
(d) Non-current and deferred tax balances		
Assets:		
Deferred tax assets	10,950	10,227
	10,950	10,227
Liabilities:		
Deferred tax liability	4,170	5,447
	4,170	5,447
	6,780	4,780

NOTES TO THE FINANCIAL STATEMENTS

Note 6. INCOME TAX (continued)

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

	CONSOLIDATED				
2011	Opening balance 1 July 2010	Prior year adjustment	Recognised in the Statement of Comprehensive Income	Recognised in equity	Balance at 30 June 2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Superannuation	6,142	–	9	(334)	5,817
Tax losses	2,926	–	(88)	–	2,838
Employee benefits	1,332	–	72	–	1,404
Provision for impairment	–	–	–	–	–
Accrued costs	47	–	(517)	–	(470)
Other provisions	18	–	(12)	–	6
Prepayments	(63)	–	2	–	(61)
Inventories	–	–	–	–	–
Property, plant and equipment	(5,299)	–	540	7	(4,752)
Accrued income	(18)	–	16	–	(2)
Total	5,085	–	22	(327)	4,780

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2012	2011
	\$'000	\$'000
Note 7. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	3,808	1,881
Call deposit at Tascorp	–	985
	3,808	2,866
Note 8. TRADE AND OTHER RECEIVABLES		
Trade receivables	558	422
Less provision for impairment	(10)	(7)
Other receivables	24	89
	572	504
Note 9. INVENTORIES		
Inventories	1,392	1,249
Less provision for obsolescence	(7)	(12)
	1,385	1,237
Note 10. ASSETS HELD FOR SALE		
Property, plant and equipment	99	204
	99	204
Note 11. OTHER CURRENT ASSETS		
Prepayments	882	901
	882	901

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2012	2011
	\$'000	\$'000
Note 12. PROPERTY, PLANT AND EQUIPMENT		
(a) Carrying amounts		
Land and buildings		
Land		
At fair value	8,997	9,280
Total	8,997	9,280
Buildings		
At fair value	5,070	5,744
Less: accumulated depreciation	(11)	(294)
Total	5,059	5,450
Total land and buildings	14,056	14,730
Buses		
At fair value	34,969	32,137
Less: accumulated depreciation	(6,229)	(2,979)
Total	28,740	29,158
Route infrastructure		
At cost	2,908	2,435
Less: accumulated depreciation	(2,092)	(2,017)
Total	816	418
Office equipment		
At cost	1,426	1,555
Less: accumulated depreciation	(717)	(639)
Total	709	916
Electronic ticketing and communication equipment		
At cost	4,969	5,106
Less: accumulated depreciation	(1,317)	(983)
Total	3,652	4,123
CCTV equipment		
At cost	1,248	1,175
Less: accumulated depreciation	(593)	(352)
Total	655	823

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2012 \$'000	2011 \$'000
Note 12. PROPERTY, PLANT AND EQUIPMENT <i>(continued)</i>		
Plant and equipment		
At cost	1,124	1,073
Less: accumulated depreciation	(815)	(796)
Total	309	277
Auxiliary vehicles		
At cost	573	534
Less: accumulated depreciation	(269)	(232)
Total	304	302
Work in progress		
At cost	4	400
Total	4	400
Total property, plant and equipment	49,245	51,147

NOTES TO THE FINANCIAL STATEMENTS

Note 12. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Reconciliation of movements in carrying amounts

CONSOLIDATED												
2012	Land and buildings at fair value	Buses at fair value	infrastructure at cost	Route at cost	Office equipment at cost	Electronic ticketing and communication equipment at cost	CCTV equipment at cost	Plant and equipment at cost	Auxiliary vehicles at cost	Work in progress at cost	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	14,730	29,158	418	916	4,123	823	277	302	400	51,147		
Additions	416	3,107	67	24	73	84	134	20	396	4,378		
Disposals	-	(237)	-	(6)	-	-	-	-	-	(659)		
Revaluation increments/ (decrements)	(954)	-	-	-	-	-	-	-	-	(954)		
Impairment losses	-	-	-	-	-	-	-	-	-	-		
Net transfers	-	-	-	-	-	-	-	-	-	-		
Depreciation	(136)	(3,288)	(75)	(268)	(495)	(241)	(52)	(112)	-	(4,667)		
Carrying amount at 30 June	14,056	28,740	816	709	3,652	655	309	304	4	49,245		

CONSOLIDATED												
2011	Land and buildings at fair value	Buses at fair value	infrastructure at cost	Route at cost	Office equipment at cost	Electronic ticketing and communication equipment at cost	CCTV equipment at cost	Plant and equipment at cost	Auxiliary vehicles at cost	Work in progress at cost	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	14,682	27,695	397	221	4,467	1,058	241	263	445	49,469		
Additions	184	4,501	94	830	137	-	82	179	-	6,007		
Disposals	-	(59)	-	(35)	-	-	-	(32)	(45)	(171)		
Revaluation increments/ (decrements)	-	-	-	-	-	-	-	-	-	-		
Impairment losses	-	-	-	-	-	-	-	-	-	-		
Net transfers	-	-	-	-	-	-	-	-	-	-		
Depreciation	(136)	(2,979)	(73)	(100)	(481)	(235)	(46)	(108)	-	(4,158)		
Carrying amount at 30 June	14,730	29,158	418	916	4,123	823	277	302	400	51,147		

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

NOTES TO THE FINANCIAL STATEMENTS

Note 12. PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

An independent valuation of 'in service' buses was performed as at 30 June 2010 by Mr R.A. van Raay FAPI, FRICS, ASA, AFAIM, CMILT, Certified Practising Valuer (PandM) of m3pande. The valuation was performed on the basis of 'market value for existing use'. This approach assumes that the asset could be sold in the market for its existing use.

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

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

	CONSOLIDATED	
	2012 \$'000	2011 \$'000
Buses	16,726	15,659
Land and buildings	8,090	7,781
Note 13. INTANGIBLE ASSETS		
(a) Carrying amounts		
Computer software		
At cost	1,229	1,792
Less: accumulated amortisation	(1,078)	(1,668)
Total	151	124
Total intangibles	151	124
(b) Reconciliation of movements in carrying amounts		
Carrying amount at 1 July	124	143
Additions – other development	95	88
Amortisation	(68)	(107)
Carrying amount at 30 June	151	124
Note 14. TRADE AND OTHER PAYABLES		
Trade creditors and accruals	3,895	3,729
Employee benefits oncosts	384	363
	4,279	4,092

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2012 \$'000	2011 \$'000
Note 15. EMPLOYEE BENEFITS		
Current:		
Retirement benefits	1,254	793
Compensated benefits:		
Accrued salaries and wages	816	887
Annual leave	1,599	1,622
Long service leave	1,954	1,834
Workers compensation	47	47
	5,670	5,183
Non-current:		
Retirement benefits	24,605	18,601
Compensated benefits:		
Long service leave	735	629
	25,340	19,230
	31,010	24,413
Note 16. CONTRIBUTED EQUITY		
Issued capital – two shares of \$1 each		
Contributed equity	15,503	15,503
	15,503	15,503

Note 17. ASSET REVALUATION RESERVES	CONSOLIDATED		
	Land and buildings \$'000	Buses \$'000	Total \$'000
2012			
Balance at beginning of financial year	4,661	8,916	13,577
Revaluation increments/(decrements)	(954)	–	(954)
Impairment losses	–	(113)	(113)
Disposal of revalued buses	–	(40)	(40)
Deferred tax asset/(liability)	294	34	328
Balance at end of financial year	4,001	8,797	12,798

	CONSOLIDATED		
	Land and buildings \$'000	Buses \$'000	Total \$'000
2011			
Balance at beginning of financial year	4,661	8,933	13,594
Revaluation increments/(decrements)	–	–	–
Impairment losses	–	(24)	(24)
Disposal of revalued buses	–	–	–
Deferred tax asset/(liability)	–	7	7
Balance at end of financial year	4,661	8,916	13,577

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	
	2012 \$'000	2011 \$'000
Note 18. RETAINED PROFITS/(LOSSES)		
Balance at beginning of financial year	4,178	3,442
Net profit/(loss)	(296)	(51)
Revaluation increments (decrements) attributable to assets disposed of during the year	15	6
Defined benefit plan actuarial gains/(losses)	(6,113)	1,115
Related income tax	1,548	(334)
Balance at end of financial year	(668)	4,178
Note 19. COMMITMENTS FOR EXPENDITURE		
Capital commitments:		
Payments within 1 year	2,986	3,328
Payments 1–5 years	–	–
	2,986	3,328

Note 20. RELATED PARTIES

Directors:

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

Mr Ron Ward (Chairperson)
 Ms Lynn Mason (Deputy Chairperson)
 Mr Geoffrey Hazell
 Ms Tracy Matthews
 Mr Ian Newman
 Mr Guy Thurston (appointed 21 February 2012)
 Mr Mike Wisby (retired 18 November 2011)

Remuneration of Directors:

Directors fees of \$148,784 (2011 \$121,267) and superannuation contributions (including salary sacrifice) of \$87,671 (2011 \$31,271) were paid during the reporting period.

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

Key Management Personnel:

The Board's policy for determining the nature and amount of remuneration for Metro's key 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 key management personnel receive a base salary, superannuation and other benefits. They do not receive performance based incentives.

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

Ms Heather Haselgrove, Chief Executive Officer
 Mrs Anita Robertson, Chief Financial Officer and Company Secretary
 Mr Alan Pedley, General Manager Operations
 Mr Ian Ward, General Manager Infrastructure and Engineering
 Mr Anthony James, General Manager Business Development and Planning
 Mr Craig Anderson, Manager Human Resources
 Mr Rodney Byfield, Chief Information Officer

NOTES TO THE FINANCIAL STATEMENTS

Note 20. RELATED PARTIES *(continued)*

Remuneration of Key Management Personnel:

The aggregate compensation made to Metro's key management personnel is set out in the following table:

	CONSOLIDATED	
	2012 \$'000	2011 \$'000
Short-term employee benefits	879	762
Other long-term employee benefits	4	9
Post-employment benefits	79	69
Termination benefits	–	–
Equity compensation benefits	–	–
	962	840
Note 21. REMUNERATION OF AUDITORS		
External audit services	45	52
Internal audit services	27	46
	72	113

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2012 \$'000	2011 \$'000
Note 22. CASH FLOW STATEMENT		
(a) Reconciliation of cash flow with profit after income tax		
Profit/(loss) after income tax	(296)	(51)
<i>Add (less) non cash items:</i>		
Depreciation	4,666	4,153
Amortisation	68	107
Income tax expense/(benefit)	(125)	(22)
Loss on write off of non-current assets	555	–
Loss/(profit) on sale of non-current assets	(16)	(64)
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(68)	(163)
(Increase)/decrease in inventories	(148)	(191)
(Increase)/decrease in other current assets	19	(47)
Increase/(decrease) in trade and other payables	187	(744)
Increase/(decrease) in provisions	445	269
Net cash inflow from operating activities	5,287	3,247
(b) Reconciliation of cash		
Cash at bank and on hand	3,808	1,881
Call deposit at Tascorp	–	985
Cash as per Statement of Cash Flows	3,808	2,866
(c) Credit and standby facilities		
Credit cards facility limit	20	20
Less used/committed	–	–
Balance of credit card facility available	20	20

NOTES TO THE FINANCIAL STATEMENTS

Note 23. FINANCIAL INSTRUMENTS

Financial risk management policies

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

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

Financial risk exposures and management

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

(a) Credit risk

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

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

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

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

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

	CONSOLIDATED							
	0 days past due		1–30 days past due		31–90 days past due		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:								
Receivables	522	466	38	27	12	11	572	504

(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	
	2012	2011	2012	2011	2012	2011	2012	2011
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:								
Cash at bank	3.10	4.00	3,808	1,881	–	–	3,808	1,881
Call deposit at Tascorp	4.68	4.98	–	985	–	–	–	985
Receivables			–	–	572	504	572	504
			3,808	2,866	572	504	4,380	3,370

NOTES TO THE FINANCIAL STATEMENTS

Note 23. FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

	CONSOLIDATED											
	Weighted average effective interest rate		Floating interest rate		Fixed interest rate maturing				Non-interest bearing		Total	
	2012	2011	2012	2011	Within 1 year		1 to 5 years		2012	2011	2012	2011
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities:												
Trade creditors and accruals	–	–	–	–	–	–	–	–	3,895	3,729	3,895	3,729
	–	–	–	–	–	–	–	–	3,895	3,729	3,895	3,729

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

	CONSOLIDATED	
	2012	2011
	\$'000	\$'000
Less than 6 months	3,895	3,729
6 months to 1 year	–	–
1–5 years	–	–
	3,895	3,729

(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 2012, 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	
	2012	2011
	\$'000	\$'000
Change in profit or loss		
– increase in interest rate by 2%	67	83
– decrease in interest rate by 2%	(67)	(83)
Change in equity		
– increase in interest rate by 2%	67	83
– decrease in interest rate by 2%	(67)	(83)

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

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

NOTES TO THE FINANCIAL STATEMENTS

Note 23. FINANCIAL INSTRUMENTS (continued)

(d) Net fair values

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

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

	CONSOLIDATED			
	2012 \$'000		2011 \$'000	
	Carrying value	Net fair value	Carrying value	Net fair value
Financial assets:				
Cash and cash equivalents	3,808	3,808	2,866	2,866
Receivables	572	572	504	504
	4,380	4,380	3,370	3,370
Financial liabilities:				
Trade creditors and accruals	3,895	3,895	3,729	3,729
	3,895	3,895	3,729	3,729

(e) Financial instruments by categories

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

2011	CONSOLIDATED		
	Total	Loans and receivables	Financial liabilities measured at amortised cost
	\$'000	\$'000	\$'000
Financial assets:			
Cash and cash equivalents	2,866	2,866	–
Receivables	504	504	–
	3,370	3,370	–
Financial liabilities:			
Trade creditors and accruals	3,729	–	3,729

NOTES TO THE FINANCIAL STATEMENTS

Note 23. FINANCIAL INSTRUMENTS *(continued)*

(f) Capital risk management

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

Note 24. CONTINGENT LIABILITIES

After due investigation Metro has identified no contingent liabilities.

Note 25. POST-BALANCE DATE EVENTS

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

Note 26. ECONOMIC DEPENDENCY

A significant volume of Metro's operations are performed under contract to the State Government. In addition to this Metro received an additional \$3.25 million (2011 \$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	
		2012	2011
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 2012 pursuant to AASB 119. The disclosures are set out in paragraph 120A of the standard. Those parts of paragraph 120A that do not relate to the RBF Fund have not been included.

Note that the changes made to the AASB 119 standard in April 2007 removed the paragraph 121 disclosures. Metro is therefore no longer required to disclose information relating to the funding arrangements or the most recent actuarial valuation of the Fund.

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

Accounting Policy

Actuarial gains and losses are recognised immediately through retained earnings in the year in which they occur. Interest costs are recognised in finance costs, service costs and expected returns on assets are recognised in employee and related expenses in the Statement of Comprehensive Income in the year in which they occur.

Fund Information

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

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

Financial year ending	30 June 2012 \$'000	30 June 2011 \$'000
Present value of defined benefit obligations at beginning of the year	24,292	25,603
(+) Current service cost	497	576
(+) Interest cost	1,303	1,338
(+) Estimated contributions by plan participants	200	212
(+) Actuarial (gains)/losses	5,960	(1,324)
(-) Estimated benefits paid	1,657	2,063
(-) Estimated taxes, premiums and expenses paid	49	50
(+) Transfers in	–	–
(-) Contributions to accumulation section	–	–
(+) Past service cost	–	–
(+) Curtailments	–	–
(+) Settlements	–	–
(+) Exchange rate changes	–	–
Present value of defined benefit obligations at end of the year	30,546	24,292

NOTES TO THE FINANCIAL STATEMENTS

Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN (continued)

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

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

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

Financial year ending	30 June 2012 \$'000	30 June 2011 \$'000
Fair value of plan assets at beginning of the year	4,898	5,127
(+) Expected return on plan assets	358	354
(+) Actuarial gains/(losses)	(153)	(208)
(+) Estimated employer contributions	1,090	1,526
(+) Estimated contributions by plan participants	200	212
(-) Estimated benefits paid	1,657	2,063
(-) Estimated taxes, premiums and expenses paid	49	50
(+) Transfers in	–	–
(-) Contributions to accumulation section	–	–
(+) Settlements	–	–
(+) Exchange rate changes	–	–
Fair value of plan assets at end of the year	4,687	4,898

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

As at	30 June 2012 \$'000	30 June 2011 \$'000
Defined Benefit Obligation	30,546	24,292
(-) Fair value of plan assets	4,687	4,898
Deficit/(surplus)	25,859	19,394
(-) Unrecognised past service cost	–	–
(-) Unrecognised net (gain)/loss	–	–
(+) Adjustment for limitation on net asset	–	–
Net superannuation liability/(asset)	25,859	19,394
Current net liability	1,254	793
Non-current net liability	24,605	18,601

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

Financial year ending	30 June 2012 \$'000	30 June 2011 \$'000
Service cost	497	576
Interest cost	1,303	1,338
Expected return on assets	(358)	(354)
Actuarial loss/(gain)	–	–
Past service cost	–	–
Movement in limitation on net asset	–	–
Effect of curtailments/settlements	–	–
Superannuation expense/(income)	1,442	1,560

NOTES TO THE FINANCIAL STATEMENTS

Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN (continued)

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

Financial year ending	30 June 2012 \$'000	30 June 2011 \$'000
Actuarial (gains)/losses	6,113	(1,115)
Adjustment for limit on net asset	–	–

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

Financial year ending	30 June 2012 \$'000	30 June 2011 \$'000
Cumulative amount of actuarial (gains)/losses at end of prior year	736	1,851
Actuarial (gains)/losses recognised during the year end	6,113	(1,115)
Cumulative amount of actuarial (gains)/losses at end of year	6,849	736

Fund Assets – Para 120A(j)

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

As at	31 March 2012	31 March 2011
Australian equity	29%	25%
International equity	18%	22%
Fixed income	12%	13%
Property	33%	19%
Alternatives/other	5%	18%
Cash	3%	3%

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN (continued)

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

Financial year ending	30 June 2012 \$'000	30 June 2011 \$'000
Actual return on plan assets [^]	205	145

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

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

As at	30 June 2012	30 June 2011
Discount rate	3.45% p.a.	5.50% p.a.
Expected rate of return on plan assets	7.50% p.a.	7.50% p.a.
Expected salary increase rate	3.50% p.a.	4.50% p.a.
Expected rate of increase compulsory preserved amounts	3.75% p.a.	4.50% p.a.
Expected pension increase rate	2.50% p.a.	2.50% p.a.

Historical Information – Para 120A(p)

Financial year ending	30 Jun 2012 \$'000	30 Jun 2011 \$'000	30 Jun 2010 \$'000	30 Jun 2009 \$'000	30 Jun 2008 \$'000
Present value of defined benefit obligation	30,546	24,292	25,603	24,230	24,053
Fair value of plan assets	4,687	4,898	5,127	5,116	5,855
(Surplus)/deficit in plan	25,859	19,394	20,476	19,114	18,198
Experience adjustments (gain)/loss - plan assets	153	208	127	723	714
Experience adjustments (gain)/loss - plan liabilities	(843)	(877)	(395)	(140)	1,212

Expected Contributions – Para 120A(q)

Financial year ending	30 June 2013 \$'000
Expected employer contributions	1,254



Acknowledgments

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