



Annual Report 2022-23

Metro

Contents

Company Overview	3
Message from the Chair and Chief Executive Officer	4
Our Customers	6
Our People	10
Our Performance	12
Board of Directors	14
Directors' Report	15
Corporate Governance	17
Auditor's Independence Declaration	20
Directors' Declaration	21
Superannuation Declaration	21
Independent Audit Report	22
Financial Statements	25



Nature of business

Provision of passenger transport services

Issued capital

Two shares of \$1.00 each

Registered office

212 - 220 Main Road
Moonah, TAS 7009

ABN

30 081 467 281

Directors

Tim Gardner (Chair)

Yvonne Rundle (Deputy Chair)

Greg Wallace

Dianne Underwood (from November 2022)

Anthony Braxton-Smith (from November 2022)

Jude Munro (to November 2022)

Susan Fahey (to November 2022)

Shareholders

Minister for Infrastructure and Transport, Michael Ferguson MP

Treasurer, Michael Ferguson MP

Executive Managers

Katie Cooper, Chief Executive Officer

Natasha Riddoch, Chief Operations Officer (to 31 May 2023)

Chris Breen, General Manager Commercial and Projects

Jesse Penfold, General Manager Financial Services and
Company Secretary

Kim Perkins, General Manager Corporate Services

Jacqueline Allen, General Manager People and Safety
(from 23 January 2023)

Damien Arkley, Acting Chief Operating Officer
(from 28 November 2022 to 10 February 2023 and
from 27 February 2023 to 30 June 2023)

Peter Olsen, Chief People Officer
(from 18 July 2022 to 22 November 2022)

Bankers

Commonwealth Bank of Australia
81 Elizabeth Street
Hobart, TAS 7000

Auditor

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

Company Overview



Metro Tasmania Pty Ltd (Metro) has been providing public transport services in Hobart, Launceston and Burnie for 25 years.

As the largest Tasmanian-owned passenger transport service provider, Metro delivers seven million passenger journeys and over nine million kilometres a year on a fleet of 230 buses, driven and supported by over 500 employees.

Metro provides essential services in the Tasmanian communities in which we operate by connecting people with places of employment and education, commercial centres,

social and community services, and as cultural and sporting events. As a government-owned company, we are committed to ensuring Metro's financial and operational sustainability and to providing a customer-focused transport service that meets the expectations of our shareholders and the community.

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

Operating under corporations law, an independent Board of five Directors provides Metro with strategic direction and governance.

Our Shareholder Ministers, representing the people of Tasmania, are the Minister for Infrastructure and Transport and the Treasurer.

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

Our Vision

To be a customer centric public transport service provider

Our Values

Safety
Keep people safe



Improvement
Challenge the status quo



Teamwork
Better together



Respect
Respect everyone

Our Mission

To deliver modern, efficient and attractive public transport services

Our Priorities



Keep people **safe**



Provide a positive **customer experience**



Be a great place to **work**



Modernise the business

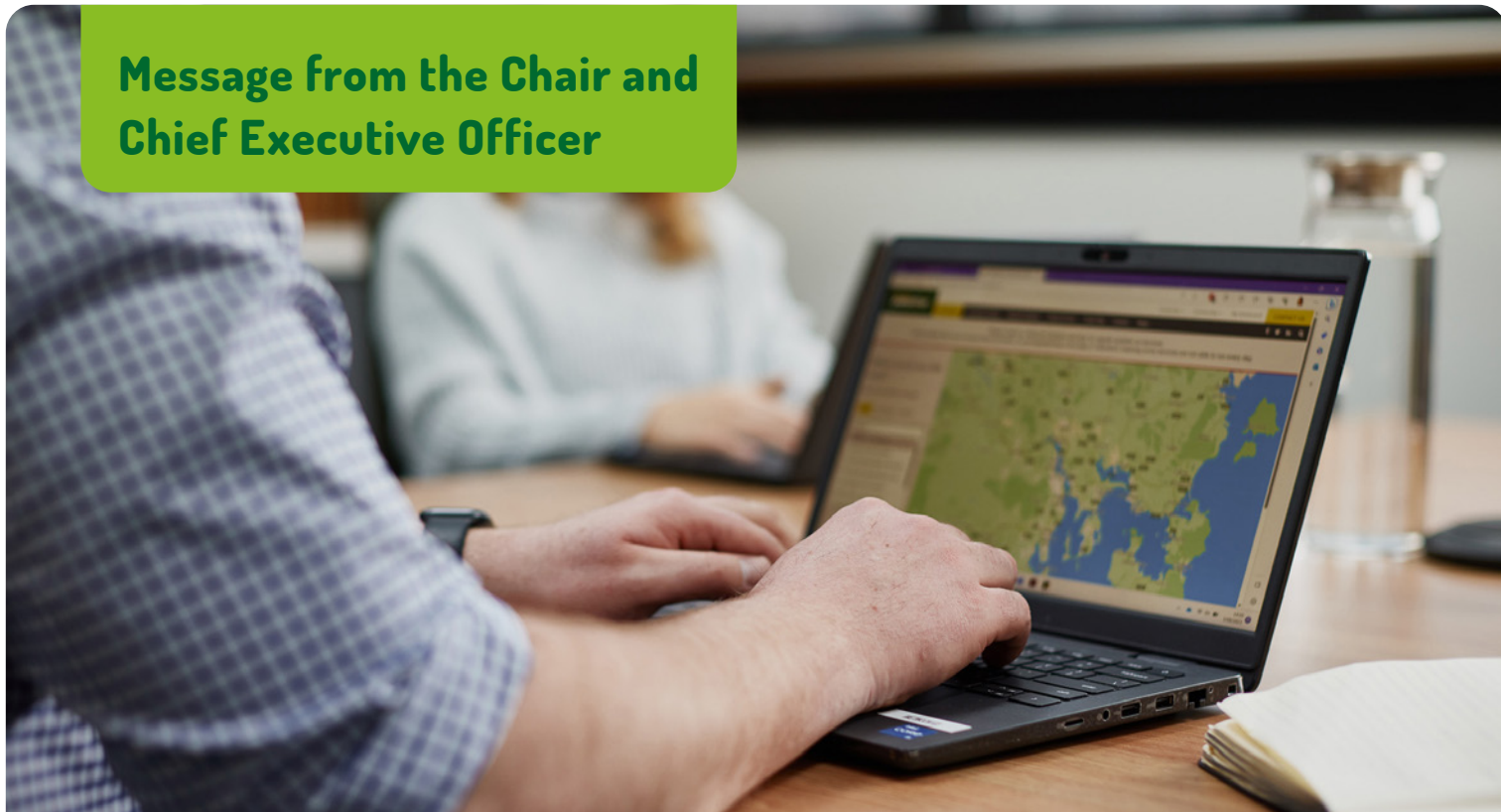


Contribute positively to Tasmania



Manage **money** well

Message from the Chair and Chief Executive Officer



2022–23 has been a challenging year at Metro as we continue to manage a number of difficult headwinds operationally and financially. However, we continue to make progress in our modernisation journey and are confident that we are setting strong foundations to grow and build towards a better Metro.

Financial and operational performance

During the reporting year, Metro recorded a loss before tax of \$2.04 million and \$1.43 million after tax. As at 30 June, Metro held \$11.67 million in cash and cash equivalents. Of this, \$2.2 million is preloaded Greencard credit for future travel and a third of the remaining funding is committed for projects funded by the State Government. This funding is ringfenced for strategic projects such as the zero emissions bus trials and intelligent transport systems project including critical systems upgrades. These projects and improvements will underpin the future planning and productivity of the business.

Whilst Metro remains confident in its capacity to fulfil its vision to be a customer-centric public transport provider, there are clear structural financial and operating deficiencies that have been brought to the fore in Metro's performance this year.

The apparent permanent impact of Covid-19 on patronage and the subsequent reduction in fare revenue

has been compounded by the static fare prices and rising costs. Metro is committed to constructive engagement with its shareholders and key stakeholders to address the structural funding gap so that Metro can continue its modernisation journey and the investment in its people.

Strategic initiatives

Zero Emissions Bus trials

Metro is well progressed with its plans to trial zero emissions buses (ZEBs), using battery electric bus (BEB) and hydrogen fuel cell electric bus (FCEB) technology.

During the year, Metro undertook a two-stage competitive procurement process for the supply of three BEBs, three FCEBs and a hydrogen refuelling station.

In Hobart, three FCEBs will operate on a wide range of Metro routes for three years commencing in mid-2024. The BEBs will operate Metro services across the Launceston network for two years, starting towards the end of 2023.

These trials will provide Metro with critical operational experience and

information to inform the potential long-term transition of Metro's fleet to zero emission buses.

Metro acknowledges the funding support provided by the Tasmanian Government for the project, and will continue to work closely with Renewable, Climate and Future Industries Tasmania (ReCFIT).

Modernisation journey

A key plank of Metro's modernisation program is its ICT Strategic Plan. This plan includes the rollout of intelligent transport systems (ITS) to address the company's ageing electronic infrastructure and improve the company's sustainability and product offering.

This year Metro secured funding in the 2023–24 State Budget to enable the implementation of its ITS Project, which entails the implementation of a suite of ICT initiatives over three years. These initiatives will ensure that Metro's foundational ICT architecture and core systems will be fit for purpose and able to facilitate future development, expansion and enhancement, as well as maximising the opportunities presented by a new ticketing system.

Having successfully undertaken all pre-delivery activities for the Common Ticketing System Project, Metro has facilitated a transfer of responsibility for delivery to the Department of State Growth (State Growth). Metro remains committed to supporting State Growth in delivering the program and working collaboratively with key stakeholders to achieve a positive outcome for its customers, employees and the public transport sector in Tasmania.

Refurbishments have taken place over the year with Hobart's employee facilities improved with new toilets and showers, new flooring and benches, new meal room tables and chairs along with new paint. The Launceston customer service area has been upgraded with new front counter and display space, new automatic door and training space. The Burnie customer service area has also been refurbished.

Metro will continue to upgrade its facilities on a staged basis as cash flow allows.

A key element of Metro's modernisation program has been a refresh of the way we communicate with our customers, our people and our key stakeholders. To do this we have updated our guidance on how the business can better communicate to retain and attract customers, increase employee engagement and build awareness of the benefits of public transport to the Tasmanian community.

Service delivery

It has been a challenging 12 months in terms of service disruptions, particularly across the Hobart network. Like many transportation companies across Australia, Metro is facing a shortage of Bus Operators. This is due to a number of issues, including the current tight employment market.

Scheduled trips delivered were at 98.62%, slightly below target of 99% for 2022-23. Resourcing challenges

were the primary reason for services not being delivered.

Metro has a rolling recruitment program and is actively working to bring new trainees into the business. However, whilst this will take some time to resolve, we are working hard to minimise disruptions and prioritise school services.

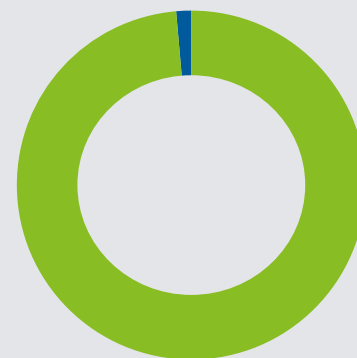
Anti-social behaviour is a serious concern for Metro, our customers and the community. Metro is working with a broad range of stakeholders to address instances of poor passenger behaviour on and around our buses. Metro has taken the initiative to co-design a program with a psychologist and frontline employees on how to understand and de-escalate challenging behaviour.

Metro works closely with the authorities to investigate anti-social behaviour incidents whilst building a proactive approach to deter this behaviour in the future. The company has a longstanding Memorandum of Understanding with Tasmania Police to fund four dedicated officers who investigate incidents and offences that occur within the Hobart network or directly relate to Metro. This includes utilising Metro CCTV footage to assist with enquiries and in the prosecution of offenders.

As part of the sponsorship of the Tasmania JackJumpers team mascot, Jack the Jumper, Metro has also developed a campaign that focuses on good bus behaviour and has rolled out "Jack's Golden Rules for Bus Travel". This initiative supported a schools visitation program where Jack delivered his "Golden Rules" directly to students, and information is provided on safety and security measures on buses.

Metro is also a participant in the Tasmanian Government's Safe Public Transport Working Group and welcomes the initiatives and outcomes achieved to date.

Total trips breakdown



98.62%
Completed

1.38%
Dropped

The road ahead

On behalf of the Board and the Executive, we would like to recognise all of the little things that our teams do to make every one of the almost seven million passenger journeys a special one. We thank our bus operators and customer service team for working hard to make sure we move people safely around our major cities.

We would also like to thank our engineering, sanitiser, training and administration teams for providing excellent internal customer service to keep our buses on the road and our drivers behind the wheel. And finally, we acknowledge each and every Tasmanian who caught one of our buses this year.

We recognise that the majority of our passengers are kind and thoughtful and we enjoy travelling with them. We sincerely appreciate the ongoing support, patience and patronage of our customers. We look forward to travelling with you next year as we continue our journey to be a truly customer-centric public transport operator.



Tim Gardner
Chair



Katie Cooper
Chief Executive
Officer

Our Customers and Community



Our strategic priorities



Keep people
safe



Provide a
positive
customer
experience



Be a great
place to work



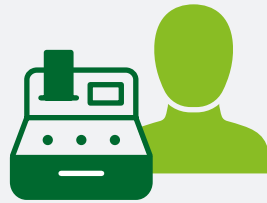
Modernise
the business



Contribute
positively to
Tasmania



Manage
money well



15,454

average monthly visits
to the Metro Shops

Total visits ▲ 23% from 2021-22



219

compliments
received statewide

Compliments and complaints



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

“We had the amazing driver this morning, I caught the 500 from Kingston to town, he helped a school girl, he was patient with other drivers, allowing them to go before him. It was a pleasure to be on his bus.”

“I think Metro TAS You are Amazing! I support you in your difficult work and continue to recommend public transport in Hobart to people. I wish for you all the support and strength. You are well needed in Tasmania and you deserve the Best!”



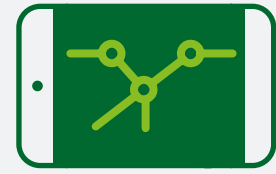
600,000

Social media page visits
▲ 127% from 2021-22



4 million

website visits
▲ 20% from 2021-22



2,480,524

journeys planned using the
online trip planner

Customer Satisfaction Survey

Metro’s result in the 2022 Customer Satisfaction Survey reflects the ongoing service disruptions experienced throughout the year. The impact to our customers from service disruptions and heightened perceptions of anti-social behaviour were all contributing factors to this disappointing result.

During this time, Metro has increased the channels by which it communicates with its customers and is providing information on service disruptions via its website, the Metro app and social media. The Metro hotline and its customer service team has also provided in-person assistance to its customers.

Metro will continue to work to improve reliability and to continue its proactive communication with its customers with an aim to achieving a better result in the next survey.

Overall satisfaction

63%



Reasons for travel

(multiple responses could be given)



45%
Shopping



42%
Work



31%
Visiting



19%
Entertainment



18%
School



18%
Health or welfare



15%
Uni or TAFE



12%
Sport or recreation



Tasmania JackJumpers sponsorship



Following a successful inaugural year, Metro Tasmania continued to partner the Tasmania JackJumpers for the 2022-23 National Basketball League (NBL) season. This season Metro sponsored Jack the Jumper, the team mascot, and has built upon Jack's popularity with families and children to promote Metro services.

Metro has also developed a campaign that focuses on good bus behaviour and has rolled out "Jack's Golden Rules for Bus Travel".

The season commenced in early October with Metro providing bus services to home games in Hobart and Launceston and for the home finals games, with many customers enjoying their first experience of public transport or trying bus travel since school days!



5000+

students learned
"Jack's Golden Rules"



200+

Ant Army catch
the bus per game

"Just wanted to pass on some kudos to the driver of bus 845 doing the 501 from town tonight at 5:40. His customer service and driving was the best I've seen in ages. He greeted every customer and was lovely. Rush hour traffic can be hard to navigate and he did it so well."

“I fell off of my skate board and went into the Metro shop in the city to top up and the lady there said my arm needed attention so she cleaned it and dressed it for me. I just wanted Metro to know how kind and thoughtful she is.”

Talk and Ride program



In late 2022, in partnership with the JackJumpers and the Clarence PCYC, Metro delivered the Talk and Ride program.

This program enabled Metro to continue to familiarise students with public transport and spearhead an anti-social behaviour reduction campaign in schools.

13 primary schools visited in Talk and Ride program, learning:



how to catch the bus



Greencard



good bus behaviour



safety and security on board

Community organisations supported



Metro provided support to over 30 community groups and organisations across the state this year, including:

Cancer Council Tas **Dark MOFO** **Speak Up Stay ChatTY**
ANZAC Day **Brain Injury Association of Tasmania**
National Road Safety Week **Seniors Week (COTA)**
Harmony Day **Movember** **Glenorchy Jobs Hub**
Lindisfarne Primary reading bus **Local sporting clubs**





Metro continues to work hard to address issues within the recruitment portfolio. The challenge of recruitment and retention of bus operators is one that is being felt nationwide and Metro has partnered with industry bodies, community and employment organisations to promote occupation and employment opportunities.

The safety of its people and customers is the foremost priority for Metro. During the reporting period, Metro has led a response to anti-social behaviour through a number of actions including working with bus industry representatives, the Rail, Tram and Bus Union, through the Tasmanian Government's Safe Public Transport Working Group.

Internally, Metro has concentrated its efforts on a custom developed staff training program *How're You Travelling*, investigating security screens and partitions through trials, working closely with Tasmania Police, community leaders and other stakeholders to address this societal issue.

Learning and development



Learning and development is continual with the Training team delivering both initial training as well as regular assessments and reviews of bus operators, especially in their first six months on the road.

To better equip our frontline employees understand and de-escalate challenging behaviour, the majority of our bus operators and customer service team members completed the *How're You Travelling* training.

All of Metro's Executive and Senior Leadership Team continue to participate in ongoing professional development and coaching including a Leadership Development program.

Number of employees who undertook a learning and development course:

118

bus operators trained

20

employees completed or underway Certificate IV in Leadership and Management

266

employees completed *How're You Travelling* training

"I called Metro and spoke to Linda, she was very helpful and polite, I really appreciated her assistance."



People Plan 2023-2026



Metro continued to address a number of strategic initiatives under the People Plan 2021 - 2023. However, it became evident that Metro needed to pivot to address the crucial issues of safety, recruitment and retention.

Metro consequently has developed a revised People Plan 2023 - 2026 which prioritises safety and promotes employee wellbeing through a number of considered actions. Metro is creating a workplace where physical safety and wellbeing are paramount to ultimately benefit our people and customers. Metro is improving its recruitment and retention through focusing on the development of our people and their capability, including putting in place the foundational capability, systems and processes necessary.

Metro aligns its management approach of Covid-19 to the recommended approach as set by the Tasmanian Government's best practice guidelines and adjusts its control measures accordingly.

"This afternoon I was crossing the road to go to the shop in the pouring rain. All the cars went past, and the lovely driver stopped to let me cross the road. Can you please thank him. I am elderly and was getting very wet. I'm so very thankful."



Our Performance



Passenger levels



During 2022-23 Metro delivered almost seven million passenger journeys, an increase of 0.7% on the previous year. Since the onset of Covid-19, patronage has stabilised at 81% of pre-pandemic levels.



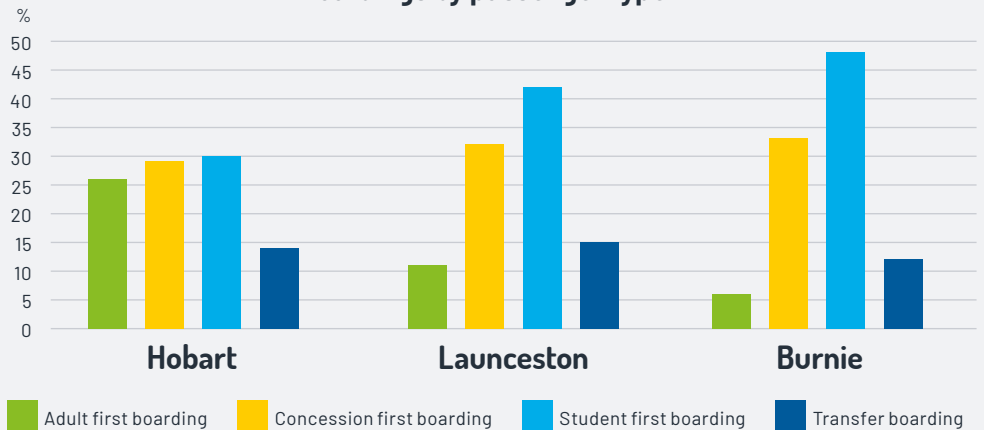
6.99 million

passenger journeys
▲ 0.7% from 2021-22

Passenger boardings



Boardings by passenger type⁽¹⁾



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

Service initiatives



Park and Rides

Metro continued to deliver additional services to support the new Park and Ride facilities at Firthside and Huntingfield. The two-year trial concludes in January 2024.

Launceston Tiger Bus

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

Special event services

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

Metro provided a bus charter for the Point to Pinnacle marathon in Hobart, transporting competitors safely back down kunanyi/Mt Wellington after the conclusion of the event.

In partnership with MAIB, Metro operated Nightrider services in Hobart and Launceston on New Year's Eve, which saw a 35% increase in passengers compared to the previous year.

In collaboration with DarkLab, Metro offered free travel for festival patrons to attend the last Sunday of the Dark Mofo festival in Hobart.

Through its sponsorship of the Tasmanian JackJumpers, Metro provided free bus trips to and from home games in both Hobart and Launceston.

Fleet renewal and accessible services

This year, the last of 117 Tasmanian-built BusTech buses were delivered to Metro after six years of production at Elphinstone's Wynyard factory.

Metro retired the last of its non-disability accessible buses during the year, such that since January 2023, all services are being delivered with buses that comply with the Disability Standards for Accessible Public Transport (DSAPT).

"I really appreciate the patience and kindness shown by your drivers. An example was this morning when I got on the bus and was surprised that my card was not in its regular spot. I thought I would have to buy a separate trip. The driver was lovely and calmly suggested I sit down find it and tap it later. Which I did!"

229 buses in fleet



94% with air conditioning



100% with CCTV



100% DDA compliant buses



Board of Directors



Tim Gardner (Chair)

BBus, GAICD

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



Yvonne Rundle (Deputy Chair)

BBus, FCA, FAICD

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



Greg Wallace

MBA, BBus, GAICD

Mr Wallace was appointed to the Metro Tasmania Board in August 2019 and is the Chair of the People and Culture Committee. He is an experienced senior executive with over 30 years of experience, including senior marketing leadership roles at Telstra Corporation and in digital transformation, ticketing and customer services at Transport for NSW. Mr Wallace has a demonstrated passion for excellence in customer experience, marketing and business. He recently retired as long-term Chair of Learning Links (Learning Links provides services to children with learning difficulties). He has an MBA, a Bachelor of Business and is a graduate of the Australian Institute of Company Directors. Mr Wallace is currently General Manager of the Indigenous Marathon Foundation.



Anthony Braxton-Smith

MBA, MAICD

Mr Braxton-Smith joined the Board in November 2022 and is a member of the Audit and Risk Committee. In his executive career he was Chief Executive for the Department of Infrastructure and Transport in South Australia, and formerly Deputy Secretary, Customer Service with Transport for NSW. He has 20 years' prior experience at senior executive level in the private sector. He currently provides independent advisory services in the transport sector. Mr Braxton-Smith has been a non-executive director and Chair for the Public Transport Association, and a non-executive director of Austroads, Australasian Railway Association and other entities.



Dianne Underwood

BSocSc, GAICD

Ms Underwood joined the Board in November 2022 and is a member of the Audit and Risk Committee and People and Culture Committee. She is the CEO for Colony 47, and has more than 25 years' experience specialising in human resources, change management and strategic planning across a diverse range of sectors.

Ms Underwood is also a member of the Committee of Greater Hobart.

Directors' Report

The Directors of Metro Tasmania Pty Ltd (Metro) present the annual financial report for the company and its controlled entity for the year ended 30 June 2023.

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 2023, the company achieved a loss before income tax of \$2.04 million (2022: profit of \$3.49 million) and an after tax loss of \$1.43 million (2022: profit of \$2.44 million). Metro is holding \$11.67 million in cash and cash equivalents as at 30 June 2023, of which \$5.22 million is committed for projects funded by the State Government and ticket fares received in advance. A detailed review of operations is contained in the Message from the Chair and CEO on pages 4 and 5.

Dividends

The Directors do not recommend payment of a dividend this year. No dividend was paid for the year ended 30 June 2022.

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

Metro continues to work with the Department of State Growth on the

integrated ticketing system project for application across all general access public transport providers which will replace Metro's Greencard ticketing system.

Metro will commence zero emission bus trials based on battery electric and hydrogen fuel cell electric technology, utilising State Government funding. Three fuel cell electric buses will operate on a wide range of Metro routes across the Hobart network for three years commencing mid-2024, and a further four battery electric buses will operate Metro services across the Launceston network for two years commencing around the end of 2023.

Metro has been allocated \$3.8m in funding under the State Budget, over the period 2023-24 to 2025-26, for the intelligent transport systems project that will support Metro in the rollout of its three-year ICT strategic plan. This plan will guide investment in Metro's systems over this time as part of its overall organisational modernisation. In addition, Metro will support State Growth in the rollout of a new network and planning tool.

Environmental regulation

Metro is subject to various environmental regulations under Commonwealth and State legislation. Metro regularly monitors compliance with environmental regulations. No statutory breaches were reported in the 2022-23 year.

Financial impact of Covid-19

Metro continued to experience new patronage behaviour habits that arose from COVID-19, which have affected Metro's operations and resultant patronage and fare revenue. In 2022-23 Metro's fare revenue was \$2 million lower than pre pandemic levels, which represented a 15% decline, and a shortfall of \$4.70 million compared to Metro's pre-Covid projections for 2022-23.

Directors

The names of the Directors during the financial year are set out in the Remuneration Report and Note D2 of the Financial Statements. The names of current Directors and details of their qualifications and experience appear on page 14. Directors are appointed

for terms of up to three years by the Shareholder Ministers and are eligible for reappointment in accordance with the *Guidelines for Tasmanian Government Businesses – Board Appointments* issued by the Department of Treasury and Finance. The Chair is appointed annually by the Shareholder Ministers.

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

Mr Tim Gardner (Chair)

Mr Gardner was appointed in December 2015 and is a member of Metro's People and Culture Committee.

Current term: 25 November 2021 – 25 November 2024

Ms Yvonne Rundle

Ms Rundle was appointed in December 2018 and is the Chair of Metro's Audit and Risk Committee.

Current term: 25 November 2021 – 25 November 2024

Mr Greg Wallace

Mr Wallace was appointed in August 2019 and is the Chair of Metro's People and Culture Committee.

Current term: 2 December 2020 – 30 November 2023

Mr Anthony Braxton-Smith

Mr Braxton-Smith was appointed in November 2022 and is a member of Metro's Audit and Risk Committee.

Current term: 25 November 2022 – 25 November 2025

Ms Dianne Underwood

Ms Underwood was appointed in November 2022 and is a member of Metro's People and Culture Committee and Audit and Risk Committee.

Current term: 25 November 2022 – 25 November 2025

Ms Jude Munro

Ms Munro was appointed in December 2016 and was a member of Metro's People and Culture Committee.

Term expired 25 November 2022

Ms Susan Fahey

Ms Fahey was appointed in December 2016 and was the Chair of Metro's People and Culture Committee.

Term expired 25 November 2022

Remuneration Report

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

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

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

Metro has complied with the *Guidelines for the Tasmanian Government Businesses – Director and Executive Remuneration* for the year ended 30 June 2023.

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

Board and Committee meetings

The number of meetings (Board and Committee meetings) attended by each Director during the financial year ended 30 June 2023 are:

Director	Board			
	Monthly	Additional ⁽²⁾	Held ⁽¹⁾	Attended
Tim Gardner	11	3	14	14
Yvonne Rundle	11	3	14	14
Greg Wallace	11	3	14	14
Anthony Braxton-Smith	5	2	7	6
Dianne Underwood	5	2	7	7
Jude Munro	6	1	7	6
Susan Fahey	6	1	7	7

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

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

Director	Audit and Risk Committee	
	Held ⁽¹⁾	Attended
Yvonne Rundle	5	5
Tim Gardner	2	2
Greg Wallace	2	2
Anthony Braxton-Smith	3	3
Dianne Underwood	1	1

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

Director	People and Culture Committee	
	Held ⁽¹⁾	Attended
Jude Munro	3	3
Susan Fahey	3	3
Greg Wallace	3	3
Tim Gardner	3	3
Dianne Underwood	3	3

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

Indemnification and Insurance

During the financial year, the company paid a premium of \$60,604 for an insurance policy to insure the Directors and Officers of the company against liabilities to the extent permitted by the *Corporations Act 2001*.

During or since the end of the financial year the company has not indemnified or made relevant agreement to indemnify the auditor of the company against a liability incurred as the auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by the auditor.

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*.



Yvonne Rundle
7 August 2023

Corporate Governance Framework

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

Principle 1 – Lay solid foundations for management and oversight

The Board consists of five independent non-executive Directors, whose qualifications and meeting attendances are outlined on pages 14 and 16. The roles and responsibilities of Directors are set out in their letters of appointment, the Board Charter and Matters Reserved for the Board document.

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

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

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

The Board of Directors act as a Nominations Committee, establish a Director Selection Advisory Panel and engage an executive search firm to assist the panel to identify potential candidates for upcoming Board vacancies. The Board maintains a skills matrix which sets out the mix of skills and diversity that the Board has. The Chair and all of Metro's other Directors are independent Directors and their length of

service is outlined on page 15. Directors are responsible for notifying the Board of any material personal interest in any matter relating to the affairs of Metro and make annual declarations regarding any related party transactions. The Board has a comprehensive induction program in place for new Directors, which is managed by the Chair and the Company Secretary, and the Board is committed to ongoing professional development for Directors.

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

Metro has a set of values, Code of Conduct and a specific Code of Conduct for Directors, which outlines the expectations of Directors in complying with the spirit and intent of the code, as well as complying with all applicable legislation. The Code of Conduct is underpinned by other policies and procedures that articulate the expectations to act ethically and responsibly, as well as comply with legislative and regulatory obligations.

Principle 4 – Safeguard the integrity of corporate reports

The Board has established an Audit and Risk Committee which considers and monitors matters relating to financial integrity, external reporting, risk management, and internal and external audit functions. The Committee comprises three Directors and is chaired by an independent Director who is not the Chair of the Board. Membership of the Committee and meeting attendances for the year are set out on page 16.

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

Principle 5 – Make timely and balanced disclosure

The Chair, CEO and Company Secretary regularly meet with Shareholder Ministers to provide briefings on key

strategic issues and developments. Details about disclosures made under the *Right to Information Act 2009* and the *Public Interest Disclosures Act 2002* are set out on page 18.

Principle 6 – Respect the rights of shareholders

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

Principle 7 – Recognise and manage risk

The Board has established an Audit and Risk Committee, which oversees risk management and internal control. Membership of the Committee and meeting attendances for the year are set out on page 16. Metro's Risk Management Framework is approved and overseen by the Board. The Board monitors current and emerging risks and the status of plans and controls to manage those risks.

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

Principle 8 – Remunerate fairly and responsibly

The Board has established a People and Culture Committee that oversees remuneration practices and policies in relation to Executive Managers and other staff of the company. The Committee comprises the Chair and two Directors, and is chaired by an independent Director who is not the Chair of the Board. Membership of the Committee and meeting attendances for the year are set out on pages 15 and 16.

The Committee ensures that recommendations made by the CEO and/ or Chair to the Board on the remuneration packages to be awarded to the Executive Leadership Team are consistent with the *Guidelines for Tasmanian Government Businesses -*

Director and Executive Remuneration, dated June 2021. The Remuneration Report details the Board's policy for the remuneration of Senior Executives at page 16, and the Financial Statements detail the remuneration of Directors and Executives. Director Fees are set by the Tasmanian Government under the *Remuneration Framework for Government Boards*.

Public interest disclosures

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

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

Right to information

Metro received four Right to Information requests in 2022-23. Three requests were managed via assessed disclosure, one via active disclosure.

Buy local

Under the *Guidelines for Tasmanian Government Businesses - Buy Local* dated September 2014, Metro is required to establish appropriate reporting regimes in relation to purchases, consultants and the engagement of Tasmanian businesses and provide details of these annually. A "Tasmanian business" is a business operating in Tasmania which has a permanent office or presence in Tasmania and employs Tasmanian workers. Purchases are defined as operating expenses (excluding employment, finance and depreciation expenses) and capital expenditure.

The following tables meet the reporting requirements of the Guidelines.

Purchases from Tasmanian businesses				
% of purchases from Tasmanian businesses				90%
Value of purchases from Tasmanian businesses				\$ 42,826,595
Consultancies valued at more than \$50,000 (ex GST)				
Name	Location	Description	Period of engagement	Amount
RelocateIT Pty Ltd t/a 2PM Services	TAS	ICT Strategy Implementation and Resourcing	1 July 2022 to 30 June 2023	\$59,900
Coreum Consulting Pty Ltd	QLD	Integrated Ticketing Project	1 July 2022 to 31 May 2023	\$388,136
Osmodal Group Pty Ltd	QLD	Change Management - Integrated Ticketing Project	1 August 2022 to 31 December 2022	\$149,750
Upfront Thinking Company	NSW	Metro 10 Year Strategic Plan	1 April 2023 to 30 June 2023	\$88,322
Seyfarth Shaw Australia	VIC	Legal	1 August 2022 to 1 March 2023	\$54,393
Johnson Winter and Slattery	SA	Legal	1 July 2022 to 23 March 2023	\$251,625
Page Seager Pty Ltd	TAS	Legal	1 July 2022 to 30 June 2023	\$111,652
Edge Legal Holdings Pty Ltd	TAS	Legal	1 July 2022 to 30 June 2023	\$90,709
Total				\$1,194,488
There were 17 consultants engaged for \$50,000 or less totalling				\$281,997
Total Payments to Consultants				\$1,476,485

Overseas travel

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

Payment of accounts

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

The following table meets the reporting requirements of the Guidelines.

Payment of accounts	
Creditor days	19.44
Number of accounts due for payment	8,339
Number of accounts paid on time	7,817
Amounts due for payment	\$46,770,214
Amounts paid on time	\$44,539,980
Number of payments for interest on overdue accounts	5
Interest paid on overdue accounts	\$2,276

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

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

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

Key performance targets

Financial targets	2022-23 target	2022-23 actual	Status
Profit/(loss) before tax (\$'000)	(2,168)	(2,040)	●
Fares revenue (\$'000)	11,219	11,560	●
Total cost per service kilometre (\$)	7.44	7.94	●
Non-financial targets	2022-23 target	2022-23 actual	Status
Network effectiveness			
Patronage ('000 first boardings)	6,943.9	6,987.6	●
First boardings per service kilometre	0.76	0.76	●
% of boardings made with a Greencard	90%	88%	●
Operator efficiency			
% of scheduled services delivered	99.75%	98.62%	●
% of services delivered on time	90%	86%	●
% of kilometres that are out of service	20%	20%	●
% of paid hours that are undertime	2%	1%	●
Service quality			
Complaints per 100,000 service kilometres	13.0	17.1	●
% customer satisfied with Metro	80	63	●
Safety			
At fault collisions/100,000 km	2.6	4.7	●
Reduction in average hours lost per workers compensation claim [#]	16.3	60.2	●
Reduction in LTI Frequency Rate [#]	18.2	51.5	●

[#] based on insurance year to 31 March 2023

Performance commentary

The effects of the Covid-19 pandemic and ongoing service disruptions continued to have an impact on Metro's operations and resultant patronage and fare revenue. During 2022-23 there were 6.99 million passenger journeys, an increase of 0.7% on the previous year. Since the onset of Covid-19, patronage has stabilised at 81% of pre-pandemic levels which equates to approximately \$2.4 million in fare revenue not received.

Non-financial targets commentary

Network effectiveness

Greencard usage of 88% was consistent with the previous year, slightly below the target of 90%.

Operator efficiency and service quality

Similar to last year, the percentage of trips delivered on time remained below target. Metro experienced significant service disruptions as a result of staff shortages, with anti-social behaviour affecting staffing availability. However, 98.5% of our scheduled trips were delivered. This also led to a 5% increase in complaints related to service reliability and us receiving more complaints than the target.

Metro's customer satisfaction result also reflects the ongoing service disruptions experienced throughout the year. The impact to our customers, from cancelled trips, services running late and heightened perceptions of anti-social behaviour, were all contributing factors to this disappointing result.

Safety

At fault accidents were significantly above the target and Metro is focusing on training and coaching to reduce incidents and provide ongoing support to its new bus operators.

A lost time injury (LTI) is recorded if an employee requires any time away from work following an injury. Following a review in 2022, where a recording error was discovered, there was an increase in Metro's lost time injury frequency rate (LTIFR) against a reduction target.

Metro will continue to promote health, safety and wellbeing in its workplace including mental health awareness and overall fitness for work opportunities.

Auditor's Independence Declaration



Level 2, 144 Macquarie Street, Hobart, Tasmania, 7000
Postal Address GPO Box 851, Hobart, Tasmania, 7001
Phone: 03 6173 0900
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

4 August 2023

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

Dear Board Members

Auditor's Independence Declaration

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

As the auditor of the financial statements of Metro Tasmania Pty Ltd for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely



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

METRO TASMANIA PTY LTD

DIRECTORS DECLARATION

1. In the opinion of the Directors of the Consolidated Entity:
- (a) the Consolidated Financial Statements and Notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
 - (b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declaration required by Section 295A of the *Corporations Act 2001* by the Chief Executive Officer and General Manager Financial Services for the year ended 30 June 2023.

Signed in accordance with a resolution of the Directors:



.....
Yvonne Rundle

Acting Chair

7 August 2023



.....
Greg Wallace

Director

SUPERANNUATION DECLARATION

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



.....
Katie Cooper

Chief Executive Officer

August 2023



Independent Auditor's Report

To the Members of Metro Tasmania Pty Ltd

Report on the Audit of the Consolidated Financial Report

Opinion

I have audited the financial report of Metro Tasmania Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 4 August 2023 and included in the Directors' Report, would be in the same terms if provided to the directors at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's Directors' Report for the year ended 30 June 2023, but does not include the financial report and my auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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



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

8 August 2023
Hobart

Financial Statements

for the year ended 30 June 2023



Consolidated Statement of Financial Position	26	Section D	
Consolidated Statement of Profit or Loss	27	D1 - Employee Benefits	48
Consolidated Statement of Other Comprehensive Income	28	D2 - Related Parties	49
Consolidated Statement of Changes in Equity	29	D3 - Superannuation and Defined Benefits	54
Consolidated Statement of Cash Flows	30	Section E	
Notes to the Financial Statements	31	E1 - Financial Instruments	58
Section A		Section F	
A1 - Reporting Entity	31	F1 - Contributed Equity	61
A2 - Statement of Compliance	31	F2 - Asset Revaluation Reserves	61
A3 - Basis of Preparation	31	F3 - Retained Profits	62
A4 - Functional and Presentation Currency	31	F4 - Remuneration of Auditors	62
A5 - Judgements and Assumptions	31	F5 - Commitments for Expenditure	62
A6 - Changes in Accounting Policies and Estimates	32	F6 - Other Accounting Policies	62
A7 - Basis of Consolidation	32	F7 - Subsequent Events	63
Section B		F8 - Contingent Assets/Liabilities	63
B1 - Revenue	33	F9 - Economic Dependency	63
B2 - Expenses	34	F10 - Controlled Entity	63
B3 - Income Tax	34		
B4 - Cash and Cash Equivalents	37		
Section C			
C1 - Trade and Other Receivables	38		
C2 - Inventories	38		
C3 - Other Current Assets	38		
C4 - Property, Plant and Equipment	39		
C5 - Intangible Assets	44		
C6 - Trade and Other Payables	44		
C7 - Borrowings	45		
C8 - Lease Liabilities	45		
C9 - Contract Liabilities	47		

Consolidated Statement of Financial Position

As at 30 June 2023



	Note	2023 \$'000	2022 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	B4	11,674	11,305
Trade and other receivables	C1	5,270	519
Inventories	C2	2,336	2,305
Other current assets	C3	1,351	1,297
TOTAL CURRENT ASSETS		20,631	15,426
NON-CURRENT ASSETS			
Property, plant and equipment	C4	74,289	74,948
Intangible assets	C5	72	106
Deferred tax assets	B3(d)	12,630	11,530
TOTAL NON-CURRENT ASSETS		86,991	86,584
TOTAL ASSETS		107,622	102,010
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	C6	3,670	3,646
Employee benefits	D1	5,993	5,971
Lease liabilities	C8	293	206
Contract liabilities	C9	6,454	2,460
TOTAL CURRENT LIABILITIES		16,410	12,283
NON-CURRENT LIABILITIES			
Employee benefits	D1	16,693	17,026
Borrowings	C7	5,000	5,000
Lease liabilities	C8	714	669
Deferred tax liabilities	B3(d)	5,777	4,926
TOTAL NON-CURRENT LIABILITIES		28,184	27,621
TOTAL LIABILITIES		44,594	39,904
NET ASSETS		63,028	62,106
EQUITY			
Contributed equity	F1	47,007	46,610
Asset revaluation reserves	F2	15,207	13,330
Retained profits / (losses)	F3	814	2,166
TOTAL EQUITY		63,028	62,106

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

Consolidated Statement of Profit or Loss

For the year ended 30 June 2023



	Note	2023 \$'000	2022 \$'000
REVENUE			
Passenger transport operations	B1(a)	68,673	67,859
Other income	B1(b)	2,124	1,245
Financial income	B1(c)	230	9
		71,027	69,113
EXPENSES			
Passenger transport operations	B2(a)	(54,058)	(49,582)
Engineering and maintenance services	B2(b)	(8,575)	(7,351)
Administration and general	B2(c)	(9,408)	(7,874)
Finance costs	B2(d)	(1,026)	(817)
		(73,067)	(65,624)
Profit/(loss) before income tax		(2,040)	3,489
Income tax(expense)/benefit	B3(a)	608	(1,050)
Profit/(loss) for the year		(1,432)	2,439

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

Consolidated Statement of Other Comprehensive Income

For the year ended 30 June 2023



	Note	2023 \$'000	2022 \$'000
Profit/(loss) for the year		(1,432)	2,439
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net asset revaluation increment/(decrement)	F2	2,340	1,364
Actuarial gain/(loss) on defined benefit plan	D3	(24)	4,145
Income tax on other comprehensive income	B3(c)	(359)	(1,652)
Total other comprehensive income for the year, net of income tax		1,957	3,857
Total comprehensive income for the year		525	6,296

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023



	Contributed equity \$'000	Asset revaluation reserves \$'000	Retained profits/ (losses) \$'000	Total \$'000
Balance at 1 July 2022	46,610	13,330	2,166	62,106
Profit/(loss)	-	-	(1,432)	(1,432)
Other comprehensive income:				
Net asset revaluation increment/(decrement)	-	2,340	-	2,340
Actuarial gain/(loss) on defined benefits plans	-	-	(24)	(24)
Income tax relating to components of other comprehensive income	-	(366)	7	(359)
Total comprehensive income for the year	-	1,974	(17)	1,957
Transfers between reserves	-	(97)	97	-
Equity contribution	397	-	-	397
Balance as at 30 June 2023	47,007	15,207	814	63,028

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

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2023



	Note	2023 \$'000	2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from sales and service contracts		68,639	71,533
Interest received		199	9
Grant receipts		4,392	282
Cash paid to suppliers and employees		(67,252)	(61,592)
Finance costs paid		(123)	(107)
Net cash from operating activities	B4(b)	5,855	10,125
CASH FLOWS USED IN INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		24	5
Acquisition of property, plant and equipment		(5,611)	(5,850)
Net cash used in investing activities		(5,587)	(5,845)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liability		(296)	(228)
Equity contribution		397	-
Net cash from financing activities		101	(228)
Net increase/(decrease) in cash and cash equivalents		369	4,052
Cash and cash equivalents at the beginning of the financial year		11,305	7,253
Cash and cash equivalents at the end of the financial year	B4	11,674	11,305

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

Section A

Corporate information and basis of preparation

A1 REPORTING ENTITY

Metro Tasmania Pty Ltd (the "Company") is a Tasmanian State Owned Company domiciled in Australia. The address of the Company's registered office is 212 – 220 Main Road, Moonah, Tasmania. The Consolidated Financial Statements as at and for the year ended 30 June 2023 comprise the Company and its subsidiary Metro Coaches (Tas) Pty Ltd (together referred to as "Metro").

A2 STATEMENT OF COMPLIANCE

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

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

A3 BASIS OF PREPARATION

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

A4 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

A5 JUDGEMENTS AND ASSUMPTIONS

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

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

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

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

- Impairment (Deferred tax assets, Trade and Other Receivables, Inventories, Other current assets and Property, Plant and Equipment) - Notes B3, C1, C2, C3, C4;
- Measurement of defined benefit obligations (Employee Benefits) - Notes D1 and D3;
- Measurement of Right of Use Asset and Lease Liability - Notes C4 and C8;
- Valuation of Land and Buildings and Buses (Property, Plant and Equipment) - Note C4;
- Depreciation and Amortisation (Property, Plant and Equipment) - Notes C4 and C8;
- Provisions for employee benefits - Note D1; and
- Economic Dependency - Note F9.

A6 CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

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

- AASB 2020-3 Amendments to Australian Accounting Standards - Onerous Contracts - Cost of Fulfilling a Contract;
- AASB 2020-3 Amendments to Australian Accounting Standards - Fees in the '10 per cent' test for the derecognition of Financial Liabilities;
- AASB 2020-3 Amendments to Australian Accounting Standards - Subsidiary as a First-time adopter;
- AASB 2020-3 Amendments to Australian Accounting Standards - Taxation in Fair Value Measurements; and
- AASB 2020-3 Amendments to Australian Accounting Standards - Property, Plant and Equipment: Proceeds before intended use.

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

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

In addition, in June 2023 the International Sustainability Standards Board (ISSB) issued the following standards:

Standard	Requirement	Effective for annual reporting periods beginning on or after
IFRS S1 <i>General Requirements for Disclosure of Sustainability related Financial Information</i> (IFRS S1)	IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.	1 January 2024
IFRS S2 <i>Climate Related Disclosures</i> (IFRS S2)	IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. In the first annual reporting period in which an entity applies IFRS S1, the entity is permitted to disclose information on only climate-related risks and opportunities (in accordance with IFRS S2).	1 January 2024

Metro has not early adopted the new standards issued by ISSB and, given the timing of the release, has not yet assessed the impact they will have on these Consolidated Financial Statements.

A7 BASIS OF CONSOLIDATION

The Consolidated Financial Statements have been prepared by combining the Financial Statements of all the entities that comprise the economic entity, being Metro Tasmania Pty Ltd (the parent entity) and its controlled entity Metro Coaches (Tas) Pty Ltd. Refer to Note F10. Consistent accounting policies have been employed in the preparation and presentation of the Consolidated Financial Statements.

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

Section B

Detailed information on Consolidated Statement of Profit or Loss

B1 REVENUE

Accounting Policy*Passenger transport operations revenue*

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

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

Greencard balances are initially recognised as ticket fares revenue received in advance under contract liabilities at note C9. Ticket fare revenue is recognised at the time the boarding is made and the Greencard balance is used by the customer with a corresponding offset to the contract liability.

Other income

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

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

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

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

Financial income

Interest is recognised as it accrues.

	2023 \$'000	2022 \$'000
(a) Passenger transport operations		
Service contracts	57,113	56,660
Ticket fares	11,560	11,199
	68,673	67,859
(b) Other income		
Advertising income	646	567
Rental income	9	9
Grant income	422	336
Other income	1,047	333
	2,124	1,245
(c) Financial income		
Interest income	230	9
	230	9
Total income	71,027	69,113

B2 EXPENSES	2023	2022
	\$'000	\$'000
(a) Passenger transport operations		
Fuel	8,096	5,693
Employee and related expenses	34,041	32,462
Depreciation and amortisation expenses	7,653	7,516
Other expenses	4,268	3,911
	54,058	49,582
(b) Engineering and maintenance services		
Maintenance expenses	4,938	4,112
Employee and related expenses	3,158	2,777
Depreciation and amortisation expenses	479	462
	8,575	7,351
(c) Administration and general		
Employee and related expenses	4,263	3,744
Depreciation and amortisation expenses	379	366
(Gain)/loss on disposal of property, plant and equipment	527	-
Other expenses	4,239	3,764
	9,408	7,874
(d) Finance costs		
Interest expense on leases	9	6
Interest expense on borrowings	88	88
Government guarantee fee	26	26
Nominal superannuation interest expense	903	697
	1,026	817
Total expenses	73,067	65,624

B3 INCOME TAX

Accounting Policy

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

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

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

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

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

Metro has a service contract in place with the Department of State Growth until December 2024 with an option to extend for a further five years. Metro's long-term financial projections indicate that it is probable that future tax profits/loss will be achieved. Therefore, it is considered appropriate to continue to recognise deferred income assets.

B3 INCOME TAX (continued)	2023	2022
	\$'000	\$'000
(a) Income tax expense recognised in the Consolidated Statement of Profit or Loss		
Current tax expense		
Current tax	(1,468)	(14)
Deferred tax expense		
Decrease/(increase) in deferred tax asset	382	1,265
Increase/(decrease) in deferred tax liability	851	1,451
Less recognised directly in equity	(373)	(1,652)
Income tax expense/(benefit)	(608)	1,050
(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% (2022: 30%)	(612)	1,046
Add tax effect of:		
Entertainment (non-deductible)	3	3
Fines and penalties	1	1
	(608)	1,050
(c) Income tax expense recognised directly to equity		
Property, plant and equipment (Note C4)	366	409
Superannuation (Note D3)	(7)	1,243
	359	1,652
(d) Deferred tax balances		
Assets:		
Deferred tax assets	12,630	11,530
Liabilities:		
Deferred tax liability	5,777	4,926
	6,853	6,604

B3 INCOME TAX (continued)

(d) Deferred tax balances (continued)

2023	Opening balance	Prior year adjustment	Recognised in the	Recognised in equity	Balance at
	1 July 2022		Consolidated Statement of Profit and Loss		
	\$'000	\$'000	\$'000	\$'000	\$'000
Superannuation	5,262	-	(64)	7	5,205
Tax losses	3,565	-	1,482	-	5,047
Employee benefits	1,518	-	(102)	-	1,416
Accrued costs	102	-	(47)	-	55
Other provisions	52	-	(52)	-	-
Contract liabilities	738	-	(55)	-	683
Other	15	-	183	-	198
Accrued income	-	-	(7)	-	(7)
Prepayments	(70)	-	(2)	-	(72)
Inventories	(124)	-	41	-	(83)
Property, plant and equipment	(4,473)	-	(766)	(366)	(5,605)
Lease liability	263	-	39	-	302
Right-of-use asset	(244)	-	(42)	-	(286)
Total	6,604	-	608	(359)	6,853

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

B4 CASH AND CASH EQUIVALENTS

Accounting Policy

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

	2023	2022
	\$'000	\$'000
Cash at bank and on hand	6,530	8,222
Call deposit at CBA	1,002	1,000
Call deposit at TASCORP	2,142	2,083
Term deposits	2,000	-
Total cash and cash equivalents	11,674	11,305

Metro's cash and cash equivalents include funds that are subject to external restrictions primarily as a result of grant funding received for government projects and ticket fares received in advance.

Unspent grant funds with conditions	4,244	471
Ticket fares received in advance	2,210	1,989
Uncommitted cash and cash equivalents	5,220	8,845

(a) Credit and standby facilities

Borrowing limit	18,000	18,000
Credit cards facility limit	20	20
Less used/committed	(5,000)	(5,000)
Balance of credit facility available	13,020	13,020

(b) Reconciliation of profit for the period to net cash provided by operating activities

Profit/(loss) after income tax	(1,432)	2,439
Add (less) non-cash items:		
Depreciation	8,432	8,263
Amortisation	79	82
Income tax expense/(benefit)	(608)	1,050
Loss/(profit) on sale of non-current assets	535	15
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(4,750)	(216)
(Increase)/decrease in inventories	(32)	(329)
(Increase)/decrease in other current assets	(54)	(165)
Increase/(decrease) in trade and other payables	26	(117)
Increase/(decrease) in contract liabilities	3,995	313
Increase/(decrease) in employee benefits	(336)	(1,210)
Net cash inflow from operating activities	5,855	10,125

Section C

Detailed information on Consolidated Statement of Financial Position items

C1 TRADE AND OTHER RECEIVABLES**Accounting Policy**

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

	2023	2022
	\$'000	\$'000
Contract revenue receivable	4,756	-
Trade receivables	228	230
Other receivables	286	289
	5,270	519

There are no expected credit losses as at 30 June 2023.

C2 INVENTORIES**Accounting Policy**

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

	2023	2022
	\$'000	\$'000
Inventories	2,336	2,476
Less provision for obsolescence	-	(171)
	2,336	2,305

C3 OTHER CURRENT ASSETS

	2023	2022
	\$'000	\$'000
Prepayments	1,234	1,186
Other current assets	117	111
	1,351	1,297

C4 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

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

Assets held for sale are disclosed as current assets.

Revaluations

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

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

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

Right-of-use assets

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

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

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

Depreciation

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

Buildings	40 years
Route infrastructure	10 years
Office equipment	4 years
Electronic ticketing and communication equipment	4-10 years
CCTV equipment	5 years
Plant and equipment	5-10 years
Auxiliary vehicles	4 years
Right-of-use assets	2-5 years
Land is not depreciated.	

The bus fleet is depreciated using the 'Fleet Depreciation Profile'. For the financial year ended 30 June 2023 this applied an effective life of 25 years for the rigid buses and 30 years for the articulated buses, both of which have a 2.0% residual value.

C4 PROPERTY, PLANT AND EQUIPMENT (continued)	2023	2022
	\$'000	\$'000
(a) Carrying amounts		
Land and buildings		
Land		
At fair value	10,769	9,650
Total	10,769	9,650
Buildings		
At fair value	11,746	10,429
Less: accumulated depreciation	-	(250)
Total	11,746	10,179
Total land and buildings	22,515	19,829
Buses		
At fair value	53,967	49,440
Less: accumulated depreciation	(7,175)	-
Total	46,792	49,440
Route infrastructure		
At cost	-	4,054
Less: accumulated depreciation	-	(3,412)
Total	-	642
Office equipment		
At cost	1,726	1,610
Less: accumulated depreciation	(1,574)	(1,511)
Total	152	99
Electronic ticketing and communication equipment		
At cost	5,228	5,229
Less: accumulated depreciation	(5,091)	(5,070)
Total	137	159

C4 PROPERTY, PLANT AND EQUIPMENT (continued)

	2023	2022
	\$'000	\$'000
CCTV equipment		
At cost	1,479	1,479
Less: accumulated depreciation	(1,470)	(1,461)
Total	9	18
Plant and equipment		
At cost	4,141	4,137
Less: accumulated depreciation	(2,107)	(1,718)
Total	2,034	2,419
Auxiliary vehicles		
At cost	317	345
Less: accumulated depreciation	(254)	(218)
Total	63	127
Right-of-use assets		
At cost	1,673	1,246
Less: accumulated depreciation	(720)	(434)
Total	953	812
Work in progress		
At cost	1,634	1,403
Total	1,634	1,403
Total property, plant and equipment	74,289	74,948

C4 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Reconciliation of movements in carrying amounts

2023	Land at fair value \$'000	Buildings at fair value \$'000	Buses at fair value \$'000	Route infrastructure ¹ at cost \$'000	Office equipment at cost \$'000	Electronic ticketing and communication equipment at cost \$'000	CCTV equipment at cost \$'000	Plant and equipment at cost \$'000	Auxiliary vehicles at cost \$'000	Right-of-use assets at cost \$'000	Work in progress at cost \$'000	Total \$'000
Carrying amount at 1 July	9,650	10,179	49,440	642	99	159	18	2,419	127	812	1,403	74,948
Additions	-	576	-	-	116	-	-	-	-	428	5,063	6,183
Disposals	-	-	(46)	(513)	-	-	-	-	-	-	(191)	(750)
Revaluation increments/ (decrements)	1,119	1,221	-	-	-	-	-	-	-	-	-	2,340
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Net transfers	-	36	4,575	26	-	-	-	4	-	-	(4,641)	-
Depreciation	-	(266)	(7,177)	(155)	(63)	(22)	(9)	(389)	(64)	(287)	-	(8,432)
Carrying amount at 30 June	10,769	11,746	46,792	-	152	137	9	2,034	63	953	1,634	74,289

¹ Metro de-recognised route infrastructure located on land not owned by Metro. The loss on the de-recognition has been recognised in Note B2(c)

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

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

C4 PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

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

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

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

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

An independent fair value valuation of land and buildings was performed as at 30 June 2021 by Preston Rowe Paterson.

This valuation was performed on a market value basis with the primary method of assessment being the Direct Comparison Approach and the secondary method of assessment being the Income Capitalisation Approach. The main inputs to the valuation approach were level two inputs (observable market prices).

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

The Income Capitalisation Approach was based upon:

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

Land and buildings were assessed against the relevant indices available as at 30 June 2023 and Metro determined that a revaluation was required to reflect the CPI increase since the last revaluation was performed, which resulted in a 11.6% increment to the value of land and buildings.

Details of Metro's buses and land and buildings and information about the fair value hierarchy as at 30 June 2023 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair value as at 30 June 2023 \$'000
Buses	-	-	46,792	46,792
Land and buildings	-	22,515	-	22,515

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

There were no transfers between levels during the year.

C5 INTANGIBLE ASSETS
Accounting Policy

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

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

Computer software 4 years

	2023	2022
	\$'000	\$'000
(a) Carrying amounts		
Computer software		
At cost	1 426	1 381
Less: accumulated amortisation	(1,354)	(1,275)
Total intangible assets	72	106
(b) Reconciliation of movements in carrying amounts		
Carrying amount at 1 July	106	172
Additions	45	16
Disposals	-	-
Amortisation	(79)	(82)
Carrying amount at 30 June	72	106

C6 TRADE AND OTHER PAYABLES
Accounting Policy

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

Metro has a Workers Compensation Insurance Policy for the year ending 31 March 2024. The premium varies between a minimum of \$500,000 and a maximum of \$2,050,000. Metro is liable for up to the maximum of the premium in a given insurance year. At 30 June 2023, the injuries incurred in the previous insurance year were less than the minimum premium. As an insurance year remains open for four years, injuries that occurred in prior years can impact on the current financial years expense recorded in the Statement of Profit or Loss. Metro's accrual for workers compensation as at the 30 June 2023 is based upon the estimated costs for open workers compensation claims.

	2023	2022
	\$'000	\$'000
Trade creditors	1,555	1,339
Workers compensation	1,056	1,181
Other	1,059	1,126
	3,670	3,646

C7 BORROWINGS**Accounting Policy**

All borrowings have been transacted through the Tasmanian Public Finance Corporation (TASCORP). All loans are measured at the principal amount. Interest is charged as an expense as it accrues over the life of the related financial instrument and taken to the Consolidated Statement of Profit or Loss as part of finance costs. Metro's current borrowings fall due for repayment in January 2030.

Metro holds an external loan facility of \$18 million (2022: \$18 million) with TASCORP. As at 30 June 2023, \$13 million of the facility was unused (2022: \$13 million).

	2023 \$'000	2022 \$'000
Current	-	-
Non-current	5,000	5,000
	5,000	5,000

C8 LEASE LIABILITIES**Accounting Policy**

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

Metro assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of any identified assets for a period of time in exchange for consideration.

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

Recognition and measurement

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Metro's incremental borrowing rate. Generally, Metro uses its incremental borrowing rate as the discount rate.

Metro determined its incremental borrowing rate to be the rate that the entity would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset, in a similar economic environment, with similar terms, security and conditions.

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

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

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

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

C8 LEASE LIABILITIES (continued)

	2023 \$'000	2022 \$'000
Current	293	206
Non-current	714	669
	1,007	875
Reconciliation of movement throughout the year:		
Balance at 1 July	875	507
Interest expense	9	6
Additions	419	597
Payments	(296)	(235)
Balance as at 30 June	1,007	875
The following amounts were recognised in the Consolidated Statement of Profit or Loss for the year ended 30 June 2023 in respect to leases where Metro is the lessee.		
Depreciation expense of right-of-use assets	287	271
Interest expense on lease liabilities	9	6
Total	296	277

Metro had total cash outflows for leases of \$296,258 for 2022–23 (\$234,604 for 2021–22).

The following table represents the minimum lease payments payable by Metro over the course of its lease agreements.

	< 1 year	1-5 years	5+ years	Total
As at 30 June 2023				
Lease payments	309	675	143	1,127
Interest expense	(16)	(79)	(25)	(120)
Net present value	293	596	118	1,007
As at 30 June 2022				
Lease payments	214	494	262	970
Interest expense	(8)	(45)	(42)	(95)
Net present value	206	449	220	875

C9 CONTRACT LIABILITIES**Accounting Policy**

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

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

Ticket fares received in advance represent customer Greencard balances. These balances are recognised as ticket fare revenue at the time the passenger boards the bus and uses their Greencard balance to pay for a fare.

	2023	2022
	\$'000	\$'000
Grant revenue received in advance	4,244	471
Ticket fares received in advance	2,210	1,989
	6,454	2,460
Reconciliation of movement throughout the year:		
Balance at 1 July	2,460	2,147
Cash receipted during the year	15,039	9,471
Revenue recognised in the reporting period	(10,773)	(9,158)
Repayment of unused grants	(272)	-
Balance at 30 June	6,454	2,460

Section D Employee benefits

D1 EMPLOYEE BENEFITS

Accounting Policy

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

Compensated Benefits

Annual leave

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

Long service leave

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

Retirement Benefits

Defined benefit superannuation plan

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

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

Actuarial gains and losses are recognised in full, directly in retained earnings, in the period in which they occur, and presented in the Consolidated Statement of Other Comprehensive Income and the Consolidated Statement of Changes in Equity. Interest costs are recognised in finance costs, and service costs are recognised in employee and related expenses in the Consolidated Statement of Profit or Loss. Details are referred to at Note D3.

D1 EMPLOYEE BENEFITS (continued)

	2023 \$'000	2022 \$'000
<i>Current:</i>		
Retirement benefits	1,149	1,275
Compensated benefits:		
Accrued salaries and wages	1,269	1,022
Annual leave	1,773	1,685
Long service leave	1,802	1,989
	5,993	5,971
<i>Non-current:</i>		
Retirement benefits	16,204	16,270
Compensated benefits:		
Long service leave	489	756
	16,693	17,026
	22,686	22,997

D2 RELATED PARTIES

Key Management Personnel Compensation

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

	Director Remuneration		Executive Remuneration		Consolidated	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Short-term employee benefits	168	174	1,225	1,155	1,393	1,329
Post-employment benefits	18	18	132	111	150	129
Other long-term employee benefits	-	-	13	9	13	9
Other non-monetary benefits	-	-	-	-	-	-
Termination benefits	-	-	33	31	33	31
	186	192	1,403	1,306	1,589	1,498

For Director remuneration, Short-term employment benefits includes Director fees, Committee fees and other benefits. Post-employment benefits represents superannuation contributions.

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

D2 RELATED PARTIES (continued)**(a) Director Remuneration**

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

2023 Director Remuneration¹

Name	Position	Period	Directors' Fees \$'000	Committee Fees \$'000	Other Benefits ² \$'000	Superannuation ³ \$'000	Total \$'000
Non-Executive Directors							
Mr Tim Gardner	Chair	Full term	56	-	-	6	62
Ms Yvonne Rundle	Director	Full term	28	-	-	3	31
Ms Susan Fahey	Director	From 01/07/2022 to 24/11/2022	12	-	-	1	13
Ms Jude Munro	Director	From 01/07/2022 to 24/11/2022	12	-	-	1	13
Mr Greg Wallace	Director	Full term	28	-	-	3	31
Mr Anthony Braxton-Smith	Director	From 24/11/2022	16	-	-	2	18
Ms Dianne Underwood	Director	From 24/11/2022	16	-	-	2	18
Total			168	-	-	18	186

2022 Director Remuneration¹

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

Board remuneration notes and statements

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

² Other benefits includes travel allowances.

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

D2 RELATED PARTIES (continued) (b) Executive Remuneration

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

2023 Executive Remuneration

Name	Position	Period	Base Salary ¹ \$'000	Other Monetary Benefits ² \$'000	Vehicles ³ \$'000	Other Non-Monetary Benefits ⁴ \$'000	Superannuation ⁵ \$'000	Reported Remuneration ⁶ \$'000	Long-Term Benefits ⁷ \$'000	Termination Benefits ⁸ \$'000	Totals \$'000
Ms Katie Cooper	Chief Executive Officer	Full year	266	-	14	-	29	309	6	-	315
Ms Natasha Riddoch	Chief Operating Officer	01/07/22 to 27/11/22 and 11/02/23 to 31/05/23	149	-	10	-	18	177	(11)	12	178
Mr Chris Breen	General Manager Commercial and Projects	Full year	169	-	14	-	19	202	-	-	202
Ms Kim Perkins	General Manager Corporate Services	Full year	148	-	14	-	17	179	4	-	183
Mr Peter Olsen	Chief People Officer	18/07/22 to 22/11/22	72	-	5	-	10	87	-	21	108
Ms Jacqueline Allen	General Manager People and Safety	23/01/23 to 30/06/23	69	-	6	-	8	83	8	-	91
Mr Jesse Penfold	General Manager Financial Services & Company Secretary	Full year	149	-	14	-	18	181	5	-	186
Sub-total			1,022	-	77	-	119	1,218	12	33	1,263
Acting arrangements											
Mr Damien Arkley	Acting Chief Operating Officer	28/11/22 to 10/02/23 and 27/02/23 to 30/06/23	80	-	-	-	8	88	(1)	-	87
Ms Natasha Riddoch	Acting Chief People Officer	28/11/22 to 10/02/23	43	-	3	-	5	51	2	-	53
Sub-total			123	-	3	-	13	139	1	-	140
Total			1,145	-	80	-	132	1,357	13	33	1,403

D2 RELATED PARTIES (continued) (b) Executive Remuneration (Continued)

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

2022 Executive Remuneration

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

Executive Remuneration Notes and Statements

- Base Salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.
- Other monetary benefits includes all other forms of employment allowances (excludes reimbursements such as travel, accommodation or meals), payments in lieu of leave, and any other compensation paid and payable.
- Includes motor vehicle allowances; the total cost of providing and maintaining vehicles provided for private use, including registration, insurance, fuel and other consumables; maintenance costs and fringe benefits tax.
- Other non-monetary benefits includes non-monetary benefits such as housing, subsidised goods or services, relocation costs etc.
- Superannuation means the contribution paid to the superannuation fund of the individual.
- Reported Remuneration includes the individual's salary, short-term incentive payments, other monetary benefits, vehicle benefits, other non-monetary benefits and superannuation. For the purposes of assessing compliance with the Guidelines, Other long-term employee benefits and termination benefits are not included in the Reported Remuneration amount.
- Other long-term benefits includes annual and long service leave movements.
- Termination benefits includes all forms of benefit paid or accrued as a consequence of termination.

D2 RELATED PARTIES (continued)

(c) Remuneration Principles

Non-Executive Directors

Non-executive directors are appointed by the Treasurer and Portfolio Minister. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be re-appointed in accordance with the relevant *Guidelines for Tasmanian Government Businesses - Board Appointments*. The level of fees paid to non-executive directors is administered by the Department of Premier and Cabinet.

Superannuation is paid at the appropriate rate as prescribed by superannuation guarantee legislation.

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

Executive Remuneration

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

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

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

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

Termination Benefits

Termination payments during the current year included:

- Mr Olsen ceased employment effective 22/11/2022 and was paid \$21,112, representing the balance of his leave entitlements and salary in lieu of notice.
- Ms Riddoch ceased employment effective 31/05/2023 and was paid \$11,856, representing the balance of her leave entitlements.

Acting Arrangements

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

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

In the current year Mr Arkley and Ms Riddoch were appointed to the above positions for the periods shown. It is noted that during the period from 27 February 2023 to 31 May 2023 Mr Arkley was acting in the Chief Operating Officer role while Ms Riddoch was still substantially in the position in order to allow for a period of handover.

Related Party Transactions

For all Tasmanian Government businesses, related parties are considered to include:

- a subsidiary or joint venture;
- key management personnel or close family members of key management personnel;
- Ministers or close family members of Ministers;
- any entities controlled or jointly controlled by key management personnel or their close family members; and
- any entities controlled or jointly controlled by Ministers or their close family members.

During 2022-23 Metro entered into the following transactions with related parties:

Nature of the transaction	Amount of the transactions during the year	Outstanding balances, including commitments at year end
Strategic coaching ¹	\$1,925	-

¹ During 2022-23 Metro entered into a six month contract with Adaptable HR, a company controlled by a member of the key management personnel of Metro. The total contract value is for no higher than \$7,500. The contract terms are based on market rates for these types of services and were due and payable under normal payment terms.

D2 RELATED PARTIES (continued)

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

D3 SUPERANNUATION AND DEFINED BENEFITS**General Information**

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

Fund Information*Nature of the benefits provided by the Scheme*

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

Description of the regulatory framework

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

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

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

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

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

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

Description of risks

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

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

Description of significant events

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

D3 SUPERANNUATION AND DEFINED BENEFITS (continued)

Reconciliation of the net defined benefit liability/(asset)

As at	2023	2022
	\$'000	\$'000
Net defined benefit liability/(asset) at start of year	17,545	22,545
(+) Current service cost	87	146
(+) Past service cost/curtailments	-	-
(+) Gain/loss on settlements	-	-
(+) Net interest	903	697
(-) Actuarial return on plan assets less interest income	94	(122)
(+) Actuarial (gains)/losses arising from changes in demographic assumptions	204	-
(+) Actuarial (gains)/losses arising from changes in financial assumptions	(492)	(4,386)
(+) Actuarial (gains)/losses arising from liability experience	358	119
(+) Adjustment for effect of asset ceiling	-	-
(-) Employer contributions	1,158	1,698
Net defined benefit liability/(asset)	17,353	17,545
Current net liability	1,149	1,275
Non-current net liability	16,204	16,270

Reconciliation of the fair value of Scheme assets

Financial year ending	2023	2022
	\$'000	\$'000
Fair value of plan assets at beginning of the year	5,123	5,656
(+) Interest income	264	173
(+) Actual return on plan assets less interest income	94	(122)
(+) Employer contributions	1,158	1,698
(+) Contributions by plan participants	39	48
(-) Benefits paid	1,543	2,328
(-) Taxes, premiums and expenses paid	1	2
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
Fair value of plan assets at end of the year	5,134	5,123

D3 SUPERANNUATION AND DEFINED BENEFITS (continued)

Reconciliation of the defined benefit obligation

Financial year ending	2023 \$'000	2022 \$'000
Present value of defined benefit obligations at beginning of the year	22,668	28,201
(+) Current service cost	87	146
(+) Past service cost/curtailments	-	-
(+) Gain/loss on settlements	-	-
(+) Interest cost	1,167	870
(+) Contributions by plan participants	39	48
(+) Actuarial (gains)/losses arising from changes in demographic assumptions	204	-
(+) Actuarial (gains)/losses arising from changes in financial assumptions	(492)	(4,386)
(+) Actuarial (gains)/losses arising from liability experience	358	119
(-) Benefits paid	1,543	2,328
(-) Taxes, premiums and expenses paid	1	2
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
Present value of defined benefit obligations at end of the year	22,487	22,668

Reconciliation of the effect of the asset ceiling

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

Fair value of Scheme assets

As at 30 June 2023

Asset category	Total (\$'000)	Quoted prices in active markets for identical assets - Level 1 (\$'000s)	Significant observable inputs - Level 2 (\$'000s)	Unobservable inputs - Level 3 (\$'000s)
Cash deposits	-	-	-	-
Australian equities	796	-	796	-
International equities	965	-	965	-
Infrastructure	816	-	200	616
Diversified fixed interest	1,211	-	1,211	-
Property	971	-	98	873
Alternative investments	375	-	375	-
Total	5,134	-	3,645	1,489

The fair value of Scheme assets is estimated based on assets allocated to Metro as at 30 June 2023 and asset allocation of the RBF Scheme as at 30 June 2022.

Fair value of entities' own financial instruments

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

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

Assets are not held separately for each reporting entity but are held for the Fund as a whole. The fair value of Scheme assets for each reporting entity was estimated by allocating the total Fund assets in proportion to the value of each reporting entity's funded liabilities, calculated using the assumptions outlined in this report, with the exception of the discount rate. For the purposes of allocating assets to each reporting entity, we have used the Government Bond yield of 4.3%, in order to be consistent with the allocation of assets reported to the Department of Treasury and Finance.

D3 SUPERANNUATION AND DEFINED BENEFITS (continued)

Significant actuarial assumptions at the reporting date

Financial year ending	2023	2022
Assumptions to determine defined benefit cost and start of year DBO		
Discount rate (active members)	5.35%	3.20%
Discount rate (pensioners)	5.35%	3.20%
Expected rate of increase of compulsory preserved amounts	3.50%	3.00%
Expected salary increase rate	3.50%	3.00%
Expected pension increase rate	2.50%	2.25%
Assumptions to determine year end DBO		
Discount rate (active members)	5.70%	5.35%
Discount rate (pensioners)	5.70%	5.35%
Expected rate of increase of compulsory preserved amounts	3.50%	5.5% for 2022-23 and then 3.5% pa
Expected salary increase rate	3.50%	3.50%
Expected pension increase rate	3.5% for 2023-24, 3.5% for 2024-25, 3.0% for 2025-26 and then 2.5% pa	5.5% for 2022-23 and then 2.50% pa

Sensitivity Analysis

The defined benefit obligation as at 30 June 2023 under several scenarios is presented below.

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

	Base Case	Scenario A -1.0% pa discount rate	Scenario B +1.0% pa discount rate	Scenario C -1.0% pa pension increase rate	Scenario D +1.0% pa pension increase rate
Discount rate	5.70%	4.70%	6.70%	5.70%	5.70%
Pension increase rate	2.50%	2.50%	2.50%	1.50%	3.50%
Defined benefit obligation (\$'000)	22,487	24,886	20,457	20,559	24,743

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

The pension increase assumptions in the above table are long-term pension increase assumptions. Higher rates are assumed for the next three years. In Scenarios C and D, both the short-term and long-term assumptions have been adjusted.

Asset-liability matching strategies

Metro is not aware of any asset and liability matching strategies adopted by the Fund.

Funding arrangements

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

Expected contributions

Financial year ending	2024 \$'000
Expected employer contributions	1,149

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation for Metro is 10.4 years.

Section E

Financial instruments

E1 FINANCIAL INSTRUMENTS

Financial risk exposures and management

(a) Credit risk

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

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

Metro has a material credit risk exposure relating to its passenger service contract receivable; however, Metro considers this exposure to be low risk as the receivable is held with the Department of State Growth. Metro manages its exposure to any single receivable or group of receivables under financial instruments entered into with appropriate credit checks, regular review of balances and structured payment options. Metro limits its exposure to credit risk by establishing a payment period of 30 days.

Metro's remaining trade receivables are of low value with low risk entities, composed primarily of government agencies, entities funded by government and agents. The majority of Metro's debtors have been transacting with Metro for over 2 years.

Based on the factors noted above and a review identifying nil bad debt write offs by Metro over the past 4 years, the expected credit loss has been calculated as 0%.

There were no impairment losses on financial assets recognised in the consolidated profit and loss during the period ending 30 June 2023 or 30 June 2022.

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

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

	CONSOLIDATED							
	0 days Past due		1-30 days Past due		31-120 days Past due		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:								
Receivables	5,151	394	10	83	109	42	5,270	519

(b) Liquidity risk

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

Metro manages this risk through the following mechanisms:

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

E1 FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-interest Bearing		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:										
Cash at bank	3.80	0.02	6,530	8,222	-	-	-	-	6,530	8,222
Call deposit at TASCORP	4.25	0.32	2,142	2,083	-	-	-	-	2,142	2,083
Call deposit at CBA	0.25	0.20	1,002	1,000	-	-	-	-	1,002	1,000
Term deposit at CBA	4.62	-	-	-	2,000	-	-	-	2,000	-
Receivables	-	-	-	-	-	-	5,270	519	5,270	519
			9,674	11,305	2,000	-	5,270	519	16,944	11,824
Financial liabilities:										
Trade and other payables	-	-	-	-	-	-	3,670	3,646	3,670	3,646
Borrowings	1.75	1.75	-	-	5,000	5,000	-	-	5,000	5,000
			-	-	5,000	5,000	3,670	3,646	8,670	8,646

Trade and other payables are expected to be paid as follows:

	2023	2022
	\$'000	\$'000
Less than 6 months	3,670	3,646
6 months to 1 year	-	-
1 - 5 years	-	-
	3,670	3,646

E1 FINANCIAL INSTRUMENTS (continued)
(c) Market risk
(i) Interest rate risk

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

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

Metro manages interest rate risk by:

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

Metro's borrowings are held in fixed rate contracts with TASCORP, with the fixed rate period ending on 24 January 2030. Metro has assessed there to be no interest rate risk and has not performed a sensitivity analysis as at 30 June 2023.

(d) Net fair values

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

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

(e) Financial instruments by categories

	CONSOLIDATED	
	2023	2022
	\$'000	\$'000
Financial assets at amortised cost:		
Cash and cash equivalents	11,674	11,305
Receivables	5,270	519
	16,944	11,824
Financial liabilities at amortised cost:		
Trade and other payables	3,670	3,646
Borrowings	5,000	5,000
	8,670	8,646

(f) Capital risk management

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

Metro holds bank guarantees as security for the contract performance of the bus supply contract by BusTech (via the Bank of South Australia). These guarantees are valued at \$3m (expiring April 2024) and \$7m (expiring 2041). Metro also holds bank guarantees as security for the supply and installation of a hydrogen refuelling station with H2H Energy (via NAB). These are two bank guarantees, each valued at \$79,326.

Section F Other information

F1 CONTRIBUTED EQUITY

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

	2023 \$'000	2022 \$'000
Balance at beginning of financial year	46,610	46,610
Equity contribution	397	-
Balance at end of financial year	47,007	46,610

F2 ASSET REVALUATION RESERVES

2023	CONSOLIDATED		
	Land and buildings \$'000	Buses \$'000	Total \$'000
Balance at beginning of financial year	9,379	3,951	13,330
Revaluation increments/(decrements)	2,340	-	2,340
Impairment losses	-	-	-
Disposal of revalued buses	-	(97)	(97)
Deferred tax asset/(liability)	(366)	-	(366)
Balance at end of financial year	11,353	3,854	15,207

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

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.

F3 RETAINED PROFITS

	2023	2022
	\$'000	\$'000
Balance at beginning of financial year	2,166	(3,213)
Net profit/(loss)	(1,432)	2,439
Revaluation increments (decrements) attributable to assets disposed of during the year	97	38
Defined benefit plan actuarial gains/(losses)	(24)	4,145
Related income tax	7	(1,243)
Balance at end of financial year	814	2,166

F4 REMUNERATION OF AUDITORS

	2023	2022
	\$'000	\$'000
External audit services	70	58
	70	58

As at 30 June 2023 Metro has paid \$20,800 to the Tasmanian Audit Office for the audit of the 2022-23 consolidated financial statements.

F5 COMMITMENTS FOR EXPENDITURE

	2023	2022
	\$'000	\$'000
Capital commitments:		
Payments within 1 year	10,306	-
Payments 1-5 years	-	-
	10,306	-

Capital commitments comprise contracts for bus procurement and infrastructure for a battery electric bus trial and a hydrogen electric bus trial.

F6 OTHER ACCOUNTING POLICIES**(a) Impairment of assets**

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

(b) Tax consolidation

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

(c) Goods and services tax

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

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

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

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

F7 SUBSEQUENT EVENTS

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

F8 CONTINGENT ASSETS/LIABILITIES

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

F9 ECONOMIC DEPENDENCY

A significant volume of Metro's operations is performed under contract to the State Government. Metro's passenger service contract with Department of State Growth (State Growth) commenced from 1 September 2022. The contract has an initial term to December 2024, with an option to extend for a further 5 years to December 2029.

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

On 15 June 2020 Metro established an \$18 million borrowing facility with the Tasmanian Public Finance Corporation with explicit support from the Treasurer. Metro has a drawdown program in place for the borrowing facility that ensures capacity to meet all capital commitments. As at 30 June 2023 Metro has drawn down \$5m of this borrowing facility.

Metro has developed a draft four year Corporate Plan, which is based upon the funding model in the new service contract. The Corporate Plan represents management's best estimate of future financial performance.

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

F10 CONTROLLED ENTITY

	Country of incorporation	Equity interest	
		2023	2022
Parent entity:			
Metro Tasmania Pty Ltd	Australia	-	-
Controlled entity:			
Metro Coaches (Tas) Pty Ltd	Australia	100%	100%



“My driver this afternoon was outstanding! Not only did they greet everyone boarding the bus with such genuine enthusiasm, they made sure everyone had a seat, and helped a lady with a pram. Their energy was so infectious that I didn’t even feel tired when I got home (and usually do after a very long work day!). I’ve caught buses on and off for 20 years, but this is the best bus driver I have ever had the pleasure of being onboard with. Thank you!”

