

2014–15  
TAXISERVICESCOMMISSION

ANNUAL  
REPORT





Continuing to drive change that  
enables accessible, safe and customer  
responsive commercial passenger  
vehicle services in Victoria

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# LETTER TO THE MINISTER

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**The Hon. Jacinta Allan MP**  
**Minister for Public Transport**

1 Spring Street  
Melbourne  
VIC 3000

Dear Minister

## **Annual Report 2014–15**

In accordance with the provisions of the *Financial Management Act 1994*, I am pleased to present the Taxi Services Commission's Annual Report for the year ending 30 June 2015



Graeme Samuel AC  
**Chair**  
**Taxi Services Commission**  
25 September 2015

# ABBREVIATIONS

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4WD	Four-wheel drive (vehicle)	FTE	Full Time Equivalent
AAS	Australian Accounting Standards	GMLTR	Greater Melbourne Taxi Licence Release
AASB	Australian Accounting Standards Board	GPS	Global Positioning System
ACCC	Australian Competition and Consumer Commission	GST	Goods and Services Tax
ARMC	Audit and Risk Management Committee	HR	Human Resources
ATAC	Accessible Taxi Advisory Committee	IBAC	Independent Broad-based Anti-corruption Commission
CALD	Culturally and Linguistically Diverse	iFACTS	In Field Acquisition of Compliance Trends and Statistics
CEDA	Committee for Economic Development of Australia	ISO	International Organisation for Standardisation
CEO	Chief Executive Officer	MP	Member of Parliament
CFO	Chief Financial Officer	MPTP	Multi Purpose Taxi Program
CLC	Community Legal Centre	NDIS	National Disability Insurance Scheme
CPSU	Community and Public Sector Union	OH&S	Occupational Health and Safety
CPV	Commercial Passenger Vehicle	PBBS	Performance Based Booking System
CTH	Commonwealth	QAC	Quality Assurance Centre
DTF	Department of Treasury and Finance	RTO	Registered Training Organisation
DTPLI	Department of Transport, Planning and Local Infrastructure	RTW	Return To Work
DEDJTR	Department of Economic Development, Jobs, Transport and Resources	SOE	Statement of Expectations
DHHS	Department of Health and Human Services	SV	Special Purpose Vehicle
EO	Executive Officer	SRG	Stakeholder Reference Group
EOI	Expression of Interest	TII	Taxi Industry Inquiry
ERC	Executive Remuneration Committee	TQR	Taxi Quality Rating
FMA	Financial Management Act 1994	TSC	Taxi Services Commission
FOI	Freedom of Information	VAGO	Victorian Auditor-General's Office
FRD	Financial Reporting Direction	VIPP	Victorian Industry Participation Policy
		VPS	Victorian Public Sector
		WAT	Wheelchair Accessible Taxi

*Changes in terminology from 1 July 2015*

Terminology to 30 June 2015	Terminology from 1 July 2015
Disabled Persons Taxi Advisory Committee	Accessible Taxi Advisory Committee

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## COMMISSIONERS' FOREWORD

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As we reflect on our second year of operation, the TSC will continue to work closely with consumer representatives and industry participants to improve Victoria's commercial passenger vehicle services.

During this time, the TSC's role has been significant, with reform remaining a high priority in addition to our standard regulatory activities. The organisation has implemented an extensive number of regulatory reforms in a relatively short period, including 24 recommendations in this financial year.

Already we are beginning to see higher customer satisfaction results from passengers who are experiencing improved standards across the industry.

In the next five years, there will be significant opportunities for growth within the commercial passenger vehicle market. Personal mobility is already becoming increasingly important in the way people travel, and the TSC has a role to play in supporting innovation and competition in the industry.

We would like to thank Marnie Williams, who served as Chief Executive Officer (CEO) until March 2015, for the significant contribution she made to the organisation during this period of major change and transition.

In June 2015, the TSC announced the appointment of our new CEO—Aaron de Rozario, former General Manager of Passenger Services in the Department of Transport, Western Australia. We look forward to working with Aaron in 2015-16.

Following the establishment of the Taxi and Hire Car Industry Ministerial Forum, in February 2015 the Consultative Committee ceased meeting, with many of the members transitioning to the forum.

We would like to acknowledge the input of all committee members who have enabled productive discussion about the impact of the taxi and hire car reforms on the Victorian community.

The achievements outlined in the annual report have been made possible through the dedicated efforts of all employees. We would like to thank them for their contribution to the TSC's successful delivery of major reforms and continued regulatory services.

Although the TSC and commercial passenger industry face many challenges in the year to come, the work done by the TSC to date has laid the foundations for a much more competitive, flexible and innovative industry going forward.

Over the next year, the TSC will continue to build upon improvements already made in the point-to-point commercial passenger vehicle market so that it benefits the Victorian community and our visitors alike.

The TSC is looking forward with optimism and confidence to another year of providing a valued service to the Victorian community.



Graeme Samuel AC  
Chair



Merran Kelsall



Doug Shirrefs

## A/CHIEF EXECUTIVE OFFICER'S REPORT

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The TSC's remit is broad, but at the core is our function to facilitate customer-responsive, safe, competitive, efficient and accessible commercial passenger vehicle services.

Our decision-making, policies and programs continue to be driven by sound use of data and the evidence at hand. We will continue to build our data capabilities by working with industry to streamline processes that will assist in the easy collection of information. This information will inform consumer choice, and allow members of the public to make sound decisions to invest in the industry.

The organisation has gone through extensive change over the last 12 months. The state election in November 2014 brought a change of government to Victoria with some new directions for our organisation as part of the economic development portfolio.

The reforms implemented to date represent a large component of the work undertaken by the TSC in 2014–15. In the period 1 July 2014 to 30 June 2015, 1,758 drivers attained the Knowledge.

There has been a 13 per cent growth in Metropolitan taxi licence numbers in the first year of licence reform—that means an additional 560 taxis providing services for passengers. With the full implementation of the Public Register, the business details of industry participants and the services they operate can be checked.

In addition, drivers are benefiting from improved working conditions because of implied conditions that are now mandatory in all driver agreements. This means drivers are better compensated for the important work that they do which helps lead to a better consumer experience.

The Multi Purpose Taxi Program continues to enable travel services for all members of the community—with 4.6 million trips taken this year. The TSC is also working closely with the Department of Health and Human Services to support the NDIS pilot program in the Barwon Region.

In the past two years, factors such as population growth, generational change, urbanisation and an increase in tourism have resulted in growth within the transport sector. While this is a positive change, the commercial passenger vehicle industry will continue to face a number of challenges, primarily driven by technological transformation.

With digital mobility allowing more people to connect and engage across media platforms, the emergence of ridesharing services and new vehicle technology are also changing the way consumers view a vehicle-for-hire transport experience.

During a time of major change, I am proud that our people continued to deliver great results for the Victorian community. While there are many challenges ahead, I am grateful for the outstanding contribution made by everyone at the TSC as we continue to support safe, accessible and competitive commercial passenger vehicle choices statewide.



James Holyman  
A/CEO

## ACHIEVEMENTS

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**HIGHEST CUSTOMER  
SATISFACTION RESULTS**  
RECORDED IN 2014-15 REFLECT  
BETTER QUALITY TAXI SERVICES



**ADDITIONAL  
616 TAXIS ON  
THE ROAD**



**OVER 165,600  
LISTINGS**  
RECORDED IN  
THE PUBLIC  
REGISTER

**STREAMLINED  
ADMINISTRATION  
PROCESSES  
FOR INDUSTRY**

↑ MPTP MEMBERSHIP  
GREW BY 5.1 PER CENT

**93,853**

ACTIVE MPTP MEMBERS

**9,685**

NEW MEMBERS

**PROVIDED GREATER  
TRANSPARENCY  
THROUGH ONLINE  
PUBLICATION OF POLICY  
AND PROCEDURES**

PROVIDED OVER  
**\$631,000**  
IN GRANTS



INTRODUCED THE  
**KNOWLEDGE HANDBOOK**

—DOWNLOADED OVER  
45,000 TIMES IN FOUR MONTHS

OVER TWO MILLION  
VISITS TO  
THE TSC  
WEBSITE



**4.6**

MILLION MPTP  
TRIPS TAKEN—1.1  
PER CENT ABOVE  
THE PREVIOUS YEAR



NEARLY **1,800**  
DRIVERS HAVE ATTAINED  
THE KNOWLEDGE



MORE THAN  
**126,000 CALLS**

TAKEN AT THE CALL CENTRE

IMPLEMENTED  
**24 REFORM**  
RECOMMENDATIONS



**35**  
OPERATORS  
HAVE REGISTERED  
TO PRICE NOTIFY

# ABOUT THE TAXI SERVICES COMMISSION

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The Taxi Services Commission is a statutory authority responsible for regulating the Victorian commercial passenger vehicle industry in a manner that promotes customer-responsive, safe, competitive, efficient and accessible services.

## VISION

The Victorian community and its visitors experience taxi and hire cars, which provide excellent service, safety and choice.

## MISSION

The Taxi Services Commission enables safe taxi and hire car journeys for all people in Victoria.

## VALUES

Our processes uphold the basic rights, freedoms and responsibilities of all people in Victoria as set out in the Victorian *Charter of Human Rights and Responsibilities Act 2006*.

The TSC values are supported by the Victorian Public Sector values as referenced in the *Code of Conduct for Victorian Public Sector Employees 2015* and *Public Administration Act 2004*.

*Connectedness and open communication:* being honest, open and transparent in our dealings; keeping people informed about things that matter.

*Respect, openness and courage:* treating people fairly and without bias; the agility and resilience to change and adapt in our dynamic environment.

*Collaboration and cooperative relationships:* assisting people willingly when they ask for help; thinking and behaving as one team showing respect for each other's point of view.

*Behaving ethically:* acknowledging people's contributions; handling sensitive information with the utmost care; respecting everybody for the contributions they make; avoiding any real or apparent conflicts of interest.

*Enablement and inclusiveness:* treating people fairly and ensuring that all people are listened to; clear accountabilities and the appropriate authority to act.

## ORIGIN

The TSC was created in July 2011 under the *Transport Legislation Amendment (Taxi Services Reform and Other Matters) Act 2011*.

The TSC became a statutory authority responsible for regulating the commercial passenger vehicle industry on 1 July 2013.

It reports to the minister or ministers responsible for administering:

- Part 5 Division 3 of the *Transport Integration Act 2010*
- Part VI of the *Transport (Compliance and Miscellaneous) Act 1983*.

The TSC must have regard to the transport system objectives and decision-making principles in exercising its powers and performing its functions under transport legislation. These are set out in sections 7 to 21 of the *Transport Integration Act 2010*.

The TSC is governed by three appointed commissioners and a CEO leads day-to-day operations. Graeme Samuel AC (Chair), Merran Kelsall and Douglas Shirrefs are the TSC Commissioners.

## OBJECTIVES

The TSC is tasked with regulating the commercial passenger vehicle industry and implementing industry reform.

The objectives of the TSC are to increase public confidence in the safety of the commercial passenger vehicle industry, and to pursue and promote major and enduring improvements in:

- the provision and accessibility of services offered by the industry
- competition in the industry
- innovation in the industry including in the business structures, service delivery models, policies, and procedures in the industry
- the safety of passengers and drivers of commercial passenger vehicles.

## STATUTORY OBLIGATIONS

The TSC regulates the industry in accordance with various acts, regulations and other legislative instruments including the:

- *Transport Integration Act 2010*
- *Transport (Compliance and Miscellaneous) Act 1983*
- *Road Safety Act 1986*
- *Transport (Buses, Taxi-Cabs and Other Commercial Passenger Vehicles) Regulations 2005*
- *Transport (Taxi-cab Industry Accreditation) Regulations 2007.*

## FUNCTIONS

The TSC's focus is on providing customer-responsive, safe, competitive and accessible commercial passenger vehicle services. In 2014–15, the key functions of the TSC included:

- administering licensing, accreditation and other requirements imposed on industry participants
- administering the Multi Purpose Taxi Program (MPTP) and country and regional Wheelchair Accessible Taxi (WAT) subsidy scheme
- administering grants and subsidy schemes
- developing and implementing operational policy
- assisting the Department of Economic Development, Jobs, Transport and Resources (DEDJTR), and former Department of Transport, Planning and Local Infrastructure (DTPLI) in developing strategic policy and legislation through the provision of advice
- receiving and dealing with complaints relating to the operation and performance of the industry
- monitoring the industry to ensure compliance with relevant legislation and regulations
- liaising and consulting with consumers and the industry
- implementing a broad range of commercial passenger vehicle industry reforms.

## PROGRESS AGAINST REFORMS

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The current reform program has seen the largest transformation of Victoria's taxi and hire car industry in history. Over coming years these reforms will continue to deliver significant service improvements that benefit the Victorian community and industry alike.

The Taxi Industry Inquiry (TII) was announced in March 2011 as a first step towards realising this important reform program. The TII's final report *Customers First—Service, Safety, Choice* was tabled in Parliament in December 2012. The majority of recommendations (138 out of 139) were supported by the government in full or in part.

In order to address the market and regulatory failures identified through the TII, a suite of foundation reforms came into effect on 30 June 2014. In the 12 months following implementation of these changes, the TSC continued to work closely with industry to support it through this change.

A range of other key reforms have also been implemented or significantly progressed—24 recommendations were completed this year, bringing the total number of completed recommendations to 91. See Appendix 4 of this report for a summary of the TSC's progress in implementing the 139 TII recommendations.

The following key topics provide an overview of the further work undertaken in supporting the foundation recommendations, and the reforms that were successfully delivered in 2014–15.

### TAXI LICENCES

The new 'as of right' approach to taxi licensing (whereby new licences are available at any time to an approved applicant at a set annual fee) became effective on 30 June 2014. This removed the regulatory restriction on licence numbers, allowing those delivering taxi services the flexibility to meet passenger demand. The new set annual fees provide an effective means for constraining previously escalating licence values and subsequently, assignment fees faced by taxi operators.

With the introduction of the 'as of right' licences, this year we saw 616 more taxis on the road. In the later months of this year, the uptake of licences slowed considerably as fleet numbers adjusted to match consumer demand. Information shows that the vast majority of the 'as of right' licences have been taken up by experienced industry participants, including drivers, to start up their own small businesses.

The TSC has made materials (including background information, research, case studies and eligibility requirements) available to people considering applying for an 'as of right' licence in order to support them in making an informed decision.

### NON-CASH PAYMENTS

Following the capping of the non-cash payments surcharge for taxi fares in 2013–14, it is estimated that this year alone there has been approximately \$13 million<sup>1</sup> in savings for Victorian taxi passengers.

The success of this reform has also seen the NSW and WA governments introduce caps on the taxi fare surcharges for non-cash payments.

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<sup>1</sup> Savings for taxi passengers was calculated based on an estimated \$650 million in annual taxi revenue, and 40 per cent of taxi fares paid using non-cash methods (*TII Draft Report 2012*, p.256).

## **FARES AND PRICE NOTIFICATION**

The new fare structure and a price notification system allow operators the flexibility to set their fares according to local economic conditions.

In the Metropolitan zone, the new fare structure saw a relatively higher fare increase for short trips and peak period travel on Friday and Saturday nights. In all other zones, fares were increased by a flat 12.5 per cent.

The changes also saw all regulated fares become 'maximum fares', giving operators the option to discount below the maximum fares. Metropolitan operators are now able to offer discounted fares to passengers as a point of difference.

In Regional and Country zones, operators are able to set their own fares through the price notification system—35 operators registered to price notify in 2014–15.

Throughout this time, the TSC has made available a number of educational videos relating to the price notification system. It continues to undertake targeted advertising in areas where an operator has price notified to ensure the community is informed of any changes in their local area.

## **HIRE CARS**

The reform program saw the removal of burdensome red tape that previously limited hire cars to offering luxury and high-end services. This has further enabled the hire car industry to expand and increase point-to-point travel choices for the public.

A new Knowledge module was introduced in December 2014 designed specifically for Metropolitan hire car drivers. Since then, 586 drivers have attained the Hire Car Knowledge module and standards remain consistently high.

## **BETTER QUALITY DRIVERS**

The introduction of a new, mandatory Knowledge test on 30 June 2014 set a new standard for drivers entering the industry. The Knowledge test was implemented in conjunction with the better pay and safer working conditions facilitated through the new mandatory driver agreement.

The Knowledge was developed in consultation with the industry, the community and disability advocacy agencies. The Knowledge sees a shift from the previous industry-administered competency-based assessment to a competency-based, independent test and assessment.

The Knowledge is ensuring drivers have the appropriate skills required to provide high levels of customer service. The suite of taxi modules comprises: General Knowledge, Geographical (for Metropolitan zone), Driver Behaviour and the theoretical and practical Wheelchair Accessible Taxi modules.

Recognising the need for continuous improvement, in February 2015 the TSC introduced a policy change. This meant applicants would be provided with their percentage score and permitted to attempt each module twice in a three-month period, rather than the previous two attempts in 12 months.

In addition, the TSC produced the *Knowledge Handbook* in February 2015. The *Knowledge Handbook* has brought together all available information and made self-study a realistic option for applicants. This handbook assists applicants to be adequately prepared to sit Knowledge modules.

The introduction of the *Knowledge Handbook* has seen a dramatic increase in applicant pass rates. In the first four months after the *Knowledge Handbook* was available, it was downloaded over 45,000 times.

This year 1,758 applicants have attained the Knowledge.

The new, fairer driver agreement also came into effect on 30 June 2014. It ensures that drivers receive at least 55 per cent of the fare box, and enables them to take up to four weeks unpaid annual leave, provided they have regularly worked for the operator for 12 months or more.

It also mandates that operators must cover all operational expenses and have an insurance policy in place that indemnifies the driver against vehicle damage. The TSC has commenced a post-implementation review of the driver agreement to ensure that the implied conditions put in place for the protection of drivers are having the intended effect.

## **VEHICLES**

The TSC initiated a review of vehicle specifications this year, with initial public consultation completed. The TSC also commissioned research into vehicle safety, which will inform future policy decision making.

In the first step towards encouraging a wider range of vehicles, the TSC now permits the use of purpose built vehicles to be used as a conventional taxi or hire car.

Operators are also permitted to have advertising on and in their vehicle and choose their own livery (by application in the Metropolitan zone).

Many operators in all zones now apply their own livery. This gives them individualised branding for their business, often a cost saving, and provides a point of difference for passengers. Passengers are also then able to identify which company has provided a service. This makes it easier for them to make a complaint, retrieve lost luggage or, if happy with the service, become a repeat customer.

## **APPROVAL AND RESPONSIBILITY**

The regulatory burden for licence holders, operators and Network Service Providers has been reduced with the introduction of the new permit system on 30 June 2014. The new permit system has freed operators of previously onerous requirements, while ensuring the service provider remains responsible for adhering to safety and other necessary regulatory requirements.

## **MORE NETWORKS AND CHOICES**

The requirement for operators to affiliate with a Network Service Provider was removed, giving operators greater choice in sourcing or establishing their own emergency response systems, GPS systems and booking services. This may be more utilised in future as other options for bookings and GPS tracking evolve.

## **EMPOWERING PASSENGERS**

In September 2014, the second stage of the Public Register was launched on the TSC website. The second stage provides greater transparency in relation to who controls or operates vehicles, and their industry and accreditation status.

The TSC also undertook the *Better Drivers: New Knowledge Test* campaign. This campaign ensured the community was informed about the new Knowledge test—including driver standards and how to recognise if a driver has the Knowledge.

This campaign was made available in a number of languages that reflect Victoria's culturally and linguistically diverse communities. The information provided supports the empowering of consumers to make informed decisions about the services they use.

## **IMPROVED REGULATION AND AN EFFECTIVE REGULATOR**

The TSC has established its Data Warehouse. This is the first step towards the implementation of real-time data streaming directly from a fare device to the TSC, including GPS tracking data. Once complete, the availability of real-time information will further support the TSC's effectiveness as a modern regulator.

The TSC published its compliance and enforcement policy online and introduced an internal review process for certain decisions affecting operators, Network Service Providers and drivers.

In line with the TSC's commitment to continually review and improve regulatory practices, a Safety Review has commenced with a focus on how to achieve the best safety outcomes.

## **COMMUNITY AND STAKEHOLDER ENGAGEMENT**

The implementation of the reform recommendations has been supported by an extensive program of public consultation and stakeholder engagement.

A Stakeholder Reference Group (SRG) has continued to facilitate consultation and gather industry views on implementation. Attendees include representatives of the taxi and hire car industry across Victoria, social and community legal services, City of Melbourne, Melbourne Airport, and booking platform and technology providers.

A suite of information and educational materials were also made available to assist the industry and community during this time of transition. These included flyers, animations and case studies in addition to monthly e-newsletters.

The TSC website is regularly reviewed and updated to provide information and updates to commercial passenger vehicle industry stakeholders and passengers.

## YEAR IN REVIEW

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### The TSC built on its regulatory function and the reform agenda to deliver positive outcomes for all Victorians.

In 2014–15, the TSC achieved a number of key initiatives to deliver on its strategic objectives to contribute to better transport outcomes for the Victorian community. Regulatory activities were planned and resourced to support improved safety outcomes for the industry, while also facilitating competition and promoting innovation.

In December 2014, the TSC became part of the economic development portfolio, and assisted DEDJTR in the delivery of these government policies:

- the establishment of a Ministerial Forum
- a \$4 million Hardship Fund to assist taxi licence holders suffering severe financial distress following significant reform of the taxi industry
- greater transparency in the administration of entry tests.

#### **HARDSHIP FUND**

The TSC provided business intelligence data, communication and stakeholder advice to support DEDJTR in the establishment of a \$4 million Hardship Fund. DEDJTR was responsible for the coordination of the fund and the appointment of a Chair to oversee the fund.

#### **TAXI AND HIRE CAR MINISTERIAL FORUM**

The TSC supported DEDJTR (who are responsible for the secretariat function) with the establishment of the Taxi and Hire Car Industry Ministerial Forum through the provision of industry advice and stakeholder engagement.

The first forum was held on 27 April 2015 and meetings are scheduled quarterly to consider ongoing industry reforms, reducing red tape, delivering a first-rate Multi Purpose Taxi Program, wheelchair accessible services and other related matters. The TSC will continue to assist DEDJTR as required.

#### **CONSUMER INTEREST AND EXCESSIVE ENTRY TESTS**

The TSC has implemented operational changes to support the government commitment for greater transparency in the administration of the two tests.

The TSC applies a Consumer Interest Test prior to granting applications for taxi licences in the Regional or Country taxi zones or hire car licences in the Country hire car zone in accordance with Section 143 of the *Transport (Compliance and Miscellaneous) Act 1983*.

The Excessive Entry Test refers to powers given to the TSC from 30 June 2014 under Section 143AA of the *Transport (Compliance and Miscellaneous) Act 1983*. This gives the TSC power to suspend the granting of new taxi licence applications in the Melbourne Metropolitan or Urban and Large Regional taxi zones for up to 12 months.

The TSC publishes information on the application of the excessive entry and consumer interest tests on the TSC website on a monthly basis. This includes the outcome of each licence assessment.

## PERFORMANCE AGAINST OBJECTIVES

The TSC has five strategic objectives to achieve its vision and mission. These objectives are designed to address legislative requirements, policy challenges, strategic risks and implementation of the reform program.

The TSC is seeking to achieve a number of outcomes against these objectives and has realised a number of key achievements during the 2014–15 year. These achievements and their significance to the success of the TSC are summarised below.

### ***Strategic objective 1: Influence portfolio strategy through stakeholder engagement***

Achievement	Significance
Supported DEDJTR in establishing the Taxi and Hire Car Ministerial Forum through provision of industry advice and stakeholder engagement	Builds stakeholder engagement and increases profile for TSC activities across the transport portfolio
Developed and circulated information to stakeholders through online publication of Commission Quarterly, Stakeholder Reference Group (SRG) minutes and regular e-newsletters	Keeps stakeholders informed on the reform program, and provides opportunities for engagement and input
Developed and implemented the <i>Better Drivers: New Knowledge Test</i> information campaign	Campaign was made available in number of languages to inform the Victorian community about the new Knowledge test and how to check if a driver had attained the Knowledge.

### ***Strategic objective 2: Evolve industry regulation and safety as part of the transport system***

Achievement	Significance
Released 'as of right' licences with set annual fees—majority taken up by experienced industry participants	Removes the regulatory restriction on licence numbers, allowing those delivering taxi services the flexibility to meet passenger demand
Commenced implementation of the new driver agreement	Improves driver performance and working conditions to support retention of drivers
Allocated \$347,606 Taxi Rank Safety Program grants to councils across Victoria	Provides a safer environment for taxi passengers and drivers by supporting improvements to the safety, quality and amenity of taxi ranks in areas of high usage
Converted eligible GMTLR (Greater Metropolitan Taxi Licence Release) and Peak Service licences to 'as of right' annual taxi licences option	Decreases licence costs for industry participants and enables more services
Developed and published online the <i>TSC Monitoring, Compliance and Enforcement Policy</i>	Provides greater transparency to the industry and wider community on the principles guiding decision-making for compliance and enforcement
Developed and published the <i>Knowledge Handbook</i> in February 2015	Release of the <i>Knowledge Handbook</i> saw a significant increase in the number of people attaining the Knowledge, as well as significantly improved pass rates. The <i>Knowledge Handbook</i> was downloaded over 45,000 times.

**Strategic objective 2: Evolve industry regulation and safety as part of the transport system**

Achievement	Significance
1,758 applicants attained the Knowledge	Ensures drivers have the appropriate skills required to provide high levels of customer service to all passengers
Introduced a new Knowledge module specifically for Metropolitan hire car drivers in December 2014	586 people have attained the module appropriate for the people in this market which supports better quality drivers and increases travel choices for passengers.

**Strategic objective 3: Improve standards for innovative and customer-focussed industries**

Achievement	Significance
Published assessment and information on the Consumer Interest Test and Excessive Entry Test on TSC website	Increases transparency for industry about the TSC's regulatory decision-making
Developed and implemented the first stage of the Data Warehouse	Once fully implemented, the Data Warehouse aims to have real-time data streaming to support information sharing, improve innovation and evidence-based decision making
Successfully implemented CrimTrac police check processing	Provides more convenient and faster processing for industry applicants
Translated foundation reform brochures into four languages for online publication	Expands the TSC communication channels by developing materials that ensure the information we provide is clear and easy to understand across the industry
Recorded 165,687 listings in the Public Register	Provides more transparency for the community in relation to who controls, drives or operates vehicles, and their industry and accreditation status. Includes current, expired or cancelled, suspended, refused, surrendered or withdrawn accredited drivers, driving instructors, operators, Network Service Providers, hire car and Special Purpose Vehicle licence holders
Implemented Price Notification System on the website which details Regional and Country operators standard fares	Provides flexibility for operators according to local economic conditions and information for consumers to enable informed travel choices—35 operators registered to price notify
Increased visits to the TSC website after new responsive design for mobile use	More people engaging with the TSC across multiple online platforms as customer experience has improved—over 2 million hits to the TSC website. Provides greater awareness of the changes to and improvements of the industry
Improved the methodology and areas measured for the quarterly Taxi and Hire Car Services Customer Satisfaction Monitor	Captures a broader audience which provides more understanding of customer needs, responses to changes to the industry and satisfaction with services.

**Strategic objective 4: Enhance support services to improve mobility and access**

Achievement	Significance
Allocated \$283,797 in Wheelchair Accessible Taxi (WAT) program grants for WAT vehicles and training subsidies	Supports accessible transport services for all members of the community, including people with a disability through improvements to the availability and cost-effectiveness of WATs
Supported DEDJTR in undertaking a comprehensive review of the MPTP	Supports better outcomes for all Victorians with a disability through understanding user experience with the MPTP and point-to-point transport which will improve the program
Worked closely with Department of Health and Human Services (DHHS) to support the NDIS on a pilot program in Barwon Region	Supports improvements to accessible transport services for people with a disability to increase participation in everyday activities.

**Strategic objective 5: Build a successful and capable Taxi Services Commission**

Achievement	Significance
Delivered an organisation-wide Learning and Development strategy targeting both technical and leadership competencies	Provides leaders and employees with skills, knowledge and resources to improve performance and business outcomes
Established and developed materials to support a new TSC governance framework including a governance charter	Supports organisation to understand and meet all legislative and government requirements, and conduct timely and considered decision making to effectively manage the TSC's resources
Developed and published on the TSC website <i>TSC Performance Complaints Handling Policy &amp; Procedure</i> to manage the feedback and complaints submitted in relation to services provided by TSC employees and the TSC itself	Encourages stakeholder and industry participant feedback to improve our performance as the regulator. Provides a transparent mechanism in accordance with the guiding principles described by the <i>Australian Standard AS ISO 10002-2006 Customer Satisfaction – Guidelines for Complaints Handling in Organisation</i>
Introduced online and telephone payment options for fees	Reduces regulatory burden for industry participants by streamlining and modernising administrative processes
Implemented Strategic Risk Management Framework across the TSC	Embeds risk management in business as usual processes and culture, contributing to the achievement of core objectives
Established and published on the TSC website an internal review process	Increases transparency of decisions affecting operators, network service providers and drivers which provides an efficient, no cost mechanism for industry participants to seek review of decisions affecting them
Implemented People Matter Survey 2014 organisation-wide action planning to respond to survey data	Following 70 per cent workforce survey participation, employees across the organisation were actively engaged to identify, develop and deliver workplace improvements in response to survey results
Reviewed the organisation's Performance Management system and processes	Provides all employees with a revised and simplified planning and review process that provides stronger focus on professional development.

## STATEMENT OF EXPECTATIONS

In September 2014, the TSC received a Statement of Expectations (SOE) outlining performance and governance objectives to be implemented by Victorian business regulators over the next two financial years. The TSC was part of the regulators included in Stage Two of the SOE framework.

The TSC is required to have a strong focus on six key performance areas. In response to the areas identified in the SOE, the TSC implemented a number of initiatives in 2014–15.

### 1. *Benchmarking the performance of the TSC as a regulator*

Participated in the DEDJTR Regulatory Model Project, which aims to develop and roll out a cross-department and portfolio 'Regulatory Model' that will result in a common 'regulatory policy framework' and 'compliance framework' for all regulators within the Transport Portfolio and DEDJTR generally.

This project will effectively result in a 'bench-marking' of regulators across the department and portfolio and bring them all up to a common standard of governance and efficiency.

### 2. *Modernising measurement and monitoring processes*

Field officers input taxi quality and compliance data into Android tablets to capture key information in iFACTS, which is used for monitoring trends and targeting industry participants (according to risk profile).

Progressed work on shifting the TSC quarterly telephone-based customer satisfaction survey to an online platform, with the aim of transitioning to an online survey only by 2015–16.

### 3. *Embedding a risk-based approach to compliance and enforcement*

Shifted from randomised industry inspections to targeted compliance operations that utilise data trends and analysis.

### 4. *Providing greater transparency to the industry and the wider public*

Developed and published the *TSC Monitoring, Compliance Policy and Enforcement Policy* and *TSC Performance Complaints Handling Policy & Procedure* on the TSC website.

Implemented operational changes for the monthly publication of the application and assessment of the Consumer Interest Test and Excessive Entry Test on the TSC website.

### 5. *Streamlining administrative processes for industry to reduce red tape (including payment options)*

Added online and telephone payment options for payment of fees to reduce red tape. The administrative burden for industry participants seeking accreditation was further reduced with the TSC undertaking police checks for applicants in-house. This significantly decreases delays for applicants entering the industry.

### 6. *Working collaboratively with the department in the continued regulatory reform process*

Contributed commercial passenger vehicle (CPV) policy advice to effectively consolidate the *Transport (Passenger Vehicles) Regulations 2005*, *Transport (Taxi-Cabs) Regulations 2005* and *Transport (Taxi-cab Licences–Market and Trading) Regulations 2005* and re-name them the *Transport (Buses, Taxi-Cabs and Other Passenger Vehicles) Regulations 2005*.

The focus of combining these regulations has been to remove redundant requirements that placed a burden on the industry, rather than add any new ones.

The new regulations will be in place for 12 months. The TSC will continue to provide support to DEDJTR as it consults with industry and community groups in developing the new regulations for June 2016.

## PERFORMANCE OF THE INDUSTRY

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Section 115SB of the *Transport Integration Act 2010* requires the TSC (for the first five years of its operation) to include a report on the performance of the taxi and hire car industry in the TSC Annual Report. This section of this report addresses the legislative requirement based on the findings of the TSC's regulatory activities.

### SAFETY AND COMPLIANCE

The TSC is tasked with improving the safety of drivers and passengers of commercial passenger vehicles and promoting public confidence in the safety of the industry. This is addressed through monitoring and enforcing regulations and legislation, as well as implementing reforms that will lead to greater safety in taxi and hire cars.

In 2014–15, the TSC replaced its inspection facility at Melbourne Airport with a new Quality Assurance Centre (QAC) in Tullamarine. The QAC provides a site to inspect commercial passenger vehicles to ensure they comply with taxi and passenger vehicle regulations and legislation.

The TSC also engages with industry and the wider community on safety through public awareness campaigns, consultation, communication materials and information published in industry publications.

The TSC monitors and enforces safety requirements through accreditation processes, inspections and investigations. Following the successful implementation of the TSC's tablet-based inspection application, iFACTS, the TSC was able to target sectors of the industry for safety inspections. iFACTS enables inspection details to be electronically recorded in 'real-time'. They can be analysed and reported quickly, thus producing a benchmarked Taxi Quality Rating (TQR) for individual vehicles.

This targeted inspection approach included taxis, which had not been inspected by the TSC in the last twelve months, Special Purpose Vehicles, and older Peak Service taxis. Fleet inspections were also conducted for operators identified through the iFACTS system as being high risk with regard to safety quality.

Part of the regulator's role is to take appropriate action to ensure TSC outcomes are achieved, including issuing notices to industry participants when regulations are breached. Total inspection numbers for the year were approximately 13,000, with a strong focus on vehicle safety and driver accreditation.

High volume interventions were undertaken with taxi drivers to ensure that each was operating with the correct accreditation endorsements, including the Knowledge where required.

The table overleaf shows that the number of notices issued in 2014–15 is lower than the number issued in the previous year. However, the smaller volumes of notices issued were targeted where the risk to consumer safety and service was considered most significant.

There has also been a sharp rise in persons operating vehicles without the proper licensing authority, primarily through ridesharing. Over 200 Penalty Infringement Notices have been issued—the majority of which relate to unauthorised operations.

The notices issued as a percentage of vehicle inspections has increased in 2014–15 (32 per cent) compared with 2013–14 (30 per cent). This suggests that inspections are being targeted in the right area to detect non-compliance.

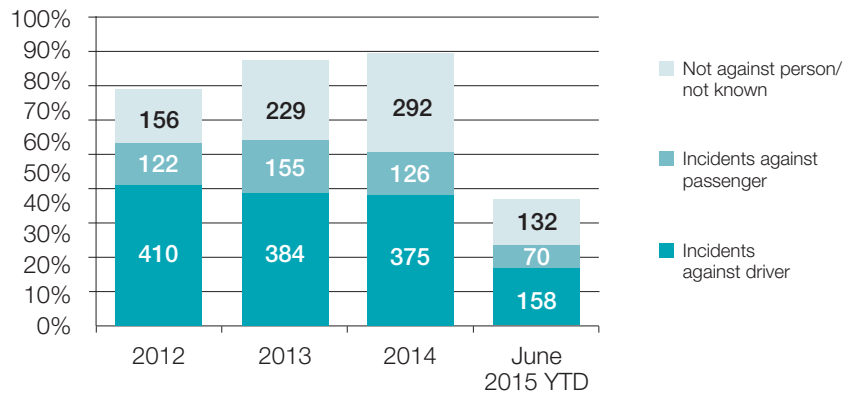
Transport safety and compliance	2014–15	2013–14
Number of infringement notices	927	1,683
Number of official warning notices	244	280
Number of rectification notices	2,933	3,703
Number of defect notices	33	197
Total notices issued	4,137	5,863
Total inspections	12,944	17,226
Notices as a percentage of vehicle inspections	32.0%	30.0%

#### Safety camera downloads

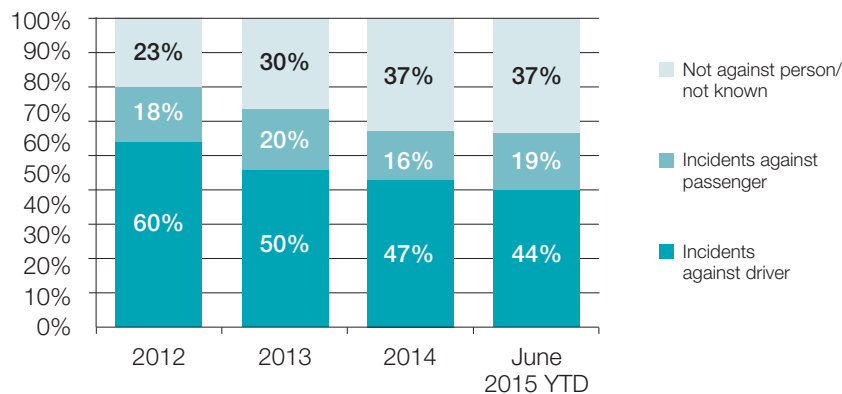
Taxi safety camera downloads continue to be a key function for the TSC with 765 camera downloads completed in 2014–15. It is important to recognise that this represents 0.003 per cent of the 26 million trips taken annually in Victoria.

Of these, 502 were industry related. The TSC is seeing a shift towards a greater number of download requests relating to non-industry related matters. This type of download request now represents approximately 34 per cent of all downloads completed.

Camera download incidents—number breakdown (calendar year)



Camera download incidents—% breakdown (calendar year)



## DRIVERS AND OPERATORS

Drivers of all commercial passenger vehicles, including taxis, are regulated via a common commercial passenger vehicle driver accreditation scheme. The 2014–15 financial year has seen a small decrease in the number of accredited drivers (-0.3 per cent) and active taxi drivers (-2.6 per cent) compared with the previous year. It should be noted that within the industry, there is a driver attrition rate of almost 60 per cent every three years among accredited drivers. This requires a constant stream of new drivers to enter the industry to ensure services are sufficient to meet consumer demand.

The number of accredited licence operators and network service providers has increased over the last 12 months (up 16 per cent). This reflects the implementation of industry reforms encouraging competition and new entrants to the taxi and hire car industry. It specifically encourages new 'as of right' licences which are non-assignable and can only be issued to an accredited operator.

As of 30 June	2014–15	2013–14
Total accredited drivers (taxi, hire car, bus driver)	43,898	44,028
Total active taxi drivers*	15,532	15,954
Total accredited industry participants (licence operators, network service provider)	9,996	8,676
Total driving instructor authorities	2,198	2,124

\*Note: active drivers are those taxi drivers who have undertaken at least one shift within the last 12 months.

### The Knowledge

The introduction of the Knowledge on 30 June 2014 is aimed at ensuring taxi and hire car drivers have high levels of local geographical expertise, disability awareness and general customer service skills—and sets a new standard for drivers entering the industry.

In 2014–15, the suite of Knowledge modules were implemented. Over 10,000 modules have been sat and applicants have passed 4,176 modules (which equates to a 41.6 per cent pass rate at the module level). The Geographical Assessment module has the highest pass rate (47.4 per cent) followed by the Metropolitan Hire Car module (44.8 per cent) and Driver Behaviour module (41.5 per cent).

The Knowledge 2014–15	Total	
Number of people that have attained the Knowledge		1,758
<b>Module</b>	<b>Pass</b>	<b>Pass rate</b>
Driver Behaviour	1,764	41.5%
General Assessment	327	25.9%
Geographical Assessment	1,490	47.4%
Metropolitan Hire Car	586	44.8%
Wheelchair Accessible Taxi (WAT) Theory	9	12.3%
<b>Total</b>	<b>4,176</b>	<b>41.6%</b>

At the end of June 2015, 1,758 drivers had attained the Knowledge. This entails passing specified modules required for endorsement to drive in the Metropolitan or Urban and Large Regional zones.

## LICENCES

The number of taxi licences across Victoria increased to 5,868 in 2014–15. This is a net increase of 11.7 per cent or 616 licences compared to the previous year. A key growth factor has been the opportunity to apply for 'as of right' annual taxi licences from the TSC which became available on 30 June 2014.

Following the implementation of key licensing reforms in mid-2014, the value of perpetual Metropolitan taxi licences has remained relatively stable. The average transfer price at the end of the June 2015 quarter was just over \$286,000—marginally higher than the previous year's price, \$278,854.

Metropolitan taxi assignment fees have stabilised over recent months with an average fee of \$1,940 per month in June 2015. This monthly fee when annualised equates to \$23,280 per annum, and is comparable to cost of an annual licence in 2014–15 (\$22,494).

	2014–15			2013–14		
	Conventional	WAT	Total	Conventional	WAT	Total
<b>Number of taxi licences</b>						
Metropolitan zone	4,399	492	4,891	3,826	504	4,330
Urban and Large Regional zone	400	79	479	357	75	432
Regional zone	261	77	338	253	75	328
Country zone	126	34	160	126	36	162
<b>Total</b>	<b>5,186</b>	<b>682</b>	<b>5,868</b>	<b>4,562</b>	<b>690</b>	<b>5,252</b>
<b>Licence transfers (Metropolitan taxis)</b>						
Average Metropolitan taxi licence market value for all transfers in the rolling quarter		\$286,583			\$278,854	
Number of market-based transfers		112			75	
<b>Licence assignments (Metropolitan taxis)</b>						
Average monthly assignment fee charged		\$1,940			\$2,241	
Number of assignments		1,419			1,224	
Number of hire car licences*		1,134			1,077	
Number of restricted hire licences* (4WDs, tour cars, hire cars 25+ years old)		616			690	
Number of special purpose vehicle licences*		956			974	

\*Note: Figures quoted are the total number of licences in operation for each licence type as at 30 June 2015.

## ACCESSIBILITY

The Multi Purpose Taxi Program (MPTP) assists with the travel needs of people with severe and permanent disabilities by offering subsidised taxi fares to members. Access to the program is subject to meeting specific eligibility criteria.

Overall, the total number of trips subsidised under the MPTP scheme is up by 1.1 per cent in 2014–15 compared with a year earlier. This moderate increase is driven by the ageing population and reflects the high proportion of members aged 65 and over.

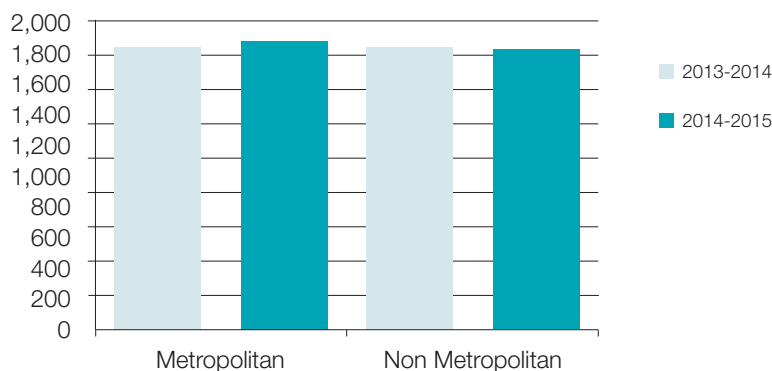
Average number of trips per MPTP member	2014–15	2013–14
Conventional trips per active* members	45.5	45.7
Wheelchair trips per active* members	72.3	71.5

\*Note: active MPTP members are those who have taken at least one trip within the last 12 months.

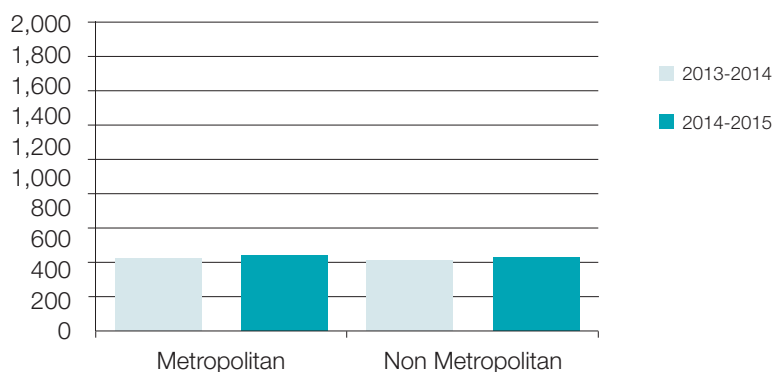
The average number of conventional taxi trips taken per MPTP member (45.5) in 2014–15 is almost identical to the figure in the previous year (45.7). The result for wheelchair members has increased marginally with the average number of wheelchair trips taken per member up by one per cent in the past financial year.

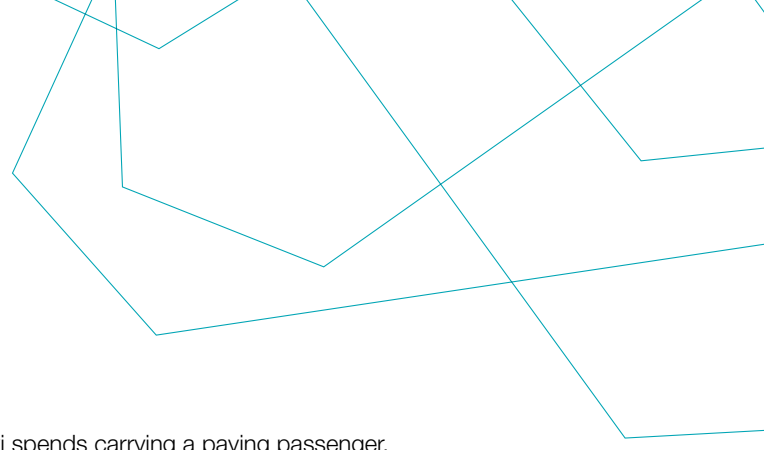
MPTP membership grew by 5.1 per cent (9,685 members) in 2014–15 over the previous year. As at the end of June 2015, there were more than 199,000 MPTP members. Of these, 93,853 (47 per cent) are active, having taken at least one trip under the program over the financial year. In 2014–15, there are 32,564 members who are wheelchair users which is 16 per cent of total MPTP members.

MPTP Number of conventional trips 2014–15 ('000)



MPTP Number of wheelchair trips 2014–15 ('000)





## TAXI OCCUPANCY RATE

The taxi occupancy rate is the percentage of time that a taxi spends carrying a paying passenger, relative to the total time it is available for hire. It is calculated using taxi network trip and driver shift data.

There is balance to be achieved between operators' efficiency in conducting their business and the length of time people need to wait for a taxi. A high occupancy rate does not always mean that passengers are being well serviced, as there are a number of factors relating to the supply and demand of taxi services that affect occupancy rates such as:

- the operator and booking service's efficiency in conducting their business (supplying taxis at times and to places which meet passenger demand)
- variability in passenger requirements and consumer demand
- impact of other transport options—both interconnecting and competing
- demand in entertainment precincts
- the unpredictability of the weather.

While there can also be a short-term reduction in occupancy when fares increase, evidence suggests that population growth and increases in tourism to Victoria also add to demand.

The TSC is particularly interested in occupancy levels at times of highest and lowest service demand in the Metropolitan zone in Melbourne. December is the month of the year when service demand and occupancy are highest due to celebrations associated with the holiday season such as Christmas, Boxing Day and New Year's Eve. In December 2014, the average Metropolitan taxi occupancy rate was 32 per cent—lower than the December 2013 rate. Conversely, the occupancy rate for June is the lowest for the year, due to the easing of demand for taxi services in the colder months.

Average occupancy rate (percentage of hours that Metropolitan taxis are occupied by passengers)	2014–15	2013–14
December (high demand)	32.0%	34.8%
June (low demand)	28.4%	30.3%

Occupancy rates also vary greatly throughout the average week. The highest occupancy rate (55 per cent) is during peak business hours and generally between 11pm and 1am on Saturday nights. Lowest occupancy rates of approximately 10 per cent typically occur between 2am to 5am on Mondays to Thursdays. At these times, even though demand is low, there is a relatively high proportion of the working taxi fleet on the road and available for service.

The TSC will continue to monitor occupancy rates, along with other measures such as the ratio of drivers to vehicles, fleet size and population growth to inform policy decisions for the industry.

## COMPLAINTS

The TSC can investigate complaints from the public or industry participants about taxis, hire cars and driving instructors. Complaints received by the TSC are recorded in a dedicated database, and a single complaint may reflect more than one issue.

Complaints have been analysed to provide an overall assessment of the key issues raised by complainants relating to the industry and categorised based on the objectives of the *Transport (Buses, Taxi-Cabs and Other Passenger Vehicles) Regulations 2005*.

This year the total number of complaints and other feedback received, assessed, investigated and closed by the TSC has decreased compared to 2013–14. This reflects the positive outcomes from the implementation of industry reform and a greater awareness regarding accountabilities for CPV services.

	2014–15	2013–14
<b>Total number of complaints received by the TSC</b>	<b>3,272</b>	<b>3,416</b>
<b>Number of issues recorded relating to taxi and hire car services</b>		
Hiring and trip experience	728	1,212
Conduct of driver	830	1,230
Fare charging and payment	453	928
Compliance with general road rules	323	521
Vehicle condition and appearance	89	135
Presentation of driver	35	83
Authorisation—driver and/or vehicle	324	135
Concerns with operator	136	30
Adequacy of vehicle equipment	15	19
<b>Number of issues recorded relating to other industry participants</b>		
Relating to driving instructors	39	20
Relating to buses	16	8
<b>Number of other issues recorded</b>		
Referred to other government authorities	72	125
Relating to the Knowledge	212	n/a
Other issues that do not fall into above categories	287	n/a
<b>Total number of issues recorded</b>	<b>3,569</b>	<b>4,446</b>

### *Dispute resolution*

Following the introduction of the driver agreement, the TSC introduced a dispute resolution process in 2014–15 to manage disputes between drivers and operators. Disputes are now recorded separately to complaints.

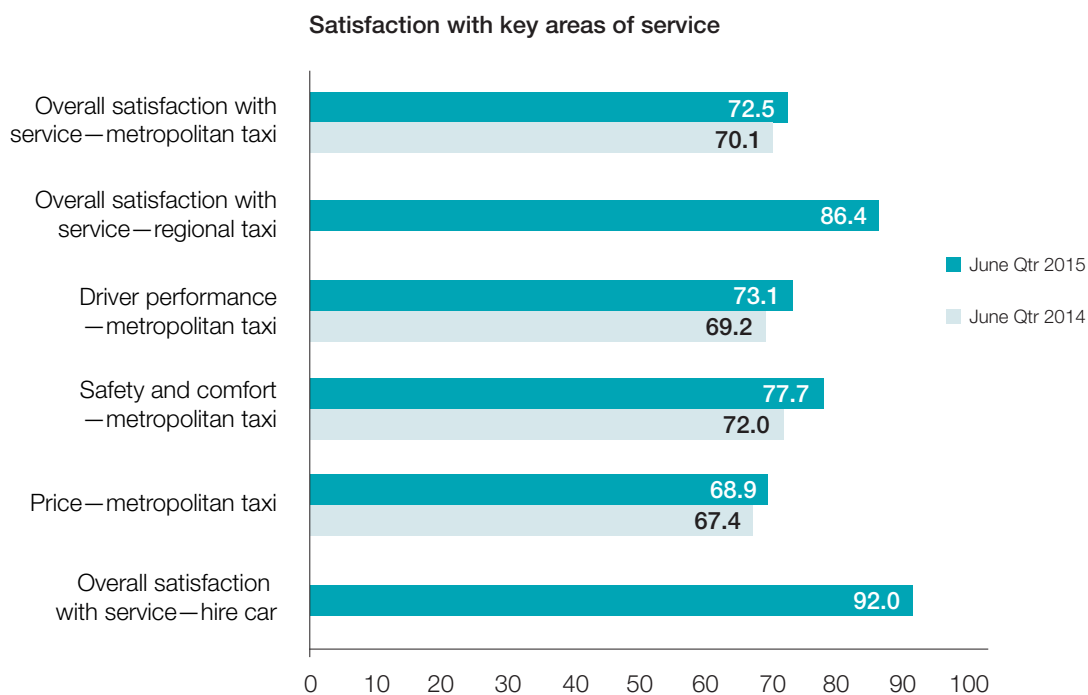
	2014–15
<b>Total number of disputes received by the TSC</b>	<b>294</b>
<b>Issue</b>	
Bond	65
Fees and charges	38
Fare box (55 per cent)	33
General	76
Insurance and indemnity	69
Leave entitlements	2
Maintenance and cost	4
Termination of employment	7

## TAXI AND HIRE CAR CUSTOMER SATISFACTION

The TSC contracts an independent market research company to survey and report on taxi and hire car customer satisfaction. In July 2014, the TSC commenced measuring satisfaction of metropolitan Melbourne and regional taxi customers separately. It also commenced measuring hire car customer satisfaction across Victoria.

Scores for overall satisfaction with taxi services in the June 2015 quarter (72.5 metropolitan and 86.4 regional) are above the combined score reported last year for the June 2014 quarter (70.1). Satisfaction with driver performance, safety and comfort, and price of the trip are the major contributors to overall increase in taxi satisfaction. Satisfaction with Victorian hire car services is recorded as 92.0 in the June 2015 quarter.

The TSC has become aware that the current survey methodology (which uses landline telephones) is over-representing older age groups who tend to be more satisfied than the average taxi or hire car customer. As a result, the TSC is migrating to an online methodology for its customer satisfaction surveying commencing in 2015–16.



## FINANCIAL SUMMARY AND REVIEW

The table below shows the financial results for 2014–15 and the three preceding financial years.

Financial result for the year ended 30 June extract	2014–15 \$'000	2013–14 \$'000	2012–13 \$'000	2011–12 \$'000
Income from government	87,130	79,783	1,475	3,119
Total income from transactions	87,655	80,018	1,572	4,961
Total expenses from operations	(91,723)	(83,535)	(1,577)	(5,006)
Net result from transactions	(4,102)	(3,517)	(5)	(45)
Net cash flow from operating activities	529	1,844	168	(4)
Total assets	22,873	21,860	187	1,001
Total liabilities	11,321	10,647	155	498
Net assets	11,552	11,213	32	503

The 2014–15 TSC Annual Report includes the TSC's full-year financial statements from 1 July 2014 to 30 June 2015. This is the second reporting period that has ended since the responsibility for the regulation of commercial passenger vehicles was transferred from the Secretary of DTPLI to the TSC, effective on 1 July 2013.

The comparatives for the 2011–12 and 2012–13 financial years cover the inquiry phase of the TSC, when the main objective was to inquire into the structure, conduct, performance and regulation of the commercial passenger vehicle industry.

### Financial result

In 2014–15, the net result from transactions was a deficit of \$4.1 million. This represents the unfunded non-cash items, such as depreciation and amortisation. The funding received from DEDJTR does not fund the TSC for depreciation and amortisation, as they are considered to be non-controllable transactions. This will have a cumulative impact on the accumulated deficit in future financial years. The TSC needs to manage the long-term risk to financial viability.

### Income

TSC's income is predominantly sourced from government grants.

### Expenses

TSC's operating expenses in 2014–15 totalled \$91.7 million. Of this expenditure, \$57.2 million (2014: \$53.9 million) was for grant payments for the MPTP and \$34.5 million (2014: \$29.6 million) was for the reforming of the industry, administration of regulatory services and depreciation and amortisation.

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

TSC administers the collection of certain licence fees and other fees on behalf of the Victorian Government and State Government agencies. These amounts are not recognised as TSC's income but are paid to the Victorian Government's Consolidated Fund or other government agencies. During 2014–15, collections on behalf of the Victorian Government and other government agencies totalled \$36.5 million (2014: \$12.9 million).

### Financial position—balance sheet

Net assets increased over the year to \$11.6 million (2014: \$11.2 million), mainly due to increases in total assets of \$1.0 million offset by increases in total liabilities of \$0.7 million.

The increase in financial assets, which mainly comprise cash and receivables, is due to \$0.3 million increase to cash and \$0.9 million increase to amounts owed from the Victorian Government as a result of increased level of operations—\$6.1 million (2014: \$5.2 million).

Total non-financial assets marginally decreased due to the accumulated depreciation of leasehold improvement assets of \$0.6 million offset by a \$0.5 million increase to intangible assets, as a result of continued investment in technology such as the TSC Data Warehouse and the Victorian Taxi Management System (VTMS). VTMS is the core information system for the accreditation and licensing of taxi and hire car industry participants.

Total liabilities increased mainly due to increased operational activities, resulting in contractual payables of \$0.4 million, and marginal increase of \$0.2 million to employee provisions following recruitment of additional staff to fill vacant positions.

### Cash flows

Net cash inflow from operating activities was \$0.5 million in 2014–15. This represents a \$1.3 million decrease compared to 2013–14, where drawdown of funding from DEDJTR was more closely aligned to the operating cash payment activities in 2014–15 compared to the prior financial year.

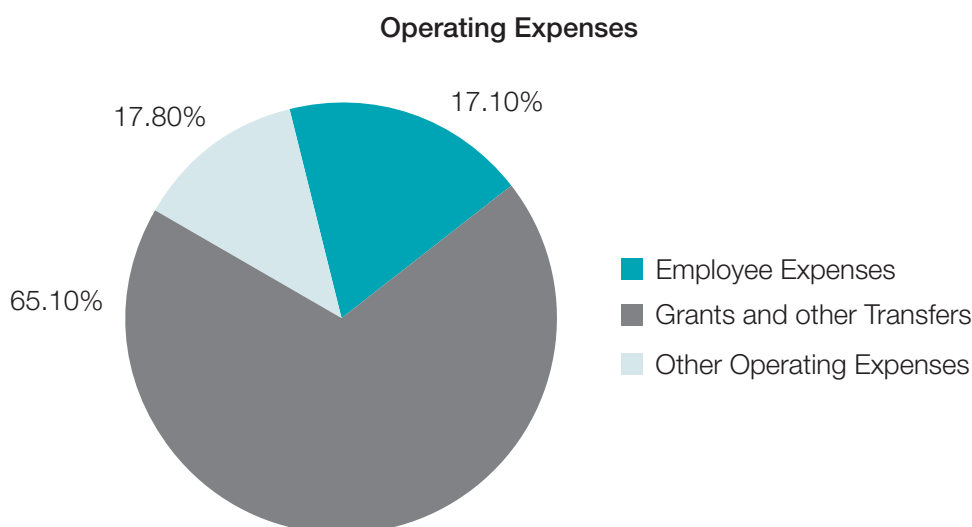
The overall cash surplus of \$2.7 million for the 2014–15 financial year represented a net increase of \$0.3 million compared to the previous year. Of this, \$3.6 million net cash flow was from financing activities, such as increased capital grant contributions, and the negative \$3.8 million net cash flow was from investing activities in technology such as VTMS and the TSC Data Warehouse.

### 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.

### Subsequent events

There were no material events occurring subsequent to the balance sheet date, 30 June 2015 that needed to be disclosed or accounted for by the TSC.



## GRANTS PROGRAMS

The TSC has a number of grants programs that provide assistance to organisations that meet predetermined criteria.

### *Taxi Rank Safety Program*

The Taxi Rank Safety Program provides grants to councils across Victoria to improve the safety, quality and amenity of taxi ranks in areas of high usage.

Infrastructure that may be funded by this program includes (but is not limited to):

- closed circuit television
- improved lighting
- pedestrian barriers
- weather shelters
- signage
- seats
- modifications to curbing or road treatments.

Projects are assessed by the TSC to ensure that funding is awarded to councils who demonstrate that the requested infrastructure will provide the greatest benefit for both passengers and drivers.

In line with the government commitment to increase safety on Victorian streets, priority will be given to infrastructure projects that further enhance Safe Taxi Ranks.

In 2014–15, the following payments were made towards council infrastructure projects.

Organisation	Payment \$ (GST exclusive)
Baw Baw Shire Council	12,220
City of Casey	9,433
City of Greater Dandenong	13,944
City of Stonnington	23,600
City of Wodonga	21,956
Colac Otway Shire Council	57,554
East Gippsland Shire Council	58,299
Glen Eira City Council	53,621
Glenelg Shire Council	12,593
Latrobe Shire Council	59,182
Manningham City Council	31,132
Mitchell Shire Council	12,990
Moreland City Council	46,402
Wellington Shire Council	88,818
<b>Total</b>	<b>501,744</b>

In addition, the following new grant allocations were announced in 2014–15 for payment in subsequent financial years.

Organisation	Allocation \$ (GST exclusive)
City of Ballarat	55,132
East Gippsland Shire Council	47,200
City of Wodonga	15,909
Manningham City Council	62,067
Frankston City Council	58,182
City of Stonnington	43,975
Moreland City Council	92,141
<b>Total</b>	<b>347,606</b>

#### *Wheelchair Accessible Taxi (WAT) programs*

##### WAT vehicle subsidy scheme

The WAT vehicle subsidy scheme aims to:

- maintain and improve the availability of WATs for people with a disability living in country towns
- make the operation of WATs more cost effective for the providers of taxi services.

The following grants were approved for payment in 2014–15.

Organisation	Payment \$ (GST exclusive)
Cobram Barooga Taxis	35,962
Taxis of Wangaratta	38,527
Stanglis Pty Ltd	40,000
Riviera Taxi Hire Cars	6,658
Daylesford Taxi Service Pty Ltd	40,000
Horsham Taxi Service	35,146
<b>Total</b>	<b>196,293</b>

#### WAT training subsidies

During 2014–15, subsidies were available for Registered Training Organisations (RTOs) to provide WAT training.

The following grants were approved for payment in 2014–15.

Organisation	Payment \$ (GST exclusive)
Driver Education Centre of Australia	5,369
Wodonga Institute of TAFE	65,195
CWY Transport Training	4,656
Individual RTOs	12,284
<b>Total</b>	<b>87,504</b>

#### Community Legal Centres funding project

The TSC made grants to Community Legal Centres (CLCs) for the purpose of those CLCs providing legal advice and representation for disadvantaged taxi drivers during 2014–15, particularly in relation to driver agreement Issues.

The Expression of Interest (EOI) process was announced on 14 February 2014, and three EOIs were received prior to the closing date of 28 March 2014. The EOIs were assessed and in accordance with the process, the CEO approved Funding Grants for the CLCs in the amounts listed in the table below.

The funding provided to the Footscray and Fitzroy CLCs was for the purpose of ongoing provision of legal services to taxi drivers. The funding provided to Central Highlands CLC was for a specific project—the production of a *Taxi Drivers Legal Health Check* booklet.

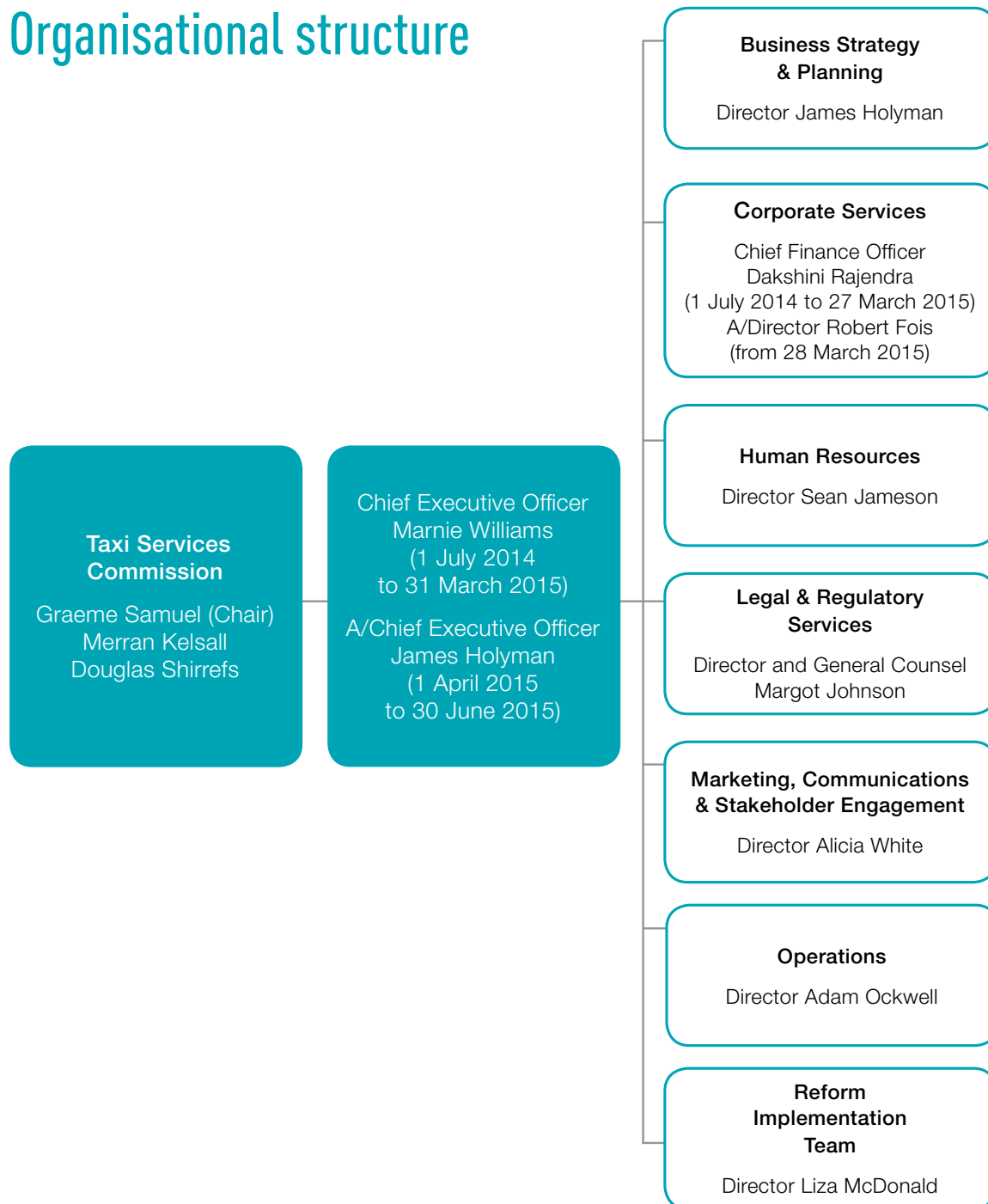
The three CLCs have now reported on the use of the funding for the 2014–15 financial years with the reports reflecting the provision of significant services to disadvantaged members of the taxi industry.

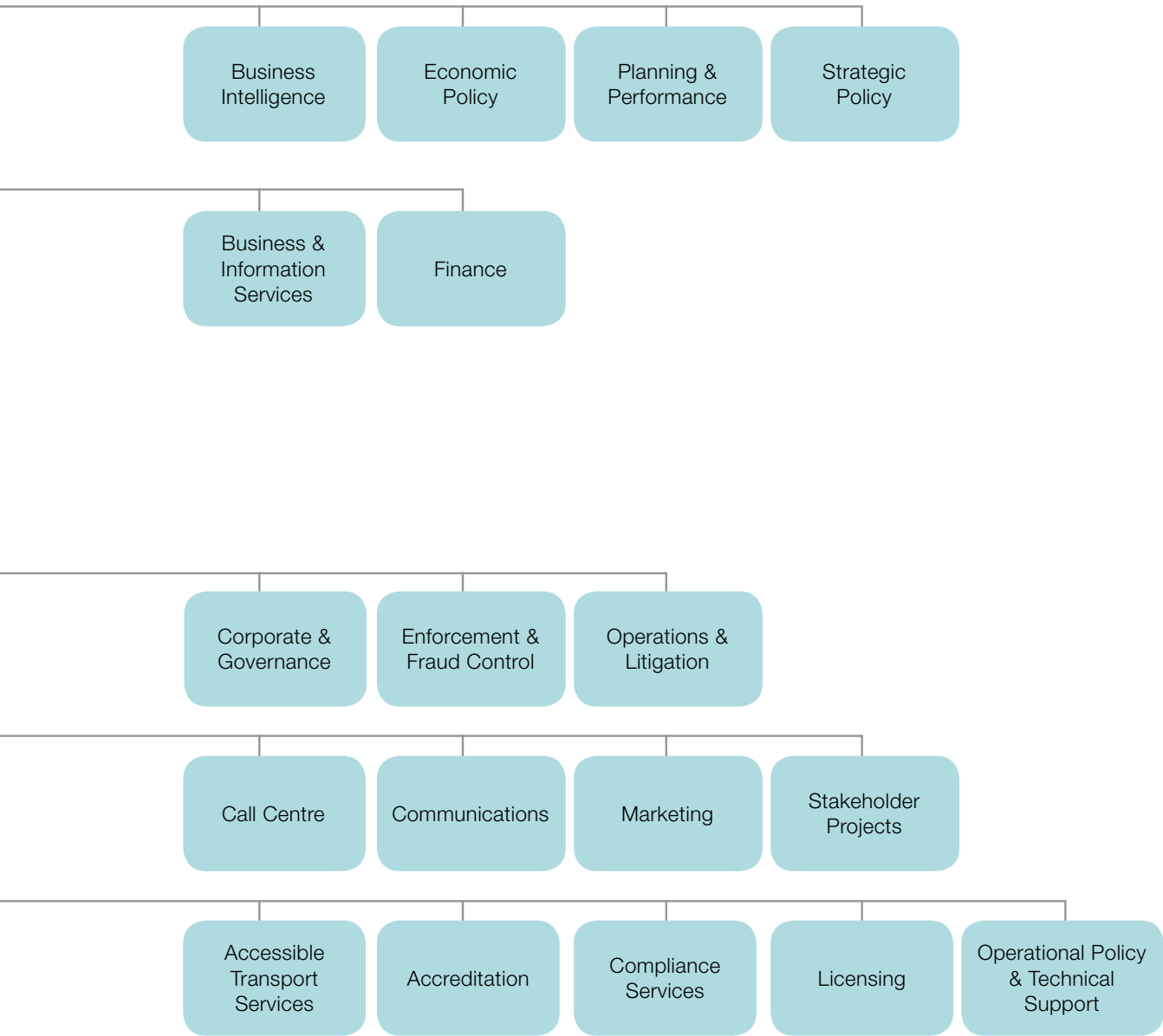
The following grants were approved for services provided in 2014–15.

Organisation	Payment \$ (GST exclusive)
Footscray Community Legal Centre	32,250
Fitzroy Legal Centre	13,684
Central Highlands Community Legal Centre	2,273
<b>Total</b>	<b>48,207</b>

# GOVERNANCE AND ORGANISATIONAL STRUCTURE

## Organisational structure





## COMMISSIONERS

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The TSC Commissioners were appointed on 26 May 2013 under the *Transport Integration Act 2010*. The commissioners' role is to ensure that the objectives and performance targets of the TSC are met.

They steer the way the TSC operates, setting the strategic directions, governance, and risk management activities on behalf of the minister.



**GRAEME SAMUEL AC  
(CHAIR)**

*LLB (Melb),  
LLM (Monash), FAICD*

Graeme Samuel is a Vice Chancellor's Professorial Fellow in the Monash Business School at Monash University. He is a Commissioner of the National Rugby League, a Councillor of the Australian

National University, President of Alzheimer's Australia, Chair of the South Eastern Melbourne Primary Health Network, Council member of the National Health and Medical Research Council and Chair of its Health Innovation Advisory Committee and the National Institute for Dementia Research. He was Chair of the Commonwealth Government's Panel of Review of Australia's Independent Medical Research Institutes. His professional career has spanned senior roles in law, investment banking and the public service, covering sport, health, the arts, business and public policy in economic reform and regulation.

His previous appointments include:

- President of the National Competition Council (1997–2003)
- Chairman of the Australian Competition & Consumer Commission (2003–2011)
- Associate Member of the Australian Communications and Media Authority (2007–2011).

He was appointed an Officer of the Order of Australia in 1998. In 2010, he was elevated to a Companion in the General Division of the Order of Australia. This was awarded for eminent service to public administration through contributions in the area of economic reform and competition law, and to the community, through his leadership roles with sporting and cultural organisations.



**MERRAN KELSALL**

*B Com (Hons),  
FCPA,  
MBA, FAICD*

Merran Kelsall originally qualified as a chartered accountant and she practised in the profession for 20 years, including 10 years as a partner at BDO. She has considerable directorship and corporate

governance experience, including working in audit, risk and compliance committees.

She was the inaugural Chairman of the Public Transport Ombudsman Victoria Ltd for eight years, establishing the governance structure and overseeing the work of the Ombudsman in implementing a fair and equitable regime for resolving customer complaints against public transport operators.

Her other industry experience encompasses health, education, insurance, and financial and professional services, including contract management and government utilities.

Her other appointments include:

- Chairman of the Auditing and Assurance Standards Board and member of the International Auditing and Assurance Standards Board
- Chairman, Australian Health Service Alliance Ltd
- Director, RACV Ltd and subsidiaries.



**DOUGLAS SHIRREFS**

*LLB (Hons) Melbourne,  
B Agric and Resource Eco  
(Hons) La Trobe, GAICD*

Douglas Shirrefs is a barrister and economist who practises commercial law— with a particular interest in competition and regulatory law. He is also a professional company director.

Before commencing practice as a lawyer he held senior positions as a regulatory economist for both the Commonwealth and Victorian Governments, including as senior transport economist at the ACCC and as Director of Infrastructure Economics and Transport Policy at the then Department of Infrastructure.

*Commission meeting attendance*

Graeme Samuel (Chair)	11 of 11
Merran Kelsall	11 of 11
Douglas Shirrefs	10 of 11

## EXECUTIVE

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### **JAMES HOLYMAN, A/CHIEF EXECUTIVE OFFICER**

James Holyman joined the TSC as Director Business Strategy and Planning in March 2014. He was appointed to A/CEO in April 2015.

In his substantive role, James is accountable for enabling evidence-based

decision-making and strategic policy development across the organisation.

Prior to joining TSC, James was the Executive Director Strategy and Innovation, Metropolitan Fire Brigade (MFB). James has worked in a number of executive positions for the Country Fire Authority (CFA) including Executive Manager of Regional Services and Executive Manager of Human Resources and Quality.

James has maintained his relationship with this sector by being an active volunteer, and in 2014, he was appointed to the CFA Board.

James has over twenty years' experience working within the government sector—specialising in organisation-wide strategic analysis and planning.

He has extensive people leadership experience and educational qualifications that include:

- Bachelor of Arts in Environmental Design, Architecture, Landscape Architecture and Town Planning
- Bachelor of Business
- Master of Business Administration (MBA)
- Graduate Diploma of Technology in Risk Management
- Company Directors Diploma, Governance
- participation in the Harvard University Senior Executive in State and Local Government Program.

### **LEADERSHIP TEAM**

The TSC Leadership Team assists the CEO in managing the day-to-day business of the TSC to achieve outcomes.

Each member of the TSC Leadership Team manages one of the seven divisions that work together to support the TSC's role as regulator of the commercial passenger vehicle industry.

*Director Business Strategy and Planning*  
James Holyman

*Chief Finance Officer*  
Dakshini Rajendra  
(1 July 2014 to 27 March 2015)

*A/Director Corporate Services*  
Robert Fois  
(from 28 March 2015)

*Director Human Resources*  
Sean Jameson

*Director Legal and Regulatory Services, General Counsel*  
Margot Johnson

*Director Marketing, Communications and Stakeholder Engagement*  
Alicia White

*Director Operations*  
Adam Ockwell

*Director Reform Implementation*  
Liza McDonald

## DIVISIONS OF THE TSC

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### **BUSINESS STRATEGY AND PLANNING**

Business Strategy and Planning is accountable for driving strategy, business planning and reporting for the TSC. It has a whole-of-business focus, providing research, strategic policy and data analysis to support evidence-based decision making.

The division ensures business plans and projects are aligned with strategic directions, and monitors and reports on the organisation's progress against defined objectives. It provides specialist economic advice and leads strategic policy for the TSC with a focus on regulatory reform and market analysis.

Business Strategy and Planning delivers business intelligence and data analysis relating to the commercial passenger vehicle industry for the whole organisation.

The division coordinates the Strategic Risk Management framework and undertakes environmental scanning to monitor future changes in the operating environment.

### **CORPORATE SERVICES**

This division provides support and advice to drive organisational efficiency, with a focus on improving systems, processes and governance.

Corporate Services does this by providing assistance in the areas of finance, IT systems, procurement, record management and workplace services.

The division is also responsible for audit assurance and provides the secretariat function for the Audit and Risk Management committee.

### **HUMAN RESOURCES**

Human Resources is responsible for providing people-related policies, procedures and processes to support the development of a fair, respectful, engaged and high-performing workforce.

This includes supporting the management of occupational health and safety, employee relations and ensuring competitive conditions of employment. These conditions help attract, develop and retain people with the required skills, knowledge and experience.

The division collaborates with organisation leaders and employees to implement effective workplace change initiatives and to build a culture that values high performance and professional development.

### **LEGAL AND REGULATORY SERVICES**

This division has three teams providing a broad range of legal and regulatory services to the TSC. This division also provides the secretariat function for the TSC Commission meetings and works closely with DEDJTR on legislative issues.

#### *Administrative Law and Case Assessment*

- makes administrative decisions on complex licensing and accreditation applications
- manages disciplinary and interim suspension processes against industry participants
- manages and represents the TSC in all VCAT and general litigation
- provides general legal advice
- manages requests relating to the Public Register.

#### *Legal and Commercial*

- manages compliance with privacy legislation
- makes administrative decisions on internal review applications
- manages compliance with Freedom of Information legislation
- provides contract and commercial drafting and advice
- provides general legal advice.

#### *Enforcement and Fraud Control*

- investigates fraud involving the MPTP subsidy scheme
- investigates breaches of taxi and hire car legislation and regulations
- prosecutes for fraud or for offences against taxi and hire car legislation and regulations
- manages applications for review of infringement notices issued by Compliance Services.

## **MARKETING, COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT**

Marketing, Communications and Stakeholder Engagement division is responsible for establishing, building and strengthening the TSC's brand and its relationships with internal and external stakeholders.

This division communicates with the public and other stakeholders on regulation, government initiatives and other taxi and hire car related issues that arise in the public domain.

Marketing, Communications and Stakeholder Engagement does this through managing media inquiries, correspondence and briefings, the TSC website, various industry publications, campaigns and through liaising with industry stakeholders.

The division includes the TSC Call Centre, which is responsible for the management of incoming calls and plays an important role in dealing with inquiries from the public and industry.

## **OPERATIONS**

This division is responsible for a number of key functions to support the TSC as industry regulator, including providing frontline services to the commercial passenger industry via counter and telephone services.

### *Accessible Transport Services*

- administers and provides advice on the MPTP (which is designed to improve the mobility of people with severe and permanent disabilities who are unable to access other forms of public transport)
- administers the Performance Based Booking System—an incentive scheme designed to improve the level of service for Victorians using a WAT
- Chairs ATAC.

### *Accreditation*

- administers the accreditation scheme for suitable taxi and hire car applicants
- authorises driving instructors to teach unlicensed car drivers in Victoria
- evaluates driver medical assessments
- assesses driver and other industry participants' criminal records checks
- reviews suitability of drivers based on criminal offences, serious traffic infractions and poor service delivery
- manages WAT training subsidies.

### *Compliance Services*

- manages on road compliance, audit and complaint resolution activities to regulate the CPV industry
- undertakes in-car safety camera downloads at the request of Victoria Police and other relevant agencies.

### *Licensing*

- issues CPV licences to suitable taxi and hire car applicants
- provides ongoing management of licences including transfers (sales), assignments and replacement of vehicles
- manages the Country WAT vehicle subsidy scheme.

### *Operational Policy and Technical Support*

- assesses and makes recommendations on statutory approvals
- develops standards that relate to vehicles and equipment
- provides guidance and direction on how regulatory discretion is exercised in the construction of operational policy and procedures
- provides operational policy advice and support to other divisions.

## **REFORM IMPLEMENTATION**

Reform Implementation is responsible for the oversight and coordination of the implementation of the TII reform agenda in partnership with other TSC divisions.

## COMMITTEES AND STAKEHOLDER GROUPS

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### AUDIT AND RISK MANAGEMENT COMMITTEE

The TSC's Audit and Risk Management Committee (ARMC) oversees and advises the TSC on matters of accountability and internal controls affecting the TSC's operations with regard to financial and risk management. As such, it assists the TSC in fulfilling its corporate governance and oversight responsibilities with regard to:

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

The ARMC operates under a written charter. The committee is chaired by TSC Commissioner Merran Kelsall and comprises two independent members. The committee meets on a quarterly basis at a minimum.

#### *ARMC attendance*

Merran Kelsall (Chair)	5 of 5
Mary Anne Hartley QC (independent member)	5 of 5
Robert Hogarth (independent member)	5 of 5

### EXECUTIVE REMUNERATION COMMITTEE

The TSC established an Executive Remuneration Committee (ERC) in line with the requirements of the Victorian Public Service Executive Handbook.

The ERC comprises the TSC Chair and TSC Commissioners. The ERC is tasked with applying a consistent and rigorous approach to setting and adjusting executive remuneration (for Band 2 and 3 positions) and applying a documented methodology for determining an Executive's work value.

The ERC meets every six months as a minimum, to plan annual remuneration changes and any out-of-cycle remuneration changes. All end-of-year remuneration decisions will be finalised by the ERC in line with whole of government processes.

The Director Human Resources is responsible for providing the secretariat function to the TSC

Executive Remuneration Committee.

### TAXI AND HIRE CAR MINISTERIAL FORUM

The Minister for Public Transport, Jacinta Allan, established the Taxi and Hire Car Ministerial Forum to allow representatives from across the industry to come together and discuss a range of topics affecting the industry.

The TSC provides support to DEDJTR who are responsible for the secretariat function. The forum will meet quarterly with the aim to consider ongoing industry reforms, reducing red tape, delivering a first-rate Multi Purpose Taxi Program, wheelchair accessible services and other matters.

The first forum was held on 27 April 2015.

### CONSULTATIVE COMMITTEE

After the establishment of the Taxi and Hire Car Ministerial Forum, the Consultative Committee ceased meeting, with most of the committee's membership transitioning to the forum.

Up until February 2015, the Consultative Committee met quarterly to inform and gather feedback from community, business and public stakeholders.

The key functions of the Consultative Committee were to:

- promote and continue discussion on the taxi and hire car reforms
- provide information to the TSC in relation to the industry reforms
- provide feedback that reflects the views of their industry, members or representative body in relation to the taxi and hire car industry.

## **ACCESSIBLE TAXI ADVISORY COMMITTEE**

The Accessible Taxi Advisory Committee (ATAC) gives taxi users with a disability, advocacy groups and others interested in taxi services for people with a disability, an opportunity to engage with the TSC, and provide advice and feedback on initiatives, policies and service performance.

The role of ATAC is to:

- provide the TSC with valuable contributions, suggestions and advice on taxi accessibility, regulatory change, government initiatives, and taxi-related issues for people with a disability
- provide advice and information to the disability community in relation to the issues addressed by the ATAC meetings
- continue to improve taxi services with respect to accessibility for people with disabilities
- inform the disability community on TSC services, projects and programs.

Chaired by the Manager of Accessible Transport Services, the committee meets three times a year. Membership is drawn from MPTP members, WAT users, disability advocacy organisations and peak bodies.

## **STAKEHOLDER REFERENCE GROUP**

The TSC established the Stakeholder Reference Group (SRG) to provide input into the implementation of the government reform agenda. Membership of the SRG has been determined with both the taxi and hire car industry and other key stakeholders being represented from across Victoria.

The SRG is not a decision-making body, but is designed to assist the TSC in delivering and implementing the reforms effectively.

The key functions of the SRG are to:

- provide feedback that reflects the views of the industry, members or representative body in relation to the taxi and hire car industry
- test assumptions and proposals
- refine approaches to implementation
- promote and continue discussion on the taxi and hire car reforms
- provide information to the TSC in relation to industry reform.

The group met three times during 2014–15.

## **STAKEHOLDER ENGAGEMENT**

### *Stakeholder survey*

The TSC conducts an annual Stakeholder Survey to obtain feedback on the process of communicating and engaging with the TSC. This feedback is used to improve the service that the TSC provides to the Victorian public and taxi and hire car industry.

### *Taxi and Hire Car Customer Satisfaction Monitor*

The TSC surveys 1500 customers of taxi and hire car services each year with results reported every three months. The survey is designed to give the TSC a reliable view of satisfaction with taxi and hire car services in metropolitan Melbourne and regional areas.

In 2014–15, the TSC commenced online surveying. It ran both landline and online surveying for most of the year as part of transiting to a more effective online methodology for surveying commercial passenger vehicle customers.

## OUR PEOPLE

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The TSC is committed to creating and maintaining a workplace that embraces diversity, mandates and promotes workplace safety and supports flexible work arrangements. Our people are provided with professional development opportunities and recognition and reward in response to individual and team achievements.

### **PUBLIC ADMINISTRATION VALUES AND EMPLOYMENT PRINCIPLES**

The TSC promotes high standards of ethical behaviour as modelled by our people leaders and as guided by the *Victorian Public Sector (VPS) Code of Conduct 2015*, *VPS Workplace Determination 2012*, and broader TSC and government policies. This is supported by specific awareness and compliance programs in areas such as equal employment opportunity.

The TSC complies with the *Public Administration Act 2004*. Employees are selected on merit, and an equal employment opportunity and diversity policy provides the principles that employees adhere to in support of the right of all people to work in an environment free from discrimination, harassment and bullying. The TSC provides its leaders with recruitment and selection tools and guidance to lead them through the selection process.

### **WORKFORCE STRATEGY**

The workforce strategy for 2014–15 focussed on prioritising resourcing to deliver both ‘business as usual’ and reform implementation project work. Resourcing was a mix of ongoing and fixed term employment arrangements supported by small numbers of external contractors to provide additional support at peak times. The TSC continued to focus on developing a more flexible workforce to have ‘the right people in the right positions at the right time’.

### **DEVELOPING OUR LEADERS**

The TSC made development of our people managers a strategic priority this year. This focus recognised the importance of upskilling our managers to lead their team members to deliver improved outcomes.

A number of learning opportunities were developed both internally and in partnership with other organisations to grow our current and future leaders. Leadership development highlights included:

- all TSC managers participating in a thinking preference self-assessment program
- thirty managers completing a three day Managing People Effectively training program
- three future leaders representing the TSC in a Young Institute of Public Administration Australia (YIPPA) program.

### **DEVELOPING OUR PEOPLE**

The TSC has continued to demonstrate a commitment to building a high performing and highly engaged workforce that achieves outcomes. This is supported by a workplace environment that values individual and team performance and professional development.

Professional development was targeted at both the individual and broader team level. A highlight was the roll out, beyond TSC managers, of a thinking preference self-assessment program. All Human Resources and Business, Strategy and Planning division team members completed the assessment program.

A review of our Performance Management systems and processes has resulted in a more simple process and tools that emphasise focus on individual professional development.

## RECRUITMENT AND INDUCTION

The TSC is committed to applying merit and equity principles when appointing employees to both ongoing and fixed term positions. Our selection processes ensure that applicants are assessed and evaluated fairly and equitably, based on key selection criteria and other accountabilities, without discrimination and in line with the *Public Administration Act 2004*.

Induction programs cover TSC operations, policies, legislative obligations including occupational health and safety, organisation culture, performance expectations and requirements for adherence to the public sector values set out in the Code of Conduct.

## WORKPLACE FLEXIBILITY

The TSC offers a range of flexible work options that allow all employees to achieve a balance between meeting the requirements of their position and managing their personal and family responsibilities.

Flexible working arrangements include (but are not restricted to) flexi time, part-time hours, compressed working weeks, annualised working hours and working from home. The TSC continues to support flexible working practices that meet both individual and organisation needs.

## DIVERSITY

The TSC is proud of the diverse nature of its workforce. Workplace diversity is actively promoted through TSC policies, employee support and ongoing provision of information.

Key activities for the TSC in relation to diversity include:

- fostering and valuing diversity in recruitment and career progression
- ensuring equitable and fair treatment for all employees in all matters
- respecting and upholding human rights as per the VPS Code of Conduct.

A comprehensive suite of policies supports these activities and ensures compliance with our legislative obligations. The TSC sets clear expectations for behaviour, which are enforced through our performance management systems.

A continued TSC focus is the equal representation of women in the workforce, with an emphasis on supporting women in leadership career aspirations. An example of this commitment was TSC representation at the annual Institute of Public Administration Australia (IPPA) 2015 International Women's Day dinner.

The commercial passenger vehicle industry has a high representation of members of Cultural and Linguistically Diverse (CALD) communities. In recognising the TSC's role in working with the industry, the TSC is committed to better representation of these communities within our workforce. This representation will provide greater understanding of and communication with CALD community members.


## ABORIGINAL AFFAIRS

The TSC supports the Victorian Government's Karreeta Yirramboi–Aboriginal Public Sector Employment and Career Development Action Plan 2010–2015.

## OCCUPATIONAL HEALTH AND SAFETY (OH&S)

Every employee, contractor and visitor to a TSC workplace is protected from any physical, psychological or potential harm or injury, as far as practicable. The TSC aims for the health, safety and wellbeing of every employee to be an integral consideration in everything that the TSC does. To achieve this, the TSC will:

- continue to embed a comprehensive safety culture
- develop committed, resourced and trained leaders to promote a safe and engaged workforce
- encourage and empower employees to take responsibility for their own health and safety practices
- directly engage contractor service providers to brief their employees on OH&S obligations and share their organisational policies with the TSC.



TSC policies and procedures are developed 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 Workplace Determination 2012* covers the formal agreement with our people and the CPSU regarding OH&S obligations.

The TSC OH&S Committee meets every two months and is the central forum for discussing and communicating OH&S issues within the organisation. The committee is chaired by the CEO and consists of managers, Health and Safety Representatives (HSRs) and other employees from across the organisation.

The committee ensures that our different work accountabilities and workplaces are equally represented. The committee is actively involved in OH&S reporting and decision-making, and follows the appropriate resolution procedures when required.

During 2014–15, OH&S highlights included:

- ergonomic assessment training for a number of employees to develop our internal OH&S capability
- provision of individual employee ergonomic assessments (and equipment as required)
- continued technical development for the Human Resources division
- changes in our HSR group
- completion of inspections to identify workplace hazards
- provision of flu vaccinations
- regular fresh fruit
- continued distribution of hand sanitiser.

First Aid Officers, HSRs and Floor Wardens are well established and regularly engaged in briefings, reporting and practice building evacuation exercises.

A review of these functions occurred to ensure appropriate coverage would be in place when the TSC relocated to new premises in August 2015.

The TSC continued to provide a DEDJTR managed Employee Assistance Program (EAP) service throughout the year. A highlight of the provided EAP service was the participation of 77 front line employees in an EAP led *Dealing with Difficult Customers* training program to upskill our workforce in managing conflict situations.

TSC confirmed Xchanging as the organisation's workers' compensation insurer following a review of providers this year. There were four WorkCover claims lodged by employees. One claim was accepted.

OH&S is reported in the monthly CEO Report and to the TSC Commissioners.

Performance against OH&S management measures

Measure	KPI	2014–15	2013–14
Incidents	Number of incidents	24	10
	Rate per 100 FTE	15.2%	10.0%
Claims	Number of standard claims	1	1
	Rate per 100 FTE	0.6%	1.0%
	Number of lost time claims	0	0
	Rate per 100 FTE	0.0%	0.0%
	Number of claims exceeding 13 weeks	0	0
	Rate per 100 FTE	0.0%	0.0%
Fatalities	Number	0	0
Claims costs	Average cost per standardised claim	\$5,442.19	\$3,889.12
Return to work (RTW)	Percentage of claims with RTW plan <30 days	100.0%	100.0%
Management commitment	Evidence of policy statement, OH&S objectives, OH&S plans signed by CEO	Complete	Complete
Consultation and participation	Evidence of agreed structure of designated work groups, health and safety representatives and issue resolution procedures	Complete	Complete
Risk management	Percentage of internal audits/inspections conducted as planned	100.0%	100.0%
	Percentage of issues actioned as identified in an internal audit/inspection	100.0%	100.0%
Training	Percentage of health and safety representatives trained	100.0%	100.0%

COMPARATIVE WORKFORCE DATA

All figures reflect active employees during the last full pay period in June of each year. Excluded are those on leave without pay or absent on secondment, external contractors/consultants and temporary staff employed by employment agencies.

	2015	2014
Average age of employees	41	40
Proportion of women in workforce (%)	49.20	52.08

	2015		2014	
	Male	Female	Male	Female
Executives	2	2	2	3
Other	76	81	66	66

Note: the following definitions are applied to workforce classifications:

Classification	Definition
Executives	Leaders employed on a State of Government Executive Contract of Employment
Other	Other employees who are not classified as Executives

Summary employment levels	Ongoing employees				Fixed term and casual employees	
	Employees (headcount)	Full-time (headcount)	Part-time (headcount)	FTE	Headcount	FTE
June 2015	128	111	17	122.10	33	32.80
June 2014	126	114	12	121.93	11	11.00

Employment levels	June 2015				June 2014			
	Ongoing		Fixed term & casual		Ongoing		Fixed term & casual	
	Employees (headcount)	FTE	Employees (headcount)	FTE	Employees (headcount)	FTE	Employees (headcount)	FTE
<b>Gender</b>								
Male	65	65.00	13	13.00	64	64.00	4	4.00
Female	63	57.10	20	19.80	62	57.93	7	7.00
<b>Age</b>								
Under 25	1	1.00	1	1.00	3	3.00	0	0.00
25-34	36	31.79	11	11.00	33	31.21	8	8.00
35-44	35	33.96	14	14.00	41	38.77	3	3.00
45-54	42	41.35	6	6.00	36	35.95	0	0.00
55-64	14	14.00	1	1.00	13	13.00	0	0.00
Over 64	0	0.00	0	0.00	0	0.00	0	0.00
<b>Classification</b>								
VPS 1	0	0.00	0	0.00	0	0.00	0	0.00
VPS 2	12	11.35	2	2.00	14	13.24	0	0.00
VPS 3	45	42.72	10	10.00	44	42.66	0	0.00
VPS 4	34	32.70	7	7.00	30	29.50	5	5.00
VPS 5	22	21.40	6	6.00	20	19.13	3	3.00
VPS 6	15	13.93	4	3.80	12	11.40	3	3.00
STS	0	0.00	0	0.00	1	1.00	0	0.00
Executives	0	0.00	4	4.00	5	5.00	0	0.00
Other	0	0.00	0	0.00	0	0.00	0	0.00



FOR THE FINANCIAL  
YEAR ENDED 30 JUNE 2015

# FINANCIAL STATEMENTS

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The Taxi Services Commission is a government agency of the State of Victoria.  
For queries in relation to our financial statements please call 1800 638 802.



# ACCOUNTABLE OFFICER'S AND FINANCE AND ACCOUNTING OFFICER'S DECLARATION

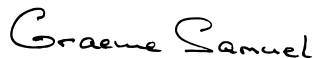
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We certify that the attached financial statements for the Taxi Services Commission have been prepared in accordance with Standing Direction 4.2 given under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards 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 notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2015 and financial position of the Taxi Services Commission as at 30 June 2015.

We are not aware of any circumstance which would render any particulars included in the financial report to be misleading or inaccurate.

We authorise the attached financial statements for issue on 25 September 2015.



**Graeme Samuel AC**  
Chair  
Taxi Services Commission

Melbourne



**Milena Ripiloska**  
Finance and Accounting Officer  
Taxi Services Commission

Melbourne

# VICTORIAN AUDITOR-GENERAL'S REPORT

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**VAGO**

Victorian Auditor-General's Office

Level 24, 35 Collins Street  
Melbourne VIC 3000  
Telephone 61 3 8601 7000  
Facsimile 61 3 8601 7010  
Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au)  
Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

## INDEPENDENT AUDITOR'S REPORT

### To the Commissioners, Taxi Services Commission

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2015 of the Taxi Services Commission which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

#### *The Commissioners' Responsibility for the Financial Report*

The Commissioners of the Taxi Services Commission are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Commissioners determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Commissioners, as well as evaluating the overall presentation of the financial report.

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

# VICTORIAN AUDITOR-GENERAL'S REPORT

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## Independent Auditor's Report (continued)

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Taxi Services Commission as at 30 June 2015 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
9 October 2015



for Dr Peter Frost  
*Acting Auditor-General*

## COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
<b>Income from transactions</b>			
Government grants <sup>(i)</sup>		87,130	79,783
Fair value of services received free of charge or for nominal consideration	2	451	163
Interest		74	72
<b>Total income from transactions</b>		<b>87,655</b>	<b>80,018</b>
<b>Expenses from operations</b>			
Employee expenses	3(a)	(15,687)	(13,756)
Depreciation and amortisation <sup>(ii)</sup>	3(b)	(4,170)	(3,585)
Interest expense		–	(12)
Grants and other transfers	3(c)	(59,686)	(55,159)
Capital asset charge		(1,100)	(1,100)
Other operating expenses	3(d)	(11,080)	(9,923)
<b>Total expenses from operations</b>		<b>(91,723)</b>	<b>(83,535)</b>
<b>Net result from transactions (net operating balance)</b>		<b>(4,068)</b>	<b>(3,517)</b>
<b>Other economic flows included in net result</b>			
Net gain on non-financial assets	4(a)	22	25
Other loss from other economic flows	4(b)	(56)	(21)
<b>Total other economic flows included in net result</b>		<b>(34)</b>	<b>4</b>
<b>Net result<sup>(iii)</sup></b>		<b>(4,102)</b>	<b>(3,513)</b>

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

Note:

(i) Government grants received from the Department of Economic Development, Jobs, Transport and Resources (DEDJTR)

(ii) As a matter of policy the Victorian Government does not fund the TSC for depreciation and amortisation.

Depreciation and amortisation is a non-controllable transaction and reflects as a loss in the net result. This will have a cumulative impact on accumulated deficit in future financial years. As a result, the TSC faces a long term risk to financial viability and a going concern issue may arise in the future.

## BALANCE SHEET AS AT 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash	17(a)	2,768	2,444
Receivables	6	7,167	6,363
<b>Total financial assets</b>		<b>9,935</b>	<b>8,807</b>
<b>Non-financial assets</b>			
Prepayments		168	168
Property, plant and equipment	7	482	1,080
Intangible assets	8	12,288	11,805
<b>Total non-financial assets</b>		<b>12,938</b>	<b>13,053</b>
<b>Total assets</b>		<b>22,873</b>	<b>21,860</b>
<b>Liabilities</b>			
Payables	9	7,540	7,134
Borrowings	10	278	224
Provisions	11	3,503	3,289
<b>Total liabilities</b>		<b>11,321</b>	<b>10,647</b>
<b>Net assets</b>		<b>11,552</b>	<b>11,213</b>
<b>Equity<sup>(i)</sup></b>			
Contributed capital		19,683	15,242
Accumulated deficit		(8,131)	(4,029)
<b>Net worth</b>		<b>11,552</b>	<b>11,213</b>
Commitments for expenditure	14		
Contingent assets	15		
Contingent liabilities	15		

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

Note:

(i) Refer to 'statement of changes in equity' for details on movements.

## STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

<b>2013–14</b>		<b>Contributions by Owner</b>	<b>Accumulated Deficit</b>	<b>Total</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 July 2013</b>		<b>548</b>	<b>(516)</b>	<b>32</b>
Net result for the year		–	(3,513)	(3,513)
Capital contributions		3,811	–	3,811
Administrative restructure – net assets received	5	10,883	–	10,883
<b>Balance at 30 June 2014</b>		<b>15,242</b>	<b>(4,029)</b>	<b>11,213</b>

<b>2014–15</b>		<b>Contributions by Owner</b>	<b>Accumulated Deficit</b>	<b>Total</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 July 2014</b>		<b>15,242</b>	<b>(4,029)</b>	<b>11,213</b>
Net result for the year		–	(4,102)	(4,102)
Capital contributions		4,441	–	4,441
<b>Balance at 30 June 2015</b>		<b>19,683</b>	<b>(8,131)</b>	<b>11,552</b>

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

## CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Proceeds from grant contributions by Victorian Government		86,920	80,165
Licence revenue collected on behalf of other entities <sup>(i)</sup>		–	13,482
Goods and Services Tax recovered from the ATO <sup>(ii)</sup>		7,331	6,018
Interest		74	72
<b>Total receipts</b>		<b>94,325</b>	<b>99,737</b>
<b>Payments</b>			
Payments to suppliers and employees		(92,696)	(83,877)
Licence revenue remitted back to other entities <sup>(i)</sup>		–	(12,904)
Capital asset charge		(1,100)	(1,100)
Interest paid		–	(12)
<b>Total payments</b>		<b>(93,796)</b>	<b>(97,893)</b>
<b>Net cash flows from operating activities</b>	<b>17(c)</b>	<b>529</b>	<b>1,844</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		–	(90)
Payments for intangible assets		(3,923)	(3,189)
Proceeds from disposals of property, plant and equipment		117	77
<b>Net cash flows used in investing activities</b>		<b>(3,806)</b>	<b>(3,202)</b>
<b>Cash flows from financing activities</b>			
Proceeds from capital grant contributions by Victorian Government		3,800	3,805
Repayments of finance lease liabilities		(199)	(168)
<b>Net cash flows from financing activities</b>		<b>3,601</b>	<b>3,637</b>
<b>Net increase in cash and cash equivalents</b>		<b>324</b>	<b>2,279</b>
Cash and cash equivalents at the beginning of the financial year		2,444	165
<b>Cash and cash equivalents at the end of the financial year</b>	<b>17(a)</b>	<b>2,768</b>	<b>2,444</b>

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

Note:

(i) This relates to licence revenue collected and remitted back to the State and does not form part of the controlled activities of the TSC (Refer to Note 18: Administered (non-controlled) items)

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

These annual financial statements represent the audited general purpose financial statements for the Taxi Services Commission (TSC) for the period ending 30 June 2015. The purpose of the report is to provide users with information about the TSC's stewardship of resources entrusted to it.

The financial statements cover the TSC as an individual reporting entity and independent statutory authority. The TSC was established by the *Transport Legislation Amendment (Taxi Services Reform and Other Matters) Act 2011*. The TSC 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 the TSC.

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

The financial statements for the financial year 1 July 2014 to 30 June 2015 and comparatives cover the regulation of the taxi and hire car industry responsibility of which transferred to the TSC from the former Department of Transport, Planning and Local Infrastructure (DTPLI) on 1 July 2013.

*(a) Statement of compliance*

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 (AAS) 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 AAS 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.

To gain a better understanding of the terminology used in this report, a glossary of terms can be found in Note 24.

The annual financial statements were authorised for issue by the Chair of the Taxi Services Commission and the Finance and Accounting Officer on 25 September 2015.

*(b) Going concern*

These financial statements have been prepared on a going concern basis.

The funding received from the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) does not include funds for depreciation and amortisation. This will have a cumulative impact on accumulated deficit in future financial years. As a result, the TSC will face a long term risk to financial viability and a going concern issue may arise in the future.

*(c) Basis of accounting preparation and measurement*

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.

In accordance with the requirements of AASB 13 *Fair Value Measurement* and the relevant Financial Reporting Directions, the TSC determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, and financial instruments.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the TSC has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The TSC 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.

In addition, the TSC monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015, and the comparative information presented for the year ended 30 June 2014.

#### *(d) Reporting entity*

##### Objectives and funding

The TSC is charged with regulating the commercial passenger vehicle industry in a manner that promotes service provision by taxis, hire cars, driving instructors and bus drivers that is customer-responsive, safe, competitive, efficient and accessible.

The TSC is predominantly funded by accrual based Parliamentary appropriations for the provision of outputs. These appropriations are received by the DEDJTR and on-forwarded to the TSC in the form of grants.

##### Administered items

Certain resources are administered by the TSC on behalf of the State. While the TSC 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 TSC'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. Administered assets include government income earned but yet to be collected.

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

Disclosures related to administered items can be found in Note 18.

#### *(e) Scope and presentation of financial statements*

##### Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

##### Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled over more than 12 months) are disclosed in the notes, where relevant.

##### Cash flow statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with the requirements of AASB 107 *Statement of Cash Flows*.

##### Statement of changes in equity

The statement of changes in equity presents a reconciliation of non-owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also separately shows changes due to amounts recognised in the 'comprehensive result' and amounts recognised in 'other economic flows—other movements in equity' related to 'transactions with the owner in its capacity as owner'.

## Rounding

Amounts in the financial statements (including the notes) have been rounded to the nearest \$1,000, unless otherwise stated. Figures in the financial statements may not equate due to rounding. Please refer to the style convention at the end of Note 24 for explanations of minor discrepancies resulting from rounding.

### (f) Changes in accounting policies

Subsequent to the 2013–14 reporting period, there are no changes in the accounting policies arising from the new and revised accounting standards.

### (g) Income from transactions

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

## Interest

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.

## Grants

Grants from third parties (other than contribution by owners) are recognised when the TSC obtains control over the contribution. The grant contributions are received from DEDJTR to fund the operations.

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

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.

### (h) Expenses from transactions

Expenses from transactions are recognised as they are incurred and reported in the financial year to which they relate.

## Employee expenses

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

Superannuation expenses recognised in the comprehensive operating statement are the employer contributions for members of both defined benefit and defined contribution plans that are paid or payable during the reporting period.

The Department of Treasury and Finance (DTF) centrally recognises, on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans as an administered liability.

## Depreciation and amortisation

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	Expected useful life (years)
<b>Leasehold improvements at fair value</b>	5–15
<b>Plant and equipment at fair value:</b>	
• Computer equipment	1–4
• Office machines and equipment	4
<b>Leased vehicles at fair value</b>	3
<b>Intangible produced assets:</b>	
• Capitalised software development	4

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.

The assets were predominantly acquired upon transfer of the Victorian Taxi Directorate (VTD) function from the former DTPLI to TSC in the prior financial year. Depreciation and amortisation is calculated on remaining useful life of these assets.

#### Interest expense

Interest expense is recognised in the period in which it is incurred. Refer to the glossary of terms in Note 24 for an explanation of interest expense items.

#### Grants and other transfers

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 disability care and taxi rank safety programs and subsidies for Wheelchair Accessible Taxis (WATs) to the Commonwealth government, local government, private sector businesses, legal centres and non-profit organisations. Refer to Note 24 for an explanation of grants and other transfers.

The Multi-Purpose Taxi Program (MPTP) provides subsidised taxi fares for Victorians with severe and permanent disability who also experience financial hardship. These expenses relate to all costs associated with the MPTP which includes subsidy, processing charges and payments to the Performance Based Booking System (PBBS).

#### Capital asset charge

The capital asset charge is calculated on the budgeted carrying amount of applicable non-financial physical assets.

#### Other operating expenses

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

The TSC 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.

#### (j) 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

Net gain/ (loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

#### *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.

#### *Impairment of non-financial assets*

All non-financial assets are assessed annually for indications of impairment.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an other economic flow, except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. The recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

#### Other gains/ (losses) from other economic flows

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.

#### *(j) Administered income*

##### Regulatory fees

The TSC does not gain control over assets arising from regulatory fees, consequently income is not recognised in the TSC's financial statements. The TSC collects these amounts on behalf of the State. This includes collection of annual and new issuance fee on MPTP cards, annual licence fees, issuance fees on new taxi licences; special purpose vehicle, metropolitan and country hire licences. Accordingly, the amounts are disclosed as income in the schedule of Administered Items (see Note 18).

#### *(k) Financial Instruments*

The following refers to financial instruments unless otherwise stated. Refer to Note 24 for an explanation of financial instruments.

##### Categories of non-derivative financial instruments

##### *Loans and receivables*

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

The loans and receivables category includes cash and receivables, but not statutory receivables.

##### *Financial liabilities at amortised cost*

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments 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.

Financial instrument liabilities measured at amortised cost include all of the TSC's contractual payables and finance lease liabilities.

#### *(l) Financial assets*

##### Cash

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

##### Receivables

Receivables consist of:

- Contractual receivables, which include debtors in relation to goods and services
- Statutory receivables, which include amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable.

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

Contractual receivables are classified as financial instruments and categorised as loans and receivables. Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

##### Impairment of financial assets

At the end of each reporting period, the TSC assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets are subject to an annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of assets*.

#### *(m) Non-financial assets*

##### Property, plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

The initial cost for non-financial physical assets under a finance lease (refer to Note 1(o)) 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.

##### *Leasehold improvements*

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.

##### Intangible assets

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 the TSC.

Intangible assets mainly constitute the Victorian Taxi Management System (VTMS) and the TSC Data Warehouse solution. VTMS is the core information system for the accreditation and licensing of taxi and hire car industry participants. The TSC Data Warehouse solution processes industry relevant data, also receives data directly from taxis and provides reporting to industry and internal stakeholders.

##### Other non-financial assets

###### *Prepayments*

Other non-financial assets include prepayments which represent payments in advance of the receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

#### *(n) Liabilities*

##### Payables

Payables consist of:

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

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

##### Borrowings

Borrowings are initially recognised at the fair value, being the cost of the borrowings, net of transaction costs (refer also to Note 1(o) Leases). Subsequent to initial recognition TSC has categorised its interest-bearing liabilities as financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in the net result over the period of the borrowing using the effective interest method.

##### Provisions

Provisions are recognised when the TSC 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 the end of the reporting period, taking into account the risks 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.

## Employee benefits

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

### (i) Annual leave

Liability for annual leave is recognised in the provision for employee benefits as 'current liabilities' because the TSC 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 the TSC expects to wholly settle within 12 months; or
- present value if the TSC does not expect to wholly settle within 12 months.

### (ii) 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 the TSC 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 the TSC expects to wholly settle within 12 months; and
- present value if the TSC 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 an other economic flow (refer to Note 1(i)).

### (iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. The TSC recognises termination benefits when it is demonstrably committed to either 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.

### On-costs

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

### (o) Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

### Finance Leases

#### Commission as lessee

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. The leased asset 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.

*(p) Equity*

*Contributions by owners*

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets or liabilities arising from administrative restructures are treated as distributions to or contributions by owners.

*(q) Commitments*

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of note (refer to Note 14) 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.

*(r) Contingent assets and contingent liabilities*

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed (by way of Note 15) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

*(s) Accounting for the Goods and Services Tax (GST)*

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingent assets and liabilities are also stated inclusive of GST (refer to Note 1(q) and Note 1(r)).

*(t) Events after the reporting period*

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the TSC and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Disclosure by way of note is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

*(u) New accounting standards and interpretations*

Certain new AASs have been published that are not mandatory for the 30 June 2015 reporting period. DTF assesses the impact of these new standards and advises the TSC of their applicability and early adoption.

As at 30 June 2015, the following standards and interpretations applicable to the TSC had been issued but are not yet effective for the financial year ending 30 June 2015. The TSC has not early adopted these standards.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.  While the preliminary assessment has not identified any material impact arising from AASB9, it will continue to be monitored and assessed.
AASB 14 <i>Regulatory Deferral Accounts</i> <sup>(i)</sup>	AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP.	1 January 2016	The assessment has indicated that there is no expected impact, as those that conduct rate-regulated activities have already adopted Australian Accounting Standards.
AASB 1056 <i>Superannuation Entities</i> <sup>(i)</sup>	AASB 1056 replaces AAS 25 <i>Financial Reporting by Superannuation Plans</i> . The standard was developed in light of changes in recent years, developments in the superannuation industry and Australia's adoption of IFRS. Key changes in AASB 1056 include: <ul style="list-style-type: none"> <li>• the level of integration between AASB 1056 and other AASB standards</li> <li>• a revised definition of a superannuation entity</li> <li>• revised and consistent content for the financial statements</li> <li>• use of fair value rather than net market value for measuring assets and liabilities</li> <li>• revised member liability recognition and measurement requirements</li> <li>• revised disclosure principle.</li> </ul>	1 July 2016	The assessment has indicated that there will be no impact on the entity, as the Accounting Standard only affects superannuation entities' own reporting.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
<p>AASB 2014 4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i></p> <p>[AASB 116 &amp; AASB 138]</p>	<p>Amends AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> to:</p> <ul style="list-style-type: none"> <li>establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset</li> <li>prohibit the use of revenue based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.</li> </ul>	1 January 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
<p>AASB 2015 6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i></p> <p>[AASB 10, AASB 124 &amp; AASB 1049]</p>	<p>The Amendments extend the scope of AASB 124 <i>Related Party Disclosures</i> to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.</p>	1 January 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.

Note:

(i) This Standard may not be relevant to Victorian not-for-profit entities when operative.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2014–15 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)
- AASB 2013-9 Amendments to Australian Accounting Standards–Conceptual Framework, Materiality and Financial Instruments
- AASB 2014 5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2014 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)
- AASB 2014 8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) –Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]
- AASB 2015 2 Amendments to Australian Accounting Standards–Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015 3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

## NOTE 2. INCOME

	Note	2015 \$'000	2014 \$'000
<b>Fair value of services received free of charge or for nominal consideration</b>			
<b>Services received free of charge classified by expense categories:</b>			
Employee expenses incurred by DEDJTR for services provided as per Service Level Agreement (SLA)		451	163
<b>Total services received free of charge or for nominal consideration</b>		<b>451</b>	<b>163</b>

### NOTE 3. EXPENSES FROM OPERATIONS

	Note	2015 \$'000	2014 \$'000
<b>(a) Employee expenses</b>			
Salaries and wages		12,199	10,254
Annual leave and long services leave expense		1,434	1,302
Superannuation (excluding salary sacrifice)		1,111	953
Termination benefits		–	456
Other on-costs (fringe benefits tax, payroll tax and work cover levy)		943	791
<b>Total employee expenses</b>		<b>15,687</b>	<b>13,756</b>
<b>(b) Depreciation and amortisation (refer below for Reconciliation to net result)</b>			
<b>Depreciation:</b>			
Plant and equipment	7	21	31
Leasehold improvements	7	632	632
Leased vehicles	7	103	114
<b>Total depreciation</b>		<b>756</b>	<b>777</b>
<b>Amortisation:</b>			
Software	8	3,414	2,808
<b>Total amortisation</b>		<b>3,414</b>	<b>2,808</b>
<b>Total depreciation and amortisation</b>		<b>4,170</b>	<b>3,585</b>
<b>(c) Grants and other transfers</b>			
Grants and transfers (Multi-Purpose Taxi Program)		57,198	53,895
Transfers to the Commonwealth (disability care)		1,090	500
Grants to the local government (taxi ranks)		1,101	216
Other grants to private sector businesses, legal centres and non-profit organisations		297	548
<b>Total grants and other transfers</b>		<b>59,686</b>	<b>55,159</b>
<b>(d) Other operating expenses</b>			
Administration and information technology		7,499	4,969
Contractors and consultants		1,265	2,509
Accommodation		1,972	1,933
Insurance, legal and audit fees		344	512
<b>Total other operating expenses</b>		<b>11,080</b>	<b>9,923</b>

Reconciliation of depreciation and amortisation to net result

	2015 \$'000	2014 \$'000
Income from transactions and other economic flows	87,170	79,859
Less: expenses from operations (funded)	(87,102)	(79,787)
	68	72
Less: depreciation and amortisation (unfunded)	(4,170)	(3,585)
<b>Net result</b>	<b>(4,102)</b>	<b>(3,513)</b>

**NOTE 4. OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT**

	2015 \$'000	2014 \$'000
<b>(a) Net gain on non-financial assets</b>		
Net gain on disposal of leased vehicles	22	25
<b>Total net gain on non-financial assets</b>	22	25
<b>(b) Other losses from other economic flows</b>		
Net loss arising from revaluation of long service leave liability <sup>(i)</sup>	(56)	(21)
<b>Total other losses from other economic flows</b>	<b>(56)</b>	<b>(21)</b>

Note:

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

## NOTE 5. RESTRUCTURING OF ADMINISTRATIVE ARRANGEMENTS

Transfer of Victorian Taxi Directorate function from the former DTPLI to TSC

On 1 July 2013 the functions of the Victorian Taxi Directorate were transferred from former DTPLI to the TSC.

The assets and liabilities were transferred as follows:

	Note	2014 \$'000
<b>Assets</b>		
Receivables		5,979
Prepayments		161
Leasehold improvements	7	1,440
Plant and equipment	7	83
Leased vehicles	7	303
Capitalised software development	8	10,763
Work in progress – software	8	153
<b>Liabilities</b>		
Payables		(4,545)
Motor vehicle lease liability (current)		(162)
Provision for employee benefits (current)		(1,715)
Provision for fringe benefits tax (current)		(11)
Motor vehicle lease liability (non-current)		(147)
Provision for employee benefits (non-current)		(756)
Provision for dismantling, removal and restoration of building leasehold		(663)
<b>Net assets transferred to the TSC</b>		<b>10,883</b>

## NOTE 6. RECEIVABLES

	Note	2015 \$'000	2014 \$'000
<b>Current receivables</b>			
<b>Statutory</b>			
Amounts owing from Victorian Government		6,068	5,216
GST input tax credit recoverable from the ATO		1,091	1,137
Other receivables		8	10
<b>Total current receivables</b>		<b>7,167</b>	<b>6,363</b>
<b>Total receivables</b>		<b>7,167</b>	<b>6,363</b>

## NOTE 7. PROPERTY, PLANT AND EQUIPMENT

Table 7.1 Classification by 'Purpose Groups'—Carrying amounts <sup>(i)</sup>

	Transport and Communications	
	2015	2014
	\$'000	\$'000
Leasehold improvements	176	808
Plant and equipment	31	52
Leased vehicles	275	220
	<b>482</b>	<b>1,080</b>

Note:

- (i) Property, plant and equipment are classified primarily by the 'purpose' for which the assets are used, according to one of six purpose groups based upon government purpose classifications. All assets in a purpose group are further sub categorised according to the asset's 'nature' (i.e. buildings, plant and equipment, etc.), with each sub category being classified as a separate class of asset for financial reporting purposes.

Table 7.2 Gross carrying amount and accumulated depreciation

	2015	2014
	\$'000	\$'000
<b>Leasehold improvements at fair value</b>		
At cost of acquisition	1,440	1,440
Less: accumulated depreciation	(1,264)	(632)
<b>Total leasehold improvements</b>	<b>176</b>	<b>808</b>
<b>Plant and equipment at fair value</b>		
At cost of acquisition	83	83
Less: accumulated depreciation	(52)	(31)
<b>Total plant and equipment</b>	<b>31</b>	<b>52</b>
<b>Leased vehicles at fair value</b>		
At cost of acquisition	378	334
Less: accumulated amortisation	(103)	(114)
<b>Total leased vehicles</b>	<b>275</b>	<b>220</b>
<b>Net carrying amount of property, plant and equipment</b>	<b>482</b>	<b>1,080</b>

Table 7.3 Classification by 'Transportation and Communications' purpose group—movements in carrying amounts

	Note	Leasehold improvements	Plant and equipment	Leased vehicles	\$'000 Total
<b>2015</b>					
<b>Opening balance</b>		<b>808</b>	<b>52</b>	<b>220</b>	<b>1,080</b>
Additions		–	–	253	253
Depreciation expense	3(b)	(632)	(21)	(103)	(756)
Disposals/write-offs		–	–	(95)	(95)
<b>Closing balance</b>		<b>176</b>	<b>31</b>	<b>275</b>	<b>482</b>
<b>2014</b>					
<b>Opening balance</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Additions		–	–	83	83
Acquisitions through administrative restructures	5	1,440	83	303	1,826
Depreciation expense	3(b)	(632)	(31)	(114)	(777)
Disposals/write-offs		–	–	(52)	(52)
<b>Closing balance</b>		<b>808</b>	<b>52</b>	<b>220</b>	<b>1,080</b>

Table 7.4 Fair value measurement hierarchy for assets as at 30 June 2015

	Carrying amount as at 30 June 2015	Carrying amount as at 30 June 2014	Fair value measurement at 30 June 2015 using:	Fair value measurement at 30 June 2014 using:
			Level 3 <sup>(i) (ii)</sup>	Level 3 <sup>(i) (ii)</sup>
Leasehold improvements	176	808	176	808
Plant and equipment	31	52	31	52
Leased vehicles	275	220	275	220
<b>Total</b>	<b>482</b>	<b>1,080</b>	<b>482</b>	<b>1,080</b>

Note:

- (i) Classified in accordance with the fair value hierarchy, see Note 1(c)
- (ii) Assets are categorised to Level 3 assets since the depreciated replacement cost is used in estimating the fair value.

There have been no transfers between levels during the period.

#### Vehicles

Vehicles are valued using the depreciated replacement cost method. The TSC 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.

#### Plant and equipment

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

There were no changes in valuation techniques throughout the year to 30 June 2015.

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

Table 7.5 Reconciliation of Level 3 fair value

			\$'000
<b>2015</b>	<b>Leasehold improvements</b>	<b>Plant and equipment</b>	<b>Leased vehicles</b>
<b>Opening balance</b>	<b>808</b>	<b>52</b>	<b>220</b>
Purchases	–	–	253
Disposals	–	–	(95)
<b>Gains or losses recognised in net result:</b>			
Depreciation and amortisation	(632)	(21)	(103)
<b>Closing balance</b>	<b>176</b>	<b>31</b>	<b>275</b>
<b>2014</b>			
<b>Opening balance</b>	–	–	–
Purchases	–	–	83
Acquisitions through administrative restructures	1,440	83	303
Disposals	–	–	(52)
<b>Gains or losses recognised in net result:</b>			
Depreciation and amortisation	(632)	(31)	(114)
<b>Closing balance</b>	<b>808</b>	<b>52</b>	<b>220</b>

Table 7.6 Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant Unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Leasehold improvements	Depreciated replacement cost	Direct cost per square metre  Useful life of leasehold improvements	\$430/square metre  5 to 15 years (10 years)	A significant increase or decrease in direct cost per square metre would result in a significantly higher or lower fair value.  A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Vehicles	Depreciated replacement cost	Cost per unit  Useful life of vehicles	\$25,000 to \$42,000 per unit (\$32,000 per unit)  3 years	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.  A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment	Depreciated replacement cost	Cost per unit  Useful life of plant and equipment	\$1,400 to \$13,000 per unit (\$8 300 per unit)  1 to 4 years (2.5 years)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.  A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

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

## NOTE 8. INTANGIBLE ASSETS

	Note	Capitalised software development		Work in progress (software)		Total	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Gross carrying amount</b>							
<b>Opening balance</b>		<b>10,763</b>	<b>–</b>	<b>3,850</b>	<b>–</b>	<b>14,613</b>	<b>–</b>
Additions		–	–	3,897	3,697	3,897	3,697
Acquisitions through administrative restructures	5	–	10,763	–	153	–	10,916
Transfers between classes		2,647	–	(2,647)	–	–	–
<b>Closing balance</b>		<b>13,410</b>	<b>10,763</b>	<b>5,100</b>	<b>3,850</b>	<b>18,510</b>	<b>14,613</b>
<b>Accumulated amortisation and impairment</b>							
<b>Opening balance</b>		<b>(2,808)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2,808)</b>	<b>–</b>
Amortisation expense	3(b)	(3,414)	(2,808)	–	–	(3,414)	(2,808)
<b>Closing balance</b>		<b>(6,222)</b>	<b>(2,808)</b>	<b>–</b>	<b>–</b>	<b>(6,222)</b>	<b>(2,808)</b>
<b>Net book value at the end of the financial year</b>		<b>7,188</b>	<b>7,955</b>	<b>5,100</b>	<b>3,850</b>	<b>12,288</b>	<b>11,805</b>

### *Significant intangible assets*

The TSC has capitalised software development expenditure for the development of the Victorian Tax Management System (VTMS). The carrying amount of the capitalised software development expenditure is \$7.19 million (2014: \$7.96 million). Its estimated useful life is four years based on a normal life of IT Systems and will be fully amortised in 2017. This was acquired as a result of the restructuring of administrative arrangements (refer Note 5).

## NOTE 9. PAYABLES

	2015 \$'000	2014 \$'000
<b>Current payables</b>		
<b>Contractual</b>		
Supplies and services	7,241	6,660
Other payables	286	403
<b>Total current payables</b>	<b>7,527</b>	<b>7,063</b>
<b>Statutory</b>		
Fringe Benefits Tax (FBT) Payable	9	21
GST payable	4	4
Other taxes payable	–	46
<b>Total current payables</b>	<b>13</b>	<b>71</b>
<b>Total payables <sup>(i)</sup></b>	<b>7,540</b>	<b>7,134</b>

Note:

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

(a) Maturity analysis of contractual payables

Please refer to Note 16 for the maturity analysis of contractual payables.

(b) Nature and extent of risk arising from contractual payables

Please refer to Note 16 for the nature and extent of risks arising from contractual payables.

## NOTE 10. BORROWINGS

	Note	2015 \$'000	2014 \$'000
<b>Current borrowings</b>			
Motor vehicle lease liability <sup>(i)</sup>	13	87	174
<b>Total current borrowings</b>		<b>87</b>	<b>174</b>
<b>Non-current borrowings</b>			
Motor vehicle lease liability <sup>(i)</sup>	13	191	50
<b>Total non-current borrowings</b>		<b>191</b>	<b>50</b>
<b>Total borrowings</b>		<b>278</b>	<b>224</b>

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.

(a) Maturity analysis of borrowings

Please refer to Note 16 for the maturity analysis of borrowings.

(b) Nature and extent of risk arising from borrowings

Please refer to Note 16 for the nature and extent of risks arising from borrowings.

## NOTE 11. PROVISIONS

	Note	2015 \$'000	2014 \$'000
<b>Current provisions</b>			
<b>Employee benefits—annual leave <sup>(i)</sup></b>			
Unconditional and expected to settle within 12 months <sup>(ii)</sup>		511	488
Unconditional and expected to settle after 12 months <sup>(iii)</sup>		412	396
<b>Employee benefits—long service leave <sup>(i)</sup></b>			
Unconditional and expected to settle within 12 months <sup>(ii)</sup>		186	120
Unconditional and expected to settle after 12 months <sup>(iii)</sup>		823	528
<b>Employee benefits—bonus provision <sup>(i)</sup></b>			
		27	25
	11(a)	<b>1,959</b>	<b>1,557</b>
<b>Provisions for on-costs</b>			
Unconditional and expected to settle within 12 months <sup>(ii)</sup>		111	96
Unconditional and expected to settle after 12 months <sup>(iii)</sup>		196	146
	11(a)	<b>307</b>	<b>242</b>
<b>Total current provisions</b>		<b>2,266</b>	<b>1,799</b>
<b>Non-current provisions</b>			
<b>Employee benefits and related on-costs</b>			
Employee benefits <sup>(i)</sup>	11(a)	495	713
On-costs	11(a)	79	114
		<b>574</b>	<b>827</b>
<b>Other provisions <sup>(iv)</sup></b>			
Provision for dismantling, removal and restoration of building leasehold		663	663
		<b>663</b>	<b>663</b>
<b>Total non-current and other provisions</b>		<b>1,237</b>	<b>1,490</b>
<b>Total provisions</b>		<b>3,503</b>	<b>3,289</b>

Note:

- (i) Employee benefits consist of annual leave and long service leave accrued for/on behalf of employees. On-costs such as payroll tax and workers' compensation insurance are not employee benefits and are reflected as a separate provision
- (ii) The amounts disclosed are nominal amounts
- (iii) The amounts disclosed are discounted to present values
- (iv) Other provisions are assessed by Management at each reporting date, and any changes to the provision is adjusted to reflect the current best estimate.

(a) Employee benefits and on-costs <sup>(i)</sup>

	Note	2015 \$'000	2014 \$'000
<b>Current employee benefits</b>			
Annual leave entitlements		923	884
Long service leave		1,009	648
Accrued performance incentive		27	25
<b>Total current employee benefits</b>		<b>1,959</b>	<b>1,557</b>
<b>Non-current employee benefits</b>			
Long service leave		495	713
<b>Total non-current employee benefits</b>		<b>495</b>	<b>713</b>
<b>Total employee benefits</b>		<b>2,454</b>	<b>2,270</b>
<b>On-costs</b>			
Current on-costs		307	242
Non-current on-costs		79	114
<b>Total on-costs</b>		<b>386</b>	<b>356</b>
<b>Total employee benefits and on-costs</b>		<b>2,840</b>	<b>2,626</b>

Note:

- (i) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers' compensation insurance are not employee benefits and are reflected as a separate provision.

## NOTE 12. SUPERANNUATION

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

The TSC 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 Department of Treasury and Finance 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 the TSC.

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

Fund	Contributions paid or payable at year end	
	2015 \$'000	2014 \$'000
<b>Defined benefit plans <sup>(i)</sup></b>		
State Superannuation Fund – revised and new	116	62
Transport Superannuation Fund	16	15
<b>Total defined benefit plans</b>	<b>132</b>	<b>77</b>
<b>Defined contribution plans</b>		
VicSuper	979	892
Other	353	238
<b>Total defined contribution plans</b>	<b>1,332</b>	<b>1,130</b>
<b>Total superannuation plans</b>	<b>1,464</b>	<b>1,207</b>

Note:

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

## NOTE 13. LEASES

Leasing arrangements

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

	Note	Minimum future lease payments <sup>(i)</sup>		Present value of minimum future lease payments	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Finance lease liabilities payable</b>					
No longer than one year		98	183	87	174
Longer than one year but not longer than five years		199	52	191	50
<b>Minimum lease payments <sup>(i)</sup></b>		<b>297</b>	<b>235</b>	<b>278</b>	<b>224</b>
Less future finance charges		(19)	(11)	-	-
<b>Present value of minimum lease payments</b>		<b>278</b>	<b>224</b>	<b>278</b>	<b>224</b>
<b>Included in the financial statements as:</b>					
Current borrowings	10	-	-	87	174
Non-current borrowings	10	-	-	191	50
<b>Total interest bearing liabilities</b>		<b>-</b>	<b>-</b>	<b>278</b>	<b>224</b>

Notes:

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

## NOTE 14. COMMITMENTS FOR EXPENDITURE

(a) Commitments

Nominal values	2015 \$'000	2014 \$'000
<b>Intangible asset commitments</b>		
Software	1,383	4,653
<b>Total intangible asset commitments</b>	<b>1,383</b>	<b>4,653</b>
<b>Operating and lease commitments</b>		
Accommodation	6,884	2,231
<b>Total operating and lease commitments</b>	<b>6,884</b>	<b>2,231</b>
<b>Other commitments</b>		
Taxi terminal and data collection agency services <sup>(i)</sup>	4,736	6,188
PBBS <sup>(ii)</sup>	1,238	968
Other <sup>(iii)</sup>	13,703	4,097
<b>Total other commitments</b>	<b>19,677</b>	<b>11,253</b>
<b>Total commitments</b>	<b>27,944</b>	<b>18,137</b>

Notes:

(i) The in-taxi solution for transaction data collection related to MPTP

(ii) An incentive scheme designed to improve the level of services for Victorians using a WAT

(iii) Includes contractors, internal audit services and other operating expense commitments.

(b) Commitments payable

<b>Nominal values</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Intangible asset commitments payable</b>		
Less than one year	1,383	3,322
Longer than one year but not longer than five years	–	1,331
<b>Total intangible asset commitments</b>	<b>1,383</b>	<b>4,653</b>
<b>Operating and lease commitments payable</b>		
Less than one year	2,034	1,924
Longer than one year but not longer than five years	4,850	307
<b>Total operating and lease commitments</b>	<b>6,884</b>	<b>2,231</b>
<b>Other commitments payable</b>		
Less than one year	6,942	4,178
Longer than one year but not longer than five years	12,735	7,075
<b>Total other commitments</b>	<b>19,677</b>	<b>11,253</b>
<b>Total commitments (inclusive of GST)</b>	<b>27,944</b>	<b>18,137</b>
Less GST recoverable from the ATO	(2,540)	(1,649)
<b>Total commitments (exclusive of GST)</b>	<b>25,404</b>	<b>16,488</b>

## NOTE 15. CONTINGENT ASSETS AND LIABILITIES

(a) Contingent assets

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

There are no contingent assets to report (2014: nil).

(b) Contingent liabilities

Contingent liabilities arise from guarantees, indemnities and other forms of support provided by the TSC and from legal disputes and other claims against the TSC arising from a past event. Contingent liabilities by definition are similar to a liability with the distinguishing feature being the uncertainty over the TSC's obligation.

There are no contingent liabilities to report (2014: nil).

## NOTE 16. FINANCIAL INSTRUMENTS

(a) Significant accounting policies

The TSC's principal financial instruments comprise:

- cash assets
- payables (excluding statutory payables)
- borrowings.

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 1 to the financial statements.

The carrying amounts of the TSC's contractual financial assets and liabilities by category are disclosed in Table 16.1 below.

Table 16.1: Categorisation of financial instruments <sup>(i)</sup>

2014-15		Contractual financial assets- loans and receivables	Contractual financial liabilities at amortised cost	Total
	Note	\$'000	\$'000	\$'000
<b>Contractual financial assets</b>				
Cash	17(a)	2,768	-	2,768
<b>Total contractual financial assets</b>		<b>2,768</b>	<b>-</b>	<b>2,768</b>
<b>Contractual financial liabilities</b>				
Payables				
Supplies and services	9	-	7,241	7,241
Other Payables	9	-	286	286
Borrowings				
Finance lease liabilities	10	-	278	278
<b>Total contractual financial liabilities <sup>(ii)</sup></b>		<b>-</b>	<b>7,805</b>	<b>7,805</b>

Notes:

(i) The amount disclosed represents the carrying amount for the reporting period

(ii) The amount of payables disclosed excludes statutory payables (i.e. GST output tax payable).

2013-14		Contractual financial assets- loans and receivables	Contractual financial liabilities at amortised cost	Total
	Note	\$'000	\$'000	\$'000
<b>Contractual financial assets</b>				
Cash	17(a)	2,444	-	2,444
<b>Total contractual financial assets</b>		<b>2,444</b>	<b>-</b>	<b>2,444</b>
<b>Contractual financial liabilities</b>				
Payables				
Supplies and services	9	-	6,660	6,660
Other Payables	9	-	403	403
Borrowings				
Finance lease liabilities	10	-	224	224
<b>Total contractual financial liabilities <sup>(ii)</sup></b>		<b>-</b>	<b>7,287</b>	<b>7,287</b>

Notes:

(i) The amount disclosed represents the carrying amount for the reporting period

(ii) The amount of payables disclosed excludes statutory payables (i.e. GST output tax payable).

Table 16.2: Net holding gain/ (loss) on financial instruments by category

2014–15		Total interest income/ (expense)
	Note	\$'000
<b>Contractual financial liabilities</b>		
Financial liabilities at amortised cost		4
<b>Total contractual financial liabilities</b>		<b>4</b>
2013–14		Total interest income/ (expense)
	Note	\$'000
<b>Contractual financial liabilities</b>		
Financial liabilities at amortised cost		(12)
<b>Total contractual financial liabilities</b>		<b>(12)</b>

The net holding gains or losses disclosed above are determined as follows:

- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense of financial liabilities measured at amortised cost.

(b) Credit risk exposures

The TSC's only contractual financial assets are cash assets.

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

Table 16.3 Credit quality of contractual financial assets that are neither past due nor impaired <sup>(i)</sup>

2014–15		Other (min BBB credit rating)	Total
		\$'000	\$'000
<b>Contractual financial assets</b>			
Cash		2,768	2,768
<b>Total contractual financial assets</b>		<b>2,768</b>	<b>2,768</b>
2013–14		Other (min BBB credit rating)	Total
		\$'000	\$'000
<b>Contractual financial assets</b>			
Cash		2,444	2,444
<b>Total contractual financial assets</b>		<b>2,444</b>	<b>2,444</b>

Note:

- (i) The carrying amounts disclosed here exclude statutory amounts (e.g. amount owing from Victorian Government and GST input tax credit recoverable).

Table 16.4 Ageing analysis of contractual financial assets<sup>(i)</sup>

2014–15	Carrying amount	Not past due and not impaired
	\$'000	\$'000
<b>Contractual financial assets</b>		
Cash	2,768	2,768
<b>Total contractual financial assets</b>	<b>2,768</b>	<b>2,768</b>
2013–14	Carrying amount	Not past due and not impaired
	\$'000	\$'000
<b>Contractual financial assets</b>		
Cash	2,444	2,444
<b>Total contractual financial assets</b>	<b>2,444</b>	<b>2,444</b>

Note:

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. amount owing from Victorian Government and GST input tax credit recoverable).

(c) Liquidity risk

Liquidity risk is the risk that the TSC would be unable to meet its financial obligations as and when they fall due. The TSC 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.

The TSC's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The carrying amount detailed in the following table of contractual financial liabilities recorded in the financial statements represents the TSC's maximum exposure to liquidity risk.

The following table discloses the contractual maturity analysis for the TSC's contractual financial liabilities.

Table 16.5 Maturity analysis of contractual financial liabilities<sup>(i)</sup>

2014–15	Maturity dates					
	Carrying amount	Nominal amount	Less than 1 month	1–3 months	3 months –1 year	1–5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Contractual financial liabilities</b>						
Payables <sup>(ii)</sup>						
Supplies and Services	7,241	7,241	7,241	–	–	–
Other Payables	286	286	286	–	–	–
Borrowings						
Finance lease liabilities	278	297	28	13	57	199
<b>Total contractual financial liabilities</b>	<b>7,805</b>	<b>7,824</b>	<b>7,555</b>	<b>13</b>	<b>57</b>	<b>199</b>

2013–14	Maturity dates					
	Carrying amount	Nominal amount	Less than 1 month	1–3 months	3 months –1 year	1–5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Contractual financial liabilities</b>						
Payables <sup>(ii)</sup>						
Supplies and Services	6,660	6,660	6,660	–	–	–
Other Payables	403	403	403	–	–	–
Borrowings						
Finance lease liabilities	224	235	17	19	147	52
<b>Total contractual financial liabilities</b>	<b>7,287</b>	<b>7,298</b>	<b>7,080</b>	<b>19</b>	<b>147</b>	<b>52</b>

Note:

(i) Maturity analysis is presented using the contractual undiscounted cash flows

(ii) The amount of payables disclosed excludes statutory payables (i.e. GST output tax payable).

(d) Market risk

The TSC'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.

Interest rate risk

The TSC's exposure to interest rate risk is insignificant and arises primarily through the cash account which is at a variable interest rate. Minimisation of risk is achieved by the TSC participating as a party to Whole of Government banking contract which is administered by the Victorian Department of Treasury and Finance.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in the table 16.6.

Table 16.6 Interest rate exposure of financial instruments

2014–15	Weighted average effective interest rate	Carrying amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
		\$'000	\$'000	\$'000	\$'000
<b>Contractual financial assets</b>					
Cash	2.25%	2,768	–	2,767	1
<b>Total contractual financial assets</b>		<b>2,768</b>	<b>–</b>	<b>2,767</b>	<b>1</b>
<b>Contractual financial liabilities</b>					
Payables					
Supplies and Services		7,241	–	–	7,241
Other Payables		286	–	–	286
Borrowings					
Finance lease liabilities	4.98%	278	278	–	–
<b>Total contractual financial liabilities</b>		<b>7,805</b>	<b>278</b>	<b>–</b>	<b>7,527</b>

2013–14	Weighted average effective interest rate	Carrying amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
		\$'000	\$'000	\$'000	\$'000
<b>Contractual financial assets</b>					
Cash	2.50%	2,444	–	2,444	–
<b>Total contractual financial assets</b>		<b>2,444</b>	<b>–</b>	<b>2,444</b>	<b>–</b>
<b>Contractual financial liabilities</b>					
Payables					
Supplies and Services	–	6,660	–	–	6,660
Other Payables	–	403	–	–	403
Borrowings					
Finance lease liabilities	6.43%	224	224	–	–
<b>Total contractual financial liabilities</b>		<b>7,287</b>	<b>224</b>	<b>–</b>	<b>7,063</b>

*Sensitivity disclosure analysis*

Taking into account past performance, future expectations and economic forecasts, the TSC believes the following movements are 'reasonably possible' over the next 12 months:

- a parallel shift of +2.0 per cent and -2.0 per cent in market interest rates from year-end rates.

(e) Fair value of financial assets and liabilities

The TSC 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.

The following table shows that the fair values of the contractual financial assets and liabilities are the same as the carrying amounts.

Table 16.7 Comparison between carrying amount and fair value

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
<b>Contractual financial assets</b>				
Cash	2,768	2,768	2,444	2,444
<b>Total contractual financial assets</b>	<b>2,768</b>	<b>2,768</b>	<b>2,444</b>	<b>2,444</b>
<b>Contractual financial liabilities</b>				
Payables				
Supplies and Services	7,241	7,241	6,660	6,660
Other Payables	286	286	403	403
Borrowings				
Finance lease liabilities	278	278	224	224
<b>Total contractual financial liabilities</b>	<b>7,805</b>	<b>7,805</b>	<b>7,287</b>	<b>7,287</b>

(i) On-statement of balance sheet

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the TSC equals their carrying amounts.

## NOTE 17. CASH FLOW INFORMATION

### (a) Reconciliation of cash and cash equivalents

	Note	2015 \$'000	2014 \$'000
Cash at bank and on hand		2,768	2,444
<b>Balance as per cash flow statement</b>		<b>2,768</b>	<b>2,444</b>

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement.

At 30 June 2015, cash at bank included the amount of notional shortfall for the payment of unpresented cheques totalling \$10,469 (2014: \$6,100).

### (b) Non-cash financing and investing activities

Restructuring of administrative arrangements

Details with respect to the restructuring of administrative arrangements are set out in Note 5. This administrative restructuring is not reflected in the cash flow statement.

### (c) Reconciliation of net result for the period

	Note	2015 \$'000	2014 \$'000
<b>Net result for the reporting period</b>		<b>(4,102)</b>	<b>(3,513)</b>
<b>Non-cash movements:</b>			
Gain on disposal of non-current assets	4(a)	(22)	(25)
Depreciation and amortisation of non-current assets	3(b)	4,170	3,585
<b>Movements in assets and liabilities (net of restructuring)</b>			
Increase in receivables		(210)	(299)
Increase in prepayments		–	(7)
Increase in payables		479	1,948
Increase in provisions		214	155
<b>Net cash flows from operating activities</b>		<b>529</b>	<b>1,844</b>

## NOTE 18. ADMINISTERED (NON-CONTROLLED) ITEMS

In addition to the specific operations which are included in the financial statements (comprehensive operating statement, balance sheet, statement of changes in equity and cash flow statement), the TSC administers or manages other activities and resources on behalf of the State. The transactions relating to these State activities are reported as administered items in this note.

	Note	2015 \$'000	2014 \$'000
<b>Administered income from transactions</b>			
Licence revenue <sup>(i)</sup>		36,125	12,653
Multi-Purpose Taxi Program service fees <sup>(i)</sup>		405	285
<b>Total administered income from transactions</b>		<b>36,530</b>	<b>12,938</b>
<b>Administered expenses from transactions</b>			
Bad debts		(1,326)	(175)
Doubtful debts <sup>(ii)</sup>		1,588	(554)
Other expenses		(84)	(189)
Revenue remitted back to the State		(29,188)	(12,904)
<b>Total administered expenses from transactions</b>		<b>(29,010)</b>	<b>(13,822)</b>
<b>Total administered comprehensive result</b>		<b>7,520</b>	<b>(884)</b>
	Note	2015 \$'000	2014 \$'000
<b>Administered income from transactions</b>			
Cash		746	–
Receivables <sup>(ii)</sup>		7,952	1,298
<b>Total administered financial assets</b>		<b>8,698</b>	<b>1,298</b>
<b>Total administered assets</b>		<b>8,698</b>	<b>1,298</b>
<b>Administered financial liabilities</b>			
Deposits Repayable to the State		746	–
Prepaid Revenue		36	688
<b>Total administered financial liabilities</b>		<b>782</b>	<b>688</b>
<b>Total administered liabilities</b>		<b>782</b>	<b>688</b>
<b>Total administered net assets</b>		<b>7,916</b>	<b>610</b>

Note:

(i) The TSC does not gain control over assets arising from regulatory fees and categorised as Licence revenue \$36.13 million (2014: \$12.65 million) and MPTP service fees \$0.41 million (2014: \$0.28 million), consequently no income is recognised in the TSC's financial statements

(ii) Administered receivables in 2014–15 comprise \$8,358 (\$'000) less \$406 (\$'000) provision for doubtful debts.

### Reconciliation of provision for doubtful debts:

	Note	2015 \$'000	2014 \$'000
<b>Opening balance</b>		<b>(1,994)</b>	<b>(1,440)</b>
Decrease (Increase) in allowance for doubtful debts		1,588	(554)
<b>Closing balance</b>		<b>(406)</b>	<b>(1,994)</b>

## NOTE 19. RESPONSIBLE PERSONS

In accordance with the Ministerial Directions of the Minister for Finance 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 the TSC are as follows:

Minister for Roads and Minister for Public Transport	The Hon. Terry Mulder MP	1 July 2014 to 3 December 2014
Minister for Public Transport	The Hon. Jacinta Allan MP	4 December 2014 to 30 June 2015
Chair of the Taxi Services Commission/ Accountable Officer	Graeme Samuel AC	1 July 2014 to 30 June 2015
Commissioner for Taxi Services Commission	Douglas Shirrefs	1 July 2014 to 30 June 2015
Commissioner for Taxi Services Commission	Merran Kelsall	1 July 2014 to 30 June 2015

### Remuneration

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

Income band	Total remuneration	
	2015 No.	2014 No.
Less than \$100,000	2	2
\$140,000–149,999	1	–
\$150,000–159,999	–	1
<b>Total numbers</b>	<b>3</b>	<b>3</b>
<b>Total amount (\$'000)</b>	<b>264</b>	<b>289</b>

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet.

### Related Party Transactions

The TSC entered into a commercial arrangement with Monash University during the reporting period. The TSC has a representative of the Commission who is an Adjunct Professor for Monash University's Faculty of Business and Economics. On normal business terms and conditions the TSC dealt with Monash University to undertake Research on the Safety Implication of Taxi Hire Car age limit restrictions for a totalled amount of \$156,204 (Inclusive of GST). All transactions were conducted at arm's length and were the same as for all other grant recipients, consultants, and other services provided.

There were no other matters to report that require disclosure under the Directions of the Minister for Finance.

## NOTE 20. 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 first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the last two columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

Income band	Total remuneration		Base remuneration	
	2015	2014	2015	2014
	No.	No.	No.	No.
Less than \$100,000	–	2	–	3
\$100,000–109,999	–	1	–	–
\$110,000–119,999	1	–	1	–
\$120,000–129,999	–	–	–	–
\$130,000–139,999	1	1	2	1
\$140,000–149,999	–	–	–	–
\$150,000–159,999	1	2	–	2
\$160,000–169,999	1	–	1	–
\$170,000–179,999	1	–	3	–
\$180,000–189,999	1	–	1	1
\$190,000–199,999	1	1	–	–
\$200,000–209,999	–	–	1	–
\$210,000–219,999	1	–	–	1
\$220,000–229,999	–	1	–	–
\$230,000–239,999	1	–	–	–
<b>Total numbers</b>	<b>9</b>	<b>8</b>	<b>9</b>	<b>8</b>
<b>Total annualised employee Equivalent (AEE)<sup>(i)</sup></b>	<b>9</b>	<b>8</b>	<b>9</b>	<b>8</b>
<b>Total amount (\$'000)</b>	<b>1,570</b>	<b>1,087</b>	<b>1,468</b>	<b>1,010</b>

Note:

(i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

## NOTE 21. REMUNERATION OF AUDITORS

	2015	2014
	\$'000	\$'000
<b>Victorian Auditor-General's Office</b>		
Audit or review of the financial statements	41	40
<b>Total remuneration of auditors</b>	<b>41</b>	<b>40</b>

The Victorian Auditor-General's Office has not provided the TSC with any other paid services.

## **NOTE 22. EX-GRATIA EXPENSES**

There were no ex-gratia payments made during the financial year (2013–14: nil).

## **NOTE 23. SUBSEQUENT EVENTS**

No significant events have occurred since 30 June 2015 which will have a material impact on the information disclosed in the financial statements.

## **NOTE 24. GLOSSARY OF TERMS**

### *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*

The capital asset charge represents the opportunity cost of capital invested in the non-financial assets used in the provision of outputs.

### *Commitments*

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

### *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
- b) a contractual right or statutory right:
  - to receive cash or another financial asset from another entity
  - 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 assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

### *Financial liability*

A financial liability is any liability that is:

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

### *Financial statements*

A complete set of financial statements comprises:

- 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
- 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*

Payables 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 (VTMS) and the TSC 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, and, 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 the TSC.

#### *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.

#### *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

The financial statements and notes are presented based on the illustration for a government department in the 2014–15 Model Report for Victorian Government Departments.

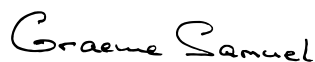


## ATTESTATIONS FOR RISK AND INSURANCE COMPLIANCE

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### ATTESTATION FOR COMPLIANCE WITH THE VICTORIAN GOVERNMENT RISK MANAGEMENT FRAMEWORK

I, Graeme Samuel, certify that the Taxi Services Commission has complied with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes. The Taxi Services Commission Audit and Risk Management Committee verifies this compliance.

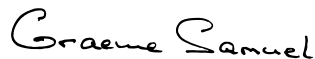


**Graeme Samuel AC**  
Chair  
Taxi Services Commission  
25 September 2015

### ATTESTATION FOR COMPLIANCE WITH THE MINISTERIAL STANDING DIRECTION 4.5.5.1–INSURANCE

I, Graeme Samuel, certify that the Taxi Services Commission has complied with Ministerial Direction 4.5.5.1 – Insurance.

I, Graeme Samuel, certify that the Taxi Services Commission has complied with Ministerial Direction 4.5.5 – Risk Management Framework and Processes (Insurance). The Taxi Services Commission Audit and Risk Management Committee verifies this compliance.



**Graeme Samuel AC**  
Chair  
Taxi Services Commission  
25 September 2015

# APPENDICES

## APPENDIX 1 DISCLOSURE INDEX

The Taxi Services Commission's 2014–15 Annual Report is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

Ministerial Directions Report of operations		
Legislation	Requirement	Page reference
<b>Charter and purpose</b>		
FRD 22F	Manner of establishment and the relevant Ministers	Page 8
FRD 22F	Objectives, functions, powers and duties	Page 9
FRD 22F	Nature and range of services provided	Page 9
<b>Management and structure</b>		
FRD 22F	Organisational structure	Page 32
<b>Financial and other information</b>		
FRD 8C, SD4.2(k)	Performance against output performance measures	Page 99
FRD 10	Disclosure index	Page 96
FRD 12A	Disclosure of major contracts	Page 102
FRD 15B	Executive officer disclosures	n/a – Departments only
FRD 22F	Operational and budgetary objectives and performance against objectives	Page 14
FRD 22F	Employment and conduct principles	Page 41
FRD 22F	Occupational health and safety policy	Page 42
FRD 22F	Summary of the financial results for the year	Page 27
FRD 22F	Significant changes in financial position during the year	Page 27
FRD 22F	Major changes or factors affecting performance	Page 13
FRD 22F	Subsequent events	Page 28
FRD 22F	Application and operation of the <i>Freedom of Information Act 1982</i>	Page 105
FRD 22F	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	Page 105
FRD 22F	Statement on National Competition Policy	Page 105
FRD 22F	Application and operation of the <i>Protected Disclosure Act 2012</i>	Page 105
FRD 22F	Application and operation of the <i>Carers Recognition Act 2012</i>	Page 105
FRD 22F	Details of consultancies over \$10,000	Page 102
FRD 22F	Details of consultancies under \$10,000	Page 102
FRD 22F	Statement of availability of other information	Page 106
FRD 24C	Reporting of office-based environmental impacts	Page 107
FRD 25B	Victorian Industry Participation Policy disclosures	Page 105
FRD 29A	Workforce Data disclosures	Page 44
SD 4.5.5	Risk management compliance attestation	Page 95

**Ministerial Directions****Report of operations**

<b>Legislation</b>	<b>Requirement</b>	<b>Page reference</b>
SD 4.5.5.1	Ministerial Standing Direction 4.5.5.1 compliance attestation	Page 95
SD 4.2(g)	Specific information requirements	Page 106
SD 4.2(j)	Sign-off requirements	Page 56
<b>Financial statements required under Part 7 of the FMA</b>		
SD4.2(a)	Statement of changes in equity	Page 53
SD4.2(b)	Operating statement	Page 51
SD4.2(b)	Balance sheet	Page 52
SD4.2(b)	Cash flow statement	Page 54
<b>Other requirements under Standing Directions 4.2</b>		
SD4.2(c)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 56
SD4.2(c)	Compliance with Ministerial Directions	Page 56
SD4.2(d)	Rounding of amounts	Page 58
SD4.2(c)	Accountable officer's declaration	Page 48
<b>Other disclosures as required by FRDs in notes to the financial statements</b>		
FRD 9A	Departmental Disclosure of Administered Assets and Liabilities by Activity	Page 89
FRD 11A	Disclosure of Ex Gratia Payments	Page 92
FRD 13	Disclosure of Parliamentary Appropriations	n/a
FRD 21B	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	Page 91
FRD 102	Inventories	n/a
FRD 103F	Non-financial Physical Assets	Page 70
FRD 104	Foreign Currency	n/a
FRD 105A	Borrowing Costs	n/a
FRD 106	Impairment of Assets	Page 59
FRD 109	Intangible Assets	Page 75
FRD 107A	Investment Properties	n/a
FRD 108A	Classification of entities as for-profit	n/a
FRD 110	Cash Flow Statements	Page 54
FRD 112D	Defined Benefit Superannuation Obligations	n/a
FRD 113A	Investments in Subsidiaries, Joint Ventures and Associates in the separate financial statements	n/a
FRD 114A	Financial Instruments—General Government Entities and Public Non Financial Corporations	Page 81
FRD 116	Financial Instruments—Public Financial Corporations	n/a
FRD 117	Contributions of existing non-financial assets to third parties	n/a
FRD 118B	Land under declared roads	n/a
FRD 119A	Transfers through Contributed Capital	Page 53
FRD 120I	Accounting and reporting pronouncements applicable to the 2014–15 reporting period	Page 63

**Ministerial Directions****Report of operations****Legislation Requirement****Page reference****Legislation**

<i>Freedom of Information Act 1982</i>	Page 105
<i>Building Act 1983</i>	Page 105
<i>Protected Disclosure Act 2012</i>	Page 105
<i>Carers Recognition Act 2012</i>	Page 105
<i>Victorian Industry Participation Policy Act 2003</i>	Page 105
<i>Financial Management Act 1994</i>	Page 28

## APPENDIX 2 OUTPUT PERFORMANCE MEASURES

Performance	Unit of measure	2014–15 Actual	2014–15 Target	2013–14 Actual
<b>Output: Transport Safety Regulation and Investigations</b>				
<b>Quantity</b>				
Taxi and hire vehicle complaints assessed, investigated and closed	Number	3, 272	3,351	3,416
Taxi and hire vehicle inspections	Number	12, 944	15,000	17,226
Average occupancy rate of metropolitan taxis in December (period of high service demand)	Per cent	32.0	36.0	nm
Average occupancy rate of metropolitan taxis in June (period of low service demand)	Per cent	30.3	33.0	nm
Taxi and hire vehicle reform recommendations implemented and completed	Number	24	47	nm
<b>Quality</b>				
Taxis and hire vehicles conform to quality standards	Per cent	80.0	80.0	77.0
Average wait time for conventional taxis booked to arrive at peak periods of demand	Minutes	9.4	8	nm
Average wait time for wheelchair accessible taxis booked to arrive at peak periods of demand	Minutes	28.0	28	nm
Taxi services customer satisfaction: information in taxis	Score	66.0	66.0	nm
Taxi services customer satisfaction: safety of journeys	Score	76.3	73.0	nm
Taxi services customer satisfaction: overall satisfaction index	Score	71.4	71.0	nm
<b>Timeliness</b>				
Road vehicle and driver regulation: new and renewed driving instructor authority applications processed within 14 days	Per cent	75.1	85.0	86.3
Taxi and hire vehicle complaints investigated and closed within 45 days	Per cent	97.0	85.0	89.3
New taxi, hire vehicle and bus driver accreditation applications processed within 14 days	Per cent	50.3	85.0	80.8
Taxi and hire vehicle: calls to the TSC call centre answered within 20 seconds	Per cent	42.4	59.4	46.8
New Country and Regional taxi and other commercial passenger vehicle licence applications processed within 60 days	Per cent	92.6	85.0	nm
New Metropolitan, Urban and Large Regional taxi and other commercial passenger vehicle licence applications processed within 21 days	Per cent	86.8	85.0	nm

## Output: State-wide Transport Services

### Quantity

Multi Purpose Taxi Program: passenger only trips	Number ('000)	3,670	3,700	3,639
Multi Purpose Taxi Program: with wheelchair trips	Number ('000)	941	1,000	915

### Timeliness

Multi Purpose Taxi Program: applications assessed and completed within 14 days	Per cent	99.0	96.0	98.5
--	----------	------	------	------

*\*nm is a new Budget Output Performance measure for the TSC in 2014–15*

The score for **customer satisfaction** with taxi services has continued to increase since the reform program commenced; however, the TSC is concerned that the current survey methodology is capturing a disproportionate number of older people who tend to record higher satisfaction levels. A change in methodology to online surveys only in 2015–16 should rectify this issue. Satisfaction with safety and comfort of journeys was also above target for the year.

Demand for wheelchair trips subsidised through the **Multi Purpose Taxi Program** has been lower than target. Following examination of four-year trends, the TSC now recognises that the targeted increase in trips was set too high for this program.

Due to application processing enhancements introduced at the TSC during the year, the result for **Multi Purpose Taxi Program: applications assessed and completed** within 14 days was higher than target.

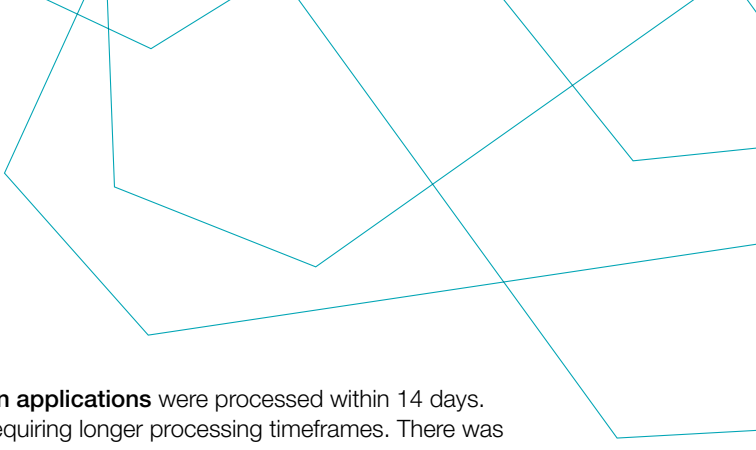
The **occupancy rates** recorded in December 2014 and June 2015 were lower than target. This was due to high demand for 'as of right' taxi licences issued under the taxi and hire vehicle industry reforms after July 2014. The availability of 'as of right' licences resulted in a higher than anticipated increase in the number of Metropolitan taxis. The licence release has provided better availability and choice for consumers. The emergence of rideshare services has also influenced occupancy.

Taxi and hire vehicle **inspections** were lower than target due to changes in priorities including intensive in-field investigation of the rise in rideshare services.

Fewer **reform recommendations** have been completed than target due to external impacts, including the sun setting of regulations, emergence of rideshare services and their policy impact, and the dependency on actions by departments or other agencies.

Improved data sources for **taxi waiting times** have become available, enabling more reliable calculation. The more accurately calculated results for 2014–15 has demonstrated that the waiting time target for conventional taxis was set too low. Peak periods are defined as 4pm to 7pm in the month of December.

The TSC received higher than targeted results for all categories of **vehicle licence applications** processed due to the priority placed on processing of new annual 'as of right' taxi licences introduced as part of the government's industry reforms ('as of right' licence applications accounted for the majority of applications). These measures will be replaced by two new measures in 2015–16: one for commercial passenger vehicles other than taxis (21 days), and one for taxis (14 days).



Fewer new taxi, hire car vehicle and bus driver **accreditation applications** were processed within 14 days. A component of this relates to more complex applications requiring longer processing timeframes. There was also an unanticipated and significant increase in accreditation applications in November and December 2014, which occurred prior to the introduction of the Knowledge test for hire vehicle drivers from 1 January 2015.

Resumption of 'on target' processing was delayed by an extended but temporary loss of key resources. These factors were also responsible for the fewer new and renewed **driving instructor authority applications** processed within 14 days than targeted, as the same resources process both application types.

The level of incoming **telephone calls** answered within 20 seconds was lower than anticipated due to the increase in number and complexity of calls being received, particularly concerning the reform program.

The TSC achieved a high result for **complaints investigated and closed** within 45 days after identifying this activity as an operational priority, and redirecting resources to ensure complaints received from Victorians were promptly addressed.

## APPENDIX 3 CONSULTANCIES, MAJOR CONTRACTS AND GOVERNMENT ADVERTISING

### Consultancies

#### Details of consultancies over \$10,000

In 2014–15, there were five consultancies where the total fees payable to the consultants was \$10,000 or greater (2013–14: nine). The total expenditure incurred during 2014–15 in relation to these consultancies is \$0.5 million, a decrease from 2013–14 (\$0.9 million).

Details of individual consultancies are outlined in the table below. All figures exclude GST.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST) \$'000	Expenditure 2014–15 (excluding GST) \$'000	Future expenditure (excluding GST) \$'000
Ladoo Pty Ltd	Development of mobile responsive website	1/01/2014	1/01/2016	\$135	\$0	\$30
Transport Certification Australia	Advice, technical specification and gap analysis in relation to in-taxi technology	14/04/2014	28/02/2015	\$604	\$355	\$0
Regulatory Impact Solutions	Preparation of Regulatory Impact Statements	22/09/2014	30/06/2015	\$49	\$49	\$0
Dynamic Outcomes	Development of the <i>Knowledge Handbook</i>	24/11/2014	30/01/2015	\$74	\$74	\$0
Horton International	Executive recruitment services	1/02/2015	30/06/2015	\$45	\$45	\$0
<b>TOTAL</b>				<b>\$907</b>	<b>\$523</b>	<b>\$30</b>

#### Details of consultancies under \$10,000

In 2014–15, there were two consultancies (2013–14: nil) where the total fees payable to the consultants was less than \$10,000. The total expenditure incurred during 2014–15 in relation to these consultancies was \$6,875 (2013–14: \$nil).

All figures exclude GST.

#### Disclosure of major contracts

The TSC did not enter into contracts greater than \$10 million in value during 2014–15 (2013–14: nil).

#### Government advertising

There were no government advertising campaigns relating to the TSC that had a total media spend of \$150,000 or greater during 2014–15 (2013–14: nil).

## APPENDIX 4 SUMMARY OF REFORM RECOMMENDATIONS

This appendix summarises the progress of implementing the 139 recommendations made by the Taxi Industry Inquiry 2012. A total of 24 recommendations were completed in 2014–15, bringing the total number of completed recommendations to 91. An additional 26 recommendations were progressed in 2014–15.

The chapter and recommendation numbers reference the *Government Response: Taxi Industry Inquiry Final Recommendations* (May 2013).

Chapter	2014–15 implementation Recommendations complete	2013–14 implementation Recommendations complete
Taxi licences and zones	1.3, 1.4	1.1, 1.2, 1.5, 1.6, 1.7, 1.8
Hire cars	–	2.1, 2.2, 2.3, 2.4, 2.6, 2.15
More diverse and better vehicles	3.11	3.1, 3.6, 3.7, 3.10, 3.12
More networks and more choices	–	4.1, 4.2, 4.3
Better quality drivers	5.1, 5.2, 5.10, 5.17, 5.18, 5.19	5.3–5.9, 5.11–5.14, 5.16, 5.21, 5.22
Improved safety	6.2, 6.6, 6.7	6.1, 6.5, 6.8
Empowering consumers	7.1, 7.5, 7.6	7.2, 7.3
Approval and responsibility	8.3, 8.4, 8.8	8.1, 8.2, 8.5, 8.6, 8.7, 8.9, 8.10
More accessible services	9.2	9.8, 9.9
Improved regulation	10.5, 10.10, 10.11, 10.12, 10.13	10.1, 10.2, 10.3, 10.6, 10.7, 10.9, 10.14–10.17, 10.19, 10.21
New and more flexible taxi services	–	–
Fares	–	12.1, 12.2, 12.4, 12.5, 12.6, 12.7
Service fee for electronic payments	–	13.3

It is expected that a further 24 recommendations will be progressed or completed in 2015–16.

As referenced under ‘Other recommendations’ there are a number of recommendations that may be progressed or completed in 2015–16, but their delivery is dependent on the outcomes of policy decisions external to the TSC.

Chapter	Recommendations for completion in 2015–16
Taxi licences and zones	–
Hire cars	–
More diverse and better vehicles	3.2, 3.3, 3.4, 3.5, 3.8, 3.9, 3.13
More networks and more choices	4.4
Better quality drivers	5.20
Improved safety	6.3, 6.4, 6.9
Empowering consumers	7.4
Approval and responsibility	–
More accessible services	9.10
Improved regulation	10.8
New and more flexible taxi services	11.1, 11.2, 11.3, 11.4, 11.5
Fares	12.9
Service fee for electronic payments	13.1, 13.2, 13.4

Other recommendations with external dependencies and/or planned for future years		
Chapter	Recommendation numbers	Commentary
Hire cars	2.5, 2.7, 2.8, 2.9, 2.10, 2.11, 2.12, 2.13, 2.14	External dependencies
Better quality drivers	5.15	Review of driver agreement in year five of implementation
Improved safety	6.3	Review of safety measures in year three of implementation
More accessible services	9.1, 9.3, 9.4, 9.5, 9.6, 9.7	External dependencies
Improved regulation	10.4	Five year review of regulator performance
	10.18	External dependencies
	10.20, 10.22	Long term consideration for Victorian Government
New and more flexible taxi services	11.6	External dependencies
Fares	12.3	Not supported by government
	12.8	Review of fare competition after three years
Service fee for electronic payments	13.5	External dependencies

## APPENDIX 5 COMPLIANCE STATEMENTS

### *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 (VIPP). Departments and public sector bodies are required to apply VIPP in all procurement activities valued at \$3 million or more in metropolitan Melbourne and for statewide projects, or \$1 million or more for procurement activities in regional Victoria.

During 2014–15, the TSC had no contracts to which the VIPP applied.

### *Freedom of Information*

The *Freedom of Information Act 1982* allows the public a right of access to documents held by the TSC. For the 12 months ending 30 June 2015, the TSC received 32 FOI applications. Of these requests, one was from a Member of Parliament, three were from media outlets and the remainder were from the public. Of the total requests received by the TSC, 11 were granted in full, 14 were granted in part and one was denied in full. The remainder were either withdrawn or have not yet been fully processed. One proceeded to the appeal stage.

Requests for access to documents held by the TSC under the *Freedom of Information Act 1982* may be made in writing to:

Freedom of Information Officer  
Taxi Services Commission  
PO Box 1716  
Melbourne VIC 3000

Requests can also be lodged by email:  
foi@taxi.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 is currently \$27.20). 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.

Further information regarding freedom of information can be found at [www.foi.vic.gov.au](http://www.foi.vic.gov.au)

### *Compliance with the Building Act*

The TSC does 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

and that:

- the objectives of the legislation can only be achieved by restricting competition.

The TSC 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.

### *Carers Recognition Act*

The TSC has taken all practical measures to comply with its obligations under the *Carers Recognition Act 2012*. This includes considering the carer relationships principles set out in the *Carers Recognition Act 2012* when setting policies and providing services.

### *Compliance with the Protected Disclosure Act*

In February 2013, the *Whistleblowers Protection Act 2001* was repealed and replaced by the *Protected Disclosure Act 2012*. The *Protected Disclosure Act 2012* (the Act) encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and any rectifying action to be taken.

The TSC does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to 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.

The TSC will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

#### *Reporting procedures*

The TSC is not an entity that can either receive or notify protected disclosures. Disclosures of improper conduct or detrimental action by the TSC 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](http://www.ibac.vic.gov.au)

See the IBAC website for the secure email disclosure process, which also provides for anonymous disclosures.

In accordance with section 58 of the Act, the TSC has prepared written procedures for the protection of persons making disclosures from detrimental actions by any employee or officer of the TSC.

#### *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 at [www.data.vic.gov.au](http://www.data.vic.gov.au) in machine readable format.

#### *Additional information available on request*

In compliance with the requirements of the Standing Directions of the Minister for Finance, the information detailed below was held at the TSC's head office at 80 Collins Street, Melbourne in 2014–15.

From 31 August 2015, this information will be available from the TSC head office at 1 Spring Street, Melbourne and is available on request, subject to the *Freedom of Information Act 1982*.

- 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 the objectives and outcomes of each visit.

The information is available on request from:

Chief Finance Officer  
Phone: 1800 638 802  
Email: [corporateservices@taxi.vic.gov.au](mailto:corporateservices@taxi.vic.gov.au)

## APPENDIX 6 ENVIRONMENTAL PERFORMANCE REPORT

### Office-based environmental impacts

Public sector entities are encouraged to adopt the requirements of *Financial Reporting Direction 24C (FRD 24C): Reporting of office-based environmental data by government entities*. This environmental performance report has been prepared in accordance with the requirements set out in FRD24C to the extent possible.

The data incorporates data from TSC head office facilities located at 80 Collins Street, Melbourne and relates to the TSC's office-based activities only.

Following on from the baseline data captured in 2013–14, this year's data will be used to set targets and actions for improving the environmental performance of the TSC in 2015–16.

### Energy

In 2014–15, the TSC consumed energy for its office facilities located at 80 Collins Street, Melbourne. The data below was obtained from energy retailer billing information and represents 100 per cent of sites and 100 per cent of employees, including contractors and others.

Indicator	2014–15			2013–14		
	Green Power	Electricity	Natural Gas	Green Power	Electricity	Natural Gas
<b>Total energy usage segmented by primary source (MJ)</b>	n/a	464,885.00	n/a	n/a	265,554.33	n/a
<b>Greenhouse gas emissions associated with energy use, segmented by primary source (tCO<sub>2</sub>e)<sup>(1)</sup></b>	n/a	428.85	n/a	n/a	87.78	n/a
<b>Percentage of electricity purchased as green power (%)</b>	n/a	n/a	n/a	n/a	n/a	n/a
<b>Units of energy used per FTE (MJ/FTE)</b>	n/a	2,718.62	n/a	n/a	1,517.45	n/a
<b>Units of energy used per unit of office area (MJ/m<sup>2</sup>)</b>	n/a	35.60	n/a	n/a	19.88	n/a

### Notes

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

### Definitions

MJ megajoules

tCO<sub>2</sub>e tonnes of carbon dioxide equivalent

### Actions undertaken

No actions

## Waste

The waste generated by processes at the TSC is divided into three general classes: landfill, recycling and compost. The waste management program facilitates the easy segregation of waste materials for recycling, composting or landfill in the TSC's office.

The data below is derived from an independent five-day waste audit conducted at 80 Collins Street, accommodating 100 per cent of TSC employees including contractors and others. In 2014–15, the TSC also captured data on secure document disposal.

Indicator	2014–15				
	Landfill	Co-mingled recycling	Compost	Secure Docs	Contamination in recycling
Total units of waste disposed of by destination (kg/yr)	2,368	5,082	1,224	3,023	n/a
Units of waste disposed of per FTE by destination (kg/FTE) <sup>(2)</sup>	13.85	29.72	7.16	17.68	n/a
Recycling rate (percentage of total waste)	20.2	43.4	10.5	25.8	n/a
Greenhouse gas emissions associated with waste disposal (tCO <sub>2</sub> e)	496.98	309.38	312.81	n/a	1332.81

Indicator	2013–14			
	Landfill	Co-mingled recycling	Compost	Contamination in recycling
Total units of waste disposed of by destination (kg/yr)	520	182	71.24	n/a
Units of waste disposed of per FTE by destination (kg/FTE) <sup>(2)</sup>	11.79	40.44	6.43	n/a
Recycling rate (percentage of total waste)	16.7	41.39	23.9	n/a
Greenhouse gas emissions associated with waste disposal (tCO <sub>2</sub> e)	451.36	353.34	522.49	829.90

### Notes

(2) FTE has been defined by the independent waste audit report.

### Actions undertaken

Bulletins	Environmental representatives regularly sent out waste awareness bulletins to all employees
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## Paper

The data below is collected through paper retailer billing information and represents 100 per cent of the TSC's offices and 100 per cent of the TSC's employees, including contractors and others.

Indicator	2014-15	2013-14
Total units of copy paper used (reams)	2,100	2,088
Units of copy paper used per FTE (reams/FTE)	12.2	11.93
Percentage 76-100% recycled content A4 copy paper purchased (%)	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 (%)	42	51

### Actions undertaken

Printer settings	All printers are set to print double sided by default
iPad trial	Commission and leadership team meeting papers circulated via iPad (not printed)

## Water

Figures cannot be obtained for water consumption.

### Actions undertaken

No actions

## Transport (operational vehicles)

The TSC's car fleet comprises 10 vehicles, excluding executive vehicles. All of these vehicles are 6-cylinder vehicles. The TSC's employees obtained pool vehicles from the State Government vehicle pool. Data for pool usage is incorporated into the table below.

Indicator	2014-15			2013-14		
	4-cylinder	6-cylinder	4WD	4-cylinder	6-cylinder	4WD
Total energy consumption by vehicles (MJ)	n/a	203,564.00	0	43,051	99,109.00	0
Total vehicle travel associated with entity operations (km)	n/a	122,482.00	0	15,311	289,542.00	0
Total greenhouse gas emissions from vehicle fleet (tCO <sub>2</sub> e)	n/a	14/17	0	2.996	6.897	0
Greenhouse gas emissions from vehicle fleet per 1,000km travelled (tCO <sub>2</sub> e)	n/a	n/a	0	n/a	n/a	0
	2014-15			2013-14		
Total distance travelled by aeroplane (km) <sup>(3)</sup>	15,580.00			2,761.64		

	2014–15					2013–14				
	Train	Tram	Cycle	Car	Other	Train	Tram	Cycle	Car	Other
Percentage of employees regularly using public transport, cycling, walking to and from work or working from home (>75% of work attendance days)	55.9	10.8	8.6	12.9	11.8	57.1	13.0	5.2	18.2	6.5

Notes

(3) Figure obtained from reports supplied by Flight Centre Management.

#### Actions undertaken

No actions

#### Greenhouse gas emissions

The greenhouse gas emissions detailed below have been brought together from the previous sections to show the TSC's total greenhouse gas emissions footprint.

Indicator	2014–15	2013–14
Total greenhouse gas emissions associated with energy use (tCO <sup>2</sup> e)	97.78	87.78
Total greenhouse gas emissions associated with vehicle fleet (tCO <sup>2</sup> e)	14.17	9.893
Total greenhouse gas emissions associated with air travel (tCO <sup>2</sup> e)	n/a	n/a <sup>(4)</sup>
Total greenhouse gas emissions associated with waste production (tCO <sup>2</sup> e)	2,451.90	2,157.09
Total greenhouse gas emissions offsets purchased (tCO <sup>2</sup> e)	0	0

Notes

(4) Data unavailable.

## NOTES

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