


2013/14
TAXISERVICESCOMMISSION

ANNUAL
REPORT





In 2013/14 the Taxi Services Commission worked to pursue and promote major and enduring improvements to the provision and accessibility of services, competition, innovation and safety in the Victorian taxi and hire car industry.

Published by
Taxi Services Commission,
80 Collins Street, Melbourne VIC 3000.

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Authorised by Taxi Services Commission,
80 Collins Street, Melbourne VIC 3000.

ISSN 2204-0382 (Print)
ISSN 2204-0390 (PDF)

Print managed by Finsbury Green,
Level 9, 124 Exhibition Street,
Melbourne VIC 3000.

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

Printed on environmentally friendly paper.

The Hon. Terry Mulder MP
Minister for Public Transport

1 Spring Street
Melbourne
VIC 3000

Dear Minister

Annual Report 2013/14

In accordance with the *Financial Management Act 1994*, I am pleased to present the Taxi Services Commission's Annual Report for the year ending 30 June 2014.

A handwritten signature in black ink that reads "Graeme Samuel". The signature is written in a cursive, slightly slanted style.

Graeme Samuel AC
Chair
Taxi Services Commission
5 September 2014

ABBREVIATIONS

4WD	Four-wheel drive (vehicle)	FTE	Full Time Equivalent
AAS	Australian Accounting Standards	GMLTR	Greater Melbourne Taxi Licence Release
AASB	Australian Accounting Standards Board	GPS	Global Positioning System
ACCC	Australian Competition and Consumer Commission	GST	Goods and Service Tax
CALD	Culturally and Linguistically Diverse	HR	Human Resources
CBS	Central Booking System	IBAC	Independent Broad-based Anti-corruption Commission
CEDA	Committee for Economic Development of Australia	ISO	International Organisation for Standardisation
CEO	Chief Executive Officer	MPTP	Multi Purpose Taxi Program
CLC	Community Legal Centre	NDIS	National Disability Insurance Scheme
CPSU	Community and Public Sector Union	OH&S	Occupational Health and Safety
Cth	Commonwealth	PBBS	Performance Based Booking System
DTF	Department of Treasury and Finance	PTV	Public Transport Victoria
DPTAC	Disabled Persons Taxi Advisory Committee	RIS	Regulatory Impact Statement
DTPLI	Department of Transport, Planning and Local Infrastructure	RTO	Registered Training Organisation
EO	Executive Officer	RTW	Return To Work
EOI	Expression of Interest	SRG	Stakeholder Reference Group
ERC	Executive Remuneration Committee	TSC	Taxi Services Commission
ESC	Essential Services Commission	VAGO	Victorian Auditor-General's Office
FMA	<i>Financial Management Act 1994</i>	VIPP	Victorian Industry Participation Policy
FOI	Freedom of Information	VPS	Victorian Public Sector
FRD	Financial Reporting Direction	VTD	Victorian Taxi Directorate
		WAT	Wheelchair Accessible Taxi

Changes in terminology from 1 July 2014

Terminology to 30 June 2014	Terminology from 1 July 2014
Operators	Permit holders
Network Service Providers	Taxi Booking Services

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COMMISSIONERS' SUMMARY

In 2013, the
Taxi Services
Commission (TSC)
commenced a
new phase as the
regulator of the
Victorian taxi and
hire car industry.

As Commissioners of this independent statutory authority, our role is to support the CEO in the day-to-day running of the TSC, while being responsible for implementing the government-endorsed reform agenda. This combined effort has seen a tremendous amount of work undertaken in just one year.

Our focus has been to establish the foundation reforms that will ensure that the entire reform program is embedded and enduring. These reforms represent some of the biggest changes to the industry in recent years and will enable improved conditions for drivers, business innovation and a greater focus on service delivery throughout the industry.

For passengers, these reforms will address issues such as rising numbers of complaints, a lack of driver knowledge, poor availability and standard of wheelchair accessible services, fare structures that encourage unwanted behaviours such as short fare refusal, the surcharge for credit card transactions, previously restrictive options for vehicles operating as hire cars and the absence of clear and accessible information.

Change can be challenging and we are committed to ongoing consultation with both the community and industry. Next year we will continue the reform program, focusing on accessible services, in-cab safety and focusing the culture of the industry on providing high quality services. All of this will allow the industry to develop and grow by simplifying the regulatory framework, lifting standards, increasing safety, improving driver knowledge and offering more choice to the community.



Graeme Samuel AC
Chair



Douglas Shirrefs
Commissioner



Merran Kelsall
Commissioner

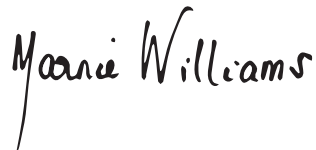
CEO'S SUMMARY

This is an exciting
time to be part
of the Victorian
taxi and hire
car industry.

In its first year of operation, the TSC has worked closely with industry participants to make positive changes and enable the industry to improve services for the community.

The transition to the TSC and shift to the new corporate structure has gone exceptionally well. It has been a challenging year and I appreciate how well changes have been embraced. The TSC has continued to service the industry and undertake regulatory activities, while also implementing the government-endorsed reform agenda. More than 70 of the reform recommendations have been implemented in the first 12 months of a five-year program.

As we look back on the last year, I am impressed with what we have achieved and am confident in our ability to build on this in years to come. I would like to thank our employees for the invaluable contributions that they have made this year – the delivery of TSC's objectives has only been made possible through the commitment, expertise and enthusiasm of our employees.



Marnie Williams
CEO

ACHIEVEMENTS

IMPLEMENTED

58%

OF THE GOVERNMENT-
ENDORSED REFORMS



EMPOWERING
PASSENGERS THROUGH
THE INTRODUCTION OF
THE PUBLIC REGISTER OF
INDUSTRY PARTICIPANTS

REMOVED BARRIERS
TO INDUSTRY ENTRY
FOR HIRE CARS



DEVELOPED AND
IMPLEMENTED A
NEW FOUR-TIER
SYSTEM OF ZONES



INTRODUCED THE
KNOWLEDGE TEST

TSC ESTABLISHED
AS NEW INDUSTRY

REGULATOR

125,179

CALLS TAKEN AT
THE CALL CENTRE

10%
↓
5%

CUT THE SURCHARGE
FOR ELECTRONIC
PAYMENTS
IN TAXIS FROM 10%
TO A MAXIMUM OF 5%

3,416
COMPLAINTS
ASSESSED

TAXI LICENCES MADE AVAILABLE
'AS OF RIGHT'
AT A SET ANNUAL PRICE



SUPPORTED THE
ESC IN THE DELIVERY
OF A **NEW FARE STRUCTURE**
AND FARE DETERMINATION

ANNUAL CUSTOMER **SATISFACTION**
MONITOR RESULT

70.5

DEVELOPED **PRICE NOTIFICATION**
SYSTEM FOR COUNTRY AND
REGIONAL TAXI FARES

92,600 **16,182**
ACTIVE MPTP NEW MPTP
MEMBERS MEMBERS

17,226

TAXI AND
HIRE VEHICLE
INSPECTIONS;
5,863 NOTICES ISSUED

INTRODUCED
ADVERTISING
ON TAXIS AND CHANGES
TO TAXI LIVERY



DEVELOPED AND
IMPLEMENTED
THE NEW, FAIRER
DRIVER AGREEMENT

AWARDED
\$760,000
IN **GRANTS** FOR TAXI
RANK SAFETY INITIATIVES,
WAT PROGRAMS AND
COMMUNITY LEGAL CENTRES

ABOUT THE TAXI SERVICES COMMISSION

The Taxi Services Commission is the government-appointed regulator of Victoria's taxi and hire car industry.

The Taxi Services Commission (TSC) also provides accreditation and compliance services for bus drivers and driving instructors.

The TSC was initially created in July 2011 under the *Transport Legislation Amendment (Taxi Services Reform and Other Matters) Act 2011* (the Act) as the first step in a process of major reform.

The initial phase of the TSC reform process involved conducting a comprehensive inquiry into the structure, conduct, performance and regulation of the Victorian taxi and hire car industry. The final report of the Taxi Industry Inquiry (the inquiry) was tabled in Parliament on 12 December 2012.

Following the conclusion of the inquiry, the Act provided for the reform of the objectives, functions and powers of the TSC. On 1 July 2013, the TSC became an independent statutory authority, responsible for regulating the taxi and hire car industry.

The government appointed Graeme Samuel AC (Chair), Merran Kelsall and Douglas Shirrefs as TSC Commissioners. Employees and resources from the previous regulator, the Victorian Taxi Directorate (VTD) of the Department of Transport, Planning and Local Infrastructure (DTPLI), were transferred to the TSC as of 1 July 2013.

OBJECTIVES

The TSC has been tasked with regulating the taxi and hire car industry and implementing the government-endorsed reform package.

The objectives of the TSC are to increase public confidence in the safety of the taxi and hire car 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 and policies and procedures in the industry
- the safety of passengers and drivers of commercial passenger vehicles.

FUNCTIONS

For 2013/14, the key functions of the TSC included:

- administering licensing, accreditation and other requirements imposed on industry participants
- administering the Multi Purpose Taxi Program (MPTP) and country Wheelchair Accessible Taxi (WAT) subsidy scheme
- administering grants and subsidy schemes

- developing and implementing operational policy
- assisting the DTPLI in developing strategic policy and legislation through the provision of advice
- receiving and dealing with complaints relating to the operation and performance of the taxi and hire car industry
- monitoring the industry to ensure compliance with relevant legislation and regulations
- liaising and consulting with the industry and consumers
- implementing the government-endorsed reforms from the inquiry's final report.

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

- *Transport Integration Act 2010*
- *Transport (Compliance and Miscellaneous) Act 1983*
- *Road Safety Act 1986*
- *Transport (Passenger Vehicles) Regulations 2005*
- *Transport (Taxi-cab Licences – Market and Trading) Regulations 2005*
- *Transport (Taxi-cab Industry Accreditation) Regulations 2007*
- *Transport (Taxi-cabs) Regulations 2005.*

VALUES

The TSC seeks to enhance our position as a values-based organisation: how our people conduct themselves is as important as what we do. The TSC's values incorporate public sector values, reflect the values of DTPLI and highlight the commitment to professionalism maintained by our people.

The TSC's values are:

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

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

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

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

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

REFORM

The reform agenda and inquiry recommendations adopted by the government form major and ongoing components of the TSC's work. The reforms will deliver the biggest overhaul of the taxi and hire car industry in Victoria's history and, as such, the TSC's role is significant. The TSC's strategic objectives, which incorporate the reform agenda, are as follows:

Influence portfolio strategy through stakeholder engagement

The TSC aims to support DTPLI in forming an integrated 'enterprise' approach to developing and maintaining the transport system.

The TSC will develop and implement a strategic approach to engaging and communicating with key government and industry stakeholders to contribute to better transport outcomes.

Evolve industry regulation and safety as part of the transport system

Safety is a primary regulatory concern for the TSC. Regulatory activities are planned and resourced based on the highest priority risks for safety.

The TSC will address driver knowledge, safe practice, working conditions and welfare. A clear chain of accountability and responsibility will be established and exercised through responsible operators and safe, suitable drivers and vehicles.

Operator and driver approvals will be managed by the TSC to provide significantly improved service to passengers. Industry permit holders and drivers will understand the TSC approach to safety and its priorities.

Improve standards for innovative and customer-focussed industries

The TSC will address passenger and community safety and instil greater public confidence in the industry through consulting, advising, informing and effective complaints management.

A series of standards and measures will be introduced to encourage the industry to provide a broader range of more passenger-focussed activities.

Enhance support services to improve mobility and access

Through the pursuit and promotion of major and enduring improvements to the taxi and hire car industry, the TSC will improve services for individuals and communities that have constrained access to mainstream public transport.

Build a successful and capable Taxi Services Commission

Development and realisation of the TSC's strategy and future capability requirements are high priorities for every TSC executive and manager.

The TSC aims to build workforce capability and commitment to an innovative, empowering and accountable working environment.

PROGRESS AGAINST REFORMS

The Victorian Government announced the Taxi Industry Inquiry in March 2011 as a first step towards substantial reform of the state's taxi and hire car industry.

The Taxi Industry Inquiry's (the inquiry) final report, *Customers First – Service, Safety, Choice*, was tabled in Parliament on 12 December 2012. The government accepted the majority of the inquiry's 139 final recommendations, with confidence that the reforms would deliver significant service improvements, to benefit the industry and, ultimately, the Victorian community.

The reforms will enable the industry to be more flexible, responsive and innovative, providing better and safer services for passengers. The changes aim to restore trust and confidence in the industry by putting passengers and the community first.

The Taxi Services Commission (TSC) commenced its role of industry regulator on 1 July 2013, and is responsible for implementing the government-endorsed reforms.

Work to implement the reforms started immediately and all of the foundation reforms were successfully delivered in the first 12 months.

It will take time for the benefits of the total reform package to be realised, but improvements will occur in the short-to-medium term. Further key reforms will be delivered over the next 18 months to continue the improvement within the industry.

The following key reforms provide an overview of the outcomes that were successfully delivered between July 2013 and June 2014, providing the basis for a significant transformation of the industry for the benefit of the Victorian community.

TAXI LICENCES

A new "as of right" approach to taxi licensing, whereby new licences are available at any time to an approved applicant at a set price, became effective on 30 June 2014 in metropolitan and urban zones. This removed the regulatory restriction on licence numbers, allowing those delivering taxi services the flexibility to meet passenger demand. The new set annual fees provide some support for the equity and income positions of existing licence holders, while at the same time providing an effective means for constraining previously escalating assignment fees faced by taxi operators.

ZONES

As a part of the new licensing regime a new four-tier system of zones was developed. This replaced the previous system, which limited the operation of country taxis to within three to 12 kilometres of a local post office and allows operators more opportunities to expand their businesses. The community and industry were invited to provide their feedback through a Regulatory Impact Statement (RIS) process before the final boundaries were determined. The new zones system was gazetted in June 2014 and became effective on 30 June 2014.

NON-CASH PAYMENTS

In February 2014, the non-cash payments surcharge for taxi fares was capped at a maximum of five per cent (including GST), representing a significant saving for consumers, who were previously paying up to 10 per cent.

FARES AND PRICE NOTIFICATION

A new fare structure was implemented on 19 May 2014, with an earlier than expected fare determination being made by the Minister for Public Transport. This followed an extensive fare review by the Essential Services Commission (ESC). A major restructure of fares was implemented for the metropolitan zone as well as Frankston, Dandenong, Port Phillip and Western Port areas. This involved a relatively higher fare increase for short trips and peak period travel, including Friday and Saturday nights. In all other zones, fares were increased by a flat 12.5 per cent. All regulated fares are now 'maximum fares', giving operators the option to discount below the maximum fares.

The fare determination established standard fares for the new regional and country zones prior to the implementation of price notification on 30 June 2014. The price notification system allows operators in regional and country zones to set their own fares, published online by the TSC. It gives operators flexibility to set fares relevant to their own unique economic conditions.

HIRE CARS

In December 2013, hire car reforms were introduced to increase competition in the industry, expand business options and increase point-to-point travel choices for the public. Metropolitan hire car licence prices were reduced from \$60,500 to \$40,000, while country hire car licences were reduced from \$20,500 to \$20,000. Minimum luxury vehicle standards for hire cars were also relaxed to allow passengers more options in pre-booked passenger vehicle travel.

BETTER QUALITY DRIVERS

The introduction of a new, independently administered, mandatory Knowledge test on 30 June 2014 will set a new standard in driver knowledge. In conjunction with the better pay and safer working conditions facilitated through the new mandatory Driver Agreement, these reforms aim to attract and retain career drivers to the industry.

The Knowledge test has been developed with the industry, the community and disability advocacy agencies. It assesses a range of competencies through three mandatory modules: general knowledge, geography (for metropolitan zone) and driver behaviour. There are also two separate modules (theoretical and practical) for drivers of Wheelchair Accessible Taxis.

The TSC removed the Independent Driving Assessment in August 2013, ensuring that all taxi and hire car drivers on Victorian roads have been driving in Australia or New Zealand for at least six months.

The new, fairer Driver Agreement came into effect on 30 June 2014, and now ensures that drivers receive at least 55 per cent of the fare box and are permitted to take up to four weeks unpaid annual leave where they have regularly worked for the operator for 12 months or more. It also mandates that operators must cover all operational expenses and have an insurance policy in place that indemnifies the driver against vehicle damage.

VEHICLES

A review of vehicle standards was commenced to look at new outcomes-based standards and moving the industry to consider a wider range of vehicles. In line with the inquiry recommendation, a submission was made to the Disability Standards for Accessible Public Transport Review, which described the adverse outcomes for accessibility and vehicle quality from the proposed allocated space within WAT vehicles. As a part of this submission, the TSC requested that a degree of flexibility be permitted in interpreting the standards to ensure that competition and innovation are not stifled.

Operators are now permitted to have advertising on and in their vehicle. Non-metropolitan taxis are no longer required to have the taxi yellow livery and, in metropolitan Melbourne, operators and networks can apply to have livery in a colour other than yellow to distinguish their business and build a professional image.

APPROVAL AND RESPONSIBILITY

The regulatory burden for licence holders, operators and Network Service Providers has been significantly reduced with the introduction of the new permit system. Operators and Network Service Providers are being re-branded as 'Permit Holders' and 'Taxi Booking Services'. They are no longer required to demonstrate excessive business details prior to receiving accreditation, but remain responsible for adhering to safety and other necessary regulatory requirements.

MORE NETWORKS AND CHOICES

The requirement for operators to affiliate with a Network Service Provider has now been removed, giving operators greater choice in sourcing or establishing their own emergency response systems, GPS systems and booking services. The changes remove regulatory impediments to new technology and innovation and will facilitate greater competition in the booking services market.

EMPOWERING PASSENGERS

In October 2013, the first stage of the Public Register was launched on the TSC website. The register empowers consumers and improves industry accountability and regulator transparency by providing public information on who controls or operates vehicles, and their industry and accreditation status.

IMPROVED REGULATION AND AN EFFECTIVE REGULATOR

The TSC continues to review and improve regulatory practices. All regulation affecting the taxi and hire car industry is being examined and amended as needed to allow those being regulated the scope to achieve the business outcomes required with no barriers to innovation and growth.

The Community Legal Centres (CLC) funding project started in 2013/14. The project provides grants to CLCs in Victoria to support them in providing legal advice and representation to taxi drivers. The total available funding for this project was \$50,000. The TSC assessed Expression of Interest (EOI) applications against a set of selection criteria through a formal EOI process, ensuring that funding was awarded to CLCs that could demonstrate the required capacity, experience, knowledge and commitment to deliver quality and efficient legal service to taxi drivers.

The final report of the inquiry included a recommendation that the TSC should have clear and transparent policies and procedures relating to complaints about its own procedures. Such complaints are received through a number of sources, including direct to the complaints team, through the call centre and through Freedom of Information (FOI), Ombudsman and Privacy Commissioner requests. Each complaint is recorded, assessed and responded to.

COMMUNITY AND STAKEHOLDER ENGAGEMENT

Reform implementation has been supported by an extensive program of public consultation and stakeholder engagement.

A Stakeholder Reference Group (SRG) was formed to facilitate consultation and gather industry views on implementation. Representatives were drawn from the taxi and hire car industry from across Victoria, social and community legal services, City of Melbourne and Melbourne Airport. The group met seven times during 2013/14. In addition to this, the TSC conducted a series of public and taxi industry roadshows, forums and briefings in Melbourne and various regional locations.

The Consultative Committee provides a forum for the Commissioners and senior TSC executives to meet with stakeholders from business, industry and community organisations. The objective is to provide an update and facilitate discussion on the impact of the taxi and hire car reforms upon the Victorian community. The committee meets quarterly.

Monthly e-newsletters continue to provide information and updates to taxi industry stakeholders.



YEAR IN REVIEW

PERFORMANCE AGAINST OBJECTIVES

The TSC has developed five strategic objectives to achieve its vision and mission. These objectives have been designed to address legislative requirements, challenges, and strategic risks and implement the government-endorsed reform program. The TSC is seeking to achieve a number of outcomes against these objectives over the first five years of operation, and has already realised a number of key achievements during the 2013/14 year. These achievements, and the significance to the success of the TSC, are summarised below.

Strategic direction 1: Influence portfolio strategy through stakeholder engagement

Achievement	Significance
Commenced as an independent statutory authority on 1 July 2013 in line with new legislation passed to create the TSC.	The TSC supports the DTPLI and other transport agencies in an integrated approach to developing and maintaining a sustainable transport system for all Victorians.
Developed stakeholder education strategy to inform industry and the community about the government-endorsed reforms. Conducted 19 roadshows to inform the industry about the implementation of the reforms.	Stakeholder education results in better informed stakeholders, a greater understanding by industry participants of their obligations and an improvement in the level of public confidence in the industry.
Created Stakeholder Reference Group and Consultative Committee.	These groups allow the industry and community to provide input into the implementation of the reform initiatives. They also educate and inform stakeholders on the reform initiatives.
Developed and implemented three public campaigns to communicate taxi reform changes, which achieved positive results including a significant increase in visits to the website and click-through rates higher than the government benchmark.	The public are educated on the taxi reforms to understand how they affect them and deliver more choice, better and safer services.
Developed and circulated regular e-Newsletters for taxis and hire cars.	e-Newsletter open rates are about 50 per cent within 60 hours, which exceeds government benchmarks. Industry participants are better informed and engaged.

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

Achievement	Significance
Offered 30 new fixed-term, non-assignable licences, including seven Wheelchair Accessible Taxi (WAT) licences, through a lottery process.	The licence release encourages competition and offers more choice for passengers.
Lowered the one-off hire car licence fee from \$60,500 to \$40,000. Opened up the market for different types of hire cars, including non-luxury vehicles.	Barriers to industry entry are reduced and customer choice improved.
Appointed a provider for the Knowledge test. Communicated the pilot through a number of media releases and announcements.	The requirement for new and recently accredited drivers to undertake the Knowledge test will result in improvements to driver safety, awareness and understanding, and an enhanced customer experience.
Implemented an improved process to transfer licences on the spot if clients attend the customer service centre between specified hours. More than 60 licences were urgently transferred when Royal Taxis closed in January 2014.	Demonstrates responsiveness of the TSC to industry feedback and capacity of the TSC to adapt to unexpected industry activity.
Introduced iFACTS data management system for real time recording of field activities and inspection results. Identified lowest performing taxi fleets based on iFACTS data and directed drivers to bring their vehicles for more comprehensive inspection. Introduced Taxi Quality Rating and identified initial quality benchmarks for all taxi zones.	Resources are used more efficiently, with enhanced targeting of non-compliance and real-time capture of inspections data. The process contributes to improved safety and increased consumer confidence.
Extension of the Taxi Rank Safety Program; payments of more than \$215,000 in grants to council taxi rank infrastructure projects and allocation of almost \$285,000 for future projects.	The Taxi Rank Safety Program provides grants to councils across Victoria to improve the safety, quality and amenity of taxi ranks in areas of high usage.

Strategic direction 3: Improve standards for innovative and customer-focused industries

Achievement	Significance
Supported the ESC in the delivery of a new fare structure and fare determination, through provision of data and consultation with industry. The fare determination was launched by the Minister for Public Transport and TSC Chair Graeme Samuel. To implement these changes, the TSC deployed fare labels and schedules of rates to all taxis and facilitated changes to taximeters.	Taxi fares increased on average by 12.5 per cent from 19 May 2014, the first rise in six years, to address increased costs of taxi operation and the new driver/operator revenue sharing requirements. The change in fare from prescribed to maximum means that operators can offer discounts, special offers or other pricing arrangements to passengers.
Undertook a Regulatory Impact Statement process to determine new taxi and hire car zone boundaries.	Allows operators more opportunities to expand their businesses.
Introduced advertising in and on taxis and change to taxi livery in country and metro by exemption.	Advertising opens up a new revenue source to industry participants. Changes to livery enable operators to differentiate themselves and passengers to more easily identify the company they prefer.
Planned and implemented the reduction in the surcharge for non-cash payments for taxis from 10 per cent to 5 per cent. Conducted field compliance activities to support the introduction of the non-cash payment surcharge changes.	The cost to passengers of making non-cash payments is reduced. Compliance activities result in a greater understanding of and compliance with obligations by industry participants.
Implemented the public register, allowing the Victorian public to find the licence holder and operator for every taxi and hire car.	The register empowers passengers, improves industry accountability and regulatory transparency.
Converted the format of the TSC website to mobile responsive web design that will adapt to the device on which the website is being viewed.	Improved customer experience when using smart phones or tablets to access TSC information.
Implemented enhancements to the Victorian Taxi Management System (VTMS) to reflect changes to legislation and process.	Facilitated the implementation of reform activities, including driver accreditation and the Knowledge, commercial passenger vehicle licensing, new zones and impact of licensing, relaxing requirements of industry accreditation, interface with the public register.
Driving Instructor module of VTMS went live in November 2013.	The module facilitates the automation of the renewal process and the inclusion of driving instructors on the public register and in the weekly Victoria Police Data Match. The Data Match allows appropriate action to be taken against driving instructors who are found to have certain infringements recorded against them.
Information brochures were translated into 17 different languages other than English.	Recognition of the diversity within the community and facilitation of the provision of information across the industry.

Strategic direction 4: Enhance support services to improve mobility and access

Achievement	Significance
Completed a successful trial at Yarrawonga using high occupancy taxis instead of buses. Ongoing work with PTV to develop the Yarrawonga pilot project for further roll-out of taxis as public transport.	Innovative options for transport services in communities where traditional public transport services are not cost-effective.
Preparation for the NDIS pilot project in Geelong. Provided the authorising environment for the Geelong flat fare share ride service.	Tailoring of services to those most in need.
Awarded more than \$495,000 in grants to subsidise Wheelchair Accessible Taxi (WAT) vehicles and WAT training.	Maintenance and improvement of the availability of WATs; operation of WATs is more cost-effective for operators,

Strategic direction 5: Build a successful and capable Taxi Services Commission

Achievement	Significance
Effectively transitioned the Victorian Taxi Directorate workforce from DTPLI into the TSC as new employer.	Created a new and focused workforce identity and culture to best address industry reform.
Established a Service Level Agreement to continue DTPLI people-services support to the TSC workforce.	Provided additional resourcing and support to effectively manage complex workforce issues such as outplacement services.
All TSC employees were provided with a new position description and performance plan.	Embedded the new TSC workforce identity.
Enacted an organisation-wide restructure in January 2014, including the formation of a new executive and appointment of specialist roles. Integrated the Transport Safety and Compliance and Industry Compliance and Investigation teams. A further local Legal and Regulatory Services restructure was conducted to better align division services and resourcing.	Stronger service and role clarity for TSC employees; better alignment across the business to support delivery of TSC objectives.
Conducted an organisation-wide recruitment program following confirmation of the new TSC restructure. A total of 129 interviews were conducted to fill 36 new or vacant positions and an additional 32 Expression of Interest interviews were conducted for 23 positions.	The TSC workforce was resourced and refreshed with the required skills, knowledge and experience to meet service delivery requirements.
Launched the new intranet as a primary communications tool for TSC employees.	Increased functionality and clarity of information for TSC employees.
Conducted the first TSC People Matter Survey.	An encouraging 70 per cent survey participation rate demonstrated TSC employees want to have their say.

Achievement	Significance
Achieved the 2013/14 budget forecast.	The budget forecast was achieved while internally funding a reduction in the GMTLR WAT licence price.
Conducted a wide-range of procurement activities in support of the reform activities and deliverables.	Achievement of value-for-money through the application of procurement policies.
Improvements in several key business processes including the introduction of online payment option for licences and MPTP membership and improved accounts receivable, payable and cash handling processes.	Efficiencies in business processes, enabling support for the reform program and regulatory and compliance activities. Close monitoring of the budget with visibility of expenditure, resulting in accountability across the divisions and informed decision-making.

ORGANISATIONAL RESTRUCTURE

Following the transition from the VTD to the TSC on 1 July 2013, it was recognised that an organisational restructure would be required. This would ensure the TSC's effective operation as industry regulator, delivery on the government response to the inquiry's final recommendations and meet Victorian Government budgetary and governance requirements.

The decision was made that any change would only be considered after VTD's transition to the TSC and the permanent appointment of the Chief Executive Officer (CEO) position.

Marnie Williams was appointed CEO in September 2013, and a revised TSC organisational structure was put forward for consultation in October 2013.

A number of changes were proposed across divisions and branches to ensure alignment with the new focus of the TSC. These changes were consulted in line with clause 10 of the *Victorian Public Service Workplace Determination 2012* and employees were engaged transparently, sensitively and with respect, as set out in the TSC values. A consultation process was conducted with all employees and the Community and Public Sector Union (CPSU) to provide a genuine opportunity for the workforce to provide feedback and alternative proposals for the restructure. The initial consultation process was extended to allow all feedback to be considered and a number of alternative proposals were adopted in the final organisation structure.

The finalised structure was communicated on 19 December 2013 and came into effect from 28 January 2014.

A snapshot of the overall changes shows:

- an overall full-time equivalent (FTE) decrease from 177.2 to 160.6
- 137 positions were filled by 30 June 2014, which equates to FTE 132.9
- 16 employees were identified as redeployees, as their position was no longer required. All redeployees were provided with a Redeployment Case Officer and outplacement services to assist other employment options decision making
- of the redeployees, five employees obtained an alternative suitable position within TSC and 11 employees had their employment terminated on the grounds of redundancy.

FINANCIAL SUMMARY AND REVIEW

The table below shows the financial results for 2013/14 and the two preceding financial years.

Financial result for the year ended 30 June extract	2013/14 \$'000	2012/13 \$'000	2011/12 \$'000
Income from Government	79,783	1,475	3,119
Total income from transactions	80,018	1,572	4,961
Total expenses from transactions	(83,535)	(1,577)	(5,006)
Net result from transactions	(3,517)	(5)	(45)
Net cash flow from / (used in) operating activities	1,844	168	(4)
Total assets	21,860	187	1,001
Total liabilities	10,647	155	498
Net assets	11,213	32	503

The 2013/14 Annual Report includes the TSC's full-year financial statements from 1 July 2013, when responsibility for the regulation of commercial passenger vehicles was transferred from the Secretary of DTPLI to the TSC.

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

Financial Result

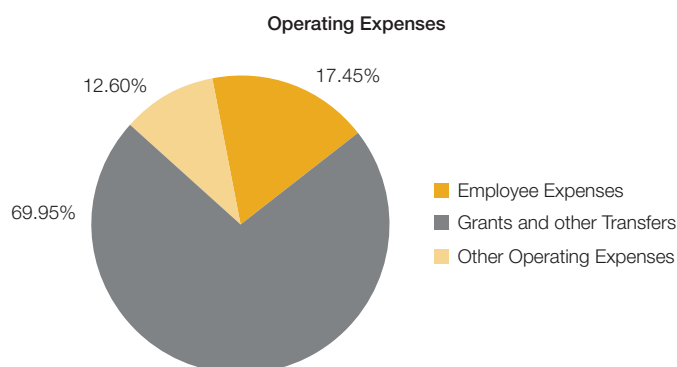
In 2013/14, the net result from transactions was a deficit of \$3.5 million. This represents the unfunded non-cash items, such as depreciation and amortisation. The funding received from DTPLI does not fund the TSC for depreciation and amortisation as they are considered to be non-controllable transactions. This will have a cumulative impact on accumulated deficit in future financial years. As a result, the TSC will face a long term risk to financial viability and a going concern issue may arise in the future.

Income

TSC's income is predominantly sourced from government grants.

Expenses

TSC's operating expenses in 2013/14 totalled \$83.5 million. Of this expenditure, \$53.9 million was for grant payments for the Multi Purpose Taxi Program (MPTP), and \$29.6 million was for the administration of regulatory services.



Income collected on behalf of the Victorian Government and other Government Agencies

TSC administers the collection of certain licence fees and other fees on behalf of the Victorian Government and State Government agencies. These amounts are not recognised as TSC's income but are paid to the Victorian Government's Consolidated Fund or other government agencies. During 2013/14, cash collections on behalf of the Victorian Government and other government agencies totalled \$13.5 million.

Financial position – balance sheet

Net assets increased over the year to \$11.2 million, mainly due to increases in total assets of \$21.7 million comprising \$8.7 million of increases in financial assets and \$13.0 million of increases in non-financial assets.

The increase in financial assets, which mainly comprises cash and receivables, is due to increased level of operations as a result of the transfer of the regulator function to the TSC.

Total non-financial assets marginally increased due to the transfer to the TSC of all non-financial assets associated with the regulator function.

The majority of this increase (\$8.0 million) was as a result of investment in technology through the acquisition of Victorian Tax Management System (VTMS), which is the core information system for the accreditation and licensing of taxi and hire car industry participants.

Total liabilities increased mainly due to the transfer of liabilities associated with the regulator function. This comprises the employee benefits provision associated with the employees that transferred to the TSC and payables recognised as a result of increased operational activities.

Cash flows

Net cash inflow from operating activities was \$1.8 million in 2013/14. This represents a significant increase compared to 2012/13, due to additional cash funding received from DTPLI to reflect the increased operational activities.

The overall cash surplus of \$2.4 million for the 2013/14 financial year represented a net increase of \$2.3 million compared to the previous year. Of this, a \$3.6 million net cash inflow was from financing activities, in particular increased capital grant contributions, and net cash outflows from investing activities increased by \$3.2 million due to investment in technology including VTMS and the TSC Data Warehouse Solution.

Financial summary

The financial statements presented later in this report are prepared in accordance with the *Financial Management Act 1994* and applicable Australian accounting standards.

Subsequent events

Abolition of Public Transport Fund

Section 11 of the *Transport (Compliance and Miscellaneous) Act 1983* established the Public Transport Fund (PTF) in which all monies and income relating to public transport agreements, leases and licences, including public transport farebox revenue and taxi licence revenue, are held.

With the establishment of the Public Transport Development Authority i.e. Public Transport Victoria (PTV) and the TSC, the PTF is no longer required and is to be abolished. It is expected that the abolition of the PTF and the subsequent transfer of funds will occur during the 2014/15 financial year.

GRANTS PROGRAMS

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

Taxi Rank Safety Program

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

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

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

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

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

In 2013/14, the following payments were made towards council infrastructure projects:

Organisation	Payment \$ (GST exclusive)
City of Casey	18,000
Colac Otway Shire	24,666
East Gippsland Shire Council	24,985
Glen Eira City Council	51,927
LaTrobe Shire Council	25,364
City of Melbourne	50,000
Surf Coast Shire Council	2,070
City of Wodonga	19,075
Total	216,087

In addition, the following new grant allocations were announced in 2013/14 for payment in subsequent financial years:

Organisation	Allocation \$ (GST exclusive)
Glenelg Shire Council	12,593
City of Stonnington	36,700
Manningham City Council	103,773
Mitchell Shire Council	12,990
Baw Baw Shire Council	12,220
Warrnambool City Council	55,273
City of Greater Geelong	27,540
City of Wodonga	23,364
Total	284,453

Wheelchair Accessible Taxi (WAT) programs

WAT vehicle subsidy scheme

The WAT vehicle subsidy scheme aims to:

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

The following grants were approved for payment in 2013/14:

Organisation	Payment \$ (GST exclusive)
Port Fairy Taxis	30,000
Taxi operator, Lakes Entrance	39,163
Warrnambool Radio Taxis	39,686
Amalgamated Taxis Wodonga Co Op Ltd	39,295
Mildura Taxis Pty Ltd	80,000
Benalla Taxis Pty Ltd	40,000
Euroa Taxis	37,687
Taxi operator, Wodonga	7,537
Other	4,315
Total	317,683

WAT training subsidies

During 2013/14, subsidies were available for:

- drivers to attend the Course in Wheelchair Accessible Taxi Services
- Registered Training Organisations (RTOs) to provide the training.

The following grants were approved for payment in 2013/14:

Organisation	Payment \$ (GST exclusive)
For drivers to attend WAT services course	
Individual WAT drivers	14,480
For RTOs to provide training	
Driver Education Centre of Australia	113,899
Black Cabs Combined Ltd	26,250
Individual RTOs	27,688
Total	182,317

Community Legal Centres funding project

The Community Legal Centres (CLC) funding project provides grants to CLCs in Victoria to support them in providing legal advice and representation to taxi drivers.

The legal issues which may be the subject of advice and representation by the CLCs include but are not limited to:

- reform of the taxi industry
- driver accreditation and disciplinary matters
- driver agreements
- disputes with operators and/or licence holders
- motor vehicle accidents and associated damage claims
- workers' compensation and victim of crime compensation
- leasing and purchasing of taxi licences.

The following grants were approved for payment in 2013/14:

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

PERFORMANCE OF THE INDUSTRY

Section 115SB of the *Transport Integration Act 2010* requires the TSC, for the first five years of its operation, to include in the annual report a report on the performance of the taxi and hire car industry. This section of this report addresses the legislative requirement.

SAFETY

A key objective of the TSC is to establish a clear chain of accountability and responsibility to passengers, exercised through responsible operators, and safe and suitable drivers and vehicles. It is the intention of the TSC to increase public confidence in the safety of the taxi and hire car industry.

During 2013/14, this objective has been addressed by public awareness campaigns; meetings with the industry across Victoria; newsletters and articles in industry publications; and implementing reform measures that will lead to greater safety in taxis and hire cars. The TSC is also continuing to monitor and enforce safety and other requirements through accreditation processes, inspections and investigations.

In regards to taxi and hire car inspections, the TSC implemented new technology during 2013 to assist with assessment against regulatory requirements.

The new system, iFACTS, is a tablet based application that enables all inspection details to be electronically recorded in 'real time', then analysed and reported in a quick and efficient manner. The analysis produces a Taxi Quality Rating for individual vehicles through to fleets and is benchmarked against averages and targets for metropolitan Melbourne, urban and country areas.

The TSC has commenced taking enforcement action against unsafe taxis and fleets based on iFACTS analysis during the year.

Part of the enforcement role requires the TSC to issue notices to industry participants when regulations are breached. The table below shows that the number of notices issued in 2013/14 is lower than the number issued in the previous year. From September 2013, the TSC changed its operational focus from high-volume random vehicle inspections to targeted inspections.

The smaller volume of notices issued during 2013/14 were targeted where the risk to customer safety and service was considered to be most significant.

The notices issued as a percentage of vehicle inspections has improved in 2013/14 (30 per cent) compared with 2012/13 (32 per cent). This suggests that targeted inspections are having a positive impact, resulting in higher overall levels of compliance with safety and accreditation requirements.

	2013/14	2012/13
Transport safety and compliance – disciplinary actions		
Number of rectification notices	3,703	5,087
Number of infringement notices	1,683	1,624
Number of official warning notices	280	352
Number of defect notices	197	257
Total notices issued	5,863	7,320
Notices as a % of vehicle inspections	30%	32%

DRIVERS AND OPERATORS

The 2013/14 financial year has seen an increase in the number of accredited taxi drivers (up 20.6 per cent) and active taxi drivers (up 3.0 per cent) compared with the previous year. It should be noted that the taxi industry has a driver attrition rate of around 30 per cent per annum and requires a constant stream of new drivers to enter the industry.

With the requirement for both new drivers and those with less than five years' experience to complete the Knowledge test from June 2014, driver standards are set to rise. The Knowledge test will ensure taxi and hire car drivers have high levels of local geographical expertise, disability awareness and general customer service skills.

The number of industry participants has also increased over the last 12 months (up 30 per cent) reflecting the entry of new participants such as *Cabit*, who entered the taxi market in 2014.

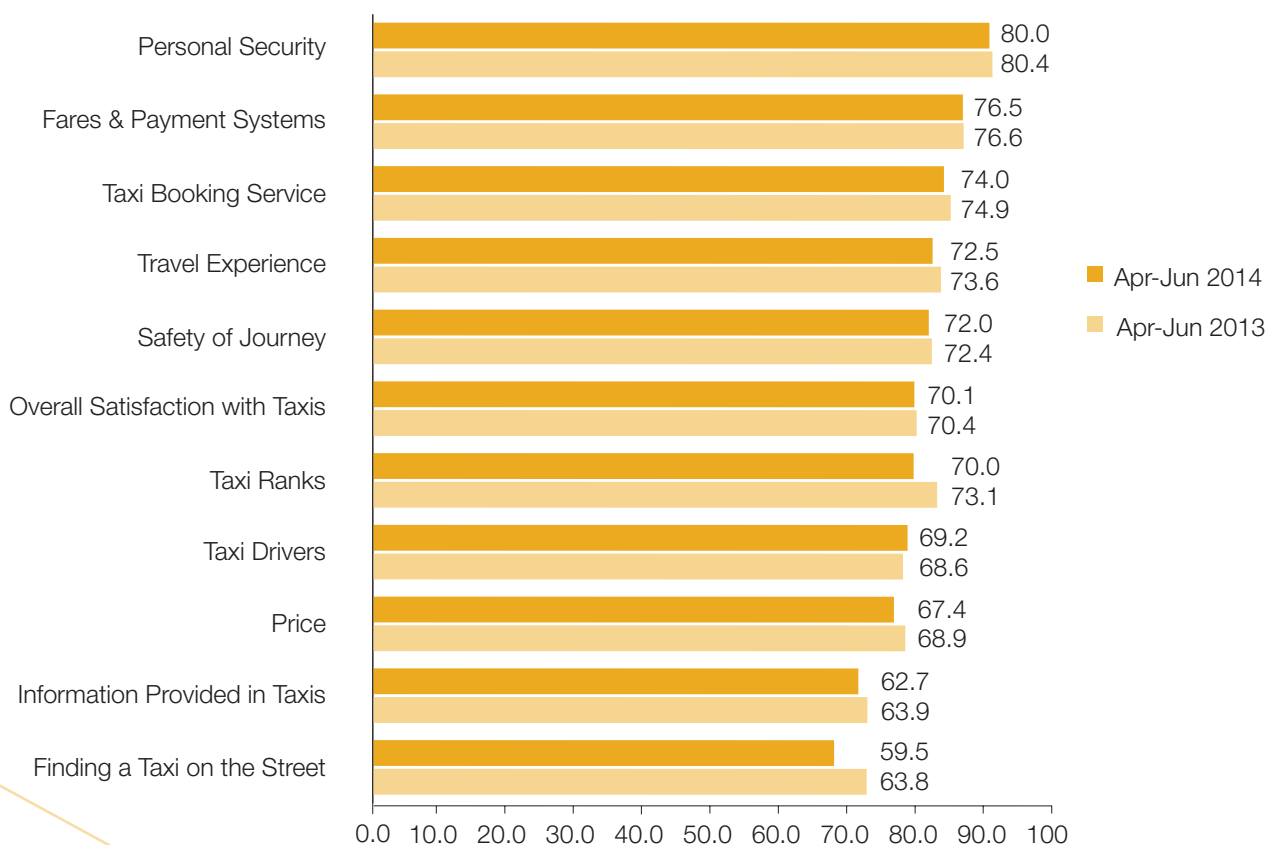
	2013/14	2012/13
Total accredited taxi drivers	32,454	26,908
Total active taxi drivers*	15,954	15,454
Total accredited industry participants (licence holder, licence operators, Network Service Provider)	8,676	6,660
Total driving instructor authorities	2,124	n/a

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

TAXI USER SATISFACTION

Final quarter results (June 2014) for the Customer Satisfaction Monitor indicate that overall satisfaction with taxi services (70.1 per cent) is in line with the result reported for the final quarter of 2013/14 (70.4 per cent). Overall satisfaction for the year was 70.5 per cent, improving on the 2012/13 result of 69.1 per cent and the highest result since the survey commenced in 2009.

Taxi user satisfaction with key areas of taxi service



COMPLAINTS

Complaints received by the TSC are recorded in a dedicated database. A single complaint may reflect more than one issue and therefore all issues have been analysed to provide an overall assessment of the key issues raised by complainants relating to the industry. Issues have been categorised based on the objectives of the *Transport (Taxi-Cabs) Regulations 2005*.

The number of complaints and other feedback received, assessed, investigated and closed by the TSC has increased across all categories compared to 2012/13. The increase is attributable to increased awareness of the taxi industry reforms, increased profile of the TSC and heightened expectations of improved taxi and hire vehicle services.

	2013/14	2012/13
Total number of complaints received by the TSC	3,416	2,604
Number of issues recorded relating to taxi and hire car services		
Hiring and trip experience	1,212	1,124
Conduct of driver	1,230	990
Fare charging and payment	928	786
Compliance with general road rules	521	482
Vehicle condition and appearance	135	133
Presentation of driver	83	104
Authorisation – driver and/or vehicle	135	84
Concerns with operator	30	23
Adequacy of vehicle equipment	19	13
Number of issues recorded relating to other industry participants		
Relating to driving instructors	20	15
Relating to buses	8	8
Number of other issues recorded		
Referred to other government authorities	125	92
Total number of issues recorded	4,446	3,854

OCCUPANCY RATE

The occupancy rate is a measure that reflects the uptake of taxi services by customers. It is calculated using taxi network trip data and driver shift data and indicates the level of occupancy at times of high service demand and of low service demand. The occupancy rate is defined as being the amount of time a taxi is actively hired by paying passengers (hours meter is turned on) as a proportion of the time a taxi is available for hire (hours taxi is logged on).

In December 2013, the average occupancy rate for metropolitan taxis was 34.8 per cent. The occupancy rate is generally higher in December compared with other times of the year reflecting the high demand for taxi services in the lead up to end of year office parties, Christmas, New Year's Eve and the holiday season. Conversely, the occupancy rate for June is four percentage points lower reflecting the easing of demand for taxi services in the colder months.

To put occupancy rates in perspective, it should be noted that the maximum occupancy rate achieved during peak hours each week is around 55 per cent. This is when the entire taxi fleet is operating at full capacity. In contrast, at off peak times, occupancy rates drop to as low as 10 per cent. These low demand periods typically occur between 2am to 5am Monday to Thursday and are due to having a relatively large proportion of the working taxi fleet on the road at a time when demand for taxi services is low.

	2013/14	2012/13
Average occupancy rate (percentage of hours that metropolitan taxis are occupied by passengers)		
December (high demand)	34.8%	34.6%
June (low demand)	30.3%	31.7%

LICENCES

The number of taxi licences across Victoria has remained very stable over the last two years. This has occurred during a period of significant industry change being driven by the implementation of major industry reforms. The announcement of key industry reforms has particularly impacted on the value of metropolitan taxi licences which have decreased in value from more than \$376,000 in 2012/13 down to \$279,000 in 2013/14, a decrease of 26 per cent.

The number of sales of perpetual metropolitan taxi licences (shown as the *Number of market based transfers* in the table below) has increased from 22 sales in 2012/13 to 75 sales in 2013/14. This increase is largely driven by a small number of licence holders choosing to sell a large number of their taxi licence holdings over a short period of time.

In contrast to licence values, metropolitan taxi assignment fees have decreased only slightly (-9.2 per cent) in 2013/14. It is anticipated that assignment fees will decrease further over the next 12 months driven by the release of as of right taxi licences available from 30 June 2014.

Number of taxi licences	2013/14			2012/13		
	Conventional	WAT	Total	Conventional	WAT	Total
Metropolitan (includes Peak Service)	3,826	504	4,330	3,817	502	4,319
Outer suburban	n/a	n/a	n/a	127	34	161
Urban	357	75	432	202	35	237
Regional	251	74	325	n/a	n/a	n/a
Country	128	37	165	403	115	518
Total	4,562	690	5,252	4,549	686	5,235
Licence transfers						
Average metropolitan taxi licence market value for all transfers			\$278,854			\$376,646
Number of market based transfers (metropolitan)			75			22
Licence assignments						
Average monthly assignment fee charged			\$2,241			\$2,469
Number of assignments			1,224			922
Number of hire car licences*			1,077			1,023
Number of restricted hire licences* (4WDs, tour cars, hire cars 25+ years old)			690			645
Number of special purpose vehicle licences*			974			943

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

ACCESSIBILITY

The Multi Purpose Taxi Program (MPTP) provides subsidised taxi fares for Victorians with severe and permanent disability who also experience financial hardship. Access to the program is subject to meeting specific eligibility criteria.

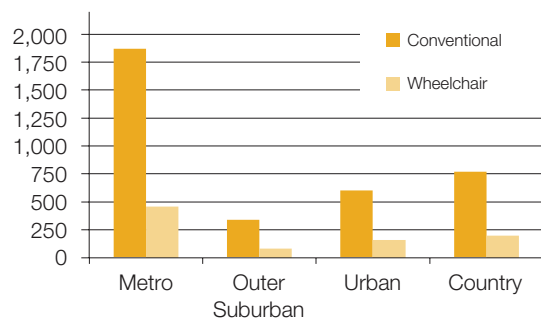
The average number of taxi trips taken per MPTP member is lower in 2013/14 (-4.3 per cent) compared with the previous year. The result for wheelchair members is similar with a 6.8 per cent decrease in the average number of wheelchair trips taken in 2013/14. In addition, the total number of trips subsidised under the scheme is 3.7 per cent lower this year compared with a year earlier. This is driven by improved targeting of the program towards those who need it most.

There were just over 190,000 MPTP members in 2013/14, of which 92,600 (49 per cent) were active, having taken at least one trip under the program over this period. A total of 16,182 new members were accepted into the MPTP in 2013/14, increasing total membership by 7.2 per cent over the previous year. Wheelchair members make up 16 per cent or 30,472 of all MPTP members in 2013/14.

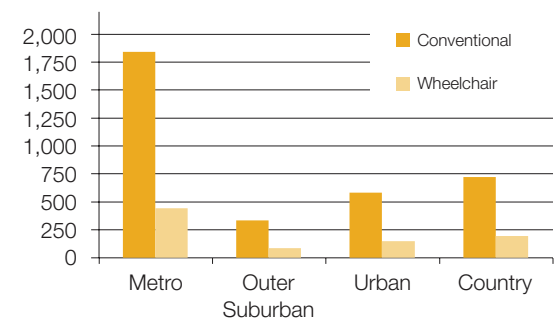
	2013/14	2012/13
Average number of trips per MPTP member		
Conventional trips per active* members	44	46
Wheelchair trips per active* members	68	73

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

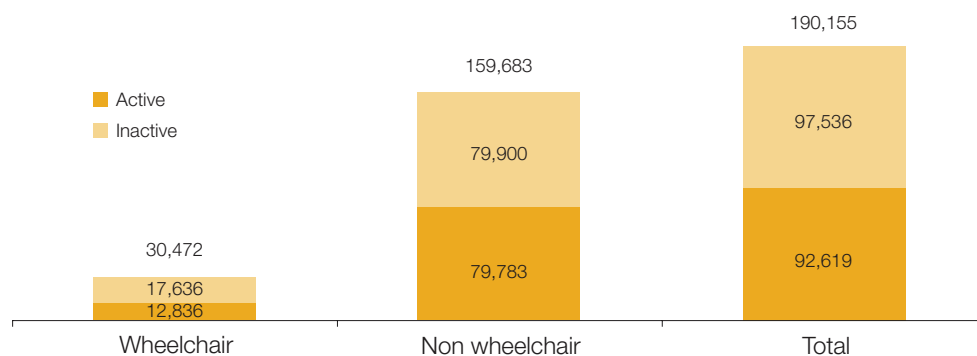
MPTP - Number of trips 2013/14 ('000)



MPTP - Number of trips 2012/13 ('000)

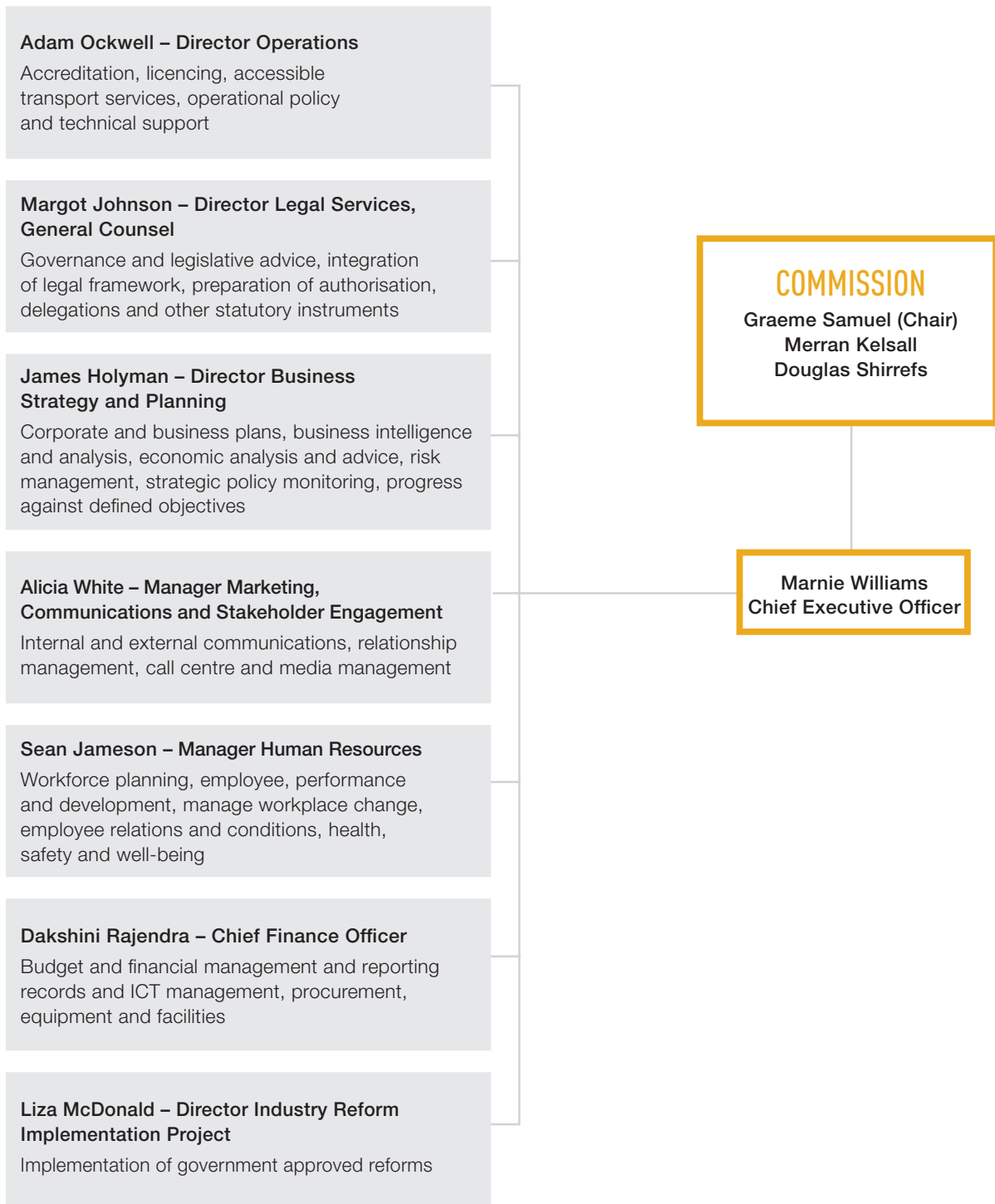


Number of wheelchair and non wheelchair MPTP members 2013/14



GOVERNANCE AND ORGANISATIONAL STRUCTURE

ORGANISATION STRUCTURE



COMMISSIONERS

The TSC Commissioners were appointed on 26 May 2013 under the *Transport Integration Act 2010*.

The role of the Commissioners is to ensure that the objectives of the TSC are met. This includes:

- developing and implementing operational policies, strategies and performance measures
- administering licensing, accreditation and other requirements imposed on the industry
- promoting and monitoring compliance with legislation including investigating and prosecuting breaches of legislation
- informing and educating the public about the operation and performance of the industry
- reporting to the Minister for Public Transport on any matter into which an inquiry has been conducted
- advising the Minister for Public Transport on the operation of relevant legislation
- advising the DTPLI Secretary in developing strategic policy and legislation in relation to the industry.



Graeme Samuel AC (Chair)

Graeme Samuel is a corporate advisor with specialist expertise in competition and consumer regulation, communications and media, corporate governance, strategic planning, change management, public policy and dealings with government and regulators.

He is a Professor in Business and Economics at Monash University, a member of the Council of the Australian National University and a member of CEDA's Council of Economic Policy.

His professional career has spanned senior roles in law, investment banking and public service, covering sport, health, the arts, business and public policy in economic reform and regulation.

His other appointments include:

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

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



Merran Kelsall

Merran Kelsall originally qualified as a chartered accountant and practised in the profession for 20 years, including 10 years as a partner at BDO. She has considerable directorship and corporate governance experience, including working in audit, risk and compliance committees.

She was the inaugural Chairman of the Public Transport Ombudsman Victoria Ltd for eight years, establishing the governance structure and overseeing the work of the Ombudsman in establishing a fair and equitable regime for resolving customer complaints against public transport operators. Her other industry experience encompasses health, education, insurance and financial and professional services, including contract management and government utilities.

Her other appointments include:

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



Douglas Shirrefs

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

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

Commission meeting attendance

Graeme Samuel (Chair)	20 of 20
Merran Kelsall	19 of 20
Douglas Shirrefs	17 of 20



EXECUTIVE

*Marnie Williams,
Chief Executive Officer*

Marnie Williams joined the then Department of Transport in May 2011. After a two-year period as Acting General Manager of the Victorian Taxi Directorate (VTD), she was appointed to CEO of the Taxi Services Commission in September 2013.

Prior to joining VTD, Marnie worked at WorkSafe Victoria. Marnie held a variety of senior leadership roles in a career spanning almost 15 years with the State's workplace safety regulator, including General Manager Prevention Strategy Division, Director Self-Insurance Division, Director Compliance Framework Project and Director Public Sector and Community Services Industry Program Division. Marnie has extensive experience in the implementation of regulatory reform and organisational change management.

Marnie holds a Bachelor of Applied Science (Applied Chemistry), Master of Applied Science (Applied Chemistry) and a Graduate Diploma in Occupational and Environmental Health. Marnie has a background in medicinal synthetic chemistry and in her early career conducted research at Monash University.

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 audit and risk management committee operates under a written charter. The committee is chaired by Merran Kelsall and comprises two independent members. The committee meets on a quarterly basis at a minimum and the first meeting was held in August 2013.

Audit and risk management committee attendance

Merran Kelsall (Chair, appointed 16 July 2013)	5 of 5
Mary Anne Hartley QC (independent member, appointed 16 August 2013)	5 of 5
Robert Hogarth (independent member, appointed 16 August 2013)	5 of 5

Executive Remuneration Committee

The TSC has committed to the establishment of an Executive Remuneration Committee (ERC), in line with the requirements of the VPS Executive Officer Handbook.

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

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

The Manager Human Resources is responsible for providing the secretariat function to the TSC Executive Remuneration Committee.

Consultative Committee

The Consultative Committee provides a consultative forum for the Commissioners and senior TSC executives to inform and gather feedback from community, business and public stakeholders.

The key functions of the Consultative Committee are to:

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

Members are encouraged to inform their organisation on the impact of the reforms and enable the TSC to forge partnerships at an operational level.

The committee meets quarterly. The first meeting was held in November 2013.

Stakeholder Reference Group

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

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

The key functions of the SRG are to:

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

The first meeting of the SRG was held in September 2013; the group met seven times during 2013/14.

Disabled Persons Taxi Advisory Committee

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

The role of DPTAC is to:

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

Chaired by the Manager of Accessible Transport Services, DPTAC meets three times a year. Members include Multi Purpose Taxi Program (MPTP) members, WAT users, disability advocacy organisations and peak bodies.

Stakeholder Survey

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

The 2014 Stakeholder Survey was sent to 4,574 people and achieved a 24 per cent response rate.

Stakeholders included taxi/hire car industry participants, suppliers, advocacy groups, public agencies, tourism and transport related organisations and large venues around Victoria.

Much of the feedback centred around the reforms, consultation and engagement that took place during 2013/14.

A number of the participants view the TSC as an advocate for reversing or changing the reforms. Others think the TSC should resolve issues with other stakeholders/industries, or confuse the TSC with industry associations.

Not surprisingly, during this period of significant change for the regulator and the industry, overall satisfaction across many areas of business was lower compared to last year. The exception was the compliance inspections which improved. In person inquiries at the Customer Service Centre (the highest result) remained steady.

Stakeholders believed the quality of the TSC's communications had improved over the past 12 months, which was reflected in increased satisfaction with the taxi and hire car eNewsletters.

There was clear feedback that more needs to be done to clearly communicate the purpose, accountabilities and responsibilities of the TSC to stakeholders.

DIVISIONS OF THE TSC

Operations

This division is responsible for a number of key functions to support the TSC as industry regulator.

Accreditation: administers the accreditation schemes for taxi operators and Network Service Providers and all drivers of commercial passenger vehicles including taxis, hire cars and buses; authorises driving instructors to teach unlicensed car drivers in Victoria; provides front-line services to the taxi and hire car, bus and driving instructor industries via counter and telephone services; assesses driver medical assessments; assesses criminal records checks on drivers and other industry participants; reviews suitability of drivers based on criminal offences, serious traffic infractions and poor service delivery; manages WAT driver training subsidies.

Licencing: issues taxi, hire car, special purpose vehicle and restricted hire car licences to suitable applicants; provides ongoing management of licences including transfers (sales), assignments and replacement of vehicles; assesses the need for taxis and hire cars in country Victoria to ensure community services are maintained; manages country WAT vehicle subsidy scheme; provides front-line services to the taxi and hire car industry via counter and telephone services; manages permit systems for the taxi and hire car industry.

Accessible Transport Services: administers the MPTP, which is designed to improve the mobility of people with severe and permanent disabilities who are unable to access other forms of public transport; provides advice and information sessions across Victoria to inform potential MPTP applicants, current MPTP members and industry participants; chairs forums such as the DPTAC; administers the Performance Based Booking System (PBBS), an incentive scheme designed to improve the level of service for Victorians using a WAT.

Compliance Services: responsible for on-road compliance, audit and complaint resolution activities to regulate the taxi, hire car, driver accreditation and driving instructor industry; undertakes in-car safety camera downloads at the request of Victoria Police and other relevant agencies.

Operational Policy and Technical Support: assesses and makes recommendations on statutory approvals; develops standards that relate to vehicles and equipment; provides guidance and direction on how regulatory discretion is exercised in the construction of operational policy and procedures; provides operational policy advice and support to other divisions; participates or leads cross-divisional projects including reform implementation.

Legal and Regulatory Services

This division provides a broad range of legal and legislative advice and drafting, litigation, law enforcement, risk management and governance services to the TSC. This allows the TSC to function as an independent statutory authority.

The division undertakes comprehensive investigations involving MPTP fraud or other breaches of the law, prosecutes offenders and undertakes a variety of disciplinary processes. The division is also responsible for the secretariat support to the Commissioners.

Legal and Regulatory Services operates across the organisation, providing legal advice and support to the other divisions and participating in or leading cross-divisional projects and reform implementation.

Business Strategy and Planning

Business Strategy and Planning is accountable for the development of the corporate and business plans for the organisation, monitoring and reporting on the progress against defined objectives.

The division coordinates the development of operational projects and programs that are aligned with the strategic direction of the TSC and have a whole-of-business focus.

In its risk management role, the division undertakes environmental scanning to facilitate strategic conversations regarding emerging and future changes in our operating environment.

The Business Intelligence team extracts and analyses data and intelligence relating to the industry regulated by the TSC, supporting policy, strategic and operational decision-making.

Marketing, Communications and Stakeholder Engagement

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

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

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

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

Human Resources

Human Resources is responsible for providing people-related policies, procedures and processes to support the development of a fair, respectful, engaged and high-performing workforce. This includes supporting the management of occupational health and safety, employee relations and ensuring competitive conditions of employment that attract, develop and retain people with the required skills, knowledge and experience.

The division partners with organisation leaders and employees in developing a high performance and professional development culture and in effectively implementing workplace change initiatives.

Corporate Services

Corporate Services enables the effective operation of the TSC and delivery of its objectives. This division provides support and advice to drive organisational efficiency, and focuses on improving systems, processes and governance.

It does this by providing support in the areas of finance, systems, procurement, record management and workplace services.

Corporate Services is also responsible for audit assurance and provides the secretariat function to the audit and risk management committee.

Reform Implementation Project

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

OUR PEOPLE

The TSC is committed to creating and maintaining a workplace that embraces diversity, mandates and promotes workplace safety, supports flexible work arrangements, provides opportunities for professional growth and development and offers recognition and reward in response to our individual and team achievements.

PUBLIC ADMINISTRATION VALUES AND EMPLOYMENT PRINCIPLES

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

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

WORKFORCE STRATEGY

Following the transition to the TSC in July 2013, the leadership team recognised that the strategic priority for the workforce in 2013/14 would be to action an organisation-wide restructure across all divisions. This two-stage strategy was as follows:

1. Develop, consult and confirm a new and reduced FTE organisation restructure by the end of December 2013.
2. Implement and resource the new structure through internal movements, recruitment and targeted redundancies to fully resource the new structure by the end of June 2014.

The organisation-wide restructure was followed by a divisional Legal and Regulatory Services restructure, consulted and implemented in May and June 2014. This restructure was actioned to build technical capability, reduce reporting lines and to accommodate the end of two fixed term positions in August 2014.

The workforce strategy for 2014/15 is to implement a long-term plan that supports the TSC to develop a more flexible workforce that has “the right people in the right jobs at the right time.”

Our culture

Developing an organisational culture is a core TSC strategy. To support the development of the TSC following the organisational restructure, a key focus of the upcoming year is to focus on developing our independent TSC organisation vision, mission and values through engagement across the organisation.

The TSC values the importance of engagement across the workforce to effectively develop our organisation. The TSC has participated in the People Matter Survey 2014 (Victorian Public Sector Commission) and promoted a high employee participation rate to establish strong baseline results that will form the basis of an annual cycle of workforce engagement, feedback and action planning aimed at creating improvements. The TSC survey participation rate was 70 per cent, far exceeding the VPS target participation rate of 30 per cent. Analysis and action planning in response to the results of the survey will be a driver to further engage the workforce and operate efficiently in the coming years.

Developing our leaders

Developing a strong leadership team is a priority for the TSC in building a highly valued and high performing workforce. Following the January 2014 restructure, three new Leadership Team positions (Director Operations, Director Legal and Regulatory Services & General Counsel, and Director Business Strategy and Planning) were appointed and a smaller new look CEO Leadership Team established.

In addition, a significant number of leadership positions have been resourced with both internal and external candidates that are refreshing the organisation's leadership profile. Our leadership capability will manage organisational transformation to deliver required services to the wider community. The TSC is committed to providing development opportunities to further build on our current leaders' capabilities and to grow our future leaders, for example building on the partnership with DTPLI HR to develop in-house leadership programs tailored to the TSC.

Developing our people

The TSC is committed to building a high performing and highly engaged workforce that achieves outcomes in a workplace environment that values individual and team performance and professional development.

During 2013/14, the TSC provided significant "on the job" professional development during a time of limited resourcing and significant change. Many employees participated in reform implementation project work, acted in more senior positions or were promoted to existing and new positions. This has been a period of unparalleled change for the organisation where the majority of the workforce has been provided with opportunities to develop skills, knowledge and experience.

This was supported by a refreshed performance and development management process that included half-yearly planning and review discussions between managers and employees. For 2014/15, the performance management focus will be on evaluating and embedding the current systems. There will also be a continued focus on training and development opportunities for the workforce to improve our leadership and employee skill sets. This will include a focus on talent management and succession planning so that we can identify and grow our future leaders and be ready for future challenges.

Recruitment and induction

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

The 2013/14 year saw an extraordinary period of recruitment following confirmation of the new organisation structure. An initial 55 positions were recruited through a targeted Expression of Interest (EOI) process and general recruitment and selection processes.

This recruitment occurred at every grade and across every division of the organisation. Human Resources provided hands-on support for each recruited position including attendance on all interview panels. This significant work continues with a second wave of recruitment to fill vacancies created by employees who have been recruited to vacant positions arising from the initial restructure.

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

Workplace flexibility

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

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

Diversity

The TSC is proud of the diverse nature of its workforce. Workplace diversity is actively promoted through TSC policies, employee support and ongoing provision of information. Key activities for the TSC in relation to diversity include:

- fostering and valuing diversity in recruitment and career progression
- ensuring equitable and fair treatment for all employees in all matters
- respecting and upholding human rights.

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

In 2013/14, there was one formal complaint of workplace bullying and discrimination. This was investigated by an external service provider and was successfully resolved. As a result of this matter, findings from the investigation have been used to review workplace conduct standards and internal complaints processes.

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

Aboriginal affairs

The TSC supports the Victorian Government's Karreeta Yirramboi – Aboriginal Public Sector Employment and Career Development Action Plan 2010-2015. During 2013/14, the TSC supported two aboriginal trainees as part of the DTPLI Aboriginal Employment Strategy. Both trainees successfully completed their programs and have used their acquired skills and experience to move on to further education and employment.

OCCUPATIONAL HEALTH AND SAFETY (OH&S)

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

To achieve this, the TSC will:

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

OH&S policies and procedures are developed in accordance with the *Occupational Health and Safety Act 2004*, *Occupational Health and Safety Regulations 2007* and the *Accident Compensation Act 1985*. The Victorian Public Service Workplace Determination 2012 covers the formal agreement with our people and the CPSU regarding OH&S obligations.

The TSC OH&S Committee meets every two months and is the central forum for discussing and communicating OH&S issues within the organisation. The Committee is chaired by the CEO and currently consists of 11 managers and employees from across the organisation. The Committee ensures that our different work accountabilities and workplaces are equally represented.

The Committee is actively involved in OH&S reporting and decision-making, and follows the appropriate resolution procedures when required.

During 2013/14, OH&S highlights included TSC engagement with and participation in DTPLI WorkSafe Week events, provision of individual ergonomic assessments, ergonomic training to a number of employees to develop our internal OH&S capability, completed inspections to identify workplace hazards, provided flu vaccinations, regular fresh fruit and distributed hand sanitiser.

A review of First Aid Officers, OH&S Representatives and Floor Wardens confirmed coverage across the organisation. These positions are regularly engaged in briefings, reporting and regular practice building evacuation exercises.

The TSC continued to provide a DTPLI-managed Employee Assistance Program service throughout the year. This was a critical service particularly utilised during the organisational restructure, where all redeployees were targeted to participate in tailored outplacement service programs.

TSC contracted Xchanging as the organisation's worker's compensation insurer. There were four Workcover claims lodged by employees. One claim was accepted.

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

Performance against OH&S management measures

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

COMPARATIVE WORKFORCE DATA

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

Employees and resources from the previous regulator, the Victorian Taxi Directorate (VTD) of the DTPLI, were transferred to the TSC as at 1 July 2013. There were no active employees of the TSC during the last full pay period of June 2013, therefore all 2012/13 comparatives are zero.

	2014	2013
Average age of employees	40	n/a
Proportion of women in workforce (%)	52.08	n/a

	2014		2013	
	Male	Female	Male	Female
Executives	2	3	0	0
Other	66	66	0	0

Note: the following definitions are applied to workforce classifications:

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

Summary of employment levels in June of 2013 and 2014

	Ongoing employees				Fixed term and casual employees	
	Employees (headcount)	Full-time (headcount)	Part-time (headcount)	FTE	Headcount	FTE
June 2014	126	114	12	121.93	11	11
June 2013	0	0	0	0	0	0

Details of employment levels in June of 2013 and 2014

	June 2014			June 2013		
	Ongoing		Fixed term & casual	Ongoing		Fixed term & casual
	Employees (headcount)	FTE	FTE	Employees (headcount)	FTE	FTE
Gender						
Male	64	64	4	0	0	0
Female	62	57.93	7	0	0	0
Age						
Under 25	3	3	0	0	0	0
25-34	33	31.21	8	0	0	0
35-44	41	38.77	3	0	0	0
45-54	36	35.95	0	0	0	0
55-64	13	13	0	0	0	0
Over 64	0	0	0	0	0	0
Classification						
VPS 1	0	0	0	0	0	0
VPS 2	14	13.24	0	0	0	0
VPS 3	44	42.66	0	0	0	0
VPS 4	30	29.5	5	0	0	0
VPS 5	20	19.13	3	0	0	0
VPS 6	12	11.4	3	0	0	0
STS	1	1	0	0	0	0
Executives	5	5	0	0	0	0
Other	0	0	0	0	0	0

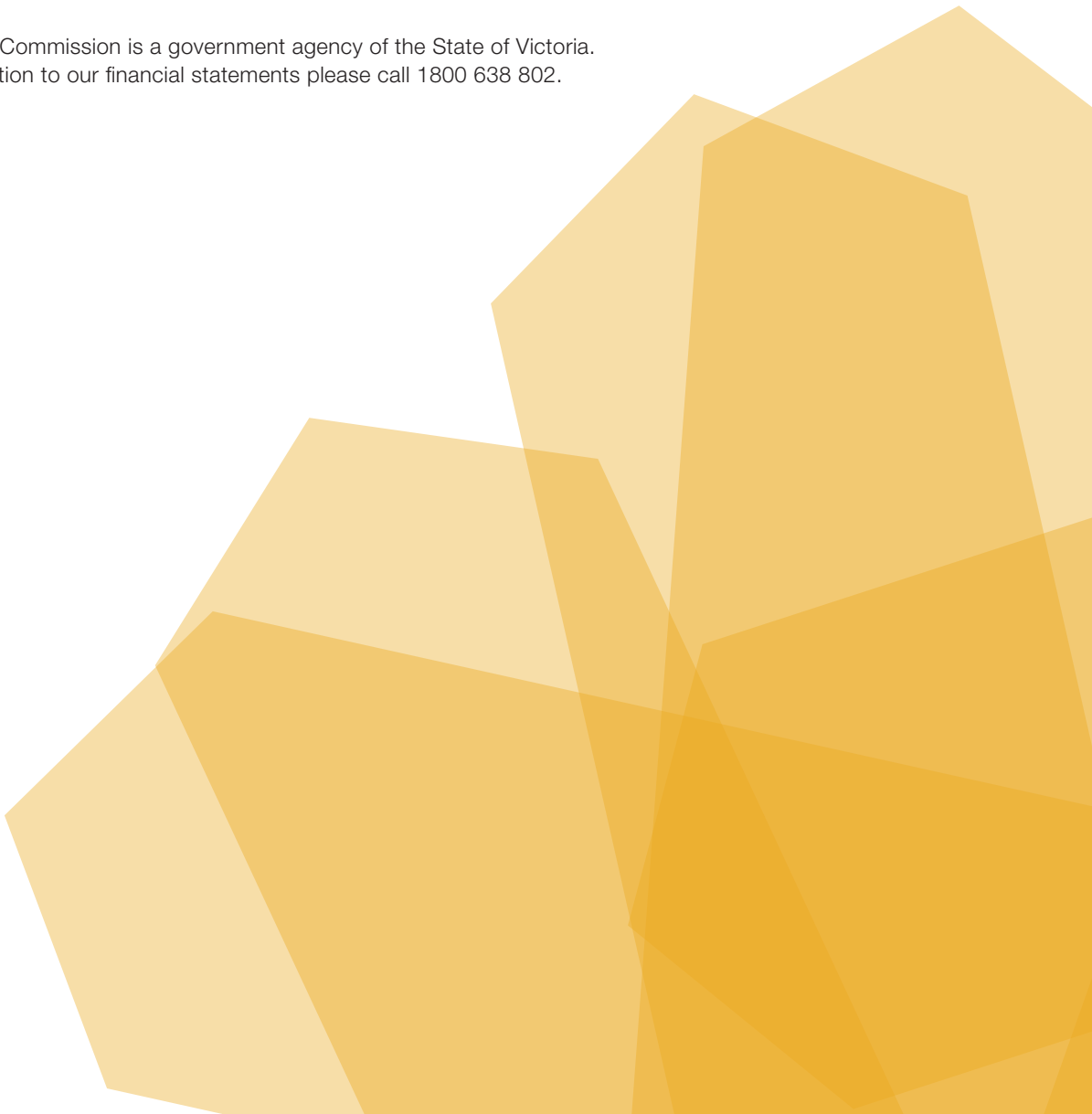
FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2014

FINANCIAL STATEMENTS

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



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

We certify that the attached financial statements for the Taxi Services Commission have been prepared in accordance with Standing Direction 4.2 given under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2014 and financial position of the Taxi Services Commission as at 30 June 2014.

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

We authorise the attached financial statements for issue on 5 September 2014.



Graeme Samuel AC
Chair
Taxi Services Commission
Melbourne



Dakshini Rajendra
Chief Finance Officer
Taxi Services Commission
Melbourne

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Commissioners, Taxi Services Commission

The Financial Report

The accompanying financial report for the year ended 30 June 2014 of the Taxi Services Commission which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

The Commissioners' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

VICTORIAN AUDITOR-GENERAL'S REPORT

Independent Auditor's Report (continued)

Independence

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

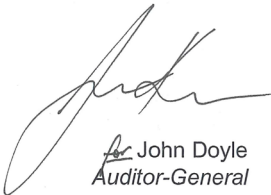
Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Taxi Services Commission as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Taxi Services Commission for the year ended 30 June 2014 included both in the Taxi Services Commission's annual report and on the website. The Commissioners of the Taxi Services Commission are responsible for the integrity of the Taxi Services Commission's website. I have not been engaged to report on the integrity of the Taxi Services Commission's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
11 September 2014



John Doyle
Auditor-General

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

		2014	2013
	Note	\$'000	\$'000
Income from transactions			
Government grants ⁽ⁱ⁾		79,783	1,475
Fair value of services received free of charge or for nominal consideration	2	163	96
Interest		72	1
Total income from transactions		80,018	1,572
Expenses from operations			
Employee expenses	3(a)	(13,756)	(426)
Depreciation and amortisation ⁽ⁱⁱ⁾	3(b)	(3,585)	(35)
Interest expense		(12)	-
Grants and other transfers	3(c)	(55,159)	-
Capital asset charge		(1,100)	(24)
Other operating expenses	3(d)	(9,923)	(1,092)
Total expenses from operations		(83,535)	(1,577)
Net result from transactions (net operating balance)		(3,517)	(5)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4(a)	25	(466)
Other (loss)/gain from other economic flows	4(b)	(21)	-
Total other economic flows included in net result		4	(466)
Net result⁽ⁱⁱ⁾		(3,513)	(471)

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

Note:

(i) Government grants are received from the Department of Transport, Planning and Local Infrastructure (DTPLI).

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

Depreciation and amortisation is a non-controllable transaction and reflects as a loss in the net result position. However, without an increase in funding to cover the loss, the accumulated deficit will continue to grow, which poses a long term risk to financial viability.

BALANCE SHEET AS AT 30 JUNE 2014

		2014	2013
	Note	\$'000	\$'000
Assets			
Financial assets			
Cash	17(a)	2,444	165
Receivables	6	6,363	22
Total financial assets		8,807	187
Non-financial assets			
Property, plant and equipment	7	1,080	-
Intangible assets	8	11,805	-
Prepayments		168	-
Total non-financial assets		13,053	-
Total assets		21,860	187
Liabilities			
Payables	9	7,134	155
Borrowings	10	224	-
Provisions	11	3,289	-
Total liabilities		10,647	155
Net assets		11,213	32
Equity⁽ⁱ⁾			
Contributed capital		15,242	548
Accumulated deficit		(4,029)	(516)
Net worth		11,213	32
Commitments for expenditure	14		
Contingent assets	15		
Contingent liabilities	15		

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

Note:

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

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

		Contributions by Owner	Accumulated Deficit	Total
2012/13	Note	\$'000	\$'000	\$'000
Balance at 1 July 2012		548	(45)	503
Net result for the year		-	(471)	(471)
Balance at 30 June 2013		548	(516)	32

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

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

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

		2014	2013
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts			
Proceeds from grant contributions by Victorian Government		80,165	1,925
Licence revenue collected on behalf of other entities ⁽ⁱ⁾		13,482	-
GST recovered from the ATO ⁽ⁱⁱ⁾		6,018	145
Interest		72	1
Total receipts		99,737	2,071
Payments			
Payments to suppliers and employees		(83,877)	(1,879)
Licence revenue remitted back to other entities ⁽ⁱ⁾		(12,904)	-
Capital asset charge		(1,100)	(24)
Interest paid		(12)	-
Total payments		(97,893)	(1,903)
Net cash flows from operating activities	17(c)	1,844	168
Cash flows from investing activities			
Payments for property, plant and equipment		(90)	-
Payments for intangible assets		(3,189)	-
Proceeds from disposals of property, plant and equipment		77	-
Net cash flows used in investing activities		(3,202)	-
Cash flows from financing activities			
Proceeds from capital grant contributions by Victorian Government		3,805	-
Repayments of finance lease liabilities		(168)	-
Net cash flows from financing activities		3,637	-
Net increase in cash and cash equivalents		2,279	168
Cash and cash equivalents at the beginning of the financial year		165	(4)
Cash and cash equivalents at the end of the financial year	17 (a)	2,444	165

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

Note:

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

(ii) GST recovered from the ATO is presented on a net basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

These annual financial statements represent the audited general purpose financial statements for the Taxi Services Commission (TSC) for the year ending 30 June 2014. 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 80 Collins Street, Melbourne VIC 3000.

The financial statements include all the controlled activities of the TSC.

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

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

The comparatives for the financial year 1 July 2012 to 30 June 2013 cover the Taxi Industry Inquiry (the inquiry) phase prior to the responsibility of the regulation of the taxi and hire car industry transferring into the TSC from DTPLI. The activities for the inquiry were mostly in the first half of the 2013 financial year until the Final Report was tabled in Parliament on 12 December 2012. Activities in the second half of the 2013 financial year were minimal, with employees leaving or returning back to their previous positions within DTPLI and building space on 121 Exhibition Street was vacated and written off.

(a) Statement of compliance

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

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

To gain a better understanding of the terminology used in this report, a glossary of terms can be found in Note 23.

The annual financial statements were authorised for issue by the Chair of the Taxi Services Commission and the Chief Finance Officer on 5 September 2014.

(b) Going concern

Notwithstanding the deficiency in accumulated funds, these financial statements have been prepared on a going concern basis.

The funding received from DTPLI does not fund the TSC for depreciation and amortisation. This will have a cumulative impact on accumulated deficit in future financial years. As a result, the TSC will face a long term risk to financial viability and a going concern issue may arise in the future.

(c) Basis of accounting preparation and measurement

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

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

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, relate to actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates.

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention, except for:

- non-current physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses;
- the fair value of an asset is generally based on its depreciated replacement value; and
- certain liabilities that are calculated with regard to actuarial assessments.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised at Level 3, based on the lowest level input that is significant to the fair value measurement as a whole.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014.

The prior year comparatives covers the inquiry phase before the responsibility for the regulation of the taxi and hire car industry transferred to the TSC from DTPLI.

(d) Reporting entity

Objectives and funding

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

Administered items

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

Administered income includes collection of fees and licences on behalf of the Victorian Government. Administered assets include government income earned but yet to be collected.

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

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

(e) Scope and presentation of financial statements

Comprehensive operating statement

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

Balance sheet

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

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

Cash flow statement

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

Statement of changes in equity

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

Rounding

Amounts in the financial statements (including the notes) have been rounded to the nearest \$1,000, unless otherwise stated. Figures in the financial statements may not equate due to rounding. Please refer to the style convention at the end of Note 23 for explanations of minor discrepancies resulting from rounding.

(f) Changes in accounting policies

Subsequent to the 2012/13 reporting period, the following new and revised Standards have been adopted in the current period as below.

AASB 13 Fair Value Measurements

The TSC does not have financial instruments that require fair value measurements.

For property, plant and equipment, depreciated cost is identified as an acceptable approximation of fair value of assets therefore does not require annual fair value assessments.

The carrying amount of financial instrument assets and liabilities is a fair approximation of their fair values considering the short term nature of the financial instruments and the expectations that they will be paid in full.

AASB 119 Employee Benefits

In 2013/14, the TSC applied AASB 119 *Employee Benefits* (Sept 2011, as amended) and the related consequential amendments for the first time.

The revised AASB 119 changed the accounting treatment of defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. As the current accounting policy is for the Department of Treasury and Finance to recognise and disclose the State's defined benefit liabilities in its financial statements, changes in defined benefit obligations and plan assets have no impact on the TSC.

The revised standard also changes the definition of short-term employee benefits. Previously these were benefits that were expected to be settled within 12 months after the end of the reporting period in which the employees render the related service. However, short-term employee benefits are now defined as benefits expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified by the TSC as short-term employee benefits no longer meet this definition and are now classified as long-term employee benefits. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis.

The change in classification has not materially altered the measurement of the annual leave provision.

(g) Income from transactions

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

Interest

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

Grants and other income transfers

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

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

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

The contribution is recognised when the related expenditure is incurred and paid by the contributing entity.

(h) Expenses from transactions

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

Employee expenses

Refer to the section in Note 1(n) regarding employee benefits.

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

Superannuation – State superannuation defined benefit plans

The amount recognised in the comprehensive operating statement is the employer contributions for members of defined benefit plans that are paid or payable during the reporting period.

The Department of Treasury and Finance (DTF) in their Annual Financial Statements disclose on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans as an administered liability. Refer to DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

Depreciation and amortisation

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

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

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

Asset category	Expected useful life (years)
Leasehold improvements at fair value	5-15
Plant and equipment at fair value:	
Computer equipment	3-4
Office machines and equipment	5
Leased vehicles at fair value	3
Intangible produced assets:	
Capitalised software development	4

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

The assets were predominantly acquired upon transfer of the VTD function from DTPLI to TSC in the current financial year. Depreciation and amortisation is calculated on remaining useful life of these assets.

Interest expense

Interest expense is recognised as an expense in the period in which it is incurred. Refer to the glossary of terms in Note 23 for an explanation of interest expense items.

Grants and other transfers

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants for disability care and taxi rank safety programs and subsidies for Wheelchair Accessible Taxis (WATs) to the Commonwealth government, local government, private sector businesses, legal centres and non-profit organisations. Refer to Note 23 for an explanation of grants and other transfers.

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

Capital asset charge

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

Other operating expenses

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

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

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

(i) Other economic flows included in net result

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

Net gain/(loss) on non-financial assets

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

Disposal of non-financial assets

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

Impairment of non-financial assets

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

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

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

Other gains/ (losses) from other economic flows

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

(j) Administered income

Regulatory fees

The TSC does not gain control over assets arising from licence fees, consequently no income is recognised in the TSC's financial statements.

The TSC collects licence revenue on behalf of the State. These include collection of annual and new issuance fees on MPTP cards, annual licence fees, issuance fees on new taxi licences and special purpose vehicle, metropolitan and country hire licences. Accordingly, the amounts are disclosed as income in the schedule of Administered Items (see Note 18).

(k) Financial Instruments

The following refers to financial instruments unless otherwise stated. Refer to Note 23 for an explanation of financial instruments.

Categories of non-derivative financial instruments

Loans and receivables

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

Financial liabilities at amortised cost

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

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

(l) *Financial assets*

Cash

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

Receivables

Receivables consist of:

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

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

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

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

For the measurement principle of receivables, refer to Note 1(k).

Impairment of financial assets

At the end of each reporting period, the TSC assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to an annual review for impairment.

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

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

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

Property, plant and equipment

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

The initial cost for non-financial physical assets under a finance lease (refer to Note 1(o)) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

(m) Non-financial assets

Property, plant and equipment

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

Leasehold improvements

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

Intangible assets

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

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

Other non-financial assets

Prepayments

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

(n) Liabilities

Payables

Payables consist of:

- Contractual payables, such as accounts payable and unearned income. 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; and
- Statutory payables, such as goods and services tax and fringe benefits tax payables.

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

Borrowings

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

Provisions

Provisions are recognised when the TSC has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

Employee benefits

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

(i) Annual leave

Liability for annual leave is recognised in the provision for employee benefits as 'current liabilities' because the TSC does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, annual leave is measured at:

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

(ii) Long service leave

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

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

The components of this current LSL liability are measured at:

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

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

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow (refer to Note 1(i)).

(iii) Termination benefits

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

On-costs

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

(o) Leases

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

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

Finance Leases

Commission as lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset. The leased asset is depreciated over the shorter of the lease term or its estimated useful life.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

(p) Equity

Contributions by owners

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

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

(q) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of note (refer to Note 14) at their nominal value and inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(r) Contingent assets and contingent liabilities

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

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

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

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

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

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

(t) Events after the reporting period

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

(u) New accounting standards and interpretations

Certain new AASs have been published that are not mandatory for the 30 June 2014 reporting period. DTF assesses the impact of these new standards and advises the TSC of their applicability and early adoption.

As at 30 June 2014, the following AASs have been issued by the AASB but are not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as follows:

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>).	1 January 2017	While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 1055 <i>Budgetary Reporting</i>	AASB 1055 extends the scope of budgetary reporting that is currently applicable for the whole of government and general government sector (GGS) to non financial public sector (NFPS) entities within the GGS, provided that these entities present separate budget to the parliament.	1 July 2014	This Standard is not applicable to the TSC as no budget disclosure is required.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2013/14 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2010-7 *Amendments to Australian Accounting Standards* arising from AASB 9 (December 2010).
- 2013-1 *Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements*.
- 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*.
- 2013-6 *Amendments to AASB 136 arising from Reduced Disclosure Requirements*.
- 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*.

NOTE 2. INCOME

		2014	2013
Fair value of services received free of charge or for nominal consideration	Note	\$'000	\$'000
Services received free of charge classified by expense categories:			
Employee expenses		163	58
Supplies and services		-	38
Total services received free of charge or for nominal consideration		163	96

NOTE 3. EXPENSES FROM OPERATIONS

		2014	2013
	Note	\$'000	\$'000
(a) Employee expenses			
Salaries and wages		10,254	440
Annual leave and long service leave expense		1,302	(33)
Superannuation (excluding salary sacrifice)		953	12
Termination benefits		456	-
Other on-costs (fringe benefits tax, payroll tax and work cover levy)		791	7
Total employee expenses		13,756	426
(b) Depreciation and amortisation (refer below for Reconciliation to net result)			
Depreciation:			
Plant and equipment	7	31	-
Leasehold improvements	7	632	35
Total depreciation		663	35
Amortisation:			
Software	8	2,808	-
Leased vehicles	7	114	-
Total amortisation		2,922	-
Total depreciation and amortisation		3,585	35
(c) Grants and other transfers			
Grants and transfers – Multi-Purpose Taxi Program		53,895	-
Transfers to the Commonwealth – disability care		500	-
Grants to the local government – taxi ranks		216	-
Other grants to private sector businesses, legal centres and non-profit organisations		548	-
Total grants and other transfers		55,159	-
(d) Other operating expenses			
Administration and information technology		4,969	364
Contractors and consultants		2,509	-
Accommodation		1,933	99
Insurance, legal and audit fees		512	95
Research and analysis ⁽ⁱ⁾		-	491
Stakeholder engagement and advisory ⁽ⁱ⁾		-	43
Total other operating expenses		9,923	1,092

Note:

(i) This category was material for 2012/13 when TSC was at Inquiry phase and was presented as a separate item.

Reconciliation of depreciation and amortisation to net result

	2014	2013
	\$'000	\$'000
Income from transactions and other economic flows	79,859	1,476
Less: expenses from operations – funded	(79,787)	(1,446)
	72	30
Less: depreciation and amortisation - unfunded	(3,585)	(501)
Net result	(3,513)	(471)

NOTE 4. OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

		2014	2013
		\$'000	\$'000
(a) Net gain/(loss) on non-financial assets	Note		
Net loss on disposal of leasehold improvement	7	-	(466)
Net gain on disposal of leased vehicles		25	-
Total net gain/(loss) on non-financial assets		25	(466)
(b) Other losses from other economic flows	Note	\$'000	\$'000
Net loss arising from revaluation of long service leave liability ⁽ⁱ⁾	11(b)	(21)	-
Total other losses from other economic flows		(21)	-

Note:

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

NOTE 5. RESTRUCTURING OF ADMINISTRATIVE ARRANGEMENTS

Transfer of Victorian Taxi Directorate function from DTPLI to TSC

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

The assets and liabilities were transferred as follows:

		2014	2013
	Note	\$'000	\$'000
Assets			
Receivables		5,979	-
Prepayments		161	-
Leasehold improvements	7	1,440	-
Plant and equipment	7	83	-
Leased vehicles	7	303	-
Capitalised software development	8	10,763	-
Work in progress - software	8	153	-
Liabilities			
Payables		(4,545)	-
Motor vehicle lease liability (current)		(162)	-
Provision for employee benefits (current)		(1,715)	-
Provision for fringe benefits tax (current)		(11)	-
Motor vehicle lease liability (non-current)		(147)	-
Provision for employee benefits (non-current)		(756)	-
Provision for dismantling, removal and restoration of building leasehold		(663)	-
Net assets transferred to the TSC		10,883	-

NOTE 6. RECEIVABLES

	2014	2013
	\$'000	\$'000
Current receivables		
Statutory		
Amounts owing from Victorian Government	5,216	-
GST input tax credit recoverable from the ATO	1,137	22
Other receivables	10	-
Total current receivables	6,363	22
Total receivables	6,363	22

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

Table 7.1 Classification by 'Purpose Groups' – Carrying amounts⁰

	Transport and Communications	
	2014	2013
	\$'000	\$'000
Leasehold improvements	808	-
Plant and equipment	52	-
Leased vehicles	220	-
	1,080	-

Note:

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

Table 7.2 Gross carrying amount and accumulated depreciation

	2014	2013
	\$'000	\$'000
Leasehold improvements at fair value		
At cost	1,440	-
Less: accumulated depreciation	(632)	-
Total leasehold improvements	808	-
Plant and equipment at fair value		
At cost of acquisition	83	-
Less: accumulated depreciation	(31)	-
Total plant and equipment	52	-
Leased vehicles at fair value		
At cost of acquisition	334	-
Less: accumulated depreciation	(114)	-
Total leased vehicles	220	-
Net carrying amount of property, plant and equipment	1,080	-

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

		\$'000			
2014	Note	Leasehold Improvement	Plant and equipment	Leased vehicles	Total
Opening balance		-	-	-	-
Additions		-	-	83	83
Acquisitions through administrative restructures	5	1,440	83	303	1,826
Depreciation and amortisation expense	3 (b)	(632)	(31)	(114)	(777)
Disposals/write-offs		-	-	(52)	(52)
Closing balance		808	52	220	1,080
2013					
Opening balance		501	-	-	501
Depreciation and amortisation expense ⁽ⁱ⁾	3 (b)	(35)	-	-	(35)
Disposals/write-offs ⁽ⁱ⁾	4 (a)	(466)	-	-	(466)
Closing balance		-	-	-	-

Note:

(i) Depreciation and amortisation expense - for 2013 is for eight months until the building space at 121 Exhibition Street was vacated and leasehold improvements written off (also refer Note 1).

Table 7.4 Fair value measurement hierarchy for assets as at 30 June 2014

		\$'000	
	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:	
		Level 3 ⁽ⁱ⁾⁽ⁱⁱ⁾	
Leasehold improvements	808	808	
Plant and equipment	52	52	
Leased vehicles	220	220	
Total	1,080	1,080	

Note:

(i) Classified in accordance with the fair value hierarchy, see Note 1(c).

(ii) Assets are categorised to Level 3 assets since the depreciated replacement cost is used in estimating the fair value.

There have been no transfers between levels during the period.

Vehicles

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

Plant and equipment

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

There were no changes in valuation techniques throughout the year to 30 June 2014.

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

Table 7.5 Reconciliation of Level 3 fair value

	\$'000		
	Leasehold improvements	Plant and equipment	Leased vehicles
2014			
Opening balance	-	-	-
Purchases	-	-	83
Acquisitions through administrative restructures	1,440	83	303
Disposals	-	-	(52)
Gains or losses recognised in net result:			
Depreciation	(632)	(31)	(114)
Closing balance	808	52	220

Table 7.6 Description of significant unobservable inputs to Level 3 valuations:

	Valuation technique	Significant Unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Leasehold improvements	Depreciated replacement cost	Direct cost per square metre	\$430/square metre	A significant increase or decrease in direct cost per square metre would result in a significantly higher or lower fair value.
		Useful life of leasehold improvements	5 to 15 years (10 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Vehicles	Depreciated replacement cost	Cost per unit	\$23 000 to \$45 000 per unit (\$34 000 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of vehicles	3 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment	Depreciated replacement cost	Cost per unit	\$1 350 to \$13 000 per unit (\$8 250 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of plant and equipment	1 to 4 years (2.5 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

NOTE 8. INTANGIBLE ASSETS

	Note	Capitalised software development		Work in progress (software)		Total	
		2014	2013	2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount							
Opening balance		-	-	-	-	-	-
Additions		-	-	3,697	-	3,697	-
Acquisitions through administrative restructures	5	10,763	-	153	-	10,916	-
Closing balance		10,763	-	3,850	-	14,613	-
Accumulated amortisation and impairment							
Opening balance		-	-	-	-	-	-
Amortisation expense	3(b)	(2,808)	-	-	-	(2,808)	-
Closing balance		(2,808)	-	-	-	(2,808)	-
Net book value at the end of the financial year		7,955	-	3,850	-	11,805	-

Significant intangible assets

The TSC has capitalised software development expenditure for the development of the Victorian Tax Management System (VTMS). The carrying amount of the capitalised software development expenditure is \$7.96 million (2013: nil). Its estimated useful life is four years based on a normal life of IT Systems and will be fully amortised in 2017. This was acquired as a result of the restructuring of administrative arrangements (refer Note 5).

NOTE 9. PAYABLES

	2014	2013
	\$'000	\$'000
Current payables		
Contractual		
Supplies and services	6,660	147
Other payables	403	8
Total current payables	7,063	155
Statutory		
Fringe Benefits Tax (FBT) Payable	21	-
GST payable	4	-
Other taxes payable	46	-
Total current payables	71	-
Total payables⁽ⁱ⁾	7,134	155

Note:

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

(a) Maturity analysis of contractual payables

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

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

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

NOTE 10. BORROWINGS

		2014	2013
	Note	\$'000	\$'000
Current borrowings			
Motor vehicle lease liability ⁽ⁱ⁾	13	174	-
Total current borrowings		174	-
Non-current borrowings			
Motor vehicle lease liability ⁽ⁱ⁾	13	50	-
Total non-current borrowings		50	-
Total borrowings		224	-

Note:

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

(a) Maturity analysis of borrowings

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

(b) Nature and extent of risk arising from borrowings

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

NOTE 11. PROVISIONS

		2014	2013
	Note	\$'000	\$'000 ^(iv)
Current provisions			
Employee benefits - annual leave⁽ⁱ⁾			
Unconditional and expected to settle within 12 months ⁽ⁱⁱ⁾		488	-
Unconditional and expected to settle after 12 months ⁽ⁱⁱⁱ⁾		396	-
Employee benefits - long service leave⁽ⁱ⁾			
Unconditional and expected to settle within 12 months ⁽ⁱⁱ⁾		120	-
Unconditional and expected to settle after 12 months ⁽ⁱⁱⁱ⁾		528	-
Employee benefits - bonus provision⁽ⁱ⁾		25	-
	11(a)	1,557	-
Provisions for on-costs			
Unconditional and expected to settle within 12 months ⁽ⁱⁱ⁾		96	-
Unconditional and expected to settle after 12 months ⁽ⁱⁱⁱ⁾		146	-
	11(a)	242	-
Total current provisions		1,799	-
Non-current provisions			
Employee benefits and related on-costs			
Employee benefits ⁽ⁱ⁾	11(a)	713	-
On-costs	11(a)	114	-
		827	-
Other provisions			
Provision for dismantling, removal and restoration of building leasehold		663	-
		663	-
Total non-current provisions		1,490	-
Total provisions		3,289	-

Note:

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

(ii) The amounts disclosed are nominal amounts.

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

(iv) The employees directly employed for the inquiry left and/or returned back to their previous positions with DTPLI during the 2013 financial year. (Also refer Note 1).

(a) Employee benefits and on-costs⁽ⁱ⁾

		2014	2013
	Note	\$'000	\$'000
Current employee benefits			
Annual leave entitlements		884	-
Long service leave		648	-
Accrued performance incentive		25	-
Total current employee benefits		1,557	-
Non-current employee benefits			
Long service leave		713	-
Total non-current employee benefits		713	-
Total employee benefits		2,270	-
On-costs			
Current on-costs		242	-
Non-current on-costs		114	-
Total on-costs		356	-
Total employee benefits and on-costs		2,626	-

Note:

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

(b) Movement in provisions other than employee benefits

	2014
	\$'000
Provision for dismantling, removal and restoration of building leasehold	\$'000
Opening balance at 1 July 2013	-
Additions due to transfers in	663
Closing balance at 30 June 2014	663
Current	-
Non-current	663
Total	663

NOTE 12. SUPERANNUATION

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

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

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

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

Fund	Contributions paid or payable at year end	
	2014	2013
	\$'000	\$'000
Defined benefit plans⁽ⁱ⁾		
State Superannuation Fund – revised and new	62	-
Transport Superannuation Fund	15	-
Total defined benefit plans	77	-
Defined contribution plans		
VicSuper	892	10
Other	238	5
Total defined contribution plans	1,130	15
Total superannuation plans	1,207	15

Notes:

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

NOTE 13. LEASES

Leasing arrangements

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

	Note	Minimum future lease payments ⁽ⁱ⁾		Present value of minimum future lease payments	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Finance lease liabilities payable					
Not longer than one year		183	-	174	-
Longer than one year but not longer than five years		52	-	50	-
Minimum lease payments⁽ⁱ⁾		235	-	224	-
Less future finance charges		(11)	-	-	-
Present value of minimum lease payments		224	-	224	-
Included in the financial statements as:					
Current borrowings	10	-	-	174	-
Non-current borrowings	10	-	-	50	-
Total interest bearing liabilities		-	-	224	-

Notes:

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

NOTE 14. COMMITMENTS FOR EXPENDITURE

(a) Commitments

Nominal values	2014	2013
	\$'000	\$'000
Intangible asset commitments		
Software	4,653	-
Total intangible asset commitments	4,653	-
Operating and lease commitments		
Accommodation	2,231	-
Total operating and lease commitments	2,231	-
Other commitments		
Taxi terminal and data collection agency services ⁽ⁱ⁾	6,188	-
PBBS ⁽ⁱⁱ⁾	968	-
Other ⁽ⁱⁱⁱ⁾	4,097	-
Total other commitments	11,253	-
Total commitments	18,137	-

Notes:

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

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

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

(b) Commitments payable

Nominal values	2014	2013
	\$'000	\$'000
Intangible asset commitments payable		
Less than one year	3,322	-
Longer than one year but not longer than five years	1,331	-
Total intangible asset commitments	4,653	-
Operating and lease commitments payable		
Less than one year	1,924	-
Longer than one year but not longer than five years	307	-
Total operating and lease commitments	2,231	-
Other commitments payable		
Less than one year	4,178	-
Longer than one year but not longer than five years	7,075	-
Total other commitments	11,253	-
Total commitments (inclusive of GST)	18,137	-
Less GST recoverable from the ATO	(1,649)	-
Total commitments (exclusive of GST)	16,488	-

NOTE 15. CONTINGENT ASSETS AND LIABILITIES

(a) *Contingent assets*

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

There are no contingent assets to report (2013: nil).

(b) *Contingent liabilities*

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

There are no contingent liabilities to report (2013: nil).

NOTE 16. FINANCIAL INSTRUMENTS

(a) Significant accounting policies

The TSC's principal financial instruments comprise:

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

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability above are disclosed in Note 1 to the financial statements.

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

Table 16.1: Categorisation of financial instruments⁽ⁱ⁾

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

Notes:

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

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

2012/13		Contractual financial assets - loans and receivables	Contractual financial liabilities at amortised cost	Total
	Note	\$'000	\$'000	\$'000
Contractual financial assets				
Cash	17(a)	165	-	165
Total contractual financial assets		165	-	165
Contractual financial liabilities				
Payables				
Supplies and services	9	-	147	147
Other Payables	9	-	8	8
Borrowings				
Finance lease liabilities	10	-	-	-
Total contractual financial liabilities⁽ⁱⁱ⁾		-	155	155

Notes:

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

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

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

2013/14		Total interest income/ (expense)
	Note	\$'000
Contractual financial liabilities		
Financial liabilities at amortised cost		(12)
Total contractual financial liabilities		(12)

2012/13		Total interest income/ (expense)
	Note	\$'000
Contractual financial liabilities		
Financial liabilities at amortised cost		-
Total contractual financial liabilities		-

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

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

(b) Credit risk exposures

The TSC's exposure to credit risk is nil because the financial assets are only cash assets.

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

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

2013/14	Financial institutions (AAA credit rating)	Total
	\$'000	\$'000
Contractual financial assets		
Cash	2,444	2,444
Total contractual financial assets	2,444	2,444

2012/13	Financial institutions (AAA credit rating)	Total
	\$'000	\$'000
Contractual financial assets		
Cash	165	165
Total contractual financial assets	165	165

Table 16.4 Ageing analysis of contractual financial assets⁽ⁱ⁾

2013/14	Carrying amount	Not past due and not impaired
	\$'000	\$'000
Contractual financial assets		
Cash	2,444	2,444
Total contractual financial assets	2,444	2,444

2012/13	Carrying amount	Not past due and not impaired
	\$'000	\$'000
Contractual financial assets		
Cash	165	165
Total contractual financial assets	165	165

Note:

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

(c) Liquidity risk

Liquidity risk is the risk that the TSC would be unable to meet its financial obligations as and when they fall due. The TSC operates under the government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

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

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

Table 16.5 Maturity analysis of contractual financial liabilities⁽ⁱ⁾

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

Note:

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

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

2012/13			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
Contractual financial liabilities						
Payables ⁽ⁱⁱ⁾						
Supplies and Services	147	147	147	-	-	-
Other Payables	8	8	8	-	-	-
Borrowings						
Finance lease liabilities	-	-	-	-	-	-
Total contractual financial liabilities	155	155	155	-	-	-

Note:

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

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

(d) Market risk

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

Interest rate risk

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

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

Table 16.6 Interest rate exposure of financial instruments

2013/14	Weighted average effective interest rate	Carrying amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
		\$'000	\$'000	\$'000	\$'000
Contractual financial assets					
Cash	2.50%	2,444	-	2,444	-
Total contractual financial assets		2,444	-	2,444	-
Contractual financial liabilities					
Payables					
Supplies and Services	-	6,660	-	-	6,660
Other Payables	-	403	-	-	403
Borrowings					
Finance lease liabilities	6.43%	224	224	-	-
Total contractual financial liabilities		7,287	244	-	7,063

2012/13	Weighted average effective interest rate	Carrying amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
		\$'000	\$'000	\$'000	\$'000
Contractual financial assets					
Cash	2.75%	165	-	-	165
Total contractual financial assets		165	-	-	165
Contractual financial liabilities					
Payables					
Supplies and Services	-	147	-	-	147
Other Payables	-	8	-	-	8
Borrowings					
Finance lease liabilities	-	-	-	-	-
Total contractual financial liabilities		155	-	-	155

Sensitivity disclosure analysis

Taking into account past performance, future expectations and economic forecasts, the TSC believes there are no material movements 'reasonably possible' over the next 12 months: a parallel shift of +2.0 per cent and -2.0 per cent in market interest rates from year-end rates.

(e) Fair value of financial assets and liabilities

The TSC does not have financial instruments that require fair value measurements.

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

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

Table 16.7 Comparison between carrying amount and fair value

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Contractual financial assets				
Cash	2,444	2,444	165	165
Total contractual financial assets	2,444	2,444	165	165
Contractual financial liabilities				
Payables				
Supplies and Services	6,660	6,660	147	147
Other Payables	403	403	8	8
Borrowings				
Finance lease liabilities	224	224	-	-
Total contractual financial liabilities	7,287	7,287	155	155

(i) On-statement of balance sheet

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

(ii) Off-statement of balance sheet

The TSC has potential financial assets and liabilities which may arise from certain contingencies disclosed in Note 15. As explained in Note 15, contingent liabilities by definition are similar to a liability – the distinguishing feature being the uncertainty over the Government's obligation.

NOTE 17. CASH FLOW INFORMATION

(a) Reconciliation of cash and cash equivalents

		2014	2013
	Note	\$'000	\$'000
Cash at bank and on hand		2,444	165
Balance as per cash flow statement		2,444	165

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

At 30 June 2014, cash at bank included the amount of notional shortfall for the payment of unrepresented cheques of \$6,100 (2013: \$300).

(b) Non-cash financing and investing activities

Assumption of liabilities

During the reporting period the TSC assumed nil liabilities.

Restructuring of administrative arrangements

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

(c) Reconciliation of net result for the period

		2014	2013
	Note	\$'000	\$'000
Net result for the reporting period		(3,513)	(471)
Non-cash movements :			
(Gain)/loss on disposal of non-current assets	4 (a)	(25)	466
Depreciation and amortisation of non-current assets	3 (b)	3,585	35
Movements in assets and liabilities (net of restructuring)			
(Increase)/decrease in receivables		(299)	481
(Increase)/decrease in prepayments		(7)	-
Increase/(decrease) in payables		1,948	(301)
Increase/(decrease) in provisions		155	(42)
Net cash flows from operating activities		1,844	168

NOTE 18. ADMINISTERED (NON-CONTROLLED) ITEMS

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

		2014	2013
	Note	\$'000	\$'000
Administered income from transactions			
Licence revenue		12,653	-
Multi-Purpose Taxi Program service fees		285	-
Total administered income from transactions		12,938	-
Administered expenses from transactions			
Bad debts		(175)	-
Doubtful debts		(554)	-
Other expenses		(189)	-
Revenue remitted back to the State		(12,904)	-
Total administered expenses from transactions		(13,822)	-
Total administered comprehensive result		(884)	-

		2014	2013
	Note	\$'000	\$'000
Administered financial assets			
Receivables ⁽ⁱ⁾		1,298	-
Total administered financial assets		1,298	-
Total administered assets		1,298	-
Administered financial liabilities			
Prepaid Revenue		688	-
Total administered financial liabilities		688	-
Total administered liabilities		688	-
Total administered net assets		610	-

Note:

(i) Administered receivables in 2013/14 comprise 3,292 (\$'000) less 1,994 (\$'000) provision for doubtful debts.

NOTE 19. RESPONSIBLE PERSONS

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

Names

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

Minister for Roads and Minister for Public Transport	The Hon. Terry Mulder MP	1 July 2013 to 30 June 2014
Chair of the Taxi Services Commission/Accountable Officer	Graeme Samuel AC	1 July 2013 to 30 June 2014
Commissioner for Taxi Services Commission	Douglas Shirrefs	1 July 2013 to 30 June 2014
Commissioner for Taxi Services Commission	Merran Kelsall	1 July 2013 to 30 June 2014

Remuneration

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

Income band	Total remuneration	
	2014 No.	2013 No.
Less than \$100,000	2	4
\$120,000 - 129,999	-	1
\$150,000 - 159,999	1	-
Total numbers	3	5
Total amount (\$'000)	289	241

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

Related Party Transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

NOTE 20. REMUNERATION OF EXECUTIVES

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

Income band	Total remuneration		Base remuneration	
	2014	2013	2014	2013
	No.	No.	No.	No.
Less than \$100,000	2	2	-	2
\$110,000 - 119,999	1	-	2	-
\$120,000 - 129,999	-	-	1	-
\$130,000 - 139,999	1	-	-	-
\$140,000 - 149,999	-	-	1	-
\$150,000 - 159,999	2	-	-	-
\$160,000 - 169,999	-	-	2	-
\$190,000 - 199,999	1	-	-	-
\$200,000 - 209,999	-	-	1	-
\$220,000 - 229,999	1	-	1	-
Total numbers	8	2	8	2
Total annualised employee Equivalent (AEE)⁽ⁱ⁾	8	2	8	2
Total amount (\$'000)	1,087	129	1,010	124

Note:

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

NOTE 21. REMUNERATION OF AUDITORS

	2014	2013
	\$'000	\$'000
Victorian Auditor-General's Office		
Audit or review of the financial statements	40	39
Total remuneration of auditors	40	39

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

NOTE 22. SUBSEQUENT EVENTS

Abolition of Public Transport Fund

Section 11 of the *Transport (Compliance and Miscellaneous) Act 1983* established the Public Transport Fund (PTF) in which all monies and income relating to public transport agreements, leases and licences, including public transport farebox revenue and taxi licence revenue, are held.

With the establishment of the Public Transport Development Authority i.e. Public Transport Victoria (PTV) and the TSC, the PTF is no longer required and is to be abolished. It is expected that the abolition of the PTF and the subsequent transfer of funds will occur during the 2014/15 financial year.

NOTE 23. GLOSSARY OF TERMS

Amortisation

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

Borrowings

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

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

Capital asset charge

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

Commitments

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

Current grants

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

Depreciation

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

Effective interest method

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

Employee benefits expenses

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

Financial asset

A financial asset is any asset that is:

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

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial 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 complete set of financial statements comprises:

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

Grants and other transfers

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

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

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

General government sector

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

Interest expense

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

Interest income

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

Net result

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

Net result from transactions/net operating balance

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

Net worth

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

Non-financial assets

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

Other economic flows included in net result

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

Payables

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

Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which do not include the start-up costs associated with capital projects).

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.

Style conventions

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

The notation used in the tables is as follows:

- zero, or rounded to zero

(xxx.x) negative numbers

200x year period

200x/0x year period

The financial statements and notes are presented based on the illustration for a government department in the 2013/14 Model Report for Victorian Government Departments.

ATTESTATIONS FOR RISK AND INSURANCE COMPLIANCE

Attestation for compliance with the Australian/New Zealand Risk Management Standard

I, Graeme Samuel, certify that the Taxi Services Commission has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard (AS/NZS ISO 31000:2009 or an equivalent designated standard) and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Audit & Risk Management Committee verifies this assurance and that the risk profile of the Taxi Services Commission has been critically reviewed within the last 12 months.

Graeme Samuel

Graeme Samuel AC
Chair
Taxi Services Commission
5 September 2014

Attestation for compliance with the Ministerial Standing Direction 4.5.5.1 – Insurance

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

Graeme Samuel

Graeme Samuel AC
Chair
Taxi Services Commission
5 September 2014

APPENDICES

APPENDIX 1 – DISCLOSURE INDEX

The Taxi Services Commission's 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

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Legislation	Requirement	Page Reference
Charter and purpose		
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FRD 22E	Objectives, functions, powers and duties	8
FRD 22E	Nature and range of services provided	8
Management and structure		
FRD 22E	Organisational structure	33
Financial and other information		
FRD 8B	Consistency of budget and departmental reporting	n/a Departments only
FRD 10	Disclosure index	102
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FRD 15B	Executive officer disclosures	n/a Departments only
FRD 22E	Operational and budgetary objectives and performance against objectives	15
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FRD 22E	Significant changes in financial position during the year	20
FRD 22E	Major changes or factors affecting performance	19
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FRD 22E	Application and operation of the <i>Freedom of Information Act 1982</i>	111
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FRD 22E	Statement on National Competition Policy	112
FRD 22E	Application and operation of the <i>Protected Disclosure Act 2012</i>	112
FRD 22E	Application and operation of the <i>Carers Recognition Act 2012</i>	112

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Report of operations

Legislation	Requirement	Page Reference
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FRD 22E	Details of consultancies under \$10 000	107
FRD 22E	Statement of availability of other information	113
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FRD 25B	Victorian Industry Participation Policy disclosures	111
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SD 4.5.5	Risk management compliance attestation	101
SD 4.5.5.1	Ministerial Standing Direction 4.5.5.1 compliance attestation	101
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Ministerial Directions

Financial statements

Legislation	Requirement	Page Reference
Financial statements required under Part 7 of the FMA		
SD4.2(a)	Statement of changes in equity	53
SD4.2(b)	Operating statement	51
SD4.2(b)	Balance sheet	52
SD4.2(b)	Cash flow statement	54
Other requirements under Standing Directions 4.2		
SD4.2(c)	Compliance with Australian accounting standards and other authoritative pronouncements	56
SD4.2(c)	Compliance with Ministerial Directions	56
SD4.2(d)	Rounding of amounts	58
SD4.2(c)	Accountable officer's declaration	48

Ministerial Directions

Financial statements

Legislation	Requirement	Page Reference
Other disclosures as required by FRDs in notes to the financial statements		
FRD 9A	Departmental Disclosure of Administered Assets and Liabilities by Activity	94
FRD 11A	Disclosure of Ex Gratia Payments	n/a
FRD 13	Disclosure of Parliamentary Appropriations	n/a
FRD 21B	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	95
FRD 102	Inventories	n/a
FRD 103D	Non-current Physical Assets	73
FRD 104	Foreign Currency	n/a
FRD 106	Impairment of Assets	77
FRD 109	Intangible Assets	77
FRD 107	Investment Properties	n/a
FRD 110	Cash Flow Statements	93
FRD 112D	Defined Benefit Superannuation Obligations	n/a
FRD 113	Investments in Subsidiaries, Jointly Controlled Entities and Associates	n/a
FRD 114A	Financial Instruments – General Government Entities and Public Non Financial Corporations	86
FRD 119A	Transfers through Contributed Capital	n/a
Legislation		
	<i>Freedom of Information Act 1982</i>	111
	<i>Building Act 1983</i>	111
	<i>Protected Disclosure Act 2012</i>	112
	<i>Carers Recognition Act 2012</i>	112
	<i>Victorian Industry Participation Policy Act 2003</i>	111
	<i>Financial Management Act 1994</i>	21

APPENDIX 2 – OUTPUT PERFORMANCE MEASURES

Output measure	Unit of measure	2013/14 Actual	2013/14 Target	2012/13 Actual
Output: Transport Safety Regulation and Investigations				
<i>Quantity</i>				
Taxi and hire vehicle complaints assessed	Number	3,416	3,250	2,604
Taxi and hire vehicle inspections	Number	17,226	15,000	24,910
<i>Quality</i>				
Taxi services customer satisfaction index	Score	70.5	70.0	69.1
Taxis and hire vehicles conform to quality standards	Per cent	77.0	80.0	78.0
<i>Timeliness</i>				
Road vehicle and driver regulation: new and renewed driving instructor authority applications processed within 14 days	Per cent	86.3	85.0	95.0
Taxi and hire vehicle complaints investigated and closed within 45 days	Per cent	89.3	85.0	74.0
Taxi and hire vehicle accreditation applications processed within 14 days	Per cent	80.8	85.0	98.0
Taxi and hire vehicle: calls to the TSC call centre answered within 20 seconds	Per cent	46.8	68.0	61.6
Output: State-wide Transport Services				
<i>Quantity</i>				
Multi Purpose Taxi Program: passenger only trips	Number ('000)	3,639	3,700	3,927
Multi Purpose Taxi Program: with wheelchair trips	Number ('000)	915	1,000	938
<i>Timeliness</i>				
Multi Purpose Taxi Program: applications assessed and completed within 14 days	Per cent	98.5	96.0	98.0

The TSC's **processing of applications** for driving instructor authority and membership of the Multi Purpose Taxi Program exceeded timeliness expectations.

The processing of taxi and hire vehicle accreditation applications improved in the second half of the year, following the implementation of the new TSC organisational structure.

The level of incoming **telephone calls answered** within 20 seconds was lower than anticipated. The TSC is continuing to manage increases in the number and complexity of calls.

Complaints management was a performance highlight, with better than anticipated closure of complaints, despite an increase in the number and complexity of the complaints received.

Taxi trips subsidised for members of the **Multi Purpose Taxi Program**, though slightly lower than the previous year, continues a longer-term increase if the trend over five years is considered.

The reduced number of taxi and hire vehicle **inspections**, compared to 2012/13, reflects a new approach to targeted enforcement, allocating resources where the greatest risks to safety and service can be addressed. There was no significant change in the level of vehicles conforming with **quality standards**.

Satisfaction with taxi services has continued to improve since the commencement of the reform implementation.

APPENDIX 3 – CONSULTANCIES, MAJOR CONTRACTS AND GOVERNMENT ADVERTISING

Consultancies

The definition of consultancy was updated effective from 1 July 2013. Consequently, disclosures on the 2013/14 consultancy expenditure cannot be compared with prior year disclosures.

Details of consultancies over \$10,000

In 2013/14, there were nine consultancies where the total fees payable to the consultants was \$10,000 or greater. The total expenditure incurred during 2013/14 in relation to these consultancies is \$0.9 million. All figures exclude GST.

Details of individual consultancies are outlined in the table below:

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST) \$'000	Expenditure 2013 14 (excluding GST) \$'000	Future expenditure (excluding GST) \$'000
Ladoo Pty Ltd	Development of mobile responsive website	01 Jan 2014	01 Jan 2016	135	105	30
Transport Certification Australia	Advice, technical specification and gap analysis in relation to in-taxi technology	14 Apr 2014	30 Sep 2014	604	247	357
Jaguar Consulting	Preparation of Regulatory Impact Statements	11 Sep 2013	30 Jun 2014	109 ⁽¹⁾	108	0
GHD	Process mapping and drafting of Tender specifications	23 Sep 2013	30 Nov 2013	122 ⁽¹⁾	114	0
RXP Services	Development of three-year ICT Strategy	12 Nov 2013	24 Dec 2013	33	33	0
Frontier Economics	Provision of specialist advice relating to design and standard of tests	11 Sep 2013	30 Oct 2013	18 ⁽¹⁾	15	0
SMS Management Technology	Development of online computerised Knowledge and assessment modules	30 Sep 2013	30 Apr 2014	164	164	0
Royce	Strategic communication of taxi hire reform	15 May 2013	1 Oct 2014	200 ⁽²⁾	75	99
Cube Management Solutions Pty Ltd	Central Booking System review	10 Feb 2014	30 Sep 2014	54	54	0
Horton International Pty Ltd	Executive recruitment services	3 Oct 2013	10 Jan 2014	80	80	0
Total				1,519	995	486

Note:

(1) This consultancy was finalised at a lower cost than the total approved project cost

(2) This consultancy includes expenditure prior to 1 July 2013

Details of consultancies under \$10,000

In 2013/14, there were nil consultancies where the total fees payable to the consultants was less than \$10,000. The total expenditure incurred during 2013/14 in relation to these consultancies was nil. All figures exclude GST.

Disclosure of major contracts

The TSC did not enter into contracts greater than \$10 million in value during 2013/14.

Government advertising

There were no government advertising campaigns relating to the TSC that had a total media spend of \$150,000 or greater during 2013/14.

APPENDIX 4 – SUMMARY OF REFORM RECOMMENDATIONS

This appendix summarises the progress of reform implementation. A total of 67 recommendations were completed in 2013/14, with a further six substantially completed and to be finalised in 2014/15. It is expected that a further 50 recommendations will be completed or substantially completed in 2014/15.

The number of recommendations completed and substantially completed in 2013/14 represents 58 per cent of the total number of government-endorsed reforms that the TSC is directly responsible for implementing.

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

2013/14 implementation

Chapter	Recommendations complete	Recommendations substantially complete
Taxi Licences and Zones	1.1, 1.2, 1.5-1.8	1.3
Hire cars	2.1-2.4, 2.6, 2.15	-
More diverse and better vehicles	3.1, 3.6, 3.7, 3.10, 3.12	-
More networks and more choices	4.1-4.3	-
Better quality drivers	5.3-5.9, 5.11-5.14, 5.16, 5.21, 5.22	-
Improved safety	6.1, 6.5, 6.8	-
Empowering consumers	7.1-7.3	7.1
Approval and responsibility	8.1, 8.2, 8.5-8.7, 8.9, 8.10	8.3
More accessible services	9.8, 9.9	9.2
Improved regulation	10.1-10.3, 10.6, 10.7, 10.9, 10.14- 10.17, 10.19, 10.21	10.22
Fares	12.1, 12.2, 12.4-12.7	12.9
Service fee for electronic payments	13.3	-

2014/15 implementation

Chapter	Recommendations for completion in 2014/15	Recommendations to be finalised
Taxi Licences and Zones	1.4	1.3
Hire cars	2.5, 2.7, 2.8-2.11 ³ , 2.12-2.14	-
More diverse and better vehicles	3.2-3.5, 3.8, 3.9, 3.11, 3.13	-
More networks and more choices	4.4	-
Better quality drivers	5.1, 5.2 ³ , 5.10, 5.17-5.20	-
Improved safety	6.2, 6.4, 6.6, 6.7, 6.9	-
Empowering consumers	7.4-7.6	7.1
Approval and responsibility	8.4, 8.8	8.3
More accessible services	9.10	9.2
Improved regulation	10.5, 10.8, 10.10-10.13	10.22
New and more flexible taxi services	11.1-11.2, 11.3 ¹ , 11.4-11.5 ²	-
Fares	-	12.9
Service fee for electronic payments	13.1, 13.2	-

¹ Responsibility of PTV with input from the TSC.

² Responsibility of DTPLI with input from the TSC.

³ Adoption of recommendations is dependent on further advice to be developed by the TSC.

Other recommendations

Chapter	Recommendation numbers	Commentary
Better quality drivers	5.15	Review of Driver Agreement in year five of implementation
Improved safety	6.3	Review of safety measures in year three of implementation
More accessible services	9.1, 9.3-9.5	Dependent on outcome of CBS Feasibility Study (Rec 9.2)
	9.6, 9.7	Dependent on outcome of MPTP review (Rec 9.10)
Improved regulation	10.4	Five year review of regulator performance
	10.18	A matter for local government
	10.20	Long term consideration for Victorian Government
New and more flexible taxi services	11.6	TSC to initiate discussions with DTPLI, PTV, VicRoads. Process will involve long term planning.
Fares	12.3	Not supported by government
	12.8	Review of fare competition after three years
Service fee for electronic payments	13.4-13.5	Dependent on competition in non-cash payment processing market

APPENDIX 5 – COMPLIANCE STATEMENTS

Implementation of the Victorian Industry Participation Policy

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

During 2013/14, the TSC commenced one contract with a total of 100 per cent estimated to be of local content, to which a VIPPP was not required as the procurement activity was local by nature.

Freedom of Information

The *Freedom of Information Act 1982* allows the public a right of access to documents held by the TSC. For the 12 months ending 30 June 2014, the TSC received 60 FOI applications. Of these requests none were from Members of Parliament, two were from media outlets and the remainder were from the general public. Of the total requests received by the TSC, 34 were granted in full, ten were granted in part and three were denied in full. The remainder were either withdrawn, no documents were identified or have not yet been fully processed. None proceeded to the internal review stage (or the appeal stage).

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

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

Requests can also be lodged by email: foi@taxi.vic.gov.au.

Requests should be made in writing and should identify as clearly as possible which documents are being requested. Requests should be accompanied by the appropriate application fee (which is currently \$25.70). The fee may be waived in certain circumstances.

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

Further information regarding freedom of information can be found at www.foi.vic.gov.au.

Compliance with the Building Act 1993

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

National Competition Policy

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

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

The TSC continues to comply with the requirements of the National Competition Policy.

Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages that government businesses may experience that arise solely from their government ownership must be removed if they are not in the public interest. Government businesses are required to cost and price these services as if they were privately owned and thus be fully cost reflective. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

Carers Recognition Act

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

Compliance with the Protected Disclosure Act 2012 (formerly, the Whistleblowers Protection Act 2001)

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

The TSC does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

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

Reporting procedures

The TSC is not an entity that can either receive or notify protected disclosures. Disclosures of improper conduct or detrimental action by the TSC or any of its employees or officers should be made directly to the Independent Broad-based Anti-corruption Commission:

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

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

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

DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the information included in this Annual Report will be available at <http://www.data.vic.gov.au/> in machine readable format.

Additional information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, the information detailed below is held at the Taxi Services Commission's head office at 80 Collins Street, Melbourne, and is available on request, subject to the *Freedom of Information Act 1982*.

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers of the Department.
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- Details of publications produced by the entity about itself and how these can be obtained.
- Details of changes in prices, fees, charges and rates levied by the entity.
- Details of any major external reviews carried out on the entity.
- Details of major research and development activities undertaken by the entity.
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.

The information is available on request from:

Dakshini Rajendra
Chief Finance Officer
Phone: (03) 8683 0716
Email: Dakshini.Rajendra@taxi.vic.gov.au

APPENDIX 6 – ENVIRONMENTAL PERFORMANCE REPORT

Office-based environmental impacts

Public sector entities are encouraged to adopt the requirements of *Financial Reporting Direction 24C* (FRD 24C): Reporting of office-based environmental data by government entities. This environmental performance report has been prepared in accordance with the requirements set out in FRD24C to the extent possible. It relates to the TSC's office-based activities only and incorporates data from TSC office facilities located at 80 Collins Street, Melbourne.

Environmental performance data for activities that were previously the responsibility of the VTD and are now the responsibility of the TSC was previously included within the DTPLI Annual Report. It has not been possible to accurately disaggregate this information and therefore comparative data has not been provided for 2012/13.

As 2013/14 is the TSC's first year of operation as an entity independent from DTPLI, targets for environmental performance have not been set for the TSC for 2013/14. Using actual performance as a baseline, targets will be set for 2014/15 onwards.

Energy

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

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

Notes:

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

Definitions:

MJ megajoules
tCO₂e tonnes of carbon dioxide equivalent

Actions undertaken

Office fit-outs	Ensuring any new office fit-outs are energy efficient.
PC shutdown	Running awareness campaigns and distributing bulletins to encourage employees to turn off their PCs after hours.

Waste

The waste generated by processes at the TSC is divided into three general classes: recycling, compost and landfill.

The waste management program facilitates the easy segregation of waste materials for recycling, composting or landfill in the TSC's offices.

The data below is derived from an independent five-day waste audit (21/07/14 - 25/07/14) conducted at 80 Collins Street, accommodating 100 per cent of DTPLI employees, including contractors and others.

2013/14				
Indicator	Landfill	Co-mingled recycling	Compost	Contamination in recycling
Total units of waste disposed of by destination (kg/yr)	520	182	71.24	n/a
Units of waste disposed of per FTE by destination (kg/FTE) ⁽²⁾	11.79	40.44	6.43	n/a
Recycling rate (percentage of total waste)	16.7	41.39	23.9	n/a
Greenhouse gas emissions associated with waste disposal (tCO ₂ e)	451.36	353.34	522.49	829.9

Notes

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

Actions undertaken	
Waste audit	Independent waste audit (including contamination audit), undertaken to identify further opportunities to reduce waste to landfill and promote recycling.
Bulletins	Waste awareness bulletins distributed to all employees.

Paper

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

Indicator	2013/14
Total units of copy paper used (reams)	2,088
Units of copy paper used per FTE (reams/FTE)	11.93
Percentage 76-100% recycled content A4 copy paper purchased (%)	0
Percentage 51-75% recycled content A4 copy paper purchased (%)	0
Percentage 0-50% recycled content A4 copy paper purchased (%)	100
Percentage A3 paper and coloured paper purchased (%)	51

Actions undertaken	
Printer settings	Printer default settings to print double-sided where printers have the capability.

Water

Figures were not able to be obtained for water consumption. No actions were undertaken.

Transport (operational vehicles)

The TSC's car fleet comprises 12 vehicles, excluding executive vehicles. Of these vehicles, 20 per cent are four cylinder petrol-fuelled or hybrid vehicles. The TSC's employees obtained pool vehicles from the State Government vehicle pool. Data for pool usage is incorporated into the table below.

2013/14					
Indicator	4-cylinder	6-cylinder	4WD		
Total energy consumption by vehicles (MJ)	43,051	99,109	0		
Total vehicle travel associated with entity operations (km)	15,311	289,542	0		
Total greenhouse gas emissions from vehicle fleet (tCO ₂ e)	2.996	6.897	0		
Greenhouse gas emissions from vehicle fleet per 1,000km travelled (tCO ₂ e)	N/A	N/A	0		
2013/14					
Total distance travelled by aeroplane (km) ⁽³⁾	2,761.64				
	Train	Tram	Cycle	Car	Other
Percentage of employees regularly (>75% of work attendance days) using public transport, cycling, walking to and from work or working from home (%)	57.1	13	5.2	18.2	6.5

Notes

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

Greenhouse gas emissions

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

Indicator	2013/14
Total greenhouse gas emissions associated with energy use (tCO ₂ e)	87.78
Total greenhouse gas emissions associated with vehicle fleet (tCO ₂ e)	9.893
Total greenhouse gas emissions associated with air travel (tCO ₂ e)	n/a ⁽⁴⁾
Total greenhouse gas emissions associated with waste production (tCO ₂ e)	2,157.09
Total greenhouse gas emissions offsets purchased (tCO ₂ e)	0

Notes

⁽⁴⁾ Data unavailable.

