

2016-17
TAXISERVICESCOMMISSION

**ANNUAL
REPORT**





Reforms to the commercial passenger vehicle industry will help meet the needs of Victoria's growing population and adapt to the challenges of changing technology.

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ABBREVIATIONS

4WD	Four-wheel drive (vehicle)	iFACTS	In Field Acquisition of Compliance Trends and Statistics
AASs	Australian Accounting Standards	MP	Member of Parliament
AASB	Australian Accounting Standards Board	MPTP	Multi Purpose Taxi Program
ARMC	Audit and Risk Management Committee	OH&S	Occupational Health and Safety
ATAC	Accessible Taxi Advisory Committee	TfV	Transport for Victoria
CALD	Culturally and Linguistically Diverse	TSC	Taxi Services Commission
DTF	Department of Treasury and Finance	VCAT	Victorian Civil and Administrative Tribunal
DEDJTR	Department of Economic Development, Jobs, Transport and Resources	VEOHRC	Victorian Equal Opportunity and Human Rights Commission
FRD	Financial Reporting Direction	VIPP	Victorian Industry Participation Policy
FTE	Full Time Equivalent	VPS	Victorian Public Sector
GST	Goods and Services Tax	VTMS	Victorian Taxi Management System
ICT	Information and Communications Technology	WAT	Wheelchair Accessible Taxi

Changes in terminology during 2016–17

Terminology to 30 June 2016	Terminology during 2016–17
Transport Group in DEDJTR	Transport for Victoria

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ACCOUNTABLE OFFICER'S DECLARATION

The Hon. Jacinta Allan MP
Minister for Public Transport

1 Spring Street
Melbourne, VIC, 3000

Dear Minister

Annual Report 2016–17

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 2017.



Yehudi Blacher
Chair
Taxi Services Commission
3 October 2017



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VISION, MISSION AND VALUES

VISION

A commercial passenger vehicle industry that is customer focused, safe, accessible and competitive.

MISSION

The Taxi Services Commission will be contemporary, adaptable and a best practice transport regulator.

VALUES

- Collaborate
- Communicate
- be Accountable
- Innovate
- be Respectful

CHAIR'S FOREWORD

The 2016–17 financial year was another year of significant change and achievement for the Taxi Services Commission. Having just completed the reforms of the Victorian Taxi Inquiry at the end of 2015–16, on 23 August 2016 the government announced a new and significant reform agenda.

As part of the first phase of these reforms, the fees for obtaining taxi and hire car licenses are being significantly reduced. For the first time, it will be easy for people to enter and exit the taxi and hire car industry—effectively paving the way for new providers of commercial passenger services to enter the Victorian market. To ensure a level playing field, the concept of a Network Service Provider, which currently only applies to the taxi market, will be expanded to include providers of booking services for taxis and hire cars, and they will be renamed Booking Service Providers.

The second phase of these reforms will be more significant still—the government intends to replace vehicle licensing with a simpler vehicle registration system; introduce consumer protection and safety duties for industry participants; and fare flexibility for taxis. The reforms move away from the prescriptive regulation that has for so long dominated taxi and hire car regulation and towards enabling the industry to choose how they deliver their services and meet consumer protection and safety standards.

For the Taxi Services Commission, the government's announcement heralded the start of the most significant program of work in its short history. Much of this program focuses on practical considerations, such as managing the substantial increase in driver accreditation applications and rebates for annual taxi licence fees.

The Taxi Services Commission has worked closely with our partners in the Department of Economic Development, Jobs, Transport and Resources and Transport for Victoria to develop and refine the Commercial Passenger Vehicle Industry Bill 2017. This work will continue as a second tranche of legislation is prepared and implemented during 2017–18.


Significant system reforms are complex and these reforms don't just touch the commercial passenger vehicle industry; they require a fundamental change in the regulatory approach and culture of the Taxi Services Commission itself. This can only be achieved when an organisation invests in its people. For this reason, the most significant achievement of the Taxi Services Commission during 2016–17 was its thoughtful and structured program of people development to prepare it for the future.

From its partnership with Leadership Victoria in creating the innovative Taxi Services Commission Leadership Program; through to its relationship with the Institute of Public Administration Australia Victoria; the Taxi Services Commission has recognised that to be a contemporary and adaptive regulator it must trust and invest in its people.

The Commission's achievements for 2016–17 could not have happened without the dedication and hard work of its employees. On behalf of my fellow Commissioners, Monique Conheady and Janet Dore, I would like to thank all Taxi Services Commission employees for their contribution over the past 12 months.

The Commission would also like to thank the Hon. Jacinta Allan, Minister for Public Transport, for her support during this period of significant change to the commercial passenger vehicle industry.

We look forward to continuing to work with all our stakeholders in implementing the government's commercial passenger vehicle industry reforms.



Yehudi Blacher
Chair

CHIEF EXECUTIVE OFFICER'S REPORT

The Taxi Services Commission's 2016–17 financial year can best be described as one of preparation. Since the government's announcement on 23 August 2016, the Taxi Services Commission has been working non-stop to ready itself, and the commercial passenger vehicle industry, for the significant changes ahead.

With the government reaffirming the importance of driver accreditation as a key part of the reforms, the Taxi Services Commission experienced a significant increase in the number of people seeking to become an accredited driver. Indeed, during 2016–17 the Taxi Services Commission processed a total of 15,793 driver accreditation applications, with 14,310 people being issued with a driver accreditation for the first time. This was a considerable increase over both 2015–16 (4,974) and 2014–15 (2,866).


The Taxi Services Commission invested considerable resources to ensure these increased volumes could be accommodated without compromising Victoria's high accreditation standards. All applicants were subject to rigorous criminal and driving history checks, along with a medical assessment to ensure they were fit and proper to be commercial passenger vehicle drivers.

The 2016–17 year also saw many innovations in the driver accreditation area, with work commencing on new systems to simplify and streamline the application and assessment process. These investments will certainly pay dividends in the future.

It was, however, not just driver accreditation that kept the Taxi Services Commission busy. As part of the government's announcement, all holders of existing annual taxi licences were entitled to a rebate of their licence fees. This, too, was a challenging and complex process – one that was completed successfully.

We continued to focus on engaging and communicating with our stakeholders. To support the reform process we set up the industry implementation group to work through the more detailed aspects of the reforms, and continued to engage stakeholders through our Stakeholder Reference Group. We maintained our lines of communication with disability groups and continued to participate in a number of accessible transport events, including the Disability Sport and Recreation Festival.

Working in an environment where the regulatory framework is changing is not simple or straightforward, particularly for front-line staff. Whether they were answering the telephone, working on a customer service counter or out in the field, the Taxi Services Commission's frontline staff often faced difficult circumstances. I would like to thank them for their resilience and patience during the year and for staying focussed on the future. Without their calm dispositions and dedication, the work of the Taxi Services Commission would have been far more difficult.



In such a busy year, it can be easy to think that everything the Taxi Services Commission did was about reform. This was certainly not the case and it is important to recognise the important work Taxi Services Commission did in other key areas such as accessibility. Whether it be providing Wheelchair Accessible Taxi vehicle grants, or administering the growing Multi Purpose Taxi Program, the Taxi Services Commission plays an important role facilitating accessible transport for Victorians.

In 2016–17 we have seen significant growth within the commercial passenger vehicle industry, and we expect this to continue into 2017–18.

I would like to thank our Commissioners Yehudi Blacher (Chair), Monique Conheady and Janet Dore for their support this year. Their contributions and incisive wisdom have been invaluable during this period of change.

I would also like to thank all Taxi Services Commission employees for their efforts in laying the foundations for the future. I look forward to working with you in 2017–18 to create a flexible and adaptable commercial passenger vehicle industry that provides the services the public expects.



Aaron de Rozario
Chief Executive Officer

ACHIEVEMENTS

STRATEGIC OBJECTIVE ONE

Facilitate safe commercial passenger vehicle services

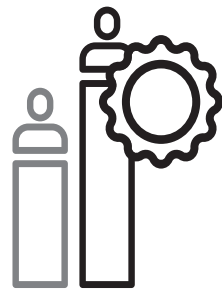
199



INTERNAL REVIEWS OF ADMINISTRATIVE LEGAL DECISIONS FINALISED.



SUMMARY AND INDICTABLE PROSECUTIONS COMPLETED.



14,310
NEW DRIVER ACCREDITATIONS ISSUED.



40

TAXI OPERATOR AUDITS COMPLETED.

STRATEGIC OBJECTIVE TWO

Enable competition and encourage innovation in commercial passenger vehicle services



90% OF TAXI, HIRE CAR AND BUS DRIVER, ACCREDITATION APPLICATIONS PROCESSED WITHIN 14 DAYS.



3060

EDUCATIONAL INTERVENTIONS

TARGETING UNACCREDITED DRIVERS.

\$900



REDUCTION OF THE INDUSTRY ENTRY COST PER VEHICLE BY MODIFYING THE DRIVER PROTECTION SCREEN REQUIREMENT.


88%




OF CONSUMER INTEREST TESTS COMPLETED IN TWO WORKING DAYS.

STRATEGIC OBJECTIVE THREE

Promote commercial passenger vehicle services that support social and economic inclusion

4.79M
 TAXI TRIPS
SUBSIDISED
THROUGH THE MPTP

19,097
APPLICATIONS
TO REGISTER FOR
MPTP MEMBERSHIP
WERE PROCESSED


84%
APPROVED

PROJECT WAIT CHECKED
925 DRIVERS

OF WATS SUSPECTED OF
FAILING TO GIVE PRIORITY
TO WHEELCHAIR BOOKINGS.



AS A RESULT,
21 DRIVERS
RECEIVED OFFICIAL WARNINGS,
179 DRIVERS
WERE ISSUED WITH
INFRINGEMENT NOTICES.

STRATEGIC OBJECTIVE FOUR

Be an effective and adaptive regulator

100%
COMPLIANCE WITH MAJOR AGREEMENTS
AND FINANCIAL MANAGEMENT ACT.

86%
TAXI AND
HIRE VEHICLE
COMPLAINTS INVESTIGATED
AND CLOSED WITHIN 45 DAYS.



73%
INCOMING TELEPHONE
CALLS RESOLVED BY THE
TSC CALL CENTRE.

32
SELF-SERVICE ANALYTICAL
REPORTS CREATED TO ACCESS
THE NEW TSC DATA WAREHOUSE.

MANNER OF ESTABLISHMENT AND RESPONSIBLE MINISTERS

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.

ORIGIN

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

The Taxi Services Commission (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*.

Three appointed commissioners govern the TSC. The Chief Executive Officer leads day-to-day operations. Graeme Samuel AC (Chair), Merran Kelsall and Douglas Shirrefs completed their term on 31 July 2016 and the Governor-in-Council approved the appointment of new commissioners –

Yehudi Blacher, Monique Conheady and Janet Dore effective for three years from 1 August 2016.

The *Transport Integration Amendment (Head, Transport for Victoria and Other Governance Reforms) Act 2017* established the Head, Transport for Victoria (TfV) as a new statutory office and the lead transport agency in Victoria to integrate and coordinate the state's transport system.

The TSC is a sector transport agency supporting TfV.

NATURE AND RANGE OF SERVICES

The TSC regulates the commercial passenger vehicle 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) (Taxi-Cab Industry Accreditation and Other Matters) Regulations 2017*.

OBJECTIVES

The TSC regulates the commercial passenger vehicle industry and implements industry reforms.

The objectives of the TSC in legislation 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.

FUNCTIONS

The TSC's focus is on a strong and vibrant commercial passenger vehicle industry that is customer focused, safe, accessible and competitive.

In 2016–17, the key functions of the TSC included:

- administering licensing, accreditation and other requirements imposed on industry participants
- administering the Multi Purpose Taxi Program (MPTP)
- administering the country and regional Wheelchair Accessible Taxi (WAT) Vehicle Subsidy Scheme to maintain and improve services for people with disabilities
- administering grants to local councils to improve taxi ranks
- developing and implementing operational policy
- assisting the Head, TfV in developing strategic policy and legislation
- 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 communicating with consumers and the industry
- implementing a broad range of commercial passenger vehicle industry reforms
- working with the Head, TfV to identify and reduce red tape impacting on the industry.

PERFORMANCE AGAINST OBJECTIVES

The TSC has four strategic objectives to achieve its Vision and Mission. The design of these objectives also addresses legislative requirements, policy challenges and the TSC's strategic risks.

The TSC is working towards a number of outcomes against these objectives and has realised significant results during 2016–17. The following summarises these results and their significance to the TSC's success.

Strategic objective 1: Facilitate safe commercial passenger vehicle industry services

Result	Significance
<p>Immediate implementation of government policy changes for the commercial passenger vehicle service industry:</p> <ul style="list-style-type: none"> removal of the Knowledge test for drivers support for the government's creation of a Fairness Fund with a telephone information line. <p>Prompt letters to holders of annual 'as of right' licences advising that they may be eligible for an annual licence fee rebate under the changes, and issuing of 197 rebate cheques.</p>	<p>The TSC demonstrated responsiveness to the Government's policy announcements in August 2016.</p> <p>Prompt communication initiated with affected industry participants.</p> <p>Preliminary steps were taken towards:</p> <ul style="list-style-type: none"> setting industry responsibilities for safe operations and services establishing a level playing field for all service providers.
<p>Identifying 44 cases of possible defrauding of the MPTP for investigation. These resulted in the issuing of warning notices in some instances, and legal proceedings in others.</p>	<p>Instances of fraud reduce MPTP resources to subsidise taxi travel for people with a disability and are a risk to the program's reputation.</p> <p>The TSC has improved the effectiveness of its internal working arrangements to identify possible fraud.</p>
<p>Conducting inspections and engaging with outer suburban, regional and country service operators.</p>	<p>The TSC aims for the delivery of safe commercial passenger vehicle services across Victoria.</p>

Strategic objective 2: Provide information that encourages competition and high quality services

Result	Significance
<p>Re-positioning the TSC's engagement with key new industry entrants, leading to excellent progress on accrediting their driver partners.</p>	<p>Preparing industry for the government's reforms that will enable broader entry and competition in the commercial passenger vehicle industry.</p> <p>The TSC is streamlining its driver accreditation process to accommodate increased application numbers.</p>
<p>Developing a clear and agreed approach to communications, marketing and stakeholder engagement to support the government's industry reforms.</p>	<p>The commercial passenger vehicle industry is being prepared for the most complex and far-reaching reforms to commercial passenger vehicle industry regulation in Victoria's history.</p>
<p>New safety camera specifications were finalised and gazetted.</p>	<p>The TSC has introduced greater competition into the provision of safety cameras for commercial passenger vehicles.</p>

Strategic objective 3: Promote commercial passenger vehicle industry services that support social and economic inclusion

Result	Significance
Combining of two forms required to apply for MPTP membership. Augmenting the doctors' medical form enables it to become the primary MPTP application form.	Reduce 'red tape' and make the MPTP more accessible.
Phasing out use of the MPTP 'Change of Circumstance' and 'Additional Subsidy' forms and managing these member requests by telephone or email.	Reduce 'red tape' and make the MPTP more accessible.
Processing a gradually increasing number of MPTP applications: of the 19,097 processed for the year, the TSC approved 15,977 applications, in line with the totals approved in other recent years.	The TSC is responding to increased demand for this important subsidy program that enables some people with disabilities to lead better and more fulfilling lives.

Strategic objective 4: Be an effective and adaptive regulator

Result	Significance
Successfully managing the governance framework for the incoming commissioners in August 2016.	This was the first time in its history that the TSC changed its commissioners.
Addressing all requirements as a sector transport agency within the new TfV legislative arrangements, including for inter-agency risk identification and control arrangements.	With the proclamation of the new <i>Transport Integration Amendment (Head, Transport for Victoria and Other Governance Reforms) Act 2017</i> , the TSC is well prepared to be a positive and active contributor towards the evolution of TfV.
Supporting TfV/DEDJTR reform policy development by providing advice and data analytics—including for accessibility, consumer protections, and the proposed levy and licensing regime.	TfV/DEDJTR is better informed to develop and provide evidence-based policy advice to the government.
Readiness for transition assistance payments to over 4,000 licence holders.	The TSC has undertaken considerable project work in advance of this and other reforms proposed for 2017–18.
Revising the TSC Call Centre hours of operation and implementing new rostering to sustain employee focus and resilience and better match patterns of demand.	The TSC Call Centre is the first point of contact for many people contacting the TSC, and effective and efficient customer service is critical to its functions as a regulator and government agency.
Developing the TSC Leadership Program for all TSC directors and managers of people.	The TSC's directors and managers are better equipped to manage the adaptive challenges that accompany significant reform programs and rapidly changing environments.
Completing the IT Security Reviews for 2016 and 2017.	IT security is vital to maintaining the TSC's business policies, processes and systems.
Translating the TSC's financial statements to the new streamlined format for government entities and implementing new related requirements.	Early adoption of this standard enables greater transparency and comparability with the annual statements in coming years, where reporting on expenditure for reforms will be a feature.

Output performance measures

Output measures	Unit of measure	2016–17 actual	2016–17 target	2015–16 actual
Output: Taxi and hire vehicle services				
Quantity				
Average occupancy rate of metropolitan taxis in December (period of high service demand)	per cent	28.0	31.0	29.5
Average occupancy rate of metropolitan taxis in June (period of low service demand)	per cent	25.6	28.0	28.3
MPTP: trips subsidised	number ('000)	4,789.7	4,450	3,689.8
MPTP: wheelchair trips	number ('000)	1,039.4	950	973.7
Taxi and hire vehicle complaints and other feedback assessed, investigated and closed	number	2,776	3,450	2,933
Taxi and hire vehicle compliance and enforcement interventions	number	19,818	19,200	20,373
Quality				
Taxis and hire vehicles conform to safety and quality standards	per cent	81.1	82.0	83.2
Average wait time for conventional taxis booked to arrive at peak periods of demand	minutes	9.9	9.2	9.6
Average wait time for WATs booked to arrive at peak periods of demand	minutes	26.4	29.0	27.8
Taxi services online customer rating: overall satisfaction in metropolitan Melbourne	score	62.1	60.4	61.4
Taxi services online customer rating: overall satisfaction in regional Victoria	score	74.1	72.3	72.7
Taxi services online customer rating: safety and comfort of journeys	score	69.7	69.7	67.8
Timeliness				
Taxi and hire vehicle complaints investigated and closed within 45 days	per cent	86.0	85.0	89.0
Taxi and hire vehicle: calls to the TSC call centre answered within 20 seconds	per cent	61.5	54.0	51.9
Output: Transport safety, security and emergency management				
Timeliness				
MPTP: applications assessed and completed within 14 days	per cent	93.7	97.0	99.3
Taxi, hire vehicle and other commercial passenger vehicle licences processed within 14 days	per cent	66.0	85.0	93.0
New taxi, hire vehicle and bus driver accreditation applications processed within 14 days	per cent	90.0	85.0	70.0
Road vehicle and driver regulation: new and renewed driving instructor authority applications processed within 14 days	per cent	93.0	85.0	88.0



The Victorian State Budget for the upcoming financial year starting 1 July is presented in May. The State Budget includes budget allocations for all state government departments and agencies including the TSC to fund their services and other activities for the year. A series of published papers detail the State Budget. (refer www.budget.vic.gov.au)

In the Budget Paper 3 'Service Delivery', the TSC and every department and agency have published measures and performance targets, linking to the services that they deliver for their allocated budget. Most of the TSC's measures are contained in the Budget Output 'Taxi and Hire Vehicle Services'. There are also four measures in the Budget Output 'Transport Safety, Security and Emergency Management'.

The results for those measures more directly controlled by the TSC reflect a 'business as normal' year in 2016–17, after the closure of the previous reform program in 2015–16 and before the implementation of the new anticipated industry changes. Other results reflect the transition and change that are occurring in the commercial passenger vehicle industry, related or unrelated to government policy changes, or in the commercial passenger vehicle market, with changes in demand for services.

Taxi and hire vehicle compliance and enforcement interventions as managed by the TSC are close to target, and the TSC has achieved a number of favourable results in its timely processing of applications for driver accreditation, driving instructor authority, membership of the MPTP, and in the investigation and closing of service complaints.

The prompt answering of telephone calls to the TSC also met target, and these service areas in general reflect efficient processing, with available resources matching the reasonably consistent incoming volumes.

The exceptions in results for application processing were for taxi, hire vehicle and other commercial passenger vehicle licences. The TSC exercised additional diligence and time before granting licences to ensure new applicants were suitably informed of the government policy changes, announced in August 2016.

A positive result reflecting industry response to government change was that the average wait time for WATs booked to arrive at peak periods of demand was significantly lower (therefore better) than target. The increase in wheelchair lifting fee paid by the TSC from \$16.70 to \$20, which became effective from October 2016, may be a significant factor here.

This evidence suggests that the fee increase was an effective incentive for WAT drivers to prioritise wheelchair trips over conventional trips. This was despite a less favourable average wait time for conventional taxis in the same period. Supply factors and industry adjustment to increased competition from other commercial passenger vehicle services, may have been factors that increased conventional taxi wait times, and lowered the occupancy of metropolitan Melbourne taxis beyond expectations.

Further positive results in this industry transition period were the lower number of taxi and hire vehicle complaints and other feedback assessed, investigated and closed by the TSC, and that taxis and hire vehicles conformed to safety and quality standards at the expected levels. Overall satisfaction with taxi services in Melbourne and regional Victoria, and for safety of journeys, a particular area of government interest, also met targets.

Demand for services reflected the higher than target numbers of trips subsidised and wheelchair and scooter lifting fees paid through the MPTP, which continues to assist people in the community members with serious and permanent disabilities.

STATEMENT OF EXPECTATIONS

No statement of expectations applied to the TSC in 2016–17.

PERFORMANCE OF THE INDUSTRY

Section 115SB of the *Transport Integration Act 2010* requires the Taxi Services Commission, for the first five years of its operation, to report on the performance of the taxi and hire car industry in its Annual Report. The following addresses the legislative requirement based on findings drawn from the Taxi Services Commission's regulatory activities.

The TSC's legislative objectives include improving the safety of drivers and passengers of commercial passenger vehicles and promoting public confidence in the safety of the commercial passenger vehicle industry.

These objectives are addressed through monitoring and enforcing legislation and regulations, implementing initiatives that lead to greater safety and accessibility in commercial passenger vehicle services, and engaging with the industry and wider community on safety. This is done through stakeholder forums, consultation, public awareness and education campaigns and the publication and distribution of communication materials.

The TSC monitors and enforces safety requirements through inspections, accreditation processes, prosecution and investigations.

SAFETY AND COMPLIANCE

There were 19,818 *inspections and interventions* conducted for the year with a strong focus on vehicle safety and driver accreditation. The TSC uses a tablet-based inspection application – iFACTS – to record data from vehicle safety inspections. Data analysis allows the TSC to establish a benchmarked quality rating for commercial passenger vehicles. The TSC uses these ratings to monitor and to report upon the quality of the commercial passenger vehicle fleet on an ongoing basis.

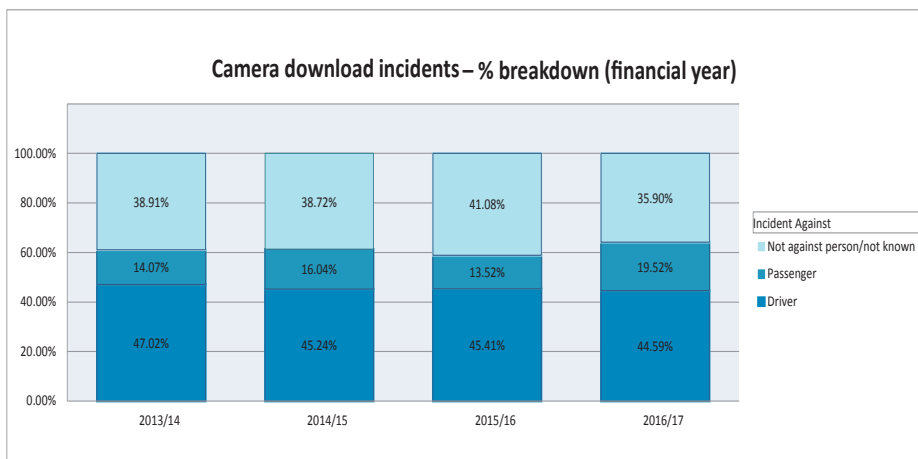
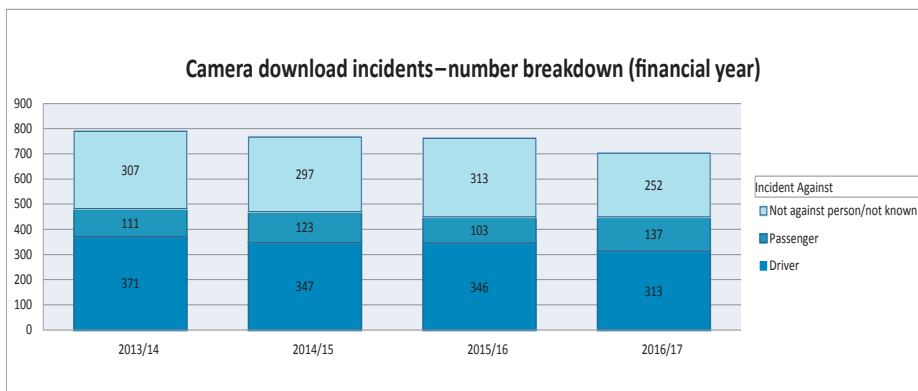
Over 2016–17, a targeted inspection regime was implemented, focusing on taxis that were not inspected by the TSC in the previous twelve months, wheelchair taxis, and older taxis. Other inspections targeted taxi drivers to check whether they were operating with the correct accreditation endorsements and that their vehicles' critical safety features were in order. Operator fleets were also inspected where iFACTS data identified vehicle safety as being generally at a higher risk.

Part of the TSC's regulatory role is to issue notices to industry participants where breaches of regulations occur. The table on the following page shows that the number of infringement and rectification notices issued in 2016–17 was lower than the number issued in the previous year. For these categories, the TSC targeted notices issued to the most significant risks to consumer safety and service.

Transport safety and compliance	2016–17	2015–16
Number of infringement notices	436	748
Number of official warning notices	223	77
Number of rectification notices	1,529	1,750
Number of other notices	1,382	59
Total notices issued	3,570	2,634
Directed vehicle inspections	1,420	1,703
Total inspections	19,818	20,373
Notices as a percentage of vehicle inspections	18.0%	12.9%

The number of infringement notices issued was 436, the majority involving breaches of driver accreditation, licence conditions relating to WAT drivers prioritising customers with a disability and operating vehicles without the proper licensing authority.

A key TSC function is **downloading images from the safety cameras installed in taxis**, when incidents occur which require Victoria Police or TSC investigation. In 2016–17, 694 camera downloads were completed, each from a single trip. It is important to note that the total trips where an incident occurred that warranted the downloading of images represents just 0.003 per cent of the estimated 26 million trips taken annually in Victoria. This proportion reduces further when it is considered that 471 downloads were for investigating matters related to the commercial passenger vehicle industry, and 223 were for matters unrelated to taxi trips or the industry.



DRIVERS AND OPERATORS

Accreditation is required for all drivers of all commercial passenger vehicles. In 2016–17, there was a 25 per cent increase in the number of accredited drivers compared with the previous year. The increase is attributed to removing the Knowledge test requirements, which had been a significant barrier to entry for new drivers; a targeted campaign to encourage unaccredited drivers to obtain driver accreditation; and a direct engagement with Uber to facilitate the accrediting of their drivers.

There was evidence that accredited drivers were more active in 2016–17 compared to 2015–16: accredited taxi drivers who undertook at least one shift within the year increased by 13 per cent, however they were a lower proportion of all accredited drivers with this total increasing by 25 per cent.

The number of accredited industry participants has decreased over the year by 8 per cent. This may be a reflection of the industry re-structuring and consolidating into fewer but larger entities, in response to greater competition within the commercial passenger vehicle industry.

Accredited parties on 30 June	2016–17	2015–16
Total accredited drivers (taxi, hire car, bus driver)	58,084	46,325
Total active taxi drivers*	16,758	14,771
Total accredited industry participants (<i>licence operators, network service provider</i>)	9,830	10,692
Total driving instructor authorities	2,181	2,212

*Note: the definition of an active driver is one who undertook at least one shift within the last 12 months.

As indicated above, the government's announcement of major reforms in August 2016 immediately removed most Knowledge test requirements. The continuing Knowledge modules are required for accreditation by new metropolitan and urban WAT drivers.

In 2016–17, the pass rate for the theory module for WAT drivers improved significantly from 15 per cent in 2015–16 to 63 per cent. A TSC review of the module to better align it with industry best practice may have assisted the improved pass rate. For the WAT practical module in 2016–17 there was a 90 per cent pass rate, up from 86 per cent the year before.

Module	2016–17		2015–16	
	Pass	Pass rate	Pass	Pass rate
WAT theory*	101	63%	39	15%
WAT practical	72	90%	25	86%

*These figures measure results from September 2016 to June 2017 inclusive.

LICENCES

At the end of 2016–17, the total number of taxi licences in Victoria was 5,629. This is a 0.6 per cent reduction in licences compared with a year earlier. Most of the reduction in licences was in the metropolitan zone peak-service category.

Market based sales of perpetual metropolitan taxi licences effectively ceased during 2016–17 with only one transfer recorded over the entire financial year.

The average fee charged for assigning perpetual metropolitan taxi licences has trended down over 2016–17 to \$1,500 per month at the end of June 2017. This fee equates to \$18,000 per annum and represents a \$5,000 per annum discount on the price for an annual metropolitan taxi licence.

Number of taxi licences	2016–17			2015–16		
	Conventional	WAT	Total	Conventional	WAT	Total
Metropolitan zone	4,170	447	4,617	4,217	443	4,660
Urban zone	418	80	498	420	85	505
Regional zone	275	75	350	264	72	336
Country zone	129	35	164	127	35	162
Total	4,992	637	5,629	5,028	635	5,663
Licence transfers (metropolitan taxis)						
Average metropolitan taxi licence market value for all transfers in the rolling quarter			N/A			\$158,688
Number of market-based transfers			1			96
Average monthly assignment fee charged			\$1,500			\$1,716
Number of assignments			1,548			1,442
Number of hire car licences*			1,140			1,199
Number of restricted hire licences* (4WDs, tour cars, hire cars 25+ years old)			633			610
Number of special purpose vehicle licences*			980			966

*Note: Figures quoted are the total number of licences current for each licence type as at 30 June 2017.

ACCESSIBILITY

A significant proportion of trips provided by the commercial passenger vehicle industry in Victoria involve people with a disability. Demand for the provision of accessible transport services, including services provided by the industry has steadily grown over the past several years.

The government is committed to improving the availability and cost effectiveness of commercial passenger vehicle services for people with a disability through the administration of subsidy and incentive schemes. Overall, nearly 4.8 million individual taxi trips were subsidised by the TSC in 2016–17. This was a three per cent increase in the number of trips subsidised in 2015–16, while the subsidised wheelchair trip segment increased by nearly seven per cent during this period.

Trips subsidised by the TSC were a significant 18.5 per cent of the estimated number of all taxi trips in Victoria in 2016–17.

As well as individual trip subsidisation, the TSC recognises the need to subsidise the cost effectiveness of the industry’s operation of wheelchair accessible services, particularly in regional Victoria and where the provider can demonstrate that subsidisation is necessary to maintain an appropriate level of service.

The following information is presented to indicate industry performance in providing accessible services. Data relates to the MPTP, the principal subsidy scheme administered by the TSC to support the needs of people with a disability for point-to-point transport services in Victoria.

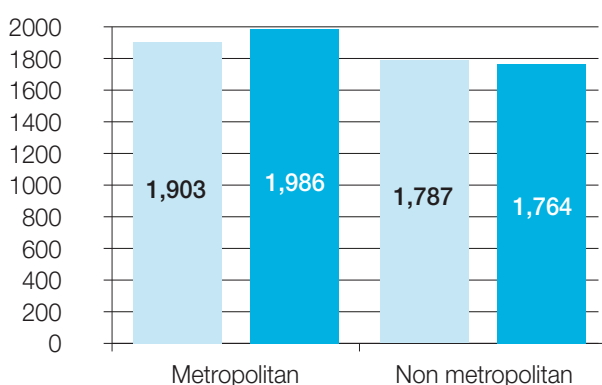
The average number of conventional taxi trips taken per MPTP member (46.6) in 2016–17 was marginally above the figure in the previous year (46.1).

The result for wheelchair members also increased (77.6 per member) with wheelchair trips taken per member up by three per cent in the past financial year.

Average number of trips per MPTP member	2016–17	2015–16
Conventional trips per active* members	46.6	46.1
Wheelchair trips per active* members	77.6	74.5

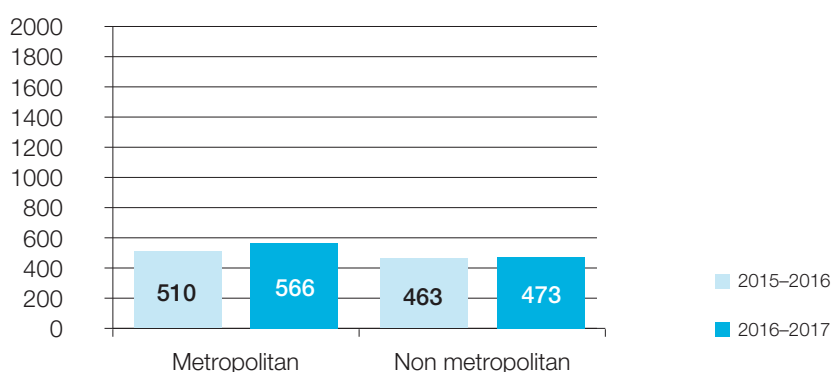
*Note: active MPTP members are those who have taken at least one trip within the last 12 months.

MPTP : Number of conventional trips 2016–17 ('000)



MPTP membership grew by 9,433 members (4 per cent) in 2016–17 over the previous year. At the end of June 2017, there were more than 218,000 MPTP members. Of these, 93,802 (43 per cent) are active, having taken at least one trip under the program over the financial year. At the end of June 2017, 36,563 MPTP members were wheelchair users (16.8 per cent of the total membership).

MPTP : Number of wheelchair trips 2016–17 ('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. Occupancy is calculated from taxi network trip and data shift data

A number of supply and demand factors affect occupancy rates:

- the operator and booking services' performance 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, e.g. introduction of all night weekend public transport
- demand in entertainment precincts which peaks at certain times of the day or week
- weather unpredictability.

Fare increases can lead to a short-term reduction in occupancy, whereas population growth and growth in tourism to Victoria increase demand over the longer term.

The TSC is particularly interested in occupancy rates at times of highest and lowest service demand in the metropolitan zone in Melbourne. October to December is a period of the year when service demand and occupancy are highest due to public events held in spring and celebrations associated with the holiday season such as Christmas, Boxing Day and New Year's Eve. In the October to December 2016 quarter, the average metropolitan taxi occupancy rate was 28.0 per cent—lower than the corresponding quarter in 2015. Changes in broader market circumstances and the availability of alternative service types including the introduction of all night weekend public transport are amongst the main attributed causes to lower occupancy.

The occupancy rate for April to June (25.6 per cent) tends to be lower than for the October to December quarter due to the easing of demand for taxi services in the colder months.

Average occupancy rate	2016–17	2015–16
October to December quarter (high demand)	28.0%	29.5%
April to June quarter (low demand)	25.6%	28.3%

**Note: The definition of occupancy is the percentage of hours that metropolitan taxis are passenger-occupied.*

As well as varying through the year, occupancy rates also vary greatly throughout the average week. The highest occupancy rate of approximately 55 per cent occurs during peak business hours and generally between 11 pm and 1 am on Saturday nights. Lowest occupancy rates of approximately 10 per cent typically occur between 2 am to 5 am 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 factors including the ratio of drivers to vehicles, fleet size and population growth to inform policy decisions for regulating the industry.

COMPLAINTS

The TSC can investigate complaints from the public or industry participants about services provided by taxis, hire cars, bus and driving instructors. The TSC uses a secure case management system to record the complaints received.

Complaints have been analysed to provide a summary of the key issues raised and these are categorised based on the objectives of the *Transport (Buses, Taxi-Cabs and Other Commercial Passenger Vehicles) (Taxi-Cab Industry Accreditation and Other Matters) Regulations 2017*.

In 2016–17, the total number of issues recorded by the TSC was three per cent lower than for 2015–16. Fare charging and payment issues were notably higher than the previous year, but trending much lower if a four-year period is considered.

	2016–17	2015–16
Total number of complaints received by the TSC ^{(i) (ii)}	2,329	2,642
Number of issues relating to taxi and hire car services		
Conduct of driver	1,106	1,192
Fare charging and payment	415	349
Concerns with operator	260	274
Compliance with general road rules	247	310
Vehicle condition and appearance	85	93
Authorisation – driver and/or vehicle	34	36
Hiring and trip experience	30	49
Adequacy of vehicle equipment	29	19
Presentation of driver	8	16
Number of issues relating to other transport services		
Relating to driving instructors	23	17
Relating to buses	8	7
Number of other issues recorded		
Relating to the Knowledge test	43	89
Referred to other government authority	28	21
Other issues that do not fall into above categories	337	259

⁽ⁱ⁾ The case management system for complaints also records feedback, suggestions, queries and compliments provided to the TSC. These categories raise the total entries into the system for 2016–17 to 2,776.

⁽ⁱⁱ⁾ The TSC also received 14 complaints about its own operations during the year. These complaints related to service delivery (9), process concerns (4) and TSC policy (1).

Following the commencement of the driver agreement, the TSC introduced a process to manage disputes between drivers and operators. Recording of disputes is separate to complaints. The number of disputes received by the TSC in 2016–17 (85) is similar to the previous year (89). The following table lists the nature and incidence of issues in dispute as experienced by the TSC.

Issue in dispute	2016–17	2015–16
Insurance and indemnity	40	29
Bond	11	25
Fare box (55 per cent)	20	20
General/other	12	12
Termination of employment	2	3
Fees and charges	0	0
Leave entitlements	0	0
Maintenance and cost	0	0
Total number of disputes received by the TSC	85	89

TAXI AND HIRE CAR CUSTOMER SATISFACTION

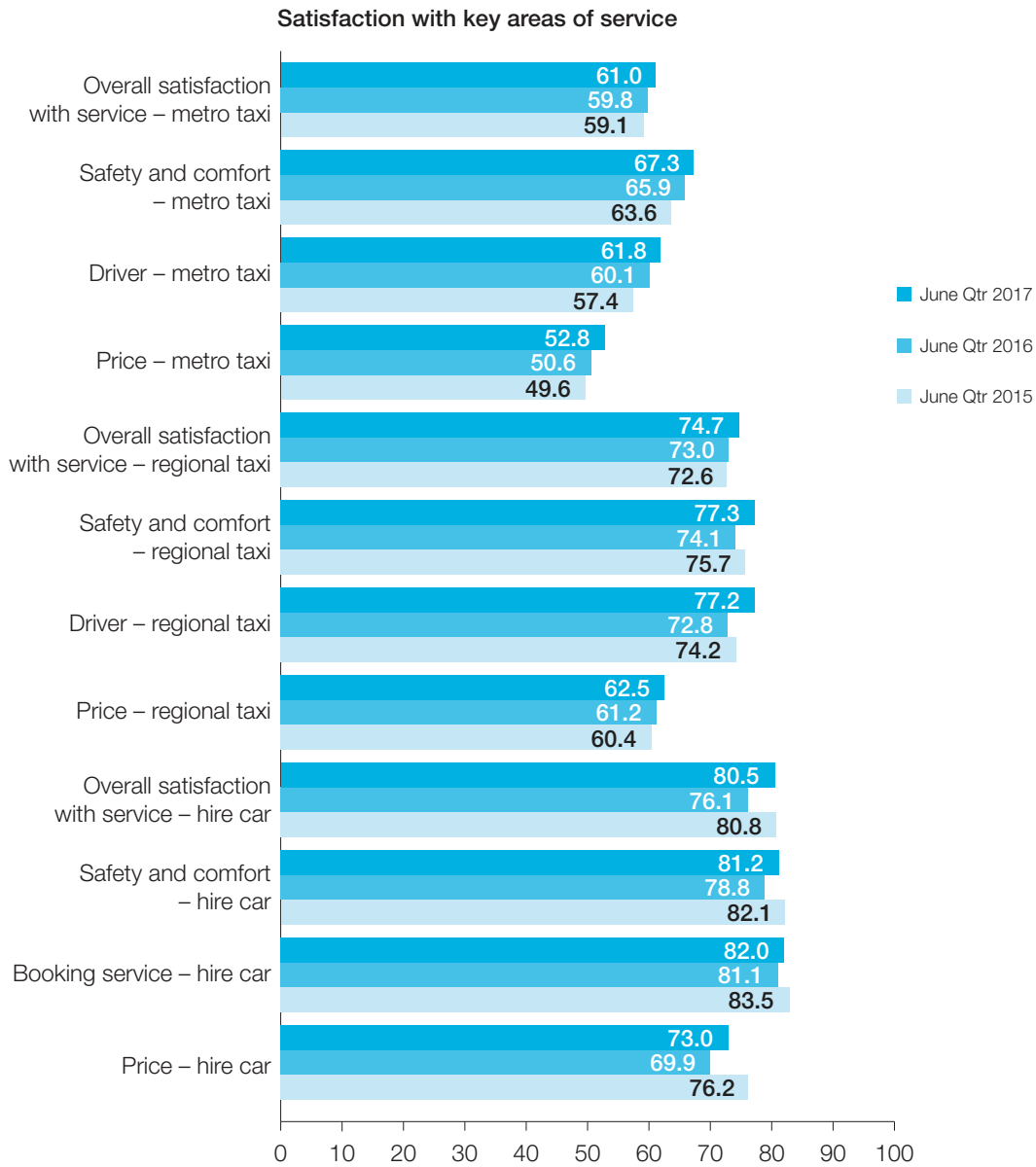
The TSC contracts an independent market research company to conduct a monthly survey and report quarterly on customer satisfaction with taxi and hire car services on each quarter of the year. In July 2014, the TSC introduced three significant changes to its customer satisfaction measurement: adoption of an online survey methodology; separate measurement of metropolitan Melbourne and regional taxi customer satisfaction; and commencement of measuring hire car customer satisfaction across Victoria.

Satisfaction scores for metropolitan taxi services, regional taxi services and Victorian hire car services are presented in the chart below, showing the April to June 2017 results compared to the results for a year earlier in 2016. Looking at the change over a year helps to indicate whether the trend in satisfaction is improving or declining.

Expert analysis by the TSC's research provider indicates that driver performance, safety and comfort, and trip price mostly determine overall customer satisfaction with taxi services. Safety and comfort, trip price and the experience of booking the trip mostly determine overall customer satisfaction with hire car services. The following chart displays individual satisfaction scores for these aspects and the overall satisfaction scores.

Of the commercial passenger vehicle industry service categories measured through the survey, results over time show that Victorian hire car customers are the most satisfied, followed by regional taxi customers with metropolitan taxi customers being the least satisfied.

All overall and component satisfaction scores have improved in the last year. In metropolitan Melbourne, the loss of less satisfied younger customers to other commercial passenger vehicle services may explain improved taxi satisfaction scores. It is too early to determine whether the improvement in regional taxi satisfaction represents a trend. The higher hire car satisfaction compared to the previous year is also not significant: overall satisfaction scores for this customer category show more variability than with the two taxi customer categories.



FINANCIAL SUMMARY AND REVIEW

The table below shows the financial results for 2016–17 and the four preceding financial years.

Financial result for the year ended 30 June extract	2016–17 \$'000	2015–16 \$'000	2014–15 \$'000	2013–14 \$'000	2012–13 \$'000
Income from government	427,391	87,110	87,130	79,783	1,475
Total income from transactions	428,151	87,931	87,655	80,018	1,572
Total expenses from operations	(433,154)	(92,255)	(91,723)	(83,535)	(1,577)
Net result from transactions	(5,003)	(4,324)	(4,069)	(3,517)	(5)
Net cash flow from operating activities	(14)	(1,304)	529	1,844	168
Total assets	347,246	20,702	22,873	21,860	187
Total liabilities	341,051	9,646	11,321	10,647	155
Net assets	6,195	11,056	11,552	11,213	32

The 2016–17 TSC Annual Report includes its full-year financial statements from 1 July 2016 to 30 June 2017. This is the fourth reporting period that has ended since the responsibility for the regulation of commercial passenger vehicles transferred from DEDJTR Secretary to the TSC, effective on 1 July 2013. The significant difference in figures reported for 2016-17 is due to the Victorian Government's decision to fund transition assistance for eligible holders of perpetual licenses which cease with implementation of the government's policy changes announced in August 2016.

The comparative for the 2012–13 financial year covers the inquiry phase of the TSC, when the main objective was to review the structure, conduct, performance and regulation of the commercial passenger vehicle industry.

Financial result

In 2016–17, the net result from transactions was a deficit of \$5 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 these are considered to be non-controllable transactions. This will have a cumulative impact on the accumulated deficit in future financial years.

Income

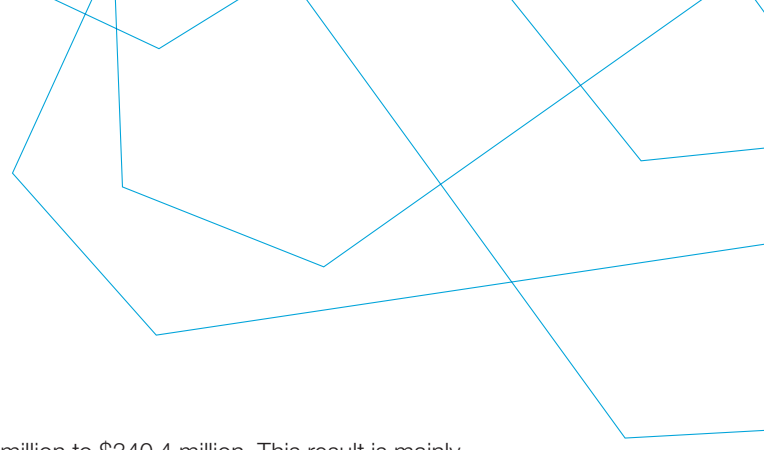
The source of the TSC's income is predominantly government grants. Income included a grant of just over \$330 million to fund the transition assistance payments.

Expenses

The TSC's operating expenses in 2016–17 totalled \$433.2 million. Of this expenditure, \$331.7 million was for transition assistance payments (2016: \$nil), \$64.5 million (2016: \$60 million) was for grant payments for the MPTP and \$36.9 million (2016: \$32.3 million) was for implementing the commercial passenger vehicle reforms and administration of regulatory services.

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

The 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 the TSC's income but are paid to the Victorian Government's Consolidated Fund or other government agencies. During 2016–17, revenue on behalf of the Victorian Government and other government agencies totalled \$6.5 million (2016: \$40.2 million).



Financial position—balance sheet

During 2016–17 total financial assets increased by \$333.1 million to \$340.4 million. This result is mainly due to an increase of \$333.8 million in the amounts owing from the Victorian Government as a result of transition assistance and increased operations due to implementation of commercial passenger vehicle reforms.

Total non-financial assets decreased by \$6.6 million to \$6.9 million due to a decrease in prepayments of \$1.6 million for workplace services and reduction to property, plant and equipment and intangible assets by additional depreciation of \$5 million. Intangible assets mainly constitute the Victorian Taxi Management System (VTMS) and the TSC Data Warehouse solution.

Total liabilities increased by \$331.5 million to \$341.1 million mainly due to increase in provision as result of obligation to pay transition assistance payment of \$331.7 million.

Cash flows

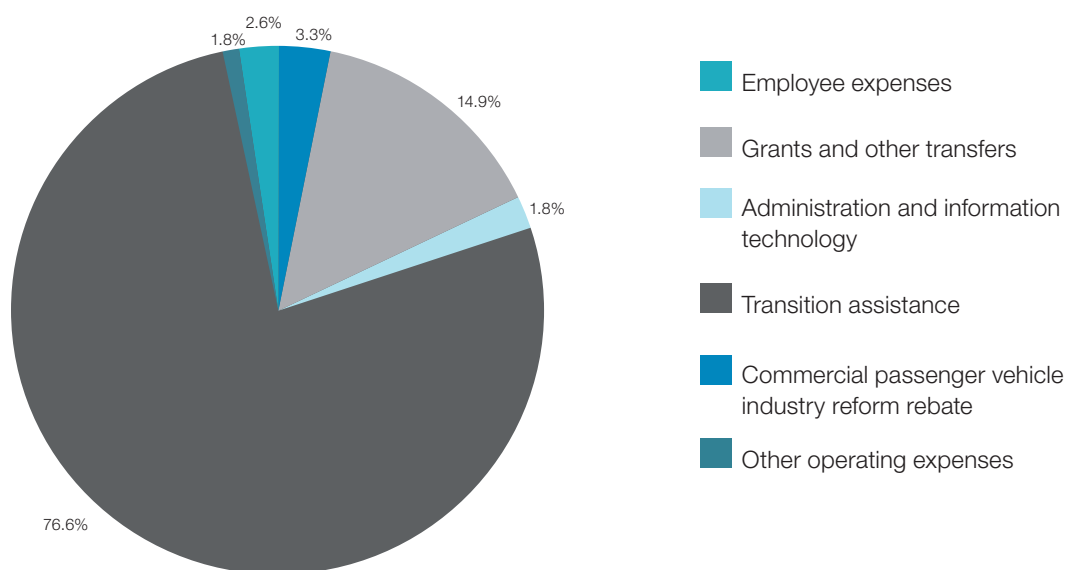
Net cash outflow from operating activities was \$0.01 million in 2016–17. This represents a \$1.3 million decrease compared to 2015–16, where drawdown of funding from DEDJTR was more closely aligned to the operating cash payment activities in 2016–17 compared to the prior financial year.

The overall cash surplus of \$1.8 million for the 2016–17 financial year represented a net decrease of \$0.5 million compared to the previous year. Of this, \$0.4 million net cash outflow was from investing activities, such as increased cash spent on capital expenditure.

Financial summary

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

Operating expenses in 2016-17



GRANTS PROGRAMS

The TSC had a number of grants programs that provided assistance to organisations that met predetermined criteria.

Taxi Rank Safety Program

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

Infrastructure 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.

Project assessment by the TSC ensures that awarding of funding to councils will demonstrate that the requested infrastructure provides 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 2016–17, the following payments were made towards council infrastructure projects.

Organisation	Payment \$ (GST exclusive)
City of Melbourne	23,379
East Gippsland Shire Council	46,819
Frankston City Council	48,977
Manningham City Council	134,708
Warrnambool City Council	181,818
Total:	435,701

Wheelchair Accessible Taxi programs

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 2016–17.

Organisation	Payment \$ (GST exclusive)
Annette and Paul Wright	30,000
Gill and Hear Pty Ltd	33,000
Hear Chashamveer	19,250
Horsham Taxis Pty Ltd	119,825
South Coast Taxis	37,925
Taxis Associated of Bendigo	40,000
Apimor	40,000
Scott Cowie (Wodonga)	40,000
Taxis of Portland	40,000
Total	400,000

WAT training subsidies were available for Registered Training Organisations to provide the WAT training.

The following grants were approved for payment in 2016–17.

Organisation	Payment \$ (GST exclusive)
CWY Transport Training	5,782
Individual Registered Training Organisations	18,521
Total	24,303

Community legal centres funding project

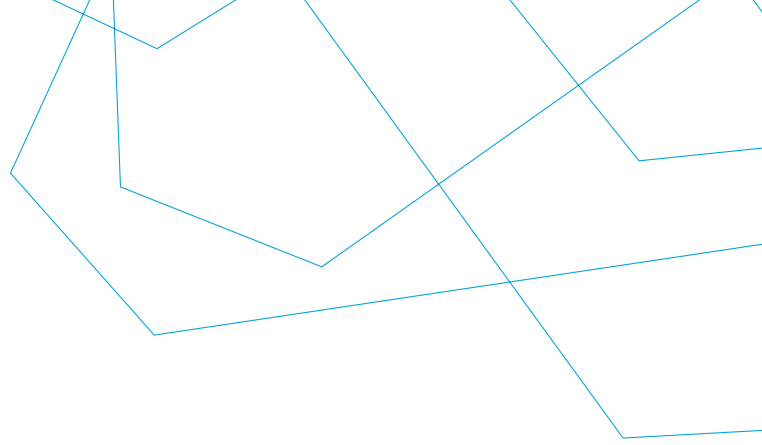
In 2016–17, the TSC made grants to community legal centres, in completion of the Taxi Industry Inquiry recommendations, to enable them to provide legal advice and representation to disadvantaged taxi drivers in various areas including issues relating to driver agreements, driver accreditation disciplinary actions, motor vehicle accidents and damage claims and leasing and purchasing taxi licences.

The following grants were approved for services provided in 2016–17.

Organisation	Payment \$ (GST exclusive)
Casey Cardinia Community Legal Service	23,151
Fitzroy Legal Service	23,151
Springvale Monash Legal Service	23,151
Western Community Legal Centre	26,894
Total	92,605

Subsequent events

In August 2016, the Victorian Government announced reforms to the commercial passenger vehicle industry for progressive implementation through to early 2018. The government agreed to provide financial assistance in the form of transition assistance to existing perpetual and fixed term licence holders who paid for licences up-front at the time of purchase. The TSC will be administering these payments and expects to complete this by October 2017. The total financial value of these payments is unknown at this time of reporting.





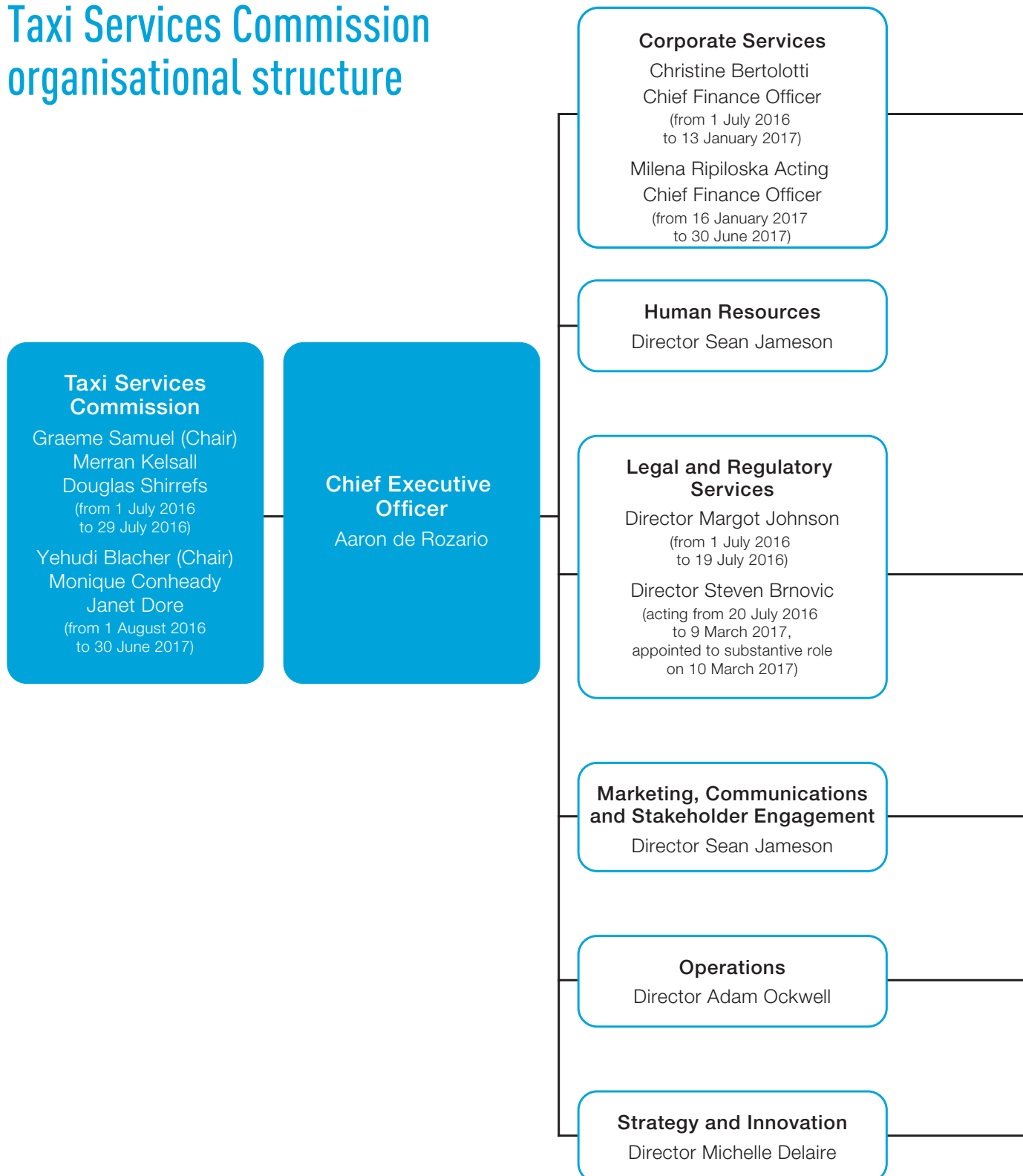
CONTENTS

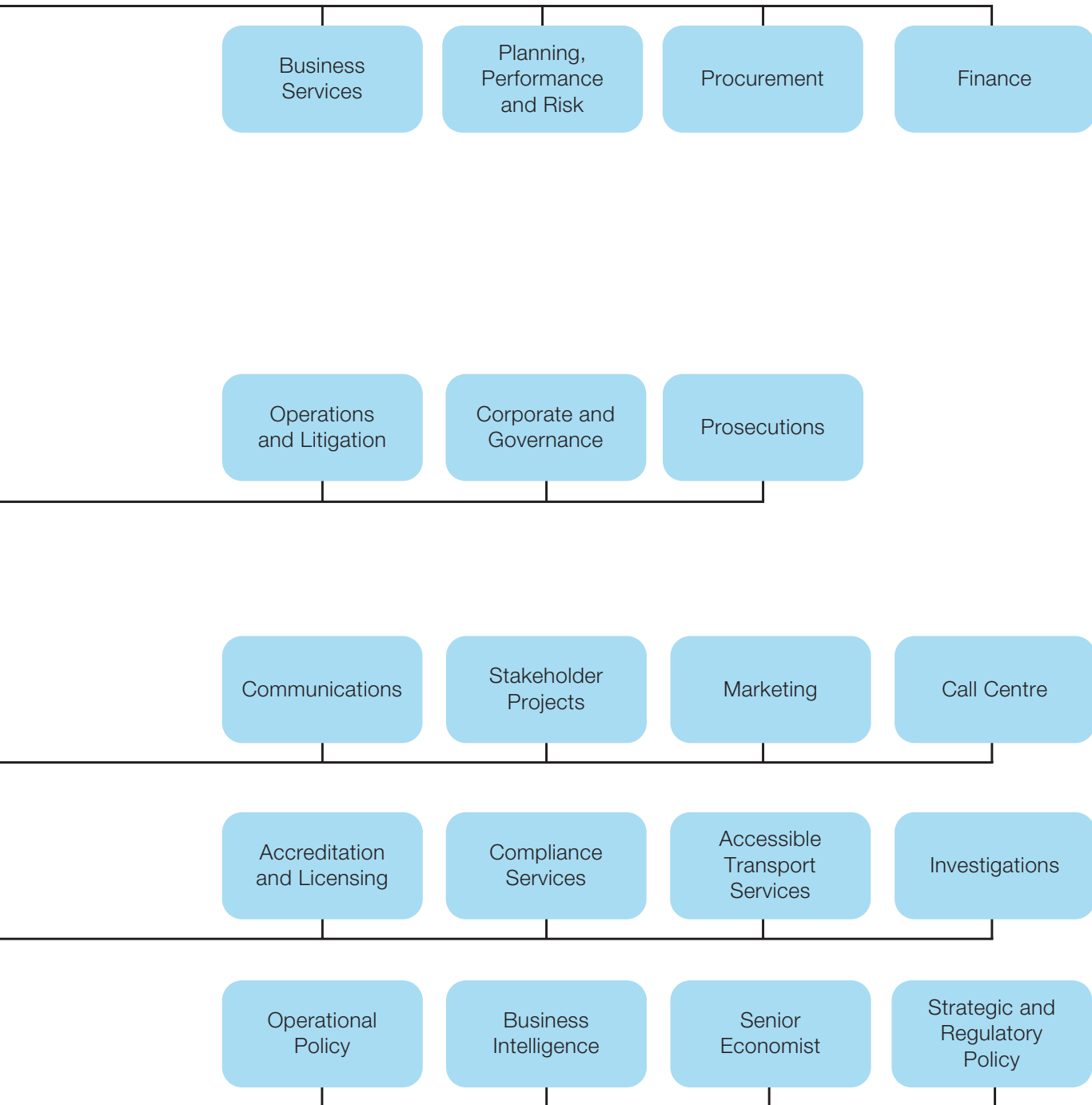
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GOVERNANCE AND ORGANISATIONAL STRUCTURE IN 2016–17

Taxi Services Commission organisational structure





COMMISSIONERS

Commissioners were first appointed to the Taxi Services Commission on 26 May 2013 under the *Transport Integration Act 2010*. The Commissioners' role is to ensure that the Taxi Services Commission meets its objectives and performance targets.

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

The current commissioners commenced their terms on 1 August 2016.



**YEHUDI BLACHER PSM
(CHAIR)**

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

Yehudi Blacher has over thirty years' experience in a variety of senior roles in the Victorian Public Service.

From 2002 to 2011 Yehudi was the Secretary of the Departments of Planning and Community Development, and Victorian Communities. He also held Deputy Secretary level roles in the Departments of Premier and Cabinet, Human Services and Infrastructure and Housing.

Yehudi is currently Deputy Chair, VicTrack and a Deputy Chancellor at Monash University. He is also an honorary Professorial Fellow in the School of Social and Political Sciences, Melbourne University, and a National Fellow, Institute of Public Administration Australia.



JANET DORE

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

Janet Dore held senior executive roles in local government as Chief Executive Officer of the Cities of Ballarat and Newcastle NSW, and was the Chief Executive Officer of the Transport Accident Commission from 2008 until her retirement in

2015. In October 2015, she was appointed as Chair Committee for Ballarat.

Currently on the Board of Central Highlands Water, M.A.D.E and the Geelong Authority, Janet is an experienced Board Director. Her previous board experience has included nib Health Funds, Newcastle Airport, Institute for Safety Compensation and Recovery Research, and Residential Independence Ltd.

Janet holds an Masters of Business Administration from Deakin University and is a Fellow of the Australian Institute of Company Directors



MONIQUE CONHEADY

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

Monique Conheady is an experienced entrepreneur and marketer. She founded the car-share business Flexicar, which she sold to Hertz in 2010. In 2009, she was awarded the Victorian Telstra Business Women Private Sector Award. She is also a recipient of a Churchill Fellowship and is an Australia Day Ambassador.

Monique is currently Chair of the Moreland Energy Foundation Limited, a Director with the Victorian Responsible Gambling Foundation, and a member of the Environment Protection Authority Advisory Board.

Monique holds a Bachelor of Engineering and Bachelor of Arts from the University of Melbourne, is a graduate of the Australian Institute of Company Directors and a Centre for Sustainability Leadership Fellow.

Commission meeting attendance

Yehudi Blacher (Chair)	11 of 11
Janet Dore	11 of 11
Monique Conheady	11 of 11

EXECUTIVE



AARON DE ROZARIO, CHIEF EXECUTIVE OFFICER

Aaron de Rozario has been involved in the regulation of commercial passenger vehicles since 2012. He previously advised the Western Australian government on industry reforms, regulatory matters, and the changing nature of commercial passenger vehicle services.

Aaron has twenty years' experience working in the Australian and United Kingdom public sectors. He has a strong public policy background, having held multiple executive positions in State Government and has a Masters in Public Policy from Murdoch University.

LEADERSHIP TEAM

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

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

Director Strategy and Innovation
Michelle Delaire

Chief Finance Officer
Christine Bertolotti
(1 July to 13 January 2017 then on secondment)

Acting Chief Finance Officer
Milena Ripiloska
(16 January 2017 to 30 June 2017)

*Director Human Resources,
Director Marketing, Communications
and Stakeholder Engagement*
Sean Jameson

*Director Legal and Regulatory Services,
General Counsel*
Margot Johnson
(1 July 2016 to 19 July 2016)

*Director Legal and Regulatory Services,
General Counsel*
Steven Brnovic
(acting from 20 July 2016 to 9 March 2017,
appointed to substantive role on 10 March 2017)

Director Operations
Adam Ockwell

DIVISIONS OF THE TSC

STRATEGY AND INNOVATION

The Strategy and Innovation division had a whole-of-business focus, providing research, strategic policy advice and support, operational policy and data analysis to support evidence-based decision-making.

It provided specialist economic advice and led strategic policy considerations for the TSC with a focus on regulatory reform and market analysis.

The division delivered business intelligence and data analysis relating to the commercial passenger vehicle industry for the whole organisation and undertook environmental scanning to monitor future changes in the operating environment.

CORPORATE SERVICES

The Corporate Services division provided support and advice to drive organisational efficiency, with a focus on improving systems, processes and governance.

It did this by providing assistance in the areas of financial management, risk and business continuity management, corporate planning, business planning and reporting, procurement and contracts, IT services, and records management and workplace services.

The division was also responsible for audit assurance and provided the secretariat function for the Audit and Risk Management Committee.

LEGAL AND REGULATORY SERVICES

The Legal and Regulatory Services division provided the TSC with support and services in a range of areas necessary for the TSC to properly deliver on its functions as a statutory authority with a Board of Commissioners. The division provided the secretariat function for the TSC Commission meetings and worked closely with DEDJTR on the development of legislation.

This division had three teams focussed on the following:

Operations and litigation

- made administrative decisions on applications for accreditation or driving instructor authority, and took disciplinary action against industry participants
- made decisions to cancel or suspend (including on an interim, urgent basis) the accreditations of industry participants in order to protect the public
- managed and represented the TSC in all VCAT and Supreme Court litigation
- provided general, operational and reform-related legal advice
- managed requests relating to the Public Register of industry participants.

Corporate and governance

- provided in-house legal services to all divisions
- managed the TSC's compliance with privacy legislation
- made administrative decisions on internal review applications
- performed the TSC's functions under Freedom of Information legislation
- provided contract and commercial drafting, advice and negotiation services
- provided general legal advice.

Prosecutions

- prosecuted for fraud and other offences against taxi and hire car legislation and regulations
- managed applications for review of infringement notices issued by Compliance Services.

HUMAN RESOURCES

The Human Resources division was responsible for providing people policies, procedures and processes to support organisation leaders and employees to develop a fair, respectful, engaged and high-performing workforce.

Key strategic priorities included workforce planning, occupational health and safety, learning and development, employee relations and provision of competitive conditions of employment including flexible work arrangements. These conditions supported the organisation to attract, develop and retain people with required skills, knowledge and experience.

Partnering with organisation leaders, the division delivered services and initiatives that supported individual and team performance, leadership capability development, a robust performance management environment, and encouraged workplace diversity and flexibility.

MARKETING, COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT

The Marketing, Communications and Stakeholder Engagement division was responsible for establishing, building and strengthening the TSC's brand and relationships with the commercial passenger vehicle industry, media and members of the public.

It communicated information on regulation, government initiatives and other related issues through marketing and advertising campaigns.

The division included the TSC Call Centre, ministerial services, event management, design and print for marketing collateral and online communications.

OPERATIONS

The Operations division was responsible for a number of key functions to support the TSC as industry regulator, including the provision of frontline counter and telephone services to the commercial passenger vehicle industry.

This division had four branches focused on the following:

Accessible Transport Services

- administered and provided advice on the MPTP providing subsidised travel for people with disabilities
- administered the Performance Based Booking System, an incentive scheme designed to improve the level of service for Victorians using WATs
- chaired the Accessible Taxi Advisory Committee (ATAC).

Accreditation and Licensing

- administered the accreditation scheme for suitable taxi and hire car applicants
- authorised driving instructors to teach unlicensed car drivers in Victoria
- evaluated driver medical assessments
- assessed driver and other industry participants' criminal records checks
- reviewed suitability of drivers based on criminal offences, serious traffic infractions and poor service delivery
- managed WAT training subsidies
- issued commercial passenger vehicle licences to suitable applicants
- provided ongoing management of licences including transfers (sales), assignments and replacement of vehicles
- managed the Country WAT Vehicle Subsidy Scheme.

Compliance Services

- managed on-road compliance, audit and complaint resolution activities to regulate the commercial passenger vehicle industry
- undertook in-car safety camera downloads at the request of Victoria Police and other relevant agencies.

Investigations

- investigated fraud involving the MPTP subsidy scheme
- investigated breaches of commercial passenger vehicle legislation and regulations.

COMMITTEES AND STAKEHOLDER GROUPS

AUDIT AND RISK MANAGEMENT COMMITTEE

The TSC's Audit and Risk Management Committee 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 committee operates under a written charter. TSC Commissioner Monique Conheady chaired the committee and there were two independent members. Committee meetings were held on five occasions.

Attendance at committee meetings

Monique Conheady (Chair)	4 of 4
Mary Anne Hartley QC (independent member)	4 of 4
Robert Hogarth (independent member)	4 of 4

EXECUTIVE REMUNERATION COMMITTEE

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

This committee comprised the TSC Chair and Commissioners. It is required to apply a consistent and rigorous approach to setting and adjusting executive remuneration (for Band 2 and 3 positions) and to apply a documented methodology for determining individual executive's work and performance value.

The committee met as required within the year to consider the annual and any out-of-cycle total remuneration package changes. All end-of-year remuneration decisions were finalised by the committee in line with whole of Victorian government processes.

The Director Human Resources was responsible for provision of the secretariat function to the committee.

INDUSTRY IMPLEMENTATION GROUP

Consultation with the Industry Implementation Group will be vital to the successful implementation of the government's commercial passenger vehicle reforms announced in August 2016. The group met for the first time on 14 June 2017. Representation draws from both the established and emerging commercial passenger vehicle industry.

STAKEHOLDER REFERENCE GROUP

The Stakeholder Reference Group commenced in 2013 as the TSC's primary engagement forum to support implementation of the previous government's taxi and hire car reforms from the Taxi Industry Inquiry.

The group met on one occasion during 2016–17 in December 2016. The Chair of the Commission and the Chief Executive Officer led the meeting.

Group membership draws from the commercial passenger vehicle industry, and several business and community stakeholders including Melbourne Airport, Melbourne City Council, and Westjustice, a provider of legal help to people in western Melbourne.

PUBLIC TRANSPORT ACCESS COMMITTEE

The TSC supports the Public Transport Access Committee that advises the Minister for Public Transport on current, emerging and/or potential public transport accessibility issues including those related to commercial passenger vehicle services.

TAXI AND HIRE CAR CUSTOMER SATISFACTION MONITOR

The TSC surveyed 1,500 customers of commercial passenger vehicle services during the year through an independent market research provider with results reported every three months. The survey design provides the TSC with a reliable view of customer satisfaction with these services in metropolitan Melbourne and regional areas.

OCCUPATIONAL HEALTH AND SAFETY

All employees, contractors and visitors to the TSC workplace were protected from any physical, psychological or potential harm or injury, as far as practicable. The health, safety and wellbeing of every employee were integral considerations in all TSC activities.

The following were key achievements:

- continuing to embed a comprehensive safety culture
- developing committed, resourced and trained leaders to promote a safe and engaged workforce
- encouraging and empowering employees to take responsibility for their own health and safety practices
- directly engaging contracted service providers to brief their employees on OH&S obligations and share their organisational policies.

Development of OH&S policies and procedures were in accordance with the *Occupational Health and Safety Act 2004*, *Occupational Health and Safety Regulations 2017* and the *Accident Compensation Act 1985*. The *Victorian Public Service Enterprise Agreement 2016* covered the formal agreement with our people and the Community and Public Sector Union regarding OH&S obligations.

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

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

During 2016–17, OH&S highlights included:

- regular review, development and promotion of intranet content
- Emergency Warden and fire extinguisher training
- inspections to identify workplace hazards
- provision of flu vaccinations
- refresher First Aid Training for Compliance Services branch employees
- pilot awareness programs on bullying and mental health awareness.

Human Resources hosted Volunteer Group meetings to provide networking and relationship building opportunities for all First Aid Officers, Health and Safety Representatives, Emergency Wardens, Equal Employment Opportunity Contact Officers, Environmental Officers and Ergonomic Assistants. Meetings involved technical learning, information sharing and guest speakers.

The *Victorian Public Service Enterprise Agreement 2016* saw the introduction of Family Violence Leave. TSC policy appropriately supported employees experiencing family violence and two TSC employees have participated in DEDJTR's White Ribbon Australia Workplace Accreditation Program.

The TSC continued to provide a DEDJTR managed Employee Assistance Program service throughout the year. The TSC and employees drew on these services following the death of a TSC employee in April 2017.

The TSC continued to use the services of Xchanging for workers' compensation insurance.

- Active historical claims was carried over from 2014–15 (1) and 2015–16 (1).
- During 2016–17 there were two new claims lodged by TSC employees.
 - Two claims were minor and were accepted by the insurer
 - The costs of claims continue to decrease.

OH&S was included in the monthly Chief Executive Officer Report to the TSC Commissioners.

Performance against OH&S management measures

Measure	KPI	2016-17	2015-16	2014-15
Incidents	Number of incidents	31	28	24
	Rate per 100 FTE	24%	20%	15.2%
Claims	Number of standard claims	2	4	1
	Rate per 100 FTE	1.5%	2.5%	0.6%
	Number of lost time claims	0	1	0
	Rate per 100 FTE	0.0%	0.6%	0.0%
	Number of claims exceeding 13 weeks	0	0	0
	Rate per 100 FTE	0.0%	0.0%	0.0%
Fatalities	Number	0	0	0
Claims costs	Average cost per standardised claim	\$1,289.00	\$4,823.60	\$5,442.19
Return to work	Percentage of claims with Return To Work plan <30 days	100%	100%	100%
Management commitment	Evidence of policy statement, OH&S objectives, OH&S plans signed by CEO	Complete	Complete	Complete
Consultation and participation	Evidence of agreed structure of designated work groups, health and safety representatives and issue resolution procedures	Complete	Complete	Complete
Risk management	Percentage of internal audits/inspections conducted as planned	100%	100%	100%
	Percentage of issues actioned as identified in an internal audit/inspection	100%	100%	100%
Training	Percentage of health and safety representatives trained	100%	100%	100%



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Public administration values and employment principles

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PUBLIC ADMINISTRATION VALUES AND EMPLOYMENT PRINCIPLES

The Taxi Services Commission is committed to creating and maintaining a workplace that embraces diversity, mandates and promotes workplace safety, supports flexible work arrangements, provides our people with professional development opportunities and offers recognition and reward to individual and team achievements.

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

The TSC complied with the *Public Administration Act 2004*. Employee selection was on merit, with a focus on equal employment opportunity and fostering career public service by providing development opportunities to existing employees. The TSC continued to provide its leaders with recruitment and selection tools and guidance to lead them through the selection process.

The TSC developed a set of values for its employees during the year to complement the VPS Code of Conduct and these were launched in June 2017.

WORKFORCE STRATEGY

The workforce strategy for 2016–17 focussed on prioritising additional resourcing for the new reform package.

Resourcing was a mix of ongoing and fixed term employment arrangements, supported by 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'.

LEARNING AND DEVELOPMENT

Developing our people

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

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

- formal technical training courses
- people management training
- 'on the job' learning
- mentoring and coaching
- tertiary study
- volunteering and community engagement experiences.

The TSC continued to implement the 'whole brain thinking' profile assessments for all new employees.

Organisational feedback in the 2017 People Matter Survey on L&D was extremely positive, with 79 per cent of respondents stating in the last 12 months that their learning and development needs were identified and agreed with their supervisor.

Developing our leaders

A strategic focus for 2016–17 was the development of leadership capability for all TSC people managers.

The TSC partnered with Leadership Victoria and delivered the Taxi Services Commission Leadership Program. The program focussed on the delivery of the four key leadership capabilities along with principles of adaptive leadership.

Other Leadership Victoria provided leadership programs undertaken by our people during 2016–17 included Developing Self, Managing Others; Folio Community Leadership program; and Williamson Community Leadership program.

Other leadership development highlights included:

- active participation in Institute of Public Administration Australia suite of learning and development programs, seminars and networking opportunities: this included 17 TSC future leaders participating in the Young Institute of Public Administration Australia program
- the TSC had the highest level of VPS participation as mentees and mentors in the Institute of Public Administration Australia 'Peer Plus' Mentoring Program
- the TSC continued participation in Juno Consulting's Mock Interview program.

RECRUITMENT AND INDUCTION

The TSC continued to be committed to applying merit and equity principles when appointing employees to both ongoing and fixed term positions. Our selection processes ensured fair and equitable assessment and evaluation of applicants, based on key selection criteria and other accountabilities, without discrimination and in line with the *Public Administration Act 2004*.

Induction programs covered 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 VPS Code of Conduct.

WORKPLACE FLEXIBILITY

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

Allowable flexible working arrangements included flexi time, part-time hours, job sharing, compressed working weeks, annualised working hours and working from home. The TSC continued to support flexible working practices that meet both individual and organisation needs.

DIVERSITY

The TSC is proud of the diverse nature of its workforce. Active promotion of workplace diversity occurred through TSC policies, employee support and the creation of a TSC Diversity and Health Awareness Calendar. A launch on Harmony Day of the calendar recognised the TSC's diverse workforce and its varied cultures, beliefs and celebrated festivities along with major community health programs.

Other activities for the TSC in relation to diversity included:

- 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 supported these activities and ensured compliance with our legislative obligations. The TSC set clear expectations for behaviour, enforcing these through our performance management systems.

A continued TSC focus was on the equal representation of women in the workforce, with an emphasis on supporting women with leadership career aspirations. An example of this commitment was TSC attendance at the annual Institute of Public Administration Australia 2016 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 was committed to better representation of these communities within our workforce. This representation provided greater understanding of and communication with CALD community members.

ABORIGINAL AFFAIRS

The TSC commenced scoping an Aboriginal and/or Torres Strait Islander Action Plan to increase Aboriginal employee representation. Barring Djinang informs the plan, a new five-year Aboriginal Employment Strategy for the Victorian Public Sector. The strategy has adopted a two per cent Aboriginal employment target for the VPS.

COMPARATIVE WORKFORCE DATA

The following two tables provide information on the number of active employees during the last full pay period in June 2017 compared to same period in June 2016. Excluded are those on leave without pay or absent on secondment, external contractors/consultants and temporary employees employed by employment agencies.

	2016-17	2015-16
Average age of employees	44	43
Proportion of women in workforce	49.6%	58.7%

	2016-17		2015-16	
	Male	Female	Male	Female
The accountable officer and executives	3	1	2	2
Other	66	65	56	79

The following table discloses the total number of executive officers by gender and class employed during 2016-17.

	All		Male		Female	
	Number	Variation	Number	Variation	Number	Variation
EO-1	0	n/a	0	n/a	0	n/a
EO-2	0	n/a	0	n/a	0	n/a
EO-3	4	(0)	2	(0)	2	(0)
Total	4	(0)	2	(0)	2	(0)

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

	2016-17	2015-16
Executives (financial statement section 9.4)	4	4
Less Separations	(1)	(1)
Total executive numbers at 30 June	3	3

Note: the following definitions are applied to workforce classifications:

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

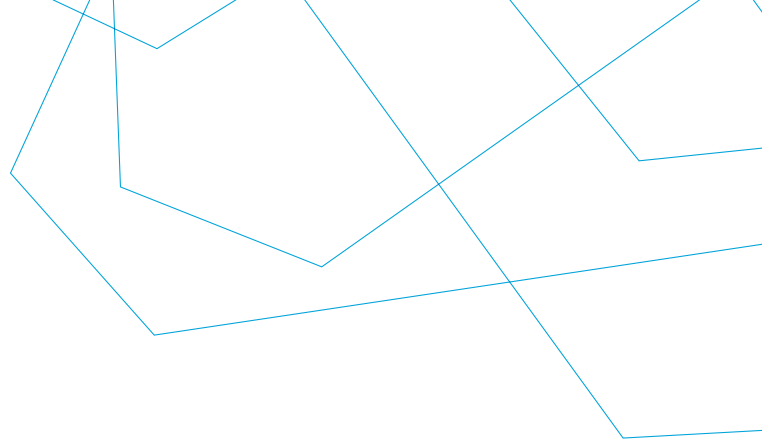
Employment levels	June 2017						June 2016	
	Ongoing		Fixed term and casual		Ongoing		Fixed term and casual	
	Employees (headcount)	FTE	Employees (headcount)	FTE	Employees (headcount)	FTE	Employees (headcount)	FTE
Gender								
Male	61	61.0	6	5.8	51	51.0	8	7.8
Female	60	56.3	6	5.2	66	61.6	14	13.6
Age								
Under 25	1	1.0	1	1.0	1	1.0	0	0
25–34	19	17.6	4	3.6	25	22.8	7	6.6
35–44	34	32.3	7	6.4	36	35.9	11	10.8
45–54	45	44.3	0	0	38	38.0	4	4.0
55–64	21	21.0	0	0	16	16.0	0	0
Over 64	1	1.0	0	0	1	1.0	0	0
Classification								
VPS 1	0	0	0	0	0	0	0	0
VPS 2	14	13.8	0	0	13	12.8	0	0
VPS 3	47	45.4	6	6.0	45	42.9	7	7.0
VPS 4	28	26.8	2	2.0	27	26.2	6	6.0
VPS 5	22	21.4	0	0	21	20.4	3	2.6
VPS 6	6	5.8	4	3.0	10	9.4	2	1.8
STS	1	1.0	0	0	1	1.0	0	0
Executives	0	0	4	4.0	0	0	4	4.0
Other	0	0	0	0	0	0	0	0

STRUCTURE OF THE ANNUAL FINANCIAL STATEMENTS

The TSC presents the annual financial statements for the financial year ended 30 June 2017, as follows:

Certifications	Chair, Chief Executive Officer and Chief Finance Officer's declaration
	Victorian Auditor-General's report
Financial statements	Comprehensive operating statement
	Balance sheet
	Cash flow statement
	Statement of changes in equity
Notes to the Financial statements	1. About this report
	The basis on which the financial statements have been prepared and compliance with reporting regulations
	2. Funding delivery of our services
	Revenue recognised from grants and other sources
	2.1 Summary of income that funds the delivery of our services
	2.2 Income from transactions
	2.3 Contributed capital
	3. The cost of delivering services
	Operating expenses of the TSC
	3.1 Expenses incurred in delivery of services
	3.2 Grant and other transfers
	3.3 Capital asset charge
	3.4 Administration and information technology
	3.5 Transition assistance
	3.6 Commercial passenger vehicle industry reform rebate
	3.7 Other operating expenses
	4. Disaggregated financial information
	Administered (non controlled) items
	5. Key assets available to support output delivery
	Property, plant and equipment and intangible assets
5.1 Total property, plant and equipment	
5.2 Intangible assets	
6. Other assets and liabilities	
Working capital balances, and other key assets and liabilities	
6.1 Receivables	
6.2 Payables	
6.3 Other non-financial assets	
6.4 Other provisions	

Notes to the financial statements (continued)	7. Financing our operations
	Motor vehicle lease liability, cash flow information, leases and assets pledged as security
	7.1 Motor vehicle lease liability
	7.2 Leases
	7.3 Cash flow information and balances
	7.4 Commitments for expenditure
	7.5 Assets pledged as security
	8. Risks, contingencies and valuation judgements
	Financial risk management, contingent assets and liabilities as well as fair value determination
	8.1 Financial instruments specific disclosures
	8.2 Contingent assets and contingent liabilities
	8.3 Fair value determination
	9. Other disclosures
	9.1 Ex-gratia expenses
	9.2 Other economic flows included in net result
	9.3 Responsible persons
	9.4 Remuneration of executives and other personnel
	9.5 Related parties
	9.6 Remuneration of auditors
9.7 Australian Accounting Standards issued that are not yet effective	
9.8 Glossary of technical terms	
9.9 Style conventions	





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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.



CHAIR, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER'S DECLARATION

The attached financial statements for the Taxi Services Commission have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

In our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2017 and financial position of the Taxi Services Commission as at 30 June 2017.

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

We authorise the attached financial statements for issue on 2 October 2017.



Yehudi Blacher
Chair

Taxi Services Commission
Melbourne



Aaron de Rozario
Chief Executive Officer

Taxi Services Commission
Melbourne



Milena Ripiloska
Acting Chief Finance Officer

Taxi Services Commission
Melbourne

VICTORIAN AUDITOR-GENERAL'S REPORT



Independent Auditor's Report

To the Commissioners of the Taxi Services Commission

Opinion	<p>I have audited the financial report of the Taxi Services Commission (the entity) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2017• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including a summary of significant accounting policies• chair, chief executive officer and chief finance officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the entity as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Commissioners' responsibilities for the financial report	<p>The Commissioners of the entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Commissioners determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Commissioners are responsible for assessing the entity's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

VICTORIAN AUDITOR-GENERAL'S REPORT

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioners
- conclude on the appropriateness of the Commissioners' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

MELBOURNE
13 October 2017



Andrew Greaves
Auditor-General

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017 \$'000	2016 \$'000
Income from transactions			
Government grants ⁽¹⁾	2.2.1	427,391	87,110
Fair value of services received free of charge or for nominal consideration	2.2.2	623	608
Interest	2.2.3	137	213
Total income from transactions		428,151	87,931
Expenses from transactions			
Employee expenses	3.1.1	(14,310)	(15,885)
Depreciation and amortisation	5.1.1	(5,093)	(4,711)
Interest expense	7.1	(6)	(8)
Grants and other transfers	3.2	(64,580)	(61,594)
Capital asset charge	3.3	(1,100)	(1,100)
Administration and information technology	3.4	(7,748)	(5,493)
Transition Assistance ⁽¹⁾	3.5	(331,712)	-
Commercial passenger vehicle reform rebate	3.6	(3,584)	-
Other operating expenses	3.7	(5,021)	(3,464)
Total expenses from transactions		(433,154)	(92,255)
Net result from transactions (net operating balance)		(5,003)	(4,324)
Other economic flows included in net result			
Net gain/(loss) on disposal of leased assets	9.2	-	(67)
Net gain/(loss) arising from revaluation of long service leave liability	9.2	48	(107)
Total other economic flows included in net result		48	(174)
Net result		(4,955)	(4,498)
Comprehensive result		(4,955)	(4,498)

The accompanying notes form part of these financial statements.

Note (1) Transition assistance payments described in Note 3.5 were funded and payable at balance date and have been provided for at 30 June, also see note 2.1, 6.1 and 6.4.

BALANCE SHEET AS AT 30 JUNE 2017

	Note	2017 \$'000	2016 \$'000
Assets			
Financial assets			
Cash	7.3	1,819	2,359
Receivables ⁽¹⁾	6.1	338,574	4,897
Total financial assets		340,393	7,256
Non-financial assets			
Prepayments	6.3	236	1,828
Property, plant and equipment	5.1	1,936	2,940
Intangible assets	5.2	4,681	8,678
Total non-financial assets		6,853	13,446
Total assets		347,246	20,702
Liabilities			
Payables	6.2	5,147	5,301
Motor vehicle lease liability	7.1	283	284
Employee related provisions	3.1.2	2,950	3,102
Other provisions ⁽¹⁾	6.4	332,671	959
Total liabilities		341,051	9,646
Net assets		6,195	11,056
Equity			
Contributed capital	2.3	23,779	23,685
Accumulated deficit		(17,584)	(12,629)
Net worth		6,195	11,056
Commitments for expenditure	7.4		
Contingent assets	8.2		
Contingent liabilities	8.2		

The accompanying notes form part of these financial statements.

Note (1) Transition assistance payments described in note 3.5 were funded and payable at balance date and have been provided for at 30 June, also see note 2.1, 6.1 and 6.4.

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Receipts			
Proceeds from grant contributions by Victorian Government		92,600	87,600
Goods and Services Tax (GST) recovered from the ATO ⁽ⁱ⁾		7,615	6,466
Interest received		137	213
Total receipts		100,352	94,279
Payments			
Payments to suppliers and employees		(31,583)	(33,890)
Payments of grants and other transfers		(65,193)	(61,685)
Payments to licence holders		(3,584)	-
Interest paid		(6)	(8)
Total payments		(100,366)	(95,583)
Net cash flows used in operating activities	7.3	(14)	(1,304)
Cash flows from investing activities			
Payments for intangible assets		(446)	(128)
Proceeds from disposals of property, plant and equipment		-	36
Net cash flows used in investing activities		(446)	(92)
Cash flows from financing activities			
Proceeds from capital grant contributions by Victorian Government		-	1,100
Repayments of finance lease liabilities		(80)	(113)
Net cash flows (used in) from financing activities		(80)	987
Net decrease in cash and cash equivalents		(540)	(409)
Cash and cash equivalents at the beginning of the financial year		2,359	2,768
Cash and cash equivalents at the end of the financial year	7.3	1,819	2,359

The accompanying notes form part of these financial statements.

Note (i) GST recovered from the Australian Taxation Office is presented on a net basis.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Contributions by owner	Accumulated deficit	Total
2015-16	Note	\$'000	\$'000	\$'000
Balance at 1 July 2015		19,683	(8,131)	11,552
Net result for the year		-	(4,498)	(4,498)
Capital contributions	2.3	4,002	-	4,002
Balance at 30 June 2016		23,685	(12,629)	11,056

		Contributions by owner	Accumulated deficit	Total
2016-17	Note	\$'000	\$'000	\$'000
Balance at 1 July 2016		23,685	(12,629)	11,056
Net result for the year		-	(4,955)	(4,955)
Capital contributions	2.3	94	-	94
Balance at 30 June 2017		23,779	(17,584)	6,195

The accompanying notes form part of these financial statements.

1. ABOUT THIS REPORT

These annual financial statements represent the audited general purpose financial statements for the TSC for the year ended 30 June 2017. 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 and non-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.

BASIS OF PREPARATION

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

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

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

COMPLIANCE INFORMATION

These general purpose financial statements have been prepared on a going concern basis and in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (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 AASs paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied so as to ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The annual financial statements were authorised for issue by the Chair of the TSC, Chief Executive Officer and the Chief Finance Officer on 2 October 2017.

ECONOMIC DEPENDENCY

The TSC is dependent on the continued financial support of the State Government and in particular, DEDJTR. DEDJTR has confirmed that it will provide adequate cash flow support based on agreed budget targets, and the TSC's immediate advice to DEDJTR of any risks to the TSC's capacity to meet its budget targets, to enable the TSC to meet its current and future operational obligations as and when they fall due to September 2018. The TSC is not funded for depreciation and amortisation. Accordingly, these financial statements have been prepared on a going concern basis.

2. FUNDING DELIVERY OF OUR SERVICES

INTRODUCTION

The TSC overall objective is to regulate the commercial passenger vehicle industry and implement industry reform.

The TSC is predominantly funded by accrual based parliamentary appropriations for the provision of outputs. These appropriations are received by DEDJTR and are forwarded on to the TSC as operating government grants and capital contributions.

STRUCTURE

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

2.1 SUMMARY OF INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES

		2017	2016
	Note	\$'000	\$'000
Government grants ⁽¹⁾	2.2.1	427,391	87,110
Fair value of services received free of charge or for nominal consideration	2.2.2	623	608
Interest	2.2.3	137	213
Total income from transactions		428,151	87,931

Note (1) Transition assistance payments described in note 3.5 were funded and payable at balance date and have been provided for at 30 June, also see note 6.1 and 6.4.

2.2 INCOME FROM TRANSACTIONS

2.2.1 Government grants

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

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

Employee expenses incurred by DEDJTR for services provided as per the Service Level Agreement (SLA).

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.

2.2.3 Interest income

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

2.3 Contributed capital

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

3. THE COST OF DELIVERING OUR SERVICES

INTRODUCTION

This section accounts for the major components of expenditure incurred in undertaking the operating activities (expenses from transactions) as well as any related obligations outstanding as at 30 June 2017.

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

STRUCTURE

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

3.1 EXPENSES INCURRED IN DELIVERY OF SERVICES

	Note	2017 \$'000	2016 \$'000
Employee expenses	3.1.1	14,310	15,885
Grants and other transfers	3.2	64,580	61,594
Capital asset charge	3.3	1,100	1,100
Administration and information technology	3.4	7,748	5,493
Transition assistance	3.5	331,712	-
Commercial passenger vehicle industry reform rebate	3.6	3,584	-
Other operating expenses	3.7	5,021	3,464
Total expenses incurred in delivery of services		428,055	87,536

3.1.1 Employee expenses in the comprehensive operating statement

	2017 \$'000	2016 \$'000
Salaries and wages	11,483	12,420
Annual leave and long service leave expense	891	1,315
Superannuation (excluding salary sacrifice)	1,066	1,142
Termination benefits	-	59
Other on-costs (fringe benefits tax, payroll tax and work cover levy)	870	949
Total employee expenses	14,310	15,885

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

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

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

3.1.2 Employee benefits in the balance sheet

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

	2017 \$'000	2016 \$'000
Current provisions		
Annual leave		
Unconditional and expected to settle within 12 months ⁽ⁱ⁾	487	483
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	382	386
Long service leave		
Unconditional and expected to settle within 12 months ⁽ⁱ⁾	255	236
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	1,127	1,039
Employee benefits – bonus provision	-	35
Provisions for on-costs		
Unconditional and expected to settle within 12 months ⁽ⁱ⁾	117	115
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	238	228
Total current provisions for employee benefits	2,606	2,522
Non-current provisions:		
Long service leave	297	501
On-costs	47	79
Total non-current provisions for employee benefits	344	580
Total provisions for employee benefits	2,950	3,102

Notes:

(i) The amounts disclosed are nominal amounts.

(ii) The amounts disclosed are discounted to present values.

Reconciliation of movement in on-cost provision

	2017 \$'000
Opening balance	422
Net of additional provisions and payments	(13)
Unwind of discount and effect of changes in the discount rate	(7)
Closing balance	402
Current	355
Non-current	47

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.

Long service leave

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

Unconditional long service leave is disclosed as a current liability even if 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 long service leave liability are measured at:

- undiscounted value if the TSC expects to wholly settle within 12 months
- present value if the TSC does not expect to wholly settle within 12 months.

Conditional long service leave 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 long service leave liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current long service leave 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.

On-costs

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

3.1.3 Superannuation contributions

Employees of 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 DTF recognises and discloses the State's defined benefit liabilities in its financial statements.

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

The name and details of the major employee superannuation funds and contributions (including salary sacrifice contributions) made by the TSC are listed in the table below.

Contributions paid or payable at year end

	2017	2016
	\$'000	\$'000
Defined benefit plans: ⁽¹⁾		
State superannuation fund	53	88
Transport superannuation fund	17	15
Total defined benefit plans	70	103
Defined contribution plans:		
VicSuper	831	949
Other	384	434
Total defined contribution plans	1,215	1,383
Total superannuation plans	1,285	1,142

Notes (1) The level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

3.2 GRANTS AND OTHER TRANSFERS

	2017 \$'000	2016 \$'000
Grants and transfers – MPTP	64,470	60,013
Transfers to the Commonwealth – disability care	-	1,070
Other grants to private sector businesses, legal centres and non-profit organisations	110	511
Total grants and other transfers	64,580	61,594

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 program and subsidies for Wheelchair Accessible Taxis (WAT) to the Commonwealth Government, Local Government, private sector businesses, legal centres and non-profit organisations.

The MPTP provides subsidised taxi fares for Victorians with severe and permanent disability who also experience financial hardship. These expenses relate to costs associated with the subsidy and payments to the Performance Based Booking System (PBBS), which provide subsidies to providers of WAT services where appropriate.

3.3 CAPITAL ASSET CHARGE

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

3.4 ADMINISTRATION AND INFORMATION TECHNOLOGY

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

3.5 TRANSITION ASSISTANCE

In August 2016, the Victorian Government announced reforms to the commercial passenger vehicle industry, which will be progressively implemented up until early 2018. The Government decided to provide transitional financial assistance to existing perpetual and fixed term licence holders, who paid for licences upfront at the time of purchase.

The TSC has responsibility for administering the payments associated with transition assistance.

As such transition assistance is recognised as an expense and provision since the TSC has a present constructive obligation as a result of Government announcements in August 2016, the future economic benefits is probable and the amount can be measured reliably. The amount recognised is the best estimate of the consideration required to settle the present obligation at reporting date.

The transition assistance payments were funded and payable at balance date and have been provided for at 30 June, also see notes 2.1, 6.1 and 6.4.

3.6 COMMERCIAL PASSENGER VEHICLE INDUSTRY REFORM REBATE

The Government announcement described in 3.5 above included provision of a Support Package for taxi and hire car licence holders.

As part of the Support Package, annual fee paying licence holders (including peak service licence holders and fixed term licence holders who pay an annual instalment) with annual licence fee renewal payments due from 1 July 2016 onwards were provided with a rebate payment for the licence fee paid. The rebate was not to include the administrative component for taxi licences, which is \$538.40 for taxis in the metropolitan and urban, and large regional zones, and \$52.90 for taxis in the regional and country zones.

3.7 OTHER OPERATING EXPENSES

	2017	2016
	\$'000	\$'000
Supplies and services:		
Accommodation	1,970	1,922
Contractors and consultants	2,578	1,220
Insurance, legal and audit fees	395	322
Ex-gratia expense	78	-
Total other operating expenses	5,021	3,464

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, repairs and maintenance.

4. ADMINISTERED (NON-CONTROLLED) 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 the 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.

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.

	2017	2016
	\$'000	\$'000
Administered income from transactions		
Licence revenue ⁽ⁱ⁾	6,023	39,761
MPTP service fees ⁽ⁱⁱ⁾	458	484
Bad debts recovered	-	2
Total administered income from transactions	6,481	40,247
Administered expenses from transactions		
Bad debts	-	(2,971)
Other expenses	(65)	(88)
Revenue remitted back to the State	(10,972)	(24,654)
Total administered expenses from transactions	(11,037)	(27,713)
Total administered net result from transactions	(4,556)	12,534
Administered other economic flows included in net result		
Doubtful debts	(2,545)	(4,224)
Total administered other economic flows	(2,545)	(4,224)
Administered net result	(7,101)	8,310

	2017	2016
	\$'000	\$'000
Administered financial assets		
Cash	803	1,214
Receivables ⁽ⁱⁱⁱ⁾	33	6,764
Total administered financial assets	836	7,978
Total administered assets	836	7,978
Administered financial liabilities		
Other payables	4	75
Total administered financial liabilities	4	75
Total administered liabilities	4	75
Total administered net assets	832	7,903

Notes:

- (i) In August 2016, the Victorian Government announced comprehensive reforms to the commercial passenger vehicle industry. Recognising the impact the reforms will have on existing taxi and hire car licence holders, the rebate entitled licence holders' annual licence fees have been reduced to an administrative fee component of \$538.40 for taxis in the metropolitan, urban, and large regional zones and \$52.90 for taxis in the regional and country zones. Also, refer to Note 3.5 for further details. The Commission has deferred creating further invoices until the Minister for Public Transport sets a new fee. This has resulted in licence revenue reducing significantly compared to the 2015–16 financial year.
- (ii) The TSC does not gain control over assets arising from regulatory fees and categorised as licence revenue, \$6.02 million (2016: \$39.76 million) and MPTP service fees, \$0.46 million (2016: \$0.48 million). Consequently, no income is recognised in the TSC's financial statements.
- (iii) Administered receivables in 2017 comprise \$7,209 (\$'000) less \$7,175 (\$'000) provision for doubtful debts (2016: \$11,395 (\$'000) less \$4,631 (\$'000)).

4.1 RECONCILIATION OF PROVISION FOR DOUBTFUL DEBTS

	2017	2016
	\$'000	\$'000
Opening balance	(4,630)	(406)
(Increase)/Decrease in allowance for doubtful debts	(2,545)	(4,224)
Closing balance	(7,175)	(4,630)

Refer to note 6.1 for policy on bad and doubtful debts.

5. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

The TSC controls property, plant and equipment and intangible assets that are used to fulfil its objectives and conducting its activities.

FAIR VALUE MEASUREMENT

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

STRUCTURE

- 5.1 Property, plant and equipment: carrying amount
- 5.2 Intangible assets

5.1 TOTAL PROPERTY, PLANT AND EQUIPMENT

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Leasehold improvements at fair value	3,476	3,476	(1,820)	(827)	1,656	2,649
Plant and equipment at fair value	5	83	(5)	(73)	-	10
Leased vehicles at fair value	435	406	(155)	(125)	280	281
Total	3,916	3,965	(1,980)	(1,025)	1,936	2,940

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.

Initial recognition: Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. A purchased item is recognised as property, plant and equipment if:

- It is probable that future economic benefits of the asset will flow to the entity.
- It is not of a consumable nature.
- It has a useful life of one year or more.
- Its individual cost exceeds the capitalisation threshold of greater than \$5,000.

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

The fair value of plant, equipment (PPE) 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.

Subsequent measurement: Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised below by asset category.

5.1.1 Depreciation and amortisation

	2017	2016
	\$'000	\$'000
Depreciation:		
Plant and equipment	10	21
Leasehold improvements	993	932
Leased vehicles	79	80
Total depreciation	1,082	1,033
Amortisation:		
Software	4,011	3,678
Total amortisation	4,011	3,678
Total depreciation and amortisation	5,093	4,711

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.

	2017 Useful life	2016 Useful life
Asset category		
Leasehold improvements at fair value	Lease period or 5–15 years whichever is shorter	Lease period or 5–15 years whichever is shorter
Plant and equipment at fair value:		
- Computer equipment	1–4 years	1–4 years
- Office machines and equipment	4 years	4 years
Leased vehicles at fair value	3 years or 60,000kms whichever occurs first	3 years or 60,000kms whichever occurs first
Intangible produced assets:		
- Capitalised software development	4 years ⁽ⁱ⁾	4 years

Notes (i) The useful life of VTMS was re-assessed at 30 June 2017 and life extended until June 2020 which will apply from the 2017–18 financial year.

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.

5.1.2 Carrying values by “purpose” groups

	Transport and communications	
	2017	2016
	\$'000	\$'000
Leasehold improvements	1,656	2,649
Plant and equipment	-	10
Leased vehicles	280	281
Total	1,936	2,940

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.

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

	Leasehold improvements		Plant and equipment		Leased vehicles		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	2,649	176	10	31	281	275	2,940	482
Additions	-	3,476	-	-	115	119	115	3,595
Depreciation	(993)	(932)	(10)	(21)	(79)	(80)	(1,082)	(1,033)
Disposals	-	(71)	-	-	(37)	(33)	(37)	(104)
Closing balance	1,656	2,649	-	10	280	281	1,936	2,940

5.2 INTANGIBLE ASSETS

Gross carrying amount	Capitalised software development		Work in progress (software)		Total	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	14,410	13,410	4,168	5,100	18,578	18,510
Additions	-	-	447	68	447	68
Disposals/write-offs	-	-	(433)	-	(433)	-
Transfers between classes	3,111	1,000	(3,111)	(1,000)	-	-
Closing balance	17,521	14,410	1,071	4,168	18,592	18,578
Accumulated amortisation						
Opening balance	(9,900)	(6,222)	-	-	(9,900)	(6,222)
Amortisation expense	(4,011)	(3,678)	-	-	(4,011)	(3,678)
Closing balance	(13,911)	(9,900)	-	-	(13,911)	(9,900)
Net book value at end of financial year	3,610	4,510	1,071	4,168	4,681	8,678

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 after initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the TSC.

A purchased item is recognised as intangible assets if:

- It is probable that future economic benefits of the asset will flow to the entity.
- It is not of a consumable nature.
- It has a useful life of one year or more.
- Its individual cost exceeds the capitalisation threshold of greater than \$5,000.

Intangible assets are written off for incurred expenditure if it is not probable that the future economic benefits of the asset will flow to the entity.

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 from taxi network service providers and provides reporting to industry and internal stakeholders.

Significant intangible assets

The TSC has capitalised software development expenditure for the development of its Victorian Taxi Management System (VTMS) and Data Warehouse solution. The carrying amount of the capitalised software development expenditure is \$3.61 million (2016: \$4.51 million). The useful life of VTMS has been re-assessed as at 30 June 2017 and extended until June 2020. There have been further enhancements to VTMS and a software maintenance contract exists with the external provider to June 2020.

6. OTHER ASSETS AND LIABILITIES

INTRODUCTION

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

STRUCTURE

- 6.1 Receivables
- 6.2 Payables
- 6.3 Other non-financial assets
- 6.4 Other provisions

6.1 RECEIVABLES

	2017	2016
	\$'000	\$'000
Statutory		
Amounts owing from Victorian Government ⁽¹⁾	337,691	3,905
GST input tax credit recoverable	841	967
Other receivables	42	25
Total receivables	338,574	4,897
<i>Represented by:</i>		
Current receivables	338,574	4,897
Non-current receivables	-	-

Note (1) Transition assistance payments described in Note 3.5 were funded and payable at balance date and have been provided for at 30 June, also see Notes 2.1, and 6.4.

Receivables consist of statutory receivables, which include amounts owing from the Victorian Government and GST input tax credits recoverable.

Statutory receivables do not arise from contracts and are initially recognised at fair value plus any direct attributable transaction costs, but are not classified as financial instruments. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from DEDJTR as the commitments fall due.

Doubtful debts: Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. 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.

A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. The increase in the provision for the year is recognised in the net result.

Loans to third parties are repayable on demand. However, payment is not expected within 12 months after the reporting period and these balances are consequently classified as non-current.

Bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off, but included in the provision for doubtful debts, are classified as other economic flows in the net result.

6.2 PAYABLES

	2017	2016
	\$'000	\$'000
Contractual		
Supplies and services	4,833	5,045
Other payables	235	170
Total contractual payables	5,068	5,215
Statutory		
FBT payable	22	21
GST payable	-	4
Other taxes payable	57	61
Total statutory payables	79	86
Total payables	5,147	5,301
<i>Represented by:</i>		
Current payables	5,147	5,301
Non-current 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 GST, fringe benefits tax and payroll tax payables.

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

Maturity analysis of contractual payables

	2016-17					
	Carrying amount	Nominal amount	Less than 1 month	Maturity dates		
				1-3 months	3 months -1 year	1-5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Supplies and services	4,833	4,833	4,833	-	-	-
Other payables	235	235	235	-	-	-
Total	5,068	5,068	5,068	-	-	-

	2015-16					
	Carrying amount	Nominal amount	Less than 1 month	Maturity dates		
				1-3 months	3 months -1 year	1-5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Supplies and services	5,045	5,045	5,045	-	-	-
Other payables	170	170	170	-	-	-
Total	5,215	5,215	5,215	-	-	-

6.3 OTHER NON-FINANCIAL ASSETS

	2017	2016
	\$'000	\$'000
Prepayment	236	1,828
Total current other assets	236	1,828

Other non-financial assets include prepayments that 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.

6.4 OTHER PROVISIONS

	2017	2016
	\$'000	\$'000
Transition assistance provision (i)	331,712	-
Make-good provision (ii)	959	959
Total non-current other provisions	332,671	959

Note:

- (i) Transition assistance payments described in note 3.5 were funded and payable at balance date and have been provided for at 30 June, also see notes 2.1 and 6.1.
- (ii) This relates to 1 Spring Street, Melbourne premises on expiry of lease.
The balance of the provision is assessed and advised by DTF at each reporting date, and any changes to the provision are adjusted to reflect the current estimate.

Other 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 reporting date, taking into account the risk and uncertainties surrounding the obligation.

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

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

The Transition assistance provision is recognised in accordance with the government announcements detailed in Note 3.5.

7. HOW WE FINANCED OUR OPERATIONS

INTRODUCTION

This section provides information on the source of finance utilised by the TSC during its operations, along with interest expenses (the cost of motor vehicle lease liability) and other information related to financing activities of the TSC. This section includes disclosures of balances that are financial instruments such as borrowings and cash balances. Notes 8.2 and 8.3 provide additional specific financial instrument disclosures.

STRUCTURE

- 7.1 Motor vehicle lease liability
- 7.2 Leases
- 7.3 Cash flow information and balances
- 7.4 Commitments for expenditure
- 7.5 Assets pledged as security

7.1 MOTOR VEHICLE LEASE LIABILITY

	2017	2016
	\$'000	\$'000
Motor vehicle lease liability⁽ⁱ⁾		
Current	141	112
Non-current	142	172
Total motor vehicle lease liability	283	284

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.

Motor vehicle lease liability refers to interest bearing liabilities raised from a finance lease.

Motor vehicle lease liability is classified as a financial instrument. All interest bearing motor vehicle lease liability is initially recognised at the fair value of the consideration received less directly attributable transaction costs. The measurement basis after initial recognition depends on whether the TSC has categorised its interest bearing liabilities as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'. The classification depends on the nature and purpose of the interest liabilities. The TSC determines the classification of its interest bearing liabilities at initial recognition.

Maturity analysis of motor vehicle lease liability

2017	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
Motor vehicle lease liability	283	295	33	26	89	147
Total	283	295	33	26	89	147

2015–16	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
Motor vehicle lease liability	284	298	30	24	67	177
Total	284	298	30	24	67	177

Interest expense

	2017	2016
	\$'000	\$'000
Interest on finance leases	6	8

Interest expense includes costs incurred in connection with the interest component of finance lease repayments. Interest expense is recognised in the period in which it is incurred.

7.2 LEASES

Motor vehicle lease liability

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.

	Minimum future lease payments		Present value of minimum future lease payments	
	2017	2016 ⁽¹⁾	2017	2016
	\$'000	\$'000	\$'000	\$'000
Motor vehicle lease liability payable				
Not longer than one year	148	121	141	112
Longer than one year but not longer than five years	147	177	142	172
Minimum future lease payments	295	298	283	284
Less future finance charges	(12)	(14)	-	-
Present value of minimum lease payments	283	284	283	284
<i>Included in the financial statements as:</i>				
Current motor vehicle lease liability (Note 7.1)	-	-	141	112
Non-current motor vehicle lease liability (Note 7.1)	-	-	142	172
Total	-	-	283	284

Note (1) Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.

Motor vehicle lease liability is 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.

7.3 CASH FLOW INFORMATION AND BALANCES

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

	2017	2016
	\$'000	\$'000
Cash at bank and on hand	1,819	2,359
Balance as per cash flow statement	1,819	2,359

At 30 June 2017, cash at bank included the amount of notional shortfall for the payment of unrepresented cheques of \$10,441 (2016: \$14,911).

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

	2017	2016
	\$'000	\$'000
Net result for the period	(4,955)	(4,498)
Non-cash movements:		
Loss/gain on sale or disposal of non-current assets	-	67
Depreciation and amortisation of non-current assets	5,093	4,711
Movements in assets and liabilities		
(Increase)/Decrease in receivables	(333,583)	701
Decrease/(Increase) in other non-financial assets	1,592	(1,660)
Increase/(Decrease) in payables	278	(1,183)
Increase/(Decrease) in provisions	331,561	558
Net cash flow from operating activities	(14)	(1,304)

7.3.2 Non-cash financing and investing activities

Acquisition and disposal of leased motor vehicles: During the reporting period the TSC acquired motor vehicles amounting to \$115,000 (2016: \$119,000) and disposed of vehicles amounting to \$37,000 (2016: \$33,000). The acquisition and disposal of motor vehicles is not reflected in the cash flow statement.

7.4 COMMITMENTS FOR EXPENDITURE

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

7.4.1 Total commitments payable

	Less than 1 year	Between 1 and 5 years	Total
	\$'000	\$'000	\$'000
2017			
Intangible assets commitments	56	-	56
Operating and lease commitments	1,426	1,086	2,512
Other commitments payable	10,178	4,282	14,460
Total commitments (inclusive of GST)	11,660	5,368	17,028
Less GST recoverable	(1,060)	(488)	(1,548)
Total commitments (exclusive of GST)	10,600	4,880	15,480
2016			
Intangible assets commitments	869	-	869
Operating and lease commitments	1,427	2,598	4,025
Other commitments payable	6,187	7,311	13,498
Total commitments (inclusive of GST)	8,483	9,909	18,392
Less GST recoverable	(771)	(901)	(1,672)
Total commitments (exclusive of GST)	7,712	9,008	16,720

7.4.2 Commitments

	2017	2016
	\$'000	\$'000
Intangible assets commitment: Software	56	869
Operating and lease commitments: Accommodation	2,512	4,025
Other commitments:		
Taxi terminal and data collection agency services ⁽ⁱ⁾	3,005	3,172
Performance Based Booking System ⁽ⁱⁱ⁾	-	858
Other ⁽ⁱⁱⁱ⁾	11,455	9,468
Total commitments other than public private partnerships	17,028	18,392

Notes:

- (i) The in taxi solution for transaction data collection related to the MPTP.
- (ii) An incentive scheme designed to improve the level of services for Victorians using WAT services.
- (iii) Includes contractors, internal audit services and other operating expense commitments.

7.5 ASSETS PLEDGED AS SECURITY

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

8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

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

STRUCTURE

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

8.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the TSC's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example: taxes). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation.

The TSC's principal financial instruments comprise:

- cash assets
- payables (excluding statutory payables)
- motor vehicle lease liability.

Categories of financial instruments

TSC has statutory receivables that are not classified as financial instruments.

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.

The TSC recognises cash at bank assets as a financial instrument.

Financial liabilities at amortised cost are initially recognised on the date they originated. They are initially measured at fair value plus any directly attributable transaction costs. After 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.

The TSC recognises the following liabilities in this category:

- payables (excluding statutory payables)
- motor vehicle lease liability.

De-recognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

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

8.1.1 Financial instruments: categorisation

	Contractual financial assets – cash	Contractual financial liabilities at amortised cost	Total
2017	\$'000	\$'000	\$'000
Contractual financial assets			
Cash	1,819	-	1,819
Total contractual financial assets⁽ⁱ⁾	1,819	-	1,819
Contractual financial liabilities			
Payables			
Supplies and services	-	4,833	4,833
Other payables	-	235	235
Motor vehicle lease liability	-	283	283
Total contractual financial liabilities⁽ⁱ⁾	-	5,351	5,351
	Contractual financial assets – cash	Contractual financial liabilities at amortised cost	Total
2016	\$'000	\$'000	\$'000
Contractual financial assets			
Cash	2,359	-	2,359
Total contractual financial assets^{(i) (ii)}	2,359	-	2,359
Contractual financial liabilities			
Payables			
Supplies and services	-	5,045	5,045
Other payables	-	170	170
Motor vehicle lease liability	-	284	284
Total contractual financial liabilities^{(i) (ii)}	-	5,499	5,499

Notes:

- (i) The amounts disclosed represent the carrying amounts for the reporting period.
- (ii) The total amounts disclosed exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

8.1.2 Financial instruments: Net holding gain/(loss) on financial instruments by category

		Total interest expense
		\$'000
2017		
Contractual financial liabilities:		
	Financial liabilities at amortised cost	(6)
	Total contractual financial liabilities	(6)
2016		
Contractual financial liabilities:		
	Financial liabilities at amortised cost	(8)
	Total contractual financial liabilities	(8)

The net holding gains or losses disclosed above for financial liabilities is calculated by taking the interest expense of financial liabilities measured at amortised cost.

8.1.3 Financial risk management objectives and policies

The TSC is exposed to a number of financial risks, including:

- credit risk
- liquidity risk
- market risk
- interest rate risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability above are disclosed in note 8.3 to the financial statements.

Credit risk

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

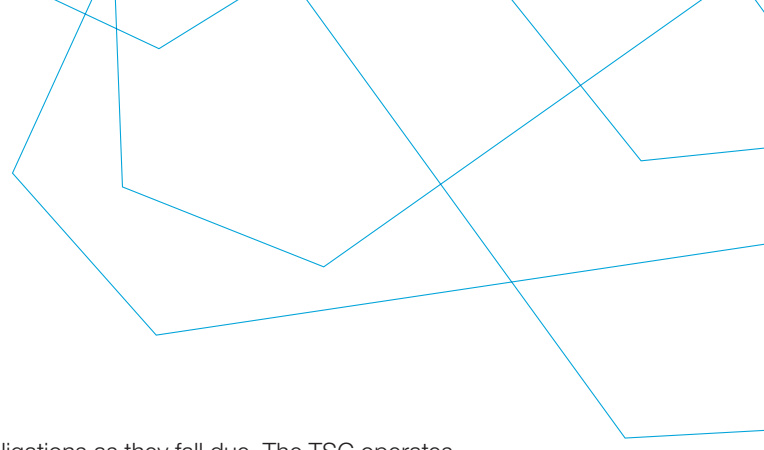
The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the TSC's limited exposure to credit risk without taking into account the value of any collateral obtained.

		Financial institutions (triple-A credit rating) ⁽ⁱⁱ⁾	Total
		\$'000	\$'000
2017			
	Cash	1,818	1,818
	Total contractual financial assets	1,818	1,818
2016			
	Cash	2,359	2,359
	Total contractual financial assets⁽ⁱ⁾	2,359	2,359

Notes:

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

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



Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as 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 period's data and current assessment of risk.

The carrying amount detailed in the tables 'maturity analysis of contractual payables' (refer 6.2) and 'maturity analysis of motor vehicle lease liability' (refer 7.1) represents the TSC's maximum exposure to liquidity risk.

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 DTF.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the TSC's sensitivity to interest rate risk are set out in the table below.

Interest rate exposure of financial instruments

	Weighted average interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non- interest bearing
2017	Per Cent	\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and deposits	1.63	1,819	-	1,818	1
Total financial assets		1,819	-	1,818	1
Financial liabilities					
<i>Payables:</i>					
Supplies and services		4,833	-	-	4,833
Other payables		235	-	-	235
Motor vehicle lease liability	4.03	283	283	-	-
Total financial liabilities⁽ⁱ⁾		5,351	283	-	5,068
2016					
Financial assets					
Cash and deposits	1.88	2,359	-	2,358	1
Total financial assets		2,359	-	2,358	1
Financial liabilities					
<i>Payables:</i>					
Supplies and services		5,045	-	-	5,045
Other payables		170	-	-	170
Motor vehicle lease liability	4.56	284	284	-	-
Total financial liabilities⁽ⁱ⁾		5,499	284	-	5,215

Note

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

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 +1.0 per cent and -1.0 per cent in market interest rates from year-end rates (2015–16 had a parallel shift of +1.0 per cent and -1.0 per cent).

The table below shows the impact on the TSC's net result for each category of financial instrument if the above movements were to occur.

Interest rate risk sensitivity

	Carrying amount	-100 basis points Net result	+100 basis points Net result
2017	\$'000	\$'000	\$'000
Contractual financial assets			
Cash ⁽ⁱ⁾	1,818	(18)	18
Total impact	1,818	(18)	18
2016			
Contractual financial assets			
Cash ⁽ⁱ⁾	2,358	(24)	24
Total impact	2,358	(24)	24

	Carrying amount	-100 basis points Net result	+100 basis points Net result
2017	\$'000	\$'000	\$'000
Contractual financial assets			
Motor vehicle lease liability ⁽ⁱⁱ⁾	283	(3)	3
Total impact	283	(3)	3
2016			
Contractual financial assets			
Motor vehicle lease liability ⁽ⁱⁱ⁾	284	(3)	3
Total impact	284	(3)	3

Notes:

(i) Cash includes cash at bank of \$1,818,000 (2016: \$2,358,000) that is exposed to floating rates movements. Sensitivities to these movements are calculated as follows:

- 2017: $\$1,818,000 \times -0.01 = -\$18,000$ and $\$1,818,000 \times 0.01 = \$18,000$.
- 2016: $\$2,358,000 \times -0.01 = -\$24,000$ and $\$2,358,000 \times 0.01 = \$24,000$.

(ii) Motor vehicle lease liability of \$283,000 (2016: \$284,000) that is exposed to fixed rates movements. Sensitivities to these movements are calculated as follows:

- 2017: $\$283,000 \times -0.01 = -\$3,000$; and $\$283,000 \times 0.01 = \$3,000$.
- 2016: $\$284,000 \times -0.01 = -\$3,000$; and $\$284,000 \times 0.01 = \$3,000$.

8.2 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

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

Contingent assets

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

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 to materialise.

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

There are no contingent assets to report (2015–16: nil).

Contingent liabilities

Contingent liabilities are:

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

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

There are no contingent liabilities to report (2015–16 nil).

8.3 FAIR VALUE DETERMINATION

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

Property, plant and equipment are carried at fair value.

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

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

Fair value hierarchy

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

- 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.

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.

How this section is structured

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

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

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

8.3.1 Fair value determination of financial assets and liabilities

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.

Comparison between carrying amount and fair value

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Contractual financial assets				
Cash	1,819	1,819	2,359	2,359
Total contractual financial assets	1,819	1,819	2,359	2,359
Contractual financial liabilities				
Payables				
Supplies and Services	4,833	4,833	5,045	5,045
Other Payables	235	235	170	170
Motor vehicle lease liability	283	283	284	284
Total contractual financial liabilities	5,351	5,351	5,499	5,499

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.

8.3.2 Fair value determination: Non-financial physical assets

Fair value measurement hierarchy

	Carrying amount as at 30/6/17	Fair value measurement at 30/6/17	Carrying amount as at 30/6/16	Fair value measurement at 30/6/16
		Level 3 ⁽ⁱ⁾		Level 3 ⁽ⁱ⁾
	\$'000	\$'000	\$'000	\$'000
Leasehold improvements at fair value	1,656	1,656	2,649	2,649
Plant and equipment at fair value	-	-	10	10
Leased vehicles at fair value ⁽ⁱⁱ⁾	280	280	281	281
Totals at fair value	1,936	1,936	2,940	2,940

Note:

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

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

There have been no transfers between levels during the period.

Leased vehicles

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

Leasehold improvements and plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2017.

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

Reconciliation of Level 3 fair value movements

	Leasehold improvements	Plant and equipment	Leased vehicles
	\$'000	\$'000	\$'000
2017			
Opening balance	2,649	10	281
Purchases	-	-	115
Disposals	-	-	(37)
Depreciation and amortisation	(993)	(10)	(79)
Closing balance	1,656	-	280
2016			
Opening balance	176	31	275
Purchases	3,476	-	119
Disposals	(71)	-	(33)
Gains and losses recognised in net result			
Depreciation and amortisation	(932)	(21)	(80)
Closing balance	2,649	10	281

Description of significant unobservable inputs to Level 3 valuations

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

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

9. OTHER DISCLOSURES

INTRODUCTION

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

STRUCTURE

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

9.1 EX-GRATIA PAYMENTS

	2017	2016
	\$'000	\$'000
Compensation for loss of fees ⁽ⁱ⁾	78	-
Total ex-gratia expenses ⁽ⁱⁱ⁾	78	-

Note:

- (i) Payment to compensate for costs incurred by one vendor as a result of a variation to the services agreement for the administration of the Knowledge test. In consideration of receiving this payment, the vendor agreed to fully release the TSC from any and all claims, demands, actions or liabilities arising in relation to the services agreement, the direction or the fees.
- (ii) The total for ex-gratia expenses value is GST exclusive and is also presented in the 'other operating expenses' section of Note 3 'The cost of delivering services'.

9.2 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

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

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

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time.

Other gains/(losses) from other economic flows include the gains or losses from the revaluations of the present value of the long service leave liability due to changes in the bond interest rates.

	2017	2016
	\$'000	\$'000
(a) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of leased vehicles	-	(67)
Total net gain/(loss) on non-financial assets	-	(67)
(b) Other gain/(loss) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability ⁽ⁱ⁾	48	(107)
Total other gain/(loss) from other economic flows	48	(107)

Note:

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

9.3 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 Public Transport	The Hon. Jacinta Allan MP	1 July 2016 to 30 June 2017
Chair of the Taxi Services Commission	Graeme Samuel AC	1 July 2016 to 31 July 2016
Commissioner for Taxi Services Commission	Douglas Shirrefs	1 July 2016 to 31 July 2016
Commissioner for Taxi Services Commission	Merran Kelsall	1 July 2016 to 31 July 2016
Chair of the Taxi Services Commission	Yehudi Blacher	1 August 2016 to 30 June 2017
Commissioner for Taxi Services Commission	Monique Conheady	1 August 2016 to 30 June 2017
Commissioner for Taxi Services Commission	Janet Dore	1 August 2016 to 30 June 2017
Chief Executive Officer	Aaron de Rozario	1 July 2016 to 30 June 2017

Remuneration

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

Income Band	Total Remuneration	
	2017 No.	2016 No.
Less than \$100,000	6	2
\$140,000 – 149,999	-	1
\$210,000 – 219,999	-	1
\$280,000 – 289,999	1	-
Total numbers	7	4
Total amount (\$'000)	509	477

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

9.4 REMUNERATION OF EXECUTIVES AND OTHER PERSONNEL

9.4.1 Remuneration of executives

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

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

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

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

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

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

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated. A number of executive officers retired, resigned or were retrenched in the past year. This has had a significant impact on remuneration figures for the termination benefits category.

Remuneration

Income Band	Total Remuneration	
	2017 000's	2016 ⁽ⁱ⁾ 000's
Short-term employee benefits	919	
Post-employment benefits	86	
Other long-term benefits	16	
Total remuneration⁽ⁱ⁾⁽ⁱⁱ⁾	1,021	
Total number of executives	7	9
Total annualised employee equivalents⁽ⁱⁱⁱ⁾	5	6

Notes:

- (i) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year's financial statements for executive remuneration for the 2015–16 reporting period.
- (ii) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures, and are reported within the related parties note disclosure (note 9.5).
- (iii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

9.5 RELATED PARTIES

Related parties of the TSC include:

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

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

Significant transactions and outstanding balances with government-related entities

During the year, the TSC had the following government-related entity transactions and outstanding balances:

Related party	Nature of transaction	2017 \$	
		Receipts	Outstanding receivables
DEDJTR	Provides grant revenue, services received free of charge and reimbursement of other expenses.	428,178,178	337,693,979
Victoria Police	Reimbursement of employee related transfers.	75,541	—
Public Transport Victoria	Reimbursement of contractor costs and other miscellaneous expenses.	23,143	—
Victorian Commission for Gambling and Liquor Regulation	Reimbursement of employee related transfers.	14,500	—
Transport Safety Victoria	Reimbursement of software licence renewal	3,842	—
VicRoads	Reimbursement of other miscellaneous expenses.	183	—
		Payments	Outstanding payables
DEDJTR	Remittance of administered licence revenue for payment back to consolidated fund and other expense reimbursements.	11,045,382	22,262
Department of Treasury and Finance	Provision of shared services provider accommodation charges and other miscellaneous expense reimbursements.	2,037,969	45,830
GenITex	Provision of workplace information technology services.	1,350,622	61,881
VicRoads	Monthly provision of online and access usage charges, searches and extract fees.	234,017	3,483
Victoria Police	Provision of police check services	83,383	—
Department of Justice and Regulation	Provision of monthly listings of deaths, births and marriages.	14,307	7,639
Department of Premier and Cabinet	Hosting, maintenance and support services fee for careers.vic.gov.au website.	7,917	7,917

All amounts disclosed above are inclusive of GST.

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

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. Our Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and are reported in the DPS Financial Report.

	2017
Compensation of KMPs	\$'000
Short-term employee benefits	464
Post-employment benefits	39
Other long-term benefits	6
Total	509

Transactions and balances with key management personnel and other related parties

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

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

9.6 REMUNERATION OF AUDITORS

Victorian Auditor-General's Office

	2017	2016
	000's	000's
Audit of the financial statements	57	42
Total remuneration of auditors	57	42

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

9.7 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Certain new AASs have been published that are not mandatory for the 30 June 2017 reporting period. DTF assesses the impact of these new standards and advises the TSC of their applicability and early adoption.

As at 30 June 2017, the following standards and interpretations applicable to the TSC had been issued but are not yet effective for the financial year ending 30 June 2017. 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 amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
AASB 2010–7 <i>Amendments to AASs arising from AASB 9</i> (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: <ul style="list-style-type: none"> the change in fair value attributable to changes in credit risk is presented in Other Comprehensive Income (OCI). other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. 	1 January 2018	The assessment has identified that the financial impact of Available for Sale (AFS) assets will now be reported through OCI and no longer recycled to the profit and loss. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within OCI. Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.
AASB 2014–1 <i>Amendments to AASs [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 January 2018	This amending standard will defer the application period of AASB 9 to the 2018–19 reporting period in accordance with the transition requirements.

Standard/ interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014–7 <i>Amendments to AASs arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 January 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 January 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2014–5 <i>Amendments to AASs arising from AASB 15</i>	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables that do not have a significant financing component are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: <ul style="list-style-type: none"> • the entity's right to receive payment of the dividend is established • it is probable that the economic benefits associated with the dividend will flow to the entity. • the amount can be measured reliably. 	1 January 2017, except amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply from 1 January 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2015–8 <i>Amendments to AASs – Effective Date of AASB 15</i>	This standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 January 2018	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018–19 reporting period in accordance with the transition requirements.

Standard/ interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016–3 <i>Amendments to AASs – Clarifications to AASB 15</i>	<p>This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:</p> <ul style="list-style-type: none"> • a promise to transfer to a customer a good or service that is ‘distinct’ to be recognised as a separate performance obligation • for items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer, and • for licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). 	1 January 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2016–7 <i>Amendments to AASs – Deferral of AASB 15 for Not-for-Profit Entities</i>	<p>This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.</p>	1 January 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019–20 reporting period.
AASB 2016–8 <i>Amendments to AASs – Australian Implementation Guidance for Not-for-Profit Entities</i>	<p>This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments:</p> <ul style="list-style-type: none"> • require non-contractual receivables arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments, and • clarifies circumstances when a contract with a customer is within the scope of AASB 15. 	1 January 2019	The assessment has indicated that there will be no significant impact for the public sector, other than the impacts identified for AASB 9 and AASB 15 above.

Standard/ interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 January 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase.</p> <p>Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>No change for lessors.</p>
AASB 2016–4 <i>Amendments to AASs – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i>	The Standard amends <i>AASB 136 Impairment of Assets</i> to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 January 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under <i>AASB 13 Fair Value Measurement</i> is the same as the depreciated replacement cost concept under AASB 136.
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This Standard replaces <i>AASB 1004 Contributions</i> and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable a not-for-profit entity to further its objectives.	1 January 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

9.8 GLOSSARY OF TECHNICAL TERMS

Administered item

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

Amortisation

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

Capital asset charge

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

Commitments

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

Contributed capital

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

Controlled item

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

Current grants

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

Depreciation

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

Effective interest method

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

Employee benefits expenses

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

Ex gratia expenses

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

Financial asset

A financial asset is any asset that is:

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

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial 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
- or
- to exchange financial assets or financial liabilities with another entity under conditions that is potentially unfavourable to the entity.

Financial statements

- a) a balance sheet as at the end of the period.
- b) a comprehensive operating statement for the period.
- c) a statement of changes in equity for the period.
- d) a cash flow statement for the period.
- e) notes, comprising a summary of significant accounting policies and other explanatory information.
- f) comparative information in respect of the preceding period as specified in paragraphs 38 of *AASB 101 Presentation of Financial Statements*.
- 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.

Motor vehicle lease liability

Motor vehicle lease liability refers to interest bearing liabilities raised from motor vehicles under finance leases and other interest bearing arrangements.

Net result

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

Net result from transactions/net operating balance

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

Net worth

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

Non-financial assets

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

Other economic flows included in net result

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

Payables

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

Produced assets

Produced assets include plant and equipment and certain intangible assets. Intangible assets mainly constitute the 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, 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

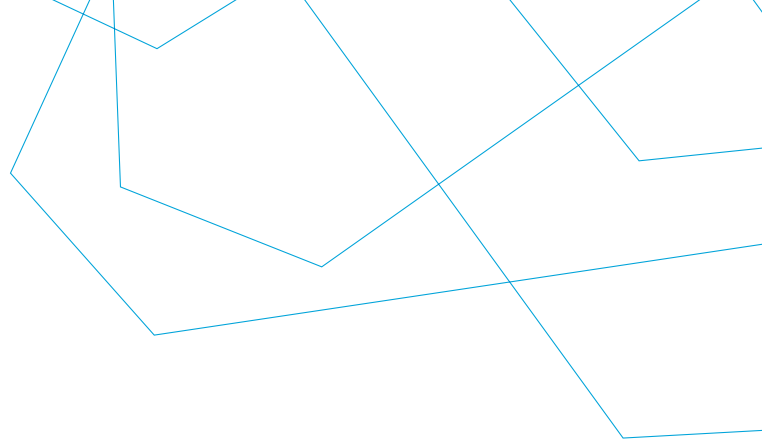
Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating 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.

9.9 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 indicated below.

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





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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 2016–17, the TSC had no contracts to which the VIPP applied.

GOVERNMENT ADVERTISING, INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE, CONSULTANCIES, AND MAJOR CONTRACTS

GOVERNMENT ADVERTISING

There were no government advertising campaigns relating to the TSC that had a total media spend of \$150,000 or greater during 2016–17 (2015–16: nil).

CONSULTANCIES

Details of consultancies over \$10,000

In 2016–17, there was one consultancy where the total fees payable to the consultants was \$10,000 or greater (2015–16: two). The total expenditure incurred during 2016–17 in relation to this consultancy is \$0.3 million, an increase from 2015–16 (\$0.07 million).

Details of this consultancy is described in the table below. All figures exclude GST.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST) \$'000	Expenditure 2016–17 (excluding GST) \$'000	Future expenditure (excluding GST) \$'000
SMS Management and Technology Pty Ltd	Development of IT Business Case	13/02/2017	14/04/2017	\$280	\$280	\$0
TOTAL				\$280	\$280	\$0

Details of Information and Communication Technology expenditure

For the 2016–17 reporting period, the TSC had a total Information and Communication Technology (ICT) expenditure of \$8,239,000, with the details shown below.

Business as usual ICT expenditure \$'000	Non business as usual ICT expenditure(i) \$'000	Operational expenditure \$'000	Capital expenditure \$'000
7,675	564	115	449

Note:

(i) Total equals operational plus capital expenditure

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

Disclosure of major contracts

The TSC did not enter into contracts greater than \$10 million in value during 2016–17 (2015–16: nil).

COMPLIANCE STATEMENTS

FREEDOM OF INFORMATION

The *Freedom of Information Act 1982 (FOI Act)* allows the public a right of access to documents held by the TSC. For the 12 months ending 30 June 2017, the TSC received 15 Freedom of Information applications. Of these requests, two were from a Member of Parliament, one was from a media outlet and the remainder were from the general public. Of the total requests received by the TSC, four were granted in full, seven were granted in part, one was denied in full and no relevant documents were located for one. The remaining two requests have not yet been fully processed. One request proceeded to the review stage with the Freedom of Information (FOI) Commissioner.

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

Freedom of Information Officer
Taxi Services Commission
PO Box 1716
Melbourne, VIC, 3000
Email: foi@taxi.vic.gov.au

Requests to access TSC documents can also be made online by visiting the Freedom of Information website, at www.foi.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 (currently \$28.40). The fee may be waived in certain circumstances.

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

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

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
- 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 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, or 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

Refer to the Independent Broad-based Anti-corruption Commission 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.

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 the TSC head office facilities located at 1 Spring Street, Melbourne and relates to the TSC's office-based activities only.

This and previous years' data will be used to set targets and actions for improving the environmental performance of the TSC in 2017–18.

ENERGY

In 2016–17, details of the energy consumed by the TSC was obtained from energy retailer billing information, relating to use by all TSC employees, contractors and others.

Indicator	2016–17			2015–16		
	Green power	Electricity	Natural gas	Green power	Electricity	Natural gas
Total energy usage segmented by primary source (KWH, GJ)	n/a	168.150	585.93	n/a	139.253	n/a
Greenhouse gas emissions associated with energy use, segmented by primary source (tCO ₂ e) ⁽¹⁾	n/a	n/a	n/a	n/a	n/a	n/a
Percentage of electricity purchased as green power (per cent)	n/a	n/a	n/a	n/a	n/a	n/a
Units of energy used per FTE (KWH /FTE)	n/a	1.001	3.4	n/a	1.024	n/a
Units of energy used per unit of office area (KWH, GJ/ m ²)	n/a	62.4	0.22	n/a	n/a	n/a

Notes

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

Definitions

KWH kilowatt-hours

tCO₂e tonnes of carbon dioxide equivalent

GJ gigajoules

Actions undertaken

No actions

WASTE

The waste generated by the TSC's processes 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.

The data below derives from a five-day waste audit conducted independently at 1 Spring Street, where 100 per cent of TSC employees including contractors and others are normally accommodated. Data on secure document disposal was included in the audit.

Indicator	2016-17				
	Landfill	Co-mingled recycling	Compost	Secure docs	Contamination in recycling
Percentage of total units of waste disposed of by destination	36.1	27.2	11.8	24.8	6.5
Units of waste disposed of per FTE by destination (kg/FTE) ⁽²⁾	20.42	15.36	6.69	14.03	n/a
Recycling rate as a percentage of total waste			63.9		
Greenhouse gas emissions associated with waste disposal (tCO ₂ e)	1.98	3.53	0.71	n/a	0.27

Indicator	2015-16				
	Landfill	Co-mingled recycling	Compost	Secure docs	Contamination in recycling
Percentage of total units of waste disposed of by destination	56.38	20.86	27.54	52.26	1.63
Units of waste disposed of per FTE by destination (kg/FTE) ⁽²⁾	24.66	4.75	9.11	28.03	n/a
Recycling rate as a percentage of total waste	31.1	6.0	11.5	35.4	n/a
Greenhouse gas emissions associated with waste disposal (tCO ₂ e)	1.41	0.46	1.33	n/a	0.70

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.

PAPER

The data below is collected through paper retailer billing information and represents all paper used at the TSC's sites, including all paper used by the TSC's employees, contractors and others while working at those sites.

Indicator	2016-17	2015-16
Total units of copy paper used (reams)	1,928	1,812
Units of copy paper used per FTE (reams/FTE)	11.48	13.72
Percentage 76-100 per cent recycled content A4 copy paper purchased	100	100
Percentage 51-75 per cent recycled content A4 copy paper purchased	0	0
Percentage 0-50 per cent recycled content A4 copy paper purchased	0	0
Percentage A3 paper and coloured paper purchased	13.12	n/a

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).
Secure print introduced across TSC	This reduces the volume of uncollected and unnecessary printing.

WATER

Water consumption figures are unavailable.

Actions undertaken

No actions

TRANSPORT (OPERATIONAL VEHICLES)

The TSC's car fleet comprises 10 vehicles, excluding executive vehicles. Eight of these are 6-cylinder vehicles and two are 4-cylinder vehicles. The TSC's employees do not as a matter of course use vehicles from the State Government vehicle pool and no data from pool usage appears in the table below.

Indicator	2016-17			2015-16		
	4-cylinder	6-cylinder	4WD	4-cylinder	6-cylinder	4WD
Total energy consumption by vehicles (GJ)	21.79	527.1	0	n/a	n/a	0
Total vehicle travel associated with entity operations (km)	10.804	139.668	0	n/a	120.168	0
Total greenhouse gas emissions from vehicle fleet (tCO ₂ e)	1.32	32.03	0	n/a	11.48	0
Greenhouse gas emissions from vehicle fleet per 1,000km travelled (tCO ₂ e)	0.12	0.23	0	n/a	n/a	0

Total distance travelled by aeroplane (km) ⁽³⁾	2016-17					
	Train	Tram	Cycle	Car	Walk/run	Other
Percentage of employees regularly using public transport, cycling, walking to and from work or working from home (>75 per cent of work attendance days)	60.0	22.0	0.0	7.0	7.0	5.0

Total distance travelled by aeroplane (km) ⁽³⁾	2015-16					
	Train	Tram	Cycle	Car	Walk/run	Other
Percentage of employees regularly using public transport, cycling, walking to and from work or working from home (>75 per cent of work attendance days)	60.0	11.1	4.4	2.2	13.3	11.0

Notes

(3) Figures obtained from reports supplied by Flight Centre Management and Corporate Travel Management.

(4) Collection of employee travel data is through an annual voluntary survey and the results received are analysed. Percentages shown in the above table are indicative of employee travel choices for journeys to and from work, but are not conclusive of choices made by all employees.

Actions undertaken
No actions

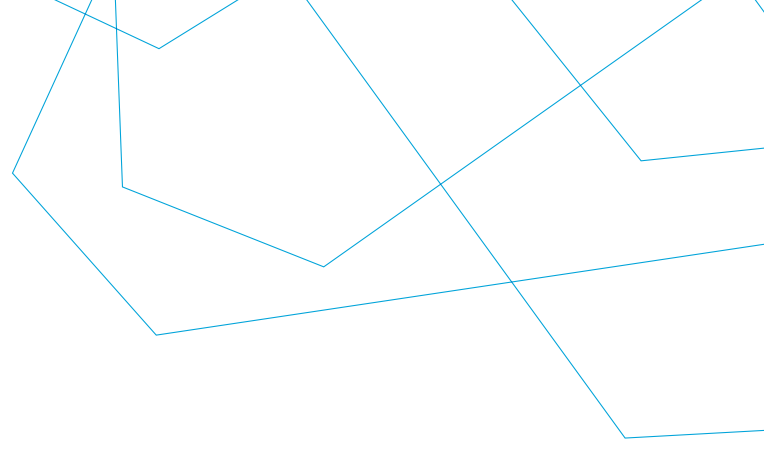
GREENHOUSE GAS EMISSIONS

The greenhouse gas emissions detailed below combine from the previous sections to show the TSC's total greenhouse gas emissions footprint.

Indicator	2016-17	2015-16 ⁽⁵⁾
Total greenhouse gas emissions associated with energy use (tCO ₂ e)	226.75	n/a
Total greenhouse gas emissions associated with vehicle fleet (tCO ₂ e)	33.35	n/a
Total greenhouse gas emissions associated with air travel (tCO ₂ e)	1.60	n/a
Total greenhouse gas emissions associated with waste production (tCO ₂ e)	6.48	n/a
Total greenhouse gas emissions offsets purchased (tCO ₂ e)	n/a	n/a

Notes

(5) Data unavailable



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 1 Spring Street, Melbourne in 2016–17.

This information 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 each visit's objectives and outcomes.

The information is available on request by contacting the Chief Finance Officer.

Chief Finance Officer
Phone: 1800 638 802
Email: corporateservices@taxi.vic.gov.au

ATTESTATION FOR RISK AND INSURANCE COMPLIANCE

Attestation for compliance with the Victorian Government Risk Management Framework mandated in the Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes pursuant to section 8 of the *Financial Management Act 1994*.

I, Yehudi Blacher, certify that the Taxi Services Commission has complied with the Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes.

The Taxi Services Commission Audit and Risk Management Committee verifies this attestation.



Yehudi Blacher

Chair
Taxi Services Commission

3 October 2017

DATAVIC ACCESS POLICY

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

<www.data.vic.gov.au> in machine-readable format.



APPENDICIES

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Summary of progress with reform recommendations arising from the Taxi Industry Inquiry 2012	134
Disclosure Index	135

APPENDIX 1 – SUMMARY OF PROGRESS WITH REFORM RECOMMENDATIONS ARISING FROM THE TAXI INDUSTRY INQUIRY 2012

This appendix summarises the progress of implementing the 139 recommendations made by the *Taxi Industry Inquiry 2012*. Twenty-nine recommendations were closed in 2015–16, bringing the total number of closed recommendations to 120.

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

Many of the recommendations listed below are subsumed into the reforms planned for 2017–18 that were announced in August 2016. The reforms planned in the coming year include the deregulation of fares, reduction of licence fees and increased accountability of network service providers. The Review of Accessible Point to Point Transport commenced in the reporting period and includes the review of incentives, subsidies and programs administered by the TSC. Therefore, due to the level of uncertainty and change relating to the recommendations listed below, the TSC has not directly performed work on them during the reporting period.

Recommendations related to government reforms and/or planned for 2017–18 or beyond

Chapter	Recommendation numbers	Explanation
More diverse and better vehicles	3.8	The suitability of this recommendation under the proposed reforms for 2017–18 is being considered.
More networks and more choices for taxi businesses	4.4	Government announcement for reforms for 2017–18 included making network service providers more accountable for safety and service.
Empowering consumers	7.4	Government announcement on reforms for 2017–18 included making network service providers more accountable for safety and service and the publishing of information on performance by the TSC is being considered as part of this.
Better quality drivers	5.15	Review of driver agreement in year five of implementation
More accessible services	9.1, 9.3, 9.4, 9.5, 9.6, 9.7	Transport for Victoria commenced the Review of Accessible Point to Point Transport in 2016–17.
Improved regulation	10.4 10.20, 10.22	Five year review of regulator performance Long term consideration for Victorian Government
Fares	12.8	Government announcement on reforms for 2017–18 included the deregulation of fares for commercial passenger vehicles.
Service fee for electronic payments	13.1, 13.2, 13.4, 13.5	The suitability of these recommendations under the proposed reforms for 2017–18 and the Review of Accessible Point to Point Transport are being considered.


APPENDIX 2 – DISCLOSURE INDEX

The *Taxi Services Commission 2016–17 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 (SDs) and Financial Reporting Directions (FRDs)

Legislation	Requirement	Page reference
Report of operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant ministers	Page 16
FRD 22H	Purpose, functions, powers and duties	Page 16
FRD 22H	Nature and range of services provided	Page 16
Management and structure		
FRD 22H	Organisational structure	Page 40
Financial and other information		
FRD 8D	Performance against output performance measures	Page 20
FRD 10A	Disclosure index	Page 135
FRD 12B	Disclosure of major contracts	Page 121
FRD 15D	Executive officer disclosures	Page 55
FRD 22H	Employment and conduct principles	Page 52
FRD 22H	Occupational health and safety indicators and performance	Page 48
FRD 22H	Summary of the financial results for the year	Page 32
FRD 22H	Significant changes in financial position during the year	Page 68
FRD 22H	Application and operation of the <i>Freedom of Information Act 1982</i>	Page 122
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	Page 122
FRD 22H	Statement on National Competition Policy	Page 123
FRD 22H	Application and operation of the <i>Protected Disclosure Act 2012</i>	Page 122
FRD 22H	Application and operation of the <i>Carers Recognition Act 2012</i>	Page 121
FRD 22H	Details of consultancies over \$10,000	Page 121
FRD 22H	Details of consultancies under \$10,000	Page 121
FRD 22H	Disclosure of government advertising expenditure	Page 121
FRD 22H	Disclosure of ICT expenditure	Page 121

Legislation	Requirement	Page reference
FRD 22H	Statement of availability of other information	Page 129
FRD 24C	Reporting of office based environmental impacts	Page 124
FRD 25C	Victorian Industry Participation Policy disclosures	Page 120
FRD 29B	Workforce data disclosures	Page 55
SD 5.2	Specific requirements under Standing Direction 5.2	Page 7
Compliance attestation and declaration		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	Page 7
SD 5.2.3	Declaration in report of operations	Page 33
Financial statements		
Declaration		
SD 5.2.2	Declaration in financial statements	Page 62
Other requirements under Standing Direction 5.2		
SD 5.2.1 (a)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 69
SD 5.2.1 (a)	Compliance with Ministerial Directions	Page 106
SD 5.2.1 (b)	Compliance with model annual report	Page 69
Other disclosures as required by Financial Reporting Directions in notes to the financial statements		
FRD 9A	Departmental Disclosure of Administered Assets and Liabilities by Activity	Page 78
FRD 11A	Disclosure of Ex Gratia Payments	Page 105
FRD 13	Disclosure of Parliamentary Appropriations	n/a
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	Page 106
FRD 103F	Non financial Physical Assets	Page 102
FRD 110A	Cash Flow Statements	Page 67
FRD 112D	Defined Benefit Superannuation Obligations	n/a



Legislation	Requirement	Page reference
Legislation		
	<i>Freedom of Information Act 1982</i>	Page 122
	<i>Building Act 1983</i>	Page 122
	<i>Protected Disclosure Act 2012</i>	Page 123
	<i>Carers Recognition Act 2012</i>	Page 122
	<i>Victorian Industry Participation Policy Act 2003</i>	Page 120
	<i>Financial Management Act 1994</i>	Page 62

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

