



# Tourism Victoria

ANNUAL REPORT 2015–16

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Jobs, Transport and Resources  
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October 2016

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18 October 2016

The Hon. John Eren MP  
Minister for Tourism and Major Events  
Level 36, 121 Exhibition Street  
Melbourne VIC 3000

Dear Minister

**TOURISM VICTORIA ANNUAL REPORT 2015-16**

I am pleased to submit the Tourism Victoria Annual Report 2015-16. The document outlines the achievements of the organisation for the year ended 30 June 2016.

The report has been prepared in accordance with the *Tourism Victoria Act 1992* and *Financial Management Act 1994*.

Yours sincerely

**Andrew Dwyer**  
Chairman  
Tourism Victoria



## OUR PROFILE

As a Victorian State Government statutory authority, established by the *Tourism Victoria Act 1992*, Tourism Victoria is the vehicle through which the State Government participates in the tourism and travel industries.

The Act sets out Tourism Victoria's objectives as follows:

- To market Victoria as a tourist destination for interstate and international travellers.
- To increase
  - the number of travellers to Victoria.
  - travellers' or tourists' length of stay at destinations in Victoria.
  - the use of tourist facilities in Victoria.
- To increase the amount of travel within Victoria and the use of tourist facilities by Victorians.
- To improve and develop tourist facilities in Victoria.
- To support and co-ordinate the provision of tourist facilities in Victoria.
- To provide more efficient and effective utilization of investment in travel and tourism in Victoria.

As well, our overarching objective is to implement State Government policies as they relate to tourism development in Victoria and contribute to whole of government programs and policy implementation.

## VALUES

Tourism Victoria has embraced the organisational values of accountability, respect, responsiveness, integrity, impartiality and leadership, which are outlined in the *Public Administration Act 2004*.

# Chairman's

## FOREWORD



### **I am pleased to present the Tourism Victoria Annual Report 2015-16.**

This year has again been a successful one for Tourism Victoria with a number of key achievements and outcomes for the industry. Victoria's visitor economy has gone from strength to strength and the numbers back this up.

Tourism makes up 6.0 per cent of the Gross State Product for Victoria and the industry provides jobs for 210,400 Victorians, contributing 7.2 per cent of employment in Victoria.

Visitors to and within Victoria spent a total of \$23.2 billion during the year ending March 2016 including domestic daytrip, overnight expenditure and international expenditure. This equates to 22.5 per cent of tourism expenditure in Australia and represents growth of 6.3 per cent compared to the previous year.

Victoria's previous 2020 Tourism Strategy aimed for overnight tourism expenditure of between \$19.9 billion and \$24.7 billion by 2020. For the year ending March 2016, Victoria's overnight expenditure (excluding domestic daytrips) was \$18.6 billion. This means that Victoria finishes the year within the target range for 2015-16, as outlined in the 2020 Strategy.

Victoria continues to outperform key competitors and the national average in attracting international visitors to the State. Spending by international visitors to Victoria reached an all-time high of \$6.7 billion in the year ending March 2016, with strong year-on-year growth of 23.7 per cent, well above the national average of 17.6 per cent.

The China market continues to underpin Victoria's growth in international expenditure. In the year ending March 2016, Chinese expenditure grew strongly by 40.0 per cent to \$2.3 billion. Chinese overnight visitor expenditure now accounts for more than a third of total international visitor expenditure in Victoria.

Tourism Victoria has again ensured that Victoria's major events calendar remains one of the most prestigious and successful major events calendars in the world. Victoria has hosted a range of major events this financial year, including the Cadel Evans Great Ocean Road Race in Geelong, the Marilyn Monroe Exhibition in Bendigo, White Night Melbourne and the Jurassic World exhibition.

The Wander Victoria marketing campaign was launched this financial year which encourages Melburnians to visit regional Victoria. The intrastate market is the largest source market of visitors to regional Victoria and has been experiencing a long term decline. The decline is driven by the Melbourne market and is due to a number of factors including a lack of a dedicated brand marketing campaign targeting this market.



The initial response to the campaign has been very positive, both from the industry more broadly and also from consumers. Additional filming has been undertaken as part of phase two of the campaign which will launch early in the next financial year.

This year, the Government announced the establishment of a new entity, Visit Victoria, that will be responsible for marketing to visitors from within the State, across Australia and around the world and attracting more sporting, cultural and business events for our world-class events calendar.

Visit Victoria will bring together Tourism Victoria, the Victorian Major Events Company and the Melbourne Convention Bureau and will have a Regional Division, designed to grow tourism in Victoria's regions.

The Government has also recently released the Victorian Visitor Economy Strategy. The strategy will ensure the sector grows by focussing on nine key areas: more private sector investment, building on the potential of regional and rural campaigns, maximising the benefits of events, improved branding and marketing, improved experiences for visitors from Asia, better tourism infrastructure, improved access into and around Victoria, a skilled and capable sector and more effective coordination. The establishment of Visit Victoria is a key part of the strategy.

I would like to acknowledge the significant contribution of Mr Leigh Harry who this year resigned as Chief Executive, Tourism Victoria. Mr Harry has played an integral role over the past 25 years in building the visitor economy in Victoria.

My sincere thanks go to my fellow Tourism Victoria board members for their dedication, commitment and professionalism throughout the 2015-16 financial year.

To the board members who stood down to facilitate the creation of Visit Victoria; your foresight has ensured the smooth transition of marketing staff to Visit Victoria and the transition of strategy, policy, industry support and investment attraction staff to the Department of Economic Development, Jobs, Transport and Resources.

To the Hon John Eren MP, Minister for Tourism and Major Events, the board thanks you for your leadership and support over the past year.

Thanks also go to the industry, operators and employees who continue to work tirelessly to maintain Victoria's competitive advantage in the visitor economy.

The Board would like to acknowledge the significant contribution Tourism Victoria staff have made to the Victorian visitor economy. Since Tourism Victoria's establishment, you have driven tourism to become a significant economic contributor to the State and have developed some of the most iconic and memorable destination marketing campaigns in Victoria's history.

Finally, the Board would like to wish Visit Victoria the best of luck. We are confident that you will continue to attract the biggest and best major events and market and promote all the unique features of this great State across the country and around the world.



**Andrew Dwyer**  
Chairman

# Chief Executive's

## FOREWORD



**Throughout 2015-16, Tourism Victoria worked with our industry and government partners to deliver on the government's priority of increasing jobs and economic prosperity for the State.**

It has been another strong year for the visitor economy in Victoria. This report details Tourism Victoria's achievements in 2015-16 in each of the seven key business plan priorities. Some of the highlights for the year are detailed below.

The National Visitor Survey and International Visitor Survey results showed Victoria experienced strong growth in overnight visitors, with increases of 6.7 per cent and 12.6 per cent respectively for the year ending March 2016. Expenditure also increased, with international visitor expenditure increasing 23.7 per cent to \$6.7 billion and domestic overnight expenditure increasing 2.0 per cent to \$11.9 billion, year-on-year.

Growth in international visitation was driven by the 29 international airlines flying to and from Melbourne Airport (Tullamarine). Close to 34 million passengers passed through its terminals in the 2015-16 financial year. Of these, 9.17 million were international passengers, which is an increase of 9.5 per cent on the previous year.

During the 2015-16 financial year, the Melbourne Convention Bureau, with funding support from Tourism Victoria, secured 200 business events for the state of Victoria, including 30 international association conferences and 109 corporate meeting and incentive events.

The Wander Victoria marketing campaign was launched in February this year. The campaign highlights Victoria's spectacular natural attractions and experiences such as; food and wine, arts and culture, spa and wellbeing and events.

The final stage of the highly successful *Play Melbourne* campaign was implemented this year which showcases unique and authentic Melbourne experiences to a global audience. Since launching in November 2015, there have been more than seven million views of the campaign's videos.

The Victorian Government's 2016-17 budget has provided a \$67 million boost to the visitor economy with funding for business events, regional events and marketing. This includes \$20 million over the next four years for a Regional Events Fund to support communities and drive investment and jobs growth in our regions, \$9 million over the next two years of new funding for the Business Events Fund to attract more international and large scale conferences to Victoria and \$38 million over two years of new funding to support domestic and international tourism marketing campaigns.



In 2015 the Government announced the establishment of Visit Victoria, which began operations on 1 July 2016.

I would like to acknowledge the Tourism Victoria staff that transitioned to Visit Victoria on 1 July 2016, and the staff that transitioned to the Department of Economic Development, Jobs, Transport and Resources. Your contribution to the organisation and to the sector more broadly is appreciated by all. I commend you for your achievements over the year, and I wish you all the best in your future endeavours.

I would like to acknowledge my predecessors Mr Leigh Harry, who in early 2015-16 resigned as Chief Executive, Tourism Victoria, after four years in the role and Mr Nick Foa who was acting Chief Executive, Tourism Victoria for the majority of the year.

To the Tourism Victoria Board I thank you for your support and guidance during my time as acting CEO.

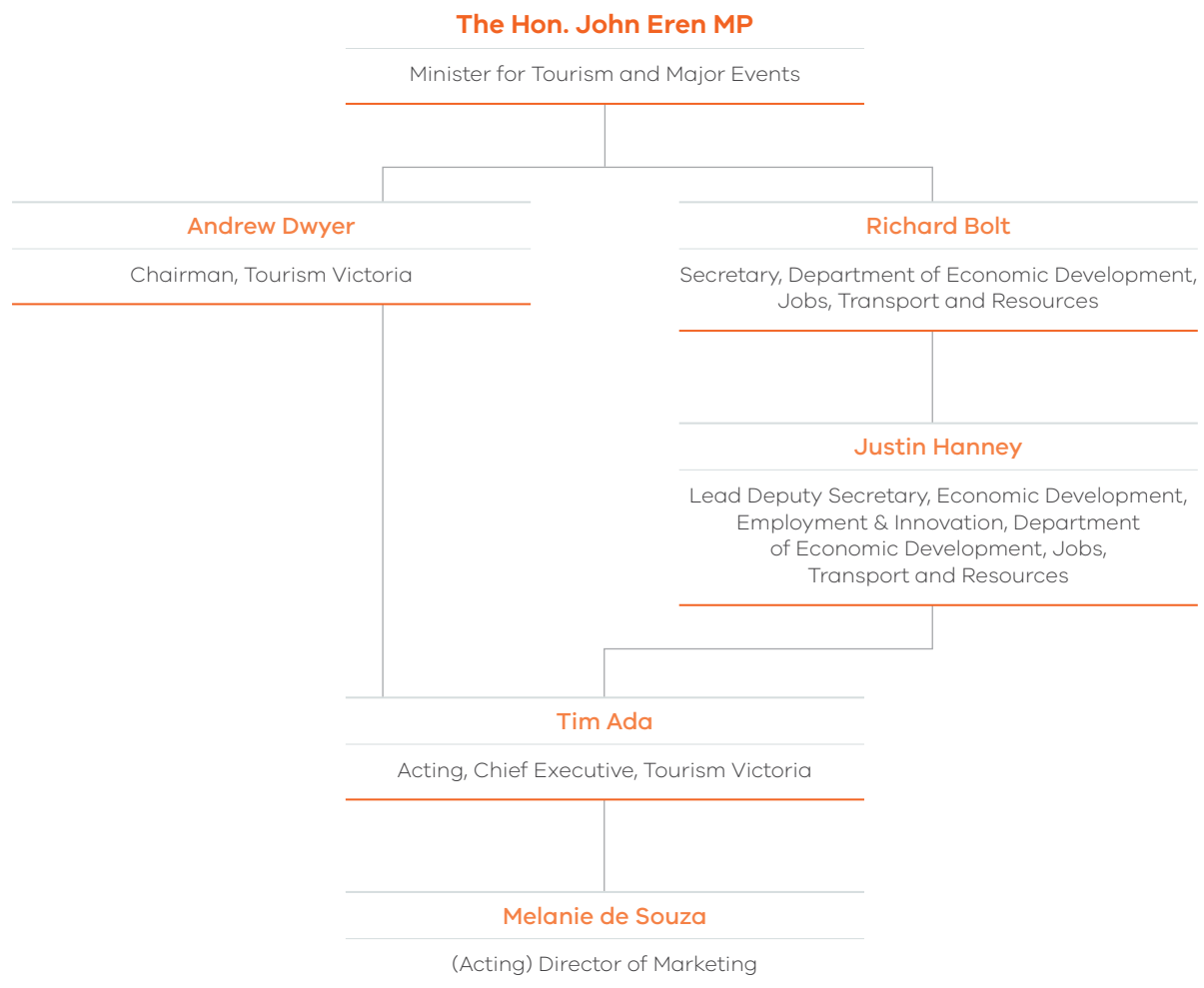
Thanks must also go to our valued industry and government partners for their commitment to driving the continued success of our visitor economy.



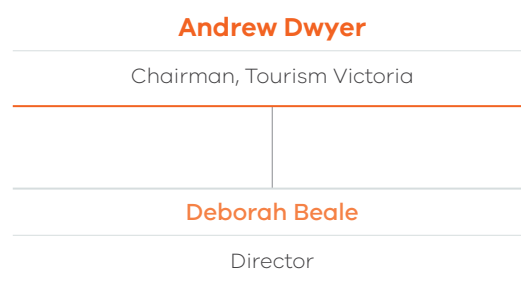
**Tim Ada**

Acting Chief Executive

## OUR STRUCTURE\*



## TOURISM VICTORIA BOARD\*



\* as at 30 June 2016

## BOARD MEMBERS' MEETING ATTENDANCE

### Board members' MEETING ATTENDANCE 2015-16

Name	Position	Meetings Attended	Eligible to Attend
Andrew Dwyer	Chairman	8	8
Peter Crinis	Deputy Chairman from 11 December 2015 to 15 June 2016 Member from 1 July 2015 to 10 December 2015	7*	8
Deborah Beale	Member from 11 December 2015	4	4
Wendy Smith	Deputy Chairman from 1 July 2015 to 14 August 2015	2	2
Helene Bender OAM	Member from 1 July 2015 to 14 August 2015	1	2
Mike Brady AM	Member from 1 July 2015 to 14 August 2015	1	2
Cinzia Burnes	Member from 1 July 2015 to 14 August 2015	0	2
Andrew Fairley AM	Member from 1 July 2015 to 14 August 2015	2	2
Craig Opie	Member from 1 July 2015 to 14 August 2015	2	2
Alla Wolf-Tasker AM	Member from 1 July 2015 to 14 August 2015	2	2

\* Leave approved by Minister for Tourism and Major Events for absences.

Seven members resigned from their positions on the board of Tourism Victoria effective from 14 August 2015. The member's resigned to facilitate the creation of Visit Victoria. The board maintained a quorum following the resignations.

### Tourism Victoria Risk and Audit Committee

In late June 2016 Tourism Victoria received an exemption from section 2.2(e) of the Standing Directions of the Minister for Finance (2003) under the *Financial Management Act 1994*, meaning it is not required to have an audit committee for the 2015-16 financial year.

### Risk and Audit Committee members' MEETING ATTENDANCE 2015-16

Name	Position	Meetings Attended	Eligible to Attend
Wendy Smith	Committee Chairman from 1 July 2015 to 14 August 2015	1	1
Andrew Dwyer	Member	1	1
Helene Bender OAM	Member from 1 July 2015 to 14 August 2015	1	1
Andrew Fairley AM	Member from 1 July 2015 to 14 August 2015	1	1
Alla Wolf-Tasker AM	Member from 1 July 2015 to 14 August 2015	1	1

## OUTPUT TARGETS AND PERFORMANCE

Performance indicator	Unit of Measure	2015-16 Result	2015-16 Target	Performance variation %	Result <sup>1</sup>
1. Links to Tourism Victoria consumer sites	number (million)	1.85	1.85	0	✓
2. Major sporting and cultural events facilitated	Number	18	>12	+50	✓
3. Number of domestic overnight visitors	number (million)	21.8	20.9	+4.3	✓
4. Number of visitors (international)	number (million)	2.5	2.3	+8.7	✓
5. Visitor expenditure (domestic)	\$ billion	16.4	16.6	-1.2	✗
6. Visitor expenditure (international)	\$ billion	6.7	5.4	+24.1	✓
7. Visitor expenditure – regional Victoria (domestic)	\$ billion	7.9	8.1	-2.5	✗
8. Visitor expenditure – regional Victoria (international)	\$ million	402	400	+0.5	✓
9. Visitors to Tourism Victoria consumer websites	number (million)	8.5	9.4	-10	✓
10. Value of media coverage generated: domestic	\$ million	20.4	20	+2.0	✓
11. Value of media coverage generated: international	\$ million	63	40	+57.5	✓
12. Completion of postevent reports and economic impact assessments of each event (where required) within agreed timeframes	per cent	100	100	0	✓

### <sup>1</sup>Note:

Data source: National and International Visitor Surveys, Tourism Research Australia, year ending March 2016 (latest results available).

- Both the Wander Victoria campaign and the new website design (which launched late February) have contributed to meeting the target.
- 14 major sporting events facilitated; 4 major cultural events secured. Target exceeded due to additional events being secured outside the original 2015/16 strategy.
- Domestic overnight visitors to and within Victoria increased 6.7 per cent to 21.8 million. The increase in overnight visitors was driven primarily by growth in the intrastate market.
- Annual growth in international visitors to Victoria was stronger than expected, driven by strong performances from key markets such as China (+28.1 per cent) and Singapore (+18.5 per cent).
- Total domestic expenditure did not perform as well as expected, with only marginal year-on-year growth of 0.5 per cent achieved. There was a year-on-year increase in domestic overnight visitor expenditure (+2.0 per cent to \$11.9 billion), however domestic daytrip expenditure declined (-3.4 per cent to \$4.6 billion).
- Annual growth in international visitor expenditure was stronger than expected, driven by very strong growth from key markets such as China (+40.0 per cent) and Singapore (+34.9 per cent).
- Total domestic expenditure in regional Victoria did not meet the target as expected, with minimal growth achieved (+1.7 per cent) in the year ending March 2016 compared to the previous year. Domestic overnight expenditure increased (+4.7 per cent to \$5.1 billion), however daytrip expenditure in regional Victoria declined (-3.4 per cent to \$2.7 billion).
- Performance target achieved.
- Increased use of social media resulted in lower than expected web visitation.
- Target achieved.
- Target exceeded due to investment by Tourism Victoria and Tourism Australia in large scale broadcast projects returning significant publicity value.
- Target achieved.

# Victoria's tourism PERFORMANCE

**Travellers to and within Victoria spent a total of \$23.2 billion in the year ending March 2016 (including domestic daytrip, overnight expenditure and international overnight expenditure), representing an increase of 6.3 per cent year-on-year. This equates to 22.5 per cent of total tourism expenditure in Australia.**

Consistent with the long-term national tourism strategy and Victoria's 2020 Tourism Strategy, Victoria's aim is for tourism overnight expenditure to reach between \$19.9 billion and \$24.7 billion by 2020. For the year ending March 2016, Victoria's overnight expenditure (excluding domestic daytrips) was \$18.6 billion representing growth of 8.9 per cent compared to the previous year. This is above Victoria's Tourism 2020 target rate of between 4.8 and 6.6 per cent per annum required to reach the target. Over the last five years total overnight expenditure in Victoria has grown on average by 6.9 per cent per annum, compared to the national average of 6.0 per cent.

## International visitor figures

**(latest results available – year ending March 2016)**

Victoria again recorded its highest number of total international overnight visitors – up 12.6 per cent to 2.5 million for the year ending March 2016. This growth rate is higher than the national average growth rate for the same period of 8.9 per cent. International overnight expenditure reached \$6.7 billion in the year ending March 2016, representing a strong 23.7 per cent increase over the previous year, above the national average growth rate for this period of 17.6 per cent.

International visitor growth to Victoria was driven by the Holiday (+21.6 per cent), Education (+19.7 per cent), Employment (+14.3 per cent) and Visiting Friends and Relatives (+5.1 per cent) segments. Growth in these segments was above key competitors New South Wales and Queensland.

The strong year-on-year growth in visitors to Victoria was led by China, which increased 28.1 per cent compared to the previous year to reach 532,000 in the year ending March 2016. China was also Victoria's number one international market in terms of nights and expenditure in the period.

Visitation from core Western markets including the USA (+12.8 per cent), the United Kingdom (+12.0 per cent) and New Zealand (+7.0 per cent) has performed strongly, with growth rates above the national average buoyed by improving economic conditions in these markets.

Australians' appetite for overseas travel remains solid, although the depreciation of the Australian dollar has resulted in a slow-down in the rate of outbound travel growth by Australians. Australians took almost 9.6 million short-term overseas trips during the year ending March 2016<sup>1</sup>, representing year-on-year growth of 3.4 per cent. Over the same period the number of international arrivals to Australia grew 8.7 per cent to 7.7 million short-term arrivals.

## International overnight expenditure in Victoria

Victoria has been the standout performer in the international tourism market in Australia in the past year, with visitors, nights and spend all growing at a rate above the national average and key competitors.

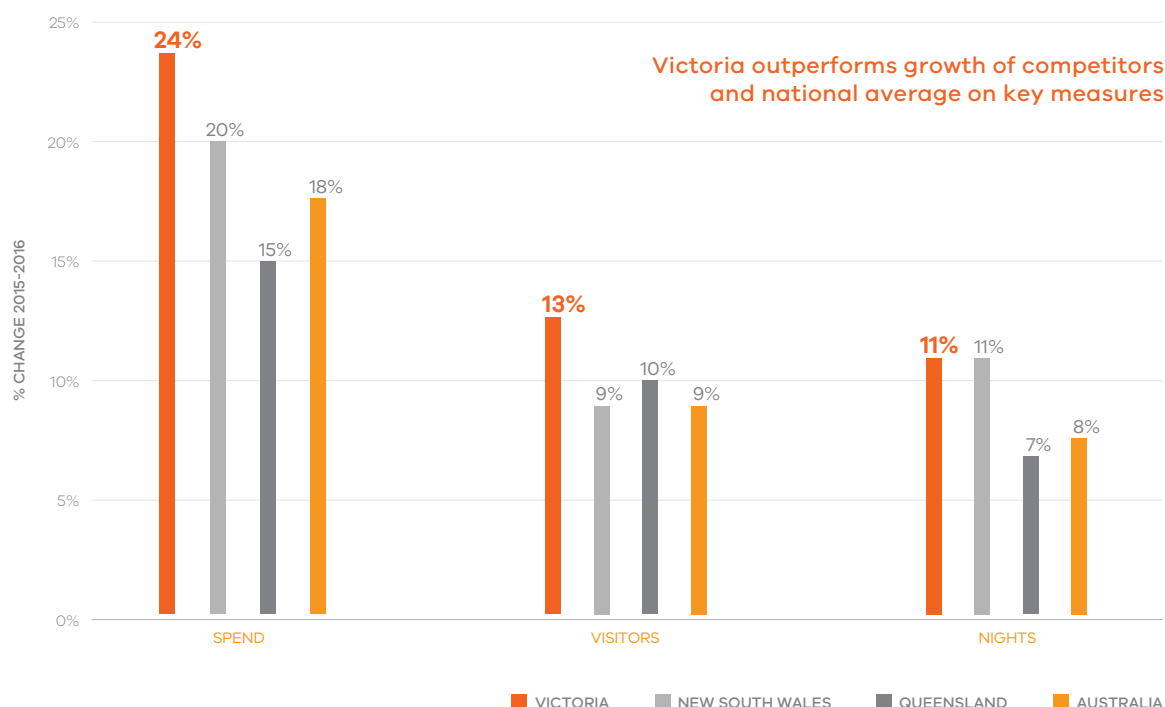
International visitor expenditure in Victoria for the year ending March 2016 grew strongly by 23.7 per cent to \$6.7 billion, above the national average (+17.6 per cent to \$25.4 billion). This equates to a 26.5 per cent share of total international tourism expenditure in Australia. Over the longer term (year ending March 2011 to 2016), international overnight expenditure in Victoria has grown at an average annual rate of 11.4 per cent, above the national average of 7.9 per cent.

International visitor expenditure growth in Victoria was strong for the Education (+39.2 per cent), Holiday (+21.2 per cent) and Visiting Friends and Relatives (+8.9 per cent) segments. All segments (with the exception of Visiting Friends and Relatives expenditure), experienced growth ahead of the national average, New South Wales and Queensland.

## Melbourne

Melbourne achieved its highest recorded number of international visitors in the year ending March 2016 to 2.4 million visitors, representing year-on-year growth of 13.3 per cent. International expenditure in Melbourne increased strongly by 26.5 per cent to \$6.3 billion in the same period.

## Victoria's INTERNATIONAL TOURISM PERFORMANCE



SOURCE: INTERNATIONAL VISITOR SURVEY, TOURISM RESEARCH AUSTRALIA, YEAR ENDING MARCH 2016

<sup>1</sup> Overseas Arrivals and Departures data, Australian Bureau of Statistics, year ending March 2016



## Regional Victoria

International visitors in regional Victoria grew 16.9 per cent year-on-year to reach 473,000 overnight visitors in the year ending March 2016. However, international overnight visitor expenditure (-8.8 per cent) and nights (-3.0 per cent) declined in the same period, influenced by decreases in the Business and Other (including Employment) segments, as well as Backpackers.

Encouragingly, international visitors to regional Victoria increased from both Eastern (+30.8 per cent) and traditional Western (+11.6 per cent) markets in the year ending March 2016, indicating that Victoria is attracting visitors from high growth Asian markets to stay overnight in regional destinations.

## Performance of key international markets

China continues to underpin Victoria's strong international visitor and expenditure performance, with growth in visitors and expenditure ahead of the national averages. Growth in Chinese visitors to Victoria was driven by increases in the Employment (+76.4 per cent), Holiday (+37.8 per cent), Education (+31.6 per cent) and Visiting Friends and Relatives (+12.7 per cent) segments.

China had the highest expenditure of all inbound visitors to Victoria at \$2.3 billion in the year, ending March 2016, up 40.0 per cent year-on-year. Chinese visitor expenditure now accounts for more than a third (33.6 per cent) of all international visitor expenditure in Victoria.

Victoria's major growth driver in international expenditure continues to be Asia. In addition to China, strong double digit growth was recorded from Japan (+76.3 per cent), Singapore (+34.9 per cent), Indonesia (+30.7 per cent), India (+27.3 per cent) and Malaysia (+14.2 per cent).

Victoria's traditional Western markets also showed positive visitor expenditure growth including the USA (+22.0 per cent to \$325 million), the United Kingdom (+16.9 per cent to \$428 million) and New Zealand (+12.1 per cent to \$424 million).

A number of European markets also showed positive growth in overnight expenditure to Victoria during the year ending March 2016, including Germany (+27.2 per cent), Scandinavia (+24.0 per cent) and the Netherlands (+19.7 per cent).

## Domestic

### (Australian) visitor figures state-wide (latest results available – year ending March 2016)

Over recent times, a number of factors have hindered domestic (intrastate and interstate) travel growth in Australia, including continued rises in outbound travel by Australians. Domestic overnight visitors to and within Victoria grew by 6.7 per cent to 21.8 million in the year ending March 2016. Domestic visitor nights also increased, up 2.6 per cent to 64.4 million. Domestic overnight expenditure reached \$11.9 billion in the year ending March 2016, with year-on-year growth at 2.0 per cent.

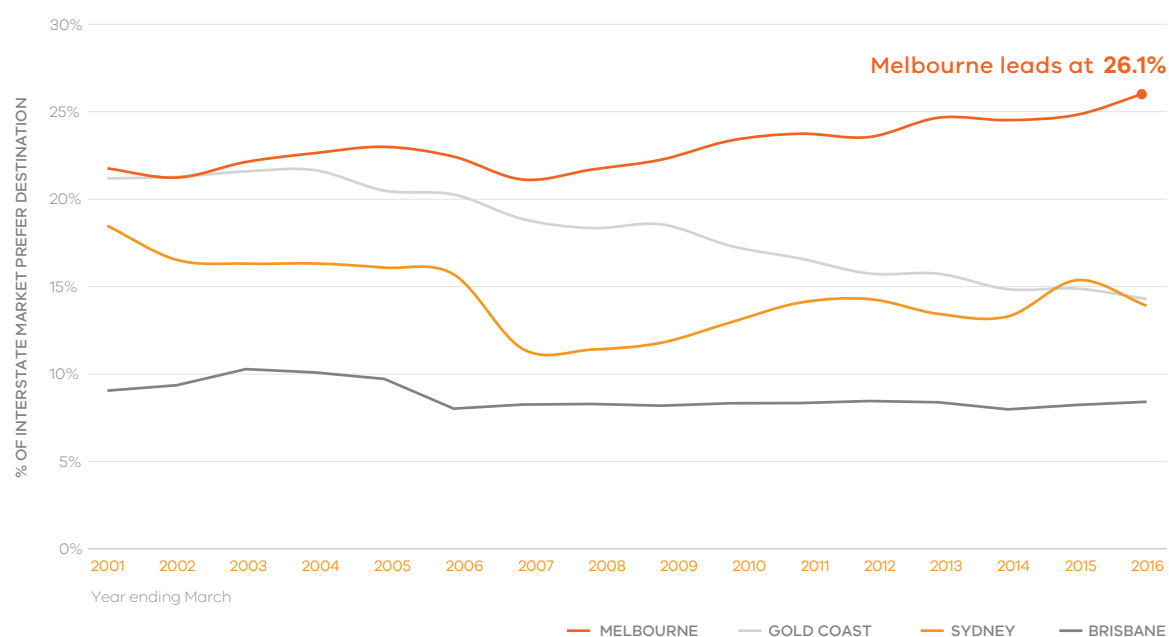
## Melbourne

Melbourne continues to attract more interstate overnight visitors and expenditure than any other Australian city. There were almost 5.2 million interstate overnight visitors to Melbourne in the year ending March 2016, representing a marginal decline of 0.8 per cent compared to the previous year. Interstate overnight expenditure to Melbourne also declined year-on-year by 5.2 per cent to \$3.8 billion, however still leads Sydney at \$3.3 billion.

Results from the Roy Morgan Research Holiday Tracking Survey (year ending March 2016)<sup>2</sup> show that Melbourne will continue to be Australian's most preferred destination for an interstate domestic holiday in the next two years. The survey results show 26.1 per cent of respondents wanted to holiday in Melbourne, leading interstate preference for Brisbane, Sydney and the Gold Coast.

<sup>2</sup> Holiday Tracking Survey, Roy Morgan Research, year ending March 2016.

## Preferred destination FOR AN INTERSTATE DOMESTIC HOLIDAY IN THE NEXT TWO YEARS



SOURCE: ROY MORGAN HOLIDAY TRACKING SURVEY, YEAR ENDING MARCH 2016.

### Domestic overnight visitors to regional Victoria

#### Regional Victoria

Domestic overnight visitors to regional Victoria increased by 8.6 per cent to 14.1 million visitors for the year ending March 2016. The growth in overnight visitors to regional Victoria was driven by the intrastate (+9.8 per cent) overnight market, which is a vital source of income for regional businesses and comprised 85 per cent of all domestic overnight visitors in regional Victoria. Interstate overnight visitors to regional Victoria also grew (+2.4 per cent) during the period. There were increases in visitation to regional Victoria from both Melbourne residents (+14.0 per cent) and regional Victorians (+3.8 per cent).

Total visitor nights in regional Victoria increased (+4.7 per cent to 41.3 million nights), with growth again driven by the intrastate market (+10.1 per cent to 32.0 million nights) and a decline noted in the interstate market (-10.4 per cent to 9.3 million nights).

Domestic overnight visitor expenditure in regional Victoria increased 4.7 per cent year-on-year to \$5.1 billion in the year ending March 2016. Overnight expenditure growth in regional Victoria was fuelled by growth in the intrastate market (+9.2 per cent to \$3.7 billion), supported by the Wander Victoria marketing campaign, which targets the intrastate market. However, expenditure by the interstate overnight market declined (-6.8 per cent to \$1.1 billion).

Daytrips to regional Victoria increased by 8.8 per cent year-on-year to 30.1 million for the year ending March 2016, above the national average growth rate for daytrips (+8.3 per cent) during the period.

Unless otherwise stated all data comes from the following sources: International Visitor Survey, year ending March 2016, Tourism Research Australia, Canberra. National Visitor Survey, year ending March 2016, Tourism Research Australia, Canberra. *To note: the National Visitor Survey had a change in methodology (the introduction of mobile phone surveying) from January 2014 creating a break in series.*



# Victoria's 2020

## TOURISM STRATEGY

The Victorian Government is committed to the sustainable growth of the tourism industry sector. *Victoria's 2020 Tourism Strategy* sets out how the tourism industry can increase its economic and social contributions to the State.

The strategy identifies seven priority areas, each with aligned actions:

1. Digital excellence
2. International marketing
3. Domestic marketing
4. Major and business events
5. Air services attraction
6. Investment attraction and infrastructure development
7. Skills and workforce development

Regional tourism is relevant to all priority areas with key actions incorporated throughout the priorities.

Achievements against each priority during 2015-16 are detailed within this report. This is the last time that performance will be reported against Victoria's 2020 Tourism Strategy, with the new Victorian Visitor Economy Strategy released in July 2017.

# Priority 1

## MAXIMISING OUR DIGITAL MARKETING OPPORTUNITIES

In October 2014, the Tourism Victoria Board approved Tourism Victoria's Framework for Digital Excellence 2015-2017 (the Framework). The Framework identifies the core strategic digital priorities and provides a roadmap for the delivery of digital action plans for Tourism Victoria and the Victorian tourism industry to ensure the industry is positioned at the forefront of digital destination marketing. The priority activities identified by the Framework for 2015-16 included an upgrade to the design of Tourism Victoria's consumer websites and the development of a digital conversion framework.

The upgrade of Tourism Victoria's consumer websites was completed and launched in February 2016. The upgrade delivered a refreshed design, better reflecting the brand of Melbourne and Victoria. It included larger imagery, mapping and video features and provided a much improved platform for the delivery of campaigns including Wander Victoria. Considerable work has also been done identifying appropriate conversion metrics. These were approved by the Board and now form part of Tourism Victoria's internal quarterly reports. Top level conversion metrics in 2015-16 saw 1.8 million consumer click-throughs to tourism industry partner websites or booking links from [visitvictoria.com](http://visitvictoria.com) and [visitmelbourne.com](http://visitmelbourne.com).

In 2015-16 there were 8.54 million visitors to Tourism Victoria's consumer sites with over 23.7 million pages viewed, which is almost identical to 2014-15 (0.88% lower). Mobile traffic continued to increase, with over half (56 per cent) of visits to the site in 2015-16 via mobile devices, compared to 51 per cent in 2014-15 and 28 per cent in 2012-13.

Content and search optimisation strategies have grown organic search traffic to Tourism Victoria consumer websites, accounting for 81 per cent of all visitation to the consumer sites, compared to 66 per cent in 2013-14.

International visitation to consumer websites represented 22 per cent of site visitors during 2015-16. The top nine international markets by visitation were USA, Singapore, UK, New Zealand, Malaysia, Japan, Hong Kong, Germany and India. In addition to the English language sites, Tourism Victoria operates eight customised foreign language sites in Simplified Chinese, Traditional Chinese, Korean, Japanese, German, French, Italian and Spanish.

As of 30 June 2016, Tourism Victoria's combined global social audience exceeded 1.65 million followers, which represents strong overall performance, with Facebook on 679,000, Instagram 271,000, Twitter 184,000, Sina Weibo 367,000, We Chat 140,000, Periscope 6500, and YouTube 5000.

# Priority 2

## ATTRACTING HIGH-YIELD INTERNATIONAL VISITORS

Tourism Victoria works with airlines, key travel partners, Tourism Australia and the Victorian tourism industry to pursue a balanced portfolio of international markets.

For the year ending March 2016, Victoria attracted 2.5 million international visitors, up 12.6 per cent compared to the previous year. Encouragingly, international visitors to regional Victoria increased from both Eastern (+30.8 per cent) and Western (+11.6 per cent) markets.

In 2015-16, Tourism Victoria generated approximately \$63.5 million worth of destination exposure in the media through its global public relations activities. This is an increase from \$45.9 million worth of destination exposure in 2014-15. Destination and events coverage was seen in high profile media broadcasts in China, South and South East Asia, Korea and the United Kingdom.

The growing importance of social media can be seen across Tourism Victoria's international variants of the Visit Melbourne Facebook pages, with a combined total of approximately 534,000 followers, up from approximately 437,000 at the same time last year. In China, Tourism Victoria's official Weibo and Wechat accounts have remained steady with around 400,000 followers with interest in Victoria's cities, self-drive, wildlife, events, and food and wine offerings. All of Tourism Victoria's marketing campaigns undertaken in-market are supported by the international variants of [www.visitmelbourne.com](http://www.visitmelbourne.com), with approximately 1.9 million views in 2015-16, up from around 1.2 million views in 2014-15.

Tourism Victoria organised a total of 308 international familiarisation visits (trade and media) from Argentina, Brazil, Canada, Chile, China, France, Germany, Hong Kong, India, Indonesia, Italy, Japan, Korea, Malaysia, Netherlands, New Zealand, Peru, Singapore, Taiwan, Thailand, UAE, UK and USA, and foreign correspondents based in Australia. The itineraries included experiences in Melbourne and regional Victoria and attendance at major events such as the Australian Open, Melbourne Food and Wine Festival, Melbourne Cup, Formula 1™ Australian Grand Prix, Melbourne Fashion Festival, White Night as well as travel trade shows such as ATE16 and ATEC VicBound.

### Aquatic and Coastal campaign

Tourism Victoria worked closely with Tourism Australia on the latest iteration of *There's Nothing Like Australia*. The campaign focuses on one of Australia's key competitive advantages, world-class aquatic and coastal experiences, to attract more international visitors.

The 2016 Aquatic and Coastal campaign is led by a television commercial and a series of immersive films using ground-breaking Virtual Reality, 360 and 3-D technology, supported by print media, public relations and a social media push. Tourism Victoria secured the inclusion of two Victorian destinations – the Great Ocean Road and the Murray – in the core campaign assets, with public relations and digital activity promoting the broader range of Victoria's aquatic and coastal regions and experiences. The Great Ocean Road footage has consistently been one of the top three most viewed 360 videos, generating widespread global exposure for Victoria's iconic coastline.

The campaign launched with a high profile event in New York on 26 January 2016, garnering international exposure for the campaign. An extensive program of trade marketing and consumer activities, including airline partnership campaigns, has formed an integral part of the ensuing campaign roll out across key international markets. Tourism Victoria has leveraged opportunities in key markets including the US, UK, China, Japan, South Korea, Singapore, Indonesia, India and Malaysia.

## China

### Launch of Air China direct services

Air China launched its direct services from Beijing to Melbourne in June 2015. In partnership with Tourism Victoria, the airline promoted the new direct services through digital and social media channels and conducted trade training and development with a focus on the Northern China market. In addition, Tourism Victoria entered in a co-operative marketing agreement with Tourism Australia and Air China to undertake consumer marketing campaigns aimed at increasing Victoria's destination awareness and flight bookings, through digital and outdoor advertising.

### Launch of China Airlines direct services

In October 2015, Melbourne welcomed the inaugural direct flights by China Airlines from Taipei to Melbourne. Senior management and representatives from China Airlines attended the welcome ceremony in Melbourne and toured the Yarra Valley, the Dandenong Ranges and Phillip Island.

In conjunction with the launch of China Airlines' direct service from Taipei to Melbourne, Tourism Victoria conducted a Taiwan Sales Mission in February 2016. Fifteen delegates from 11 Victorian products participated in this mission and met with 25 travel agencies (63 representatives in attendance), four airlines (13 representatives in attendance) and ten media agencies (36 representatives in attendance).

### Enhancing Tourism Victoria's digital presence in China

Tourism Victoria continued its efforts in the digital space and maintained steady growth in its social media platforms on Weibo and Wechat. As of June 2016, Tourism Victoria had 140,450 Wechat fans (+50 per cent year-on-year) and 367,400 Weibo fans (+20 per cent year-on-year), with Weibo achieving an average readership of 20,000 per post. These social media platforms effectively promoted consumer engagement activities such as the *When Beijing meets Melbourne* and *I want to fly to Melbourne* promotions which drew active participation from fans and the public.

### Tasting Victoria – Journey through the Seasons Luncheon

In conjunction with the Premier's visit to China (including Shanghai, Beijing and Chengdu) in September 2015, Tourism Victoria hosted a food and wine luncheon in Beijing. The luncheon showcased a selection of the best Victorian food and wine as a preview to the Victorian Government's Food & Beverage Trade Week in October 2015. The luncheon was attended by 102 guests consisting of travel trade, media and Victorian State Government officials.

### Running Man

Melbourne was the backdrop to one of China's most popular entertainment TV series, *Running Man*. A crew of almost 200, including 12 of China's biggest on-screen and music celebrities, filmed at locations around Melbourne in November 2015. *The Amazing Race*-style show saw celebrities race around Melbourne completing challenges at iconic locations such as the Royal Exhibition Building, the MCG, Melbourne Museum and Melbourne's skyline. Melbourne's cameo in *Running Man* was watched by more than a 100 million fans in China and across Asia when it aired in January 2016 and over 600 million people online after the first broadcast. Chinese celebrities include Chen He, Li Chien, Wong Cho-lam, Deng Chao, Lu Han, Zheng Kai and Yeung Wing.

### Melbourne, an ideal film location

Two Chinese films *Mountains May Depart* and *Les Aventures d'Anthony* were partially filmed in locations around Melbourne and regional Victoria. In conjunction with the launch of these films, Tourism Victoria organised media and trade events in Shanghai to increase awareness of the key experiences showcased in these movies, supported by social and digital promotions to motivate potential travellers to Victoria. Tourism Victoria also encouraged travel agents to develop themed packages visiting the various filming locations.



## China Premium Showcase

In Shanghai, Tourism Victoria participated in Tourism Australia's 'China Premium Showcase' and met with 40 key agents specialising in premium and luxury travel segments. The majority of the buyers were new to Australia and Victoria and therefore required product and destination information support. At the showcase, Tourism Victoria distributed the newly-developed in-language brochures showcasing Victoria's luxury and golf offerings to buyers.

## Singapore

### Dream Makers II

In partnership with Tourism Australia, Tourism Victoria supported the filming of MediaCorp TV8's drama, *Dream Makers II* in Melbourne and its surrounds. The primetime drama showcased Victoria across seven episodes (out of 32 episodes), including Melbourne city, vineyards, hot-air ballooning in the Yarra Valley and the Tesselaar Tulip Festival. During the broadcast period, Chan Brothers Travel, a key distribution partner, developed a movie trail self-drive package as a call-to-action which saw a 32 per cent increase in bookings to Melbourne over the traditional low season from December to February. Through airtime, print, digital and social platforms, over AUD\$10 million was generated in media value. This is considered a significant achievement in terms of profiling a destination to a broad-based audience through key consumer touch points. In April, *Dream Makers II* won best drama serial, best drama theme song, best actress, best actor and best supporting actress at the Star Awards 2016 in Singapore.

### Cooperative marketing campaigns

Tourism Victoria with Tourism Australia and Singapore Airlines developed an integrated campaign promoting the diversity of culinary experiences in Melbourne and Victoria through a series of thematic print and digital advertising. The campaign was supported by a media familiarisation visit profiling gourmet experiences such as the Melbourne Food and Wine Festival 2016 and High Country Harvest. Coverage from Regent Media (Lonely Planet and Escape) profiled Melbourne as the culinary capital of Australia and resulted in 2,165 bookings on Singapore Airlines to Melbourne.

Singapore-based low cost carrier Scoot launched its inaugural flight in November 2015 and partnered with Tourism Victoria to promote its Singapore-Melbourne direct services. The integrated campaign focused on Melbourne's cosmopolitan city lifestyle and easy access to nature, complemented with a live Kiss92 FM radio broadcast from Eureka SkyDeck's studio in Melbourne. Phase 1 of the online campaign resulted in 4,413 bookings and garnered 19 million impressions. Phase 2 of the campaign included a digital campaign, digital influencer familiarisation visits and partnerships with three Key Distribution Partners. Phase 2 resulted in 3,453 bookings to Melbourne while the digital campaign gained 33 million impressions. The influencer campaign reached some 400,000 Facebook fans with a 10 per cent engagement rate.

## Malaysia

### Aquatic & Coastal Campaign

Under the Aquatic and Coastal campaign, Tourism Victoria partnered with Tourism Australia, Malaysia Airlines and other state tourism organisations to run the campaign in two phases. The campaign utilised Aquatic and Coastal assets across print, digital and social platforms to encourage early bookings for travel in April to November. The campaign produced exceptional results against the backdrop of softening consumer sentiment due to Malaysia's unstable political situation and weakened economy, resulting in 7829 passengers booked for Phase 1 and 4203 passengers booked for Phase 2 for Melbourne. Melbourne bookings averaged 45 per cent of total Australian bookings, which is aligned with Victoria's market share of total Malaysia arrivals.

### Media Broadcast Highlights

Tourism Victoria in partnership with Great Southern Touring Route supported the filming of Uriah See's (winner of Astro TV Star Quest Chinese Singing Competition) first music video. The partnership generated an estimated airtime value of AUD\$17 million across the various ASTRO Chinese channels. The music video featured the Great Ocean Road and the Bellarine Peninsula. In conjunction with the launch of the video, Tourism Victoria hosted a media familiarisation visit showcasing the locations featured in the music video and highlighting Melbourne as the world's most liveable city, its food and wine offerings and natural landscapes.

In partnership with Tourism Australia, Tourism Victoria hosted the TV program *Jason Downunder – Savour Australia*. The Victoria episode focused on paddock to plate experiences in the Yarra Valley and the Mornington Peninsula, plus coffee experiences in the city. Total publicity generated was valued at AUD\$1,450,984. In addition, this broadcast was supported by social media exposure on LiTV and the Visit Melbourne Facebook page.

Tourism Victoria with Tourism Australia hosted a visit for NTV7's new Mandarin travelogue *Travelling With Parents*. The travelogue featured celebrities travelling with their parents and was launched during prime time to coincide with Mothers' Day (May) and Fathers' Day (June). The one hour Melbourne episode showcased Melbourne city, Mornington Peninsula, the Bellarine Peninsula and Great Ocean Road. As well as the airtime exposure, the celebrities also shared their experiences on their own social media platforms which were re-purposed and shared on Visit Melbourne's Malaysian Facebook page.

## Indonesia

### Walkabout Indonesia Trade Show

Six Victorian products participated in Tourism Australia's Walkabout Indonesia (formerly Indonesia Sales Mission) in November 2015. Held for the first time in Jakarta, more than 200 Indonesian travel agents attended product briefings and networking opportunities.

## India

### India Travel Mission 2015

In August 2015, Tourism Australia held the India Travel Mission (ITM) in Bangalore, India where Victorian products had the opportunity to meet over 100 buyers across India. Following the mission, Tourism Victoria ran agent training workshops in Chennai and Delhi with 130 travel agents in each city.

## Melbourne NOW! 2015-16

Tourism Victoria continued to deliver the Melbourne NOW! campaign, originally launched in 2012. The campaign aims to enhance brand awareness, raise the destination's profile, and increase the length of stay in Melbourne and regional Victoria. Campaign partners are encouraged to develop quality nature & wildlife, adventure, food & wine, family fun, youth and romantic itineraries, including self-drive options. The campaign ran across print, radio, digital and social media platforms promoting the Yarra Valley, Phillip Island, Mornington Peninsula, Great Ocean Road, the Grampians, Ballarat and Mt Buller. Campaign partners include SOTC, Thomas Cook, Kulin Kumar, Mercury Travels, Cox and Kings, Make My Trip and TUI. Direct marketing messages were sent to a database of over 2 million customers and each partners' digital channels were leveraged including Facebook, Twitter, and individual websites. The campaign received a positive response and nearly 4,000 passengers were booked over the campaign period.

## Japan

### Walkabout Japan Trade Show

Tourism Australia hosted the 2015 Walkabout Japan in September 2015, for the first time in four years. The trade mission showcased Australian tourism products to key Japanese travel trade in Tokyo and Osaka. The roadshow provided an opportunity for face-to-face meetings to forge relationships and facilitate future sales and marketing activities. There was approximately 125 key representatives of the Japanese travel trade, media and airlines in attendance. In addition, sellers had the opportunity to conduct destination and product seminars to approximately 210 retail sales and reservations staff in each city. In addition to Tourism Victoria, there were five Victorian delegates who participated in this mission: Puffing Billy Steam Railway, Phillip Island Nature Park, Global Ballooning, Wildlife Tours and Melbourne Star Observation Wheel.

## 2016 Australian Open

Tourism Victoria partnered with Qantas Airways and HIS Sports Desk to promote the 2016 Australian Open between September 2015 and January 2016. The integrated campaign included online advertisements providing consumers with information on the Australian Open, tour packages, flights and destination information plus a series of destination editorials in major print media such as Tennis Magazine and Tennis Classic. The success of Japanese tennis star Kei Nishikori over the past few years has increased package tour bookings for 2016 to over 800 people with sales of over 2,200 tickets for the matches at Rod Laver Arena.

## Korea

### Lotte campaign

Tourism Victoria, Tourism Australia and the Lotte Group (one of Korea's largest business conglomerates) conducted an integrated promotion, leveraging extensive owned channels such as digital billboards in Lotte shopping malls and cinema ads, to promote holiday experiences in Victoria. As a highlight of this promotion, 12 Korean bloggers travelled around Victoria visiting Melbourne, the Mornington Peninsula and the Great Ocean Road to experience tourism activities that appeal to the Korean market. The resulting images from their trip were uploaded on their respective blog sites. Short videos, featuring some of their tourism experiences were also produced following the visit and were used as digital screen advertisements through OOH media around Seoul. As the second phase of this promotion, selected images from their visit were displayed in a photo exhibition held in Seoul in May 2016.

## United Kingdom & Europe

### Wild Australia with Ray Mears

Tourism Victoria supported the filming of two episodes of UK television channel ITV's *Wild Australia with Ray Mears* in December 2015. The episodes featured Ray exploring the Great Ocean Road – watching Burruran dolphins off Port Phillip Bay, visiting a penguin colony on Middle Island (Warnnambool) and spotting Australian fur seals at Cape Bridgewater. Both episodes were screened in May 2016, and recorded audiences of more than a million more viewers than expected, with a valuation of \$4.1 million across the two episodes.

## iAmbassador campaign

In partnership with Qantas, a digital campaign was rolled out in the UK promoting "Great road trips from Melbourne" throughout 2015-16. As part of this activity, Tourism Victoria worked with a group of top online influencers (3 bloggers and 4 vloggers) from the UK and Europe on an #AustraliaRoadTrip digital content creation campaign. In early February 2016, the online influencers travelled on four different road trips across the state creating engaging digital content in the form of videos, written posts and imagery which were featured across their platforms (blog sites, YouTube, etc.). The online influencers also created fresh, creative content for Tourism Victoria's new UK online platform #AustraliaRoadTrip. Content on the #AustraliaRoadTrip site was also promoted with a digital advertising campaign which drove visitors to the page. The campaign resulted in 400 pieces of content created, 1,474 blog posts and an advertising value of \$1,384,480.

## Agent Incentive and Training Program

From September to November 2015, Tourism Victoria ran an agent incentive and training program with Travel2, one of the UK's key wholesalers, in conjunction with Sydney Melbourne Touring, Great Southern Touring Route and Phillip Island Nature Parks. The campaign resulted in a 25.7 per cent increase in passenger numbers to Melbourne, a 28 per cent increase in room nights in Victoria, and a 20 per cent increase in touring product booked by Travel2.

## STA Travel Campaign

In the UK and Germany, Tourism Victoria worked with youth travel operator STA Travel on a joint campaign to increase Victoria's youth product offerings with key operators, including Contiki and G Adventures, as well as STA agent education and development. February 2016 saw the launch of a digital content activity where Tourism Victoria and STA contracted two of Europe's most influential travel Instagrammers to travel to Victoria for the ultimate road trip. Tourism Victoria ran an extensive recruitment process to find two young, creative "Insiders" who acted as guides for the Instagrammers on their road trip, which took in the Great Ocean Road and Gippsland. Initial results from the campaign have been very positive, with a 72 per cent increase (year-on-year) in land sales to Victoria from STA offices over the campaign period.

## New Zealand

### Victorian Product Roadshow

Tourism Victoria undertook a product roadshow to New Zealand in August 2015. The mission visited Auckland, Rotorua, Wellington and Queenstown with 18 Victorian tourism products attending. The products met with key wholesale and retail partners for one-on-one business appointments.

### Play Melbourne and Beyond Campaign

Tourism Victoria undertook a major regional campaign to encourage overnight stays in regional Victoria and present a greater depth of regional products and experiences. The campaign showcased regional Victoria and Melbourne through the eyes of key New Zealand social influencers, and leveraged their content across TV channels. The campaign included a dedicated media buy consisting of third-party media channels, digital banner placements, social media and SEM. In addition, this campaign was rolled out in partnership with Qantas Airways and it initiated an airfare sale to encourage conversion. The Qantas website featured destination content and a 30-second video highlighting the influencers' journey from the Qantas Lounge in Auckland, and highlights on board the flight to Melbourne. Overall the campaign garnered:

- 4,957,440 points of exposure;
- 225 pieces of coverage;
- 334.1 overall campaign engagement rate;
- 99 per cent positive sentiment.

### Summer Blockbuster Events Campaign

In December 2015, Tourism Victoria launched its Play Melbourne blockbuster events campaign in New Zealand. This campaign which ran until April 2016 highlighted 13 major events with 30-sec videos created for a number of these events, featuring ambassadors promoting the key aspects of their event. Completed in April 2016, the campaign has delivered the following results:

- total of 171,856 completed views on TVNZ OnDemand;
- total of 99,197 views on YouTube;
- on Instagram the campaign reached 184,000 people and achieved 1,767 likes;

- on Facebook the campaign reached 432,000 people;
- Tumblr delivered a total of 644,906 impressions which delivered a total of 5,643 engagements of which 1,981 were paid for and 3,662 were earned.

## The Americas

### Cleveland Cavaliers

Tourism Victoria and American NBA team the Cleveland Cavaliers (CAVS) undertook a partnership to promote Melbourne in their 'Australia Day' game against the Minnesota Timberwolves. The activation involved promotion of Melbourne through logo placements on visible TV basketball poles. A second burst of activity occurred in April 2016 and featured a consumer promotion and content partnership. Destination content and co-branded banners were included and a return trip to Melbourne for CAVS fans was provided. This four week partnership allowed Tourism Victoria to leverage the assets of the CAVS including **CAVS.com** (4,883,377 page views in November), Facebook fans (+4.5 million), and Twitter followers (+950,000).

### Australian Market Place

Tourism Victoria along with 12 Victorian products attended the North American 'Australian Market Place' training event and function in February 2016. This three-day event provided Victorian operators with the opportunity to meet face-to-face with key decision makers of client travel to Victoria.

# Priority 3

## INCREASING THE DOMESTIC MARKET

### *Play Melbourne Live campaign*

In 2015-16, Tourism Victoria implemented the final stage of the successful *Play Melbourne* destination marketing campaign. Featuring one of the latest live-streaming technology platforms, Periscope, the *Play Melbourne Live* campaign invited target audiences globally to experience the real Melbourne in an unfiltered and authentic manner, showcasing a range of events and uniquely Melbourne experiences via a series of live video broadcasts called 'games'. This initiative built on the success of the innovative way in which target audiences globally were engaged through the delivery of the Melbourne Remote Control Tourist digital activation in 2013.

Using Tourism Victoria's @Melbourne account on Periscope, there were 13 broadcasts throughout the campaign period between November 2015 and June 2016. These broadcasts featured experiences and attractions from Melbourne's CBD and inner-city neighbourhoods, as well as previews or behind the scenes access to a series of iconic Melbourne events.

Since launching in November 2015, there has been more than seven million views of the campaign's videos on YouTube and through digital advertising on online video websites and the campaign has generated over 5.5 million engagements (views, clicks, likes and shares) on social media, including Facebook, Twitter and Instagram.

### *Intrastate campaign*

In February 2016, Tourism Victoria launched Wander Victoria, a new major integrated marketing campaign designed to inspire, educate and engage Victorians and encourage them to visit regional Victoria.

The intrastate market is the largest source market for regional Victoria, contributing 81 per cent of overnight visitors (11.3 million) and 71 per cent of overnight expenditure (\$3.5 billion). Intrastate visitation to regional Victoria over the long term has been stagnant with an average annual growth in visitor nights of just 0.3 per cent over the past 15 years.

The Wander Victoria campaign forms part of a long term marketing strategy to activate intrastate travel primarily from the Melbourne market and was developed based on extensive consumer research and in close collaboration with regional tourism boards (RTBs).

The campaign has three core objectives:

- 'Make them want to go' – create desire to travel by building an emotional connection;
- 'Give them information' – providing curated content tailored by lifestyle;
- 'Help them book' – by facilitating conversion opportunities.

A total investment of \$4.5 million has been allocated to the campaign to date with the launch phase implemented from February – July 2016.

The integrated campaign positions regional Victoria as a compelling 'spare time' proposition and comprises a series of films that showcase regional Victoria's relaxed pace, diverse natural landscapes and quality experiences of food, wine, arts and culture, spa and wellbeing, villages and events. The films showcase the journey of two friends as they 'wander' an epic journey throughout Victoria's regions and engage in humorous banter.

The campaign has been implemented across a range of channels including television, cinema, print, digital and social media, supported by public relations and partnership activity with **stayz.com.au**. It has included a dedicated cooperative marketing program with RTBs in partnership with The Urban List, Broadsheet, Time Out, RACV and Herald Sun.

Tourism Victoria's first 'Regional Insights' media briefing event, was held in May to inspire editorial coverage of regional Victoria. Themes included eco-tourism, wellness and nature, native ingredients in regional dining, boutique distilleries, music festivals and arts/culture and villages. Twenty-five top tier media attended with 12 going on to undertake familiarisations across nine regions following the event.

As part of the social media strategy, 14 of Melbourne's top instagrammers with a combined following of over 700,000 were engaged to share their experiences of regional Victoria. The influencers generated over 200 posts and 250,000 likes via Instagram.

A dedicated campaign website **wandervictoria.com** was developed within **visitvictoria.com** comprising 45 new editorial pages.

An evaluation framework and KPIs have been developed for the launch phase. In addition, a dedicated campaign tracking study has been implemented (with Hall and Partners Open Mind) that evaluates the ongoing performance of the campaign across key measures including advertising awareness, changes in attitudes and perceptions of regional Victoria, behaviours and visitation.

Launch phase activity concludes at the end of July and as such, the evaluation is still being conducted. These results will inform the planning of phase two of Wander Victoria to be implemented in 2016-17.

Some preliminary campaign results (as at 18 July 2016) include:

- television and cinema buy on track to achieve reach and frequency targets;
- film content has received over 10.6 million views across digital channels;
- **#wandervictoria** has received over 20,400 mentions across social channels with 97 per cent positive sentiment;

- **wandervictoria.com** has received 85,900 Victorian visits (on track to reach target of 90,000) with an average time on site of 3:26 mins and 3.5 average page views per visit (both above benchmark);
- regional content on **visitvictoria.com** recorded 1.1 million visits since the launch;
- digital home page takeovers during launch week delivered over 770,000 unique browsers (target 505,000) and 5.6 million impressions, generating mass awareness and exceeding targets;
- publicity value for the campaign is estimated at \$2.2 million for the months of February and March. Media sentiment for the campaign was mostly very positive and focused on covering the key objectives and goals of the campaign.

Indicative campaign tracker results reveal that the campaign is achieving solid levels of exposure and advertising recall, strong consumer resonance and engagement, high levels of message take-out and positive associations with regional Victoria.

To demonstrate how the idea of 'Wander Victoria' translates to a short break experience and to introduce new characters, further filming was undertaken in regional Victoria in April 2016. These films will form part of the phase two implementation of Wander Victoria in 2016-17.

## Alpine Marketing

Tourism Victoria continued to work with the Alpine Resorts Coordinating Council (ARCC) and Tourism North East (TNE) on the implementation of the Alpine Resorts Strategic Marketing Plan 2014–2018 including support for green season marketing, industry development and the integration of alpine offerings as part of the Wander Victoria campaign.

Tourism Victoria developed specific alpine assets including dedicated films as part of the Wander Victoria campaign and snow experiences were profiled during winter via television, digital and social media, content partnerships with Huffington Post and The Urban List and on **wandervictoria.com**.

Tourism Victoria worked closely with TNE and the ARCC to ensure the Wander Victoria campaign leveraged the Snow Victoria 'Nothing feels like snow' campaign, launched in May 2016.



## Regional Tourism Partnership Program 2013-16

Tourism Victoria continued the implementation of the \$9 million, 2013-16 Regional Tourism Partnership Program (RTPP). 2015-16 marked the final year of the three year program which aims to bring together all available resources, knowledge and expertise to coordinate and maximise outcomes for regional Victoria.

As part of the RTPP engagement framework, Tourism Victoria held a number of forums and workshops with RTBs during the year covering a range of topics including, the intrastate campaign strategy development, the new [visitvictoria.com](http://visitvictoria.com) website and other CEO and Chair forums.

## Partnership Marketing

### Qantas Australia

Tourism Victoria partnered with Qantas Airways throughout 2015-16 to promote Melbourne to key interstate markets. The campaigns featured the Andy Warhol | Ai Wei Wei exhibition at the National Gallery of Victoria and the "David Bowie is" exhibition at the Australian Centre for the Moving Image (ACMI). Both campaigns included a sale airfare to Melbourne in order to convert interest in the exhibitions into actual visitation to Victoria.

### Virgin Australia

Virgin Australia and Tourism Victoria undertook a cooperative marketing campaign in June 2016 to leverage Melbourne's major events, such as the International Champions Cup Australia and Jurassic World: the Exhibition, as the main driver for flight and holiday bookings.

### Stayz

Tourism Victoria also partnered with Stayz, Australia's largest holiday rental website, to promote regional Victorian accommodation to Melburnians. As the conversion partner for Tourism Victoria's Wander Victoria campaign, Stayz promoted exclusive Victorian offers through a number of channels, including advertising on third-party websites.

## Destination Communications

### Public and Media Relations

In supporting domestic campaign work, the calendar of events, and Victoria's regions, Tourism Victoria facilitated 57 media familiarisations comprising 117 individuals from print, online and broadcast media.

Tourism Victoria leveraged its media relationships to deliver broadcast projects with national travel and lifestyle programs including Channel 7's *Sunrise* and *Better Homes and Gardens*, and Chanel 9's *Today Show*, *Postcards*, and *Getaway*. Weather crosses and live broadcasts from the Great Ocean Road, High Country, Yarra Valley, Dandenongs (Puffing Billy), Phillip Island (including Moto GP), Bendigo and Ballarat (Sovereign Hill) among others have provided national exposure to Victoria's regional areas and events. Particular focus was given to destinations along the Great Ocean Road impacted by the December bushfires. Tourism Victoria also leveraged the launch of the *Oddball* movie in September 2015 to generate additional destination coverage for Warrnambool and the broader Surf Coast / Great Ocean Road region.

As part of a strategic content program, a series of short videos were produced and distributed to highlight the breadth and diversity of Melbourne's flagship and cultural major events based around the summer 2016 events calendar. A string of Australian Open players were captured on camera discussing their favourite Melbourne experiences. Australian comedians Tim Minchin, Em Rusciano and Joel Creasey were engaged in an advocacy capacity, taking viewers behind the scenes of the Virgin Australian Fashion Festival, Melbourne International Flower and Garden Show and *Matilda the Musical* – at the same time cross promoting the Melbourne International Comedy festival. The videos received a combined 225,000 views on Tourism Victoria's own digital platforms and were also picked up by [news.com.au](http://news.com.au) among other media, helping to reinforce Melbourne's position as Australia's events and cultural capital in interstate markets.

These activities, alongside highly targeted media relations including a series of Sydney media briefings and an extensive destination content program, resulted in \$20.4 million in advertising value equivalent for the financial year.

# Priority 4

## ATTRACTING AND LEVERAGING EVENTS

### Major Events

Events continue to be a significant contributor to the State, driving Melbourne's national and international positioning and profile, tourism, branding and business linkages. Major events are worth approximately \$1.8 billion to Victoria's economy<sup>3</sup> with event tourism representing 22 per cent of all international overnight visitors to the State<sup>4</sup>. In the year ending March 2016, 1.2 million international events visitors travelled to Australia; with 46 per cent (553,600) visiting Victoria<sup>5</sup>.

Victoria's major events calendar is one of the most prestigious and successful in the world. Established events such as the Australian Open, Australian Motorcycle Grand Prix, and the Australian Formula 1 Grand Prix continue to draw significant numbers from interstate and international markets.

As part of the 2015-16 State Budget, the Major Events fund was allocated an additional \$80 million over four years to attract and stage new draw card events to Victoria and to increase the value of major events to regional Victoria.

During the past 12 months, Tourism Victoria has continued to work with the Victorian Major Events Company (VMEC), government departments, event promoters and organisers to attract, promote and leverage the tourism benefits for major events.

In 2015-16 Tourism Victoria commenced a \$400,000 marketing campaign with Ticketek to drive awareness and conversion of Major Events in Melbourne. The campaign ran for eight weeks over two bursts of activity in June (four weeks) and September (four weeks). The campaign included Rugby Union Wallabies v England, International Champions Cup, Kinky Boots, Singin' in the Rain, Fast 5 Netball, Australian Open, and Melbourne Cup Carnival. The campaign included television commercials across channel Nine, Ticketek's digital channels and through its database (over six million).

Over 221,000 people attended the 2015 International Champions Cup at the Melbourne Cricket Ground featuring Real Madrid, AS Roma and Manchester City. Tourism Victoria ran a marketing campaign to drive visitation to the event from interstate and New Zealand. This resulted in interstate and international attendance of over 53,000 event motivated visitors.

In partnership with Audi and Nine Live, Tourism Victoria ran a Social Media Response Lab at the International Champions Cup. The Lab allowed Tourism Victoria to drive the social media conversation around the event and to use partner channels to amplify destination brand messaging and content to the 1.2 million ICC Facebook fans and 2.5 million Manchester City Twitter followers. Tourism Victoria's own Twitter channel @Melbourne saw an 80 per cent increase in impressions year-on-year for the same two week period of the tournament.

3 *An Eventful Year: Economic Impact of the Victorian Major Events Calendar*, Ernst & Young/Victorian Major Events Company joint research project, September 2014.

4 International Visitor Survey, March 2016, Tourism Research Australia, latest available.

5 International Visitor Survey, March 2016, Tourism Research Australia, latest available.

The Andy Warhol | Ai Wei Wei exhibition attracted 399,127 visitors, making it the highest selling ticketed exhibition in the National Gallery of Victoria's history. The attendance demonstrated the appeal of contemporary art exhibitions in attracting diverse audiences from across Australia and overseas.

Tourism Victoria undertook a significant tourism marketing campaign to promote the event into key interstate and international markets. International and interstate visitation accounted for 25.35 per cent of total visitation to the exhibition (101,138 people). This was a substantial increase from the previous Summer exhibition, The Fashion World of Jean Paul Gaultier where 19.9 per cent or 44,974 people were from interstate or overseas. A campaign was also undertaken with Qantas encouraging people to travel to Melbourne to see the exhibition. This was their most successful domestic campaign of the year. This sale was promoted in Sydney, Brisbane, Adelaide and Perth from 10 to 21 December 2015 and the total number of passengers secured was 24,711.

A record 703,899 patrons attended the 2015 Australian Open including an estimated 160,000 interstate visitors and more than 600 journalists from around the world. Tourism Victoria leveraged the 2015 Australian Open through media and trade familiarisations, content creation, program advertising and a digital campaign. The digital campaign, which ran for the duration of tennis across the Australian Open mobile site and mobile app, drove over 29,000 visits to [visitvictoria.com](http://visitvictoria.com).

In 2015 Tennis Australia took control as the host broadcaster (previously Channel Seven) which allowed Tourism Victoria to leverage its relationship and provide a greater level of content integration within international broadcasts. Tourism Victoria supplied raw footage, vignettes and television commercials that showcased both Melbourne and Regional Victoria.

## Business events

Business events deliver an economic impact to Victoria of approximately \$9.98 billion each year and support 66,479 jobs<sup>6</sup>.

Interstate overnight business event visitors to Victoria increased at an average annual rate of 8.7 per cent from the year ending March 2011 to March 2016, above the national average of 5.1 per cent per annum<sup>7</sup>.

For the year ending March 2016, 157,400 international overnight business event visitors visited Australia. Of these, 34.9 per cent (55,000) visited Victoria. International overnight business event visitors to Victoria have grown at an average annual rate of 7.1 per cent from the year ending March 2011 to March 2016, well above the national average of 1.6 per cent per annum over the same period<sup>8</sup>.

During the 2015-16 financial year, the Melbourne Convention Bureau, with funding support from Tourism Victoria, secured 200 business events for the state of Victoria, including 30 international association conferences and 109 corporate meeting and incentive events. These business events, held between 2015 and 2022, will attract an estimated 69,000 delegates, deliver an estimated 142,000 room nights for city and regional Victorian hotels and generate an estimated \$310 million in economic impact for the state.

Key international events held during 2015-16 included:

- 8th Asia-Pacific Heart Rhythm Society Scientific Session (APHRS), November 2015 – 2,363 delegates;
- 8th World Congress of Behavioural and Cognitive Therapies (WCBCT), June 2016 – 2,105 delegates;
- Asia-Pacific Association for International Education Conference, March 2016 – 1,674 delegates; and
- Roche Diagnostics Greater China Staff Conference 2016, February 2016 – 1,503 delegates.

6 The Value of Business Events to Australia (2015) – Prepared by Ernst & Young in conjunction with the Business Events Council of Australia (BECA).

7 National Visitor Survey, March 2016, Tourism Research Australia, latest available.

8 International Visitor Survey, March 2016, Tourism Research Australia, latest available.

With funding support from Tourism Victoria, Business Events Victoria (BEV) continued to deliver the *Regional Victoria Business Events Program* to deliver more business events to regional Victoria. The program aims to raise the profile of regional Victoria among business event organisers and generate business event leads.

During the year BEV referred 185 leads to regional Victoria operators, resulting in 12,263 delegate days and 7,708 room nights from these events.

### **Event Funding**

Tourism Victoria supported a number of regional Victorian events that currently generate or had the potential to generate tourism-related benefits to the State.

In 2015-16, over 45 events were funded throughout regional Victoria.

In September 2015 the Government announced an agreement with the Western Bulldogs to bring regular AFL games to regional Victoria. Ballarat will play host to two to three AFL matches a year from 2017, following the completion of the Eureka Stadium upgrade, a first for regional Victoria.

# Priority 5

## AIR SERVICES ATTRACTION

International airlines continue to show confidence in Victoria by adding capacity and building connections with key source markets globally. Direct international aviation links provide a critical connection for international trade, as well as stimulating business opportunities and visitation for leisure, business, friends and family and education.

As of 30 June 2016, Victoria had 29 international airlines flying to and from Melbourne Airport (Tullamarine). Tullamarine is Australia's second largest airport, with close to 34 million passengers passing through its terminals in the 2015-16 financial year. Of these, 9.17 million were international passengers, an increase of 9.5 per cent on the previous year.

In 2015-16, Victoria welcomed the commencement of a number of new international airlines including:

- **China Airlines** commenced 3 x weekly services on Taipei – Melbourne – Christchurch. The new service is operated by an A330-300, adding more than 48,000 seats per year on the Melbourne – Taipei route and 21,000 seats per year on the Melbourne – Christchurch route (October 2015);
- **Scoot** (Singapore Airlines' low cost subsidiary) commenced 5 x weekly services between Singapore and Melbourne (November 2015);
- **Tigerair Australia** commenced international services with a daily service between Bali and Melbourne (March 2016); and
- In February 2016, **Xiamen Airlines** announced that it would commence a twice-weekly international service from Melbourne to Xiamen from 1 July 2016. Xiamen Airlines will become the fifth Chinese airline to provide direct services between Victoria and mainland China.

Existing international airlines that have added new services during the last 12 months include:

- **Etihad Airways** added a second daily service from Abu Dhabi to Melbourne. The new service is operated by a three-class Boeing 777 (August 2015);
- **China Southern Airlines** increased its 10 x weekly service from Guangzhou to Melbourne to double daily (September 2015);
- **Air China** increased its 4 x weekly non-stop direct service from Beijing to Melbourne to daily, adding more than 41,000 seats per annum on the route (October 2015);
- **Emirates** increased the capacity of the aircraft on its Melbourne – Singapore – Dubai service from a B777-300ER to an A380. This is Emirates' second A380 for Melbourne and creates an additional 54,000 seats per annum for Victoria (March 2016);
- **AirAsia X** increased its Melbourne – Kuala Lumpur service to double daily (May 2016); and
- **Etihad Airways** increased the capacity of the aircraft on its Melbourne to Abu Dhabi service from a B777-300ER to an A380. This created an additional 51,000 seats per annum for Victoria (June 2016).
- On the domestic front, **Jetstar** commenced services from Avalon Airport to Hobart and Adelaide to add to its direct services to Sydney and Gold Coast from the airport (March 2016).

# Priority 6

## INVESTMENT ATTRACTION

The Victorian Government continues to pursue and facilitate tourism investment in order to foster and grow a vibrant and innovative industry for all visitors to the State. With the number of domestic and international visitor arrivals growing faster than the national trend, combined with a supportive business environment, Victoria is an excellent tourism investment destination.

Tourism Victoria and the Department of Economic Development, Jobs, Transport and Resources played a key role to facilitate a number of significant investment projects across Melbourne and Victoria. Fourteen mixed-use development projects, valued at \$6.8 billion, created more than 3,280 rooms in Victoria (comprising 13 projects in metropolitan Melbourne and one in regional Victoria). A further 12 projects, valued at \$2.5 billion, in the arts, recreation and business services, and three aviation infrastructure projects concentrated in the main airport hubs in Victoria, valued at \$2.7 billion.

Victoria's hotel occupancy rate increased by 1.2 percentage points to 68.7 per cent, ahead of New South Wales at 66.9 per cent. Along with Melbourne CBD hotel occupancy rates experiencing 2.4 per cent increase to 78.8 per cent, expenditure by international visitors to Victoria grew 28 per cent in the year reaching \$6.2 billion. Visitors from China accounted for 65 per cent of growth in international expenditure – far higher than the national average of 46.2 per cent – contributing \$2.1 billion to Victoria's visitor economy.

Investment in the Victorian tourism industry remains attractive for both domestic and foreign investors, with continued growth in tourism's contribution to our \$23 billion visitor economy. Adding extra weight to the industry's attractiveness to investors is the strong growth in demand for Victorian's tourism services from both international and domestic visitors.

Interest from Asian investors in 2015-16 has been a driver of growth in mixed-use developments, such as the \$1 billion Upper West Side residential and hotel project. The West Side Place will become Melbourne's largest CBD residential development with over 2,600 apartments and the tallest hotel in the southern hemisphere, including what will be Melbourne's first Ritz-Carlton hotel with 250 rooms.

Approval to build a 478-room high-rise hotel on Little Lonsdale Street in the centre of Melbourne has been granted to allow the construction of a 199-metre tower of 56 levels with 270 three-star hotel rooms and 208 four-star hotel rooms as well as a bar and lounge, restaurant, conference facilities and gym. Another approved mixed-use development at 380 Lonsdale Street consists of two large towers rising 51 levels and 67 storeys with 312 hotel rooms.

The new \$250 million Sheraton Melbourne Hotel with 251 rooms and 18 suites, restaurant, cafe and bar on-site is set to open in March 2017.



The 2015-16 Victorian Budget provided \$205 million for the expansion of the Melbourne Convention and Exhibition Centre, which will build on the existing success of the Centre, and help cater to the growing demand for exhibitions linked to conferences. This project is part of a South Wharf development that will connect visitors and local traders with a new 341-room hotel and multi-deck car parking facilities. Leading infrastructure business Plenary Group, and its partners in the precinct, are investing approximately \$150-175 million in this development.

In February 2016, six Victorian tourism projects were announced under the Tourism Driver Demand Infrastructure program to share in \$3.6 million funding support to improve the quality of tourism infrastructure and help attract more visitors to the State.

Launched in November 2015, Victoria's Regional Statement committed Government to identify and actively facilitate 10 iconic regional tourism projects across the State, such as cycling, visitor interpretation and Aboriginal heritage opportunities.

During the year, a number of sporting, recreation and culture projects were completed with Victorian Government funding. These included the Shepparton Showgrounds redevelopment, Warrnambool Regional Aviation Park and a new 500-seat performing arts auditorium in Horsham to boost tourism to regional Victoria by enhancing its ability to attract major events to the area.

The Victorian Government has committed \$4 million towards Stage One of the Geelong Waterfront Safe Harbour Precinct. The Geelong Waterfront will be a significant asset to the region, boosting recreational and tourism activities for both the local community and visitors alike.

In April 2016, the first forum bringing all nine Victorian Regional Development Authorities (RDA) Committees was held in Ballarat to explore opportunities for Victoria, make stronger connections between the committees and develop Victoria's priorities.

# Priority 7

## INVESTING IN OUR WORKFORCE

### RACV Victorian Tourism Awards

In 2015, the RACV Victorian Tourism Awards celebrated their 31st year.

Tourism Victoria this year commissioned the Victoria Tourism Industry Council to organise the RACV Victorian Tourism Awards. Partnership with Prime7 ensured that the winners were promoted to consumers in Victoria.

The Victorian winners went on to participate in the Qantas Australian Tourism Awards in Melbourne, with Victoria achieving 10 gold winners, one silver placegetter and three bronze placegetters from 26 categories.

### Tourism Excellence Program

The Tourism Excellence Program continued to rollout throughout the State with Victoria's regional tourism boards implementing a range of learning and development programs for the industry. Tourism Victoria developed additional online learning modules known as e-Tutorials to enable tourism businesses to access learning materials via the internet.

In 2015-16, 14 tourism businesses successfully completed the Tourism Victoria's International Mentoring Program. This brings to 99 the number of tourism products who have participated in the program aimed at 'fast tracking' businesses to become export ready.

### Other Key Initiatives

#### Victorian Visitor Economy Review

On 10 March 2015, the Premier announced a review of the Victorian Visitor Economy to identify the best way to develop and grow this vital sector for the State. The review is now complete.

After considering the findings of the review, the Government decided to create a single entity – Visit Victoria (a company limited by guarantee) – to promote the State and attract events.

The establishment of Visit Victoria will help ensure Victoria remains a prestigious destination for major events, visitors and international students.

The Government released the *Victorian Visitor Economy Strategy* on 25 July 2016.

The Visitor Economy Ministerial Advisory Committee (announced in February 2016), chaired by former Tourism Minister John Pandazopolous, will provide advice to Government on visitor economy priorities including implementation of the Strategy. The Committee met for the first time on 29 April 2016.

#### Regional Tourism Boards

In December 2015, it was announced that the regional tourism boards (RTBs) would receive \$3.3 million in funding per annum for three years, under a new Regional Partnership Program (RPP) 2016-2019. This provides RTBs with funding certainty for the next three years and enables them to leverage further contributions from local government and industry.

In July 2015, the Tourism Greater Geelong and Bellarine Regional Tourism Board was recognised by the Victorian Government as an official tourism region and Board.

### Industry crisis management

Tourism Victoria continued to work with Victoria's emergency services and regional tourism boards to build the tourism industry's capacity to respond effectively to crises and recover quickly. This work included supporting crisis media training for key operators in the Melbourne, Great Ocean Road and High Country regions as well as the provision of crisis management planning advice to the Daylesford and Macedon Ranges Regional Tourism Board.

Building on the previous campaigns and with funding support from the Country Fire Authority, Tourism Victoria delivered a program of activities aimed at informing visitors about bushfire risk, both directly and through key tourism information providers such as accredited visitor information centres.

Activities that were delivered included continued promotion and distribution of the FireReady resource kit for tourism businesses, updating and continued distribution of visitor-focused collateral, such as Victoria visitor map and safety tips, key tags and fridge stickers, through key tourism information providers and the establishment of a Fire Danger Rating display at the Melbourne Airport visitor information centre.

Tourism Victoria provided advice and support to regional tourism stakeholders and the emergency services in response to a number of crisis events, including the Wye River Jamieson Track bushfire and Murray River blue green algal bloom.

The government provided a \$1.4 million 'Great Ocean Road Economic and Community Recovery Package' for locally driven recovery activities, to support communities affected by the Wye River–Jamieson Track bushfire. The package was made up of five components to address the impacts of the fire and support the local economy, businesses and community. The five components are, small business mentoring for affected businesses, priority marketing and public relations activity for the Great Ocean Road, a contribution to the relocation of the Falls Festival, short-term events support and a \$1 million Economic and Community Recovery Fund.

Tourism Victoria worked closely with the Murray Regional Tourism Board and other government agencies to commence positive social media messaging promoting activities and towns that were affected by the Murray River blue green algae bloom. The Murray River was also featured in the Wander Victoria campaign.

### Signing

In 2015-16 Tourism Victoria continued to provide advice to a number of tourism stakeholders on tourism signing matters including Phillip Island. Tourism Victoria also continued its leadership role in this area by chairing the National Signing Reference Group.

### Accessible Tourism

Tourism Victoria supported a number of accessible tourism workshops aimed at tourism operators across the State in 2015-16, utilising the Accessible Tourism: It's Your Business kit, launched in 2013. Workshops were held in the Yarra Valley, Gippsland, and Melbourne.

### Labour and Skills

A regional steering committee was established in 2014 to oversee the implementation of the eleven strategies of the Mornington Peninsula and Phillip Island Tourism Employment Plan; one of eight such plans developed around Australia, and the first for Victoria. The Committee met twice in 2015-16 to ensure development of video case studies, program guide updates and re-engaging businesses with the TAFE sector.

### Visitor Information Centres

Tourism Victoria, in conjunction with the Victoria Tourism Industry Council continued to provide advice to regional tourism boards and local government on Visitor Information Centres (VICs) regarding future options for visitor servicing.

Tourism Victoria continued to support accredited VICs through a general service agreement with VTIC to ensure ongoing professional development of visitor centre staff and grow visitor centre standards.

### Puffing Billy Tourist Railway

In 2015-16, Tourism Victoria supported the iconic Puffing Billy tourist railway through the drafting of a tourism master plan and development of drafting instructions for a new contemporary Act to replace the original *Emerald Tourist Railway Act 1977*.

# Legislative REQUIREMENTS

As a Victorian State Government statutory authority established by the *Tourism Victoria Act 1992*, Tourism Victoria is the vehicle through which the Government participates in the tourism and travel industries.

## Risk Attestation Statement

I, Andrew Dwyer, certify that Tourism Victoria has complied with the *Ministerial Standing Directions 4.5.5 – Risk Management Framework and Processes*. The Tourism Victoria Board verifies this assurance and that the risk profile of Tourism Victoria has been critically reviewed within the last 12 months.



**Andrew Dwyer**  
Chairman, Tourism Victoria

## Other relevant information

### Legislation

Tourism Victoria was established under the *Tourism Victoria Act 1992*. The Act outlines Tourism Victoria's functions, powers and duties.

### Merit and Equity Statement

In accordance with Government policies and guidelines, all appointments to Tourism Victoria in 2015-16 were made on the basis of merit.

### Employees' Health and Safety

This year's Annual Report for the Department of Economic Development, Jobs, Transport and Resources covers occupational health and safety matters and performance indicators concerning staff employed in the Tourism Victoria offices. See the Department's Annual Report 2015-2016.

### Progress in Implementing National Competition Policy

Implementing National Competition Policy does not impact on the business of Tourism Victoria.

### Reviews of Legislation that Restrict Competition

No reviews were undertaken in 2015-2016 in relation to legislation relating to Tourism Victoria.

### **Application of the Competition Test to New Legislative Proposals**

No new legislation was introduced during 2015-16 relating to Tourism Victoria.

### **Compliance with the *Building Act 1993***

All Government departments and funded agencies are required to comply with the requirements of the *Building Act 1993*, the Building Code of Australia and statutory obligations by Government.

The *Building Act 1993* applies to construction, demolition, removal and refurbishment of capital projects, and the Building Code of Australia relates to standards set for building regulations.

### **Consultancies**

In 2015-16, there were no consultancies where the total fees payable to the consultants were \$10,000 or greater (excluding GST). The total expenditure incurred during 2015-16 in relation to these consultancies was \$0 (excluding GST).

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

There were no consultancies under \$10,000 engaged by Tourism Victoria in 2015-16.

## **Legislative Requirements**

### **Application of Competitive Neutrality Principles to significant Government business activities**

Tourism Victoria does not undertake any significant Government business activity with respect to the application of competitive neutrality principles.

### **Application of Competitive Neutrality principles to In-House Bids**

There were no in-house bids relating to Tourism Victoria in 2015-16

### **Other Information**

Other relevant information relating to the financial year is retained by the accountable officer and made available to the relevant Minister, Members of Parliament and the public on request.

### **Victorian Industry Participation Policy**

During 2015-16 Tourism Victoria did not commence any contracts to which VIPP applied.

### **Summary of additional information available on request**

- A statement that declarations of private interests have been duly completed by all relevant officers.
- Details of publications produced during 2015-16.
- Details on any major external review carried out during 2015-16.
- Details of any major research and development activities.
- Details of overseas visits undertaken.
- Details of major promotional, public relations and marketing activities undertaken during 2015-16.

The above information is available from:

**Senior Administration Officer**

Telephone: (03) 9653 9737

## Workforce data AS AT 30 JUNE 2016

	Ongoing Employees				Fixed Term & Casual Employees	Total Employees
	Full time (headcount)	Part time (headcount)	Total (headcount)	Total (FTE)	Total (FTE)	Total (FTE)
Jun-15	62	10	72	68.6	18.0	86.6
Jun-16	52	12	64	60.4	14.0	74.4

	Jun-15			Jun-16			Jun-16 Totals (FTE)
	Ongoing Employees		Fixed Term & Casual Employees	Ongoing Employees		Fixed Term & Casual Employees	
	Headcount	FTE	FTE	Headcount	FTE	FTE	

Gender							
Male	27	27.0	3.0	22	21.5	1.5	23.0
Female	45	42.0	15.0	43	38.9	12.5	51.4

Age							
Under 25	0	0.0	0.0	0	0.0	0.0	0.0
25-34	12	12.0	12.0	9	9.0	9.5	18.5
35-44	30	27.0	5.0	28	24.4	3.0	27.4
45-54	22	22.0	0.0	19	18.5	1.0	19.5
55-64	7	7.0	1.0	8	8.0	1.0	9.0
Over 64	1	1.0	0.0	0	0.0	0.0	0.0

Classification							
VPS1	0	0.0	0.0	0	0.0	0.0	0.0
VPS2	0	0.0	0.0	0	0.0	0.0	0.0
VPS3	10	9.6	7.0	6	5.6	5.0	10.6
VPS4	14	13.4	6.0	14	13.4	7.0	20.4
VPS5	25	22.8	5.0	25	22.6	2.5	25.1
VPS6	16	15.8	0.0	16	15.3	0.0	15.3
STS	1	1.0	0.0	1	1.0	0.0	1.0
Executives	6	6.0	0.0	2	2.0	0.0	2.0

- (i). FTE means full time equivalent.
- (ii). All figures reflect employment levels during the last full pay period in June of each year.
- (iii). Excluded are those on leave without pay or absent on secondment, external contractors/consultant, temporary staff employed by employment agencies and statutory appointees.
- (iv). Employee numbers for Tourism Victoria are also published in the Department of Economic Development, Jobs, Transport & Resources' (DEDJTR) annual report.

## Diversity, Equality and Environmental Management

Tourism Victoria is committed to the employment and engagement of people from a diverse range of backgrounds, both in our workplace and in the communities in which we operate.

Throughout the year, Tourism Victoria complied with the office-based environmental performance improvement initiatives and requirements of the Department of Economic Development, Jobs, Transport and Resources (DEDJTR).

The Department manages matters relating to the application of merit and equity principles and environmental practices. See the DEDJTR Annual Report 2015-16.

## Freedom of Information Publication Requirements

The *Freedom of Information Act 1982* allows the public a right of access to documents held by Tourism Victoria. During the year, Tourism Victoria did not receive any Freedom of Information requests specifically pertaining to Tourism Victoria, and no additional departmental requests which captured data from Tourism Victoria.

### Making a Request

Access to documents may be obtained through written request to the Freedom of Information Manager, as detailed in section 17 of the *Freedom of Information Act*. In summary, the requirements for making a request are:

- it should be in writing;
- it should identify as clearly as possible what document is being requested; and
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Request for documents in the possession of Tourism Victoria should be addressed to:

### Freedom of Information Officer

GPO Box 2219T  
Melbourne VIC 3001  
Phone: (03) 9653 9777

Requests can also be lodged online at [www.foi.vic.gov.au](http://www.foi.vic.gov.au).

Access charges may also apply once documents have been processed and a decision on access made, for example photocopying, search and retrieval charges.

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

## Compliance with the *Protected Disclosure Act 2012*

The *Protected Disclosure Act 2012* encourages and assists people to make disclosures of improper conduct or detrimental action by public officers and public bodies. The Act provides protections to people who make disclosures in accordance with the legislation and establishes a system for the matters disclosed to be investigated and for rectifying action to be taken.

Tourism Victoria does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. Tourism Victoria 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.

Tourism Victoria 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 at the disclosure to the extent it is legally possible.

### Reporting procedures

Disclosures of improper conduct made by members of the board of Tourism Victoria must be made directly to the Independent Broad-based Anti-corruption Commission (IBAC).

Employees of the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) who provide administrative support within the Tourism and Airline Services division may make disclosures to the Department's Protected Disclosure Coordinator.



The key contact for making disclosures of improper conduct or detrimental action by Tourism Victoria or its employees is the Protected Disclosure Coordinator. Disclosures by such employees may also be made to:

- the Secretary of the Department or Chief Executive of Tourism Victoria;
- a Protected Disclosure Officer;
- a manager or supervisor of a person who chooses to make a disclosure; or
- a manager or supervisor of a person about whom a disclosure has been made.

The Department's Protected Disclosure Coordinator is:

**Ms Virginia Lam**

Manger

Risk Management, Legal and Legislation  
Department of Economic Development,  
Jobs, Transport and Resources

GPO Box 4509

Melbourne Vic 3000

Phone: 8392 6701

Email: [virginia.lam@ecodev.vic.gov.au](mailto:virginia.lam@ecodev.vic.gov.au)

Alternatively, disclosures of improper conduct or detrimental action by the Department or its employees may also be made directly to the Independent Broad-based Anti-corruption Commission (IBAC).

**The Independent Broad-based Anti-corruption Commission (IBAC)**

Victoria Level 1

North Tower, 459 Collins Street

Melbourne, VIC 3001

Phone: 1300 735 135

Mail: IBAC, GPO Box 24234, Melbourne, VIC 3000

Internet: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

Email: see the website above for the secure email disclosure process, which also provides for anonymous disclosures

**Further information**

The Protected Disclosure Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by the Department or its employees, is available on the Tourism Victoria and Department's website.

Protected Disclosures reported to the Protected Disclosure Coordinator after 10 February 2013 are reported in the DEDJTR Annual Report.

## Legislative Requirements

### Disclosures under the *Protected Disclosure Act 2012*

The archived procedures established under the *Whistleblowers Protection Act 2001* are available upon request

	2015-16 Number	2014-15 Number
The number and types of disclosures made by an individual to the department and notified to the Independent Board-based Anti-corruption Commission.	0	0
Assessable disclosures	0	0

# Five Year COMPARISON

	2011–12 \$'000	2012–13 \$'000	2013–14 \$'000	2014–15 \$'000	2015–16 \$'000
Total Assets	24,143	17,592	15,785	32,569	<b>25,203</b>
Total Liabilities	7,896	6,819	7,239	8,681	<b>6,609</b>
Net Worth/Accumulated Surplus	16,246	10,772	8,546	23,889	<b>18,594</b>
Surplus/(Deficit)	(3,078)	(5,474)	(2,226)	15,343	<b>(5,294)</b>
Property, Plant & Equipment (WDV)	176	134	88	99	<b>32</b>
State Government Contributions	86,331	61,493	62,828	77,529	<b>55,339</b>
Total Expenditure	<b>94,508</b>	<b>70,573</b>	<b>67,261</b>	<b>64,891</b>	<b>61,943</b>

## Significant changes in financial position 2015–2016

State government contributions decreased by \$22.2 million in 2015–16 to \$55.3 million. This was mainly due to Business Events funding provided in the previous financial year. This funding is held in a trust for events to be held in future years.

The operating deficit of \$5.294 million for 2015–16 is due to meeting commitments for business events and other operational activities from funds carried over from the previous year.

The net worth of Tourism Victoria at 30 June 2015 is \$18.59 million. This decrease was generated by meeting commitments from funds carried over from the previous year.

## Operational and budgetary objectives of the entity, for the financial year, and performance against those objectives including significant activities and achievements during the year.

These are outlined in narrative and graphical form elsewhere in this report.

## Summary of major changes or factors which have affected the achievement of the operational objectives for the year.

Visit Victoria was registered with the Australian Securities and Investments Commission as a public company limited by guarantee on 7 April 2016. The company brings together the functions and staff of Tourism Victoria, the Victorian Major Events Company and the Melbourne Convention Bureau. A priority for Tourism Victoria in 2015–16 was transitioning to Visit Victoria while maintaining activities that maximise the value of the visitor economy to the State.

# Financial Statements

30 JUNE 2016

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## Comprehensive operating statement for the financial year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>Income from transactions</b>			
Grant income	2(a)	55,338,793	77,529,176
Other income	2(b)	1,322,373	2,694,462
<b>Total income from transactions</b>		<b>56,661,166</b>	<b>80,223,638</b>
<b>Expenses from transactions</b>			
Grants and other payments	3(a)	(26,489,651)	(25,035,534)
Employee expenses	3(b)	(8,665,068)	(10,377,592)
Depreciation and amortisation	3(c)	(70,108)	(68,265)
Capital asset charge		(47,000)	(47,000)
Supplies and services	3(d)	(22,581,297)	(25,216,733)
Administration charges	3(e)	(4,066,786)	(4,116,785)
Finance costs		(22,881)	(29,401)
<b>Total expenses from transactions</b>		<b>(61,942,790)</b>	<b>(64,891,310)</b>
<b>Net result from transactions (net operating balance)</b>		<b>(5,281,624)</b>	<b>15,332,328</b>
<b>Other economic flows included in net result</b>			
Net gain on non-financial assets	4(a)	(7,177)	7,438
Net gain/(loss) on financial instruments	4(b)	12,607	20,623
Other gains/(losses) from other economic flows	4(c)	(18,114)	(17,633)
<b>Total other economic flows included in net result</b>		<b>(12,684)</b>	<b>10,428</b>
<b>Comprehensive result</b>		<b>(5,294,308)</b>	<b>15,342,756</b>

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

## Balance sheet as at 30 June 2016

	Notes	2016 \$	2015 \$
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	15(a)	14,586,187	31,488,110
Receivables	16	10,224,727	818,512
Investments	5	1	1
<b>Total financial assets</b>		<b>24,810,916</b>	<b>32,306,623</b>
<b>Non-financial assets</b>			
Property, plant and equipment	6	31,726	99,183
Intangibles assets	6a	114,567	163,667
Prepayments		246,074	-
<b>Total non-financial assets</b>		<b>392,367</b>	<b>262,850</b>
<b>Total assets</b>		<b>25,203,282</b>	<b>32,569,473</b>
<b>Liabilities</b>			
Payables	7	3,305,253	5,376,827
Unearned income		15,000	-
Borrowings	8	32,094	100,026
Provisions	9	3,256,521	3,203,898
<b>Total liabilities</b>		<b>6,608,868</b>	<b>8,680,751</b>
<b>Net assets</b>		<b>18,594,414</b>	<b>23,888,722</b>
<b>Equity</b>			
Accumulated surplus		18,594,414	23,888,722
<b>Net worth</b>		<b>18,594,414</b>	<b>23,888,722</b>
Commitments for expenditure	12		
Contingent liabilities and contingent assets	13		

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

## Statement of changes in equity for the financial year ended 30 June 2016

	Accumulated surplus \$	Total \$
<b>Balance at 1 July 2014</b>	<b>8,545,966</b>	8,545,966
Net result from transactions	<b>15,332,328</b>	15,332,328
Other economic flows included in net result	<b>10,428</b>	10,428
<b>Balance at 30 June 2015</b>	<b>23,888,722</b>	23,888,722
Net result from transactions	<b>(5,281,624)</b>	(5,281,624)
Other economic flows included in net result	<b>(12,684)</b>	(12,684)
<b>Balance at 30 June 2016</b>	<b>18,594,414</b>	18,594,414

*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 2016

	Notes	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from government		46,531,401	80,510,725
Receipts from other entities		825,630	1,635,618
Net goods and services tax recovered from the ATO (i)		3,626,748	3,906,495
Interest received		549,557	1,225,718
<b>Total receipts</b>		<b>51,533,336</b>	<b>87,278,556</b>
<b>Payments</b>			
Payments to suppliers and employees		(68,349,327)	(67,052,376)
Capital assets charge		(47,000)	(47,000)
Interest and other costs of finance paid		(22,881)	(29,401)
<b>Total payments</b>		<b>(68,419,208)</b>	<b>(67,128,777)</b>
<b>Net cash flows from/(used in) operating activities</b>	15(b)	<b>(16,885,872)</b>	<b>20,149,779</b>
<b>Cash flows from investing activities</b>			
Purchases of non-financial assets		-	(196,400)
Proceeds from disposal of property, plant & equipment		56,244	37,545
<b>Net cash flows from/(used in) investing activities</b>		<b>56,244</b>	<b>(158,855)</b>
<b>Cash flows from financing activities</b>			
Repayment of finance leases		(84,903)	(58,751)
<b>Net cash flows from/(used in) financing activities</b>		<b>(84,903)</b>	<b>(58,751)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(16,914,531)</b>	<b>19,932,173</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>31,488,110</b>	<b>11,535,314</b>
Effect of exchange rate fluctuations on cash held in foreign currency	4(b)	12,607	20,623
<b>Cash and cash equivalents at the end of the financial year</b>	15(a)	<b>14,586,187</b>	<b>31,488,110</b>

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

(i). Goods and Services Tax (GST) paid to ATO is presented on a net basis



# Notes to the Financial Statements 30 June 2016

## Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Tourism Victoria for the period ending 30 June 2016. The report provides users with information about Tourism Victoria's stewardship of resources entrusted to it.

### (a) Statement of compliance

These general purpose financial statements have been prepared 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 AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

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

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

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 21.

These annual financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SD) authorised by the Minister for Finance. The financial report has been prepared on a going concern basis despite the transfer of operations to Visit Victoria on 1 July 2016. Refer to Note 20 for more information.

The annual financial statements were authorised for issue by the responsible persons of Tourism Victoria on the 18 October 2016.

### (b) 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.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements 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 (refer to Note 1(l));
- superannuation expense (refer to Note 1(g)); and
- the fair value of plant, equipment and motor vehicles (refer to Note 1(k)).

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

- non-financial 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. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;

## Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- derivative financial instruments are measured at fair value with changes reflected in the comprehensive operating statement.

Consistent with *AASB 13 Fair Value Measurement*, Tourism Victoria determines the policies and procedures for recurring fair value measurements such as property, plant and equipment and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

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

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

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

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

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

### (c) Reporting entity

The financial statements cover Tourism Victoria as an individual reporting entity. It is a statutory authority of the State of Victoria, established pursuant to an order made by the Premier under the *Administrative Arrangements Act 1983*.

Its principal address is:

**Tourism Victoria**  
**Level 32, 121 Exhibition Street**  
**Melbourne VIC 3000**

### (d) Objectives and funding

Tourism Victoria's resources are primarily directed to marketing the State, nationally and internationally, as well as contributing to the development of a sustainable tourism industry.

The objectives and funding that were previously the responsibility of Tourism Victoria will transfer to Visit Victoria in 2016-17. There will be no funding provided directly to Tourism Victoria.

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

#### Comprehensive operating statement

The comprehensive operating statement comprises of two components, being 'net result from transactions' (or termed as 'net operating balance') and 'other economic flows included in net result'. The sum of the two components represents the net result.

The net result is equivalent to profit or loss derived in accordance with AASs.

'Other economic flows' are changes arising from market remeasurements. They include:

- gains and losses from disposals of non-financial assets;
- fair value changes of financial instruments; and
- revaluation of the long service leave liability due to changes in discount rate.

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

## Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 are disclosed in the notes, where relevant. In general, non-current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classified as current liabilities if Tourism Victoria does not have the unconditional right to defer the settlement of the liabilities within 12 months after the end of the reporting period.

### 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 requirements under AASB 107 *Statement of cash flows*.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet.

### Statement of changes in equity

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

### Rounding

Amounts in the financial statements have been rounded to the nearest dollars, unless otherwise stated. Figures in the financial statements may not equate due to rounding. Please refer to the end of Note 21 for a style convention for explanations of minor discrepancies resulting from rounding.

### (f) 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. Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Revenue is recognised for each of Tourism Victoria's major activities as follows:

#### Grant income

Grants are recognised as income when Tourism Victoria gains control over the underlying assets. Where grants are reciprocal, income is recognised as Tourism Victoria has satisfied its performance obligations under the terms of the grant. Non-reciprocal grants are recognised as income when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

#### Other income

##### *Co-operative ventures income*

The amount recognised for co-operative ventures refers to funds directly received and banked by Tourism Victoria for activities such as brochure participation and co-operative marketing. Funds from co-operative venture participants which are reciprocal are recognised as revenue in the year when co-operative venture activities take place. Funds received prior to activities having taken place are recognised as Funds Received in Advance where reciprocal or as revenue if not reciprocal.

##### *Interest income*

Interest income includes interest received on bank term deposits and interest from investments. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported either as part of income from other economic flows in the net result or as unrealised gains or losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

## Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Expenses from transactions

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

#### Grants and other payments

Grants and other payments to third parties are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as grants, subsidies and other transfer payments to third parties.

#### Employee expenses

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

These expenses include all forms of considerations given by Tourism Victoria in exchange for service rendered by employees or for the termination of employment. This includes wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

#### Superannuation

The amount charged to the comprehensive operating statement in respect of defined benefit and defined contribution superannuation plans represents the contributions made by Tourism Victoria to the superannuation plan in respect to the current services of current Tourism Victoria staff. Superannuation contributions are made to the plan based on the relevant rules of the plan.

Tourism Victoria does not recognise any defined benefit liability in respect of the superannuation plan because Tourism Victoria 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 in their Annual Financial Statements, disclose on behalf of the State as the sponsoring employer, the net defined benefit liability 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

Depreciation is provided on property, plant and equipment. Depreciation is generally calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value.

The expected useful lives are as follows:

	2016	2015
Plant and equipment:	<b>3-5 years</b>	3-5 years
Leased plant and equipment:	<b>3 years</b>	3 years
Intangible produced assets	<b>4 years</b>	4 years

These rates are reviewed on an annual basis.

Intangible produced assets with finite useful lives are amortised as an expense from transactions on a systematic (typically straight line) basis over the asset's useful life. Amortisation 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.

#### Capital asset charge

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

#### Supplies and services

Supplies and services generally represent the marketing program costs of Tourism Victoria.

#### Administration charges

These expenses generally represent the day-to-day running costs required to deliver program activities in the normal operations of Tourism Victoria. These items are recognised as an expense in the reporting period in which they are incurred.

## Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Finance costs

Finance costs are recognised as expenses in the period in which they are incurred and include:

- interest on bank overdrafts and short-term and long-term borrowings; and
- finance lease charges.

### (h) Other economic flows included in the net result

Other economic flows are changes in the volume or value of asset or liability that do not result from transactions.

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.

#### *Gain/(loss) on financial instruments*

Refer to Note 1(q) Foreign currency balances/ transactions.

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

Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

### (i) Financial instruments

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

For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract. However, guarantees issued by the Treasurer on behalf of the Department are financial instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

### Categories of non-derivative financial instruments

#### *Loans and receivables*

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less an allowance for impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(j)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

#### *Financial assets and liabilities at fair value through profit and loss*

Financial assets are categorised as fair value through profit or loss at trade date if they are classified as held for trading or designated as such upon initial recognition.

Financial instruments at fair value through profit or loss are initially measured at fair value and attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows. Any interest on a financial asset is recognised in the net result from transactions.

## Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *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 (refer to Note 21).

Financial instrument liabilities measured at amortised cost include all of the Tourism Victoria contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

### **Impairment of assets**

All assets, including intangible assets are assessed annually for indications of impairment, except for financial assets that are assessed in accordance with Note 1(j).

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the operating statement except to the extent that the write down can be debited to an asset revaluation reserve 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. 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.

### **(j) Financial assets**

#### **Cash and cash equivalents**

Cash and cash equivalent recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and those highly liquid investments (with an original maturity of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and readily convertible to known amounts of cash with an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as borrowings on the balance sheet.

#### **Receivables**

Receivables consist of:

- statutory receivables, such as amounts owing from the Victorian Government and GST input tax credits recoverable; and
- contractual receivables, such as debtors in relation to goods and services and accrued investment income

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 1(i) *Financial Instruments* for recognition and measurement). 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. 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(i).



## Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Investments

Investments are classified in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables; and
- held-to-maturity.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any dividend or interest earned on the financial asset is recognised in the comprehensive operating statement as a transaction.

Tourism Victoria assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

### (k) Non-financial physical assets

#### Property, plant and equipment

Plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

#### Intangible Assets

An intangible asset relating to the development and implementation of the Victorian Trails website is included in the Balance Sheet. The method for valuing and amortising the asset in the previous year is still relevant for 2015-16.

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated 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 Tourism Victoria.

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated amortisation and impairment. Refer to Note 6(a) Amortisation of non-produced intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

#### Other non-financial assets

##### Prepayments

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

### (l) Liabilities

#### Payables

Payables consist of:

- contractual payables such as accounts payable, which represents liabilities for goods and services provided to Tourism Victoria prior to the end of the financial year that are unpaid, and arise when Tourism Victoria becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as fringe benefits tax payables. Tourism Victoria do not need to present statutory 'taxes payables' in the note, as the amount of fringe benefit tax payable is not material.



## Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 1(i)). 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

All interest bearing liabilities are initially recognised at fair value of the consideration received, less directly attributable transaction costs (refer to Note 1(m) *Leases*).

The measurement basis subsequent to initial recognition depends on whether Tourism Victoria has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value being recognised in net result over the period of the borrowing using the effective interest method.

The above classification depends on the nature and purpose of the interest bearing liabilities. Tourism Victoria determines the classification of its interest bearing liabilities at initial recognition.

### Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the 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 discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

### Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date.

#### (i) *Wages, salaries and annual leave*

Liabilities for wages and salaries are recognised in the provision for employee benefits as 'current liabilities', because Tourism Victoria does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

- nominal value if Tourism Victoria expects to wholly settle within 12 months; or
- present value if Tourism Victoria does not expect to wholly settle within 12 months.

#### (ii) *Long service leave*

Liability for 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 Tourism Victoria 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:

- nominal value - if Tourism Victoria expects to wholly settle within 12 months; and
- present value - if Tourism Victoria does not expect to wholly settle within 12 months.

## Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 the LSL liability is recognised in the 'net result from transactions', except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised in the net result as an other economic flow (refer to Note 1(h)).

### (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. Tourism Victoria 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 related to employee expenses

On-costs such as payroll tax, workers compensation, superannuation, annual leave and LSL accrued while on LSL taken in service, are recognised separately from the provision for employee benefits.

### (m) 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 of property, plant and equipment are classified as finance infrastructure 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.

### Tourism Victoria as lessee

Assets held under finance leases are recognised as assets of Tourism Victoria at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. If there is certainty that Tourism Victoria will obtain the ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

### Finance Leases

Finance lease assets are depreciated on a straight-line basis over the estimated useful life of the asset.

### Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### (n) Commitments

Commitments for future expenditure include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources. These commitments are disclosed by way of a note (refer to Note 12 *Commitments for expenditure*) at their nominal value and inclusive of the goods and services tax (GST) payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

## Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 13 *Contingent liabilities and contingent assets*) and, if quantifiable, are measured at nominal value, inclusive of GST receivables and payables respectively.

### (p) Accounting for the goods and services tax

Income, expenses and assets are recognised net of the amount of associated goods and services (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 flow.

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

### (q) Foreign currency balances/ transactions

All foreign currency transactions during the financial year are brought to account using the relevant contract rate in effect at the date of the transaction. Foreign monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets carried at fair value that are denominated in foreign currencies are translated to the functional currency at the rates prevailing at the date when the fair value was determined.

Foreign currency translation differences are recognised in 'other economic flows' and accumulated in a separate component of equity, in the period in which they arise.

### (r) Australian Accounting Standards issued that are not yet effective.

Certain new AASs have been published that are not mandatory for the 30 June 2016 reporting period. DTF assesses the impact of these new standards and advises Tourism Victoria of their applicability and early adoption where applicable.

As at 30 June 2016, the following standards and interpretations (applicable to departments) had been issued but were not mandatory for the financial year ending 30 June 2016. Tourism Victoria has not early adopted these standards, with the exception of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value*. Amending standard AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*, which is operative from 1 July 2016 provides an exemption for not-for-profit public sector entities from certain fair value disclosures. Please note that the State early adopted AASB 2015-7 in the 2014-15 reporting period and gave not-for-profit entities the option to early adopt this amending standard last year. As a result, all not-for-profit entities must now comply this amending standard for the current financial year.

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Tourism Victoria financial statements
<b>AASB 9 Financial instruments</b>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	<p>The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p>
<b>AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</b>	<p>The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:</p> <ul style="list-style-type: none"> <li>• The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and</li> <li>• Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</li> </ul>	1 Jan 2018	<p>The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals.</p> <p>Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI).</p> <p>Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge.</p> <p>For entities with significant lending activities, an overhaul of related systems and processes may be needed.</p>
<b>AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]</b>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Tourism Victoria financial statements
<b>AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9</b>	Amends various AASBs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
<b>AASB 16 Leases</b>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase.</p> <p>Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.</p> <p>No change for lessors.</p>
<b>AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 &amp; AASB 138]</b>	<p>Amends AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> to:</p> <ul style="list-style-type: none"> <li>establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset;</li> <li>prohibit the use of revenue based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.</li> </ul>	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Tourism Victoria financial statements
<b>AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</b>	The standard amends AASB 136 <i>Impairment of Assets</i> to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 Fair Value Measurement is the same as the depreciated replacement cost concept under AASB 136.
<b>AASB 2015 6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 &amp; AASB 1049]</b>	The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2015-16 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 1056 *Superannuation Entities*
- AASB 1057 *Application of Australian Accounting Standards*
- AASB 2014-1 *Amendments to Australian Accounting Standards [PART D – Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts only]*<sup>2</sup>
- AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations* [AASB 1 & AASB 11]
- AASB 2014-6 *Amendments to Australian Accounting Standards – Agriculture: Bearer Plants* [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception* [AASB 10, AASB 12, AASB 128]<sup>2</sup>
- AASB 2015-9 *Amendments to Australian Accounting Standards – Scope and Application Paragraphs* [AASB 8, AASB 133 & AASB 1057]
- AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*
- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses* [AASB 112]
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

**Notes:**

1. For the current year, given the number of consequential amendments to AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*, the standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.
2. This Standard or Amendment may not be relevant to Victorian not-for-profit entities when operative.

## Note 2. INCOME FROM TRANSACTIONS

	2016 \$	2015 \$
<b>(a) Grant income</b>		
<b>State government grants</b>		
Core program	17,729,604	24,736,610
Special projects	37,609,189	52,792,566
<b>Total grant income</b>	<b>55,338,793</b>	<b>77,529,176</b>
<b>(b) Other income</b>		
<b>Co-operative ventures</b>		
E-Marketing revenue	424,053	600,090
Product and destination marketing	28,228	273,817
International marketing	331,349	303,379
Other	42,000	232,402
	<b>825,630</b>	<b>1,409,689</b>
<b>Interest income</b>		
Interest on bank deposits	63,220	88,388
Interest from investments	433,523	1,196,385
	<b>496,743</b>	<b>1,284,773</b>
<b>Total other income</b>	<b>1,322,373</b>	<b>2,694,462</b>



### Note 3. EXPENSES FROM TRANSACTIONS

	2016 \$	2015 \$
<b>(a) Grants and other payments</b>		
Events	17,134,675	17,477,354
Regional tourism co-operative marketing	3,936,351	3,717,341
Victoria Trade and Investment Company Pty Ltd	1,612,096	2,486,468
Industry development	501,000	250,000
Tourism Demand-Driver Infrastructure Programme	1,660,000	-
Other	1,645,529	1,104,371
<b>Total grants and other payments</b>	<b>26,489,651</b>	<b>25,035,534</b>
<b>(b) Employee expenses</b>		
Salary & wages	6,454,245	7,792,496
Superannuation	821,578	797,440
Annual leave	651,315	794,618
Long service leave	118,947	315,304
Other on-costs (fringe benefits tax, payroll tax and workcover levy)	618,983	677,734
<b>Total employee expenses</b>	<b>8,665,068</b>	<b>10,377,592</b>
<b>(c) Depreciation and amortisation</b>		
Plant and equipment	-	6,942
Leased motor vehicles	21,008	28,590
Intangibles assets	49,100	32,733
<b>Total depreciation</b>	<b>70,108</b>	<b>68,265</b>
<b>(d) Supplies and services</b>		
Advertising	10,843,848	9,924,761
Printed material	197,538	181,503
Consultants, outsourcing & professional services and agency staff	1,801,851	3,401,435
Distribution	14,882	193,266
Exhibition costs/venue hire	346,472	462,980
Familiarisation expenses	1,262,063	1,945,104
Hospitality & entertainment	110,410	229,187
Marketing, promotional, PR and media costs	4,395,710	5,469,684
Online services	1,034,529	994,936
Overseas contractors	1,198,523	1,029,601
Photographic/video	205,602	358,612
Research	926,468	1,011,102
Other	243,400	14,562
<b>Total supplies and services</b>	<b>22,581,297</b>	<b>25,216,733</b>
<b>(e) Administration charges</b>		
Rent, cleaning and power	1,107,027	1,015,479
Telephone, facsimile and postage	224,762	252,418
Audit fees	34,600	33,800
Computer charges	1,566,292	1,464,065
Printing, stationery and offices requisites	110,190	115,547
Motor vehicle running costs	54,472	67,676
Travel charges	512,593	696,461
Training and development	233,071	257,114
Other	223,780	214,225
<b>Total administration charges</b>	<b>4,066,786</b>	<b>4,116,785</b>

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

	2016 \$	2015 \$
<b>(a) Net gain/(loss) on non-financial assets</b>		
Net gain/(loss) on disposal of property, plant and equipment	(7,177)	7,438
Total net gain on non-financial assets	(7,177)	7,438
<b>(b) Net gain/(loss) on financial instruments</b>		
Net FX gain on financial instruments	12,607	20,623
Total net loss on financial instruments	12,607	20,623
<b>(c) Other gains/(losses) from other economic flows</b>		
Net loss arising from revaluation of long service liability	(18,114)	(17,633)
Total other gains/(losses) from other economic flows	(18,114)	(17,633)
Total other economic flows included in net result	(12,684)	10,428

**Note 5. INVESTMENTS**

	2016 \$	2015 \$
<b>Non traded investments</b>		
Shares in other entities	1	1
	1	1

In June 2001 Tourism Victoria, along with all the other state tourism authorities, and Tourism Australia contributed share capital to the establishment of Australian Tourism Data Warehouse Pty Ltd (ATDW). ATDW is a company limited by shares, incorporated in NSW.

Paragraph 10 of the Shareholders Agreement states that a shareholder can only dispose of shares to another shareholder. In practical terms this means that the shares cannot be sold.

Tourism Victoria believes that because of the nature of ATDW and its shareholders and the restrictions in the shareholder agreement, Tourism Victoria is unable to find a shareholder to purchase the shares. Therefore, using the definition in AASB 139 of "Fair Value", the shares have little value. Consequently the shares have been impaired to \$1.

A formal request to transfer the shares in ATDW from Tourism Victoria to Visit Victoria will be made during 2016-17.

## Note 6. PROPERTY, PLANT AND EQUIPMENT

### Classification by 'purpose groups' – carrying amounts

	2016 \$	2015 \$
<b>Sub classification by nature</b>		
<b>Plant, equipment and leased motor vehicles</b>		
Gross carrying amount	179,053	264,424
less: accumulated depreciation	(147,327)	(165,241)
Net carrying amount	31,726	99,183
Net carrying amount of property, plant and equipment	31,726	99,183

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. plant and equipment, etc), with each sub-category being classified as a separate class of asset for financial reporting purposes. All Tourism Victoria's assets are within the Public Safety and Environment purpose group.

### Classification by 'public administration' purpose group – movements in carrying amounts

	<b>Plant, equipment and leased motor vehicles at fair value</b>	
	2016 \$	2015 \$
<b>Opening Balance</b>	99,183	88,009
Additions	74,333	76,813
Disposals	(104,722)	(30,107)
Transfers to/from other Government Entities	(16,060)	-
Depreciation expense	(21,008)	(35,532)
<b>Closing Balance</b>	31,726	99,183

#### The following useful lives of assets are used in the calculation of depreciation:

Plant and equipment	3-5 years	3-5 years
Leased motor vehicles	3 years	3 years

#### Aggregate depreciation allocated, recognised as expense during the year:

Plant and equipment	-	6,942
Leased motor vehicles	21,008	28,590
	21,008	35,532
Gross sales proceeds	97,545	37,545
Carrying amount of non-financial assets disposed	(104,722)	(30,107)
Net gain/(loss) on disposal	(7,177)	7,438

## Note 6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Fair value measurement hierarchy for assets as at 30 June 2016

Plant, equipment and leased motor vehicles at fair value	Carrying amount	Fair value measurement at end of reporting period using:		
	30-Jun-16	Level 1 (i)	Level 2 (i)	Level 3 (i)
	\$	\$	\$	\$
Plant, equipment and leased motor vehicles	31,726	-	-	31,726
<b>Total plant, equipment and leased motor vehicles at fair value</b>	<b>31,726</b>	<b>-</b>	<b>-</b>	<b>31,726</b>

### Fair value measurement hierarchy for assets as at 30 June 2015

Plant, equipment and leased motor vehicles at fair value	Carrying amount	Fair value measurement at end of reporting period using:		
	30-Jun-16	Level 1 (i)	Level 2 (i)	Level 3 (i)
	\$	\$	\$	\$
Plant, equipment and leased motor vehicles	99,183	-	-	99,183
<b>Total plant, equipment and leased motor vehicles at fair value</b>	<b>99,183</b>	<b>-</b>	<b>-</b>	<b>99,183</b>

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

### Plant, equipment and leased motor vehicles

Plant, equipment and leased motor vehicles are held at fair value. When plant, equipment and leased motor vehicle are 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 period to 30 June 2016.

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

### Reconciliation of Level 3 fair value for 2016

2016	Plant, equipment and leased motor vehicles
	\$
<b>Opening balance</b>	<b>99,183</b>
Purchases	74,333
Sales	(104,722)
Transfers to other Government entities	(16,060)
Depreciation	(21,008)
<b>Closing balance</b>	<b>31,726</b>

### Reconciliation of Level 3 fair value for 2015

2015	Plant, equipment and leased motor vehicles
	\$
<b>Opening balance</b>	<b>88,009</b>
Purchases	76,813
Sales	(30,107)
Gains or losses recognised in net result	-
Depreciation	(35,532)
<b>Closing balance</b>	<b>99,183</b>

## Note 6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Description of significant unobservable inputs to Level 3 valuations for 2016

	Valuation technique	Significant unobservable inputs
Plant, equipment and leased motor vehicles	Depreciated replacement cost	Cost per unit
		Useful life of plant, equipment and leased motor vehicles

### Description of significant unobservable inputs to Level 3 valuations for 2015

	Valuation technique	Significant unobservable inputs
Plant, equipment and leased motor vehicles	Depreciated replacement cost	Cost per unit
		Useful life of plant, equipment and leased motor vehicles

## Note 6a. INTANGIBLE ASSET

	2016 \$	2015 \$
<b>Gross carrying amounts</b>		
Opening balance	196,400	-
Addition	-	196,400
Closing balance	196,400	196,400
<b>Accumulated Amortisation</b>		
Opening balance	(32,733)	-
Amortisation of intangible assets	(49,100)	(32,733)
Closing balance	(81,833)	(32,733)
<b>Net book value at end of financial year</b>	<b>114,567</b>	<b>163,667</b>

The intangible asset relates to the development and implementation of the Victorian Trails website due to a responsive design web framework to accommodate the ever growing use of smartphones and tablets.

## Note 7. PAYABLES

	2016	2015
	\$	\$
<b>Current</b>		
<b>Contractual</b>		
Trade creditors and accruals ((i), (ii))	3,140,706	5,103,656
Other payables (iii)	164,547	273,171
<b>Total current payables</b>	<b>3,305,253</b>	<b>5,376,827</b>

(i). The average credit period is 30 days.

(ii). All payables will be paid out. There are no overdue amounts.

(iii). Other payables represent accrued employee expenses.

### Maturity analysis of contractual payables

Please refer to note 14(c) for the maturity analysis of contractual payables.

### Nature and extent of risk arising from contractual payables

Please refer to Note 14(c) for the nature and extent of risks arising from contractual payables.

## Note 8. BORROWINGS

	2016 \$	2015 \$
<b>Current borrowings</b>		
<b>Secured</b>		
Finance lease liabilities (i) (note 11)	19,598	32,991
<b>Total current borrowings</b>	<b>19,598</b>	<b>32,991</b>
<b>Non-current borrowings</b>		
<b>Secured</b>		
Finance lease liabilities (i) (note 11)	12,497	67,035
<b>Total non-current borrowings</b>	<b>12,497</b>	<b>67,035</b>
<b>Total current and non-current borrowings</b>	<b>32,094</b>	<b>100,026</b>

(i). Secured by the assets leased. Lease liabilities are effectively secured as the rights to the leased assets reverts to the lessor in the event of default. Refer to Note 11 Leases for further information on finance lease liabilities.

The responsibility for any ongoing lease commitments will transfer from Tourism Victoria to Visit Victoria from 1 July 2016.

### (a) Maturity analysis of borrowings

Please refer to note 14(d) for the maturity analysis of borrowings.

### (b) Nature and extent of risk arising from borrowings

Please refer to note 14 for the nature and extent of risks arising from borrowings.

### (c) Defaults and breaches

During the current and prior year there were no breaches or defaults on any of the borrowings.

## Note 9. PROVISIONS

	2016 \$	2015 \$
<b>Current provisions</b>		
<b>Current employee benefits</b>		
(i) Annual leave:		
(ii) Unconditional and expected to settle within 12 months	968,707	927,297
(i) Long service leave:		
(ii) Unconditional and expected to settle within 12 months	86,417	84,148
(iii) Unconditional and expected to settle after 12 months	1,641,918	1,598,813
	<b>2,697,042</b>	<b>2,610,258</b>
<b>Provisions related to employee benefit on-costs</b>		
(ii) Unconditional and expected to settle within 12 months	161,935	157,635
(iii) Unconditional and expected to settle after 12 months	268,206	261,167
	<b>430,140</b>	<b>418,801</b>
<b>Total current provisions</b>	<b>3,127,182</b>	<b>3,029,059</b>
<b>Non-current provisions</b>		
<b>Non-current employee benefits</b>		
(i) Conditional long service leave	111,179	150,290
Conditional long service leave oncosts	18,160	24,549
<b>Total non-current provisions</b>	<b>129,339</b>	<b>174,839</b>
<b>Total provisions</b>	<b>3,256,521</b>	<b>3,203,898</b>
<b>(a) Employee Benefits and related oncosts</b>		
<b>Current employee benefits</b>		
Annual leave	968,707	927,297
Unconditional long service leave	1,728,334	1,682,961
<b>Non-current employee benefits</b>		
Conditional long service leave	111,179	150,290
<b>Total employee benefits</b>	<b>2,808,221</b>	<b>2,760,548</b>
<b>On-costs</b>		
Current on-costs	430,140	418,801
Non-current on-costs	18,160	24,549
<b>Total on-costs</b>	<b>448,300</b>	<b>443,350</b>
<b>Total employee benefits and on-costs</b>	<b>3,256,521</b>	<b>3,203,898</b>
<b>(b) Movement in provisions</b>	<b>On-cost</b>	
<b>Opening balance</b>	<b>443,350</b>	
Additional provisions recognised	125,172	
Reduction arising from payments	(120,222)	
<b>Closing balance</b>	<b>448,300</b>	
<b>Current</b>	<b>430,140</b>	
<b>Non-current</b>	<b>18,160</b>	
	<b>448,300</b>	

(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.

(ii). The amounts disclosed are nominal amounts.

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



## Note 10. SUPERANNUATION

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

Tourism Victoria does not recognise any defined benefit liability in respect of this plan 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 discloses the State's defined benefit liabilities in its disclosure for administered items.

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

The name and details of the major employee superannuation funds and contributions made by Tourism Victoria are as follows:

	Paid Contribution for the year		Contribution outstanding at year end	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Fund</b>				
<b>Defined benefit plans: (i)</b>				
State Superannuation Fund – revised and new	156,724	162,382	-	-
<b>Defined contribution plans:</b>				
VicSuper	379,180	365,746	-	-
Private Funds	285,674	270,224	-	-
<b>Total</b>	<b>821,578</b>	<b>798,352</b>	<b>-</b>	<b>-</b>

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

## Note 11. LEASES

### (a) Disclosure for lessees – finance leases liabilities

#### Leasing arrangements

Finance leases relate to motor vehicles with lease terms that may range from 2 to 3 years. Tourism Victoria has the option to purchase the vehicles for a nominal amount at the conclusion of the lease agreements.

#### Finance lease liabilities

	Minimum future lease payments (i)		Present value of minimum future lease payments	
	2016	2015	2016	2015
	\$	\$	\$	\$
Not longer than 1 year	20,518	36,616	19,598	32,991
Longer than 1 year and not longer than 5 years	12,635	69,705	12,497	67,035
Minimum future lease payments	33,153	106,321	32,094	100,026
less: Future finance charges	(1,059)	(6,295)	-	-
Present value of minimum lease payments	32,094	100,026	32,094	100,026
Included in the financial statements as:				
Current borrowings (note 8)			19,598	32,991
Non-current borrowings (note 8)			12,497	67,035
			32,094	100,026

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

The responsibility for any ongoing lease commitments will transfer from Tourism Victoria to Visit Victoria from 1 July 2016.

### (b) Disclosure for lessees – operating leases

Refer to note 12(b).

## Note 12. COMMITMENTS FOR EXPENDITURE

### (a) Grant Commitments payable

Commitments for the payment of grants under contracts in existence at the reporting date but not recognised as liabilities and payable are:

	2016 \$	2015 \$
Not longer than 1 year	4,361,872	10,213,200
Longer than 1 year and not longer than 5 years	4,350,000	12,430,500
Longer than 5 years	-	19,594,300
	<b>8,711,872</b>	<b>42,238,000</b>

### (b) Operating leases commitment payable

#### Leasing arrangements

Operating leases relate to offices which Tourism Victoria leases overseas and interstate, with lease terms of between two and ten years. All operating lease contracts are between Tourism Victoria and Tourism Australia, and contain market review clauses in the event that Tourism Victoria exercises its option to renew. Tourism Victoria does not have an option to purchase the leased asset at the expiry of the lease period.

#### Non-cancellable operating leases

	2016 \$	2015 \$
Not longer than 1 year	190,583	231,853
Longer than 1 year and not longer than 5 years	-	156,707
	<b>190,583</b>	<b>388,560</b>

### (c) Other Commitments

Commitments for the payment of other expenditure under contracts in existence at the reporting date but not recognised as liabilities and payable are:

	2016 \$	2015 \$
Not longer than 1 year	2,579,821	3,607,345
Longer than 1 year and not longer than 5 years	832,471	550,630
	<b>3,412,292</b>	<b>4,157,975</b>

The responsibility for any ongoing commitments will transfer from Tourism Victoria to Visit Victoria from 1 July 2016.

## Note 13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### Contingent liabilities and contingent assets

There were no contingent assets and liabilities at 30 June 2016 (2015: nil).

## Note 14. FINANCIAL INSTRUMENTS

### (a) Financial risk management objectives

Tourism Victoria's principal financial instruments comprise of:

- cash and deposit;
- term deposits;
- forward foreign currency exchange contract;
- receivables (excluding statutory receivables);
- payables (excluding statutory payables);
- borrowings; and
- finance lease payables.

Tourism Victoria's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

The policies for managing these risks are discussed in more detail below:

Details of 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, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 of the financial statements.

The main purpose in holding financial instruments is to prudently manage Tourism Victoria's financial risks within the Government policy parameters.

Tourism Victoria's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market risk. Tourism Victoria manages these financial risks in accordance with its financial risk management policy.

Tourism Victoria uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the key management personnel of Tourism Victoria and the Department of Economic Development Jobs, Transport and Resources.

The carrying amounts of Tourism Victoria financial assets and financial liabilities by category are in the following table:

	Notes	2016 \$	2015 \$
<b>Financial assets</b>			
Cash and deposits		<b>14,586,187</b>	31,488,110
Receivables	(i)	<b>9,410,928</b>	515,500
Investments	(ii)	<b>1</b>	1
<b>Total financial assets (a)</b>		<b>23,997,116</b>	32,003,611
<b>Financial liabilities</b>			
Payables	(iii)	<b>3,305,253</b>	5,376,827
Finance lease liabilities	(iii)	<b>32,094</b>	100,026
<b>Total financial liabilities (b)</b>		<b>3,337,347</b>	5,476,853

### Categorisation of financial instruments

(i). These are loan and receivables.

(ii). Contractual financial assets/liabilities designated at fair value through profit and loss.

(iii). These are contractual financial liabilities at amortised costs.

(a). The total amount of financial assets disclosed here excludes statutory receivables (i.e. amounts owing from Victorian Government and GST input tax credit recoverable).

(b). The total amount of financial liabilities disclosed here excludes statutory payable (i.e. taxes payable).

## Note 14. FINANCIAL INSTRUMENTS (CONTINUED)

### Net holding gain/(loss) on financial instruments by category

	2016 \$	2015 \$
<b>Financial assets</b>		
Interest income	496,743	1,284,773
<b>Total financial assets</b>	<b>496,743</b>	<b>1,284,773</b>
<b>Financial liabilities</b>		
Interest on borrowings	3,485	6,510
<b>Total financial liabilities</b>	<b>3,485</b>	<b>6,510</b>

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

- for cash and deposits, loans or receivables, the net gain or loss is calculated by taking the interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

### (b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to Tourism Victoria. Tourism Victoria has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Tourism Victoria measures credit risk on a fair value basis.

Tourism Victoria does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with credit-ratings assigned by international credit rating agencies.

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

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Tourism Victoria will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

## Note 14. FINANCIAL INSTRUMENTS (CONTINUED)

### Credit quality of contractual financial assets that are neither past due or impaired

	Financial Institutions (AA- rating)	Government Agencies (AAA rating)	Regional Tourism Bodies (min BBB credit rating)	Other (not rated)	Total
<b>2016</b>					
Cash and deposits	2,313,483	12,000,000	-	272,704	<b>14,586,187</b>
Trade Debtors (i)	-	8,906,359	-	264,180	<b>9,170,539</b>
Interest receivables	12,365	-	-	-	<b>12,365</b>
Other receivables (i)	-	-	-	228,024	<b>228,024</b>
Investments	-	-	-	1	<b>1</b>
<b>Total contractual financial assets</b>	<b>2,325,848</b>	<b>20,906,359</b>	<b>-</b>	<b>764,909</b>	<b>23,997,116</b>
<b>2015</b>					
Cash and deposits	7,204,025	24,000,000	-	284,085	<b>31,488,110</b>
Trade Debtors (i)	-	118,398	26,160	67,569	<b>212,127</b>
Interest receivables	65,179	-	-	-	<b>65,179</b>
Other receivables (i)	-	-	-	238,194	<b>238,194</b>
Investments	-	-	-	1	<b>1</b>
<b>Total contractual financial assets</b>	<b>7,269,204</b>	<b>24,118,398</b>	<b>26,160</b>	<b>589,849</b>	<b>32,003,611</b>

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

There are no material financial assets which are individually determined to be impaired.

### Ageing analysis of contractual financial assets (i)

	Carrying amount	Not past due and not impaired	Past due but not impaired		
			Less than 1 Month	1-3 months	3 months – 1 year
2016					
Debtors	9,170,539	6,468,840	902,200	1,412,974	386,525
Loan to third party	108,228	108,228	-	-	-
Other receivables	132,161	132,161	-	-	-
	9,410,928	6,709,229	902,200	1,412,974	386,525
2015					
Debtors	212,127	198,869	2,200	1,158	9,900
Loan to third party	114,335	114,335	-	-	-
Other receivables	189,038	189,038	-	-	-
	515,500	502,241	2,200	1,158	9,900

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

## Note 14. FINANCIAL INSTRUMENTS (CONTINUED)

### (c) Liquidity risk

Liquidity risk arises when Tourism Victoria is unable to meet its financial obligations as they fall due. Tourism Victoria operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holdings of high quality liquid assets and dealing in highly liquid markets.

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

Maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the Balance Sheet.

#### Maturity analysis of contractual financial liabilities (ii)

	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 Month	1-3 months	3 months – 1 year	1-5 years
2016						
Payables (i)	3,320,253	3,320,253	3,320,253	-	-	-
Borrowings	32,094	33,153	1,149	2,297	17,072	12,635
	3,352,347	3,353,406	3,321,401	2,297	17,072	12,635
2015						
Payables (i)	5,376,827	5,376,827	5,376,827	-	-	-
Borrowings	100,026	106,321	14,115	4,091	18,409	69,706
	5,476,853	5,483,148	5,390,942	4,091	18,409	69,706

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

(ii). The carrying amounts disclosed exclude statutory amounts (e.g. GST payables).

### (d) Market Risk

Tourism Victoria's exposure to market risk is primarily through interest rate risk and foreign currency risk. Objectives, policies and processes used to manage each of these risks are disclosed below:

#### Foreign currency risk

Tourism Victoria's foreign currency risk is managed by transferring funds to onshore foreign currency accounts, sufficient to fund the following year overseas operations, as soon as the regional overseas operating budgets are known. This locks in an exchange rate for each year's operations at the start of each year which effectively hedges against currency fluctuations during the year.

Consistent with Treasury recommendation (FRD 114a), Tourism Victoria has not adopted hedge accounting.

#### Interest rate risk

Tourism Victoria's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out below.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Tourism Victoria does not hold any interest bearing financial instruments that are measured at fair value, therefore has nil exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Tourism Victoria has minimal exposure to cash flow interest rate risks through its cash and deposits and term deposits that are at floating rates.

## Note 14. FINANCIAL INSTRUMENTS (CONTINUED)

Tourism Victoria manages this risk by investing in short term fixed rate financial instruments with an investment maturity sufficient to fund weekly expenditure. Cash at bank balances are kept at minimal operational levels. Management reviews its cash flow position on a weekly basis. Management has concluded that cash at bank is a financial asset that can be left at a floating rate without necessarily exposing Tourism Victoria to significant bad risk as it adopts a conservative approach in budgeting for interest revenue. Management monitors movement in interest rates on a weekly basis.

The following table details Tourism Victoria's exposure to interest rate risk as at 30 June 2016.

### Interest rate exposure of financial instruments

	Notes	Weighted average effective interest rate %	Variable interest rate \$	Maturity dates				Total
				Less than 1 year	1-5 years	More than 5 years	Non-interest bearing	
				\$	\$	\$	\$	\$
<b>2016</b>								
<b>Financial assets</b>								
Cash and deposits	15	2.08%	2,586,187	12,000,000	-	-	-	14,586,187
Receivables	16		-	-	-	-	9,410,928	9,410,928
Investments	5		-	-	-	-	1	1
			2,586,187	12,000,000	-	-	9,410,929	23,997,116
<b>Financial liabilities</b>								
Payables	7		-	-	-	-	3,305,253	3,305,253
Finance lease liabilities	8,11	4.62%	-	19,598	12,497	-	-	32,094
			-	19,598	12,497	-	3,305,253	3,337,347
<b>Net financial assets/(liabilities)</b>			2,586,187	11,980,402	(12,497)	-	6,105,676	20,659,769
<b>2015</b>								
<b>Financial assets</b>								
Cash and deposits	15	2.52%	7,488,110	24,000,000	-	-	-	31,488,110
Receivables	16		-	-	-	-	515,500	515,500
Investments	5		-	-	-	-	1	1
			7,488,110	24,000,000	-	-	515,501	32,003,611
<b>Financial liabilities</b>								
Payables	7		-	-	-	-	5,376,827	5,376,827
Finance lease liabilities	8,11	5.12%	-	32,991	67,035	-	-	100,026
			-	32,991	67,035	-	5,376,827	5,476,853
<b>Net financial assets/(liabilities)</b>			7,488,110	23,967,009	(67,035)	-	(4,861,326)	26,526,758



## Note 14. FINANCIAL INSTRUMENTS (CONTINUED)

### Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Tourism Victoria believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Reserve Bank of Australia):

- A parallel shift of +0.5% and -0.5% in market interest rate (AUD) from year end rates of 1.82%. (2015: 2.09%)
- Proportional exchange rate movement of -10% (depreciation of AUD) and +10% (appreciation of AUD) against foreign currencies, from the year end rates. At year end there were foreign currency balances (AUD 729,158) which would expose Tourism Victoria to exchange rate risk (2015: AUD 1,274,430); and
- A parallel shift of +1% and -1% in inflation rate from year end rates of 1.0% (2015: 1.5%) – Tourism Victoria has no financial instruments exposed to inflation risk (2015: no exposure)

The following table discloses the impact on net operating result and equity for each category of financial instrument held by Tourism Victoria at year end as presented to key management personnel, if the above movements were to occur.

		2016			
		Foreign Exchange Risk			
		-10%		+10%	
		Profit	Equity	Profit	Equity
Carrying amount		\$	\$	\$	\$
Financial Assets					
Cash & deposits (1)	14,586,187	72,916	72,916	(72,916)	(72,916)
Receivables (2)	9,410,928	-	-	-	-
Investments in other entities (3)	1	-	-	-	-
Financial Liabilities					
Payables (2)	3,305,253	-	-	-	-
Finance lease liabilities (4)	32,094	-	-	-	-
Total increase/(decrease)		72,916	72,916	(72,916)	(72,916)
		2015			
		Foreign Exchange Risk			
		-10%		+10%	
		Profit	Equity	Profit	Equity
Carrying amount		\$	\$	\$	\$
Financial Assets					
Cash & deposits (1)	31,488,110	127,443	127,443	(127,443)	(127,443)
Receivables (2)	515,500	-	-	-	-
Investments in other entities (3)	1	-	-	-	-
Financial Liabilities					
Payables (2)	5,376,827	-	-	-	-
Finance lease liabilities (4)	100,026	-	-	-	-
Total increase/(decrease)		127,443	127,443	(127,443)	(127,443)

## Note 14. FINANCIAL INSTRUMENTS (CONTINUED)

	Carrying amount	2016			
		Interest rate risk			
		-0.5%		+0.5%	
		(50 basis points)		(50 basis points)	
		Profit	Equity	Profit	Equity
		\$	\$	\$	\$
<b>Financial Assets</b>					
Cash & deposits (1)	14,586,187	(72,931)	(72,931)	72,931	72,931
Receivables (2)	9,410,928	-	-	-	-
Investments in other entities (3)	1	-	-	-	-
<b>Financial Liabilities</b>					
Payables (2)	3,320,253	-	-	-	-
Finance lease liabilities (4)	32,094	-	-	-	-
Total increase/(decrease)		(72,931)	(72,931)	72,931	72,931

	Carrying amount	2015			
		Interest rate risk			
		-0.5%		+0.5%	
		(50 basis points)		(50 basis points)	
		Profit	Equity	Profit	Equity
		\$	\$	\$	\$
<b>Financial Assets</b>					
Cash & deposits (1)	31,488,110	(157,441)	(157,441)	157,441	157,441
Receivables (2)	515,500	-	-	-	-
Investments in other entities (3)	1	-	-	-	-
<b>Financial Liabilities</b>					
Payables (2)	5,376,827	-	-	-	-
Finance lease liabilities (4)	100,026	-	-	-	-
Total increase/(decrease)		(157,441)	(157,441)	157,441	157,441

- (1). In 2015/16, \$13,857,028 cash and deposits are held in Australian Dollars. \$1,857,028 is held on deposit at variable interest rates. \$12,000,000 is invested in Australian Dollars in interest bearing accounts. The equivalent of AUD \$729,158 is held in 7 overseas currencies. In 2014/15, \$30,213,680 cash and deposits are held in Australian Dollars. \$6,213,680 is held on deposit at variable interest rates. \$24,000,000 is invested in Australian Dollars in interest bearing accounts. The equivalent of AUD \$1,274,430 is held in 7 overseas currencies.
- (2). The carrying amount is denominated in Australian Dollars and is non-interest bearing. This item is not subject to the identified risk sensitivities.
- (3). Investments are denominated in Australian Dollars and are non-interest bearing. This item is not subject to identified risk sensitivities.
- (4). Interest bearing liabilities solely relate to finance lease liabilities associated with motor vehicles. Each contract has interest fixed at the inception of the lease. This item is not subject to identified risk sensitivities.

## Note 14. FINANCIAL INSTRUMENTS (CONTINUED)

### (e) Fair Value

Management consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values. The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- \* the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- \* the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models on discounted cash flow analysis.

The financial statements include holdings in unlisted shares (Note 5). Transaction costs are included in the determination of net fair value.

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

#### Comparison between carrying amount and fair value

	Carrying amount	Fair value	Carrying amount	Fair value
	2016	2016	2015	2015
<b>Contractual financial assets</b>				
Cash and deposits	14,586,187	14,586,187	31,488,110	31,488,110
Receivables	9,410,928	9,410,928	515,500	515,500
Investments	1	1	1	1
<b>Total contractual financial assets</b>	<b>23,997,116</b>	<b>23,997,116</b>	<b>32,003,611</b>	<b>32,003,611</b>
<b>Contractual financial liabilities</b>				
Payables	3,305,253	3,305,253	5,376,827	5,376,827
<b>Total contractual financial liabilities</b>	<b>3,305,253</b>	<b>3,305,253</b>	<b>5,376,827</b>	<b>5,376,827</b>

## Note 15. CASH FLOW INFORMATION

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

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	2016 \$	2015 \$
Cash at bank and on hand	2,313,483	7,204,025
Short term deposits and investments	12,000,000	24,000,000
Cash at bank – (held at overseas offices)	272,704	284,085
Balance as per cash flow statement	14,586,187	31,488,110

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

	2016 \$	2015 \$
Net result for the reporting period	(5,294,308)	15,342,756

#### Non- cash movements

(Gain)/Loss on disposal of non-current assets	7,177	(7,438)
Depreciation and amortisation of non-current assets	70,108	68,265
(Gain)/loss on foreign exchange currency	(12,607)	(20,623)

#### Movements in assets and liabilities

##### Changes in net assets and liabilities

<b>(Increase)/decrease in assets</b>		
Current receivables	(9,406,215)	3,220,091
Other current assets	(246,074)	123,235
<b>Increase/(decrease) in liabilities</b>		
Current payables	(2,056,575)	966,621
Current provisions	98,123	444,391
Non-current provisions	(45,500)	12,482
Net cash flows from / (used) in operating activities	(16,885,871)	20,149,779

## Note 16. RECEIVABLES

	2016 \$	2015 \$
<b>Current receivables</b>		
<b>Contractual</b>		
Debtors (i)	9,170,539	212,127
Loan to third party	108,228	114,335
Other receivables	132,161	189,038
	<b>9,410,928</b>	<b>515,500</b>
<b>Statutory</b>		
GST input tax credit recoverable	813,799	303,012
	<b>813,799</b>	<b>303,012</b>
<b>Total current receivables</b>	<b>10,224,727</b>	<b>818,512</b>

(i). The average credit period on sales of goods and/or services is 30 days. No interest is charged on other receivables.

### Ageing analysis of contractual receivables

Please refer to note 14(b) for ageing analysis of contractual receivables.

### Nature and extent of risk rising from contractual receivables

Please refer to note 14(b) for nature and extent of risk rising from contractual receivables.

## Note 17. RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by 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 positions in Tourism Victoria are as follows

Minister for Tourism and Major Events	The Hon. John Eren, MP	1 July 2015 to 30 June 2016
Chief Executive	Leigh Harry	1 July 2015 to 14 August 2015
Chief Executive	Nick Foa	17 August 2015 to 1 April 2016
Chief Executive	Tim Ada	4 April 2016 to 30 June 2016
Chairman	Andrew Dwyer	1 July 2015 to 30 June 2016
Deputy Chairman	Peter Crinis	11 December 2015 to 15 June 2016
Member	Peter Crinis	1 July 2015 to 10 December 2015
Member	Deborah Beale	11 December 2015 to 30 June 2016
Deputy Chairman	Wendy Smith	1 July 2015 to 14 August 2015
Member	Helene Bender OAM	1 July 2015 to 14 August 2015
Member	Mike Brady AM	1 July 2015 to 14 August 2015
Member	Cinzia Burnes	1 July 2015 to 14 August 2015
Member	Andrew Fairley AM	1 July 2015 to 14 August 2015
Member	Craig Opie	1 July 2015 to 14 August 2015
Member	Alla Wolf-Tasker AM	1 July 2015 to 14 August 2015

*\*Seven members resigned from their positions on the Board of Tourism Victoria effective from 14 August 2015. The members resigned to facilitate the creation of Visit Victoria. The board maintained a quorum following the resignations.*

### Remuneration

Remuneration received or receivable for the position of Accountable Officer, Chief Executive, in connection with the management of Tourism Victoria during the reporting period was in the range: \$210,000 – \$219,999 (2015: \$340,000 – \$349,999).

Remuneration received or receivable by Tourism Victoria Board members for the reporting period is provided below:

	Total Remuneration	
	2016 No.	2015 No.
\$0 – \$9999	7	1
\$10,000 – \$19,999	2	5
\$20,000 – \$29,999	-	3
\$40,000- \$49,999	-	1
\$50,000- \$59,999	1	-
	10	10
	\$99,763	\$206,215

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

## Note 17. RESPONSIBLE PERSONS (CONTINUED)

### Related Parties

Tourism Victoria entered into payable and receivable transactions with the following organisations in its domestic dealings and within normal customer relationships on terms and conditions no more favourable than those available in similar arm's length dealings. The Board members listed below were, during all or part of 2015-16, directors, employees or owners/part owners of the organisations.

		2016 \$	2015 \$
Alla Wolf-Tasker	Lake House Restaurant & Boutique Hotel (1)	8,273	12,722
Alla Wolf-Tasker	Daylesford Macedon Produce (2)	1,000	7,150
Peter Crinis	Crown Melbourne Ltd	-	62,089
Peter Crinis	Melbourne Convention Bureau (3)	6,648,755	6,620,900
Peter Crinis	Melbourne Food & Wine Festival (4)	550	1,726,800
Cinzia Burnes	AOT Inbound Pty Ltd (5)	9,716	11,524
Andrew Fairley	Parks Victoria (6)	693	-
Andrew Fairley	Tourism Australia (7)	1,258,502	-
Deborah Beale	Arts Centre Melbourne Foundation (8)	440	440,082
		<b>7,927,929</b>	<b>8,881,267</b>

The following notes provide an analysis of the 2015-16 financial transactions:

- (1). Familiarisation and hospitality expenses \$8,273. Tourism Victoria runs both trade and media familiarisation programs. Trade familiarisation programs are to promote Victoria to the tourism industry; Media familiarisation programs are to generate media publicity in pursuit of the marketing objectives of Tourism Victoria.
- (2). Grant payments \$1,000.
- (3). Grant payments \$4,400,000, Conferences and events \$1,955,695, Business support \$293,060
- (4). Familiarisation and hospitality expenses \$550.
- (5). Familiarisation and hospitality expenses \$9,716
- (6). Familiarisation and hospitality expenses \$693
- (7). Payments for cooperative marketing \$786,781, conference and exhibition \$150,795, office rental \$33,483, reports and media monitoring \$6,082, Training \$5,000. Receipts for cooperative marketing \$82,500, familiarisation \$182,250, and conference and exhibition \$11,611.
- (8). Familiarisation and hospitality expenses \$440.

## Note 18. REMUNERATION OF EXECUTIVES AND PAYMENTS TO OTHER PERSONNEL

The number of executive officers, other than Ministers and the Accountable Officer, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

Income Band	Total Remuneration		Base Remuneration	
	2016	2015	2016	2015
\$110,000 – \$119,999	-	1	-	1
\$190,000 – \$199,999	-	1	-	1
\$200,000 – \$209,999	1	1	2	1
\$210,000 – \$219,999	-	-	1	-
\$220,000 – \$229,999	1	-	-	-
\$230,000 – \$239,999	1	1	1	1
\$240,000 – \$249,999	1	-	-	-
\$260,000 – \$269,999	-	-	1	-
\$270,000 – \$279,999	1	-	-	-
\$280,000 – \$289,999	-	-	-	1
\$290,000 – \$299,999	-	1	-	-
Total numbers	5	5	5	5
Total annualised employee equivalent (i)	4.6	4.6	4.6	4.6
Total amount	\$1,180,381	\$1,050,201	\$1,124,007	\$1,030,104

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

There is no payment made for 2015 and 2016 to contractors with significant management responsibilities.

## Note 19. REMUNERATION OF AUDITORS

	2016	2015
	\$	\$
Victorian Auditor-General's Office		
Audit of the financial statements	34,600	33,800
	34,600	33,800



## Note 20.

### TRANSFER OF OPERATIONS TO VISIT VICTORIA LIMITED AND EVENTS AFTER THE REPORTING PERIOD

On 1 July 2016, pursuant to section 30 of the *Public Administration Act 2004*, the Premier of Victoria declared that all tourism marketing functions undertaken by Tourism Victoria together with all the employees necessary to carry out and support those functions are transferred to Visit Victoria Limited.

Additionally, on 24 June 2016 (pursuant to section 16 of the *Tourism Victoria Act 1992*), the Minister for Tourism and Major Events directed Tourism Victoria to take all reasonable steps to effect the transfer of property, rights and liabilities to Visit Victoria Limited to facilitate it performing its new functions. Tourism Victoria will continue to exist until such time as the *Tourism Victoria Act 1992* is repealed and has been directed to continue any necessary administrative actions under the *Tourism Victoria Act 1992* or any other legislation but otherwise take no action under the *Tourism Victoria Act 1992* without first discussing and agreeing proposed actions with the Minister for Tourism or Major Events. There will be no Government funding provided to Tourism Victoria in 2016-17, however the entity expects to be able to meet its expected obligations as and when they fall due.

## Notes 21.

### GLOSSARY OF TERMS AND STYLE CONVENTIONS

#### Administration Charges

Administration represents the operating costs of Tourism Victoria such as rent, telephone charges, audit fees, computer expenses, motor vehicles running costs, travel expenses and training and development.

#### Borrowings

Borrowings refers to finance leases and other interest-bearing arrangements, including non-interest-bearing advances from government that is acquired for policy purposes.

#### 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 used in service delivery; and provide incentives to departments to identify and dispose of underutilised or surplus assets in a timely manner.

#### Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non cancellable contractual or statutory sources, and inclusive of the goods and services tax (GST) payable.

#### Current grants

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 asset or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

## Notes 21. GLOSSARY OF TERMS AND STYLE CONVENTIONS

### Employee expenses

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

### Ex gratia expenses

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

### Finance costs

Includes finance lease interest on Vic Fleet vehicle lease and finance expense and fees.

### Financial asset

A financial asset is any asset that is:

- (a). cash;
- (b). a contractual 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 are potentially favourable to the entity; or
- (c). a contract that will or may be settled in the entity's own equity instruments and is:
  - a non derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

### 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:
  - (i). To deliver cash or another financial asset to another entity; or
  - (ii). To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b). A contract that will or may be settled in the entity's own equity instruments and is:
  - (i). A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - (ii). A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

### Financial statements

A complete set of financial statements comprises:

- (a). balance sheet as at the end of the period;
- (b). comprehensive operating statement for the period;
- (c). a statement of changes in equity for the period;
- (d). cash flow statement for the period;

## Notes 21. GLOSSARY OF TERMS AND STYLE CONVENTIONS

- (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 payments

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) 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 receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non reciprocal transfers. 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.

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.

### Interest expense

Costs incurred in connection with interest component of finance leases 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 and interest received on bank term deposits and other investments.

### 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

Assets less liabilities, which is an economic measure of wealth.

### Non financial assets

Non financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment and intangible assets.

### Other economic flows included in net result

Other economic flows included in 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; and
- fair value changes of financial instruments.

Notes 21. GLOSSARY OF TERMS AND STYLE CONVENTIONS

Payables

Includes 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 does not include the start up costs associated with capital projects).

Receivables

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

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 Tourism Victoria.

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 2014-15 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Department's annual reports.

## Officer's declaration



### Officer's Declaration

We certify that the attached financial statements for Tourism Victoria have been prepared in accordance with Standing Direction 4.2 of 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 forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2016 and financial position of Tourism Victoria as at 30 June 2016.

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

We authorise the attached financial statements for issue on 18 October 2016.

Andrew Dwyer  
Chairman  
Tourism Victoria

Melbourne  
18 October 2016

Tim Ada  
Chief Executive  
Tourism Victoria

Melbourne  
18 October 2016

John Hindmarsh  
Chief Finance and Accounting Officer

Melbourne  
18 October 2016

Tourism Victoria



## Independent Auditor's report

**VAGO**

Victorian Auditor-General's Office

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**INDEPENDENT AUDITOR'S REPORT****To the Board Members of Tourism Victoria***The Financial Report*

I have audited the accompanying financial report for the year ended 30 June 2016 of Tourism Victoria 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 Officer's declaration.

*The Board Members' Responsibility for the Financial Report*

The Board Members of Tourism Victoria 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 Board Members 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 Board Members, 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.

*Auditing in the Public Interest*

## 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, I and my staff and delegates have complied with the applicable independence requirements of the Australian Auditing Standards and relevant ethical pronouncements.


### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Tourism Victoria as at 30 June 2016 and 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*.

### *Transfer of operations to Visit Victoria Limited*

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in note 1(a) and note 20 to the financial statements, the Premier declared that the tourism marketing functions of Tourism Victoria be transferred to Visit Victoria Limited on 1 July 2016.

MELBOURNE  
18 October 2016

  
Andrew Greaves  
Auditor-General



## Disclosure index

The Annual Report of the Tourism Victoria is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Institute's compliance with statutory disclosure requirements.

Legislation	Requirement
<b>Ministerial Directions</b>	
<b>Report of Operations</b>	
<b>Charter &amp; purpose</b>	
FRD 22C	Manner of establishment and the relevant Ministers
FRD 22C	Objectives, functions, powers and duties
FRD 22C	Nature and range of services provided
<b>Management &amp; structure</b>	
FRD 22C	Organisational structure
<b>Financial and other information</b>	
FRD 22C	Operational & budgetary objectives and performance against objectives
FRD 22C	Employment and conduct principles
FRD 22C	Occupational health and safety
FRD 29	Workforce Data disclosures
FRD 15B	Executive officer disclosures
FRD 22C	Summary of the financial results for the year
FRD 22C	Significant changes in financial position during the year
FRD 22C	Major changes or factors affecting performance
FRD 22C	Subsequent events
FRD 22C	Application and operation of <i>Freedom of Information Act 1982</i>
FRD 22C	Compliance with building and maintenance provisions of <i>Building Act 1993</i>
FRD 22C	Statement on National Competition Policy
FRD 22C	Application and operation of the <i>Whistleblowers Protection Act 2001</i>
FRD 22D	Standard Disclosures in the Report of Operations
FRD 25	Victorian Industry Participation Policy disclosures
FRD 22C	Details of consultancies over \$10,000
FRD 22C	Details of consultancies under \$10,000
FRD 12A	Disclosure of major contracts
FRD 24B	Reporting of office-based environmental impacts
FRD 22C	Statement of availability of other information
FRD 10	Disclosure index
FRD 8A	Budget Portfolio Outcomes
FRD 120J	Accounting and Reporting Pronouncements applicable to the 2014-15 reporting period
FRD 119A	Transfers through Contributed capital
FRD103E	Non-Financial Physical Assets



## Disclosure index (continued)

Legislation	Requirement
<b>Ministerial Directions</b>	
<b>Financial statements</b>	
<b>Financial statements required under Part 7 of the FMA</b>	
SD 4.2(b)	Operating Statement
SD 4.2(b)	Balance Sheet
SD 4.2(a)	Statement of Changes in Equity
SD 4.2(b)	Cash Flow Statement
<b>Other disclosures in notes to the financial statements</b>	
FRD 13	Disclosure of parliamentary appropriations
FRD 9A	Departmental disclosure of administered assets and liabilities
FRD 11	Disclosure of ex-gratia payments
FRD 21B	Responsible person and executive officer disclosures
<b>Legislation</b>	
<i>Freedom of Information Act 1982</i>	
<i>Building Act 1983</i>	
<i>Whistleblowers Protection Act 2001</i>	
<i>Victorian Industry Participation Policy Act 2003</i>	
<i>Financial Management Act 1994</i>	
<i>Audit Act 1994</i>	

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