

Annual Report

2018-19



COMMERCIAL
PASSENGER
VEHICLES
VICTORIA

© State of Victoria (Commercial Passenger
Vehicle Commission) 2019



You are free to re-use this work under a Creative Commons Attribution 4.0 licence, provided you credit the State of Victoria (Commercial Passenger Vehicle Commission) as author, indicate if changes were made and comply with the other licence terms. The licence does not apply to any images, photographs or branding, including government logos.

1 Spring Street, Melbourne, VIC, 3000.

ISSN 2204-0382 (Print)

ISSN 2204-0390 (Online)

Print managed by Finsbury Green

Designed by OÙ

This document is available in an accessible format at
www.cpv.vic.gov.au

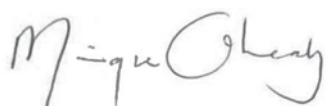
Printed on environmentally friendly paper.

Ensuring a
**safe, accessible,
customer-focused
and competitive**
commercial passenger
vehicle industry.

Declaration

Annual Report 2018-19

In accordance with the *Financial Management Act 1994*, I am pleased to present Commercial Passenger Vehicles Victoria's Annual Report for the year ending 30 June 2019.

A handwritten signature in black ink that reads "Monique Conheady". The signature is written in a cursive style with a large initial 'M' and 'C'.

Monique Conheady

Chairperson

Commercial Passenger Vehicles Victoria

11 October 2019

Contents

2018-19 Overview	6	Financial Statements	43
Chairperson's foreword	8	Certifications	47
Chief Executive Officer's report	10	Financial Statements	50
About us	12	Notes to the Financial Statements	54
<i>Our values</i>	13	Additional information available on request	84
<i>Organisational structure</i>	14	Financial Management Compliance Attestation Statement	85
<i>Our Commission</i>	14		
Working toward our objectives	16	Appendices	87
<i>Our strategic objectives</i>	17	Appendix 1: Governance and compliance	88
<i>Safe</i>	18	<i>Commission</i>	88
<i>Accessible</i>	20	<i>Nature and range of services</i>	88
<i>Customer-focused</i>	22	<i>Objectives, functions and powers</i>	88
<i>Competitive</i>	24	<i>Commission committees</i>	89
<i>Effective Regulator</i>	26	<i>Compliance statements</i>	90
<i>Output performance measures</i>	28	Appendix 2: Disclosure index	99
<i>Statement of expectations</i>	29	Appendix 3: Abbreviations	102
Our people	30		
<i>Public administration values and employment principles</i>	30		
<i>Comparative workforce data</i>	36		
<i>Financial summary and review</i>	39		
<i>Grants programs</i>	42		

Drivers



285% increase in driver applications
from 2015-2016

1,911 average per month
in 2018-2019

Vehicles



↑ 3,082%

57,558
Registrations Booked

↑ 102%

10,143
Registrations Unbooked

↑ 49%

943
Registered WAVs

Figures as of 2015-16 and 2018-19

6

Multi Purpose Taxi Program

220,000+
MPTP members

75% OF ACTIVE MEMBERS
are over the age of 75

PEOPLE AGED 18-34
are the **highest CPV users**

Over 5M trips
in 2018/19



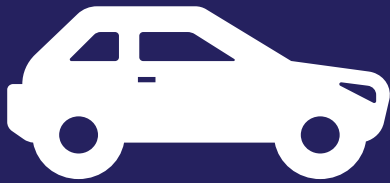
Over 4,400
WAV endorsed drivers

834 Active WAVs
30 June 2019

↑ 21%
30 June 2018

2018-19 Overview

Industry Participants



202 Current Booking Service Providers
112% increase in the number of drivers
 from 2015-2016

Safety and Compliance



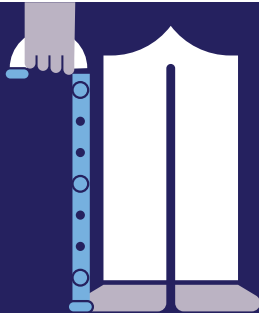
Over 40,000
 vehicle inspections
 with records
 in 2018-19

Total Trips

60,000,000+
 in 2018-2019
↑ 131%



7



MORE THAN
50% of members
 use a mobility aid

OVER \$56M
 paid in MPTP fare
 subsidies in 2018/19

44% OF MEMBERS
 have taken a subsidised trip
 in the last 12 months

↑ 8%
 MPTP Conventional Trips

↑ 18%
 MPTP Wheelchair Trips

Customer Service

28% increase in
 call centre contact

Total calls 115,647 2015-16
 Total calls 148,340 2018-19

Industry Satisfaction

The 2018-19 Industry survey confirmed
 that **83% of survey**
participants were satisfied
 with the level of commercial passenger
 vehicle regulatory service provided by
 Commercial Passenger Vehicles Victoria.

In 2018-19, the Commercial Passenger Vehicle Commission, trading as Commercial Passenger Vehicles Victoria (CPVV), experienced a rewarding first year of operation in which the Commission and organisation rolled out our new regulatory approach.

On 2 July 2018, we introduced the final industry reforms under the *Commercial Passenger Vehicle Industry Act 2017*, providing greater opportunities for new business models to emerge and more transport solutions for a growing population.

Our industry continues to grow. On top of the major international rideshare companies operating in Victoria, in 2018-19 we registered another 68 booking service providers. Now more than ever, Victorians have a large range of services to choose from.

Our new brand reflects our new approach, where we work in partnership with the industry to ensure our community is receiving services that are safe, accessible, customer-focused and competitive.

In continuing to foster strong partnerships with our stakeholders, we built a robust framework for engaging with booking service providers and other industry stakeholders to exchange ideas, find out how the reforms impact their businesses, discuss contemporary issues and identify areas for improvement.

Throughout the year, our former Chairperson Megan Bourke-O'Neil and CPVV Executive Management Team members met with booking service providers and attended industry round tables to better understand how the framework is working in practice for commercial passenger vehicle service providers. We engaged with industry to ensure our new regulatory approach empowers participants to innovate, arming them with the knowledge to comply with their obligations, particularly in relation to safety duties.

Chairperson's foreword



A key priority for 2018-19 was the roll out of a new safety duties framework, to ensure commercial passenger vehicle industry participants are held accountable for the safety of their services.

9

In addition, we have established a Disability and Accessibility Forum, chaired by Disability Commissioner Colleen Furlanetto. This allows 'two way' engagement between us and our disability stakeholders from across government, industry and community.

The Forum is one of many important mechanisms for us to consult on priority areas and policy development regarding the accessibility of commercial passenger vehicle services. Our recently released *State of the Industry Report 2019: Accessibility* provides more detail about the work occurring in this sector.

A key priority for 2018-19 was the roll out of a new safety duties framework, to ensure commercial passenger vehicle industry participants are held accountable for the safety of their services. During the year, we consulted on a new safety duties Code of Practice, to assist industry to comply with their safety obligations.

In March 2019, we introduced a notifiable incidents reporting system, to enable safety duty holders to notify us of any fatalities, serious injuries or incidents that occur related to service provision. This information allows us to monitor safety, the causes of incidents across the commercial passenger vehicle industry and to ensure incidents are appropriately followed up.

As the newly appointed Chairperson, I would like to thank my fellow Commissioners Janet Dore (who finished her three-year tenure on 31 July 2019) and Colleen Furlanetto, for their efforts throughout the year.

I wish to acknowledge the contribution and leadership of Megan Bourke-O'Neil, Chairperson from August 2018 to June 2019, throughout this period of dynamic change.

Finally, thank you to CEO Aaron de Rozario, the Executive Management Team, the wider CPVV workforce and the Department of Transport for their ongoing commitment towards us ensuring a safe, accessible, customer-focused and competitive commercial passenger vehicle industry for all.

Monique Conheady
Chairperson

The first financial year of the new Commercial Passenger Vehicles Victoria (CPVV) saw our organisation rise to the challenge of regulating an industry that continues to grow and evolve.

In 2018-19, we continued implementing the commercial passenger vehicle industry reforms, improved our processes, continued to open the market up to new opportunities and welcomed four new members to our Executive Management Team.

A significant achievement was preparing our business systems for introducing vehicle registration, which replaced vehicle licensing on 2 July 2018. All active vehicles that were associated with commercial passenger vehicle licences were automatically deemed as registered. Meanwhile, the process of applying to register a vehicle as a commercial passenger vehicle was made much quicker, thanks to the capacity of our new CPVS system, and the application process itself moving online.

The number of accredited drivers in Victoria grew by 21 per cent to 98,209 in 2018-19. This shows the number of drivers entering the market remains strong.

Chief Executive Officer's report



Creating the Department of Transport in January 2019 was an important change for CPVV and for transport in Victoria.

Our Multi Purpose Taxi Program (MPTP) Expansion Project also progressed during 2018-19. The project saw us engage with both taxi and rideshare booking service providers to trial technology that may enable them to provide subsidised fares to MPTP members (people with severe and permanent disabilities who require travel assistance). The trial has led to one new booking service provider joining the program, a major international rideshare company about to commence trials and expressions of interest from both national and international companies.

Creating the Department of Transport in January 2019 was an important change for CPVV and for transport in Victoria. The new department is about improving people's journeys through greater integration and provides an opportunity for CPVV to strengthen partnerships with planning, road networks, infrastructure, public transport services and to better understand how the commercial passenger vehicle industry complements other transport networks.

I would like to thank our Commissioners Monique Conheady (Chairperson), Janet Dore (whose tenure ended on 31 July 2019) and Disability Commissioner Colleen Furlanetto, for their continued support and wisdom throughout what has been an extremely busy year.

Furthermore, I wish to acknowledge the contribution and support of our former Chairperson Megan Bourke-O'Neil.

Finally, I wish to thank CPVV's Executive Management Team and all our CPVV employees, contractors and stakeholders for their efforts in helping us shape our new organisation and regulatory approach, remaining committed to helping us ensure Victorians have a safe, accessible, customer-focused and competitive commercial passenger vehicle industry.

Aaron de Rozario
Chief Executive Officer

We are committed to delivering a commercial passenger vehicle industry that is safe, accessible, customer-focused and competitive.

The commercial passenger vehicle industry is a significant contributor toward liveability in Victoria, as it enables point-to-point access to employment and education, and participation in cultural, entertainment and recreational opportunities. Commercial passenger vehicles also have a critical role in providing accessible transport where Victorians with special travel needs (such as people with disability or mobility impairment) cannot safely and independently use public transport.

We work in partnership with the commercial passenger vehicle industry to ensure services for customers are safe and accessible.

We encourage innovation and improvements to create better services for customers, while ensuring a safe and fair system for all, placing an emphasis on engagement and prevention before enforcement.

We enable the industry to take responsibility for their services and, when necessary, we won't hesitate to take direct action to enforce the law.

We believe safety and trust go hand in hand: when the public feels safe, this builds trust in the commercial passenger vehicle industry.



About us



OUR VALUES

Collaborate

- Do it together
- Everyone's skills and expertise makes a difference
- Keep others informed
- Form partnerships

Innovate

- Enhance the way we work
- Be open to new ideas
- Opportunity to try
- Opportunity to learn

be Respectful

- Encourage everyone's contributions
- Treat everyone fairly and objectively
- NO discrimination, harassment, and bullying

Communicate

- Appreciate your audience and speak to them
- Be inclusive
- Be informative
- Be timely

be Accountable

- Own your actions and decisions
- Trust others to deliver
- Be transparent in what you do
- Focus on quality

Organisational structure

OUR COMMISSION

Megan Bourke-O'Neil

EMPA, BSW

Appointed Chairperson

21 August 2018 to 30 June 2019

Monique Conheady

B.Eng. (Hons), B.A. (Hons)

Appointed 1 August 2016

Janet Dore

B.App.Sc. (Planning), MBA, FAICD

Appointed 1 August 2016 to 31 July 2019

Colleen Furlanetto

Disability Commissioner

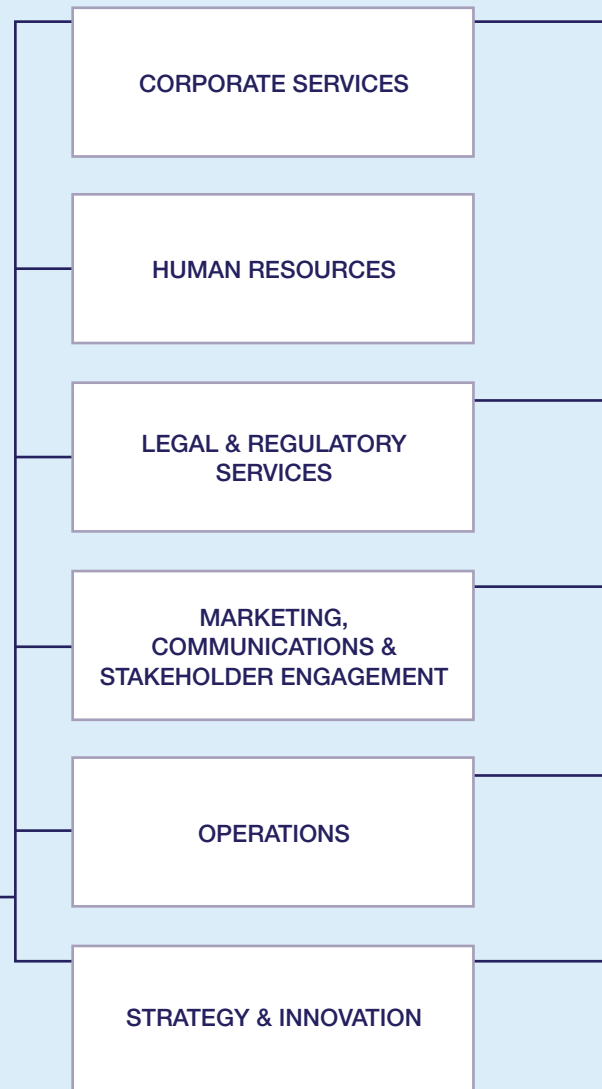
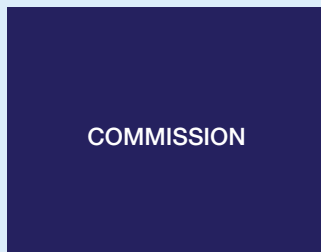
Appointed 1 January 2018

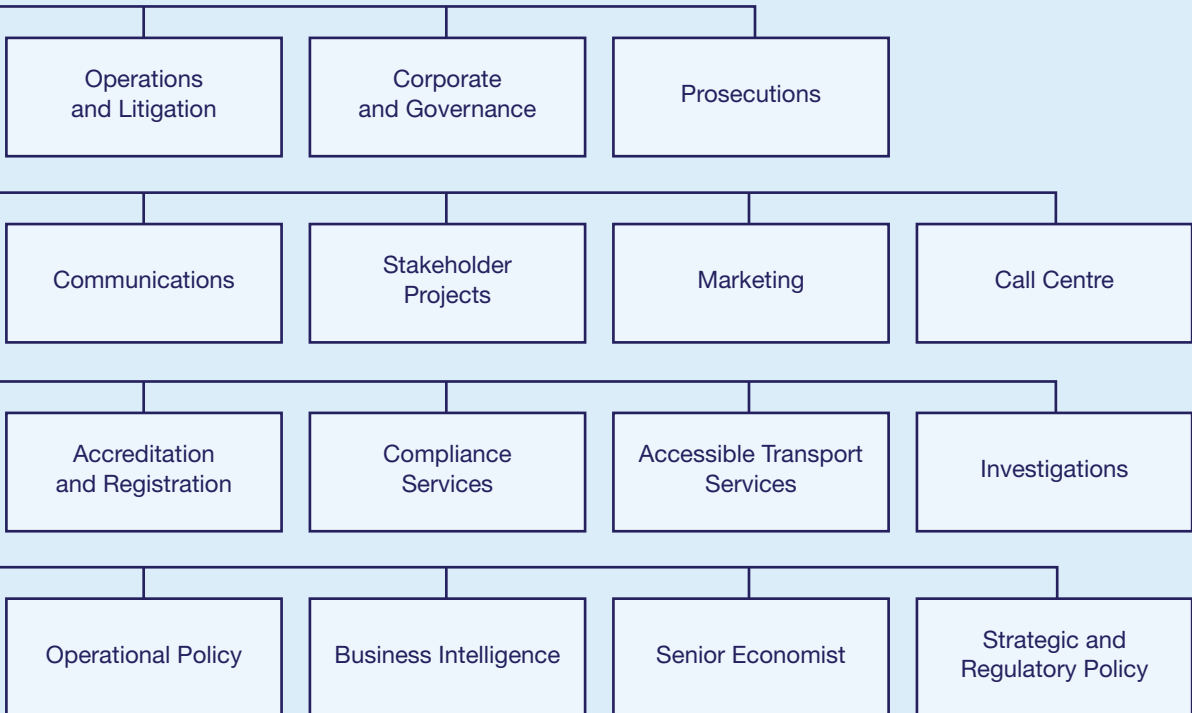
Yehudi Blacher PSM

B.A. (Hons), M.A.

Appointed Chairperson

1 August 2016 to 4 August 2018





In 2018-19 we focused on embedding the Victorian Government's reforms, which are designed to lead to safer commercial passenger vehicle services and a level playing field for industry.



**Working toward
our objectives**

Our strategic objectives



Safe

Ensure the commercial passenger vehicle industry is committed to safety and fosters community confidence in its services.



Accessible

Ensure the commercial passenger vehicle industry is committed to diversity and accessible services.



Customer-focused

Create a regulatory environment that encourages customer-focused commercial passenger vehicle services.



Competitive

Create a regulatory environment that facilitates competition, innovation, and encourages diverse services.



Effective Regulator

Be efficient, adaptive and aligned with Victoria's transport system objectives.

Safe

18

Ensure the commercial passenger vehicle industry is committed to safety and fosters community confidence in its services.

We do this by engaging with and educating our industry, providing advice and information, fostering co-operative and consultative relationships as well as by collecting data and sharing our analysis to facilitate evidence-based decision making. We enforce safety duty laws and audit those organisations and individuals with safety duty obligations to ensure appropriate safety management, reporting and business practices are in place.

The commercial passenger vehicle industry reforms have changed the way the industry operates and provided a much greater focus on safety.

Code of Practice

We were pleased to work with representatives from across the industry to develop two Codes of Practice in 2018 and 2019; the *Victorian Commercial Passenger Vehicle Industry Code of Practice, Part 1: Risk Culture and Safety Management*, and the *Victorian Commercial Passenger Vehicle Industry Code of Practice, Part 2: Meeting your Safety Duties*.

The Codes of Practice provide practical guidance to safety duty holders to assist them in meeting their safety obligations under the *Commercial Passenger Vehicle Industry Act 2017* and Regulations.

The feedback we received during our extensive consultation program was critical to ensuring the Codes of Practice provide the level of detail and direction required by industry within our new operating environment without being prescriptive on how compliance is achieved.

The feedback also informed us of the requirement to develop a range of supporting tools, including checklists, risk register templates and sample policies.

Our supporting tools are now available from our Industry Online Toolbox via our website as a free resource to all. These Codes of Practice are expected to be gazetted and published during 2019-20.

Notifiable Incidents

On 1 March 2019 we launched our Notifiable Incident reporting tool to allow drivers, vehicle owners and booking service providers an easily accessible and simple way of meeting their notifiable incident reporting obligations. Notifiable incidents allow us to identify and monitor current and emerging trends within our industry, take timely regulatory action when required and share our analysis with the industry to improve safety for everyone.

Although the current quantity of data collected through notifiable incident reporting is relatively small, we are continuing to collect data which will inform our work and safety messaging into the 2019-2020 financial year.

We are very pleased some organisations and individuals have been quick to incorporate notifiable incident reporting into their everyday business practices, however, some sections of the industry may be under reporting. We will continue our program of promotion and education around industry's notifiable incident reporting obligations as well as using other information and data sources to focus our safety audit and investigation activities.



Disciplinary Action

Although the vast majority of people within our industry strive to provide a great service to the community, we accept some participants may present a risk to the safety of passengers and the community on some occasions.

Where we believe a driver's conduct, whether during the provision of a commercial passenger vehicle service or not, represents a safety risk to the community we take disciplinary action, including suspending or cancelling the driver's accreditation.

The responsiveness of our Case Assessment Team in conjunction with a 2018-19 revised risk threshold has resulted in improved decision-making times and safety outcomes.

“A key focus for us is to ensure we build strong partnerships across our industry so that together we can create a positive, safety focused culture which fosters community confidence in every trip.”

Melissa O'Brien
Manager Operational Policy

Accessible

Ensure the commercial passenger vehicle industry is committed to diversity and accessible services.

There are more than one million Victorians with disability, many of whom face barriers to participation in numerous areas of economic and community life. Accessible transport is central to providing people with the mobility required to access goods and services and participate in activities that are important to their lives.

Supporting the Integrity of the Multi Purpose Taxi Program

The Multi Purpose Taxi Program (MPTP) provides subsidised commercial passenger vehicle fares for Victorians with a severe and permanent disability.

The MPTP seeks to make commercial passenger vehicle travel more affordable for people with disability or mobility impairment by subsidising 50 per cent of the base fare up to a maximum \$60 per trip for its members. In doing so, it plays a crucial role in supporting the social and economic inclusion of people with disability or mobility impairment.

We monitor MPTP transactions to ensure the integrity of the system is maintained. In 2018-19 we prosecuted 21 commercial passenger vehicle drivers for fraud related offences against the program and recovered over \$120,000 in fraudulent claims. We also took disciplinary action against those drivers, including suspending or cancelling their commercial passenger vehicle driver accreditation.

Disability and Accessibility Forum

Disability Commissioner Colleen Furlanetto led our first Disability and Accessibility Forum in June 2019. This quarterly forum was established to bring together stakeholders from the people with disability and mobility impairment community to be consulted on and inform development of CPVV work to support better access to commercial passenger vehicle services.

Enhancing Access to Wheelchair Accessible Vehicle Subsidies

We removed barriers for industry to access the Wheelchair Accessible Vehicle (WAV) subsidy to increase supply and improve service to WAV users. This included introducing a new and streamlined process for new applications and reduced timelines for decision and funding allocation.

Promoting Accessible Transport and Community Engagement

We engaged with the commercial passenger vehicle industry and community on accessibility matters through a range of channels including meetings, forums/presentations, events, regular communications (such as bulletins and e-newsletters) as well as via our website and social media platforms. We also met regularly with booking service providers from across the industry to discuss operational and regulatory matters via its Industry Implementation Group.

CPVV partnered with government agencies and community advocacy groups to promote accessible options within the commercial passenger vehicle industry, particularly the MPTP and engaged with community transport providers.

“Our work means we are able to assist vulnerable Victorians by providing them with the means to access transport who would otherwise be unable to travel. Helping them to increase their quality of life and participate in activities gives us great satisfaction.”

Accessible Transport Services team



Customer-focused

22



“Our success in providing services and support to the commercial passenger vehicle industry requires us to always place the customer at the centre of what we do.”

Greg Kazuro
Manager Stakeholder Projects

Create a regulatory environment that encourages customer-focused commercial passenger vehicle services.

Satisfaction with Commercial Passenger Vehicle Services

It's important to keep our finger on the pulse and understand the customer experience of commercial passenger vehicles in Victoria. To do this, we commission several surveys each year to measure the level of satisfaction with our industry.

A positive result since the reforms took effect two years ago, is the increase in customers' satisfaction with commercial passenger vehicle services across Victoria, including:

- an increase in average score from 61 to 64.4 in metropolitan Melbourne
- an increase in average score from 74.7 to 78.8 in regional Victoria.

We also know from this survey, that customer satisfaction is most influenced by:

- the price of trips
- driver behaviour
- safety and comfort
- ease and reliability of booking.

Complaint Management Systems

We are supporting booking service providers in providing a world class commercial passenger vehicle industry in Victoria. By ensuring booking service providers have the right tools to listen to customers and take action based on customer feedback we are enhancing the customer experience and building trust in our industry.

On 2 July 2018, all booking service providers were required to implement a complaints management system and ensure customers can easily access information on how to provide feedback to the booking service provider. Our education and support activities to assist booking service providers in meeting this requirement has resulted in excellent levels of compliance.

In March 2019, we undertook a range of auditing activities to assess booking service providers' performance with respect to customer feedback. The results of these audits were positive with booking service providers generally providing timely and appropriate feedback to customers and only minor improvements in frameworks and processes were required for the booking service providers audited. It was very encouraging to see a strong commitment to continuous improvement from our industry.

Informing Industry About its Customer Obligations

Our industry has been given new freedoms in how it sets prices and delivers services. However, along with these freedoms are certain obligations for industry to ensure their customers are properly informed and that pricing is transparent.

We worked closely with providers of unbooked services (taxis) to ensure they understood their requirement to provide comprehensive fare labels both inside and outside the vehicle. We also worked with booking service providers so that they understand the importance of providing accurate fare estimates to customers. Ensuring that fare information is easy to access allows customers to make an informed choice about the service they select.

We recognised that not all industry participants are using the most current technology and that there are fare calculation devices (taximeters) that don't provide enough information to produce a compliant receipt, or don't have the capability to meet future requirements for correctly calculating tolls. We continued to work with industry to phase out older equipment so that customers benefit from fairer, more transparent pricing.

Improving our own customer services

As the industry regulator we must set the same customer focused expectations of ourselves as we do the industry. We have improved our online services, our engagement with industry and the education, information and support we provide to industry participants. These initiatives are discussed in more detail in Effective Regulator.

Competitive

Create a regulatory environment that facilitates competition, innovation and encourages diverse services.

Recognising the industry is transforming with new entrants and innovative business models, we are committed to removing barriers and supporting industry in becoming competitive in delivering best practice outcomes for all Victorians. Our objectives include increased satisfaction with the quality of commercial passenger vehicle services and that industry understands its role and responsibility in managing customer needs.

Increasing Choice

We are committed to providing our industry and customers with greater choice. The MPTP provides subsidised travel for people with a severe and permanent disability. We are expanding the program beyond 'taxis' to all commercial passenger vehicles to facilitate better customer outcomes, by way of increased choice and competition for MPTP members.

As part of this expansion we have considered industry participants who offer newer and more innovative technology to support MPTP trips. A new data collection service provider commenced in 2018 and another trial will commence with a major rideshare company in 2019. We also have several other large industry participants showing interest in becoming data collection providers.

Vehicle Inspections

Our annual inspection requirements are designed to uncover potential safety issues that could put drivers or passengers at risk. This means that drivers and passengers can be sure that regardless of the type of commercial passenger vehicle they chose, it has met consistent and rigorous safety requirements.

We have provided choice in the way vehicle owners can meet their annual inspection requirements. They can choose to obtain a Certificate of Roadworthiness, or they can have a CPVV-approved commercial passenger vehicle inspection.

We implemented a commercial passenger vehicle inspection approval policy to ensure inspection service providers are clear on our requirements for commercial passenger vehicle inspections and agree to adhere to those standards.

In 2018-19 we extended our agreement with RedBook Inspect under the policy which provided us with data on over 40,000 vehicle inspections. Vehicle inspection data allows us to identify current and emerging safety trends across our industry.

A Growing Industry

There are now more cars and drivers on the road and more choices to travel, wherever you live. We have introduced a simple vehicle registration process and slashed operating costs for industry. This has made it easier for new industry participants to get into the Victorian market.

Long queues at commercial passenger vehicle ranks are a thing of the past with more commercial passenger vehicles in Melbourne and large regional cities, including Geelong, Ballarat and Bendigo.

New rideshare and taxi booking services have entered the market and we are seeing continual service innovation.

As of June 2019, there were just over 68,600 registered commercial passenger vehicles. This is a 711 per cent increase since 9 October 2017 when low cost commercial passenger vehicle registrations first became available.

As of June 2019, there were approximately 98,000 drivers holding current driver accreditation; an increase of more than 58 per cent since the end of September 2017.



25

“More than ever Victoria has seen a growth in the number of diverse and specialist services providers in the commercial passenger vehicle market. Booking service providers are tailoring their businesses to meet niche markets like providing services for women and children only, other providers are working exclusively for disability organisations to meet the needs of people with disabilities.”

Ayten Erkul
Director, Operations

Effective Regulator

Be efficient, adaptive and aligned with Victoria's transport system objectives.

We are committed to ensuring that we innovate and adapt so that we can support and regulate our growing industry to provide safe services to all Victorians.

Performance Measures

We recognise the industry and community expect regulators to keep pace with the changing nature of their industry and meet community service requirements. Throughout 2018-19 we worked diligently to meet the performance targets set for us in an environment that continues to grow and expand. We met, or exceeded, 12 of our 15 performance measures published in the Victorian State Budget papers.

The number of new and renewed commercial passenger vehicle and bus driver accreditation applications processed was exceeded by almost 50 per cent. This was achieved by us rethinking how we approach our service delivery and by continuing our investment in digital systems.

24/7 Services

We are continuing to invest in our digital transformation program to ensure we provide our industry with access to information, services and tools whenever it is needed. Our driver application process is now 100% online and we have developed and deployed tools to ensure our Public Register provides access to real time information.

We have built an industry portal that provides greater access and control of registration and accreditation information for booking service providers, vehicle owners and drivers.

Monitoring, Compliance and Enforcement

Developing our Monitoring, Compliance and Enforcement policy in 2018-19 was an important component of our discussion with industry regarding our approach to regulation. The policy sets out how we select and use proportionate, cost effective and efficient options for monitoring and promoting compliance with the law.

This policy provided a basis for us to examine and transform our approach to regulating the commercial passenger vehicle industry to meet the expectations of the Victorian community.

Moving forward we will also share with industry our Monitoring, Compliance and Enforcement strategy as well as our operational priorities for the short, medium and long term. We will make this information available via our website and continue discussing our priorities through all our communication channels.

This year, in recognition of the new regulatory environment, our compliance activities were focused on educating industry. Safety of the travelling public and drivers was our key focus, and we conducted targeted operations to measure industry's compliance with safety standards. We inspected a large portion of the wheelchair accessible vehicle fleet, conducted targeted operations on unregistered booking service providers using social media platforms and unaccredited drivers, and analysed compliance standards across the different modes of commercial passenger vehicles.



We also enhanced our data collection processes utilising in-field surveys to identify key risk areas to target in future compliance operations.

Our Service Performance

Industry reforms have significantly changed how we interact with our industry and the focus of our regulation activities. In 2018-19, we ran our first industry satisfaction survey to measure how well we are doing. It will take several years of results to properly assess our service performance. However, feedback was generally positive with 83 per cent of survey respondents reporting overall satisfaction with our services. We will keep working to improve the level of service and support we provide to the industry.

“The growth in the commercial passenger vehicle industry has driven innovative process change and transition to a risk based approach at CPVV. This will continue to evolve next year as we move from a focus on education to enforcement.”

Greg Maloney
Manager Field Compliance



OUTPUT PERFORMANCE MEASURES

Our performance against service delivery and performance targets included in the Victorian Government's 2018-19 Budget Paper 3¹ are set out below.

Output Measures	Unit of Measure	2018-19 Actual	2018-19 Target	2017-18 Actual
Output: Regulation of Commercial Passenger Vehicle Services				
Quantity				
Multi Purpose Taxi Program: trips subsidised	number ('000)	5 351	5 200	5 070
Multi Purpose Taxi Program: wheelchair and scooter lifting fees paid	number ('000)	1 247	1 200	1 120
New and renewed commercial passenger vehicle and bus driver accreditation applications processed	number	31 203	21 000	nm ²
Quality				
Average wait time for conventional taxis booked to arrive at daytime periods of demand	minutes	8.4	9.6 ³	9.4
Average wait time for wheelchair accessible taxis booked to arrive at daytime periods of demand	minutes	17.5	28.0 ³	26.9
Safety and quality rating for commercial passenger vehicles available for booked and unbooked services	score	2.1	2.0	nm ²
Calls to the Commercial Passenger Vehicles Victoria ⁴ call centre resolved at the first point of contact	per cent	76.6	70.0	nm ²
Commercial passenger vehicle industry participants conform to key safety requirements ⁵	per cent	50.0	50.0	nm ²
Commercial passenger vehicle registration applications received online	per cent	100.0	85.0	nm ²
Overall satisfaction with level of commercial passenger vehicle regulatory service provided by Commercial Passenger Vehicles Victoria ³	score	83.0	55.0	nm ²
Timeliness				
Commercial passenger vehicle service complaints and intelligence reports investigated and closed within 45 days	per cent	90.4	85.0	86.0
Multi Purpose Taxi Program: applications assessed and completed within 14 days	per cent	97.8	97.0	97.0
New and renewed commercial passenger vehicle and bus driver accreditation applications processed within 14 days	per cent	83.5	85.0	78.0
Road vehicle and driver regulation: new and renewed driving instructor authority applications processed within 14 days	per cent	89.2	85.0	90.0
Taxi and hire vehicle: calls to the Commercial Passenger Vehicles Victoria ⁴ call centre answered within 20 seconds	per cent	45.4	60.0	45.3

28

1 The only change from the Budget paper in May 2019 is that 2018-19 results have replaced 'expected results'.

2 nm: new Budget Output Performance measure introduced for the year.

3 These targets and previous results for these measures used a different period of demand.

4 The wording of the measure in the 2018 State Budget papers referred to the Taxi Services Commission.

5 The requirement for booking service providers to have a register of safety risks took effect on 2 March 2019.

STATEMENT OF EXPECTATIONS

We implemented a range of red tape reduction initiatives in response to the Victorian Government's Statement of Expectations for the period ending 30 June 2019.

We improved the way we deliver our services by:

- continuing our digital transformation to enhance and improve the availability of online services and simplifying processes
- reducing application processing times and implementing robust data quality assurance methods
- introducing new services, such as our online form for reporting Notifiable Incidents to help us identify and address emerging safety issues.

We shared our approach to improving safety and improved guidance to industry participants by:

- identifying priority areas to enhance safety each quarter and targeting our compliance, safety audit and regulatory services to a range of activities within these priority areas
- developing a Monitoring, Compliance and Enforcement policy which informs industry about the way we manage compliance and enforcement activities
- developing the Victorian Commercial Passenger Vehicle Industry Code of Practice: Part 1 focused on risk management and safety culture
- providing guidance on when booking service providers should be registered with us
- continuing our Industry Implementation Group (IIG) forum as an ongoing opportunity to engage with our key industry stakeholders and seek their input to key issues
- presenting data to industry about current and emerging safety trends and facilitating discussion about how to address specific issues.

We worked to improve the services available to the Victorian community, by:

- expanding the MPTP to new providers. In November 2018 we welcomed Net-Cabs, who can now process MPTP trips across its unbooked commercial passenger vehicle fleet
- working with the Department of Transport to contribute to regional and rural transport working groups and providing direct guidance to rural municipalities on the process for registering as a booking service provider.

Our focus to fully deliver on the Statement of Expectations, will now shift in 2019-20 to:

- finalising the Code of Practice Part 2. Part 2 provides greater practical advice for industry stakeholders to meet their respective safety duty obligations
- developing and implementing a simple and effective way to publish regulatory decisions before 31 January 2020
- working with the Department of Transport to consider the future policy direction of the MPTP
- reviewing our fees and charges to ensure they are appropriate and efficient
- continuing our significant digital reform program of works including a range of online services.

PUBLIC ADMINISTRATION VALUES AND EMPLOYMENT PRINCIPLES

We continued to be committed to creating and maintaining a workplace that embraces diversity, mandates and promotes workplace safety, supports flexible work arrangements, provides our people with professional development opportunities and offers recognition and reward in response to our individual and team achievements.

We promoted high standards of ethical behaviour in line with government policies, the *Code of Conduct for Victorian Public Sector (VPS) Employees 2015* and the *VPS Enterprise Agreement 2016*. Specific awareness and compliance programs in areas such as bullying and equal employment opportunity support our behavioural standards.

We continued to embed our values in every day practice as well as across policies and procedures.



Our people



Workforce strategy

The workforce strategy for 2018-19 continued to focus on prioritising resourcing to implement new commercial passenger vehicle legislative reforms and enable the continuing development of the commercial passenger vehicle industry.

Our workforce continued to be a mix of ongoing and fixed term employees supported by additional contractors who were engaged at times to provide additional support, specialist skills and knowledge during peak times. We continued to focus on developing a more flexible workforce to have *'the right people in the right positions with the right skills at the right time'*.

Our executive management team initiated an Organisation Design Review project during the year to review our existing operating model.

The review focused on identifying and implementing required organisation structure and resourcing changes to ensure we can deliver on our strategic priorities into the future.

This project will continue to be an organisation priority into 2019-20.

Learning and development

Learning and development (L&D) continued to be a core investment in the ongoing development of people and organisation capability. The focus was on developing the skills, knowledge and experiences required to deliver on our business requirements.

The annual L&D strategy encouraged employee participation in a broad range of activities that included but were not limited to:

- formal technical training courses
- people leadership and management training e.g. Leadership Victoria programs and Department of Transport (DoT) initiated programs and forums
- attendance at industry and other professional events e.g. Public Sector Week and DoT Executive Forums
- formal mentoring and coaching programs
- professional memberships and associations to develop organisation business acumen e.g. Institute of Public Administration Australia (IPAA)
- 'on the job' learning for employees in existing and new CPVV positions; cross organisation project teamwork and support for secondment appointments in other government organisations
- targeted tertiary study, volunteering and community engagement experiences.

Our annual People Matter Survey results for L&D were positive, with 90 per cent of respondents stating that, to date, their learning and development needs have been met in the agreed timeframe.

Recruitment and selection

We continued our commitment to applying merit and equity principles when appointing employees to both ongoing and fixed term positions, with a focus on equal employment opportunity and fostering public service careers by providing development opportunities to existing employees.

Our selection processes ensured fair and equitable assessment and evaluation of applicants, based on key selection criteria and other accountabilities, without discrimination and in line with the *Public Administration Act 2004*.

A recruitment highlight during the year was the appointment of four new Directors to the following vacant Executive Management Team positions: Director Corporate Services; Director Legal and Regulatory Services; Director Operations and Director Strategy and Innovation. We conducted internal and external advertising and partnered with professional executive search organisations to identify suitable candidates for consideration and appointment.

Induction programs covered our operations, policies, legislative obligations including occupational health and safety, organisation culture, performance expectations and requirements for adherence to the CPVV Values and the Public Sector values set out in the Code of Conduct for Victorian Public Sector Employees.

Workplace flexibility

We continued to offer a range of flexible work options that allowed employees to seek a balance between meeting their position requirements and managing their personal and family responsibilities.

These included flexi time, part-time hours, job sharing, compressed working weeks, annualised working hours and working from home.

Diversity

We are proud of the diverse nature of our workforce as profiled in our annual People Matter Survey results. We actively promoted workplace diversity through our workplace policies, employee support and the CPVV Diversity and Health Awareness Calendar. We supported Harmony Day to recognise our workforce's cultural diversity and supported major community health programs.

Other activities for supporting diversity included:

- continuing development of policies and processes to foster and enable greater workplace diversity e.g. recruitment and selection
- ensuring equitable and fair treatment for all employees in all matters
- actively promoting wider community days of recognition e.g. International Day Against Homophobia, Biphobia, Intersexism and Transphobia (IDAHOBIT); Reconciliation Week; Wear it Purple Day
- active employee participation in events supporting people with a disability e.g. CPVV wheelchair rugby team at the Disability Sport and Recreation Festival.

A comprehensive suite of policies supported these activities and ensured compliance with our legislative obligations. We set clear expectations for workplace performance and behaviour, which were embedded in our performance management systems.

We continued to focus on equal representation of women in the workforce, with an emphasis on supporting women with leadership career aspirations.

An example of this commitment was our attendance at the annual IPAA International Women's Day dinner where directors hosted employee reward and recognition recipients.

To fulfil and promote the aims of the State Disability Plan, we entered into a 12-month partnership with Job Access, a federally funded body that provides advice, guidance and support to assist employers to realise their disability employment goals. This partnership also reflected the results of the People Matter Survey 2018 which indicated that as an organisation, we value and are committed to creating a diverse workforce.

We continued to work with Job Access to improve the user experience for applicants with a disability when applying for a position with CPVV and to forge relationships with disability employment service providers.

The commercial passenger vehicle industry has a high representation of Culturally and Linguistically Diverse (CALD) communities. In recognising our role in working with the industry, we continue to be committed to representation of these communities within our workforce.

Occupational health and safety

All employees, contractors and visitors to our workplaces were protected from physical, psychological or potential harm or injury, as far as practicable. The health, safety and wellbeing of every employee, contractor and visitor continued to be an integral consideration in all our activities.

The following were key achievements:

- continuing to embed a comprehensive safety culture in support of our Safe strategic objective
- developing committed, resourced and trained leaders to promote a safe and engaged workforce
- encouraging and empowering employees to take responsibility for their own health and safety practices.

Occupational health and safety (OH&S) policies and procedures were in accordance with the *Occupational Health and Safety Act 2004*, *Occupational Health and Safety Regulations 2007* and the *Accident Compensation Act 1985*.

The *Victorian Public Service Enterprise Agreement 2016* covered the formal agreement with our people and the Community and Public Sector Union regarding OH&S obligations.

Our OH&S Committee met every two months and was the central forum for discussing and managing OH&S issues. Our CEO chaired the committee comprised of managers, OH&S representatives and other employees from across our organisation.

Our committee ensured equal representation of our different work accountabilities and workplaces. The committee was active in OH&S reporting and decision-making and followed the appropriate resolution procedures when required.

During 2018-19, OH&S highlights included:

- active incident notification reporting and management
- regular review, development and promotion of related intranet content
- refreshing our First Aid Officer, Emergency Warden, Health and Safety Officer and ergonomic assistance volunteer teams
- providing training to employees holding volunteer roles
- regularly inspecting and reporting potential workplace hazards
- providing flu vaccinations
- hosting social events to promote and raise awareness of wider community health campaigns
- providing ergonomic workplace assessments and appropriate office equipment to address any ergonomic concerns
- partnering with the Victorian Equal Opportunity and Human Rights Commission to deliver a Healthy Workplace Behaviours training program focused on promoting employee safety and wellbeing.

We continued to provide our people with an Employee Assistance Program service throughout the year.

During 2018-19 there were three new claims lodged by employees. We continued to use the services of Xchanging for workers' compensation insurance and claims management.

OH&S was reported in the monthly CEO report to our Commissioners.

Performance against OH&S management measures

Measures	KPI	2018-19	2017-18	2016-17
Incidents	Number of incidents	22	33	31
	Rate per 100 FTE	1.5%	2.2% ⁶	2.0%
Claims	Number of standard claims	3	2	2
	Rate per 100 FTE	2.5%	1.5%	1.5%
	Number of lost time claims	0	0	0
	Rate per 100 FTE	0.0%	0.0%	0.0%
	Number of claims exceeding 13 weeks	0	0	0
	Rate per 100 FTE	0.0%	0.0%	0.0%
Fatalities	Number	0	0	0
Claims costs	Average cost per standardised claim	\$2,537.67	\$2,783.00	\$1,289.00
Return to work	Percentage of claims with Return to Work plan <30 days	100%	100%	100%
Management commitment	Evidence of policy statement, OH&S objectives, OH&S plans signed by CEO	Complete	Complete	Complete
Consultation and participation	Evidence of agreed structure of designated work groups, health and safety representatives and issue resolution procedures	Complete	Complete	Complete
Risk management	Percentage of internal audits/inspections conducted as planned	100%	100%	100%
Training	Percentage of issues actioned as identified in an internal audit/inspection	100%	100%	100%
	Percentage of health and safety representatives trained	100%	100%	100%

⁶ The figure for the 2016-17 incident rate has been amended to match future calculations. In 2017-18 it was changed from an annual to a monthly rate in line with Victorian Government standards.

COMPARATIVE WORKFORCE DATA

The following two tables provide information on the number of active employees during the last full pay period in June 2019 compared to the same period in June 2018. Excluded are those on leave without pay or absent on secondment, external contractors and consultants, and temporary employees employed by employment agencies.

	2018-19	2017-18
Average age of employees	43.8 years	44 years
Proportion of women in workforce	52.1%	48.4%

	2018-19			2017-18	
	Male	Female	Self-described	Male	Female
The Accountable Officer and executives	3	3	0	3	1
Other	54	60	1	61	59

The following table discloses the total number of executive officers by gender and class employed during 2018-19.

	All		Male		Female	
	Number	Variation	Number	Variation	Number	Variation
EO-1	0	n/a	0	n/a	0	n/a
EO-2	1	n/a	1	n/a	0	n/a
EO-3	8	5	4	2	4	3
Total	9	5	5	2	4	3

The following table provides a reconciliation of executive numbers including separations (executives who left during the year) between the report on operations and section 9.4 'Remuneration of executives' in the financial statements.

	2018-19	2017-18
Executives (Financial Statement section 9.4)	8	5
<i>Less</i> Separations	3	0
Total executive numbers at 30 June	6	4

37

Note: the following definitions are applied to workforce classifications:

Classification	Definition
Executives	A person, other than a statutory office holder or an accountable officer, who is employed as an executive under part 3 of the <i>Public Administration Act 2004</i> . (Financial Reporting Direction 15D, section 5.2)
Other	Other employees who are not classified as Executives

The following table discloses the head count and full-time staff equivalent (FTE) of all CPVV employees, employed in the last full pay period in June 2019 compared with the last full pay period in June 2018.

Details of employment levels in June 2018 and 2019

Employment characteristic	June 2019				June 2018			
	Ongoing		Fixed term and casual		Ongoing		Fixed term and casual	
	Employees (Headcount)	FTE	Employees (Headcount)	FTE	Employees (Headcount)	FTE	Employees (Headcount)	FTE
Gender								
Male	50	49.6	7	7.0	59	58.8	5	4.9
Female	58	54.3	5	4.6	57	51.8	3	2.6
Self-described	0	0	1	1.0	0	0	0	0
Age								
Under 25	0	0	0	0	0	0	0	0
25-34	19	18	7	7.0	24	22.8	3	2.6
35-44	31	28.1	4	3.6	28	25.4	2	1.9
45-54	40	39.8	1	1	44	43.6	3	3.0
55-64	17	17.0	0	0	18	17.8	0	0
Over 64	2	2.0	0	0	2	2.0	0	0
Classification								
VPS 1	0	0	0	0	0	0	0	0
VPS 2	12	11.9	1	1.0	12	11.9	0	0
VPS 3	40	38.2	6	6.0	44	42.5	1	1.0
VPS 4	29	28.2	0	0	34	32.3	1	0.9
VPS 5	19	18.3	0	0	20	19.3	0	0
VPS 6	7	6.3	1	0.6	6	5.6	2	1.6
STS VPS 7	0	0	0	0	0	0	0	0
Executives	0	0	6	6.0	0	0	4	4.0
Other	0	0	0	0	0	0	0	0

FINANCIAL SUMMARY AND REVIEW

The table below shows the financial results for 2018-19 and the four preceding financial years.

Financial result for the year ended 30 June extract	2018-19 \$'000	2017-18 \$'000	2016-17 \$'000	2015-16 \$'000	2014-15 \$'000
Income from government	118,163	102,956	427,391	87,110	87,130
Total income from transactions	118,523	103,283	428,151	87,931	87,655
Total expenses from operations	(121,171)	(106,039)	(433,154)	(92,255)	(91,723)
Net result from transactions	(2,648)	(2,756)	(5,003)	(4,324)	(4,069)
Net cash flow from / (used in) operating activities	(1,945)	2,378	(14)	(1,304)	529
Total assets	23,412	19,450	347,246	20,702	22,873
Total liabilities	17,095	12,046	341,051	9,646	11,321
Net assets	6,317	7,403	6,195	11,056	11,552

39

Our Annual Report 2018-19 includes its full-year financial statements from 1 July 2018 to 30 June 2019.

The significant difference compared to figures reported for 2016-17 is due to the Victorian Government's decision to fund transition assistance for eligible holders of perpetual licences which ceased with implementation of the government's policy changes announced in August 2016.

Financial result

In 2018-19, the net result from transactions was a deficit of \$2.6 million. This represents the unfunded non-cash items, such as depreciation and amortisation. The funding received from the Department of Transport does not fund CPVV for depreciation and amortisation as these are considered to be non-controllable transactions. This will have a cumulative impact on the accumulated deficit in future financial years.

Income

The source of CPVV's income was predominantly government grants.

Expenses

Our operating expenses in 2018-19 totalled \$121.2 million. Of this expenditure, \$74.5 million (2018: \$66.0 million) was for grant payments for the MPTP and \$46.7 million (2018: \$40.0 million) was for implementing the commercial passenger vehicle reforms and administration of regulatory services.

A significant expenditure in 2016-17 was \$331.7 million for transition assistance payments. No equivalent expenditure occurred in 2017-18 or 2018-19.

Income collected on behalf of the Victorian Government and other government agencies

We administer the collection of certain registration fees and other fees on behalf of the Victorian Government and State Government agencies. These amounts are not recognised as CPVV's income but are paid to the Victorian Government's Consolidated Fund or other government agencies.

Financial position—balance sheet

During 2018-19 total financial assets increased by \$4.9 million to \$19.1 million. This result is mainly due to an increase of \$6.9 million in receivables for the funding of the bilateral commitment with the National Disability Insurance Agency (NDIA).

Total non-financial assets decreased by \$1.0 million to \$4.3 million due to a reduction to property, plant and equipment and intangible assets by additional depreciation of \$0.7 million. Intangible assets mainly constitute the Victorian Taxi Management System (VTMS), the Commercial Passenger Vehicle System (CPVS) and CPVV's Data Warehouse solution.

Total liabilities increased by \$5.1 million to \$17.1 million mainly due to an increase in payables as a result of the obligation to pay NDIA invoices in 2018-19.

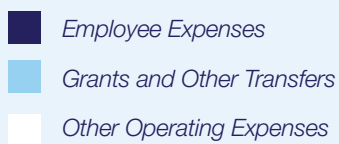
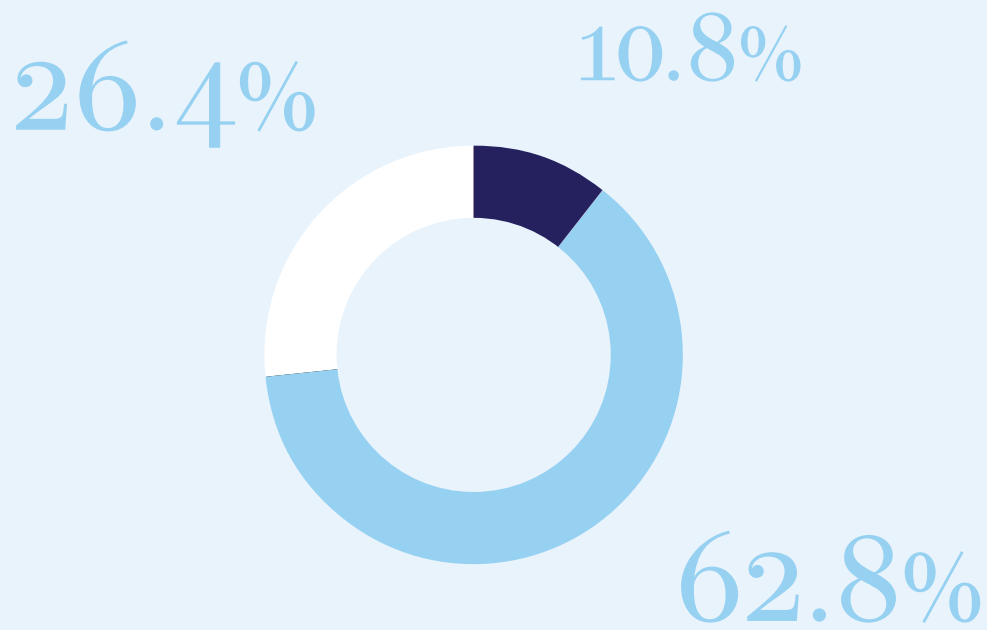
Cash flows

Net cash outflow from operating activities was deficit \$1.9 million in 2018-19. This represents a \$4.3 million decrease compared to 2017-18, which is mainly due to an increase of payments for grants for the MPTP.

The overall cash surplus of \$2.1 million for the 2018-19 financial year represented a net decrease of \$2.0 million compared to the previous year. Of this, \$1.4 million net cash outflow was from investing activities, such as increased cash spent on capital expenditure.

Financial summary

The financial statements presented later in this report are prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AAS).



GRANTS PROGRAMS

Wheelchair accessible vehicle (WAV) subsidy

The WAV subsidy scheme aims to:

- maintain and improve the availability of WAVs for people with disability living in country, urban and regional areas
- make the operation of WAVs more cost effective for the providers of commercial passenger vehicle services.

The following grants were approved for payment in 2018-19.

Recipients of WAV subsidies	Payment \$ (GST exclusive)
Apimor	40,000
Ballarat Taxis	119,437
Binny's Transport	39,396
Echuca Moama Taxi	24,000
Geelong Radio Cabs	237,808
La Trobe Valley Taxi Company	40,000
Morwell Taxis	36,000
Singh's Taxi Services	36,226
South Coast Taxi	36,000
Taxis Associated of Bendigo	159,253
Taxis of Portland	40,000
Taxis of Wangaratta	78,466
Traralgon Taxis	113,036
Warrnambool Radio Taxis	40,000
Other WAV subsidy recipients (individuals and partnerships)	728,597
Total	1,768,219

Financial Statements

Commercial Passenger Vehicles Victoria

Financial Statements

for the period ended 30 June 2019

Commercial Passenger Vehicles Victoria is a government agency of the State of Victoria.
For queries in relation to our financial statements please call 1800 638 802.

REPORT STRUCTURE

Certifications

Chairperson, Chief Executive Officer and Chief Finance Officer's declaration	47
Victorian Auditor-General's Report.....	48

Financial Statements

Comprehensive Operating Statement.....	50
Balance Sheet	51
Statement of Changes in Equity.....	52
Cash Flow Statement.....	53

Notes to the Financial Statements

1. ABOUT THIS REPORT	54
2. FUNDING OF OUR SERVICES.....	55
2.1 Summary of income that funds the delivery of our services	55
2.2 Income from transactions	55
3. THE COST OF DELIVERING SERVICES.....	56
3.1 Expenses incurred in delivery of services	56
3.2 Grant and other transfers.....	59
3.3 Capital asset charge.....	59
3.4 Administration and information technology	59
3.5 Transition assistance.....	59
3.6 Other operating expenses.....	59
4. ADMINISTERED (NON-CONTROLLED) ITEMS	60
5. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY	61
5.1 Total property, plant and equipment	61
5.2 Intangible assets	62
6. OTHER ASSETS AND LIABILITIES.....	64
6.1 Receivables	64
6.2 Payables	64
6.3 Other provisions and prepayments.....	65

7. HOW WE FINANCED OUR OPERATIONS.....	66
7.1 Borrowings	66
7.2 Leases.....	67
7.3 Cash flow information and balances	67
7.4 Commitments for expenditure	68
7.5 Assets pledged as security.....	68
8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS	69
8.1 Financial instruments specific disclosures	69
8.2 Contingent assets and contingent liabilities.....	71
8.3 Fair value determination	72
9. OTHER DISCLOSURES.....	75
9.1 Ex-gratia payments	75
9.2 Other economic flows included in net result	75
9.3 Responsible persons	76
9.4 Remuneration of executives and other personnel.....	76
9.5 Related parties	77
9.6 Remuneration of auditors	78
9.7 Subsequent events.....	78
9.8 Australian Accounting Standards issued that are not yet effective.....	79
9.9 Glossary of technical terms.....	80
9.10 Style Conventions	83

Chairperson, Chief Executive Officer and Chief Finance Officer's declaration

The attached financial statements for Commercial Passenger Vehicle Commission, trading as Commercial Passenger Vehicles Victoria (CPVV), have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and financial position of Commercial Passenger Vehicles Victoria as at 30 June 2019.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 11 October 2019.

47



Monique Conheady
Chairperson
Commercial Passenger Vehicles
Victoria

Melbourne

Date 11 October 2019



Aaron de Rozario
Chief Executive Officer
Commercial Passenger Vehicles
Victoria

Melbourne

Date 11 October 2019



Milena Ripiloska
Chief Finance Officer
Commercial Passenger Vehicles
Victoria

Melbourne

Date 11 October 2019

Victorian Auditor-General's Report



Independent Auditor's Report

Opinion	<p>I have audited the financial report of the Commercial Passenger Vehicle Commission (the entity) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2019• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• chair, chief executive officer and chief finance officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the entity as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Other Information	<p>The Commissioners of the entity are responsible for the Other Information, which comprises the information in the entity's annual report for the year ended 30 June 2019 but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
Commissioners' responsibilities for the financial report	<p>The Commissioners of the entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Commissioners determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Commissioners are responsible for assessing the entity'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 it is inappropriate to do so.</p>

Victorian Auditor-General's Report

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit 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 entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity
- conclude on the appropriateness of the entity's 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 entity'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 conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity 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.

I communicate with the Commissioners 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.

MELBOURNE
14 October 2019



Simone Bohan
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement

for the financial year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Income from transactions			
Government grants	2.2.1	118,163	102,956
Fair value of services received free of charge or for nominal consideration	2.2.2	315	274
Interest income	2.2.1	45	53
Total income from transactions		118,523	103,283
Expenses from transactions			
Employee expenses	3.1.1	12,779	13,474
Depreciation and amortisation	5.1.1	2,493	2,792
Grants and other transfers	3.2	74,500	66,078
Capital asset charge	3.1	1,100	1,100
Administration and information technology	3.4	24,277	16,282
Other operating expenses	3.6	6,022	6,313
Total expenses from transactions		121,171	106,039
Net result from transactions (net operating balance)		(2,648)	(2,756)
Other economic flows included in net result			
Net (loss)/gain on non-financial assets	9.2	3	17
Other gain from other economic flows	9.2	27	1
Unwinding of other provisions	9.2	129	2,714
Total other economic flows included in net result		159	2,733
Net result		(2,489)	(24)
Comprehensive Result		(2,489)	(24)

The above statement should be read in conjunction with the accompanying notes.

Balance Sheet

as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
ASSETS			
Financial assets			
Cash	7.3	2,100	4,133
Receivables	6.1	17,021	10,033
Total financial assets		19,121	14,165
Non-financial assets			
Prepayments	6.3	237	147
Property, plant and equipment	5.1	226	942
Intangible assets	5.2	3,828	4,196
Total non-financial assets		4,291	5,284
TOTAL ASSETS		23,412	19,450
LIABILITIES			
Payables	6.2	14,744	8,915
Borrowings	7.1	212	282
Employee related provisions	3.1.2	2,034	2,554
Other provisions	6.3	105	295
Total liabilities		17,095	12,046
NET ASSETS		6,317	7,403
EQUITY			
Contributed equity		26,414	25,011
Accumulated deficit		(20,097)	(17,608)
Net worth		6,317	7,403

51

The above statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the financial year ended 30 June 2019

	<i>Contributions by Owner \$'000</i>	<i>Accumulated Deficit \$'000</i>	<i>Total \$'000</i>
Balance at 1 July 2018	25,011	(17,608)	7,403
Net result for the year	-	(2,489)	(2,489)
Capital contributions	1,403	-	1,403
Balance at 30 June 2019	26,414	(20,097)	6,317

	<i>Contributions by Owner \$'000</i>	<i>Accumulated Deficit \$'000</i>	<i>Total \$'000</i>
Balance at 1 July 2017	23,779	(17,584)	6,195
Net result for the year	-	(24)	(24)
Capital contributions	1,232	-	1,232
Balance at 30 June 2018	25,011	(17,608)	7,403

52

The above statement should be read in conjunction with the accompanying notes.

Cash Flow Statement

for the financial year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Receipts			
Proceeds from grant contributions by Victorian Government	2.2.1	113,068	430,620
Goods and Services Tax recovered from ATO ⁽ⁱ⁾		7,900	9,030
Interest received	2.2.1	45	53
Total receipts		121,013	439,703
Payments			
Payments to suppliers and employees		(47,350)	(41,319)
Payments of grants and other transfers		(75,600)	(66,342)
Payments to licence holders	3.5	-	(329,661)
Interest paid		(8)	(3)
Total payments		(122,958)	(437,325)
Net cash flows from/ (used in) operating activities	7.3	(1,945)	2,378
Cash flows from investing activities			
Payments for intangible assets		(1,403)	(1,232)
Proceeds from sale of property, plant and equipment		-	17
Net cash flows used in investing activities		(1,403)	(1,215)
Cash flows from financing activities			
Proceeds from capital grant contributions by Victorian Government		1,408	1,232
Repayments of finance lease liabilities		(93)	(81)
Net cash flows used in financing activities		1,315	1,151
Net (decrease)/increase in cash and cash equivalents		(2,033)	2,314
Cash and cash equivalents at beginning of the financial year		4,133	1,819
Cash and cash equivalents at end of the financial year	7.3	2,100	4,133

53

The above statement should be read in conjunction with the accompanying notes.

(i) Goods and Services Tax recovered from the ATO is presented on a net basis.

1. ABOUT THIS REPORT

These annual financial statements represent the audited general purpose financial statements for Commercial Passenger Vehicles Victoria (CPVV) for the year ended 30 June 2019. The purpose of the report is to provide users with information about CPVV's stewardship of resources entrusted to it.

The financial statements cover CPVV as an individual reporting entity and independent statutory authority. CPVV was established by the *Transport Legislation Amendment (Taxi Services Reform and Other Matters) Act 2011*. CPVV assumed the role of industry regulator from 1 July 2013.

Its principal address is 1 Spring Street, Melbourne VIC 3000.

The financial statements include all the controlled activities of CPVV.

A description of the nature of CPVV's operations and its principal activities are included in the report of operations which does not form part of the financial statements.

Basis of preparation

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention, except where noted.

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

Compliance information

These general purpose financial statements have been prepared on a going concern basis and in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AASs) which include interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The annual financial statements were authorised for issue by the Chairperson of Commercial Passenger Vehicles Victoria, Chief Executive officer and the Chief Finance Officer on 11 October 2019.

Economic dependency

CPVV is dependent on the continued financial support of the State Government and in particular, the Department of Transport (DoT). DoT has provided confirmation that it will provide adequate cash flow support based on agreed budget appropriations and CPVV's immediate advice to DoT of any risks to CPVV's capacity to meet its budget appropriations, to enable CPVV to meet its current and future operational obligations as and when they fall due to September 2020. CPVV is not funded for depreciation and amortisation. Accordingly these financial statements have been prepared on a going concern basis.

Contributed capital

Consistent with requirements of *AASB 1004 Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and therefore do not form part of the income and expenses of CPVV. Government grants that have been designated as contributions by owners are recognised as contributed capital.

2. FUNDING OF OUR SERVICES

Introduction

CPVV is the regulator of Victoria's commercial passenger vehicle industry consistent with the vision statement and transport system objectives in the *Transport Integration Act 2010*. CPVV's focus is on regulating the industry to promote customer-responsive, safe, competitive and accessible transport services.

CPVV is predominantly funded by accrual based Parliamentary appropriations for the provision of outputs. These appropriations are received by DoT and on-forwarded to CPVV in the form of operating government grants and capital contributions.

Structure

- 2.1 Summary of income that funds the delivery of our services
- 2.2 Income from transactions

2.1 Summary of income that funds the delivery of our services

Income is recognised to the extent it is probable the economic benefits will flow to CPVV and the income can be reliably measured at fair value.

55

2.2 Income from transactions

2.2.1 Government grants and Interest Income

	2019 \$'000	2018 \$'000
Government grants	118,163	102,956
Interest	45	53
Total income from transactions	118,208	103,009

Government grants are provided by DoT to fund the operations and recognised as they are received or receivable. The operating government grant contributions are recognised as operating revenue and capital contributions as equity.

Interest income includes interest received on cash at bank. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

2.2.2 Fair value of services received free of charge or for nominal consideration

	2019 \$'000	2018 \$'000
Employee expenses incurred by DoT & DJPR ⁽ⁱ⁾ for services provided as per Service Level Agreement (SLA)	315	274
Total income from transactions	315	274

Notes:

(i) There were 2 SLAs during 2018/19 each for six months of the financial year due to Machinery of Government changes. The 2 departments were DoT and Department of Jobs, Precincts and Regions (DJPR).

Contributions of resources received free of charge or for nominal consideration are recognised at fair value when control is obtained over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation. The contribution is recognised when the related expenditure is incurred and transferred by the contributing entity.

3. THE COST OF DELIVERING SERVICES

Introduction

This section accounts for the major components of expenditure incurred towards the operating activities (expenses from transactions) as well as any related obligations outstanding as at 30 June 2019. Expenses from transactions are recognised as they are incurred and reported in the financial year to which they relate.

Structure

- 3.1 Expenses incurred in delivery of services
- 3.2 Grant and other transfers
- 3.3 Capital asset charge
- 3.4 Administration and information technology
- 3.5 Transition assistance
- 3.6 Other operating expenses

3.1 Expenses incurred in delivery of services

	Note	2019 \$'000	2018 \$'000
Employee expenses	3.1.1	12,779	13,474
Grant and other transfers	3.2	74,500	66,078
Capital asset charge	3.3	1,100	1,100
Administration and information technology	3.4	24,277	16,282
Other operating expenses	3.6	6,022	6,313
Total expenses incurred in delivery of services		118,678	103,247

3.1.1 Employee expenses in the comprehensive operating statement

	2019 \$'000	2018 \$'000
Salaries and wages	10,368	10,673
Annual leave and long service leave expense	636	747
Superannuation	1,063	1,255
Other on-costs (fringe benefits tax, payroll tax and work cover levy)	712	799
Total employee expenses	12,779	13,474

All costs related to employee expenses include wages and salaries, payroll tax, superannuation, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. CPVV does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as a sponsoring employer).

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when CPVV is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

3.1.2 Employee benefits in the balance sheet

A provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered to the reporting date.

	2019 \$'000	2018 \$'000
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months ⁽ⁱ⁾	378	418
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	304	330
Long service leave		
Unconditional and expected to settle within 12 months ⁽ⁱ⁾	135	223
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	598	983
Provisions for on-costs		
Unconditional and expected to settle within 12 months ⁽ⁱ⁾	94	103
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	197	213
Total current provisions for employee benefits	1,706	2,270
Non-current provisions:		
Long Service Leave	296	243
On-costs	32	41
Total non-current provisions for employee benefits	328	284
Total provisions for employee benefits	2,034	2,554

Notes:

(i) The amounts disclosed are nominal amounts.

(ii) the amounts disclosed are discounted to present values

Reconciliation of movement in on-cost provision

	2019 \$'000
Current:	
Opening balance	316
Additional provisions recognised	314
Reductions arising from payments	(339)
Closing balance	291
Non-Current:	
Opening balance	41
Additional provisions recognised	(9)
Reductions arising from payments	-
Closing balance	32

Annual leave

Liability for annual leave is recognised in the provision for employee benefits as 'current liabilities' because CPVV does not have an unconditional right to defer settlements of these liabilities. Depending on the expectation of the timing of settlement, annual leave is measured at:

- undiscounted value if CPVV expects to wholly settle within 12 months; or
- present value if CPVV does not expect to wholly settle within 12 months.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where CPVV does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value if CPVV expects to wholly settle within 12 months; and
- present value if CPVV does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised in the 'net result from transactions', except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as other economic flow.

On-costs

Provision for on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision for employee benefits.

3.1.3 Superannuation contributions

Employees of CPVV are entitled to receive superannuation benefits and CPVV contributes to both defined benefit and defined contribution plans. The defined benefit plans provides benefits based on years of service and final average salary.

CPVV does not recognise any defined benefit liability in respect of the plans because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The DTF recognises and discloses the State's defined benefit liabilities in its financial statements.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of CPVV.

The name and details of the major employee superannuation funds and contributions (including salary sacrifice contributions) made by CPVV are as follows:

	2019 \$'000	2018 \$'000
Defined benefits plans: ⁽ⁱ⁾		
State Superannuation Fund	21	47
Transport Superannuation Fund	3	17
Total defined benefit plans	24	64
Defined contribution plans:		
VicSuper	636	764
Other	403	426
Total defined contribution plans	1,039	1,190
Total superannuation plans	1,063	1,254

Notes:

(i) The bases for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

3.2 Grant and other transfers

	2019 \$'000	2018 \$'000
Grant and transfers - Multi Purpose Taxi Program	74,500	65,884
Other grants to private sector businesses and non-profit organisations	-	194
Total grants and other transfers	74,500	66,078

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants for subsidies for the Multi-Purpose Taxi Program (MPTP).

The MPTP provides subsidised taxi fares for Victorians with severe and permanent disability who also experience financial hardship. These expenses relate to costs associated with the subsidy and lifting fee.

3.3 Capital asset charge

The capital asset charge is an allocated budget from DoT and calculated on the budgeted carrying amount of applicable non-financial physical assets.

3.4 Administration and information technology

Administration and information technology expenses represent day-to-day running costs incurred in normal operations, maintaining the information technology environment and also includes processing charges associated with MPTP program.

3.5 Transition assistance

In August 2016, the Victorian Government announced reforms to the commercial passenger vehicle (CPV) industry to be progressively implemented up to early 2018. The Government agreed to provide financial assistance in the form of transition assistance to existing perpetual and fixed term licence holders who paid for licences up-front at the time of purchase. As such the transition assistance was recognised as an expense and provision in 2016-17 since CPVV had a present constructive obligation. The amount recognised was the best estimate of the consideration required to settle the present obligation at reporting date. These payments were made during 2017-18.

	2019 \$'000	2018 \$'000
Opening balance	-	(331,712)
Transition assistance payments made	-	329,661
Unwinding of provision	-	2,051
Closing balance	-	-

3.6 Other operating expenses

	2019 \$'000	2018 \$'000
Supplies and services:		
Accommodation	2,015	1,710
Contractors and consultants	3,189	3,784
Insurance, legal and audit fees	495	542
Transfers to agencies free of charge	315	274
Interest expense	8	3
Total other operating expenses	6,022	6,313

Other operating expenses constitute expenditures for contractors and consultants, accommodation, insurance, legal and other ad-hoc costs incurred in normal operations.

CPVV engages specialist contractors and consultants in implementing and maintaining IT systems, providing analysis and advice on technical, economic and regulatory matters on an as-needs basis.

Accommodation includes rental expense and other associated costs such as parking, utilities and repairs and maintenance.

4. ADMINISTERED (NON-CONTROLLED) ITEMS

Certain resources are administered by CPVV on behalf of the State. While CPVV is accountable for the transactions involving administered items, it does not have the discretion to deploy the resources for its own benefit or the achievement of its objectives. Accordingly, transactions and balances relating to administered items are not recognised as CPVV's income, expenses, assets or liabilities in the body of the financial statements.

Administered income includes collection of fees and licences on behalf of the Victorian Government.

Except as otherwise disclosed, administered resources are accounted for on an accrual basis using the same accounting policies adopted for the recognition of CPVV's items in the financial statements. Both controlled and administered items of CPVV are consolidated into the financial statements of the State.

Regulatory fees

CPVV does not gain control over assets arising from regulatory fees, consequently income is not recognised in CPVV's financial statements. CPVV collects these amounts on behalf of the State. This includes collection of MPTP card fees, annual driver accreditation and vehicle registration annual fees and issuance fees on new commercial passenger vehicle registration and driver accreditation. There were no annual fees collected in 2018/19 due to invoices not being issued.

60

	2019 \$'000	2018 \$'000
Administered income from transactions		
Registration revenue	4,365	5,304
Multi-Purpose Taxi Program service fees	452	458
Interest	32	143
Total administered income from transactions	4,849	5,905
Administered expenses from transactions		
Bad debts	-	7,175
Other expenses	35	87
Revenue remitted back to the State	6,352	4,666
Total administered expenses from transactions	6,387	11,928
Total administered net result from transactions	(1,538)	(6,023)
Administered other economic flows included in net result		
Doubtful debts	-	7,175
Total administered other economic flows	-	7,175
Administered net result	(1,538)	1,152
Administered financial assets		
Cash	450	2,028
Receivables	-	1
Total administered financial assets	450	2,029
Administered financial liabilities		
Other payables	4	44
Total administered financial liabilities	4	44
Total administered net assets	446	1,985

5. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

CPVV controls property, plant and equipment and intangible assets, that are utilised in fulfilling its objectives and conducting its activities.

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 8.3 in connection with how those fair values were determined.

Structure

- 5.1 Property, plant and equipment
- 5.2 Intangible assets

5.1 Total property, plant and equipment

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Leasehold improvements at fair value	3,476	3,477	(3,476)	(2,814)	-	663
Plant and equipment at fair value	22	5	(6)	(5)	16	-
Leased vehicles at fair value	306	375	(96)	(96)	210	279
Total	3,804	3,857	(3,578)	(2,915)	226	942

61

The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

The initial cost for vehicles under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The fair value of plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

5.1.1 Depreciation and amortisation

	2019 \$'000	2018 \$'000
Depreciation		
Leasehold improvements	663	993
Plant and equipment	6	-
Leased vehicles	70	81
Total depreciation	739	1,075
Amortisation		
Software	1,754	1,717
Total amortisation	1,754	1,717
Total depreciation and amortisation	2,493	2,792

All plant and equipment, vehicles and intangible produced assets that have a finite useful life are depreciated. Depreciation is calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. Leased vehicles are depreciated on a straight-line basis to their residual value (cost less estimated projected market value) over the period of the lease.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

The following are typical estimated useful lives for the different asset classes for current and prior years.

Asset category	2019	2018
	Useful life	Useful life
Leasehold improvements at fair value	Lease period or 5-15 years whichever is shorter	Lease period or 5-15 years whichever is shorter
Plant and equipment at fair value:		
- Computer equipment	1-4 years	1-4 years
- Office machines and equipment	4 years	4 years
Leased vehicles at fair value	3 years or 60,000kms whichever occurs first	3 years or 60,000kms whichever occurs first
Intangible produced assets:		
- Capitalised software development	4-8 years	4-7 years

Depreciation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

62

5.1.2 Reconciliation of movements in carrying values of property, plant and equipment

	Leasehold improvements		Plant and equipment		Leased vehicles		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	663	1,656	-	-	279	280	942	1,936
Additions		-	22	-	44	167	66	167
Depreciation	(663)	(993)	(6)	-	(70)	(82)	(739)	(1,075)
Disposals		-	-	-	(43)	(86)	(43)	(86)
Closing balance	-	663	16	-	210	279	226	942

5.2 Intangible assets

	Capitalised software development		Work in progress (Software)		Total	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	17,871	17,521	1,953	1,071	19,824	18,592
Additions		-	1,394	1,232	1,394	1,232
Transfers between classes	2,856	350	(2,864)	(350)	(8)	-
Closing balance	20,727	17,871	483	1,953	21,210	19,824
Accumulated amortisation						
Opening balance	(15,628)	(13,911)	-	-	(15,628)	(13,911)
Amortisation expense	(1,754)	(1,717)	-	-	(1,754)	(1,717)
Closing balance	(17,382)	(15,628)	-	-	(17,382)	(15,628)
Net book value at end of financial year	3,345	2,243	483	1,953	3,828	4,196

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation/amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to CPVV.

Intangible assets mainly constitute the Victorian Taxi Management System (VTMS), the Commercial Passenger Vehicle System (CPVS) and the Data Warehouse solution. VTMS and CPVS are the core information systems for the accreditation and registration of the commercial passenger vehicle industry participants. The Data Warehouse solution processes industry relevant data, also receives data from booking service providers and provides reporting capabilities.

Significant intangible assets

CPVV has capitalised software development expenditure for the development of its VTMS, CPVS and Data Warehouse solutions. The carrying amount of the capitalised software development expenditure is \$3.35 million (2018: \$2.24 million). The useful life of VTMS was re-assessed at 30 June 2019 and extended to June 2021. There have been further enhancements to VTMS with internal software maintenance being provided.

6. OTHER ASSETS AND LIABILITIES

Introduction

This section sets out those assets and liabilities that arose from CPVV's controlled operations.

Structure

- 6.1 Receivables
- 6.2 Payables
- 6.3 Other provisions and prepayments

6.1 Receivables

	2019 \$'000	2018 \$'000
Contractual - current		
Amounts owing from Victorian Government	14,324	8,926
Other receivables	55	66
Statutory - current		
GST input tax credit recoverable	2,642	1,041
Total receivables	17,021	10,034

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. CPVV holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. CPVV applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost. Amounts recognised include amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable.

6.2 Payables

	2019 \$'000	2018 \$'000
Contractual - current		
Supplies and services	14,746	8,619
Other payables	3	269
Total contractual payables	14,749	8,888
Statutory - current		
FBT payable	-	15
GST payable	-	(34)
Other taxes payable	(5)	46
Total statutory payables	(5)	27
Total payables	14,744	8,915

Payables consist of:

- Contractual payables, such as accounts payable and accrued expenses. Accounts payable represent liabilities for goods and services provided to CPVV prior to the end of the financial year that are unpaid, and arise when CPVV becomes obliged to make future payments in respect of the purchase of those goods and services; and
- Statutory payables, such as goods and services tax and fringe benefits tax payables.

The average credit period for creditors is 30 days, a period in which no interest is charged.

Maturity analysis of contractual payables

2019	Maturity Dates					
	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months-1-5 years	
					1 year \$'000	1-5 years \$'000
Supplies and services	14,746	14,746	14,746			
Other payables	3	3	3			
Total	14,749	14,749	14,749	-	-	-

2018	Maturity Dates					
	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months-1-5 years	
					1 year \$'000	1-5 years \$'000
Supplies and services	8,619	8,619	8,619	-	-	-
Other payables	269	269	269	-	-	-
Total	8,888	8,888	8,888	-	-	-

65

6.3 Other provisions and prepayments

	2019 \$'000	2018 \$'000
Make-good provision ⁽ⁱ⁾	105	295
Total non-current Other provisions	105	295
Prepayments	237	147
Total prepayments	237	147

Note:

(i) This constitutes make good provision for 1 Spring Street, Melbourne premises on expiry of lease. The balance of the provision is assessed by Management at each reporting date, and any changes to the provision is adjusted to reflect the current estimate.

Other provisions are recognised when CPVV has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risk and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

The make-good provision is recognised in accordance with the lease agreement over the leased facilities. CPVV must remove any leasehold improvements from the leased facilities and restore the premises to its original condition at the end of the lease term.

Prepayments represents payments in advance of receipt of goods or services or the payments made for services covering a term extending beyond the financial year. CPVV recognised prepayments made for accommodation, hosting and support for Data Warehouse Solution and Maintenance for MPTP system.

7. HOW WE FINANCED OUR OPERATIONS

Introduction

This section provides information on the source of finance utilised by CPVV during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of CPVV. This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 8.1 and 8.3 provide additional, specific financial instrument disclosures.

Introduction

- 7.1 Borrowings
- 7.2 Leases
- 7.3 Cash flow information and balances
- 7.4 Commitments for expenditure
- 7.5 Assets pledged as security

7.1 Borrowings

	2019 \$'000	2018 \$'000
Current borrowings		
Current Motor vehicle lease liability	101	106
Non-current Motor vehicle lease liability	111	176
Total borrowings	212	282

Note:

(i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Borrowings refer to interest bearing liabilities raised from finance lease.

Borrowings are classified as financial instruments. All interest bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether CPVV has categorised its interest bearing liabilities as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'. The classification depends on the nature and purpose of the interest liabilities. CPVV determines the classification of its interest bearing liabilities at initial recognition.

Maturity analysis of borrowings

2019	Maturity Dates					
	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months-1 year \$'000	1-5 years \$'000
Finance lease liabilities	212	220	6	12	100	102
Total	212	220	6	12	100	102
2018	Maturity Dates					
Finance lease liabilities	282	294	-	11	107	176
Total	282	294	-	11	107	176

7.2 Leases

Finance lease liabilities

The finance lease entered into by CPVV relates to motor vehicles with lease terms of three years or 60,000 kilometres, whichever occurs first.

	Minimum future lease payments		Present value of minimum future lease payments	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Other finance lease liabilities payable				
Not longer than one year	107	118	101	106
Longer than one year but less than five years	113	176	111	176
Minimum future lease payments	220	294	212	282
Less future finance changes	(8)	(12)		-
Present value of minimum lease payments	212	282	212	282
Included in the financial statements as:				
Current borrowing (Note 7.1)			101	106
Non-current borrowings (Note 7.1)			111	176
Total			212	282

Note:

(i) Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and is depreciated over the shorter of the lease term or its estimated useful life. Minimum finance lease payments are apportioned between reduction of the outstanding lease liability and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

7.3 Cash flow information and balances

Cash, including cash equivalents, comprise cash on hand and cash at bank.

	2019 \$'000	2018 \$'000
Cash at bank and on hand	2,100	4,133
Balance as per cash flow statement	2,100	4,133

At 30 June 2019, cash at bank included the amount of notional shortfall for the payment of unrepresented cheques of \$36,000 (2018: \$395,000).

Reconciliation of net result for the period to cash flow from operating activities

	2019 \$'000	2018 \$'000
Net result for the period	(2,489)	(24)
Non-cash movements:		
Loss / (gain) on sale or disposal of non-current assets	(3)	(17)
Depreciation and amortisation of non-current assets	2,493	2,792
Unwinding of other provisions	-	(2,715)
Movements in assets and liabilities		
Decrease / (Increase) in receivables	(6,654)	328,542
Decrease / (Increase) in other non-financial assets	(90)	89
(Decrease) / Increase in payables	5,508	3,768
(Decrease) / Increase in provisions	(710)	(330,057)
Net cash flow from operating activities	(1,945)	2,378

7.4 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of note at their nominal value and inclusive of the GST payable.

In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

CPVV have reviewed its commitments, analysing whether the quantifiable and measurable factors were fulfilled. This resulted in a reduction of commitments being recognised in the comparator year below.

7.4.1 Total commitments payable

	Less than 1 year	Between 1 and 5 years	Total
	\$'000	\$'000	\$'000
2019			
Operating and lease commitments	1,462	1,419	2,881
Other commitments	2,271	41	2,312
Total commitments (inclusive of GST)	3,733	1,460	5,193
Less GST payable	(339)	(133)	(472)
Total commitments (exclusive of GST)	3,394	1,327	4,721
2018			
Operating and lease commitments	1,018	68	1,086
Other commitments	4,920	653	5,573
Total commitments (inclusive of GST)	5,938	721	6,659
Less GST payable	(540)	(66)	(605)
Total commitments (exclusive of GST)	5,398	655	6,054

7.5 Assets pledged as security

CPVV has secured motor vehicles against the related finance lease liabilities. In the event of default, the rights to the leased assets will revert to the lessor.

8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

CPVV is exposed to risks from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instruments specific information (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied. For CPVV this relates mainly to fair value determination.

Structure

- 8.1 Financial instruments specific disclosures
- 8.2 Contingent assets and contingent liabilities
- 8.3 Fair value determination

8.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Effective 1 July 2018, the disclosure requirements of *AASB 139 Financial Instruments* is replaced with *AASB 9 Financial Instruments* as per the distinction in the comparator year in Note 8.1.1.

Due to the nature of CPVV's activities, CPVV recognises financial assets and financial liabilities arising under statute and contract and recognises the following financial instruments under AASB 9:

- Cash at bank
- Contractual receivables (Government Grants)
- Statutory receivables (GST receivable)
- Trade receivables
- Payables
- Borrowings (including finance lease liabilities)

Financial assets and liabilities are recognised at amortised cost on the date they originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method less any impairment, while financial liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

8.1.1 Financial instruments: categorisation

	<i>Cash and deposits</i>	<i>Financial assets at amortised cost (AC)</i>	<i>Financial liabilities at amortised cost (AC)</i>	<i>Total</i>
2019	\$'000	\$'000	\$'000	\$'000
Contractual financial assets:				
Cash	2,100	-	-	2,100
Amount owing from Victorian Government	-	14,324	-	14,324
Other receivables	-	2,697	-	2,697
Total contractual financial assets ⁽ⁱ⁾	2,100	17,021	-	19,121
Contractual financial liabilities				
<i>Payables:</i>				
Supplies and services	-	-	14,746	14,746
Other payables	-	-	(2)	(2)
<i>Borrowings:</i>				
Finance lease liabilities	-	-	212	212
Total contractual financial liabilities	-	-	14,956	14,956
	Cash and deposits	Contractual financial assets - Receivables	Contractual financial liabilities at amortised cost	Total
2018	\$'000	\$'000	\$'000	\$'000
Contractual financial assets:				
Cash	4,133	-	-	4,133
Amount owing from Victorian Government	-	8,926	-	8,926
Other receivables	-	66	-	66
Total contractual financial assets ^{(i) (ii)}	4,133	8,992	-	13,125
Contractual financial liabilities				
<i>Payables:</i>				
Supplies and services	-	-	8,619	8,619
Other payables	-	-	269	269
<i>Borrowings:</i>				
Finance lease liabilities	-	-	282	282
Total contractual financial liabilities ^{(i) (ii)}	-	-	9,170	9,170

Notes:

(i) The amounts disclosed represent the carrying amounts for the reporting period.

(ii) The total amounts disclosed exclude statutory amounts (e.g. amounts owing from Victorian government and GST input tax credit recoverable and taxes payable).

8.1.2 Financial risk management objectives and policies

CPVV is exposed to a number of financial risks, including:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability above are disclosed in Note 8.1 to the financial statements.

Credit risk

CPVV's contractual financial assets include cash (not assessed for impairment due to materiality) and receivables (with no impairment loss recognised). AASB 9 requires CPVV to assess impairment loss using the 'expected credit loss' (ECL) model. Due to the receivables, mainly consisting of government receivables, the ECL model was not used and no impairment loss was recognised.

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents CPVV's limited exposure to credit risk without taking into account the value of any collateral obtained.

The credit rating given by Standard and Poor (S&P) to Westpac Banking Corporation is AA-.

There has been no material change to CPVV's credit risk profile in 2018-19.

Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. CPVV operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

CPVV's exposure to liquidity risk is deemed insignificant based on prior period's data and current assessment of risk.

The carrying amount detailed in the tables "maturity analysis of payables" (Refer 6.2) and "maturity analysis of borrowings" (Refer 7.1) represents CPVV's maximum exposure to liquidity risk.

There has been no material change to CPVV's liquidity risk profile in 2018-19.

Market risk

CPVV's exposure to market risk is primarily through interest rate risk with no exposure to foreign currency and equity price risks. Objectives, policies and processes used to manage interest rate risk are disclosed below.

There has been no material change to CPVV's market risk profile in 2018-19.

Interest rate risk

CPVV's exposure to interest rate risk is insignificant and arises primarily through the cash account which is at a variable interest rate. The weighted average interest rate in 2018-19 for cash and deposits was 1.48% (2017-18: 1.50%). Minimisation of risk is achieved by CPVV participating as a party to a Whole of Government banking contract, administered by the Victorian Department of Treasury and Finance.

The weighted average interest rate in 2018-19 for finance lease liabilities was 3.25% (2017-18: 3.36%).

There has been no material change to CPVV's interest rate risk profile in 2018-19.

8.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of CPVV.

Contingent assets arise from guarantees, indemnities and other forms of support provided to CPVV and from legal disputes and other claims by CPVV arising from a past event. Contingent assets by definition are similar to an asset with the distinguishing feature being the uncertainty over CPVV's entitlement.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

There are no contingent assets to report (2017/18: Nil).

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence and non-occurrence of one or more uncertain future events not wholly within the control of CPVV; or
 - Present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - the amount of the obligations cannot be measured with sufficient reliability
- Contingent liabilities are also classified as either quantifiable or non-quantifiable.

72

Quantifiable contingent liabilities

	2019 \$'000	2018 \$'000
Legal proceedings and disputes ⁽ⁱ⁾	14	-
Total	14	-

Note:

(i) Claims for damages were lodged during the year against CPVV.

8.3 Fair value determination

This section sets out information on how CPVV determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Property, plant and equipment are carried at fair value.

In addition, the fair values of other assets and liabilities which are carried at amortised cost, also need to be determined for disclosure purposes.

CPVV determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability to the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

CPVV determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value; and
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
 - a reconciliation of the movements in fair values from the beginning of the year to the end; and
 - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer Note 8.3.1) and non-financial physical assets (refer 8.3.2).

8.3.1 Fair value determination of financial assets and liabilities

CPVV considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short term nature of the financial instruments and the expectations that they will be paid in full.

8.3.2 Fair value determination: Non-financial physical assets

Fair value measurement hierarchy

	Carrying amount as at 30/6/19 \$'000	Fair value measurement as at 30/6/19 ⁽ⁱ⁾ level 3 \$'000	Carrying amount as at 30/6/18 \$'000	Fair value measurement at 30/6/18 ⁽ⁱ⁾ level 3 \$'000
Leasehold improvements at fair value	-	-	663	663
Plant and equipment at fair value	16	16	-	-
Leased vehicles at fair value ⁽ⁱⁱ⁾	210	210	279	279
Totals at fair value	226	226	942	942

Notes:

(i) Classified in accordance with the fair value hierarchy.

(ii) Non-financial physical assets are categorised to Level 3 assets because the depreciated replacement costs are used in estimating the fair values.

There have been no transfers between levels during the period.

Leased vehicles

Leased vehicles are valued using the depreciated replacement cost method. CPVV acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers, who set relevant depreciation rates during use to reflect the utilisation of the vehicles

Leasehold improvements and plant and equipment

Leasehold improvements and plant and equipment are held at fair value. When an item is specialised in use, such that it is rarely sold other than part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2019.

For all assets measured at fair value, the current use is considered the highest and best use.

Reconciliation of level 3 fair value movements

	Leasehold improvements \$'000	Plant and equipment \$'000	Leased vehicles \$'000
2019			
Opening balance	663	-	279
Purchases		22	44
Disposals			(43)
Depreciation and amortisation	(663)	(6)	(70)
Closing balance	-	16	210
2018			
Opening balance	1,656	-	280
Purchases	-	-	167
Disposals	-	-	(86)
Depreciation and amortisation	(993)	-	(82)
Closing balance	663	-	279

74

Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs
Leasehold improvements	Depreciated replacement cost	Direct cost per square metre Useful life of leasehold improvements
Leased vehicles	Depreciated replacement cost	Cost per unit Useful life of leased vehicles
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment

Depreciation rates for all asset categories remained the same for the current and prior year reporting periods.

9. OTHER DISCLOSURES

Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of these financial statements.

Structure

- 9.1 Ex-gratia payments
- 9.2 Other economic flows included in net result
- 9.3 Responsible persons
- 9.4 Remuneration of executives and other personnel
- 9.5 Related parties
- 9.6 Remuneration of auditors
- 9.7 Subsequent events
- 9.8 Australian Accounting Standards issued that are not yet effective
- 9.9 Glossary of terms
- 9.10 Style Conventions

75

9.1 Ex-gratia payments

There were no ex-gratia payments to report (2017/18: Nil).

9.2 Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

Net gain/ (loss) on non-financial assets and liabilities includes realised and unrealised gains and losses from disposal of non-financial assets.

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time. Other gains/ (losses) from other economic flows include the gains or losses from the revaluations of the present value of the long service leave liability due to changes in the bond interest rates.

	2019 \$'000	2018 \$'000
(a) Net (loss)/gain on non-financial assets		
Net (loss)/gain on disposal of leased vehicles	3	17
(b) Other (loss)/gain from other economic flows		
Net (loss)/gain arising from revaluation of long service leave liability ⁽ⁱ⁾	27	1
(c) Other (loss)/gain from unwinding of other provisions		
Transition assistance provision	-	2,051
Make good provision	129	664
Total other (loss)/gain from unwinding of other provisions	129	2,715

Note:

(i) Revaluation gain/ (loss) due to changes in bond rates.

9.3 Responsible persons

In accordance with the Ministerial Directions of the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of Ministers, Accountable Officers and members of the governing boards in CPVV are as follows:

Minister for Public Transport	The Hon. Jacinta Allan MP	1 July 2018 to 30 November 2018
Minister for Public Transport	The Hon. Melissa Horne MP	1 December 2018 to 30 June 2019
Chair	Yehudi Blacher	1 July 2018 to 4 August 2018
Chair	Megan Bourke-O'Neil	21 August 2018 to 30 June 2019
Commissioner	Monique Conheady	1 July 2018 to 30 June 2019
Commissioner	Janet Dore	1 July 2018 to 30 June 2019
Commissioner	Colleen Furlanetto	1 July 2018 to 30 June 2019
Chief Executive Officer	Aaron de Rozario	1 July 2018 to 30 June 2019

Remuneration

Remuneration received or receivable by the Accountable Officer and Commissioners in connection with the management of CPVV during the reporting period are shown in the table below in their relevant income bands.

	Total Remuneration	
	2019 No.	2018 No.
\$10,000 - 19,999	1	-
\$20,000 - 29,999	-	1
\$50,000 - 59,999	2	2
\$60,000 - 69,999	1	-
\$70,000 - 79,999	1	-
\$90,000 - 99,999	-	1
\$260,000 - 269,999	-	1
\$300,000 - 309,999	1	-
Total numbers	6	5
Total amount (\$'000)	585	515

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet. For information regarding related party transactions of ministers, the register of members' interest is publicly available from: www.parliament.vic.gov.au/publications/register-of-interests.

9.4 Remuneration of executives and other personnel

9.4.1 Remuneration of executives

The number of executive officers, other than Ministers and the Accountable Officer, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for service rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long-service leave, other long-service benefit or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

	Total Remuneration	
	2019 \$'000	2018 ⁽ⁱⁱⁱ⁾ \$'000
Short-term employee benefits	781	946
Post-employee benefits	77	89
Other long-term benefits	21	21
Total remuneration	879	1,056
Total number of executives⁽ⁱ⁾	8	5
Total annualised employee equivalents⁽ⁱⁱ⁾	4.3	5

Notes:

(i) The total number of executive officers excludes persons who meet the definition of Key Management Personnel (KMP) of the entity under *AASB 124 Related Party Disclosures* and are also reported within the related parties note disclosure (Note 9.5).

(ii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

(iii) Prior year comparator has been updated.

77

9.5 Related parties

Related parties of CPVV include:

- all key management personnel and their close family members; and
- portfolio minister and their close family members

All related party transactions have been entered into on an arm's length basis.

Significant transactions and balances with government-related entities

Related party	Nature of transaction	2019 \$	
		Receipts	Outstanding receivables
DoT	Provided grants revenue, services received free of charge and reimbursement of other expenses	118,477,791	14,324,151
		Payments	Outstanding payables
DoT	Remittance of administered registration revenue for payment back to Consolidated Fund and other expense reimbursements	6,417,944	470,449
Cenitex	Provision of workplace information	1,380,855	-
Department of Treasury and Finance	Provision of shared services provider accommodation charges and other miscellaneous expense reimbursements	177,274	25,702

Key management personnel of CPVV include the Commissioners and Chief Executive Officer.

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

	2019 \$'000	2018 \$'000
Compensation of KMPs		
Short-term employee benefits	534	468
Post-employment benefits	44	41
Other long-term benefits	7	6
Total	585	515

Transactions and balances with key management personnel and other related parties

78 Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the CPVV, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

9.6 Remuneration of auditors

Victorian Auditor-General's Office

	2019 \$'000	2018 \$'000
Audit of the financial statements	53	58
Total remuneration of auditors	53	58

The Victorian Auditor-General's Office is not allowed to provide non-audit services.

9.7 Subsequent events

9.7.1 New Chairperson

Megan Bourke-O'Neil, Chair of the Commission resigned on 30 June 2019. Following her departure, Monique Conheady was appointed as Acting-Chairperson for the month of July 2019 and was formally appointed as Chairperson of the Commission on 1 August 2019.

9.8 Australian Accounting Standards issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2019 reporting period. CPVV assesses the impact of these new standards and applicability of early adoptions as follows.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 16 <i>Leases</i>	<p>The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.</p> <p>AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on the balance sheet by recording a Right-Of-Use (RoU) asset and a lease liability except for leases that are shorter than 12 months and leases where the underlying asset is of low value (deemed to be below \$10,000).</p>	1 Jan 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase.</p> <p>Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>CPVV will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.</p> <p>CPVV has performed a detailed impact assessment of AASB 16 and the potential impact in the initial year of application has been estimated as follows:</p> <ul style="list-style-type: none"> • increase in RoU (\$2,562,306.90) • increase in related depreciation (\$1,323,595.77) • increase in lease liability (\$2,562,306.90) • increase in related interest (\$41,645.06) calculated using effective interest method, and • decrease in rental expense (\$1,328,895.72).
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2019	The assessment of the implications of this standard has indicated that it is not applicable to CPVV as the performance obligations of government grants received are not sufficiently specific, therefore AASB 1058 applies.
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This standard replaces AASB 1004 <i>Contributions</i> and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable a not-for-profit entity to further its objectives.	1 Jan 2019	CPVV has assessed the application of AASB 1058 in relation to government grants and will recognise its revenue as and when received.
AASB 2018-4 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors</i>	AASB 2018-4 provides guidance on how to distinguish payments receive in connection with the access to an asset (or other resource) or to enable other parties to perform activities as tax and non-IP licence. It also provides guidance on timing of revenue recognition for non-IP licence payments.	1 Jan 2019	<p>CPVV has assessed and will adopt the application of AASB 2018-4 in relation to registration revenue, which comprises of driver accreditation and vehicle registration application fees as well as the associated annual fees.</p> <p>This adoption is due to the specific nature of the transactions. CPVV will recognise income at a point in time i.e., when an accreditation/registration is issued. The potential impact for registration revenue in the initial year of application is expected to be minimal as there is no significant difference in revenue recognition treatment as a result of these standards.</p> <p>The industry has recently undergone a significant reform period and there is uncertainty in future market variables as some industry participants exit the industry whilst new ones enter.</p>

9.9 Glossary of technical terms

Administered item

Administered item generally refers to CPVV lacking the capacity to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

Borrowings

Borrowings refer to interest bearing liabilities raised from finance leases and other interest bearing arrangements.

Capital asset charge

A charge levied on the written-down value of controlled non-current physical assets in a department's balance sheet which aims to: attribute to agency outputs the opportunity cost of capital used in service delivery; and provide incentives to departments to identify and dispose of underutilised or surplus assets in a timely manner.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Contributed capital

Contributed capital include capital contributions received for additions to net assets and is treated as an equity transaction in the balance sheet.

Controlled item

Controlled item generally refers to the capacity of an entity to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

Current grants

Current grants include amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transactions'.

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex gratia expenses

Ex gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

Financial asset

A financial asset is any asset that is:

- a) cash; or
- b) a contractual right or statutory right
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that is potentially favourable to the entity.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability

A financial liability is any liability that is:

- a) a contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that is potentially unfavourable to the entity.

81

Financial statements

- a) a balance sheet as at the end of the period;
- b) a comprehensive operating statement for the period;
- c) a statement of changes in equity for the period;
- d) a cash flow statement for the period;
- e) notes, comprising a summary of significant accounting policies and other explanatory information;
- f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 *Presentation of Financial Statements*; and
- g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to directly receive benefits of approximately equal value. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Interest expense

Costs incurred in connection with the borrowing of funds. Interest expenses include the interest component of finance lease repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes unwinding over time of discounts on financial assets.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows - other comprehensive income'.

Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net worth

Net worth represents assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets', including prepayments, leasehold improvements, leased vehicles and intangible assets.

Other economic flows included in net result

Other economic flows included in the net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets.

Payables

Payable include short and long term trade debt and accounts payable, grants and taxes payable.

Produced assets

Produced assets include plant and equipment and certain intangible assets. Intangible assets mainly constitute the Victorian Taxi Management System, Commercial Passenger Vehicle System and Data Warehouse solution.

Receivables

Receivables include amounts owing from government through appropriation receivable, short and long term credit and accounts receivable, grants, taxes and interest receivable.

Sales of goods and service

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services, work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services revenue.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of CPVV.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

9.10 Style Conventions

Figures in the tables and in the text, have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

-	zero, or rounded to zero
(xxx.x)	negative numbers
201x	year period
201x/1x	year period

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

In compliance with the requirements of the Standing Directions of the Assistant Treasurer, the information detailed below was held at CPVV's head office at 1 Spring Street, Melbourne for 2018-19:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers of the entity
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- details of publications produced by the entity about itself and how these can be obtained
- details of changes in prices, fees, charges and rates levied by the entity
- details of any major external reviews carried out on the entity
- details of major research and development activities undertaken by the entity
- details of overseas visits undertaken, including a summary of each visit's objectives and outcomes
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved
- details of all consultancies and contractors engaged, services provided, and expenditure committed.

The information is available on request subject to the provisions of the FOI Act, by contacting the Chief Finance Officer:

Chief Finance Officer
Commercial Passenger Vehicles Victoria
GPO Box 1716
Melbourne VIC 3000
Phone: 1800 638 802
Email: corporateservices@cpv.vic.gov.au

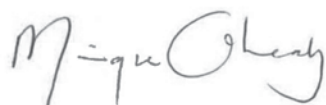
Financial Management Compliance Attestation Statement

85

Annual attestation against all applicable Standing Directions of the Assistant Treasurer pursuant to section 8 of the *Financial Management Act 1994*

I, Monique Conheady, on behalf of the Commercial Passenger Vehicle Commission, certify that the Commercial Passenger Vehicle Commission has complied with the applicable Standing Directions 2018 under the *Financial Management Act 1994* and Instructions.

The Audit and Risk Management Committee verifies this compliance.



Monique Conheady

Chairperson

Commercial Passenger Vehicles Victoria

11 October 2019



Appendices

Appendix 1: Governance and compliance

COMMISSION

The Commercial Passenger Vehicle Commission (CPVC) is established under section 115B of the *Transport Integration Act 2010*. The Chairperson and additional Commissioners, were appointed by the Governor in Council. The Commission sets the framework for the achievement of CPVW's objectives and the execution of its functions. The Commission has appointed a Chief Executive Officer who is responsible for the management and administration of CPVW.

The Commissioners as at 30 June 2019 were:

Megan Bourke-O'Neil (Chairperson)

EMPA, BSW

Appointed 21 August 2018 to 30 June 2019

Monique Conheady

B.Eng. (Hons), B.A. (Hons)

Appointed 1 August 2016

Janet Dore

B.App.Sc. (Planning), MBA, FAICD

Appointed 1 August 2016

Colleen Furlanetto (Disability Commissioner)

Appointed 1 January 2018

NATURE AND RANGE OF SERVICES

CPVW regulates the commercial passenger vehicle industry in accordance with various acts, regulations and other legislative instruments including the:

- *Transport Integration Act 2010*
- *Commercial Passenger Vehicle Industry Act 2017*
- *Commercial Passenger Vehicle Industry Regulations 2018*
- *Transport (Compliance and Miscellaneous) Act 1983*
- *Transport (Buses, Taxi-Cabs and Other Commercial Passenger Vehicles) (Taxi-Cab Industry Accreditation and Other Matters) Regulations 2017*
- *Road Safety Act 1986*
- *Road Safety (Driving Instructors) Regulations 2010.*

OBJECTIVES, FUNCTIONS AND POWERS

CPVW's primary objectives, functions and powers are set out in sections 115E, 115F and 115G of the *Transport Integration Act 2010*. This Act is available at www.legislation.vic.gov.au.

Commission meeting attendance

Commissioner	Number of meetings eligible to attend	Meetings attended
Yehudi Blacher (Chairperson) (1 July to 4 August 2018)	1	1
Megan Bourke-O'Neil (Chairperson) (21 August 2018 to 30 June 2019)	8	8
Janet Dore	9	9
Monique Conheady	9	9
Colleen Furlanetto	9	9

89

COMMISSION COMMITTEES

Audit and Risk Management Committee

Members of the Audit and Risk Management Committee (ARMC) as at 30 June 2019 were: Janet Dore (Chair), Jay Bonnington and Laurinda Gardner.

The ARMC oversees and advises CPVV on matters of accountability and internal controls affecting CPVV's operations regarding financial and risk management. As such, it assists CPVV in fulfilling its corporate governance and oversight responsibilities regarding:

- financial and regulatory compliance and reporting
- accounting policies
- risk management
- internal control
- internal and external audit
- financial and risk management policies and practices.

Attendance at ARMC meetings

ARMC Member	Number of meetings eligible to attend	Meetings attended
Janet Dore (Chair)	5	5
Robert Hogarth (1 July to 31 October 2018)	2	2
Jay Bonnington	5	5
Laurinda Gardner (1 December 2018 to 30 June 2019)	3	3

Executive Remuneration Committee

Members of the Executive Remuneration Committee (ERC) as at 30 June 2019 were: Monique Conheady, Janet Dore and Colleen Furlanetto.

The ERC oversees remuneration for the CEO and Executive Management Team. It is required to apply a consistent and rigorous approach to setting and adjusting executive officer remuneration and to apply a documented methodology for determining each individual executive's work and performance value.

The committee met once during the year.

COMPLIANCE STATEMENTS

90

Freedom of Information

The *Freedom of Information Act 1982* (FOI Act) allows the public a right of access to documents held by CPVV. For the 12 months ending 30 June 2019, CPVV received nine Freedom of Information applications. All requests were from the general public. Of the total requests received by CPVV, two were granted in full, three were granted in part, three were denied in full and no relevant documents were located for one. One request proceeded to the review stage with the Office of the Victorian Information Commissioner.

Requests for access to documents held by CPVV under the FOI Act may be made in writing to the address below:

Freedom of Information Officer
Commercial Passenger Vehicles Victoria
GPO Box 1716
Melbourne VIC 3000
Email: foi@cpv.vic.gov.au

Requests to access CPVV documents can also be made online through the Freedom of Information website at: www.ovic.vic.gov.au.

Requests should be made in writing and should identify as clearly as possible which documents are being requested. Requests should be accompanied by the appropriate application fee (which was \$28.90 as at 30 June 2019). The fee may be waived in certain circumstances.

Access charges, such as photocopying and retrieval charges, may also apply once documents have been processed and a decision on access has been made.

Visit www.ovic.vic.gov.au for further information regarding freedom of information.

Compliance with the Building Act

CPVV did not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

National Competition Policy

Under the National Competition Policy, the guiding principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that:

- the benefits of the restriction to the community, as a whole, outweigh the costs
- the objectives of the legislation can only be achieved by restricting competition.

CPVV continues to comply with the requirements of the National Competition Policy.

Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages that government businesses may experience that arise solely from their government ownership must be removed if they are not in the public interest.

Government businesses are required to cost and price these services as if they were privately owned and thus be fully cost-reflective. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

91

Compliance with the Protected Disclosure Act

The *Protected Disclosure Act 2012* (PD Act) encourages and assists people in making protected disclosures of improper conduct by public officers and public bodies and detrimental action taken in reprisal of a person making a protected disclosure. The PD Act provides protection to people who make disclosures in accordance with the PD Act and establishes a system for the matters disclosed to be investigated and any rectifying action to be taken.

CPVV does not tolerate improper conduct by employees, or the taking of reprisal against those who disclose such conduct.

It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

CPVV took all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It also afforded natural justice to persons who were the subject of the disclosure to the extent legally possible.

Reporting procedures

CPVV is not an entity that can receive protected disclosures but may be the subject of a disclosure. Disclosures of improper conduct or detrimental action by CPVV or any of its employees or officers should be made directly to the Independent Broad-based Anti-corruption Commission:

Level 1, North Tower,
459 Collins Street
Melbourne VIC 3000
Phone: 1300 735 135
Internet: www.ibac.vic.gov.au

Refer to the Independent Broad-based Anti-corruption Commission website at www.ibac.vic.gov.au for the secure email disclosure process, which also provides for anonymous disclosures.

In accordance with section 58 of the PD Act, CPVV has prepared written procedures for the protection of persons from detrimental action taken in reprisal for making a protected disclosure – such as the appointment of a welfare manager to coordinate welfare support in the event a protected disclosure is made.

Implementation of the Victorian Industry Participation Policy

The *Victorian Industry Participation Policy Act 2003* requires departments and public sector bodies to report on the implementation of the Victorian Industry Participation Policy (VIPPP). Departments and public sector bodies are required to apply the VIPPP in all procurement activities valued at \$3 million or more in metropolitan Melbourne and for state-wide projects, or \$1 million or more for procurement activities in regional Victoria.

During 2018-19, CPVV had no contracts to which the VIPPP applied.

Government advertising, information and communication technology expenditure, consultancies and major contracts

Government advertising

There were nil government advertising campaigns that had a total media spend of \$100,000 or greater (GST exclusive) during 2018-19 (2017-18: nil).

Consultancies

In 2018-19, there were no consultancies where the total fees payable to the consultants was \$10,000 or greater (2017-18: nil).

Details of Information and Communication Technology expenditure

For the 2018-19 reporting period, CPVV had a total Information and Communication Technology (ICT) expenditure of \$5,054,000, with the details shown below.

Business as Usual ICT expenditure	Non-Business as Usual ICT expenditure ⁽ⁱ⁾ <i>operating and capital expenditure</i>	Operational expenditure	Capital expenditure
\$'000	\$'000	\$'000	\$'000
3,529	1,525	122	1,403

Note: (i) Total equals operating and capital expenditure

ICT expenditure refers to CPVV's costs in providing business-enabling ICT services. It comprises Business as Usual ICT expenditure and Non Business as Usual ICT expenditure. Non-Business as Usual ICT expenditure relates to extending or enhancing CPVV's current ICT capabilities. Business as Usual ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

Disclosure of major contracts

CPVV did not enter into contracts greater than \$10 million in value during 2018-19 (2017-18: nil).

Office-based environmental impacts

Public sector entities are encouraged to adopt the requirements of Financial Reporting Direction 24D (FRD 24D): Reporting of office-based environmental data by government entities. This environmental performance report has been prepared in accordance with the requirements set out in FRD 24D.

The report incorporates data from CPVV's head office facilities located at 1 Spring Street, Melbourne and CPVV's secondary site located at 10 Mareno Rd, Tullamarine and relates to CPVV's office-based activities only.

This and the previous years' data will be used to set targets and actions for improving the environmental performance of CPVV in 2019-20.

Energy

In 2018-19, details of the energy consumed by CPVV was obtained from energy retailer billing information, including all CPVV sites and use by all CPVV employees, including contractors and others.

93

Indicator	2018-19			2017-18		
	Green Power	Electricity	Natural Gas	Green Power	Electricity	Natural Gas
Total energy usage segmented by primary source (KWH, GJ)	0	210,275	N/A	0	237,151	N/A
Greenhouse gas emissions associated with energy use, segmented by primary source (tCO ₂ e) ⁷	0	246.02	N/A	0	277.47	N/A
Percentage of electricity purchased as green power (%)	N/A	0	N/A	N/A	0	N/A
Units of energy used per FTE (KWH /FTE)	0	1,389	N/A	0	1,481	N/A
Units of energy used per unit of office area (KWH/ m ² , GJ/ m ²)	0	55.86	N/A	0	63.01	N/A

Actions undertaken

No actions.

⁷ Greenhouse gas emissions are based on the updated Australian Government, National Greenhouse Accounts Factors July 2011.

Definitions: KWH – kilowatt-hours, tCO₂e – tonnes of carbon dioxide equivalent, GJ – giga joules

Waste

The waste generated by processes at CPVV is divided into three classes – landfill, recycling, and compost. The waste management program facilitates the easy segregation of waste materials for recycling, composting or landfill.

The data below is derived from a two-day waste audit conducted independently at 1 Spring Street, where the majority of CPVV employees, including contractors and others, are normally accommodated. Data on secure document disposal was included in the audit.

2018-19

Indicator	Landfill	Co-mingled recycling	Compost	Secure docs	Contamination in recycling
Percentage of total units of waste disposed of by destination	38	38.1	8	16	35.7
Units of waste disposed of per FTE by destination (kg/FTE) ⁸	28	28	5.9	9.4	N/A
Recycling rate as a percentage of total waste			62		
Greenhouse gas emissions associated with waste disposal (tCO ₂ e) ⁹	1.97	0.96	1.42	N/A	0.47

2017-18

Indicator	Landfill	Co-mingled recycling	Compost	Secure docs	Contamination in recycling
Percentage of total units of waste disposed of by destination	30.5	32.4	12.2	24.9	7.7
Units of waste disposed of per FTE by destination (kg/FTE) ¹⁰	15.07	15.98	6.0	12.3	N/A
Recycling rate as a percentage of total waste			69.5		
Greenhouse gas emissions associated with waste disposal (tCO ₂ e) ¹¹	1.54	1.18	0.76	N/A	0.32

Actions undertaken

Bulletins	Environmental representatives have erected signage to remind staff of appropriate waste disposal and recycling practices.
-----------	---

⁸ FTE has been defined by the independent waste audit report.

⁹ The National Greenhouse Accounts (NGA) Factors for solid waste were updated in July 2018. The 2017-18 table above does not use the updated factors as it was prepared in June 2018.

¹⁰ FTE has been defined by the independent waste audit report.

¹¹ The National Greenhouse Accounts (NGA) Factors for solid waste were updated in July 2018. The 2017-18 table above does not use the updated factors as it was prepared in June 2018.

Paper

The data below is collected through paper retailer billing information and represents all paper used at CPVV's sites. This includes all office paper used by CPVV's employees and contractors while working on-site.

Indicator	2018-19	2017-18
Total units of copy paper used (reams)	1,600	1,700
Units of copy paper used per FTE (reams/FTE)	10.57	10.62
Percentage 76–100% recycled content A4 copy paper purchased (%) ¹²	0	0
Percentage 51–75% recycled content A4 copy paper purchased (%)	0	0
Percentage 0–50% recycled content A4 copy paper purchased (%)	100	100
Percentage A3 paper and coloured paper purchased (%)	3.24	4.82

95

Actions undertaken

Printer Settings	All printers were set to print double sided by default.
iPad Trial	Commission and Executive Management Team meeting papers were circulated via iPad (not printed).
Secure Print	Staff were given fobs that activated their print job at the printer. This reduced volume of uncollected and unnecessary printing.

¹² CPVV changed the type of A4 paper purchased as the result of a price rise in the brand purchased in 2016-2017. In 2017-2018 we commenced purchasing COS Premium A4 paper. Although this is a virgin paper with no recycled content, it is Sustainable Forest certified according to the Forest Stewardship Council and is produced in a mill accredited with ISO14001 and ISO9001.

Water

Indicator	2018-19	2017-18
Water consumption 1 Spring St Melbourne (KL)	3,765	2,205
Water consumption 10 Mareno Rd Tullamarine (KL)	68	55
Total water consumption (KL)	3,833	2,260

Actions undertaken

No actions.

96

Transport (operational vehicles)

CPVV's car fleet comprises ten vehicles, excluding executive vehicles – eight 6-cylinder vehicles and two 4-cylinder vehicles.

CPVV employees do not as a matter of course use vehicles from the State Government vehicle pool and no data from pool usage is incorporated into the table below.

Indicator	2018-19			2017-18		
	4-cylinder	6-cylinder	4WD	4-cylinder	6-cylinder	4WD
Total energy consumption by vehicles (GJ)	32.5	350.8	0	42.1	304.4	0
Total vehicle travel associated with entity operations (km)	19,550	108,227	0	11,305	124,676	0
Total greenhouse gas emissions from vehicle fleet (tCO ₂ e)	1.97	21.3	0	2.56	18.50	0
Greenhouse gas emissions from vehicle fleet per 1,000km travelled (tCO ₂ e)	0.101	0.197	0	0.23	0.15	0

	2018-19	2017-18
Total distance travelled by airplane (km) ¹³	12,585	6,714

¹³ Figures obtained from Corporate Travel Management (CTM).

Employee travel to work

2018-19	Train	Tram	Car	Walk/ Run	Other
Percentage of employees regularly using public transport, cycling, walking to and from work or working from home (>75% of work attendance days) ¹⁴	72	9	7	3	6

2017-18	Train	Tram	Car	Walk/ Run	Other
Percentage of employees regularly using public transport, cycling, walking to and from work or working from home (>75% of work attendance days)	62	14	10	4	10

97

Actions undertaken

No actions.

¹⁴ Collection of employee travel data is through an annual voluntary survey and the results received are analysed. Percentages shown in the above table are indicative of employee travel choices for journeys to and from work for one uninterrupted work week but are not conclusive of choices made by all employees at any time.

Greenhouse gas emissions

The greenhouse gas emissions detailed below have been combined from the previous sections to show CPVV's total greenhouse gas emissions footprint.

Indicator	2018-19	2017-18
Total greenhouse gas emissions associated with energy use (tCO ² e)	246.02	277.47
Total greenhouse gas emissions associated with vehicle fleet (tCO ² e)	23.29	21.06
Total greenhouse gas emissions associated with air travel (tCO ² e)	2.21	1.18
Total greenhouse gas emissions associated with waste production (tCO ² e)	4.82	3.8
Total greenhouse gas emissions offsets purchased (tCO ² e)	0	0

98

DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the information included in this Annual Report will be available via the link below.

www.data.vic.gov.au

Appendix 2: Disclosure index

Our Annual Report 2018-19 was prepared in accordance with all relevant Victorian legislation and pronouncements. This index was prepared to facilitate identification of CPVV's compliance with statutory disclosure requirements.

Legislation	Requirement	Page reference
Ministerial Directions & Financial Reporting Directions		
Report of operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	Page 88
FRD 22H	Purpose, functions, powers and duties	Page 88
FRD 22H	Key initiatives and projects	Page 18
FRD 22H	Nature and range of services provided	Page 88
Management and structure		
FRD 22H	Organisational structure	Page 14
Financial and other information		
FRD 8D	Performance against output performance measures	Page 28
FRD 10A	Disclosure index	Page 99
FRD 12B	Disclosure of major contracts	Page 92
FRD 15E	Executive officer disclosures	Page 36
FRD 22H	Employment and conduct principles	Page 30
FRD 22H	Occupational health and safety policy	Page 33
FRD 22H	Summary of the financial results for the year	Page 39
FRD 22H	Significant changes in financial position during the year	Page 39
FRD 22H	Major changes or factors affecting performance	Page 39
FRD 22H	Subsequent events	Page 78
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	Page 90
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	Page 90
FRD 22H	Statement on National Competition Policy	Page 91
FRD 22H	Application and operation of the <i>Protected Disclosure Act 2012</i>	Page 91
FRD 22H	Application and operation of the <i>Carers Recognition Act 2012</i>	Page n/a

Legislation	Requirement	Page reference
FRD 22H	Details of consultancies over \$10 000	Page 92
FRD 22H	Details of consultancies under \$10 000	Page 92
FRD 22H	Disclosure of government advertising expenditure	Page 92
FRD 22H	Disclosure of ICT expenditure	Page 92
FRD 22H	Statement of availability of other information	Page 84
FRD 24D	Reporting of office based environmental impacts	Page 93
FRD 25D	Local Jobs First	Page 92
FRD 29C	Workforce data disclosures	Page 36
SD 5.2	Specific requirements under Standing Direction 5.2	Page 4
Compliance attestation and declaration		
SD 5.4.1	Attestation for compliance with Ministerial Standing Direction	Page 85
SD 5.2.3	Declaration in report of operations	Page 4
Financial statements		
Declaration		
SD 5.2.2	Declaration in financial statements	Page 47
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 47
SD 5.2.1(a)	Compliance with Standing Directions	Page 47
SD 5.2.1(b)	Compliance with Model Financial Report	Page n/a
Other disclosures as required by FRDs in notes to the financial statements^(a)		
FRD 9B	Departmental disclosure of administered assets and liabilities by activity	Page n/a
FRD 11A	Disclosure of ex gratia expenses	Page 75
FRD 13	Disclosure of parliamentary appropriations	Page n/a
FRD 21C	Disclosures of responsible persons, executive officers and other personnel (contractors with significant management responsibilities) in the financial report	Page 76

Legislation	Requirement	Page reference
FRD 103H	Non financial physical assets	Page 73
FRD 110A	Cash flow statements	Page 53
FRD 112D	Defined benefit superannuation obligations	Page n/a
FRD 114C	Financial Instruments – general government entities and public non-financial corporations	Page 69

Note: (a) References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure.

101

Legislation

<i>Freedom of Information Act 1982</i>	Page 90
<i>Building Act 1993</i>	Page 90
<i>Protected Disclosure Act 2012</i>	Page 91
<i>Carers Recognition Act 2012</i>	Page n/a
<i>Disability Act 2006</i>	Page 33
<i>Local Jobs Act 2003</i>	Page 92
<i>Financial Management Act 1994</i>	Page 47

A financial reporting direction, FRD 30D *Standard requirements for the publication of annual reports* on the design, layout and printing of annual reports prescribes specification requirements for the design of annual reports, use of colour and images, standard sizing, paper stocks and other publishing requirements. All departments and government agencies defined as public bodies must comply with the requirements of this FRD. FRD 30D can be found on the Department of Treasury and Finance website www.dtf.vic.gov.au under Financial Reporting Directions.

Appendix 3: Abbreviations

102

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ARMC	Audit and Risk Management Committee
CALD	Culturally and Linguistically Diverse
CEO	Chief Executive Officer
CPV	Commercial Passenger Vehicles Victoria
DTF	Department of Treasury and Finance
DEDJTR	Department of Economic Development, Jobs, Transport and Resources
FRD	Financial Reporting Direction
FTE	Full Time Equivalent
GST	Goods and Services Tax
iFACTS	In Field Acquisition of Compliance Trends and Statistics
MP	Member of Parliament
MPTP	Multi Purpose Taxi Program
OH&S	Occupational Health and Safety
TSC	Taxi Services Commission
VEOHRC	Victorian Equal Opportunity and Human Rights Commission
VIPP	Victorian Industry Participation Policy
VPS	Victorian Public Sector
VTMS	Victorian Taxi Management System
WAV	Wheelchair Accessible Vehicle

Changes in terminology from 1 July 2018

Terminology to 30 June 2018	Terminology from 1 July 2018
Taxi Services Commission	Commercial Passenger Vehicles Victoria

